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Industrie-Holding: Creating a Community of Interest among Swiss «Multinationals»

Sabine Pitteloud

Abstract

This article focuses on the genesis and evolution of Industrie-Holding, a federation of Swiss multinationals, from 1942 onwards. Thanks to recent donations from the Alusuisse and Hero archives, historians now have access to the minutes of the Industrie-Holding executive committee and general assembly meetings, as well as to some of its internal correspondence. Using this material, this article examines the emergence of the managing directors' awareness of the importance of the multinational character of their companies and of the need to defend the specific interests resulting from this status. It analyses how the context of World War II prompted a small group of Swiss multinationals to organise themselves into a business interest association (BIA) and why the founding members implemented rather restrictive admissions criteria. The analysis also highlights the evolution of Industrie-Holding's membership and the division of labour with respect to other Swiss BIAs. Finally, the article examines Industrie-Holding's operations and provides a sense of the diversity of its lobbying activities over time.

This article focuses on the genesis and evolution of Industrie-Holding, a business interest association dealing exclusively with issues related to its members' multinational character. Renamed SwissHoldings in 2004, the organisation now describes itself as a «business federation representing the interests of Swiss-based multinational enterprises from the manufacturing and service sectors».¹ Despite the fact that several of today's largest multinationals were members of Industrie-Holding, the association received very little attention, except for some pioneering work conducted by Martin Lüpold and Margrit Müller. Based on the information available in Industrie-Holding's annual reports, Margrit Müller underlined that the main core companies from the industrial sector – i. e. Swiss companies with subsidiaries abroad – were all members of Industrie-Holding by the 1970s and provided general information on their topics of interest.² In his dissertation on the evolution of Swiss corporate law and corporate governance from 1881 to 1961, Martin Lüpold described how the Swiss nationality was a strategic consideration for Industrie-Holding and that almost all of its members introduced «*vinkulierte Namenaktien*» to ensure that the companies would

1 <https://swissholdings.ch/fr/> (23.01.2019).

2 Margrit Müller, Internationale Verflechtung, in: Margrit Müller, Patrick Halbeisen, Béatrice Veyrassat (eds.), Wirtschaftsgeschichte der Schweiz im 20. Jahrhundert. Basel 2012, pp. 413–417. The census of the core companies was conducted by Martin Lüpold and Rolf Leu as part of the SNF-Projekt Müller/Hiestand/Lüpold 2013. The expression holding company is used to describe a company who owns other companies' stock.

remain in Swiss hands.³ Industrie-Holding's attitude with respect to several attempts to reform Swiss corporate law was further exposed in the book *De la «Forteresse des Alpes» à la valeur actionnariale. Histoire de la gouvernance d'entreprise suisse (1880–2010)*.⁴ As Martin Lüpold emphasised, Industrie-Holding's influence and activities were much less visible than those of other Swiss business interest associations (BIAs), such as the Swiss Union of Commerce and Industry – the so-called *Vorort* –, or the Swiss Bankers Association (SBA).⁵

Using new archival material, the purpose of this article is therefore to complement the existing literature and to improve the understanding of Industrie-Holding. Until recently, historians had access only to Industrie-Holding's annual reports preserved at SwissHoldings' office in Bern or at Nestlé's historical archives. It was also possible to occasionally find documents such as Industrie-Holding's news releases or correspondence in the *Vorort* archive or in the federal archives. Thanks to the donation to the *Schweizerisches Wirtschaftsarchiv* of the archives of the firms Alusuisse (aluminium) and Hero (food processing), two of Industrie-Holding's members, historians now have access to the minutes of executive committee and general assembly meetings, as well as to some of its internal correspondence.

Through analysis of these historical sources regarding the genesis and the evolution of Industrie-Holding, the contributions of this article are threefold. Firstly, it falls within the renewed interest of economic historians in conducting research into BIAs, a topic which was largely abandoned to political scientists and legal theorists until recently.⁶ Indeed, over the past decade, a number of research projects have been launched in several European countries to fill the gap in our understanding of the functioning and evolution of BIAs from an historical perspective.⁷ For the Swiss case, historians have extended the seminal works of Erich Gruner by carefully documenting the functioning and the influence of the *Vorort*, the SBA and the Swiss Employers' Association on politics and institutions.⁸ Within this body of literature, the characteristics of Industrie-Holding and the specificity of its activities still need to be addressed.

3 Martin Lüpold, *Der Ausbau der «Festung Schweiz»: Aktienrecht und Corporate Governance in der Schweiz, 1881–1961*, Zürich 2010, p. 740.

4 Thomas David et al., *De la «Forteresse des Alpes» à la valeur actionnariale. Histoire de la gouvernance d'entreprise suisse (1880–2010)*, Zürich 2015, pp. 184, 243, 389.

5 Lüpold, «Festung Schweiz», p. 740.

6 Cédric Humair et al., *Les organisations patronales suisses entre coordination économique et influence politique*, in: *Vingtième Siècle. Revue d'histoire* 115/3 (2012), pp. 115–127.

7 See for instance: Danièle Fraboulet, Pierre Vernus (eds.), *Genèse des organisations patronales en Europe: XIXe–XXe siècles*, Rennes 2012.

8 Erich Gruner, *Die Wirtschaftsverbände in der Demokratie: Vom Wachstum der Wirtschaftsorganisationen im schweizerischen Staat*, Zürich 1956; Cédric Humair, *Développement économique et État central (1815–1914). Un siècle de politique douanière suisse au service des élites*, Bern 2004; Pierre Eichenberger, André Mach, *Organized Capital and Coordinated Market Economy: Swiss Business Interest Associations between Socio-Economic Regulation and Political Influence*, in: André

Secondly, the evolution of this specific BIA is particularly worthy of study in light of the vigorous and ongoing public debate concerning the influence of multinational companies on governments, which would benefit significantly from additional scientific evidence. The usual secret and informal character of lobbying activities, and the consequent lack of available data, probably explains why so few academic contributions to the topic are available. Indeed, there is almost no literature about similar multinationals' BIAs active after 1945: *Committee of British industrial interests in Germany*; *Association des intérêts industriels belges à l'étranger*; *Commissie voor nederlandse industriële belangen in Duitsland*; *Association pour la sauvegarde et l'expansion des biens et intérêts français à l'étranger*.⁹ Some studies exist on the *Business Roundtable*, which brought together the largest US multinationals, but the association was created much later, in 1972.¹⁰ The example of Industrie-Holding can therefore highlight which political issues were relevant for multinational companies throughout the twentieth century and the collective strategies they developed to deal with them. It can also complement the recent efforts of historians to document how multinationals dealt with political risks in historical perspective.¹¹

