

# From Quiet to Noisy Politics: Transformations of Swiss Business Elites' Power\*

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## Abstract

During most of the twentieth century, it was possible to consider Switzerland a coordinated market economy, characterized by dense interfirm networks and the strong role of business associations. Thanks to their cohesion and collective organization, in a context of quiet politics and informal institutions, business elites could largely self-regulate major socioeconomic issues in the shadow of politics. However, since the end of the twentieth century, Swiss business elites have undergone profound changes not only in their composition, but also in their coordinating capacity, their growing political divisions, and their connections to politics. This growing sociological and political fragmentation, combined with changes in the way of doing politics, through noisier and more formal politics, has weakened the instrumental power of Swiss business elites. To compensate for this loss of direct influence, business elites of the largest Swiss companies have developed new political strategies, relying on their growing structural power in a context of global and financial capitalism.

## Keywords

business power, elites, noisy politics, structural power, Switzerland

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In the comparative political economy literature, Switzerland was often considered a coordinated market economy. It combined collective mechanisms of coordination with a more liberal regulation of the labor market—setting it apart from its big northern neighbor, Germany. In the absence of strong trade unions, Swiss socioeconomic institutions were largely shaped by business elites and their associations. In the context of a weak central state and highly organized business interests, Swiss economic elites and business interest associations (BIAs) have been the central architects of socioeconomic institutions such as labor market regulations, vocational training systems, corporate governance, financial market regulations, and product markets.

The Swiss economy was characterized by its early export orientation and free trade policy. However, because of the small size of its domestic market, it also entailed some “selective protectionist” measures largely organized by BIAs and elites. These protectionist measures allowed Switzerland to limit the penetration of foreign products and owners. International investors often called Switzerland the “Fortress of the Alps,” because of its protectionist mechanisms (codified in company law)—which made it difficult to take control of Swiss companies from abroad—or the “paradise of cartels,” because of the tolerance for collusive practices among Swiss companies in the domestic market. Michel Albert underscored this point about restrictive Swiss practices when he discussed the distinction between Anglo-Saxon and Rhine capitalism:

It was during a visit to the Swiss subsidiary of my firm, Assurances Générales de France (AGF), that I was first alerted to the unique features of Alpine capitalism. I had always thought of Switzerland as the very incarnation of liberal economic philosophy and laissez-faire capitalism. Thus I was baffled when, to my question about the firm’s approach to setting vehicle insurance rates, the managing director replied that there was no company policy in the matter—there could never be—because all Swiss insurers had to offer the same rates. I could hardly believe my ears: having for many years advised the French government on economic policy, and having always championed the abolition of price controls, I was forced to conclude that France was a far more liberal country than Switzerland.<sup>1</sup>

Swiss socioeconomic institutions were shaped and developed by economic and political actors. In order to understand this process, it is necessary to bridge the gap between research on elites and comparative political economy. In this process, business elites and top managers of companies, as well as leaders of BIAs, represent major actors in designing and stabilizing the rules of the game and the socioeconomic institutions central to the functioning of an economy. The way business elites are organized and coordinated largely explains the formation of socioeconomic institutions, which, in turn, contribute to consolidate the organization of business.

Culpepper’s analytical framework on the power of business is particularly relevant in helping to bridge the gap between business elites research and the formation of socioeconomic institutions.<sup>2</sup> It explains under which conditions actors decide to regulate socioeconomic issues such as social policies, labor market regulations, or corporate governance. Two dimensions are decisive in explaining the power of business: first, how much the public cares about a political issue (high vs. low salience); second,

the degree of formality under which regulatory decisions about the issue are made (formal vs. informal institutions). The possible combinations of the salience of an issue and the formality of institutions provide four different governance spaces. Business elites tend to privilege informal arenas over formal democratic institutions, as well as issues with low salience over highly politicized debates. It is under these conditions that the power of business is the strongest and that business is able to smoothly regulate socioeconomic issues. The other combinations require business elites to collaborate with other actors and defend their stance in public debates. In addition to the four possible configurations of political interactions, we argue that the *organization and coordination of business* (its unity vs. division) during the elaboration of socioeconomic institutions should also be taken into account. This allows us to combine the analysis of business elites (unity vs. division) and the conditions (formal vs. informal institutions and high- vs. low-salience issues) under which they try to influence politics.

Such a framework is particularly relevant in the Swiss context, where business elites have constantly developed deliberate strategies to privilege informal self-regulation mechanisms in order to address socioeconomic issues. The power of Swiss business elites has been particularly strong, and was only partially challenged, during most of the twentieth century, during which it was characterized by relatively “quiet politics.” However, the situation has changed considerably since the 1990s, characterized by the growing sociological and political fragmentation of business elites, as well as the changing political conditions of noisier and more formal politics. In such a new context, the traditional instrumental power of business has been questioned and weakened. To compensate for the more adversarial political context, business elites, especially from the largest Swiss companies, have developed new political strategies, relying on their growing structural power in a context of global and financial capitalism.

The article is structured as follows. In the first part, we provide an overview of the major characteristics of the traditional Swiss political-economic model and the central role of business elites in a context of a weak central state. The second and most important part addresses the major changes taking place during the recent period, in particular the transformation of business elites and their growing political divisions. After examining the changing sociological profile of Swiss business elites and their disengagement from traditional national institutions of coordination, we analyze how their instrumental power has been weakened. Finally, we highlight the new political strategies developed by business.

## **Switzerland: A Market Economy Coordinated by Highly Cohesive Business Elites**

Switzerland has remained relatively neglected in the comparative political economy literature. One exception is Katzenstein’s comparative study of the political-economic strategy of small European states toward their international environment.<sup>3</sup> Those countries combined an early international liberalization with domestic compensation

through national corporatist institutions, favoring the cooperation that emerged after World War II between economic and political elites. Katzenstein made a distinction between the *liberal* variant (Switzerland, the Netherlands, and Belgium) and the *social* variant (Austria, Denmark, and Norway) of democratic corporatism. The two variants differed in the respective strength of employer and labor organizations. Switzerland was considered the most liberal example, with weak trade unions, well-organized and strongly export-oriented employers, and essentially private adaptation strategies designed within strongly cohesive BIAs.

In the “varieties of capitalism” perspective, the Swiss economy is generally classified as a coordinated market economy (CME).<sup>4</sup> Such a classification is relevant but needs to be specified: although nonmarket mechanisms of coordination play a crucial role in the organization of the Swiss political economy (industrial relations, vocational training systems, corporate governance, and financial market regulations, as well as distortions of competition in the product market), Switzerland also shares some more liberal characteristics, especially concerning labor market regulations. Switzerland can be considered a CME with a “business bias,” which combines collective coordination mechanisms with some more liberal aspects.<sup>5</sup>

Three main factors have played a crucial role in shaping the organization of the Swiss political economy: the constrained policy capacity of the central state, the strong tradition of self-regulation by economic associations, and the dominance of right-wing parties and business associations at the expense of the power of trade unions and social democratic forces.<sup>6</sup> These factors, which progressively emerged during the nineteenth century, largely explain the central role of business elites in the organization of the Swiss political economy.

