

Zeitschrift: Swiss pioneers of economics and technology
Herausgeber: Association for Historical Research in Economics
Band: 2 (1967)

Artikel: The peace agreement of July 19th 1937 in the Swiss engineering and metalworking industries
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DOI: <https://doi.org/10.5169/seals-1091176>

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THE PEACE AGREEMENT IN THE SWISS ENGINEERING AND METALWORKING INDUSTRIES

An historic document

Among the documents displayed along the raised promenade at the Swiss National Exhibition of 1939 was one that particularly deserved its place of honour. This was the peace agreement in the Swiss engineering and metalworking industries, an agreement which ushered in a new era in relationships between employers and employed throughout Switzerland.

Its signature two years previously had aroused intense public interest. The widespread feeling that this was an historic event was expressed by Federal Councillor *Giuseppe Motta* in the following words:

‘I am of the opinion that this “*Treaty of Stans*”* in the engineering industries may claim a place of honour in the annals of this country. I welcome it as an immense power for good. Everyone should be genuinely gratified by it. The men who brought this work to fruition deserve the thanks of their country.’

A long road

Before this stage was reached, a long road had been travelled. It was a road forced, in the face of great difficulties, through distrust, hostility and strife. Let us briefly trace its course. In their historical development the relationship between the trade unions and the employers’ organisations has been one of cause and effect. Chronologically, the unions were formed first. Groping attempts to organise the metalworkers can be traced as far back as the seventies of the last century.

After metalworkers’ organisations had become firmly established in various localities toward the end of the eighties, the Winterthur Metal-

* The original Treaty of Stans (1481) was a milestone in the federalistic evolution of Switzerland after the Burgundian war.

workers' Union took the initiative in forming the Swiss Metalworkers' Association in 1888. It had to overcome many difficulties in its early stages. In 1915 there followed a merger with the Swiss Watchmakers' Association, and from that point onward the Swiss Metalworkers' and Watchmakers' Association (SMUV), as it has been called ever since, underwent an expansion that was veritably explosive. By 1919 its membership had swollen to over 84,000, and by the end of 1963 it had passed 136,000. The infant trade union was sharply antagonistic to the employers and proclaimed as its long-term objective 'the preparation, in collaboration with the international proletariat, of the workers' takeover of production and the elimination of class domination.' Then, at the start of the thirties, a change of front began to set in. The Rules of the Union of 1948, which are still in force today, have been purged completely of political ingredients of this nature and confine themselves strictly to safeguarding the workers' economic interests within the framework of the existing economic order.

Parallel to this a decisive intellectual re-orientation took place. Internal political strife abated, for the embattled events in Abyssinia and Spain revealed the dangers that threatened even the Swiss democracy from the dictatorships. In the 1937 Annual Report there is talk of political conflicts showing signs of becoming dangerously acute and 'often being carried on with poisoned weapons'.

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The attitude of the trade unions in their early days had virtually compelled the employers to form their own organisations. In the course of numerous strikes the industrialists realised that they — once the stronger party — had now been forced on to the defensive, and that the individual employer was powerless against the combined might of the workers.

The year 1905 was one of particular disruption in the Swiss engineering and metalworking industries. One strike, in a foundry at Rorschach, was prolonged with the utmost tenacity for 15 weeks, and during its course the strikers descended to such grave acts of excess that police and even troops had to be brought in as reinforcements before law and order could be assured. In that same year, the Employers' Association of Swiss Engineering and Metalworking Industrialists was created in the form of a co-operative. Though born of battle, even its original Articles of Association do

not reflect a combative spirit. The Association did of course set out to defend itself against unwarranted demands by the workers, and particularly against stoppages of work and picketing; but side by side with this, the Articles also contain these objectives: 'The promotion of a productive collaboration between employers and employed', and 'The settlement by peaceful means of any differences and disputes between employers and employed'.