Thirdly, the creation and the evolution of Industrie-Holding is a strong basis for understanding the process through which the executives of companies with subsidiaries abroad became increasingly aware that their firms belonged to a specific community, since the recognition of their multinational character constitutes a precondition to the foundation of a related association of interest. Indeed, if particular attention is paid to the issues of identification and categorisation, a «multinational» is a retrospective concept applied to a specific category of firms, commonly defined as having at least one subsidiary outside their home economy. As Jones points out, «although firms began investing across borders on a substantial scale in the nineteenth century, the term 'multinational

Mach, Christine Trampusch (eds.), *Switzerland in Europe: continuity and change in the Swiss political economy*, London 2011, pp. 63–81; Pierre Eichenberger, *Union centrale des associations patronales suisses: genèse d'une organisation faïtière du patronat (1908–1922)*, in: Danièle Fraboulet, Pierre Vernus (eds.), *Genèse des Organisations patronales en Europe: XIX^e–XX^e siècles*. Rennes 2012, pp. 143–152; Sébastien Guex, Malik Mazbouri, *L'Association suisse des banquiers et l'organisation du marché bancaire au XX^e siècle*, in: Danièle Fraboulet, Michel Margairaz, Pierre Vernus (eds.), *Réguler l'économie: L'apport des organisations patronales: Europe, XIX^e–XX^e siècles*, Rennes 2016, pp. 231–252.

⁹ Schweizerisches Wirtschaftsarchiv (CH SWA) PA 660a 37–2. Industrie-Holding (IH), Séance du Comité du 12.06.1953, Tractandum No. 2.

¹⁰ Kim Phillips-Fein, *Invisible Hands: The Making of the Conservative Movement from the New Deal to Reagan*, New York 2009; Benjamin Waterhouse, *Lobbying America: The Politics of Business from Nixon to NAFTA*. Princeton, 2014. Regarding the promotion of US multinationals' interests, see also Janick Schaufelbuehl's ongoing research on the United States Council of the International Chamber of Commerce.

¹¹ See for instance: Neil Forbs et al., *Multinational enterprise, political risk and organisational change: from total War to Cold War*, New York 2019.

enterprise' only appeared in the second half of the twentieth century». ¹² The invention of the concept and its spread was, in fact, mainly related to the acknowledgement of US firms' activities abroad and the creation of a specific field of study to theorise it in the 1960s – international business. ¹³ As is so often the case, categorisation is marked by «occurrence first, formulation later on». ¹⁴ Instead of taking the category of «multinational» for granted, this analysis seeks therefore to uncover when and why some executives began to identify their companies as belonging to a specific type of enterprise, ultimately leading them to bind together and to formulate specific interests in consideration of this status.

Holding Together in the Context of War and Market Disruption, 1942-onwards

It was during the last months of 1942 that Industrie-Holding, the Federation of Swiss Holding Companies, was created by eight Swiss-based multinationals. Its committee was composed of high-ranking representatives of the four following companies: *Nestlé*, *Alusuisse*, *Elektrobank*, and *Bally*. Nestlé's role was particularly important for Industrie-Holding's creation since its secretary was hosted on Nestlé's premises until 1949, while its CEO, Théodore Waldesbühl, retained a leading position at Industrie-Holding until his retirement in 1970. ¹⁵ The Schmidheiny family, a Swiss entrepreneurial dynasty, was also involved in the organisation from the beginning. Two additional companies soon joined the association, bringing the membership to a total of 10 in 1943, representing highly different industrial sectors ranging from shoemaking and food processing to heavy, chocolate and electrical industry. ¹⁶ Half of the companies were headquartered in the French part of Switzerland. At the time of Industrie-Holding's founding, neither the multinationals from the chemical sectors nor those from the machine tool industry were represented, so that its members could to some extent be described as peripheral to the Vorort, which was based in Zurich and run by Hans Sulzer, at the head of the company of the same name.

¹² Geoffrey Jones, *Multinationals and Global Capitalism. From the Nineteenth to the Twenty-first Century*. Oxford 2005, p. 4.

¹³ Geoffrey Jones, Harm Schröter (eds.), *The rise of multinationals in continental Europe*, Brookfield 1993, p. 3; John Dunning, *Multinational Enterprises and the Global Economy*. Wokingham 1992, p. 198. For the arrival of US multinationals in Switzerland, see: Matthieu Leimgruber, 'Kansas City on lake Geneva'. Business hubs, tax evasion, and international connections around 1960, in: *Zeitschrift für Unternehmensgeschichte (ZUG)* 60/2 (2015), pp. 123–140.

¹⁴ Geertz, 1995, quoted in Karl Weick, *That's Moving Theories That Matter*, in: *Journal of Management Inquiry* 8/2 (1999), p. 135.

¹⁵ CH SWA PA 540 a M 2–5–2 III. IH, Protokoll der 27. Generalversammlung, Bern, 20.03.1970.

¹⁶ CH SWA PA 600 a 37–5. IH, 1^{er} Rapport annuel, 10.11.1942–31.12.1943.

Membership in 1945	Sector	Headquarter
Société anonyme pour l'Industrie de l'Aluminium (AIAG)	Aluminum	Lausanne
C.F. Bally SA	Shoe-making	Lausanne
Elektrobank	Electricity/finance	Zurich
Hero	Food-processing	Lenzbourg
Gardy	Electricity	Neuchâtel
Glaro SA	Food-processing	Glaris
Holderbank SA	Cement	Glaris
Nestlé and Anglo-Swiss Holding Company Ltd.	Food-processing	Vevey
Ursina SA	Food-processing	Konolfingen
Société anonyme pour les entreprises de papier	Paper	Saint-Moritz
Suchard Holding SA	Food-processing	Lausanne

Figure 1: Industrie-Holding's members in 1945.

Source: Industrie-Holding, Rapport annuel, 1945.