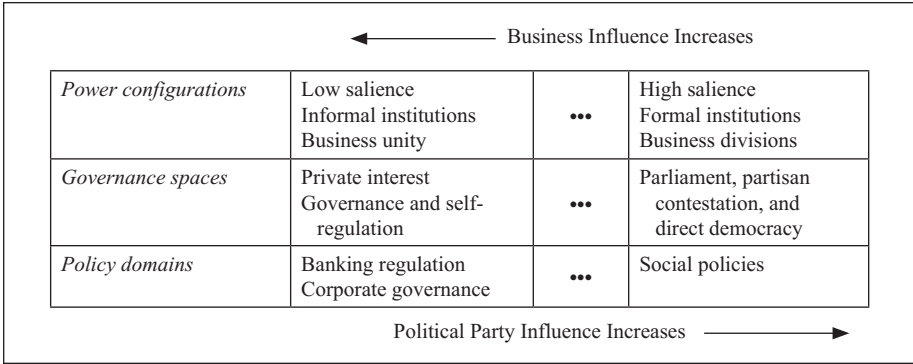
First, the constrained policy capacity of the central state is primarily due to institutional reasons, rooted in the specificities of the Swiss political system since 1848: federalism and direct democracy. As the result of the progressive aggregation of small regional units, the cantons, modern Switzerland and its central state have remained weakly centralized in economic governance, social policies, and macroeconomic steering. Furthermore, any delegation of responsibilities from the cantons to the Swiss federal state requires a modification of the constitution submitted to mandatory popular referendum. The constitutional rule must then be embodied in a law that may, in turn, be challenged by an optional referendum. Hence, any attempt to assign resources and responsibilities to the central level has to overcome a multitude of institutional barriers. The presence of different veto points and the power sharing induced by the referendum at the federal level reinforces the strong pro-status-quo bias and the low capacity for rapid political change.<sup>7</sup>

A second peculiarity of economic governance refers to the extensive role of collective or associational self-regulation by private actors. Self-regulation can be defined as giving priority to private actors’ initiatives for solving social or economic problems and performing public tasks, sometimes in close cooperation with public authorities. The early organization of business interests during the second half of the nineteenth century, with the financial support of the federal state,<sup>8</sup> allowed BIAs to perform quasi-public tasks of collective interest within their economic sectors. In addition, the

weakness of the central state favored a high degree of self-regulation. The prevalence of those mechanisms was possible only thanks to the high degree of coordination among the small and concentrated core of the business elites, who shared similar sociological features in terms of education, military grade, and participation in BIAs during most of the twentieth century.<sup>9</sup> The strong tradition of self-regulation by private actors in the economic sphere, rather than by an extensive and detailed legal framework, is particularly developed in the fields of industrial relations, the regulation of competition, vocational training, the standardization of technical norms, social policies, corporate governance, and the regulation of the banking sector. In such informal arenas, away from public and democratic scrutiny, business elites could thus largely maintain the upper hand on the regulations of sensitive socioeconomic issues.<sup>10</sup>

The third factor refers to the politically dominant position of the major right-wing parties since the second half of the nineteenth century. These parties have entertained close ties to business interests, despite the fact that the political left and the trade unions were progressively integrated into the government and corporatist institutions from the 1930s. Switzerland is probably the only European country in which the political left has never played a dominant role in the government or the parliament but has remained in the position of a “junior partner” of the dominant right-wing parties. In international comparison, the Swiss labor movement has been structurally weak because of a number of historical factors: a decentralized economic structure and the absence of large industrial plants, linguistic and religious cleavages, and the continuous presence of a large foreign workforce—about a quarter of the active population—who are not endowed with electoral rights. By contrast, Swiss business, for its part, organized itself effectively from the last quarter of the nineteenth century, first under the leadership of competitive export industries and then through finance and banking. These sectors set up highly organized BIAs, which have been closely involved in political decision making.<sup>11</sup> Because Parliament is weakly professionalized, its members have very commonly until now also been paid officials of BIAs, members of the executive committee of BIAs, or members of the boards of directors of companies. These close relations between politicians and business interest groups have favored a strong cohesion between the right-wing parties and the major BIAs. This dates back to the end of the nineteenth century, with the formation of a “bourgeois bloc” comprising all the major BIAs and the major right-wing political parties. The resulting political power configuration—despite the integration of the left on a minority basis—remained extraordinarily stable during most of the twentieth century.

In sum, informal institutions and the maintenance of “quiet politics” were central to the persistence of Swiss business power during most of the twentieth century. This policy of self-regulation has had the advantage of moderating the salience of these issues and reinforcing business power: “Informal institutions with low salience are even more likely to result in disproportionate business influence because these are arenas in which private interests make rules directly, without working through state regulators.”<sup>12</sup> Socioeconomic issues can be regulated in different arenas with different degrees of business unity (see Fig. 1). Swiss business largely succeeded in giving priority to negotiated private solutions in informal institutions (left column of Fig. 1)



**Figure I.** The determinants of business influence. The figure emphasizes only the most favorable and unfavorable configurations for business, without intermediary situations. Based on Pepper D. Culpepper, *Quiet Politics and Business Power: Corporate Control in Europe and Japan* (New York: Cambridge University Press, 2011), 190.

instead of highly politicized debates in Parliament (right column). The political left and the trade unions have tried to challenge this business power in Parliament or through direct democratic instruments. Using the instrument of the popular initiative, their strategy was aimed at making their main economic and social issues highly salient and thus at circumventing the power structure in which they remained in a minority position. However, they always lost these popular votes (wealth taxation, the “crisis initiative” in 1935, the codetermination initiative in 1976, the initiative to suppress banking secrecy in 1982).<sup>13</sup> Despite these defeats in important popular votes, the left and the trade unions could often obtain some more moderate changes that went in the direction of the goals of their popular initiatives. In response to the demands of the left, the government regularly proposed counterproposals and initiated legislative reforms in order to partially satisfy these demands.

One particularly noteworthy characteristic of the Swiss economy relates to its dualist structure, divided between competitive export-oriented sectors (Switzerland’s major industries, as well as its financial services, including large multinational companies) and more or less sheltered sectors producing mainly for the domestic market (agriculture, construction, and retail trade). This cleavage is also reflected in the structure of BIAs. The interests of the two groups, particularly with regard to trade policy, differ in obvious ways. However, informal agreements were often reached in order to overcome the cleavage: while the major export-oriented sectors benefited from a free trade policy, the introduction of selective measures, such as a very protectionist agricultural policy or a high tolerance for cartels, allowed the more domestic-oriented sectors to limit the penetration of foreign products.<sup>14</sup>

Another traditional line of division among Swiss business interests runs between the financial and industrial sectors, especially with regard to monetary policy or issues concerning the financing of companies. Until 2000, the Swiss Bankers’ Association

(ASB)<sup>15</sup> was not a member of *Economiesuisse*, the federation of commerce and industry (the most important BIA); it remained independent, following its own policy and focusing mainly on financial and monetary policy issues. Potential tensions between financial and industrial interests were largely resolved through the close relations between banks and industrial companies. Since the beginning of the twentieth century, the dense interrelations between the boards of directors of the largest banks and the major industrial companies have helped to encourage common political positions and to develop business complementarities with respect to financing or coordination. These types of network have provided a kind of “relational infrastructure” favoring the cohesion and coordination of business elites.<sup>16</sup>

## **Self-Regulation in Action: The Gentlemen’s Agreement of 1961**

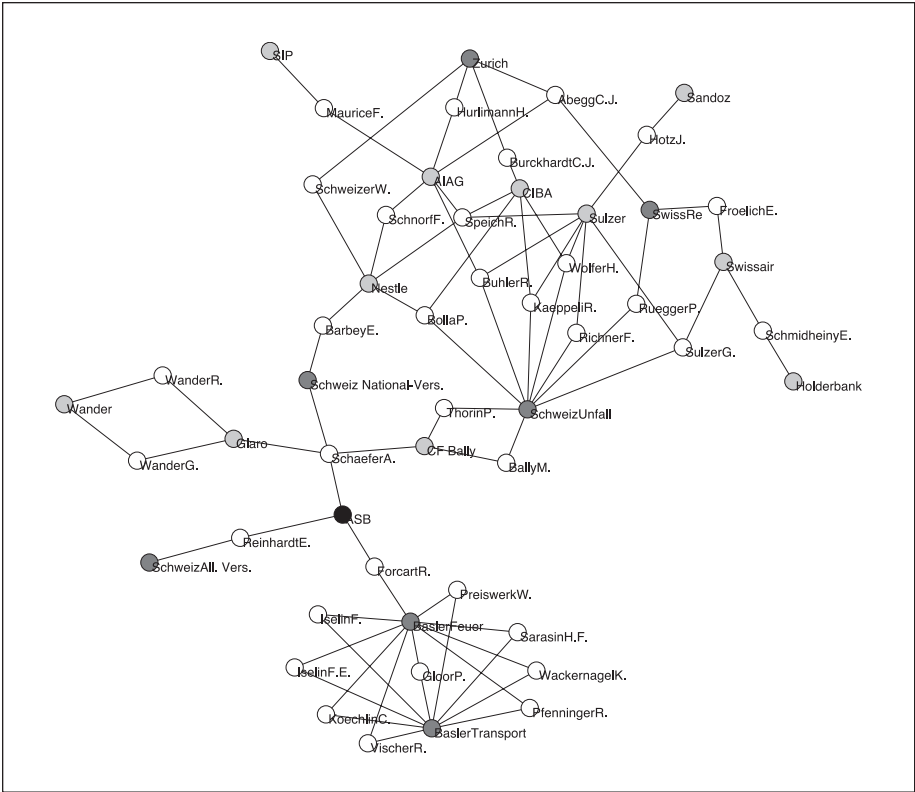
During the twentieth century, Swiss business elites relied on protective mechanisms to safeguard their enterprises against foreign investors. The possibility of binding registered shares and limiting their transferability represented a pillar of the Fortress of the Alps, as it allowed boards of directors and historically large shareholders, even when they no longer held the majority of the share capital, to prevent foreign investors from taking control of Swiss companies. The adoption of that legal instrument was made possible by a combination of informal institutions, low salience, and unified BIAs.<sup>17</sup>

