

# Immigration and Its Impacts in Switzerland

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According to the Swiss Federal Statistical Office, 21.6 percent of the total population—and around 25 percent of the workforce—living in Switzerland in 2002 were foreigners.<sup>1</sup> Even though varying citizenship regulations among countries make national statistics not fully comparable,<sup>2</sup> this proportion is nearly twice as great as the European average and places Switzerland among the countries with the highest share of foreigners in the world. Despite this, Switzerland has never really depicted itself as a true immigration country, long considering immigration as merely an economic or temporary matter. For instance, only recently did the integration of immigrants become a real policy issue.

Switzerland is an interesting case, for it provides information on the impacts of mass immigration on a relatively small receiving country and on the ways a government can deal with this phenomenon and its associated issues over time. Indeed, two antagonistic dynamics that most immigration countries have had to deal with—demands for cheap labor from the economy and latent xenophobia among nationals—have been extraordinarily intense in Switzerland. Whereas very high levels of economic activity and a structural labor shortage have made immigration a vital element of the national economy, popular xenophobia has found decisive institutional channels of

1. Swiss Federal Statistical Office (SFSO), *The Foreign Population in Switzerland* (Neuchâtel: SFSO, 2003).

2. Switzerland applies, like Germany, a *jus sanguinis* citizenship rule: children of foreigners born in Switzerland have no automatic access to Swiss citizenship, which to some extent accounts for the high proportion of foreigners in the population.

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expression through direct democracy, exerting great pressure on the Swiss authorities in this area.

In this short article I address the major patterns of immigration in Switzerland and the ways this phenomenon has been dealt with over time, as well as its social, economic, and political impacts. In the first section I outline the main economic and institutional patterns in which immigration and immigration policy in Switzerland are embedded. In the second I provide a brief historical overview of immigration until the 1990s, and in the third I present data on the evolution of immigration flows in recent years, as well as the major evolutions that have occurred in this policy field. I conclude with a few critical remarks.

### **Economic Demands and Xenophobic Constraints**

Two major factors should be considered in order to understand the dynamics of immigration and immigration policy in Switzerland during the past fifty years. *Economic structure* and *direct democracy* can be considered central explicative variables accounting to a large extent for the patterns of immigration flows and immigration policies, as well as their impacts on the Swiss economy, society, and politics. These two factors have maintained a rather problematic relationship over time. The greatest puzzle the Swiss government has had to face in this domain has been to handle both (1) high demand for foreign labor from the economy and (2) strong popular xenophobia expressed through direct democracy.<sup>3</sup>

For much of the twentieth century, Switzerland was a model of economic success and stability. Inflation has always been low; and unemployment hardly existed until the 1990s and still remains among the lowest in Europe. Although differences with other European countries are becoming smaller than they used to be, wages and standards of living remain very high in international terms, and this has acted as a powerful “pull-factor” for potential immigrants.

In spite of being a small country without raw materials, Switzerland has

3. Hans Mahnig, “Between Economic Demands and Popular Xenophobia: The Swiss System of Immigration Regulation,” in *Regulation of Migration: International Experiences*, ed. Anita Böcker (Amsterdam: Het Spinhuis, 1998), 174–90.

been able to develop highly competitive industries producing goods essentially for niche markets, which has made the Swiss economy very dependent on international markets of goods, capital, and labor. Hence, for a country of its size, Switzerland has a large number of multinational companies producing pharmaceuticals, chemicals, watches, machines, or food or providing banking and financial services. However, as a recent issue of the *Economist* pointed out,<sup>4</sup> “There is not just one Swiss economy, but several. Some are more impressive than others.” In reality, the structure of the Swiss economy is dual. Besides the export-oriented industries, which represent only a minority of jobs, the greatest part of the Swiss economic structure consists of small- and medium-sized companies producing essentially for the domestic market: builders, craftsmen, retailers, farmers, hoteliers, and restaurateurs. The domestic economy has been partially safe from international competition owing to various kinds of protection (for example, high subsidies for agriculture and soft anticartel legislation) and frequently offers lower wages, partially because of lower qualification requirements than in the export economy.

Not surprisingly, foreigners are overrepresented in the domestic, so-called second economy. As a matter of fact, one of the purposes of Swiss immigration policy has long been to provide the sheltered sectors with cheap labor in order to replace Swiss workers who gained access to better jobs in expanding companies. Over time, economic changes and the increase in the average qualification profile of the Swiss workforce have made the domestic economy more and more dependent on foreign labor. Although this has started to change over the past decade, the bulk of migration flows to Switzerland has consisted of low-skilled workers who came to take jobs that the Swiss did not want—or no longer wanted—to perform.