The signatory companies agreed to unite for the purposes of asserting the importance of their permanent foreign investments to the Swiss economy, ensuring the repatriation of their revenues, fighting against double taxation, and finally being represented in each official body dealing with relevant issues.¹⁷ The goals and motivations behind their coming together were therefore determined by two related factors: firstly, all the companies were engaged in industrial activities beyond the national borders. Nevertheless, this multinational character was a necessary condition, but not sufficient to explain the genesis of Industrie-Holding, since many companies had already made foreign direct investments (FDI) from the mid-nineteenth century onwards. In addition, the leaders of those companies had to acknowledge the specific complications that their multinational character engendered during the particular context of 1942 – while World War II was raging – and the insufficient political attention they were granted by the Swiss government thus far. It is for good reasons that the organisation, when celebrating its 75th anniversary, said it was «born out of necessity» («*Kind der Not*»)¹⁸

Globally, the hostilities accentuated market disruptions that were already underway during the troubled interwar period. In almost all European countries, money transfers were placed under strict governmental supervision. Companies were therefore unable to repatriate revenues generated by their subsidiaries, dividends from their foreign participation, or their licensing fees. U.S. President Franklin D. Roosevelt's decision of 14 June 1942 to freeze foreign assets in the United States was not helpful in this regard, as many Swiss companies had invest-

¹⁷ CH SWA PA 600a 37–4. IH, Statuts avec les modifications apportées lors des Assemblées générales du 06.02.1945 et 10.02.1945.

¹⁸ SwissHoldings, Jahresbericht, 2017, p. 12.

ed heavily in the country.¹⁹ Several founding members of Industrie-Holding, such as Bally and Nestlé, were affected by these measures.²⁰ Their assets were frozen and placed on a black list, waiting for certification to prove that they were not under enemy control. The Swiss authorities, sensitive to the banking sector's concerns to protect its attractiveness through banking secrecy, were reluctant to fulfil the Roosevelt administration's demands.²¹ With other countries, financial flows were regulated through clearing agreements, and within this system, the Swiss authorities wished to foster imports of raw materials that were necessary for industrial production within the country. The Swiss export sector, which provided employment to Swiss workers, was therefore favoured over companies producing abroad and willing to use part of the clearing agreements to repatriate their revenue. The expression in force at the time, «*Arbeit geht vor Kapital*», was indicative of this vision.²² Moreover, the war also directly influenced the structure of the companies and their organisational integrity. Communication with subsidiaries was often jeopardised, and in extreme cases, some production facilities were nationalised or destroyed. Furthermore, to sustain their war effort, governments were eager to collect new revenues by raising existing taxes or creating new ones, sometimes endangering the ability of companies to generate profits.

Therefore, the creation of Industrie-Holding should be understood in this particularly hostile context, as the content of the first annual report can testify, addressing issues such as a clearing agreement with Spain, the freezing of assets in the United States, and the tax policies of the Swiss Federal State.²³ It is also in this vein that the organisation commemorated its genesis a decade later:

When the representatives of eight industrial enterprises with foreign subsidiaries decided upon the creation of our association, in November 1942, the situation was tough: financial transactions were being made through the clearing system, for which the supply was often precarious, so that the repatriation of the insufficient available means between the different groups of Swiss creditors raised sensitive challenges. [...] On the other hand, pushed by the requirement of the war or national defence, governments – Swiss and foreign – were raising their taxes; these new charges put a great burden on our companies, and because of their particular structure, they were subject to multiple taxation, which sometimes left them with a very small share of their profits.²⁴

19 Mira Wilkins, *Swiss Investment in the United States*, in: Sébastien Guex (ed.), *La Suisse et les Grandes Puissances, 1914–1945*, Genève 1999, pp. 134–135.

20 Mauro Cerutti, *Le blocage des avoirs suisses aux Etats-Unis en 1941 et ses conséquences*, in: Guex, *les Grandes Puissances*, p. 193.

21 Ibid., p. 196. See also: Christiane Uhlig (ed.), *Tarnung, Transfer, Transit: die Schweiz als Drehscheibe verdeckter deutscher Operationen (1938–1952)*, Zürich 2001.

22 Marc Perrenoud, *Banquiers et Diplomates Suisses: 1938–1946*, Lausanne 2011, p. 140.

23 CH SWA PA 600a 37–5. IH, 1^{er} Rapport annuel, 10.11.1942–31.12.1943.

24 CH SWA PA 600a 37–6. IH, Plan pour le discours présidentiel lors de l'Assemblée générale. 30.01.1953.

The war context also had a direct influence on the status and membership criteria of Industrie-Holding. The first criterion was, as mentioned earlier, that the company had made substantial investments in foreign countries. It was also specified that these investments should be permanent, of an industrial nature, and that the parent company should provide effective control functions such as administrative, commercial, and scientific assistance.²⁵ This insistence on the role of the entrepreneur and the industrial character of their FDI was clearly to be understood in the particular context of the clearing system, during which the members of Industrie-Holding were attempting to distinguish their assets from speculative, short-term and purely financial investments. Moreover, several members of the organisation were dissatisfied with the designation «Industrie-Holding» since it created confusion with purely financial groups.²⁶ Some alternatives such as *Vereinigung der schweizerischen Industrieunternehmen mit Auslandsbetrieben* were discussed, but without a convincing alternative, the original name was retained.²⁷ It is therefore interesting to note that the members of Industrie-Holding were quite aware of the semantic shortcomings to describe their particular international structure.

The second membership criterion was that each enterprise had to be able to prove its Swissness, meaning having Swiss nationals as its principal shareholders and being constituted under Swiss jurisdiction. The past experience of confiscation during World War I and the freezing of assets in the United States explain this emphasis on companies' nationality.²⁸ Additionally, as the companies needed the help of the Swiss authorities to negotiate on their behalf in these times of market disintegration, they could only justify this state assistance in terms of their nationality, as specified in Industrie-Holding's rules of admission: «Our organisation, constantly necessitating our authorities' good offices and having always claimed to represent Swiss interests exclusively, must in principle exclude any holding company which would notoriously cover foreign interests or be directly or indirectly under alien control. [...] This last point might seem especially important for as long as we are in a time of war.»²⁹ Therefore, the specific historical context of the creation of Industrie-Holding explains the apparent contradiction between the requirements of being «multinational» and «national» at the same time.

25 CH SWA PA 600a 37–13. IH, Règlement des conditions d'admission. 06.10.1943.

26 Many foreign financial holding arrived in Switzerland for fiscal purposes, see: Christophe Farquet, *Histoire du paradis fiscal suisse: expansion et relations internationales du centre offshore suisse au XX^e siècle*, Paris 2018, pp. 25–26.

