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SWITZERLAND AND THE INTERNATIONAL ORGANISATIONS.

Lecture delivered at the London Rotary Club, on January 25th, 1956, by the Swiss Minister, Monsieur A. Daeniker.

By choosing "Switzerland and the International Organisations" as the subject of my address, I want to give you a short orientation of my country's special position in relation to the world at large.

I suppose many amongst this distinguished audience will find it paradoxical that some of the most important international conferences have been held at Geneva, although Switzerland is not a member of the United Nations. After their recent enlargement to 76 member States, Switzerland shares the position of exclusiveness with divided Germany, Japan, Vietnam, Korea, Outer Mongolia and the People's Republic of China. In contrast to those other States, Switzerland keeps aloof of her own free will and has never even applied for membership. At the same time she adheres to most of the Sub-Agencies of the United Nations and she participates like any UNO member in the Organisation of International Justice. Switzerland, which many consider the heart of Europe, and whose federal structure has often been called an example for European unification, is not a member of the Council of Europe. Switzerland, a financial centre of the Continent whose currency throughout the vagaries of the last 25 years has solidly been based on convertibility, has not joined the Bretton Wood Agreements, which led to the creation of the International Monetary Fund and the Bank of International Development and Reconstruction. Switzerland is not a member of GATT, another name closely connected with Geneva, where most of its meetings have been held, although she takes a prominent part in OEEC and EPU and has spared no effort to promote the liberalisation of trade and payments in Europe.

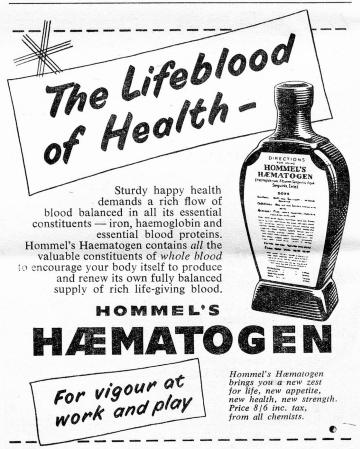
Let us see whether we may find a guiding line to explain this situation which seems contradictory and could easily lead to a misunderstanding of our policy.

A small state with a population of less than five millions, situated on the crossroads of Central Europe, must obviously be interested in any international organisation destined to maintain peace and to guarantee by efficient collective measures the security of all against aggression. Particularly the principle of settling international conflicts by mediation, arbitration or judical means was actively pro-



moted by the Swiss Government since the beginning of this century. During the period between the two world wars Switzerland has concluded treaties of mediation and arbitration with a great number of states and has subscribed to compulsory jurisdiction in international disputes.

When in 1920 the League of Nations was founded, the Swiss people welcomed heartily this first attempt to replace arbitrary rule in world affairs by collective security. Switzerland was the only state who submitted the question of adherence to the vote; our people accepted the proposal with a large majority. We joined, however, with the explicit reservation that our time-honoured "maxime d'Etat" of permanent neutrality should be respected. Since the middle ages the Swiss cantons had followed a policy of permanent abstention from foreign quarrels, which proved a blessing not only when religious cleavage threatened to undermine our national cohesion, but also later on, when powerful national states grew up along our frontiers. Neutrality was the protective shield which alone enabled us to preserve the harmony among the members of our Confederation, which, from the beginning, were of different political standing and which, as you know, still belong to different religious believes and languages. Neutrality means that, in war and in peace, we abstain from taking sides and from entering into political or military committments. Our willingness to protect our neutrality and our terri-tory by force of arms, helped to maintain the balance of power on the European Continent; by defending the key position of the alpine massif we protected the flanks of any army operating in the adjacent



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regions of the Continent. That is the reason why the Act of Paris of 1815, as well as the Treaty of Versailles of 1920, recognized the perpetual neutrality and integrity of Switzerland and admitted that her independence from foreign influence is in the true interest of the whole of Europe. The Swiss people would never have been willing to sacrifice a principle which had guided them so providentially through centuries, if they had not been able to adhere to the League of Nations under a qualified membership, which allowed Switzerland to abstain from military action and only obliged her to participate in collective economic and financial sanctions.

After the failure of collective sanctions against Italy in the Abyssinian conflict, even this differential neutrality was discontinued and Switzerland returned to full neutrality although remaining in the League.