The possibility of issuing different categories of shares and binding them was introduced into Swiss Stock Corporation Law in 1936. Thereafter, several important Swiss firms introduced these dual shares. However, in 1957, a ruling of the Federal Tribunal (the supreme court of Switzerland) endangered the functioning of this protectionist mechanism. Fearing that it could lead to public intervention in, or public debate on, the functioning of Swiss corporate governance and financial markets, the ASB and most of the largest Swiss firms from the industrial and service sectors that had introduced dual shares reacted by concluding, in 1961, a “Gentlemen’s Agreement concerning the transfer of ‘bounded’ shares” (see Figure 2).

The agreement is interesting for three reasons. First, Swiss business elites relied heavily on self-regulation and informal institutions to solve problems when they became too complex or to mitigate claims for public regulation. Swiss business representatives were perfectly conscious of this favorable institutional context to promote their interests. In 1963, the executive director of *Economiesuisse* (then called *Vorort*), Gerhard Winterberger, who was often considered at that time the eighth federal councilor, said,

We have to comply with the democratic rules of the game and we should not give the outward impression that we would want to have a major influence on the parliamentary events. Our influence in Bern is larger when we stay discreetly in the background and when people do not speak too much about us. In my opinion, the method of the *Vorort* has proved itself so far.<sup>18</sup>





**Figure 2.** Network of firms involved in the General Agreement of 1961. Two-mode network. People are indicated in white, and a line represents affiliation to a firm or to the ASB. Only the interlockers, i.e., the persons having at least two affiliations, are represented in the graph. The firms of the industrial sectors are indicated in light gray, the insurance companies in dark gray, and the ASB in black. Database on Swiss elites accessible on the website of the Swiss Elite Observatory (OBELIS: [www.unil.ch/obelis](http://www.unil.ch/obelis)).

Second, this agreement was made possible by a unified business elite, exemplified by the dense network that existed in Switzerland, in particular between banks and industry.<sup>19</sup> The network of the firms that signed this agreement is particularly revealing of these close interlocking directorates facilitating the conclusion of the agreement and, certainly, helping to diffuse the system of dual shares.

Third, the profile of business elites in Switzerland helped to create and reinforce this cohesion during the first three-quarters of the twentieth century. Trust was facilitated by the characteristics that business leaders had in common: male, Swiss, of (high) bourgeoisie origin, a degree in law, an officer in the army, close to the right-wing political parties, holding several seats on the boards of the most important Swiss firms, members of Swiss BIAs. Alfred Schaefer, who was central in the corporate network (see Fig. 2) and instrumental in the signature of the Agreement of 1961, is an



interesting figure and illustrates this profile particularly well: the son of an architect, he earned his PhD in law at the University of Zurich. He was then hired by UBS, one of the three main Swiss banks, becoming a member of its executive committee (1941–63), then president of the board of directors (1964–76), and participating actively in the extraordinary growth of the bank after World War II. He was active not only in UBS but also in other firms, as he used to hold several mandates on the boards of directors of large Swiss firms. His influence extended beyond his position in the corporate network, as he was vice-president of the ASB for almost fifteen years, a member of different extraparliamentary committees, and an officer of the Swiss Army. Such common characteristics, multipositionality, and shared values partially explain why these businessmen, who sometimes had diverging interests, were able to find agreements enabling them to keep their power.<sup>20</sup>

### **Dynamics of Change and Liberalization since the 1990s**

In the new socioeconomic context of the 1990s, marked by slow growth, an increase in unemployment (from 1 to 5 percent), and increasing international economic pressures, business elites underwent profound changes, and the new “neoliberal agenda,” launched by representatives of the largest multinational companies, triggered growing divisions among business actors.

Even though a more intense globalization and financialization of the economy has increased the structural power of big business, its instrumental power has actually been challenged and weakened in the Swiss context. While instrumental power refers to the resources and deliberate strategies developed by business to lobby political actors, either through individual companies or through BIAs, the structural power of business derives from its control over investment decisions on which the economy depends for growth.<sup>21</sup>

Two different dynamics of change help to explain the weakened instrumental power of business. First, since the 1990s, we observe a growing fragmentation of business elites and a modification of their relations to politics. This fragmentation, also observed in other national contexts,<sup>22</sup> resulted from the transformation of the sociological profile of business elites of the largest Swiss companies, marked by the growing presence of top foreign managers with different educational backgrounds. Such changes affected their coordination and cohesion. Fragmentation also resulted from the growing political divisions among business elites. Whereas a core strength of Swiss business elites was their capacity to present a united political front, representatives of the largest Swiss multinational companies launched a neoliberal program to revitalize the Swiss economy in the context of the 1990s. This accentuated divisions among the different components of the business community.

Second, business elites were affected by changes in the way of doing politics. In a much more polarized political context, characterized by the electoral success of the right-wing conservative Swiss People’s Party, growing mediatization of politics, international pressure, and the professionalization of Parliament, business elites’

traditionally privileged way of doing politics “behind closed doors” has been profoundly challenged. In a context of more “noisy politics,” marked by increasing transparency, the instrumental power of business elites has been weakened.

### *Sociological and Political Fragmentation of Swiss Business Elites*

Since the 1990s, business elites of the largest Swiss companies have undergone profound changes in nationality, education, and careers, showing a growing diversity. Although the Swiss economy, as a small and open market economy with large multinational companies, was historically open to international exchanges of goods, services, and investments, the Swiss business elites were still almost exclusively Swiss in 1980. Of the 191 top managers of the 110 most important Swiss firms, only seven (3.7 percent) were foreigners. Not only were they few, they also did not occupy top positions in very important or very central Swiss firms: none directed one of the three big banks or was at the helm of one of the big multinational companies, such as BBC, Roche, Sulzer, Ciba-Geigy, or Nestlé. That situation changed fundamentally in the 1990s and 2000s. The share of non-Swiss top managers grew steeply to 22.8 percent in 2000 and to 34.5 percent in 2010. In addition, they occupy leading positions in the most prestigious Swiss multinational companies.<sup>23</sup>

Internationalization is also echoed by the educational trajectories of Swiss business elites. Whereas in 1980 only 2.7 percent of the top managers at the helm of the largest Swiss firms were educated at a non-Swiss university, that share had increased to 17.9 percent by 2000 and to 29.0 percent by 2010. In addition, the main fields of education for most of the twentieth century—law and engineering/technical sciences—have clearly changed since the 1990s, with the growing importance of economics and business studies. Particularly impressive is the rise of managers with MBAs, often from Anglo-Saxon business schools. Whereas in 1980, 5.2 percent held an MBA, the share had risen to 17.4 percent by 2000 and to 26.7 percent by 2010. The continuous growth of this type of education contributed to the diffusion of new management and neoliberal concepts, such as shareholder value management.

With the growing internationalization of business elites, top managers of the largest Swiss companies have also increasingly withdrawn from national formal and informal mechanisms of coordination. For example, since the 1990s, the density of the interfirm network has declined considerably, similar to what has happened in other national contexts.<sup>24</sup> We also observe a declining presence of business elites of the largest companies in most national BIAs. Representatives of the largest multinational companies tend to be less involved in the decision-making instances of Swiss BIAs and to be more active in transnational business organizations.<sup>25</sup> Two phenomena directly linked to globalization and the growing financialization of the economy seem to be at the origin of this withdrawal from the interfirm network and the national BIAs. First, because of the pressure of the financial markets, the traditionally close connections between the largest Swiss banks and industrial companies have largely disappeared. Second, foreign top managers are much less integrated into these networks than Swiss top managers.