27 CH SWA PA 600a 37–12. IH, Protokoll der 37. Komitee-Sitzung. 19.02.1955.

28 Heinz Ochsenbein, *Die verlorene Wirtschaftsfreiheit 1914–1918: Methoden ausländischer Wirtschaftskontrollen über die Schweiz*, Bern 1971, p. 306; Roman Rossfeld, Tobias Straumann, *Der vergessene Wirtschaftskrieg: Schweizer Unternehmen im Ersten Weltkrieg*, Zürich 2008.

29 Author's translation: CH SWA PA 600a 37–13. IH, Règlement des conditions d'admission. 06.10.1943.

The socio-historical context is also crucial to understand why some enterprises, which seemed to fulfil both criteria, were excluded. Indeed, several firms in the machine tool industry, undoubtedly under Swiss control and having many production facilities abroad, such as *Gebrüder Bühler AG* and *Sulzer AG*, saw their membership applications denied.³⁰ This refusal was motivated by the desire to maintain uniformity within the organisation, with members consisting of firms that were defined by their international production structures and not by their export orientation. The question to broaden Industrie-Holding's memberships to increase its political weight was nevertheless raised on several occasions. To illustrate these strategic considerations, one can quote Edmond Barth, CEO of *Elektrowatt* at Industrie-Holding's 1953 Assembly meeting:

The committee raised the question of contacting some Swiss industrial enterprises, in particular from the machine industry, which also possess foreign affiliates to impel them to join the organisation. After a careful examination of that question, the committee reached the conclusion that it was better to avoid such solicitations for the moment. Indeed, the enterprises we thought of are essentially export-oriented and the management of their affiliates still constitutes only a secondary position within their activity. [...] The enrolment of these enterprises might undermine the homogeneity of the organisation's actions instead of strengthening them.³¹

This defiance of Industrie-Holding regarding the export-led sector must also be understood in the firms-to-government relational context of the war and immediate post-war periods, when financial flows were under the control of governments and when Industrie-Holding's members were attempting to have the Swiss authorities acknowledge their right to repatriate their foreign revenues. It also explains why Industrie-Holding chose in the first place to remain outside the *Vorort* and to present itself as a leading BIA («*Spitzenverband*»)³² The association wanted to work directly with the federal civil servants in charge of the clearing agreements and to avoid seeing its interests undermined by other powerful groups within the *Vorort*.

Industrie-Holding not only experienced conflicting interests with the *Vorort* but also with the SBA. As underlined by Fritz Schnorf, CEO of *AIAG*, during a committee meeting in 1949, Industrie-Holding «could only collaborate with the Swiss Bankers Association regarding issues of capital investment, and yet there are huge differences between the purely financial investments and the investment of our companies, and their industrial nature is downplayed by the bankers. The

³⁰ Sulzer's application was denied in 1944 and in 1956 again: CH SWA PA 600a 37–12. IH, Protokoll der 42. Sitzung des Komitees. 27. 11. 1956, p. 4.

³¹ Author's translation: CH SWA PA 600a 37–6. IH, Procès-verbal de la 10^{ème} Assemblée générale. 14.02.1953.

³² CH SWA PA 600a 37–12. IH, Procès-verbal de la 21e séance du Comité. 21.06.1949, p. 3.

opinions are especially divergent regarding international double taxation». ³³ To understand this antagonism, the international fiscal context was crucial. Indeed, after World War II, the Swiss financial centre saw the opportunity to strengthen its position as a fiscal safe haven and to attract even more capital flight thanks to its banking secrecy. ³⁴ The SBA was, therefore, reluctant to engage in bilateral negotiations regarding double taxation agreements since many countries attempted to include a provision of fiscal assistance in such deals, which could mean a weakening of banking secrecy and thus in the trust of foreign clients.

As often emphasised in the literature, the creation of a new BIA represents a response of business representatives to specific problems they face and the new organisation must find its own path among the established BIAs. ³⁵ For instance, Pierre Eichenberger explained that the Swiss Employers' Association was created in 1908 to handle specific problems related to social policies, the labour market and the labour movement and how that new association sought to define its specific role with respect to the Vorort. ³⁶ The process was relatively similar for Industrie-Holding, which started in 1942 as a newcomer outside the well-established and influential Swiss peak business association and whose members' weight was about to grow in parallel with the internalisation process of the Swiss economy.

After the war, the first firms to join were from the pharmaceutical sector, *Geigy* as early as 1946, *F. Hoffmann-La Roche & Cie* in 1949, then *Sandoz* and *Ciba* in 1950. Until 1970, only two mammoths of the machine industry were admitted – *BBC* and *Sulzer*, in 1963 and 1968 respectively –, and only after several rounds of discussions. If Industrie-Holding refused the membership to several firms in the machine tool industry, it was already in favour of BBC's admission in 1953 since the company was employing 20'000 workers abroad compared to 10'000 in Switzerland. Moreover, having BBC among its members would have strengthened the weight of the organisation. Nevertheless, BBC's executives chose not to apply in the first place because they thought it was enough for their firm to be a member of the Vorort. ³⁷ Therefore, Industrie-Holding's membership evolution should be understood as the outcome of an identification process, that is, Industrie-Holding's member propensity to recognise (or not recognise) other firms as their «multinational» peers as well as the willingness of other firms' executives to engage in specific collective lobbying activities

³³ Author's translation: CH SWA PA 600a 37–12. IH, Procès-verbal de la 21^{ème} séance du Comité. 21.06.1949.

³⁴ Sébastien Guex, Les origines du secret bancaire suisse et son rôle dans la politique de la Confédération au sortir de la Seconde Guerre mondiale, in: Genèses. Sciences sociales et histoire, 34/1 (1999), pp. 4–27.

³⁵ Erich Gruner, *Arbeiterschaft und Wirtschaft 1880–1914*, Band II, Zürich 1988, p. 815.

³⁶ Eichenberger, *Union centrale*, p. 144.

³⁷ CH SWA PA 600a 37–12. Industrie-Holding. 11.12.1953, p. 5.