The massive immigration movements in Switzerland have led to considerable xenophobic reactions among the Swiss population, and *direct democracy* has been a very specific means of expressing this xenophobia at the political level. In effect, the Swiss political system is characterized by two direct democracy procedures that have greatly contributed to the formation of partisan politics and public policies—here particularly immigration policy—at

4. *Economist*, 12 February 2004.

the federal and cantonal levels.<sup>5</sup> These procedures are often presented as the major original features of the Swiss political system.<sup>6</sup>

First, virtually all federal laws, as well as international treaties, are subject to an *optional referendum*. In this case, a popular ballot is held if fifty thousand citizens request it by way of petition, which makes legislators very careful about satisfying potential veto players who could use this tool—or threaten to do so—as a way to oppose liberal immigration policies. Second, *popular initiative* allows one hundred thousand citizens to call for a ballot on an amendment to the constitution. This procedure is typically used by groups of political outsiders—such as xenophobic movements—with no direct access to the political agenda to raise new policy issues *from below* and has had a remarkably great influence on Switzerland’s immigration policy: seven popular initiatives proposing to limit or reduce the number of foreigners were launched between 1960 and 2000. All of them were voted down, but the possibility of one succeeding has constantly acted as a sword of Damocles hanging over governmental policies in this field, as will be shown in the next section.

### **Immigration in Switzerland: A Historical Overview**

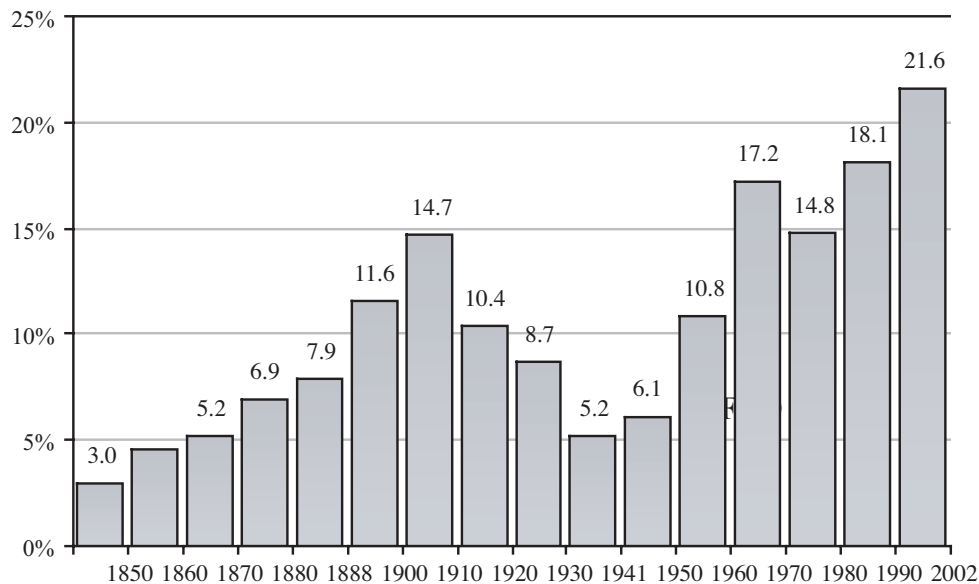
The history of immigration in Switzerland is closely related to the country’s economic development, and the proportion of foreigners has greatly varied over time, depending on the country’s ups and downs. Before becoming an immigration country, Switzerland was an emigration country for a long time. Poverty and starvation owing to the overall scarcity of resources forced many Swiss to emigrate until the late nineteenth century.<sup>7</sup> However, as a

5. The Federal Council, the Swiss federal government, is composed of seven ministers from the four main parties. It has been argued that the composition of the Federal Council is due to the existence of referendum procedures: powerful veto players who would not be represented in the government could systematically use referendum procedures to oppose government policies, making the political system ungovernable. See Yannis Papadopoulos, “How Does Direct Democracy Matter? The Impact of Referendum Votes on Politics and Policy Making,” in *The Swiss Labyrinth: Institutions, Outcomes, and Redesign*, ed. Jan-Erik Lane (London: Frank Cass, 2001), 35–58.

6. For an introduction to the Swiss political system, see Clive H. Church, *The Politics and Government of Switzerland* (Basingstoke, UK: Palgrave Macmillan, 2004), or Wolf Linder, *Swiss Democracy: Possible Solutions to Conflict in Multicultural Societies* (Basingstoke, UK: Palgrave Macmillan, 1998).

7. Some of them were engaged in foreign armies since the late Middle Ages, and Swiss mercenaries were renowned as soldiers. Thereafter, as in other European states, America also exerted a strong attraction on Swiss citizens until the beginning of the twentieth century.