In addition to the changing profile of the business elites, divisions between the different factions of business elites have grown since the 1990s. It has become more difficult for business to present a united front on economic and social policy issues.<sup>26</sup> In Switzerland, the early 1990s were marked by the unprecedented initiative of an informal group of top managers of some of the largest firms and leading economists, who voiced their political demands not through traditional channels but through a series of publications that received extensive attention from the public, as well as from the political authorities. This “neoliberal offensive” was unprecedented in that it did not originate from any of the major BIAs; it even developed clear points of criticism with respect to traditional associations, describing them first and foremost as representing “particular interests.” Besides attacks on social policies and requests for privatization and lower taxation, the informal coalition particularly targeted the domestic sectors of the Swiss economy, which were largely sheltered from international competition and internally organized through cartels. In 1999, these same circles founded *Avenir Suisse*, an American-style think tank financed by some of the largest Swiss multinational companies. These initiatives displayed a clear tendency to sidestep traditional political channels offered by the BIAs. Such “going public” through the media by business elites of the largest Swiss companies was quite surprising, since business representatives have traditionally privileged confidential channels of influence.<sup>27</sup>

Simultaneously, liberal reforms were adopted in the 1990s concerning product market regulations (strengthening of competition policy, liberalization of the domestic market), liberalization and partial privatization of public services, labor market regulations (partial flexibilization of collective agreements), and corporate governance (reforms of company law and a new stock exchange law facilitating the growing role of shareholders). There was a clear move toward a more liberal model, but the reforms remained incremental and did not represent a sharp departure from the existing regulatory framework. The existence of different formal veto points (bicameralism, optional referendum to contest any law adopted by the Parliament) and the political opposition of some political actors largely explains the limited scope of these reforms.<sup>28</sup>

These new impulses for neoliberal reforms by the most internationalized section of Swiss business elites are illustrative of the growing divisions among the business community, between the most internationalized sectors of the economy and the more domestic-oriented sectors, which have opposed some liberalization measures. Divergences were expressed on various policy issues, particularly with respect to the liberalization of domestic markets, which was linked to the adaptation of Swiss legislation to meet EU norms in domains such as competition policy, public procurement liberalization, policy toward foreign workers, or agricultural policy reforms. Tensions between the financial sector (especially the largest banks) and the industrial sectors also increased during the 1990s, placing business representatives advocating for shareholder-oriented policies in opposition to those pursuing a more traditional industrial and long-term strategy. The usual alliance between banking and industrial interests was thus weakened.

Illustrative of these tensions, some important sectoral business federations, such as *Swissmem* (the machine industry), the construction industry, and the Federation of the

Swiss Watch Industry, threatened to withdraw from the most resourceful peak-level association, *Economiesuisse*, during the 2000s. Those members complained that the peak-level BIA was too inclined to defend the interests of the banking, chemical, and pharmaceutical sectors and criticized the astronomical salaries awarded to top managers of the largest multinational companies.

*Economiesuisse*, organizing the largest companies oriented toward international markets, was increasingly criticized in the media and was associated with international top managers with huge salaries. Its credibility declined among the Swiss population, and it has lost some important popular votes in recent times (as we will see in the next section). It was challenged by the trade association for small and medium-size enterprises (USAM), which claimed to be more representative of the Swiss economy than *Economiesuisse*. The USAM was traditionally presided over by an MP of the Liberal-Democratic Party; however, thanks to their electoral success, the populist-conservative Swiss People's Party increasingly claimed to be better represented in the USAM. In 2009, for the first time in its history, an MP of the Swiss People's Party was elected as president of the USAM. This led to important tensions between the two business associations, particularly with regard to the relations with the European Union. Christoph Blocher, the main leader of the Swiss People's Party, a former MP and federal councilor, as well as a top manager of one of the largest Swiss companies (EMS Chemie), explicitly criticized *Economiesuisse*: "Today *Economiesuisse* is dominated by large corporations, which in turn are dominated by foreign managers. These managers are unfamiliar with Switzerland and particularly with direct democracy."<sup>29</sup>

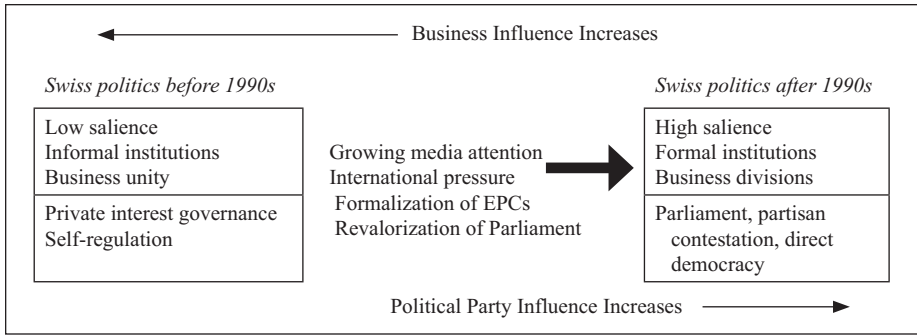
At the political level, the traditional cohesion within the bourgeois bloc, linking the main BIAs and right-wing political parties, was called into question because of increasing divisions between BIAs; another factor was the electoral success of the Swiss People's Party, to the detriment of the Liberal Democratic Party and the Christian Democratic Party. The Liberal Democratic Party, which has always maintained very close links to business circles, lost much of its leadership in the political arena. The change in the power balance undermined the business interests' traditional channel of influence via the Liberal Democratic Party, rendering their lobbying activities more difficult.

This evolution is largely akin to what Moran observes concerning the power of British business elites:

There has been a sharp decline in the institutional solidarity of business as an organized interest but a sharp increase in the extent to which firms, especially big firms, have mobilized to voice their own narrow interests. Representing the class interests of business has become increasingly problematic; representing individual big businesses has become increasingly effective.<sup>30</sup>

### *Noisy Politics and Formal Institutions: Challenging the Instrumental Power of Business*

Different dynamics have progressively modified the rules of the game of Swiss politics during the last thirty years, away from a situation in which informal institutions



**Figure 3.** The new determinants of business influence in Switzerland. EPCs = extraparlimentary committees. Based on Culpepper, *Quiet Politics and Business Power*, 190.

regulate issues of low salience. The center of gravity of the Swiss decision-making process has moved from the informal arenas of negotiations to more formal institutions, from low-salience to high-salience issues, from “quiet politics” to more polarized and formalized politics debated in Parliament, in the media, and during direct democratic popular votes (see Fig. 3). This has weakened the instrumental power of business elites. Four changes have favored the evolution.

First, the changing media landscape makes it more difficult for powerful business interest groups to give priority to confidential informal institutions for solving political problems. Media attention has tended to question negotiations taking place in informal arenas and rendered policy processes more transparent. Since the early 2000s, the media has, for example, become very active in making known the remuneration rankings of top managers of the largest Swiss companies. Such public information has contributed to discredit top managers with astronomical salaries, by accentuating the cleavage between the “average Swiss” and this privileged group of super-high earners. In addition, the growing use of popular initiatives and referendums has also contributed to the growing visibility of these debates in the public arena.

Second, international pressure has weakened national, powerful BIAs and reinforced the government and its administration in more formal institutional frameworks, partially imposed by international negotiations. Such pressure has, for instance, weakened farmers’ associations in the context of free trade negotiations within the World Trade Organization, small business interests contesting the strengthening of Swiss competition policy in efforts to harmonize Swiss legislation with European rules, and bankers’ defense of Swiss banking secrecy against international (mainly US) pressure.<sup>31</sup>

Third, traditional extraparlimentary committees (EPCs) as informal arenas of negotiation between corporatist insiders (especially BIAs) and the state underwent profound changes. Since the 1980s, the role of extraparlimentary committees has been questioned by a more active Parliament. The committees have been formalized

and made more transparent. Some committees, historically responsible for the implementation of important economic policies (banking supervision, competition policy, and so on), have been transformed into independent regulatory agencies, with many more administrative resources and more independence from private interests.<sup>32</sup>

Finally, with the revalorization and professionalization of the Swiss Parliament since 1992,<sup>33</sup> the parliamentary venue (for a long time considered a “rubber stamp assembly”) has gained in importance. Remunerations of MPs have been improved, which has rendered them less dependent on other professional activities. Studies have shown that the parliamentary phase has gained in importance, while pre-parliamentary negotiations between corporatist actors have become much less decisive, compared to the 1970s. Similarly, political parties have also gained in importance compared to major economic interest groups.<sup>34</sup> In addition, the increasing polarization of Parliament related to the electoral success of the Swiss People’s Party has rendered parliamentary debates more uncertain.