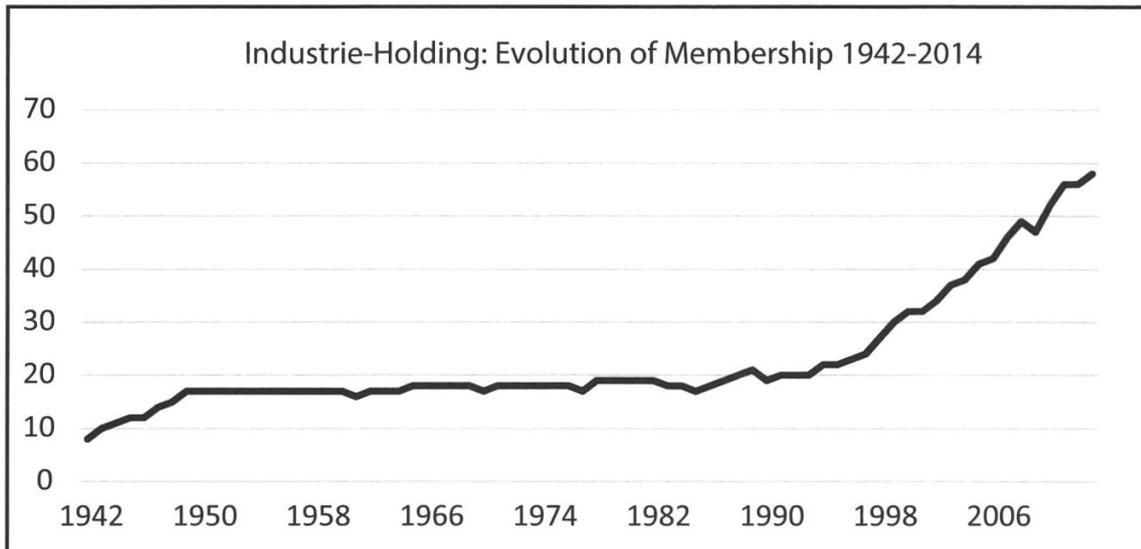


Figure 2: Industrie-Holding: Evolution of membership.

Source: Industrie-Holding, Annual Reports.

related to the multinational character of their company.³⁸ For the major part of the twentieth century, the number of members remained constant, with no more than 20 large Swiss multinationals.

To explain the membership variation at the end of the twentieth century, Margrit Müller emphasises the role of takeovers and disinvestments.³⁹ Consequently, the changes in Industrie-Holding's composition coincided with the second wave of globalisation, marked by growing deregulation and market integration. In this new historical context, the emphasis on Swiss nationality faded, with most Swiss companies voluntarily abandoning their restrictions on share acquisitions by foreigners.⁴⁰ Progressively, multinationals from the service sector or with foreign ownership were accepted into the organisation. This shift was favoured by the appointment in 1989 of a new executive secretary at Industrie-Holding, Arnold Knechtle, who advocated for the strengthening of competition laws and the withdrawal of restrictions regarding share acquisitions.⁴¹ By contrast, his predecessor, Theodor Faist, had defended the *Vinkulierung* system. *Siemens* was the first foreign company to join Industrie-Holding in 1998. For the service sector, *Reuters* and the *Société générale de surveillance* joined the association the same year, as well as Swisscom subsequently to its listing at the stock exchange.

38 Author's translation: CH SWA PA 600a 37–12. IH, Procès-verbal de la 21^{ème} séance du Comité. 21.06.1949.

39 Müller, *Wirtschaftsgeschichte*, p. 429.

40 David et al., «Forteresse des Alpes», p. 326.

41 IH, Zum Rücktritt von Dr. Arnold Knechtle, Jahresbericht 2004–2005.

Modus Operandi and Evolving Priorities

During the entire twentieth century, Industrie-Holding had quite a limited bureaucratic organisation, with fewer than three secretaries. To provide an idea of the organisation's activities, during its first year of operations, in 1943, a total of 30 circulars were sent to the organisation's members along with 91 to members of the committee exclusively. Additionally, 110 individual questions from members were addressed. The firms delegated high-ranking representatives («*Herren der obersten Geschäftsleitung*») to Industrie-Holding's committee and general assembly. Close contacts among members and the development of sociability through meetings and dinners was a key component of the organisation's operations.⁴²

Committee members	Enterprises	Other mandates
Fritz Schnorf	Aluminium AG (Director)	Board of Nestlé, Motor Columbus, Cossonay, Crédit suisse
H. Scherrer	Aluminium AG	
W. Sulzer	Aluminium AG	
R. Waegli	Bally	
H. Jenny	Bally	
Jean-Pierre Zschokke	Geigy (Director)	Board of Swissair; Federal Commission for AVS, cartels, atom energy
W. Scheibli	Geigy	
Max Schmidheiny	Holderbank (Director)	Board of Crédit Suisse, Genevoise, Landis & Gyr, BBC, Motor Columbus; member of the parliament
M. Graf	Holderbank	
Théodore Waldesbühl	Nestlé (Future CEO)	Board of Findus international
Rodo de Salis	Nestlé	
Hans Matti	Legal advisor of Industrie-Holding	Commission for the reimbursement of war taxes, copy right
Jean-Louis Le Fort	Secretary of Industrie-Holding	
Theodor Faist	Secretary of Industrie-Holding	Swiss Delegation for double taxation

Figure 3: Industrie-Holding committee members in 1949.

Source: SWA PA 600a 37–12; Base de données «élites suisses au XXe siècle», Université de Lausanne.

During World War II, one of the organisation's first moves was to inform the Swiss authorities of its creation, because Industrie-Holding needed direct politi-

⁴² CH SWA PA 600a 37–12. IH, Procès-verbal de la 21ème séance du Comité. 21.06.1949.

cal intervention on its behalf. Regarding this matter, the organisation proudly asserted in its first annual report: «The welcoming reaction we received has confirmed our opinion of the usefulness of, and the need for, centralisation of the efforts of our companies to collaborate with the various bodies in charge of fiscal and clearing issues, which are of vital importance to us.»⁴³ Industrie-Holding particularly developed links with the Foreign Affairs Department, the Swiss Compensation Office in charge of clearing agreements, the Division of Commerce, the Tax Administration and the Swiss National Bank. On several occasions during its committee meetings, the question of how best to approach and to work with federal civil servants was discussed; these suggestions included targeted or courtesy visits, invitations to dinners, and the like. Industrie-Holding also conducted several surveys about the economic weight of its members to emphasise the contribution of multinational companies to Swiss prosperity and to justify the assistance of the Swiss authorities.⁴⁴