Years of conflict

These peaceful intentions were, however, overshadowed in the early stages by the incessant defensive actions in which the newly-formed organisation found itself involved. They reached their peak when the unrest that filled the country at the close of the first World War erupted in 1918 in a *national general strike*. It brought the firms organised into the Employers' Association a loss of 215,000 working days and the striking workers wage losses of 2.5 million Sfrs. Although the first negotiations between the Employers' Association and the trade union go back to 1907, mutual contacts were for a long time confined to the bare minimum. It is true that there was no protracted hostility, but the two sides faced one another with unconcealed distrust. Nevertheless, the Annual Report of the Employers' Association for 1921 was already discussing the possibility of finding a basis 'On which employer and employed can meet with the requisite degree of confidence and the latent antagonism between them be replaced by improved collaboration', provided that the union would confine itself to a purely economic role.

The turning point

A *final major dispute* took place in 1934, when the employers contemplated reducing wages to match the falling cost of living. As the union was determined to combat any reduction, the Federal Ministry of Economics set up an intercantonal arbitration commission which, after many weeks of very difficult negotiations, succeeded in solving the dispute. Unexpectedly, this development acted as a thunderstorm which cleared the air. Against

the sinister backdrop of the disastrous economic crisis and a worsening of an international situation that threatened to involve Switzerland, gradually and ever more clearly it began to penetrate the consciousness of both sides that the existing methods for settling disputes between employers and employed were outmoded and indeed futile.

And now came an event which for the first time brought the employers' organisation and the trade union closer together. In order 'to avoid any unjustified increase in the cost of living' following the devaluation of the Swiss Franc, the *Federal Ministry of Economics* was empowered by a Federal Council Decree of September 27th/November 10th, 1936, 'to resolve, as final arbitrator, collective wage disputes which cannot be settled by agreement between the parties'. This meant a fundamental departure from existing practice as governed by the Federal Factories Act. Instead of a conciliation system on a voluntary basis, there would be compulsory State arbitration.

In defence against this *erosion of contractual freedom* in employment relationships, the employers' organisations and unions in the engineering and metalworking industries joined forces in united action. In so important and controversial a question they were both of the same mind. This cleared the ground for a discussion on March 11th, 1937, when Dr. Ernst Dübi, President of the Employers' Association of Swiss Engineering and Metalworking Industrialists, and National Councillor Konrad Ilg, President of the SMUV, discussed the desirability of an arrangement between the two organisations in the general matter of working relationships. The ice had been broken and the first decisive step taken towards signing the pact of July 19th, 1937. In spite of the approaches that had already taken place, this step came as an immense surprise. The responsibility for daring to take it was shouldered by two men.

Two men

In real life even *the best idea* can only gain acceptance if the time is ripe for it. In the present case, the stars were brought into favourable conjunction by the fact that two men whose attitudes had previously been diametrically opposed were able to achieve confidence in one another and thereby to gain faith in the new path they proposed to follow.

Let us first examine what can have brought Konrad Ilg to this initiative of his, which was to have such fruitful consequences. He was President of the SMUV, a well-organised and powerful trade union which he had marked with the stamp of his personality. As a long-standing member of the parliamentary Social-Democratic Party in the National Council, he also carried considerable political influence. Both as trade union leader and as politician he had hitherto been a thoroughly combative character and it was his custom to mount powerful attacks on employers and the bourgeoisie. Why did he suddenly launch out in a completely different direction?

For an explanation we must look to his own words. On the strength of his many years as a trade union leader, Konrad Ilg was forced to recognise that up till then 'everything we have achieved in our Association has been reached *via negotiation*'; he added pointedly that on the other hand he knew of 'no single strike in the history of our Association that has been a major success in important trade union matter'. To this must be added the direction of Socialistic trends, which disappointed him greatly and compelled him to take defensive action on the left against Communist infiltration of his union. When the National Socialists seized power in Germany, an additional factor became the 'growing threat to our country from both politico-military and economic directions'.