These different trends have weakened the traditional instrumental power of Swiss business elites. Their capacity to collectively self-regulate central socioeconomic issues in informal institutions has diminished. In more formal governance spaces, they need to collaborate and find allies to reach their preferred goals. The growing media attention given to politics and the growing use of direct democratic instruments have challenged the low saliency of some political issues. The cohesion of business elites, the predominance of self-regulating institutions, and the traditional low salience of economic issues have thus been progressively replaced by the weakening and division of business elites and BIAs, the increasing importance of formal institutions, and the tendency to give more media attention to economic and social issues (see Fig. 3).

Several policy debates are illustrative of these changes. A first example concerns new regulations in corporate governance, codified in the federal stock exchange law adopted in 1996. Much stricter, formalized regulations introduced by Parliament were adopted concerning takeover regulations, proxy voting by banks, transferability of shares, and transparency requirements for listed companies.<sup>35</sup> When the law was implemented, some very lax regulations concerning the transparency of top managers’ remunerations were adopted by the Swiss Stock Exchange. Something similar happened in the wake of the 2001 grounding of Swissair—the national airline company and an important symbol of Switzerland’s industry—and media revelations of Swiss top managers having received very high remunerations. The 2002 regulations were accompanied by a nonmandatory “code of best practice,” elaborated by Economiesuisse.

Following these typical business initiatives to self-regulate such issues, parliamentary interventions from the left and also from right-wing MPs asked for more transparency and stricter regulation of the salaries of top managers. As a response, the government proposed a reform of the stock company law. However, unsatisfied by the governmental proposal, Thomas Minder, a small entrepreneur without political affiliation or support, launched a popular “Initiative against Fat-Cat Salaries” in 2006. It received some support from the media but not much from political parties during the period of signature gathering. The initiative envisioned a mandatory shareholder vote



on the pay granted to directors and top management. It included a ban on golden parachute agreements and the annual reelection of the board president, as well individual board members. Finally, it proposed penal provisions to ensure compliance with these rules. After the 100,000 necessary signatures were gathered, the initiative was transmitted to the political authorities in 2008. In Parliament, the initiative stimulated various counterproposals and intense debates that lasted more than three years. As a first step, the National Council proposed approval of the initiative because of the massive abstention of MPs from the Swiss People's Party, among them several small entrepreneurs, illustrative of the reluctant attitude of right-wing parties toward business positions. Finally, neither house could reach agreement on a common voting recommendation or a counterproposal to the initiative.<sup>36</sup>

The major BIAs strongly opposed the initiative, especially *Economiesuisse*, which organized and generously financed the campaign against it. However, very few top managers dared to intervene in the debate and publicly oppose the initiative; similarly, although all the right-wing parties opposed the initiative, their politicians were not very active in opposition. In March 2013, after an intense campaign, the initiative was accepted by 67.9 percent of the voting population. Historically, such a result represented *Economiesuisse's* heaviest and most important popular defeat. Soon after this result, its president and its executive director resigned.<sup>37</sup>

In accordance with Culpepper's analysis, business elites can no longer rely on the automatic support of traditional political allies from right-wing parties when debating highly salient issues in formal institutions: "The debates over executive pay . . . revealed that even parties of the right will throw their business allies under the bus once the cost of supporting them becomes too high."<sup>38</sup> Governance spaces, dealing with highly salient issues and requiring coalitions between business and politics, are indeed less favorable to business, especially when business and right-wing politicians are not united on the issue.

Another defeat of business interests in a major popular vote followed the initiative on the regulation of foreign workers in February 2014, which was accepted by the electorate. This popular vote represented a central issue, because the initiative called into question the bilateral agreements with the European Union (EU). After the negative popular vote in 1992 against membership of the European Economic Area, the Swiss authorities started long negotiations with the EU. In 2000, they finally succeeded in signing bilateral agreements guaranteeing Switzerland free access to the European market and no risk of discrimination for Swiss exports. In exchange, Switzerland introduced the free movement of persons, especially the immigration of European workers to Switzerland. The bilateral agreements, signed and accepted in a popular vote at the beginning of the 2000s (and confirmed in a second vote in 2009), provided stable relations between Switzerland and the EU. During the ratification campaign, fear of an influx of European workers, which would threaten the wages and working conditions of Swiss workers, was a central and very sensitive issue. In order to prevent wage dumping, the agreement on the free movement of persons was therefore completed by so-called flanking measures negotiated by the Swiss BIAs and trade unions.



After several years of constant rising immigration of workers from the EU, mainly due to the strong demand of Swiss companies, the Swiss People's Party launched a popular initiative "against mass immigration" in 2011. It planned to introduce annual quotas of foreign workers, depending on the cyclical situation of the economy, and represented a rupture of the free movement of persons called for in the bilateral agreements with the EU. After an intense political campaign, the initiative was accepted by a very small majority of voters (50.3 percent) in February 2014.

This result represented a big defeat for the business representatives, but not only them, since the great majority of political parties, as well as trade unions, were against the initiative. All the major BIAs gave out a negative voting recommendation. However, the USAM was clearly divided on this issue. Its president, Jean-François Rime, an entrepreneur and MP of the Swiss People's Party, was also a member of the initiative committee, and some sections of the USAM were in favor of the initiative. Again, business elites were not united on this political issue to fight the popular initiative of the Swiss People's Party.

From the approval of the initiative, the Swiss authorities had three years in which to implement it. After lengthy and complex negotiations and debates (in Parliament and with the EU), a solution was accepted by Parliament in 2017. The Swiss People's Party complained without success that it did not precisely respect the content of the initiative. Similar to what had happened with the Minder initiative, BIAs could partially attenuate their popular defeat and regain some influence in a less politically salient context during the implementation measures of the two initiatives.

### *Structural Power and New Political Strategies of Business*

We can observe a clearly unfavorable trend for the instrumental power of Swiss businesses during the last thirty years, because of growing divisions within business and more transparent and formal ways of doing politics. However, this does not mean that business has completely lost its influence on Swiss politics. In a context of global and financial capitalism, we have also to take into account the growing structural power of (big) business to shape the agenda of reforms and to develop new political strategies.

Instrumental power, as analyzed in the previous sections, refers to the various efforts made by business to influence political actors. Structural power refers to the privileged position of business in a capitalist market economy to decide where to invest, and so to influence political decisions in the direction of business.<sup>39</sup> Although it is difficult to empirically disentangle structural from instrumental power,<sup>40</sup> the promotion of business interests can follow different strategies, and some are more explicitly linked to structural power than the concrete elaboration of political strategies targeting political decision makers (i.e., instrumental power). The exercise of structural power differs in some important ways from the traditional exercise of instrumental power.

Some examples are illustrative of how structural power is exercised. Detailed analysis of the popular vote on the proposal by the left to introduce a national inheritance tax of 20 percent on all transfers exceeding 2 million Swiss francs provides an

excellent illustration of the successful political strategy of Swiss business. Although this popular initiative received large support at the polls at the beginning of the campaign and would have benefited a large majority of the population (revenues from the new tax would have financed the retirement age pension), it was rejected by 71 percent of the voting population in June 2015.