Industrie-Holding's preferred method of communication was through its annual report, a semi-confidential document distributed to the organisation's members, some high-ranking officials of the federal administration, and the leaders of the main BIAs.⁴⁵ As Nestlé emphasised in one of its letters addressed to the association in the mid-1950s, «the annual reports address many topics regarding which we can quote the adage: 'a secret life is a happy life'».⁴⁶ Industrie-Holding was indeed not targeting public opinion or potential political opponents, except for its participation in the 1964 National Exhibition.⁴⁷ Its selective and unofficial communication strategy probably explains why the association remains little known to this day. As a result, Industrie-Holding's lobbying tactic was focussed on actions with surgical precision that were aimed at a few key players among the economic and political elite. Following this logic, Industrie-Holding's secretariat was moved in 1948 from Vevey to Bern, the capital city, because «the proximity with the federal offices highly facilitates the development of relationships with competent civil servants and allows our immediate action whenever needed».⁴⁸

If in the first place, Industrie-Holding presented itself as an umbrella organisation to be directly involved in clearing negotiations, the organisation revised its attitude towards the Vorort at the end of the 1940s. Indeed, Industrie-Hold-

⁴³ Author's translation: CH SWA PA 600a 37-5. Industrie-Holding. 1^{er} Rapport annuel, 10.11.1942-31.12.1943.

⁴⁴ CH SWA PA 600a 37-7. IH, Enquête sur l'importance économique des sociétaires du groupement, Annexe à la circulaire n°113, 27.07.1945.

⁴⁵ CH SWA PA 600a 37-12. IH, Protokoll der 23. Sitzung des Komitees. 07.03.1950.

⁴⁶ Author's translation: CH SWA PA 600a 37-6. Nestlé Alimentana Co. Lettre au secrétariat d'IH. 04.02.1955.

⁴⁷ Müller, *Wirtschaftsgeschichte*, pp. 416-417.

⁴⁸ CH SWA PA 600a 37-12. J.L Le Fort, Secrétaire d'IH, Procès-verbal de la 24^{ème} séance du Comité. 07.11.1950.

ing's members acknowledged: «the Vorort is a powerful body, and it is better to be in the wake of this association than to risk standing in opposition by renouncing membership of it». ⁴⁹ Karl Koechlin, who at that time was head of Geigy and vice president of the Vorort, also advised for a connection between the two BIAs, which would, he said, allow Industrie-Holding to strengthen its political influence. ⁵⁰ Therefore from 1950 on, Industrie-Holding was part of this BIA. This enrolment allowed Industrie-Holding to focus specifically on questions related to the multinational character of its members and, as a result, a certain division of labour occurred within the Swiss system of coordinated capitalism. ⁵¹

For Industrie-Holding, the problem of money transfers remained salient until the end of the 1950s, and the organisation therefore continued to advocate for progressive liberalisation, for instance, within the Organisation for European Economic Cooperation and the European Payments Union. ⁵² Afterwards, if issues related to European integration and the liberalisation of goods and capital flows were, of course, a matter of interest for multinationals and sometimes discussed within Industrie-Holding's committee meetings, the Vorort was by far the main discussion partner with the federal authorities. ⁵³

Another salient post-war issue was of a fiscal nature, marked by the desire of Industrie-Holding «to protect profits against excessive taxation in order to sustain the companies' necessary reserves and to secure for the shareholders' legitimate revenues». ⁵⁴ Indeed, governments had to repay war debts and in many European countries, populations were eager for social improvements. All of these factors contributed to a general rise in taxation and in this context, companies with subsidiaries abroad sought to influence fiscal legislation at the Swiss and international levels. In October 1944, Industrie-Holding published a report on changes to the federal tax regime and a delegation of its members met with Federal Councillor Ernst Nobst, a member the Swiss Socialist Party and in charge of the Tax Administration. In its annual report, Industrie-Holding stated that, while some work remained to be done, the attitude of the authorities was sympathetic and that it had been positive to be able to explain the particular and

⁴⁹ CH SWA PA 600a 37–12. Ernst Schmidheiny, IH, Procès-verbal de la 22^{ème} séance du Comité. 21.09.1949.

⁵⁰ Idem.

⁵¹ For this classification see: Pierre Eichenberger, André Mach, Organized Capital and Coordinated Market Economy: Swiss Business Interest Associations between Socio-Economic Regulation and Political Influence, in: André Mach, Christine Trampusch (eds.), Switzerland in Europe. Continuity and change in the Swiss Political Economy. London 2011, pp. 63–81.

⁵² IH, 15^e rapport annuel. 18.02.1958. p. 1.

⁵³ Dominique Dirlewanger, Sébastien Guex, Gianfranco Pordenone, La politique commerciale de la Suisse de la Seconde Guerre mondiale à l'entrée au GATT (1945–1966), Zürich 2004, p. 28.

⁵⁴ Author's translation: CH SWA PA 600a 37–5. IH, 2^{ème} Rapport annuel. 06.02.1945.

often unknown role of the holding companies.⁵⁵ Retrospectively, this meeting can be seen as the first step towards a long-lasting relationship between Industrie-Holding and the Federal Tax Administration. Industrie-Holding's influence was particularly tangible regarding the conclusion of double taxation agreements. Indeed, Theodor Faist, Industrie-Holding's executive secretary was a member of the Swiss Delegation for double taxation for 35 years, beginning in 1949. On this matter, Industrie-Holding's views were supported by the Vorort, which was already pushing for double taxation agreements during the interwar period.⁵⁶ From 1947 on, the SBA also became more conciliatory since the Swiss negotiators were usually able to avoid the inclusion of provisions of fiscal assistance. By the end of the 1980s, approximately 50 bilateral double taxation agreements had been approved.⁵⁷ Fiscal lobbying hitherto remains one of SwissHoldings' primary activities.

