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# LABOUR RELATIONS IN SWITZERLAND

Extract from a paper given by the SWISS AMBASSADOR  
at Wilton Park on 26th February, 1960.

A recent article in the "Wall Street Journal", calls Switzerland the country that "avoids big strikes". It finds the situation startling enough to suggest that money be made available for a detailed study of Swiss industrial relations.

What are the facts?

In the troublesome period 1918-1920, with a total labour force of roughly one million, 1½ million working days were lost through labour conflicts, or an average of 415,000 days per annum. This fell during the period 1927-37 to 98,000 days per year and during 1955-59 to a mere average of 1,245 working days. In 1957 for instance, there were two strikes involving a total of 71 workers with 740 days lost, and 1959 saw 4 strikes, involving a total of 126 workers and 1,987 days lost. (1,800 of these were lost by some 50 parquet-floor layers striking in Geneva for about a month.)

In order to understand this development one should keep the following points in mind:

1. Switzerland is a democracy where a large measure of autonomy has been retained by the Communes and the Cantons. The country is and always has been the exact opposite of an authoritarian state or — what the Germans call — an "Obrigkeits-Staat". The "Landsgemeinden" which still exist in five of the cantonal units are typical examples of the political system. The Swiss people are called upon to decide their own laws by the poll. They elect their magistrates in open assembly or by ballot, and in the communes they vote even on the budget. This democratic sense is all pervading, and reaches far beyond politics. There are still many ancient corporations for the administration of common pastures, of forests, or for the distribution of water. They have their counterpart in modern agricultural and consumers' co-operatives. So much self-government demands civic intelligence and a high sense of responsibility. Whatever solution of social or political problems one may find in Switzerland, it will always have evolved from below and will have grown from the communal or private, to the cantonal and eventually to the federal level; rarely has a measure been imposed from above.

The first European law for the protection of factory workers was passed in Glarus, a small semi-industrialised canton. Welfare started in the communes and the cantons and not until 1874 did the Federal Government receive powers to legislate on social matters. This power is used sparingly because the people have a marked aversion to the growth of a powerful central authority. Most Swiss, for instance, are against a national health service, which in Great Britain and elsewhere is regarded as an essential part of the welfare state. Over 90 per cent of the people are protected by voluntary or group insurance schemes, which are administered privately, but subsidised by the Confederation. For the same reason, i.e. because private initiative was able to cope satisfactorily with the needs, did the country wait until 1946 before accepting a federal scheme of social insurance for the aged, the widows and orphans, and until the beginning of 1959 for disablement pensions.

2. Switzerland is a country where people live at close quarters. The gulf between employers and workers was never as marked as in the rest of Europe and rarely took on the features of a class war. All groups mix freely in the many societies which are such a typical feature of Swiss social life; members of the two sides often belong to the same political party. All go to the same primary schools; all undergo the same military training, which is compulsory for every able citizen. All speak the local dialects of their regions regardless of whether they are university graduates or started work at 15. Medium-sized and small firms, with their opportunity for close contact between employer and worker, are still in the majority. Swiss industry is dispersed and decentralised; many old industries have their roots in the country life. There are few real industrial centres and no proletariat in the classical sense of the word. Many workers still own a small plot of land which they cultivate in their leisure hours. If social antagonism exists, it has never been tainted with the sharp and bitter hatred which was prevalent in other countries.

3. Switzerland is a country without raw materials and depends for its food largely on an expanding export industry. This is the lifeline of its economy. More than one-third of the national produce is exchanged with the outer world. Swiss workers know that if wage demands push the cost of production too high, or if labour conflicts cause delays in delivery, orders from abroad will be placed with foreign rivals.

Against this special background, one must consider the general European development of capital and labour relations during the last century. The unity of professional groups established by the guilds was dissolved and left a vacuum. The worker — although equal in law — faced his employer from an economically inferior level; he was but one amongst many factors determining the cost of production; his was only a market value. Instead of the vertical ties before the industrial revolution, horizontal links began to develop amongst workers as well as amongst employers. Early liberalism, however, would not tolerate any intervention in the relationship between man and master, whether from the state or through negotiated agreements. Luckily the contrast between classes was never very pronounced in Switzerland. Human values and respect for the personality had never been lost sight of. After all, every Swiss, regardless of property or station, was entitled to vote from 1830 onwards.