Beyond the median voter analysis and interest groups politics approach, Patrick Emmenegger and Paul Marx emphasize different conditions explaining this result.<sup>41</sup> First, business presented a clear united front on this issue, from small and medium-size to the largest multinational companies. Second, BIAs succeeded, through different commissioned “scientific” publications, to create a large echo in the media and to frame the popular initiative as a “small and medium-sized enterprise-killer,” which would threaten the location of businesses in Switzerland and cause a sharp decline in investments and the loss of numerous jobs. Finally, BIAs could count on large support and united engagement from right-wing parties during the campaign. Despite the professionalization of Parliament since the 1990s, right-wing MPs still entertain close ties with BIAs and companies. During the campaign, these politicians and BIAs formed a united front opposing the initiative. In order to register such a clear victory, business made the credible threat of investment withdrawal from Switzerland.

Other examples of popular votes on proposals by the left, such as the introduction of a minimum wage (rejected in May 2014 by 76.3 percent of the voting population) or the reduction of working hours, show that when the business community is united against proposals from the left, they generally win popular votes.

The UBS bailout, following the financial crisis of 2008, is another illustration of the structural power of business, and more specifically of the largest Swiss bank. Although in hindsight the UBS bailout can be considered a success story that did not levy any costs on Swiss citizens, that outcome was far from being clear in the fall of 2008, when the decisions were made.

In October 2008, the government adopted a plan, in close negotiation with the Swiss National Bank (BNS) and the Swiss Financial Market Supervisory Authority (FINMA). It comprised a series of emergency decrees, which were then ratified by Parliament,<sup>42</sup> and contained two main measures. First, it planned to inject 6 billion Swiss francs (representing about 10 percent of the budget of the federal state) into UBS. Second, BNS created a Stabilization Fund, a kind of “bad bank” designed to absorb the bad assets of UBS, amounting to more than 60 billion Swiss francs (around 10 percent of GDP).<sup>43</sup> Fortunately for the Swiss people, the plan worked well, as the expenses of the government and the “bad assets” of BNS were largely reimbursed after a few years. International observers considered the plan a bailout “masterpiece.”

The plan was elaborated during secret meetings of a closed circle of BNS, FINMA, and UBS representatives during the summer. According to the testimonies of the participants,<sup>44</sup> BNS officials largely anticipated the UBS crisis and had already elaborated different scenarios for a UBS bailout during the first months of 2008. In fact, UBS did not formally ask for financial support in September. The plan was largely designed by BNS and imposed on UBS, whose representatives were reluctant to ask for financial aid.<sup>45</sup>

Without actively asking for a rescue plan, at least during the first stage of the crisis, UBS nevertheless received the support it needed to be saved. This illustrates the structural power of large companies that can be considered “too big to fail.” In fact, BNS officials largely anticipated and interiorized the needs of UBS. Similar to the case of Swiss citizens rejecting proposed new inheritance taxes, fearing the loss of new investments and jobs, BNS officials and politicians anticipated business requests without business developing intense lobbying strategies.

Such examples illustrate how Swiss business elites develop new political strategies that rely less on the consolidation of their instrumental power (close relations to political actors, intensive lobbying of politicians, and so on) but instead derive from their growing structural power in a context of global and financial capitalism. Because of their weakened instrumental power (business divisions, high saliency, and more formal decision-making arenas), Swiss business has had to develop new strategies, more directly related to their structural power, that take into account changes in the way of doing politics. Instead of relying on their traditional instrumental power, the largest Swiss companies now privilege two different strategies.

First, the growing internationalization of the top management of the most important Swiss firms has led to a clear disengagement of business leaders from political positions. Moreover, top managers with Swiss citizenship do in fact disengage from political positions and administrative engagements, with a few prominent exceptions, such as Christoph Blocher and Johann Schneider-Ammann. For instance, Swiss top managers’ involvement in extraparliamentary committees, an important arena of transfer of expertise and influence between the corporate and the administrative sector in Switzerland, has markedly declined.<sup>46</sup> Instead of direct involvement and connections to politics, business elites rely increasingly on the work of consulting/public relations groups, which play an increasing role in organizing media campaigns (and also lobbying strategies).<sup>47</sup> Swiss BIAs place far more emphasis on their media presence and seem to put less energy into their traditional political activities, such as the extraparliamentary commissions.<sup>48</sup> The creation of *Avenir Suisse* by the largest Swiss companies, which regularly publishes studies garnering widespread media echo, illustrates the growing importance of the ideological work of business. Similarly, the renaming and reorganization of *Economiesuisse* in 2000, with the incorporation of the Swiss Society for the Promotion of the Swiss Economy (the so-called *Wirtschaftsförderung*, the “propaganda office” of the major BIAs, responsible for media and campaign work) reinforced its communication and public relations activities, rather than its traditionally close lobbying ties to the federal administrative authorities.

Second, representatives of big business, the largest Swiss companies, are now much more involved in transnational business circles and associations than in national BIAs.<sup>49</sup> For Swiss multinational companies, such “global policy groups,” providing informal contacts to a transnational corporate elite, have become more important than national organizations. Membership in transnational organizations lessens the need for multinational companies and their representatives to belong to national BIAs. For example, Helmut Maucher, CEO and chairman of Nestlé, left the executive committee of *Economiesuisse* in 1996 to become chairman of the European Round Table of

Industrialists. In addition, he was appointed chairman of the International Chamber of Commerce in 1997, which suggests that international lobbying became more important for Nestlé than national organizations.

In order to regain their loss of instrumental power, business representatives have tended to more actively develop a rhetoric of fear to counter demands from the left, trade unions, environmental groups, or right-wing populist parties that would, according to business representatives, threaten the economic success and development of the country in terms of investment and employment. Such a strategy also helps to unify business actors against potential challengers to a liberal economic order. The emphasis on discourse needs less intensive lobbying of politicians or the administration and less direct coordination between business representatives. It contributes to uniting business elites who are increasingly diverse and fragmented. These changes represent a clear rejoinder to Stephen Bell's argument about the ideological dimension of the exercise of structural power: "Ideas and the ideational processes through which government and state leaders construct threat perceptions regarding structural power can be important in mediating such power."<sup>50</sup>

## Conclusions

In a context of a weakly constraining national legal framework and a tradition of self-regulation by private actors, cohesive business elites played a crucial role in the formation and consolidation of the Swiss coordinated market economy during most of the twentieth century. The prevalence of "quiet politics" and informal institutions, combined with the unity of business, largely explains the decisive role played by business elites in the regulation of socioeconomic issues. In such political circumstances, Culpepper's analytical framework provides insightful elements to help us understand why Swiss business remained so powerful in shaping the regulation of socioeconomic issues, without being too much challenged by state interventions and trade union demands. Despite its diversity (between international vs. domestic oriented and between financial vs. industrial sectors), the Swiss business community succeeded in overcoming potential tensions and in presenting a united front toward political actors and trade unions, thanks to highly representative and organized business associations with wide access to politics.

However, the period since the 1990s has seen both a diversification of the business elites of the largest Swiss companies and growing political divisions within them. The increased diversity of business elites and their disinvestment from traditional national BIAs render cooperation and collective coordination much more difficult. This growing disorganization and political division in a context of economic globalization, combined with noisier and more formal politics since the 1990s, has called into question the traditional instrumental power of Swiss business elites. Such an evolution helps explain both the BIAs' loss of influence on some pressing political issues and the important political defeats of business in popular votes in recent times. Which is not to say that business elites have become powerless. On the contrary, in a more globalized and financialized market economy, the structural power

of the largest Swiss companies has increased. Because of their increasing transnational activities, the internationalization of their shareholders, and the growing presence of foreign top managers who are much less rooted in national institutions, the largest Swiss companies and their business elites are much less attached to the principle of keeping production in Switzerland. Their capacity to threaten the relocation of investments and companies if politicians and citizens make “wrong” decisions has clearly gained in credibility in a more globalized economy.

Although it is difficult to empirically disentangle the two dimensions of power, the distinction between instrumental and structural power allows us to better understand the redefinition of the political strategies and priorities of business. Of course, both dimensions of business power will continue to be exerted and developed. But in a political context more adversarial to business interests and an economic context more favorable to large companies, business interests have started to privilege new political strategies that put less emphasis on the development of close connections to political actors and give priority to more “ideological work.” Businesses have threatened that they might relocate their investments to other, more “business friendly” countries, in order to make politicians and citizens more sensitive to the relevance of their demands. Such ideological and communicative work is particularly relevant because of the central role of direct democracy in Swiss politics, where citizens regularly vote on issues crucial for business.