If most of Industrie-Holding's lobbying was of a defensive nature during World War II and the immediate post-war period, this observation is also partly valid for its activities during the 1950s and 1960s. One of Industrie-Holding's concerns was to cope with the attacks against trust and cartel agreements that came from within Switzerland, as well as those from the United States and through its use of the Marshall Plan to impose anti-trust legislation in European countries. Industrie-Holding sought to preserve its members' rights to collaborate, especially since the size of the Swiss home market was small and, as a result, Swiss companies had to compete with global players of a much larger size. On a similar note, Industrie-Holding was also active in restricting revisions to limited company legislation. The idea was to maintain the status quo, which was characterised by a considerable leeway, thereby protecting its members' ability to gather hidden reserves and ensure their ability to self-finance.⁵⁸

In parallel, Industrie-Holding started to advocate for new instruments aimed at promoting FDI.⁵⁹ For instance, it was *Holderbank* CEO Max Schmidheiny, a member of Industrie-Holding's committee and an elected parliamentarian, who asked the federal government to study the possibility of creating

55 CH SWA PA 600a 37–5. IH, 2^{ème} Rapport annuel. 06.02.1945.

56 Christophe Farquet, Tax Avoidance, Collective Resistance, and International Negotiations: Foreign Tax Refusal by Swiss Banks and Industries Between the Two World Wars, in: *Journal of Policy History*, 25/3 (2013), pp. 334–353.

57 Département fédéral des finances, Liste des conventions suisses de double imposition, état au 1^{er} janvier 2019.

58 David et al., «Forteresse des Alpes», p. 51.

59 On several instruments aimed at promoting Swiss FDI and exports, see: Magnus Meister, *Les Trente Glorieuses et la crise des années 1970 en Suisse. Une politique conjoncturelle et économique au service de l'internationalisation de l'économie suisse*, Mémoire de Master, Université de Genève 2013, pp. 76–90.

an investment risk guarantee (*Investitionsrisikogarantie, IRG*) in March 1960.⁶⁰ Theodor Faist, Industrie-Holding's executive secretary, also wrote a statement providing the main arguments to promote the IRG.⁶¹ As usual in the Swiss legislative process, the interested circles were consulted and the Vorort was in charge of summarising the view of its affiliates. Opinions were rather in favour of the IRG, even if some of the Vorort's members considered it to be promoting state interventionism in the economy. In particular, Heinrich Homberger, the powerful director of the Vorort, saw the entrepreneurs' willingness to introduce an IRG as a symptom of the weakening of their «free enterprise» spirit.⁶² If the Vorort officially supported the introduction of the IRG, its committee did not undertake particular efforts to prompt the political process.⁶³ Finally, the IRG was adopted in 1969 after a decade of negotiations thanks to the fact that it was presented as inexpensive development assistance. If Industrie-Holding obtained its instrument in the end, the granting of the guarantee was placed under strict conditions and was retrospectively rarely used.⁶⁴ This provides evidence of the limitations of multinationals' influence when they were not able to find a broader consensus among business circles.

In addition to the creation of the IRG, Industrie-Holding promoted investment protection agreements (*Investitionsschutzabkommen*) in order to protect multinationals' assets in developing countries against political risks. Once again, these types of agreements required the direct involvement of the federal authorities, and, much like in the case of double taxation, Industrie-Holding led the way for the establishment of strategic priorities. The first agreements were signed at the beginning of the 1960s, most of which involved African countries.⁶⁵ As for the IRG, the Swiss companies and authorities developed a rhetoric repertoire to present FDI as Swiss development assistance to promote such deals.⁶⁶ Industrie-Holding was also active on the international stage to promote the protection of FDI, being, for example, a member of the *Association internationale*

⁶⁰ Archiv für Zeitgeschichte (AfZ), IB-Vorort-Archiv, 463.1.3. Postulat von Nationalrat Dr. Max Schmidheiny, Heerbrugg, 08.03.1960.

⁶¹ AfZ, IB-Vorort-Archiv, 463.2.2. Theodor Faist, Sekretär der Vereinigung der industriellen Holdinggesellschaften, Der Schutz schweizerischer Investitionen in Entwicklungsländern durch Investitionsrisikogarantie (IRG) und Schutzabkommen.

⁶² AfZ, IB Vorort-Archiv 1.5.3.16. Heinrich Homberger, SHIV, Protokoll der 1. Sitzung des Vororts im Vereinsjahr 1961–1962, 24.04.1961, pp. 18–19.

⁶³ AfZ, IB-Vorort-Archiv, 463.2.12. IH, Investitionsrisikogarantie (IRG), Brief an den Vorort des SHIV, 23.12.1966, p. 3.

⁶⁴ AF, E9500.217#1990/152# 1*. Geschäftsstelle für die Investitionsrisikogarantie, Protokoll der 3. Sitzung der Kommission für die Investitionsrisikogarantie, 03.05.1971, p. 4.

⁶⁵ CH SWA PA 540 a M 2–5–2 I. Industrie-Holding. 21. Jahresbericht 1963.

⁶⁶ Gottfried Berweger, *Investition und Legitimation: Privatinvestitionen in Entwicklungsländern als Teil der schweizerischen Legitimationsproblematik*, St. Gallen 1977.

pour la promotion et la protection des investissements privés en territoires étrangers (APPI).⁶⁷

The 1970s saw the return of a more defensive agenda at Industrie-Holding. The economic climate was rather challenging for Swiss multinational companies due to the international economic context (oil shocks and the end of Bretton Woods system), but also regarding issues of legitimacy, since companies of this type faced growing criticism. Indeed, this decade corresponded to the spread of the concept of «multinational» companies, since many international organisations such as the ILO, the OECD, and ECOSOC began to call for the creation of guidelines to regulate their activities.⁶⁸ As noted by Industrie-Holding in its 1972 report, «several international organisations are discussing the theme of multinational companies, which has become a matter of public interest».⁶⁹ The expression «multinational» therefore came from the outside, with a negative connotation. Emanuel Meyer, CEO of Alusuisse and president of Industrie-Holding pointed out this after-the-fact emanation: «What will be described today with the common expression ‘multinational corporate strategy’ is nothing new, but was partly practised by our members for decades. Even at an early stage, the home market was too small to provide a sufficient field of activity for the Swiss industrial companies.»⁷⁰ Industrie-Holding therefore used its members’ long-term strategy of internationalisation to legitimise their current practices.