**Figure 1**  
**Foreigners as a Percentage of the**  
**Overall Population in Switzerland**  
**1850–2002**



Source: Swiss Federal Statistical Office (SFSO), *The Foreign Population in Switzerland* (Neuchâtel: SFSO, 2003).

consequence of the industrialization process, the migration balance reversed around 1880, Switzerland then requiring labor to support the development of its textile and steel industries, as well as to build roads and railways. The construction of the great tunnels through the Alps notably reinforced the need for foreign workers, who came mainly from neighboring northern Italy. This contributed to the rapid growth of the foreign population: between 1890 and 1914, the share of foreigners in Switzerland doubled and peaked at around 15 percent in 1910.<sup>8</sup> (See figure 1.)

The First World War not only brought this first period of immigration to an end (the share of immigrants diminished sharply between 1914 and 1941) but also radically modified the authorities' attitude toward immigrants. Whereas foreigners were allowed to enter Switzerland freely before 1914, the fear of massive flows of war refugees motivated the government to close its

8. SFSO.

borders. Later, this trend was reinforced by the economic crisis and the massive unemployment of the 1930s, which generated, as in many other European countries, growing xenophobia among the population. The first aliens law, which remains in force, was set up in 1931 and was largely inspired by the climate of the 1930s. This can be seen in the declared aim of the legislation: fighting *Überfremdung* (foreign overpopulation). Moreover, this concept has recurred in public debates on immigration up to the present day. During World War II, many Jewish refugees were turned back at the borders of neutral Switzerland on these grounds. The rationale was *Das Boot ist voll* (the ship is full).<sup>9</sup>

After the Second World War, however, the ship was no longer full and needed sailors. In 1945, unlike most neighboring countries, Switzerland's production apparatus had been spared from war destruction, which constituted a great advantage over other European countries. The economy had to face considerable growth of the demand generated by the reconstruction of postwar Europe and, again, required foreign labor in order to fulfill this demand. The appeal to foreign workers was advantageous in the sense that they were particularly flexible means of production: most private economic actors, as well as the Swiss authorities, believed that the growth would be temporary and that it would be easy to send foreigners back home as soon as a new recession returned. Immigration in Switzerland was conceived as a merely temporary phenomenon. As a consequence, a great emphasis was put on the *rotation* of foreign labor. Whenever possible, foreign workers should stay only for a short period and then be substituted by others, so that they would not be tempted to settle permanently in Switzerland. To that end, a system of time-limited work permits was established. *Seasonal work permits* allowed an immigrant to work nine months a year, mainly in sectors such as agriculture, construction, and the hotel trade. Foreigners holding this type of permit were not allowed to bring their families and had to go back to their country three months per year until they received renewable *annual permits* after four consecutive years of work. Finally, *resident permits*, which were given after five or ten years of stay in Switzerland—depending on the work-

9. Alfred Adolf Häsler, *Das Boot ist voll: Die Schweiz und die Flüchtlinge 1933–1945* (Zurich: Ex Libris, 1968).

er's country of origin—gave immigrants roughly the same rights as Swiss citizens, with the exception of political rights. Holders of seasonal and annual permits had to leave the country if they lost their jobs; they had no right to benefits, since unemployment insurance was not compulsory in Switzerland until 1977.

In the immediate postwar period, migration flows to Switzerland almost exclusively consisted of workers from Italy holding seasonal or annual permits. Italians came to Switzerland to work in the construction industry, factories, catering, or the hotel trade, and then were expected to return home. The level of participation in the labor market of the foreign population was extremely high, since foreigners (essentially young men) were allowed to stay in Switzerland only as long as they performed a job and had to wait for years before they could bring their wives and children to Switzerland. As the years passed and the need for labor increased, Swiss employers went farther afield to fetch workers, to Spain, Portugal, Yugoslavia, and other countries of the Mediterranean. The choice to recruit workers outside Italy was motivated by the will to become less dependent on that country; the Italian government was becoming more demanding about the rights and living conditions of its nationals working in Switzerland.<sup>10</sup> Besides, in the context of the Cold War, the strong implantation of communist ideas among Italian unions was seen as rather dangerous, for these ideas could “contaminate” Swiss workers. In contrast, Swiss unions were moderate and rather weak.<sup>11</sup>

Contrary to all expectations, the postwar growth lasted for nearly thirty years, and the number of foreigners in Switzerland nearly doubled in the 1950s. In the 1960s, this sharp increase in the foreign population was, again, interpreted by nationalist movements as a threat to national identity and, exploiting the old fear of *Überfremdung*, they successfully reconstructed

10. In 1964, Switzerland signed an agreement with Italy in order to reduce the time required to obtain resident permits for Italian workers in Switzerland. The negotiation of this agreement was a rather bitter experience for the Swiss authorities, for the Italian negotiators proved to be very intransigent. The Italian Communist Party was very strong at that time, and rather hostile to Switzerland, which was accused of exploiting Italian workers.

