Re. the outcome of the people's initiative in Switzerland on 9 February 2014

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A huge setback

On 9 February a narrow majority of Swiss voters voted in favour of an initiative by the Swiss People's Party (SVP) calling for the re-introduction of quotas for immigrants from the EU. This decision is a huge setback for immigrants to Switzerland, for trade unions and for all progressive forces, and leads Switzerland unavoidably up a blind alley.

1. **The background**

Switzerland has been a country of immigration since the beginning of the 20th century. Already in the 1970, people with other passports accounted for more than 20% of the population. At that time, immigration was governed by a system of quotas and special statuses which left migrants completely without rights: Seasonal workers were only entitled to fixed-term residence permits which in addition were valid only for a specific employer. Moreover, migrant's families were not permitted to join them under any circumstances. In the late 1980s, however, the statute governing seasonal workers came under increased pressure from Swiss trade unions that succeeded in organising a very large number of migrant workers and European states alike.

In 1992 Switzerland's accession to the European Economic Area or EEA (with Norway, Iceland and Liechtenstein) came up for discussion. The aim was to introduce free movement of people as defined by the European Community at that time, i.e. to abolish quotas and discriminating regulations. Swiss trade unions supported this as well as membership of the EEA. But in 1992 50.3% of Swiss voters voted against the EEA. One of the main reasons behind the No-vote was the desire of national conservative right-wing parties to keep their distance from the European Community. But another reason was the fact that blue- and white-collar workers feared that free movement of workers would undermine the Swiss wages and labour standards.

The government responded by launching negotiations on bilateral accords with the EU. It was now prepared to negotiate with the trade unions on flanking measures on free movement of people in order to protect wages and working conditions. Among other things, this resulted in a Posted Workers Act and the installation of tripartite committees to monitor developments. **In 2000** a large majority of voters (67.2%) voted in favour of the package of bilateral accords with the EU, accompanied by flanking measures, which is still applicable.

In the years following this vote, the flanking measures were implemented. However, both foreign and Swiss employers repeatedly exploited loopholes in the flaking measures legislation. But the unions succeeded in turn on several occasions to close several loopholes in negotiations with the government and employer associations ahead of the extension of the bilateral accords to the EU's new member states. In the **2005** referendum on extending free movement of people to the new EU member states (enlargement to the East), 56% of voters voted Yes, contrary to the SVP's position. In the **2009** referendum on extending free movement to Bulgaria and Romania, 59.6% of voters voted Yes.

2. The referendum of 9 February 2014

In 2011 the right-wing, anti-foreigner SVP decided to launch a new people's initiative essentially opposing free movement of people and thus immigration. The initiative clearly opposed the flanking measures which, in the SVP's opinion, strengthen the trade unions. The bilateral accords with the EU were not directly attacked – the SVP claimed that free movement of people could be questioned without risking the bilateral argeements, and it was only a matter of negotiating effectively with the EU.

For a long time the government as well as leading figures in the business world, as well as progressive groups, did not take the initiative seriously in the belief that the majority of voters would once more vote "sensibly". Despite warnings from the trade unions, employers and authorities baulked at any further tightening of the flanking measures even though this was urgently needed. The trade unions as well as the Social Democratic and Green Parties came out clearly against the SVP initiative: because it ran roughshod over the rights of migrants; because it weakened measures to protect wages and employment conditions; and because it essentially cast doubt on the bilateral accords with the EU. In keeping with this the SGB and Unia have been waging a campaign against the SVP initiative in recent months – regrettably without success.

Why did a narrow majority of voters (50.3%, as in 1992!) vote Yes to the SVP initiative, unlike earlier referenda on enlargement to the East?

- The Swiss employment market has enjoyed robust growth since 2010: Within only four years it has grown by around 8% i.e. 2% per year. Three-quarters of this growth is due to recruiting foreign workers. This fuelled a growth-averse discussion.
- The new wave of immigrants increased the proportion of foreigners in the resident population to 23%, and their share of work performed to 31%. This proved fertile ground for the anti-foreigner debates which repeatedly flare up in Switzerland.
- More and more highly skilled individuals have been recruited from abroad since 2002. Unlike traditional migration, which provided the "substratum" of the employment structure in Switzerland, many companies now had an "upper stratum" of foreigners. This explains that the willingness of middle-income groups to vote in favour of the SVP initiative.
- While increased immigration has not generally resulted in lower salaries (the trade unions have been able to negotiate real wage rises of approximately 1% per year in recent years), wages for new hires have come under pressure in several sectors. Certain professions have seen devastating drops in salaries for new hires, e.g. the IT sector, journalism, home care workers etc. Moreover, cases of out-and-out wage dumping are on the increase, particularly in the construction sector. And in the canton of Ticino an actual criminal system has evolved: While posted workers are given correct contracts of employment and receive the correct salary, they must immediately hand over half of their pay to their "capi".
- This trend has largely been driven not by immigrants who have simply moved to Switzerland to seek work; but by employers in Switzerland seeking to exploit the large and cheap supply of labour in Europe. Whether by hiring workers more cheaply. Or by contracting work out to cheap foreign companies, well aware that they would not keep to the Swiss pay level given such low prices.