This experience will explain why the question of our participation was hardly discussed when the United Nations Organisation was founded in 1945. Our government had no ambition to play a specific role in world politics; but it was our conviction that Switzerland could contribute towards the maintenance of peace and the furtherance of international understanding more efficiently by keeping strictly to our permanent neutrality. Our adherence to the U.N. would most certainly have meant abandoning neutrality. Then article two of the Charter demands that unrestricted assistance be given by all members "to any preventive and enforcement action" and similarly, the wording of chapter seven on actions to be taken with respect to threats to peace, breaches of the peace



Distributed by NESTLÉ'S Obtainable from all good class grocers in 6 oz., 4 oz. and 2 oz. boxes. and against acts of aggression, leaves hardly any doubt as to the nature of the obligations and responsibilities involved. It is true that other States which profess a neutral attitude in world politics, have reached different conclusions; Sweden has joined the UNO right at the beginning and the compatibility of her neutrality with those obligations has hardly ever been questioned; even Austria, after announcing her willingness to adopt permanent neutrality, has not been reluctant to apply for and accept membership of the U.N. Such precedents can and do not change the conviction of our people, that membership of the U.N. would mean a departure from an age-long political principle. Being so largely led by practical considerations, they are, moreover, little impressed by the UNO's achievements in solidarity so far.

I hope to have shown you, that our neutrality is not an attitude of weakness and has nothing to do with neutralism. It does not mean a policy of abstention from and indifference towards international events, nor does it prevent us from participating in the endeavours for the settlement of conflicts or the establishment of world peace. Our special position allowed us to engage in essentially humanitarian activities during both world wars and after. Neither the International Red Cross nor the League of Red Cross Societies and other organisations could have attained their aims in war as thoroughly, if they had not been located between the two fronts. During World War II our government has accepted more than 40 mandates as a diplomatic caretaker for the safeguarding of foreign interests. In parts at least it must also be due to our healthy political and social climate, that UNO has maintained its European headquarters in Switzerland despite our abstention and that Geneva often has been chosen as the ideal place for international political conferences.

You will also be aware of a tendancy to saddle Neutrals with international political functions; a tendency which may give a new significance to neutrality. Such tasks can only be carried out by truly neutral Nations who enjoy the confidence of both sides and act with impartiality and objectivity. My country has accepted such tasks in Korea concerning the execution of the Armistice Agreement and the repatriation of Prisoners of War; we are equally willing to take part in the International Commission which was to supervise the process of self-determination in the Sudan. Such mandates may be a step aiming at a novel integration of neutrality into modern world

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politics; neutrality, far from being a purely passive attitude, must now take solidarity as its partner; these are in fact the guiding principles of modern Swiss foreign policy.

Switzerland has always supported international co-operation in technical, social or humanitarian fields free from political influences. The Universal Postal Union, the United Offices for the Protection of intellectual property, the Telecommunications Union and the Central Office for international railway transports, have long ago been placed under the supervision of the Federal Council and are now closely linked with UNO; Switzerland participates actively in such subagencies of UNO as the International Labour Organisation, the UNESCO, the FAO, the WHO, the IRO and the UNICEF (which incidentally is presided by a Swiss) and the Office for Technical Aid to underdeveloped countries.

It needs therefore hardly any comment why Switzerland has kept aloof from NATO and the Western European Union and why she has been reluctant to join the Council of Europe, at least in so far, as it tends towards a political integration of certain states to the exclusion of others, and before discussions on military subjects will be excluded from its deliberations.

The situation is wholly different with the Organisation for European Economic Co-operation. Here we are faced with an institution having solely economic aims, willing to offer membership to any European state. When our country joined OEEC in 1947, we made three conditions : that we should not accept any undertaking incompatible with our neutrality; that resolutions of the OEEC affecting our economy should not be binding on the Confederation unless expressly agreed to; that we should not be precluded from the conclusion of commercial treaties with European non-members of the Organisation.

In defending the interests of our national economy, we think it best to be guided by enlightened self-interest in which joint action, due regard for the economy of the partner and the community of Nations, are necessary pre-requisites. Already between the two wars we defended the principle of multilateral trade and free payments. For Switzerland, whose exports amount to 35% of its national produce and whose invisible transactions are the highest per capita in the world, it was imperative to strive for the liberation of trade from quantitative restrictions, for the suppression of exchange controls and for the return to genuine convertibility. We accepted bilateralism, only out of necessity and in as far it had been imposed on us, but we have always been able to keep our currency convertible and therefore abstained from discriminatory measures. Already under bilateralism we were forced to grant large credits to our partners in order to stimulate the exchange of goods.