The trade union movement in Switzerland was slow in growing. Its early traces date from the 1830's; it gained impetus by the opening of a secretariat of the International Workers' Association in Geneva in 1864; the Swiss Federation of Trade Unions was founded in 1880. But until the beginning of this century trade unions were not an important factor in Switzerland, neither as organizers of the labour-force nor as a means to propagate social reforms.

One reason for this slow growth was the fact that the system of cottage-industry was commonly employed in Switzerland; another reason was the wide dispersal of its industry, the factories depending for their energy on local water-power. Until the 1920's the view that the industrialist was "master in his own house" and should not tolerate organized labour in his works was still widely held. Even to-day the principle of the "closed shop" is unacceptable to large sections of the workers.

At present the trade unions are still comparatively small. They are built on a trades basis, and would hardly have the power to cause an economic crisis.

One reason which prevents them from reaching the strength of the unions in Great Britain or in Nordic countries is also the fact that they are divided amongst themselves on ideological lines. The Swiss Federation of Trade Unions has a membership of 430,000; it is politically neutral, but in general gives its support to the socialist party. The Catholic trade unions comprise 77,000 members, who tend to be conservative; besides them there are a Federation of Evangelical Workers and a Group of Free Workers, with around 17,000 members, who lean towards the liberals. The total strength of organized labour in Switzerland to-day is about 550,000 or roughly 50 per cent of the total number of workers employed in industry and crafts. These figures include only a part of the commercial and other staff, who are members of separate professional organizations with a total membership of around 85,000.

The corporate idea, the attempt at restoring professional unity in each industry under the joint responsibility of employers and workers has often been proposed — before the first world war — and especially between the two wars — but its practical implementation has never been seriously considered. The desire to reach greater co-operation between the two sides and to bridge the gap in their respective interests or outlook found a better and more practical way in Switzerland.

It is of the greatest importance that 50 years ago the Swiss Civil Code laid the foundation for a liberal law on associations, and that the revised Code of Contractual Obligations contained provision for collective agreements between employer and worker. Such agreements are not new; as early as 1861 one such agreement had been concluded in the typographical trade, but the Swiss Code was the first to regulate the matter through legislation. It stipulated not only that the contracting parties were bound by their agreement but that the contents of the latter had the same force as an act of parliament and hence would override any conflicting clauses in private agreements, regardless of whether they concern salaries, working hours, holidays, safety measures or other matters. The revised Factory Act of 1914 created a factory commission for the regulation of all working conditions on the basis of strict parity on both sides.

Through these means the field was opened wide for friendly negotiation and agreement, with due consideration for the particular needs of each trade. Only exceptionally has the state interfered, as for instance when fixing the minimum pay for workers in the cottage industry.

Collective agreements numbered 300 in 1921, their number increased to 1,000 by 1945, to-day there are no less than 1,600. They vary widely as to significance, validity and contents. About half the agreements are concluded between individual employers and a particular union; 102 are general agreements covering the whole country; about 320 are valid for one or more cantons; and 292 of them cover only one locality. At present not less than 100,000 employers and 800,000 workers and employees or 47 per cent of all the employers and 50 per cent of all wage and salary earners in industry, crafts, trade and administration, but not agriculture are bound by such collective agreements. These collective agreements are easily accessible, self-regulating instruments for solving problems of industrial relations; they supplement and even compete with the law most successfully.

At present, the question is widely debated in the country whether the reduction of working time to 45 hours a week should be introduced through legislation or by collective agreement.

There are various means by which the government can extend the validity of these agreements; although they are in fact private contracts, the federal or the cantonal authorities have the power to declare them compulsory for the whole of a particular trade. Such an extension is subject to specific safeguards. It has to be proved that the extension helps to overcome difficulties for the whole of that particular trade, that it lies in the general interest of the community, that the majority of the employers and workers of that trade are already bound by such a convention, and finally that the rights of minorities are duly respected and that no discriminatory treatment will devolve on those who have not voluntarily adhered to the convention.

Another measure to give collective agreements added weight consists in the proviso that only competitors who are willing to submit to and faithfully keep a collective agreement can submit tenders for public works.