His assessment of the situation brought Konrad Ilg the belief 'that in this country it must be possible to arrive at a relationship between employers and employed in trade and industry that properly corresponds to the *democratic thoughts and feelings* of our people'. Thus was the basic idea of the peace agreement born. The question that remained was whether it could be translated into practice. A key figure in this connection was the current President of the Employers' Association of Swiss Engineering and Metalworking Industrialists. Dr. *Ernst Dübi* was General Manager and Chairman of the Board of Von Roll AG, Gerlafingen (up to 1962 Gesellschaft der Ludw. von Roll'schen Eisenwerke AG). Dübi thus held an unusual amount of power. He was fully aware of the responsibility that arose from it. His position in the Employers' Association he regarded with a sense of mission.

When in the Chair at the General Meeting of the Association in 1932, a time of grave economic crisis, he warned employers and employees in his address that they must work together to win through. This emphasis on the *joint interests* of employers and employed became in fact the basic theme of his activity as President.

For all his readiness to examine new ideas without prejudice, Dr. E. Dübi was none the less of a rather reserved disposition. It was not easy to get under his skin. So it was the more astonishing how rapidly he gained confidence in his very different opposite number. Naturally the idea of the peace agreement appealed to him, for it corresponded entirely with his innermost hopes. But it was so unexpected that only after earnest heart-searchings and after taking into his confidence a few very close colleagues on the Employers' Associations committee that he decided to put this 'new idea, with its revolutionary overtones of peace' before the full committee of the Employers' Association.

He was able to win over this body to his side, and the next step was to obtain the approval of the General Meeting. This took place in Zurich on July 9th, 1937. From Dr. Dübi's address to it the following sentences are excerpted: 'In view of the political and economic changes taking place all over the world, and particularly in Europe, it has become absolutely essential to *look at the big picture*; the overall interests of the country must stand out above all else, and for this reason we will no longer be able to get along without increased concessions and greater consideration both among ourselves and towards others. Furthermore the draft agreement in question is the fruit of most careful toil, and we are now putting it to you in the conviction that by doing so we are best serving the general interest.'

'We are living in a period of great historical significance and are fully aware of the responsibility we are deliberately taking upon ourselves towards both the present and the future. Admittedly, it is a heavy burden upon us. There are two things which give me the courage to speak and act in this manner. They are the love of our country and the confidence which — in spite of the many severe disappointments I have had during my lifetime — I still like to feel in the human race. I hope that on the other side they are thinking, without reservations, along the same lines.'

Even today it is possible to sense the deep impression these words must have made on the meeting. The result of the vote among 137 present, only 3 were against with 6 abstentions — also stood as a demonstration of personal confidence in the President.

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On the other side Konrad Ilg was also able to put his ideas over, the *General Meeting of the SMUV* welcoming the agreement unanimously and anticipating that 'the whole labour force will put its weight behind its loyal and effective implementation'. The 1937 SMUV Annual Report states that 'one of the most important moves ever made by the union' had been completed, and expresses the hope that 'it will be possible to work further in the same direction'.

It goes without saying that the *Communists* were in no way overjoyed by this development. One of their leaders at the time, Karl Hofmaier, published a pamphlet of his own containing a barrage directed against the 'new direction' in this major trade union, which he found objectionable. Fortunately, such diversionary measures were unsuccessful, as were the leaflets distributed by the same party attacking subsequent extensions of the agreement.

The Employers' Association also had the task of winning over the minority trade unions by means of separate negotiations. Although these unions were politically in the centre and a reconciliation between employers and employed was fully in line with their policy, some of them found it difficult to give their approval. They had trouble getting used to the very novelty of the agreement. We need not deal with these difficulties in detail, since even those who at first hesitated finally signed the pact.

The objective reached

And so on July 19th, 1937, the bold work of these two men was finally completed. The full text is given below. In 1942 both men were awarded honorary degrees of the University of Berne. The Commendation for Dr. Ernst Dübi and Konrad Ilg contains the following appropriate comment:

'By making the agreement on industrial peace in the engineering and metalworking sectors they have acted meritoriously. With this work of reconciliation they have assisted the national economy and the cohesion of all members of the Confederation at a grave period.'