The SVP initiative skilfully exploited this situation. It fuelled anti-foreigner sentiments and conservative attitudes to growth; it kindled middle-class anxieties; and it blamed immigration on rising rents and overcrowded trains. Over the last few weeks before the vote, it attracted an amalgam of opponents of all types and culminated in a 50.3% Yes vote.

If we look at a map of the voting results, the first thing that strikes us is the **town-country divide**: Most of the YES votes were in very rural regions of German-speaking Switzerland, where the proportion of foreigners is minimal and growth is negative. By contrast, in the larger cities from Geneva to Bern, Zurich and Basel, the SVP initiative was rejected by a

majority of between 60 and 70%, even though the proportion of foreigners is well above 30% in these areas. It is here that the left-wing, left-liberal and labour/trade union interpretation of the problems held sway.

Secondly, we see Switzerland split into **three linguistic regions**: Despite the No from larger cities, German-speaking Switzerland accepted the SVP initiative and French-speaking Switzerland rejected it. The No from French-speaking Switzerland has nothing to do with lower numbers of foreigners or less wage dumping, but the stronger powers of interpretation by progressive groups, including the trade unions. The Ticino is a special case: More than 70% of voters voted YES, many due to the worsening job market situation.

Finally, the results clearly show a **left-right divide**. Cities and even smaller communities with a traditionally high proportion of left-wing and green voters said NO. In other words, the aforementioned amalgam attracted only a small proportion of grass-roots left-wing and Green voters. The grass-roots FDP (Liberal Party) and CVP (Christian People's Party) show a completely different picture, as they have moved inexorably closer to the SVP in recent years.

3. What next?

The outcome of the vote cuts deep. The consequences will be far-reaching. The Swiss Constitution now dictates that immigration shall be "restricted by limits on numbers and by quotas". This is not just any old safety valve. The SVP wants Switzerland to revert to the former limits and caps on permits, which are for a fixed term only and do not permit families to follow. Some SVP politicians openly demand the reintroduction of the statute on seasonal workers. At the same time, if the SVP has its way the flanking measures introduced to control salary and employment conditions will be abolished, since such control would be exercised in future as part of the quota system for granting permits to work.

All of this is a slap in the face for the more than one million EU citizens currently living in Switzerland, and ushers in massive discrimination against all who enter Switzerland in future. It is a blow for the trade unions, which had gradually enjoyed greater influence on the job market through the flanking measures. And, needless to say, it also represents a threat to the economy since free movement of people is connected to other EU accords (abolition of various trade barriers; accords on education and research; etc.).

Clearly the trade unions are opposed to all these setbacks:

- We will campaign against all discriminatory legislation on residence permits. We will use all our powers to advocate the rights of migrants. The new forms of discrimination necessitate new laws, which we will oppose with all our might.
- As always where immigration is regulated, salaries and employment conditions need to be protected in keeping with the principle of equal pay for equal work at the same location. This protection must be strengthened, not weakened. We will therefore continue to fight for these protective measures.
- We will oppose any risk to the bilateral accords and any measures that threaten to push Switzerland into total isolation. The bilateral accords are the minimum expression of a comprehensive set of agreements with Europe, reflecting our proximity with our neighbours and our most important partners for trading, knowledge and culture. For us it is absolutely clear that the EU cannot allow Switzerland to abandon free movement for people yet hold onto all the other accords that work to our advantage. The European Trade Union Confederation said as much in its initial response to the vote.

The referendum has created a chaotic situation for Swiss policy and ultimately led it down a blind alley. It will not be the last people's referendum on the issue. Despite this setback, Swiss trade unions will continue to fight for the rights of workers – with or without a Swiss passport – and campaign against all forms of discrimination. The trade unions are also committed to upholding our good relations with our European neighbours and the European Community. The Swiss Federation of Trade Unions sees itself as part of the European trade union

movement, which is committed to social progress rather than regression. One important joint battle in this war is the campaign to implement the principle of "equal pay for equal work at the same location" throughout Europe.

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p.s. We will update our sister trade unions as soon as it becomes clearer which decisive new debates are in the offing and which role the European trade unions will play in such conflicts.