11. Mauro Cerutti, “La politique migratoire de la Suisse 1945–1970,” in *Histoire de la politique de migration, d’asile et d’intégration en Suisse depuis 1948* (research report for the Swiss National Fund for Scientific Research), ed. Hans Mahnig and Sandro Cattacin (Geneva: Swiss Forum for the Study of Migrations and Population, 2000), 82–122.

immigration as a major political problem to which the government had to respond. As already mentioned, popular initiatives constituted the favorite tool these movements used to impose their ideas. The Schwarzenbach initiative, for instance, proposed to reduce the share of foreigners from 17 percent to 10 percent. Under the threat of direct democracy, the government's response consisted in restrictive measures initiated in the mid-1960s. These were aimed at reassuring xenophobic tendencies among the population and thus avoiding more restrictive measures imposed from below—in case a popular initiative should succeed—which could have been very problematic in a period where the economy needed a large number of workers.

Nevertheless, the first measures taken in the mid-1960s did not succeed in limiting the growth of the foreign population. Since they established quotas of immigrants per firm, Swiss workers moved from declining firms to expanding ones, which counted few or no foreigners, and were replaced by foreign workers in their previous positions. Hence, the number of foreigners continued to increase. In 1970, a few weeks before the Schwarzenbach initiative was voted on, the Federal Council established a system of overall quotas for immigration. The main feature of this new system, which was in force until 2002, was an overall quota of work permits decided each year. It not only limited the supply of labor for the economy but also gave great power over the labor market to the federal and cantonal administrations, since they were responsible for the establishment of the quotas and for their distribution among firms. It is worth noting that Switzerland was the first country to introduce quotas of immigration despite high demand for foreign labor from the economy.

Somewhat ironically, the economic crisis of the mid-1970s succeeded where the government had failed. The strong emphasis placed on the flexibility of foreign labor—achieved by means of the work permits (mainly annual and seasonal)—found its justification when the Swiss economy was hit by the sudden recession generated by the two oil shocks of 1973 and 1976. Unlike most industrialized states, where this period gave rise to high levels of unemployment, this phenomenon remained rather marginal in Switzerland. Hence, although the Swiss economy underwent a considerably sharper decrease of gross domestic product than the Organization for Economic Cooperation and Development average (down 7.3 percent as opposed to down 0.2 percent) and



lost an immense proportion of jobs (330,000) between 1973 and 1976, the number of unemployed increased only by 25,000.<sup>12</sup> This exceptional performance can be explained by the absence of compulsory unemployment insurance, by the important retreat of women from the labor market, and above all, by the departure of numerous foreign workers who had to leave Switzerland when their jobs disappeared. In effect, the proportion of foreigners quickly dropped as a consequence of the economic crisis; around 245,000 of them left Switzerland between 1973 and 1976, which compensated to a large extent for the loss of jobs and allowed firms to proceed to the required downsizings. In this context, it has been argued that the Swiss economy exported its unemployment: the costs of economic change were externalized on foreign workers, whereas neither the welfare system nor the private economy had to bear those costs. As a consequence of the decrease in the proportion of immigrants, the claims of the nationalist movements became much less effective. In the 1980s, the high proportion of foreigners was no longer Switzerland's greatest problem, and foreign workers were largely replaced by asylum seekers in the role of scapegoats.

### **Immigration since the 1990s: Facing New Challenges**

The 1990s were a period of turbulence for Switzerland, bringing changes not only in the field of immigration and immigration control but also in economic and social policies as a whole. In contrast to most other countries, which had undergone economic crises and mass unemployment since the 1970s, Switzerland had been able to protect itself from major economic or political problems. But the 1990s proved to be a period of dramatic change in this context: unemployment and public deficits increased to levels unseen since the 1930s. Even if the extent of the recession remained moderate in an international perspective, Switzerland no longer seemed to be a *Sonderfall* (an exception) as regards its economic performance.<sup>13</sup> Besides this, Switzerland's

12. Yves Flückiger, "The Labour Market in Switzerland: The End of a Special Case?" *International Journal of Manpower* 19, no. 6 (1998): 369–95.

13. About social and economic policy changes that occurred in Switzerland in the 1990s, see Giuliano Bonoli and Andre Mach, "Switzerland: Adjustment Politics within Institutional Constraints," in *Welfare and Work in the Open Economy*, ed. Fritz Scharpf and Vivien Schmidt (Oxford: Oxford University Press, 2000), 131–73.

mode of insertion in the international and regional economy was seriously challenged by the acceleration of the European integration process.

This new general context has had several implications in the field of immigration and immigration policy, besides more specific events challenging the system of immigration control set up after World War II: the loss of control over entries, the sharp increase in the number of asylum seekers and its emergence as a political problem, and the rise of massive unemployment among foreigners, who were no longer as “flexible” as before. In this section I provide data on these main features and impacts of immigration in Switzerland in the present period, as well as the major events and dynamics that have influenced this policy domain.