Agreement
of July 19th, 1937/1964

In an endeavour to preserve the state of *industrial peace* desirable to all those engaged in the maintenance and development of the Swiss Engineering and Metalworking Industries,

The Employers' Association of the Swiss Engineering and Metalworking Industrialists
and

The Union of Metallurgical Industrialists of the Canton of Geneva
of the one part, and the following workers' unions:

The Swiss Metalworkers' and Watchmakers' Union,
The Christian Metalworkers' Union of Switzerland,
The Swiss Union of Evangelical Workers and Employees,
The National Union of Free Swiss Workers, and
The Union of Free Workers of The Canton of Soleure

of the other part

undertake to clarify in mutual good faith any major differences of opinion or disputes and to settle them within the terms of this agreement, so as to maintain absolute peace for its entire duration. In compliance with this, such militant measures as labour boycotts, strikes and lockouts are ruled inadmissible; this shall also extend to disputes concerning working conditions not specified in this agreement.

The parties are further agreed as follows:

Article 1

That differences of opinion and other disputes shall be first dealt with, and if possible settled, within the *enterprise* itself.

Workers' committees shall be appointed in all enterprises sufficiently large to warrant such committees. Their statutes and regulations shall not contain conditions contrary to this agreement. Each committee shall be appointed by workers within the enterprise.

Article 2

That questions in dispute referring to the following spheres of working conditions, and concerning which no amicable agreement has been reached between employers and employees, shall be submitted to *the executives of the respective parties* for examination and settlement:

- (a) *general wage modifications* (excluding forms of wage and the wage agreement according to Article 330 of the Code of Obligations) which, according to custom in the engineering and metal industries, shall continue to be regulated through the individual service agreement, i.e. without the application of minimum, average or standard wages;
- (b) modifications in the number of normal working hours;
- (c) introduction and application of wage-fixing and piecework systems;
- (d) implementation of agreements shown under Article 4 of this agreement.

Article 3

That discussions shall be held between the executives of the respective parties on any question concerning general working conditions in the engineering and metal industries, which in the opinion of one or both parties requires clarification. In such cases, the executives shall endeavour in all good faith to reach a settlement.

Article 4

That the regulation of certain questions may be subject to special agreements. Such agreements have been made concerning the following:

Workers' vacations and compensation for public holidays,
Employers' contributions to the workers' sickness insurance fund,
Payment during absence in consequence of marriage, birth, death,
 military inspections of uniform and equipment,
Working hours,
Payment during military service,
Allowances for children.

Article 5

That, should the executives be unable to reach a settlement, disputed questions provided for under Article 2 (a) and (d) shall be submitted to a *conciliation board*, the function of which shall be to give prompt consideration to collective disputes and, where possible, to settle them. Disputes concerning the interpretation of this agreement shall also be submitted to the conciliation board.

VEREINBARUNG .

Im Bestreben, den im Interesse aller an der Erhaltung und Fortentwicklung der schweizerischen Maschinen- und Metallindustrie Beteiligten liegenden Arbeitsfrieden zu wahren, verpflichten sich der Arbeitgeberverband schweiz. Maschinen- & Metall-Industrieller einerseits, und die vier nachstehenden Arbeitnehmerverbände, nämlich: der Schweizerische Metall- und Uhrenarbeiter-Verband, der Christliche Metallarbeiter-Verband der Schweiz, der Schweizerische Verband evangelischer Arbeiter und Angestellter, der Landesverband freier Schweizer Arbeiter, anderseits,

wichtige Meinungsverschiedenheiten und allfällige Streitigkeiten nach Treu und Glauben gegenseitig abzuklären, nach den Bestimmungen dieser Vereinbarung zu erledigen zu suchen und für ihre ganze Dauer unbedingt den Frieden zu wahren. Infolgedessen gilt jegliche Kampfmassnahme, wie Sperre, Streik oder Aussperrung als ausgeschlossen, dies auch bei allfälligen Streitigkeiten über Fragen des Arbeitsverhältnisses, die durch die gegenwärtige Vereinbarung nicht berührt werden.