The creation of the European Payments Union however has greatly enlarged our exports; the portion of our trade with EPU Partners amounts to not less than 60% of our total trade and during the five years of adherence i.e. up to the middle of 1955, our total transactions with those countries reached the respectable sum of 42.7 billion francs, or roughly 3,500 million pounds. Within the Paris Organisation, our endeavours were mainly directed towards a gradual reduction of the quantitative restrictions on imports and particularly on the transfer of invisibles. We extended our own import liberalisation up to 93%. Obviously enough, we are interested in a gradual return to full convertibility and we would have no difficulty to maintain it; our main concern to-day is to avoid any failure of this experience and the maintenance of stable currencies. That's why, until convertibility is reached we favour the continuance of a multilateral payments accounts system as under EPU.

As mentioned before, we are not members of the International Monetary Fund; in principle we should welcome any institution which aims at consolidating the international monetary situation and tries to prevent the further devaluation of currencies for the sake of commercial competition, and which would thus pave the way to a return to orthodox financial prac-We had however to take objection to the tice. "Scarce Money Clause" in the Bretton Wood Agreement which allows the member countries to discriminate against currency which has been declared scarce, without giving the interested State the means for adequate defence. The risk of such action induced our abstention from the Fund and so barred us automatically from membership with the International Bank for Development and Reconstruction. In spite of this, our banking circles work closely with the Bank who raised within recent years up to 300 million francs or 25 million pounds on the Swiss market.

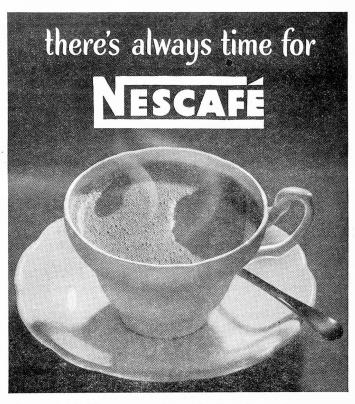
How shall we however explain the absence from the General Agreement on Tarif and Trade? Given our very restricted home market and our predominant



interest in external trade, we are not less concerned with the abolition of qualitative trade barries, i.e. import duties, than with the reduction of quantitative restrictions. Our objections were similar to those, which prevented our adherence to the Monetary Fund. GATT has absorbed some regulations from the abortive Havana Trade Charter. These allow soft currency countries with an adverse balance of payments to maintain, amongst others, quantitative import restrictions and to discriminate against hard currency countries; they would not allow the latter to retaliate and we should therefore risk to have the chances for our exports particularly of " non essentials " curtailed without any possibility of re-dress. It is to be hoped that as more countries recover their economic strength it will be easier to overcome this difficulty; yet even so Switzerland could not join GATT without due protection for its agricultural production which to-day engages only 17% of our total population. Last, but not least, we cannot enter GATT without the necessary armour; our customs duties are amongst the lowest in Europe; in 1954, they averaged only 6.1% (without tobacco and petrol); hence our specific tariff of 1921 is now under revision.

This short survey of the Swiss attitude towards the international organisations would not be complete if I did not mention the European Movement towards economic integration, as represented by the European Coal and Steel Community. Our interest therein rests on the fact that Switzerland imports 80% of ail her coal and steel from these territories. Our government has therefore accredited a special mission in Luxembourg. As with OEEC, Switzerland has to insist that no resolution which is to bind her will be taken without her explicit consent. Such reductions of sovereign rights as are demanded by a supernational authority would hardly be consented to by our people; and if we rather prefer collaboration on a co-operative basis to integration, our attitude also towards the ideas formulated in the so-called Messina-Resolutions, is thereby clearly outlined.

How are we to explain this insistence on sovereign rights, this cautious, yet not negative approach to the problems of international organisation, which still permits us to keep an open mind towards the demands of human solidarity ? Why were we not worried when lately an English publicist described our policy as anachronistic as that of Venice of two hundred years ago? I think it is because we are, and want to remain, a small state, conscious of the risks yet also aware of the advantages of our position. Our greatest historian, Jak. Burckhardt, said in his "Reflections on History": "The small State exists, so that there may be a spot on earth where the largest possible proportion of the inhabitants are citizens in the fullest sense of the word; for the small State possesses nothing but real, actual freedom, an ideal possession which fully balances the huge advantages of the big State — even its power". It is for the defence of their civic rights and liberties that the Swiss renounced expansionist plans, that they defended their democratic rights and autonomies against a centralised government, that they chose federation as their internal structure and neutrality as their guide in foreign policy; and that is the reason why we were able to preserve on a tiny territory such a great and rich variety of political and cultural life.



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