After the drop of the mid-1970s, the number of foreigners steadily increased during the 1980s and 1990s. From around 950,000 in 1980, it reached nearly 1.25 million in 1990 and 1.6 million at the end of 2002, which now represents 21.6 percent of the total population. As already mentioned, this proportion is among the highest in the world, but can be at least partially explained by the specific citizenship regulations in force (*jus sanguinis*). Children of foreigners born in Switzerland have no automatic right to Swiss citizenship. Thus, nearly a quarter of the foreign population was born in Switzerland and would not be considered as foreigners if they had been born in the United States or in France.<sup>14</sup>

Whereas immigration to Switzerland had been almost exclusively a labor migration from Southern Europe, the origins and motives of immigrants considerably changed in the 1980s and 1990s. The recruitment of workers was no longer the major channel of immigration. Adjusting the size of the foreign population to the economic situation, as had been done in the past, was no longer possible: as the years passed and seasonal workers had their status transformed and stabilized, they were legally allowed to bring their families to Switzerland without restrictions.<sup>15</sup> Family reunifications, which could not be limited owing to bilateral agreements with countries of origin or inter-

14. SFSO.

15. After the agreement signed with Italy in 1964, several other similar agreements were signed with countries of origin, particularly Spain and Portugal at the end of the 1980s. These two countries had recently entered the European Community and were thus able to influence the negotiation of the European Economic Area so that Switzerland was willing to enter. To a certain extent, showing concern for nationals of these countries was a way to ensure their indulgence in the negotiations.

national conventions, increased and became the most important inflow of foreigners. In 1989, only 20 percent of the total entries of foreigners to Switzerland were subject to legal limitation.

The increase in family reunifications was not the only way whereby the Swiss authorities progressively lost control over immigration flows. To a lesser extent, the category of foreign asylum seekers became quantitatively more important in the 1980s and 1990s. In the past, Switzerland had provided safe haven for refugees fleeing the Communist bloc, such as Hungarians in the 1950s and Czechoslovaks in the 1960s, and was very proud of its humanitarian tradition. However, the new waves of asylum seekers from the former Yugoslavia or elsewhere in the 1980s and 1990s were welcomed with much less enthusiasm, and the humanitarian tradition was progressively perceived as a burden.

In addition to immigration pressures arising from the wars and conflicts that arose in this period, particularly in the Balkans, requesting asylum became the only way to enter Western Europe for many people from poorer countries, in a period in which all European states were gradually closing their borders to non-Western European economic migration. Despite the “immigration stop” of 1973, immigration flows in Europe did not stop; economic migrants who could not enter legally did so illegally or requested asylum. In Switzerland, too, from a few thousand per year at the beginning of the 1980s, the number of asylum requests reached forty thousand at the beginning of the 1990s, when the first Balkan war broke out, and peaked at sixty-five thousand with the Kosovo conflict in 1999. Although the percentage of acceptance of these requests has been low on average (around 10 percent), the number of asylum seekers increased and was very politicized by parties such as the Swiss People’s Party (SVP), a formerly agrarian party turned into a national-populist party, which has today become the strongest Swiss party.<sup>16</sup> This seriously challenged the credibility of the Swiss government in the domain of migration control, and several popular initiatives aim-

16. While the request of an asylum seeker is being examined, which can take two or three years, he or she is provisionally allowed to stay in Switzerland but is not allowed to work at the beginning of that stay. Asylum seekers whose requests have been refused are often not sent back to their country either because it is not possible to determine where they were from (many destroy their identity documents) or because countries of origin do not want them back.

ing at “fighting abuses in asylum rights” were launched, some of which were voted down by a hair’s breadth.

In Switzerland, as in most other receiving countries, asylum seekers have a very negative popular image: they are often presented as gangsters, drug dealers, or at least cheats who are not really persecuted in their home country but rather want to abuse Switzerland’s hospitality. This perception has been exacerbated in a period of economic difficulties, and the costs of asylum rights were one of the most used justifications to harden this legislation. Over the 1990s, each revision of the asylum law systematically introduced more restrictive dispositions toward asylum requests.<sup>17</sup>

The increase in numbers of asylum seekers also contributed to the overall diversification in the origins of foreigners in Switzerland in the past twenty years. In contrast to most other European countries, a majority of foreigners living in Switzerland are still citizens of European Union countries, but this proportion has considerably decreased since the 1980s. In 1980, while 80 percent of foreigners in Switzerland came from countries of the European Community, in 2002, these represented only 55 percent of the foreign population. (See table 1.)