Internal documents of Industrie-Holding reveal that, because of these repeated attacks, some of its members – such as the CEO of Nestlé, Arthur FÜRER – began to raise questions about the association’s communications strategy.⁷¹ One of these points of discussion related to the question of whether Industrie-Holding should produce more information for the general public. Even though it was decided that intensified lobbying activity was required to undermine the assaults on multinationals on the national and international stages, Industrie-Holding essentially continued on as before, collaborating closely with the Swiss authorities and the main BIAs to achieve this goal. For instance, an ad hoc informal working group was created – the so-called *Wirtschaftspolitische Arbeitsgruppe* – to limit the scope of the international guidelines and to ensure their non-binding nature. This task force gathered together representatives from the biggest Swiss multinationals, representatives of the Vorort and Industrie-

⁶⁷ Dodis.ch/31990. Réunion de l’APPI à Zurich, note, 15. 11. 1965.

⁶⁸ Khalil Hamdani, Lorraine Ruffing, United Nations Centre on Transnational Corporations: Corporate Conduct and the Public Interest, London 2015; Samuel Beroud, Thomas Hajduk, Chapitre 2. L’OCDE et les bonnes pratiques. Une histoire inséparable, in: Asmara Klein, Camille Laporte, Marie Saiget (eds.), Les bonnes pratiques des organisations internationales, Paris 2015, pp. 61–77.

⁶⁹ Author’s translation: CH SWA PA 540 a M 2–5–2 III. IH, 30. Jahresbericht 1972.

⁷⁰ Author’s translation from: CH SWA PA 540 a M 2–5–2 II. Emanuel Meyer, IH, Ansprache. 29.03.1968.

⁷¹ CH SWA PA 540 a M 2–5–2 XIII. IH, Referat von Dr. A FÜRER, Generalversammlung. 29.03.1979.

Holding, as well as occasionally high-ranking officials, mainly from the Division of Commerce.⁷² The 1970s also coincided with multinationals' attempts to strengthen collaboration among business circles at the international level.⁷³

During the last two decades of the twentieth century, the importance of the Swiss identity of Industrie-Holding's companies faded and the organisation started to insist more and more on the importance of favourable overarching framework conditions («*Standortvorteile*»). Industrie-Holding militated for what it called a «revitalisation program» for the Swiss economy, which promoted deregulation and privatisation policies. The justification was mainly that these adaptations were necessary to deal with globalisation, as well as new supranational frameworks such as the European Union:

The maintenance and improvement of the attractiveness of the *Standort Schweiz*, for the strong internationally oriented members of Industrie-Holding still represent the most urgent concern of our association. We call upon the responsible authorities to make every effort to quickly implement the necessary adaptations and improvements – deregulation, liberalisation, privatisation, and fiscal reform – because this is the only way to restore the competitiveness of the Swiss economy.⁷⁴

In this context, Switzerland's internal forms of selective protectionism had to be sacrificed and the country's best interests could only be assured by following the companies' best interests. Industrie-Holding was, therefore, using the multinational character of its members and the rhetoric of their mechanistic responses to location-based advantages to legitimise the reforms. It was nevertheless not Industrie-Holding that was on the front line to promote this agenda to the public, but a small group of executives and economists.⁷⁵ These concepts found support from the right-wing parties, and the Swiss authorities created a task force to deal with this issue after the rejection by referendum of the proposal to join the European Economic Area in 1992.⁷⁶ A reform package was proposed in 1993, which was received enthusiastically by Industrie-Holding. Up to these days, SwissHoldings continues to fight to ensure that Switzerland remain an attractive location for multinationals.⁷⁷

⁷² AfZ, IB Vorort-Archiv, 291.4.2.2.1.1. Wirtschaftspolitische Arbeitsgruppe, 18. Besprechung über Sociétés Multinationales bei CIBA-GEIGY AG, Basel, 14.02.1975, p. 1.

⁷³ AfZ, IB Vorort-Archiv, 291.4.2.2.1.1. Christoph Eckenstein, Die wichtigsten Punkte der Sitzung in Basel. 21.02.1973, p. 1.

⁷⁴ Author's translation: SwissHoldings, Jahresbericht 1993.

⁷⁵ See their first book: Fritz Leutwiler, Marian Stepczynski (eds.), *La politique économique de la Suisse face à la concurrence internationale: programme pour un ordre plus libéral*, Zürich 1991.

⁷⁶ André Mach (ed.), *Globalisation, néo-libéralisme et politiques publiques dans la Suisse des années 1990*, Zürich 1999.

⁷⁷ See for instance SwissHoldings latest publication: McKinsey, *Economiesuisse, SwissHoldings, Swiss-American Chamber of commerce, Switzerland wake up. Renforcer l'attractivité de la Suisse pour les multinationales*, 2019.

Concluding Remarks

To conclude, this case study of Industrie-Holding illustrates that many large Swiss corporations acknowledged their multinational character in the early stages of their development as a critical feature of their organisational models and that this characteristic was so predominant that it created an incentive for them to bind together in the specific context of war and market disruption. Therefore, with some relief, it confirms that international business scholars are not suffering from vicious anachronism when they use the concept of multinational to study firms' internationalisation past practices. Nevertheless, this article points out that companies' self-identification and categorisation should not be taken for granted, but mostly should be seen as a dynamic process for which historical and relational context constitute crucial variables of explanation. Identity is often formed as a reaction to, or even in opposition to, other exogenous groups, a fact exemplified in this case study by Industrie-Holding's willingness to distinguish itself from the finance sector and export-oriented entrepreneurs during World War II.

It is also interesting to note that if the importance of multinationals for the Swiss economy is widely recognized today by politicians and the public, it was not the case at the beginning of the twentieth century, when some of these companies had to join forces to gain political influence. The analysis of Industrie-Holding lobbying activities also indicates that despite the economic weight of its members, this organisation had a leading role only on specific technical issues such as the conclusion of double taxation agreements or investment protection agreements. On other broader topics, such as European integration or general political debates within Switzerland, Industrie-Holding's views were mainly defended by Vorort, since the organisation became one of its affiliates from 1950 on. If Industrie-Holding's role was clearly delimited with respect to the other Swiss BIAs, this does not mean that multinationals did not gain a strong political influence over the century. As a matter of fact, many of the Vorort's presidents, whose strong political influence has been carefully documented by historians, came from multinational companies in the pharmaceutical industry such as Carl Koechlin, (1951–1964), Etienne Junod (1970–1976) or Louis von Planta (1976–1987). Therefore, if Industrie-Holding was an institution through which multinationals could defend their interests, it was just one of many. Consequently, there is a need for further studies on the various forms of multinationals' political influence, such as lobbying activities at the firm or at the sectoral level.

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