The rhetoric of disinvestment threat is regularly used by business elites during campaigns, but its credibility and efficacy are not sufficient all the time. Its power also depends on the unity of business and right-wing parties. When business representatives and right-wing parties disagree, the power of business is clearly weakened. By contrast, structural power can be efficiently exercised, even in the context of high saliency and more formal politics, when business is united: when it can convince politicians and the public that the threat of the negative economic impact of their decisions is credible.

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## Notes

1. Michel Albert, *Capitalism against Capitalism* (London: Whurr Publishers Ltd., 1993), 85. We slightly modified the quotation as there was a small imprecision in the English translation. In the latter, we read that “the managing director replied that there was no company policy in the matter—there could never be—because all Swiss insurers had to comply with the law and offer the same rates.” However, in the French version, Michel Albert never mentioned that Swiss insurers had to comply with the law. He suggested that they had to offer the same rates because of cartel agreements.
2. See Pepper D. Culpepper, *Quiet Politics and Business Power: Corporate Control in Europe and Japan* (New York: Cambridge University Press, 2011), esp. Chap. 7.
3. See Peter J. Katzenstein, *Corporatism and Change: Austria, Switzerland, and the Politics of Industry* (Ithaca, NY: Cornell University Press, 1984); Peter J. Katzenstein, *Small States in World Markets: Industrial Policy in Europe* (Ithaca, NY: Cornell University Press, 1985).
4. See Peter A. Hall and David Soskice, *Varieties of Capitalism: The Institutional Foundations of Comparative Advantage* (Oxford: Oxford University Press, 2001), 19.
5. André Mach, *La Suisse entre internationalisation et changements politiques internes: La législation sur les cartels et les relations industrielles dans les années 1990* (Chur: Rüegger Verlag, 2006).
6. For more, see André Mach and Christine Trampusch, “The Swiss Political Economy in Comparative Perspective,” in Christine Trampusch and André Mach, eds., *Switzerland in Europe: Continuity and Change in the Swiss Political Economy* (London: Routledge, 2011), 11–26; on the machine industry and the role of sectoral BIAs, see Pierre Eichenberger and Stéphanie Ginalski, “‘Si Vis Pacem, Para Bellum’—the Construction of Business Cooperation in the Swiss Machinery Industry,” *Socio-Economic Review* 15, no. 3 (2017): 615–35.
7. On the Swiss political system, see Hanspeter Kriesi and Alexander Trechsel, *The Politics of Switzerland: Continuity and Change in a Consensus Democracy* (Cambridge: Cambridge University Press, 2008).
8. The three main peak level BIAs, as well as the Federation of Trade Unions, were subsidized by the federal state from the end of the nineteenth century. For more details, see Pierre Eichenberger and André Mach, “Organized Capital and Coordinated Market Economy: Swiss Business Interest Associations between Socio-economic Regulation and Political Influence,” in Trampusch and Mach, eds., *Switzerland in Europe*, 63–81.
9. For an overview, see André Mach, Thomas David, Stéphanie Ginalski, and Felix Bühlmann, *Les élites économiques suisses au XXe siècle* (Neuchâtel: Éditions Alphil-Presses universitaires suisses, 2016).
10. For more, see Trampusch and Mach, eds., *Switzerland in Europe*. This also applies to social policies. See Pierre Eichenberger and Matthieu Leimgruber, “Business Interests and the Development of the Public-Private Welfare Mix in Switzerland, 1880–1990,” in Dennie Oude Nijhuis, ed., *Business Interests and the Development of the Modern Welfare State* (London: Routledge, 2019), 84–109.
11. For more, see Cédric Humair, *Développement économique et état central (1815–1914): Un siècle de politique douanière suisse au service des élites* (Bern: Lang, 2004), and Eichenberger and Mach, “Organized Capital and Coordinated Market Economy.”
12. Culpepper, *Quiet Politics and Business Power*, 189.
13. For a detailed account of the business campaign against the “crisis initiative” in 1935, see Geneviève Billeter, *Le pouvoir patronal: Les patrons des grandes entreprises des métaux*



- et des machines (1919–1938)* (Geneva: Droz, 1985). This campaign led a few years later to the creation of the Society for the Promotion of the Swiss Economy, the main propaganda office of business associations funded by the largest Swiss companies. See Christian Werner, *Für Wirtschaft und Vaterland* (Zurich: Chronos, 2000).
14. For more, see Eichenberger and Mach, “Organized Capital and Coordinated Market Economy”; Carlo Knöpfel, *Der Einfluss der politischen Stabilität auf die internationale Wettbewerbsfähigkeit der Schweiz* (Grüsch: Rügger, 1988).
  15. In this article, we systematically use French abbreviations.
  16. For more, see Thomas David, André Mach, Martin Lüpold, and Gerhard Schnyder, *De la “Forteresse des Alpes” à la valeur actionnariale: Histoire de la gouvernance d’entreprise suisse, 1880–2010* (Zurich: Seismo, 2015), and Stéphanie Ginalski, Thomas David, and André Mach, “From National Cohesion to Transnationalization: The Changing Role of Banks in the Swiss Company Network (1910–2010),” in Thomas David and Gerarda Westerhuis, eds., *The Power of Corporate Networks: A Comparative and Historical Perspective* (London: Routledge, 2014), 107–23.
  17. For more on the negotiation of the Gentlemen’s Agreement, see David et al., *De la “Forteresse des Alpes,”* Chap. 3.
  18. Our translation, from Gerhard Winterberger, *Zusammenarbeit mit den eidg. Behörden, Beziehungen unter den Spitzenverbände*, Archiv Vorort/Economiesuisse. Archiv für Zeitgeschichte (AfZ), IB Vorort-Archiv, 1.1.5.1.1, Rapport interne (6.12.1963).
  19. See Ginalski, David, and Mach, “From National Cohesion to Transnationalization.”
  20. See Mach et al., *Élites économiques suisses au XXe siècle*, 47.
  21. On this distinction, see Pepper D. Culpepper and Raphael Reinke, “Structural Power and Bank Bailouts in the United Kingdom and the United States,” *Politics & Society* 42, no. 4 (2014): 427–54; Pepper D. Culpepper, “Structural Power and Political Science in the Post-Crisis Era,” *Business & Politics* 17, no. 3 (2015): 391–409; and Cornelia Woll, “Politics in the Interest of Capital: A Not-So-Organized Combat,” *Politics & Society* 44, no. 3 (2016): 373–91. On the renewed interest in the structural power of business, see also Stephen Bell, “The Power of Ideas: The Ideational Shaping of the Structural Power of Business,” *International Studies Quarterly* 56, no. 4 (2012): 661–73; Kevin A. Young, Banerjee Tarun, and Michael Schwartz, “Capital Strikes as a Corporate Political Strategy: The Structural Power of Business in the Obama Era,” *Politics & Society* 46, no. 1 (2018): 3–28; Patrick Emmenegger and Paul Marx, “The Politics of Inequality as Organised Spectacle: Why the Swiss Do Not Want to Tax the Rich,” *New Political Economy* 24, no. 1 (2019): 103–24.
  22. The growing diversity, fragmentation, and disorganization of national business elites is also documented in other national contexts. On the United States, see Mark S. Mizruchi, *The Fracturing of the American Corporate Elite* (Cambridge, MA: Harvard University Press, 2013); on the Netherlands, see Eelke M. Heemskerk, *Decline of the Corporate Community: Networks Dynamics of the Dutch Business Elite* (Amsterdam: Amsterdam University Press, 2015); and on the United Kingdom, see Michael Moran, “Representing the Corporate Elite in Britain: Capitalist Solidarity and Capitalist Legitimacy,” in Mike Savage and Karel Williams, eds., *Remembering Elites* (Oxford: Blackwell, 2008), 64–79.
  23. Data presented here stem from different research projects funded by the Swiss National Science Foundation and are accessible online on the website of the Swiss Elite Observatory (OBELIS: [www.unil.ch/obelis](http://www.unil.ch/obelis)) based at the University of Lausanne. For more details, see Felix Bühlmann, Thomas David, and André Mach, “Cosmopolitan Capital and the Internationalization of the Field of Business Elites: Evidence from the Swiss Case,” *Cultural Sociology* 7, no. 2 (2013): 211–29; Eric Davoine, Stéphanie Ginalski, André