The intensification of the political integration process in Europe can also be considered as one of the major challenges that Swiss immigration policy had to face in the 1990s. Switzerland is not a member of the EU and will not join in the immediately foreseeable future.<sup>18</sup> Indeed, the Swiss have always been rather reluctant to join an institution that would in their view question the “Holy Trinity” of the political system: neutrality, direct democracy, and federalism. Moreover, European integration would also have seriously challenged the interests of the domestic economy, which is not ready to open its captive market to foreign competition. Hence, until the mid-1980s Switzerland’s European policy has almost exclusively consisted of ensuring access to the European market for Swiss products without participating politically in the process of European integration, and even without making significant

17. The most recent consists in withdrawing social assistance to asylum seekers whose requests have been rejected.

18. Stephan Kux, “Switzerland: Adjustment despite Deadlock,” in *Adapting to European Integration: Small States and the European Union*, ed. Kenneth Hanf and Ben Soetendorp (London: Longman, 1998), 167–85.

**Table 1**  
**Size and Origins of the Foreign Population in Switzerland**  
**2002**

<i>Nationality</i>	<i>Number</i>	<i>As a percentage of the foreign population</i>
Italy	318,256	19.8
Serbia and Montenegro (including Kosovo)	213,768	13.3
Portugal	162,098	10.1
Germany	141,046	8.8
Turkey	83,325	5.2
Spain	81,488	5.1
France	70,452	4.4
Macedonia	61,102	3.8
Bosnia-Herzegovina	51,741	3.2
Croatia	43,674	2.7
Austria	34,502	2.1
Europe	1,378,420	85.7
EU and EFTA Countries*	884,529	55.0
Other European Countries	493,891	30.7
Asia	104,642	6.5
Africa	61,564	3.8
South America	36,587	2.3
North America	21,155	1.3
Oceania	3,469	0.2
<b>Total</b>	<b>1,607,604</b>	<b>100.0</b>

Source: SFSO.

Note: Since the data are from 2002, the ten new countries of the EU are not included among EU countries.

adaptations at the domestic level.<sup>19</sup> This has no longer been possible since the end of the 1980s, especially in the domain of immigration, in which the lack of fit between the Swiss system of immigration control and the EU regime has become too large and too problematic.

In fact, while the free movement of persons was being established in Europe and progressively gave rise to a virtually unified labor market at the EU level, the Swiss regime remained highly regulated through immigration quotas. This became very problematic for Swiss business interests and especially export-oriented industries, which needed skilled workers and could not hire them owing to the limitations. Besides, the arrangement for seasonal workers was increasingly criticized on ethical grounds by the countries of origin of foreign workers in Switzerland, namely Spain, Italy, and Portugal. The impossibility of bringing one's family was considered unacceptable in a liberal democracy. Moreover, in the negotiation of the European Economic Area (EEA), which would have introduced the free movement of persons within the EU, Swiss negotiators rapidly understood that the maintenance of the seasonal worker statute was no longer possible, given that Southern European countries were taking part in the negotiation and were not ready to make concessions to Switzerland.

Although it was supported by the major political and economic forces in Switzerland, the EEA agreement was rejected in a referendum led by the populist Right in December 1992. The fear of invasion of European workers, of massive unemployment, and of social dumping played an important role in this refusal. The seasonal worker statute was maintained. Thereafter, the attitude adopted by the Swiss authorities can be described as a constant attempt to "catch the train" of European integration. Finally, after a long and painful negotiation process, the Swiss people accepted in 2000, among the agreements, a bilateral agreement on the free movement of persons between Switzerland and the EU, which came into force in June 2002.<sup>20</sup> In order to

19. Switzerland had signed a free-trade agreement with the EC in 1972. This was the only formal political link between Switzerland and the EC until 2002. About relations between Switzerland and the EU, see Cedric Dupont and Pascal Sciarini, "Switzerland and the European Integration Process: Engagement without Marriage," in *The Swiss Labyrinth*, 211–32.

20. The other bilateral agreements dealt with civilian aviation, overland transport, research, public procurement markets, agriculture, and the elimination of technical barriers to trade.

ensure the acceptance of this bilateral agreement, the Swiss government has had to make several concessions to unions—to prevent wage dumping—and to the populist Right to prevent an increase in the foreign population.<sup>21</sup>

### **Socioeconomic Characteristics and Impacts of Immigration**

Since the 1990s, Swiss immigration policy has been increasingly criticized on economic grounds, and several negative associated issues that had hitherto been hidden were made more visible in a context of recession and unemployment. Hence, according to Swiss economists, the way this policy was conducted in the postwar period has contributed to the preservation of obsolete economic structures, delayed technical adaptations in weak economic sectors, increased wage inequalities, and generated immense economic costs in terms of unemployment.<sup>22</sup> Whereas some of these issues were tolerated in a period of economic growth, this was no longer the case in a context of recession and growing competitive pressures at the international level. In the view adopted by a growing number of political actors, the costs of the Swiss immigration policy were a luxury that Switzerland could no longer afford in a globalized economy.