In diesem Sinne wird weiter vereinbart :

The first and last pages of the agreement signed on July 19th, 1937, by which the employers' and workers' organisations undertook to maintain industrial peace. The signatories are Dr. Ernst Dübi and H. A. Dolde, President and 1st Secretary respectively of the Employers' Association of Swiss Engineering and Metalworking Industrialists; Konrad Ilg and Arthur Steiner, President and Central Secretary respectively of the Swiss Metalworkers' and Watchmakers' Union, Heinrich Kübler and

Verletzung angemessen sein muss. Die Konventionalstrafe und die auferlegten Kosten sind innert Monatsfrist nach Zustellung des Urteils zu leisten, andernfalls die obsiegende Partei den Betrag der von der andern Partei geleisteten Kaution bei der Schweiz. Nationalbank entnehmen kann. Die betroffene Partei hat alsdann den Fehlbetrag innert Monatsfrist zu ersetzen.

Art. 9.

Diese Vereinbarung tritt mit dem Tag ihrer Unterzeichnung
in Kraft und dauert bis zum 19.Juli 1939.

Z ü r i c h , den 19. Juli 1937.

Arbeitsgerverband schweiz.
Maschinen- & Metall-Industrieller

Zentralvorstand
des Schweizerischen Metall- u.
Uhrenarbeiter-Verbandes

Apis H. A. Dohle.

Schweiz. Verband evangelischer Arbeiter und Angestellter

Christl. Metallarbeiter-Verband der Schweiz.

Min. W. K. J. Hass-Schmid Westerh. Miss Job.

Der Zentralpräsident

W. G. Johnson



Jakob Haas-Schneider, Central President and Central Secretary respectively of the Swiss Union of Evangelical Workers and Employees; Ulrich Bestler and Johann Heil, President and Central Secretary respectively of the Christian Metalworkers' Union of Switzerland; and Josef Bachmann and Dr. Arnold Sixer, President and Central Secretary respectively of the National Union of Free Swiss Workers.

Article 6

That the conciliation board shall comprise a chairman of magisterial standing and two impartial persons. In each case, the chairman shall be appointed jointly by the parties to the dispute. The other members of the board shall be appointed by the chairman, their names being selected from separate lists of proposed persons submitted in each case by the parties in dispute.

Article 7

That, in the event of no settlement being reached (i.e. should the recommendations of the conciliation board be unacceptable to one party) the board shall be entitled, within the terms of this agreement, to pronounce an *arbitration award* where such an award has previously been declared acceptable by both parties.

Article 8

That, should questions provided for under Article 2 (a) and (d) remain unsettled before the conciliation board, where the difficulties are serious and on application by one of the parties, an arbitration award shall be deemed pronounceable by a special *arbitration board* and declared binding without the previous consent of both parties. This shall apply only in exceptional cases where no alternative settlement can be reached.

The arbitration board shall comprise a chairman of magisterial standing and two competent judges. In each case, the chairman shall be appointed jointly by the parties to the dispute. The other members of the board shall be appointed by the chairman, their names being selected from separate lists of proposed persons submitted in each case by the parties in dispute. The arbitration board shall decide upon its procedure and shall minute its deliberations concerning the award. Before the pronouncement of the arbitration award, no discussion of the matter in press circles shall be permissible.

Article 9

That *freedom of association* (affiliation or non-affiliation to a workers' union) shall not be affected by this agreement.

Article 10

That the parties shall be responsible for observance of the conditions of this agreement on the part of their members, and that failure in this respect shall render the party at fault guilty of breach of agreement. Each party shall deposit at the Swiss National Bank caution-money to the value of Fr. 250,000.— as a guarantee for the observance of this agreement and as a security for any conventional fines that might be imposed.

In the event of violation of the agreement by one party, a specially appointed court of arbitration shall impose upon the party at fault a *conventional fine*, the amount of which shall be in accordance with the gravity of the violation. The conventional fine and costs imposed shall be payable within one month from the pronouncement of judgement.