- Mach, and Claudio Ravasi, "Impacts of Globalization Processes on the Swiss National Business Elite Community: A Diachronic Analysis of Swiss Large Corporations (1980–2010)," in Glenn Morgan, Paul Hirsch, and Sigrid Quack, eds., *Elites on Trial* (Bingley: Emerald Group, 2015), 131–63; and Mach et al., *Élites économiques suisses au XXe siècle*.
24. See Thomas David and Gerarda Westerhuis, eds., *The Power of Corporate Networks: A Comparative and Historical Perspective* (London: Routledge, 2014).
  25. The former executive director of the Swiss Employer association, Peter Hasler, criticized this development and complained about the lack of engagement of top managers of the largest Swiss companies. Peter Hasler, "Verbandspolitiker im Gegenwind: Die Wirtschaftsverbände vor existenziellen Herausforderungen," *NZZ (Neue Zürcher Zeitung)* (August 23, 2006). See also Thomas David, Stéphanie Ginalska, André Mach, and Frédéric Rebmann: "Networks of Coordination: Swiss Business Associations as an Intermediary between Business, Politics and Administration during the 20th Century," *Business & Politics* 11, no. 4 (2009): 1–38.
  26. Contrary to Jennifer A. Heerwig and Joshua Murray, "The Political Strategies and Unity of the American Corporate Inner Circle: Evidence from Political Donations, 1982–2000," *Social Problems* 66, no. 4 (2018): 580–608, who stress that the thesis of the "fractured business elites" largely refers to the decline in interfirm networks and do not take into account the political orientations of business elites (which they measure through different indicators of donations by business elites), our analysis also takes into account growing political divisions among business elites since the 1990s.
  27. For more, see Eichenberger and Mach, "Organized Capital and Coordinated Market Economy."
  28. For an overview of some reforms, see Trampusch and Mach, *Switzerland in Europe*; on corporate governance reforms, see André Mach, Gerhard Schnyder, Thomas David, and Martin Lüpold, "Transformations of Self-Regulation and New Public Regulations in the Field of Swiss Corporate Governance (1985–2002)," *World Political Science Review* 3, no. 2 (2007): 1–30.
  29. Quoted in "Alle gegen Economiesuisse," *NZZ* (September 7, 2018).
  30. Moran, "Representing the Corporate Elite in Britain," 68; for a similar argument on the United States, see Mizuchi, *Fracturing of the American Corporate Elite*.
  31. On agricultural policy, see Pascal Sciarini, *La Suisse face à la Communauté Européenne et au GATT: Le cas test de la politique agricole* (Geneva: Georg, 1994); on cartels and competition policy, see Mach, *La Suisse entre internationalisation et changements politiques internes*; and on the weakening of Swiss banking secrecy, Patrick Emmenegger, "The Long Arm of Justice: U.S. Structural Power and International Banking," *Business & Politics* 17, no. 3 (2015): 473–93.
  32. For more, see Martino Maggetti, "Institutional Change and the Evolution of the Regulatory State: Evidence from the Swiss Case," *International Review of Administrative Sciences* 80, no. 2 (2014): 276–97.
  33. In 1992, a partial institutional reform of Parliament was adopted. It included the replacement of ad hoc parliamentary committees by permanent and specialized committees. This means that MPs have become increasingly specialized and competent in some policy fields and might thus be less dependent on the expertise and pressure of interest groups, especially BIAs. For more details, Andrea Pilotti, *Entre démocratisation et professionnalisation: Le Parlement suisse et ses membres de 1910 à 2016* (Zurich: Seismo, 2017).
  34. For more, see Pascal Sciarini, "Eppure Si Muove: The Changing Nature of the Swiss Consensus Democracy," *Journal of European Public Policy* 21, no. 1 (2014): 116–32.

35. For more, see Mach et al., “Transformations of Self-Regulation.”
36. For more on the Minder initiative and the debates in Parliament, see Steven Eichenberger, “Interest Groups’ Access to Policy Venues: The Rise of Citizen Groups in Switzerland?” (PhD thesis, University of Lausanne, 2017), 214–15. After the popular success of its initiative, Thomas Minder was elected to the Council of States during the general election of 2011.
37. On a similar issue, the Young Socialists launched a popular initiative entitled “1:12—for fair salaries” in 2011. It stipulated that the highest salary within a company should not be more than 12 times larger than the lowest one. After a large public debate, the initiative was refused by 65.3 percent of the voting population in November 2013. The campaign was not led by *Economiesuisse* but by USAM, representing the small and medium enterprises.
38. Culpepper, *Quiet Politics and Business Power*, 191.
39. For a more detailed discussion, see Culpepper, “Structural Power and Political Science”; Bell, “Power of Ideas”; Woll, “Politics in the Interest of Capital”; and Young, Banerjee, and Schwartz, “Capital Strikes as a Corporate Political Strategy.”
40. Some authors insist on the nonintentional character of structural power: “Contrary to studies of intentional lobbying and the exercise of instrumental power, structural power perspectives highlight nonintentional domination: even without active interference, business actors can enjoy a policy bias in their favor because of their role in capitalist arrangements and the dependence of the government on economic growth.” Woll, “Politics in the Interest of Capital,” 382. Others stress that the exercise of structural power also needs some intentional actions: “The exercise of structural power is intentional and requires agency. Admittedly, this blurs the analytical distinction between the two forms of power: structural power becomes effective only if some instrumental power is exercised.” Emmenegger and Marx, “Politics of Inequality,” 5. We share the latter position, that although structural power can be exercised without intense lobbying by BIAs, it nevertheless needs business representatives to express their preferences and share them with politicians and the public.
41. Emmenegger and Marx, “Politics of Inequality.”
42. See “Message du 5 novembre 2008 concernant un train de mesures destinées à renforcer le système financier suisse,” Feuille fédérale 08.077 (2008), 8027–8086.
43. The bailout of UBS by the BNS was made possible by the agreement the latter reached with the Federal Reserve in 2007, which allowed the BNS unlimited access to dollars. See Adam Tooze, *Crashed: How a Decade of Financial Crises Changed the World* (London: Allen Lane, 2018).
44. See “‘Pink’ et ‘Rosa’: Les deux plans secrets qui ont permis de sauver UBS en 2008,” *Le Temps* (September 26, 2018), <https://www.letemps.ch/economie/pink-rosa-deux-plans-secrets-ont-permis-sauver-ubs-2008>. The minister of finance had a heart attack the day after he was informed about the financial needs of the UBS and remained in a coma for several days.
45. A few years later, some former UBS top managers even asserted that the plan was not necessary.
46. The army is another, traditionally important, domain of civic engagement of business leaders. It served them as both a meeting place and common training ground. Also, the share of top business leaders who occupy a rank of officer or higher markedly declined from 58 percent to 41 percent between 1980 and 2000.
47. Each MP, e.g., can invite two persons to the Parliament Building in Bern, among them numerous representatives of interest groups. Between 2007 and 2015, the number of invited representatives from consulting/public relations companies increased by 40

- percent, from forty to fifty-six, highlighting their growing involvement in Swiss politics. See Eichenberger, "Interest Groups' Access to Policy Venues." Large companies also increasingly tend to hire former right-wing politicians to become responsible for their public relations.
48. It should be noted, however, that because of the revalorization of Parliament, and especially of its permanent specialized committees, BIAs as well as other interest groups have intensified their connections to MPs. See Steven Eichenberger and André Mach, "Formal Ties between Interest Groups and Members of Parliament: Gaining Allies in Legislative Committees," *Interest Groups & Advocacy* 6, no. 1 (2017): 1–21.
  49. Such as the International Chamber of Commerce, the Bilderberg Group, the World Economic Forum, the Trilateral Commission, the European Round Table of Industrialists, the Transatlantic Business Dialogue, and the World Business Council for Sustainable Development. For an overview, see Michael Nollert, "Transnational Corporate Ties: A Synopsis of Theories and Empirical Findings," *Journal of World-Systems Research* 11, no. 2 (2005): 289–314.
  50. Bell, "Power of Ideas," 661.

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