Since the postwar period, Switzerland had imported mainly low-skilled workers to perform jobs in the domestic economy. Hence, immigrants were channeled into sectors of labor-intensive production and low labor productivity, such as construction, hotels, restaurants, catering, and agriculture, whose wage levels are relatively low. This trend seems to have reduced wage growth in these sectors and to have thus encouraged the expansion of labor-intensive capacities rather than the rationalization of the productive system. Employers were not encouraged to modernize economic structures—substitute capital for labor—for they had abundant and cheap labor at their disposal. Hence, as regards its effects on macroeconomic performance in Switzerland, the mass immigration of low-skilled workers seems to have had a negative impact.<sup>23</sup>

21. Alex Fischer, Sarah Nicolet, and Pascal Sciarini, “Europeanisation of non-EU Countries: The Case of Swiss Immigration Policy toward the EU,” *West European Politics* 25, no. 4 (2002): 143–70.

22. Flückiger.

23. George Sheldon, “Foreign Labour Employment in Switzerland: Less Is Not More,” *Swiss Political Science Review* 7, no. 1 (2001): 104–12.

Moreover, Swiss immigration policy may also have indirectly contributed to the increase of wage inequalities. In effect, since migration influxes were limited and were principally channeled into the lower segments of the labor market, wages in these lower segments have stagnated, while those in the upper segments have considerably increased: labor shortage is considerably more important in skilled activities than in unskilled.

Besides this, the major event which made the “dysfunctionalities” of the Swiss immigration policy more visible was the large increase in unemployment. This phenomenon had been hitherto virtually unknown in Switzerland. As described earlier, the foreign population acted as a buffer against it in the 1970s. When a new recession appeared at the beginning of the 1990s, this was no longer the case. Exporting unemployment by sending foreigners back to their country was no longer feasible, for a majority of them now held more stable (resident) permits allowing them to stay in Switzerland even if they lost their jobs. Moreover, the establishment of compulsory unemployment insurance in 1977 had given them the right to receive unemployment benefits. Since foreigners were, on average, less skilled than Swiss workers and worked in weaker economic sectors, they became over-represented among the unemployed.

The employers’ associations of the strong export sectors, which employed fewer foreigners than the domestic sectors, proved to be very reluctant to bear the indirect costs of the immigration policy, in terms of low labor productivity and unemployment. They claimed the domestic sectors had been favored by this policy, because they profited from an abundant supply of cheap labor, whereas the export sectors often experienced difficulties in hiring skilled foreign personnel. In addition, they also had to pay for the higher level of unemployment in the domestic sectors.

More generally, the tolerance of the export economy toward the various kinds of protections that had been granted to the domestic economy, such as immigration policy, was seriously challenged in the 1990s: in a more globalized and more competitive economy, these protections and advantages were increasingly perceived as brakes on Switzerland’s international competitiveness. Spurred on by the largest multinationals, Swiss employers’ associations became strongly radicalized in this period, and Switzerland underwent what may be called a “neoliberal turn” in economic and social policies. Several



reforms aimed at introducing more market mechanisms into the economy: privatization, liberalization, and an enforcement of competition policy.<sup>24</sup>

In the field of immigration policy, this trend has been expressed through the liberalization of the labor market and the opening to European workers mentioned earlier and through the introduction of more selective admission criteria for extra-European immigrants. The Swiss economy, many business representatives claimed, no longer needed arms but brains. Migrant workers should enter and settle in Switzerland only if they are “useful” to the economy as a whole. Hence, whereas the borders of Switzerland have been almost completely closed for non-European unskilled migration, at least outside the channel of asylum, they have remained open for researchers, managers, investors, and wealthy taxpayers.

Today, foreign workers are still over-represented in weak economic sectors and earn less on average than Swiss workers, and the unemployment rate among foreigners is twice as high as the overall average. However, overall statistics hide a more subtle reality. In effect, while a majority of foreigners are still less skilled and concentrated in the lower segments of the labor market, a growing proportion perform well-paid jobs and are highly educated. Hence, there are different migrant profiles on the labor market, depending on the time foreigners have spent in Switzerland, their origin, and their motives. Three of these can be outlined here.