Failing this, the party winning the case shall be free to withdraw from the Swiss National Bank the caution-money deposited by the other party, who shall replace it within one month.

Article 11

That this agreement, first concluded on July 19th, 1937, for two years and subsequently renewed with certain amendments for terms of five years on July 19th, 1939, 1944, 1949, 1954, 1959 and 1964, shall remain valid until July 19th, 1969.

This text is very simply worded and does not therefore require lengthy explanation. The Preamble defines the aim of the agreement and lays down an absolute obligation to maintain peace for its entire duration. Articles 1 to 7 outline a three-stage conciliation procedure for dealing with important differences of opinion and disputes on the principles of good faith. Finally there follow provisions entrenching the right of association and laying down that a deposit be made as earnest of adherence to the obligations undertaken. A material point is that the agreement be based on mutual arrangements and thus excludes all State intervention.

A unique document

It must be freely admitted that this document is a unique object. Above all, it is not a Collective Employment Agreement in the true sense of the word, since it makes no attempt to regulate material matters and indeed expressly rules out minimum, average or tariff wage rates. While the text of the agreement has remained materially unchanged up to the present day, the auxiliary agreements provided for under Article 4 have since been added.

Taking account of the somewhat reserved attitude of both sides, the agreement was made effective in the first place for a trial period of two

years only. But it settled down in operation with astonishing rapidity. Thus the report of the employers' organisation for 1937 reads, 'We are glad to note that member firms are taking great pains to meet their obligations under the agreement and that we can recognise a similar will on the part of the workers and their organisations to carry through this pact, based as it is on reason and recognition of the general situation'. The SMUV report for the same year confirms that the implementation of the agreement had not caused the slightest difficulty.

Happily, this was not just a flash in the pan. Following the first two-year period it has proved possible to renew the agreement *repeatedly for five years at a time*. This is undeniable evidence that the pact has proved its worth. In fact, by far the majority of differences, which have so far related purely to wage claims, have been resolved inside the firm concerned. In 28 years only 200 cases have been passed to the executives of the organisations, a conciliation committee was required only about 40 times and in fewer than half of the latter cases was arbitration by mutual agreement necessary.

Congratulations

In 1962, when the agreement had been *in existence for a quarter of a century*, congratulations were exchanged by the two sides.

Dr. *Hans Schindler*, President of the employers' organisation, wrote:

"This fundamental condition (negotiation as between partners of equal right on a basis of good faith and mutual renunciation of militant measures) has been respected. It has become almost a matter of course. The peaceful relationship of trust between us and our partners in the peace agreement is based on *mutual respect*. We take pleasure in our friendly relations with the trade unions and are glad to enjoy the confidence of the chief trade union leaders."

Parliament Deputy *Ernst Wüthrich*, President of the Swiss Metalworkers' and Watchmakers' Union, wrote:

"After 25 years, we believe we may state that the peace agreement has proved to be a *workable instrument* for the elimination of differences of opinion and the improvement of human relations at all levels of the engineering and metalworking industries... When we consider the unsolved problems of European economic integration, automation, atomic science, the emerging nations and the like, we realise how im-

portant properly organised relationships among the social partners are. And we must strive in every respect to preserve the Swiss concept of regulating working conditions. This demands mutual respect and the will to collaborate and conciliate at all levels of economic and social life. The Union desires to follow this path into the future and is taking pains to create the necessary conditions therefor, so far as this lies within its power.”

National Councillor Dr. *Anton Heil*, Secretary of the Christian Metalworkers' Association in Switzerland (CMV), wrote:

“Our union stands by the peace agreement in the engineering and metalworking industries today just as it did twenty-five years ago. It *takes this opportunity to express its thanks for the understanding* that the Employers' Association of Swiss Engineering and Metalworking Industrialists has always shown towards its aims. Now and again there have been differences of opinion, and sometimes the CMV would have preferred a different result to the one arrived at. This will probably also apply to the employers' organisation. In the socio-political field nothing can be achieved without concessions and compromises. The future will not change this. Only one thing must be borne in mind — understanding and conciliation mean taking account of the other man's views.”