A further and most important step on the way to co-operation and understanding was the conclusion of a peace agreement after an exhausting strike in the Swiss metal-working industry in 1937. Both sides became convinced that a real community of interests exists between them, that strikes are merely harmful and costly to both, as well as to the consumer. They renounced strikes and lock-outs and brought into being various measures for the peaceful settlement of any conflict. This agreement was concluded between all interested parties in the metal industry. It was renewed regularly and is at present valid until 1964. In its preamble it imposes on the parties "the obligation to settle in good faith any major differences of opinion and other disputes and, in endeavouring to settle such disputes within the terms of the agreement, to maintain absolute peace for its duration; combative measures such as labour boycotts, strikes and lock-outs are to be regarded as inadmissible." This treaty is not strictly a collective agreement. All matters regarding wages, working hours, vacations, compensation for public holidays and absence, or contributions to sick funds etc., are referred to separate agreements. It settles the procedure in case of disputes. These shall be dealt with and if possible settled within each enterprise itself. If no amicable solution can be found the case shall be submitted to the executives of the respective parties. If these are unable to reach a settlement, the matter is to be submitted to a conciliation board, comprising a chairman of magisterial standing and two impartial assistants. If conciliation still proves impossible, the conciliation board will pronounce an arbitration award, provided both parties have declared their acceptance of the award before it has been made. In certain special and exceptional cases only, for instance when wage modifications or working hours are under dispute, can a special arbitration board be called

upon to give a ruling which will be binding on both parties without their previous consent. Heavy penalties are stipulated in case of violation of this peace treaty and each side deposited a sum of nearly £20,000 as warranty of their good faith.

Except for public services, no law declares strikes illegal. The Confederation and the cantons offer arbitration procedure to parties in dispute, either if direct negotiations should be fruitless or if no private arbitration agreement should exist. The rulings given by government arbitration officers — as was the case in British industrial courts — are not compulsory; the parties are only bound to accept the award if they have expressly agreed to do so beforehand. The main function of the government arbitration officers is to prepare an understanding between the parties and to help them to conclude or to supplement a collective agreement. Comparatively little use is made of them.

The peace treaty in the metal-working industry was a turning point in Switzerland's industrial relations inasmuch as it created an entirely new atmosphere. This treaty has served as a model for similar arrangements in many other industries, especially the provisions for conciliation and arbitration without recourse to the ordinary tribunals. These treaties proved their worth even in a period of full or even over-employment. On the other hand no strikes are known in Switzerland to have been caused by conflicts between trade unions.

Thus it was only one step further that after the war the top organizations of employers and workers in industry and agriculture agreed in 1947 on a joint declaration for the stabilisation of prices and wages which had a most beneficial effect on the economy for many years.

In an effort to encourage still more the collaboration between the two sides in industry, representatives of the principal organizations are now always consulted if a new bill on economic matters or social policy is being prepared, or if in their application existing laws have to be re-interpreted.

Not only at the top but also on the shop floor has collaboration between employers and workers been remarkably developed in the last 15 years. Whereas in 1900 only five factory committees with adequate workers' representation were in existence, their number increased to 600 by the end of the last war and reaches now well over 2,500. Naturally such factory committees are needed only in larger undertakings. More than 60 per cent of all workers subject to Swiss factory laws are now represented on such committees. Theirs is mostly a consultative function; they participate in the elaboration of factory regulations; they have a word to say on overtime; they co-operate on measures to improve health conditions or to prevent accidents in the workshops and they share in the administration of welfare funds. They are particularly useful in times of crisis which may necessitate restrictions in labour. In some firms they are given detailed information on the economic situation of the enterprise, but nowhere do they interfere with the management. The movements for workers' participation in the management, ownership of their own enterprises or profit-sharing have never made much headway in Switzerland. All these committees are purely voluntary. The question of establishing them by legislation was studied by an official commission of experts, who came however to a negative decision. Neither the employers nor the trade unions like to be compelled to maintain factory committees on a permanent legal basis.

This development of the industrial relations in Switzerland has proved a blessing to all concerned and has contributed much to the country's growing prosperity. To replace conflict by co-operation needs enlightened self-interest and self-discipline. The industrial peace strengthened the people's will to resist foreign ideologies and helped to maintain Swiss neutrality.

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