First, to a large extent, low-skilled immigration can be linked to the older immigration flows from Southern Europe described earlier. First-generation immigrants from Spain, Italy, Portugal, former Yugoslavia, and Turkey, who came at first as seasonal workers, have often experienced a limited social ascension. They remain concentrated in badly paid jobs and are over-represented among the unemployed. This can be seen in the average qualification level by origin: a majority of foreign workers from Southern Europe have not gone beyond elementary school. This situation is exacerbated in the case of former asylum seekers or clandestine workers from Eastern Europe,

24. Bonoli and Mach. See also Andre Mach, Silja Haeusermann, and Yannis Papadopoulos, “Economic Regulatory Reforms in Switzerland: Adjustment without European Integration, or How Rigidities Become Flexible,” *Journal of European Public Policy* 10, no. 2 (2003): 301–18.

Asia, South America, and Africa, whose situation on the labor market is obviously more precarious.

Next, second-generation foreigners whose parents came from Italy or Spain in the 1950s and 1960s do not significantly differ from the Swiss as regards their social and professional positions. Moreover, many of them disappear from the statistics on the foreign population when they are naturalized and become Swiss citizens.<sup>25</sup> In the case of young Yugoslavs, Portuguese, and Turks, this social ascension has not been significantly observed yet, since these are more recent influxes (since the 1980s).

Third, the arrival of highly skilled immigrants seems to be a more recent phenomenon. These immigrants for the most part come from Northern and Western Europe, as well as from North America. On average, immigrants from these countries have higher qualifications than the Swiss, and even have higher wages, for they often work in competitive sectors of the economy such as banking, insurance, or pharmaceuticals.

It might be asserted that foreign workers in Switzerland occupy the two extremes of the labor market. On the one hand, low-skilled immigrants do the work that the Swiss *do not want* to do; on the other hand, highly skilled and well-paid foreigners do the work that the Swiss *cannot* do. The latter have tended to become more numerous in recent times as a consequence of the process of specialization of the Swiss economy, but the former have not significantly diminished. In effect, whereas immigration flows of low-skilled labor from traditional sending countries have diminished, because standards of living in Italy, Spain, or Portugal have considerably increased over the past twenty years, new *clandestine* flows from South America, Eastern Europe, or elsewhere seem to have emerged, even if precise data are not available. Claims aimed at regularizing immigrants who entered Switzerland without authorization but who have spent many years in the country, who work, and whose children go to school, and a recent scandal involving a member of parliament who employed illegal Polish workers on his farm, have provided anecdotal evidence of this phenomenon. It has been alleged that the reinforcement of this type of inflow is due to the more restrictive admission cri-

25. Claudio Bolzman, Rosita Fibbi, and Marie Vial, "Que sont-ils devenus? Le processus d'insertion des adultes issus de la migration," in *Les Migrations et la Suisse*, ed. Hans-Rudolf Wicker, Rosita Fibbi, and Werner Haug (Zurich: Seismo, 2003).

teria introduced in the past decade. Clandestine work seems to be relatively widespread, at least more than commonly admitted, in economic sectors such as agriculture, catering, or cleaning.

### Conclusion

Immigration has been, is, and probably will always be very closely interrelated with Switzerland's social and economic development. Without a doubt, this country would not have been able to reach such a high level of economic prosperity without the additional supply of work provided by foreign workers, even if this has had its drawbacks. Not only in recent history, but also over the past centuries, this small country without any raw materials has always been very dependent on foreign goods, foreign science, foreign consumption markets, foreign capital, and foreign labor. Even if the traditional image insists above all on the hard work, seriousness, and independence of its citizens, Switzerland also owes a great deal to foreigners. For instance, many of the largest and most renowned Swiss companies, such as Swatch or Nestlé, were originally founded by foreigners.

Besides its economic and social aspects, immigration has also had important cultural impacts, which have often given rise to fears and defensive reactions. The perpetual fear of *Überfremdung* is nothing else but a fear of losing the mythical Swiss identity that has been constructed all through history in a defensive way, as a means to protect the country from the conflicts and wars that shattered people's lives in the rest of Europe. The fact that the three languages spoken in Switzerland are used in the four larger neighboring countries (France, Italy, Germany, and Austria) requires constant attempts to redefine what differentiates *us* from *them*. This defensive posture has had important implications in the field of immigration and the way it has been dealt with hitherto as a policy issue. The naturalization process is still often perceived as an insuperable obstacle that discourages many foreigners from applying for Swiss citizenship even if they have spent decades in Switzerland, and the integration policy is still at a relatively embryonic stage. Moreover, economic austerity programs, as well as the election of the national-populist SVP leader Christoph Blocher as minister in charge of immigration, have made its development more difficult today.

In the past, immigration was considered, and is still considered today by many political actors, as a merely economic matter. It may be asserted that this posture is one of the main causes of the problems related to immigration in Switzerland, since these problems are at least partially due to the massive import of cheap labor without enough concern about their integration into Swiss society. This short-term and strictly utilitarian conception is rather striking when we consider Switzerland's historically grounded tradition of accommodation. With four official languages and two religions, this country should have known a great deal about managing cultural diversity.