Superficially it might appear as though it was purely a matter of chance that the agreement was implemented without friction. This would, however, be quite a wrong deduction. On the contrary, the agreement forces the partners to remain in constant contact, and especially when the agreement comes up for renewal the problems that arise always take tough negotiation to solve. But these minor blemishes pale into insignificance beside the fact that the agreement has attained its main objective.

With the exception of a few incidents of minor importance, it has ensured *industrial peace* in the Swiss engineering and metalworking industries for more than a quarter of a century. What it means to a businessman to be able to take advantage of many years of boom conditions with his production undisturbed needs no elaboration. On the other hand, it is important to note that the workers have by no means done badly by waiving the strike weapon, and have in fact drawn considerable material benefits from the prosperity of 'their' industry. A few statistics will suffice. The real hourly wage of an adult male worker was on average 72 per cent higher in the second half of 1964 than it was in the first half of 1939. Taking account of bonuses, family allowances, payments for holidays, contributions to

workers' sickness insurance schemes, compensation for military service and other emoluments for time not worked, the rise in the real wage is in fact 85 per cent.

So it is not for nothing that this peace arrangement has become an object of admiration and envy to observers in other countries. Thus the former German Federal President, *Theodor Heuss*, referred to it as 'A model for social peace'.

Change in mental attitude

But no less important than the achievements of a material nature is the change that has been wrought in mental attitudes by the peace agreement. Admittedly, even today employers and workers in the engineering and metalworking industries do not exist in a perpetual loving embrace. They still both represent interests which deviate at many points and in some sectors clash. But the novelty compared with former days lies in the fact that, in the discussions arising from this, joint interests are never fully lost sight of but play an important part in weighting the final decision. Hand in hand with this has gone an *unfreezing of human relationships* which has permitted searching with mutual confidence for solutions to problems which sometimes have repercussions outside this one sector. On July 29th, 1957, ten days after the signing of the agreement, Federal Councillor Hermann Obrecht, then at the head of the Federal Ministry of Economics, sent a letter to the organisations concerned congratulating them on having succeeded in 'creating this basis for the peaceful regulation of working relationships'. To this he added his hope that this event 'may show the way to other trade groups'.

This wish was fulfilled. Although its unique concept has never been exactly copied, the agreement has acted as a powerful guiding force by radiating the will to conciliate which the parties have maintained throughout a quarter of a century. Thus, for the first time since statistics were started, throughout 1961 there was not a single strike in Switzerland of a duration of as much as one day, and this may well be regarded as a jubilee present to the peace agreement in the engineering and metalworking industries.

Future and past

And now a short glimpse into the future. It cannot be denied that the long years of economic prosperity have materially facilitated the functioning of the peace agreement.

By contrast, it may well be submitted to a severe test should conditions become slacker or even revert to what used to be called a depression. Another danger is to be seen in the fact that an entire generation, grown up without first-hand knowledge of the old conditions, may thus easily tend to underestimate the importance of the present peaceful relationship between employers and employed. Both these circumstances raise delicate problems, but I am optimistic enough to regard a reversion to the conditions obtaining before 1937 as quite unthinkable.

Over the decades, relations between employers and workers have gone through three phases. During the first of these there can be no talk of relations in the true sense of the word, since the two parties faced each other with bitter mistrust or in open conflict. In the second stage their relations were governed rigidly by the Collective Employment Agreement, so that employers and workers felt themselves less allied than chained together. Relations were formally correct but humanly cool. In the third phase came the peace agreement in the Swiss engineering and metalworking industries, and now the parties are really linked by contract, since they came together spontaneously and intend to cover a definite section of ground in company. The contract does not seek to rule by formal clauses but acquires its strength from a *moral idea*. It is an idea that applies just as aptly to other human relationships and one which was summed up by the Apostle Paul: 'For the letter killeth but the spirit giveth life'.

