

# Business Associations as Intermediaries Between the Economic, Administrative and Political Spheres. The Long-Term Evolution of Swiss Big Business<sup>1</sup>

Thomas David<sup>α</sup>, Stéphanie Ginalski<sup>β</sup>, Frédéric Rebmann<sup>φ</sup> and André Mach<sup>λ</sup>

## Abstract

Until the 1980s, Switzerland could be classified as either a corporatist, cooperative or coordinated market economy where non-market mechanisms of coordination among economic and political actors played a major role in the organization of the economy. In this respect, business interest groups played a key role in terms of coordination and cooperation among the large Swiss companies. First, they favored the flow of information among enterprises, helping to consolidate self-regulation of economic sectors within a very broad legal framework. Second, given the context of a decentralized State and the weakness of political parties at the national level, business interest groups, being highly organized, were very involved in the political decision-making processes at the federal level. Associations could thus be regarded as intermediary organizations, which functioned like brokers in networks.

The aim of this paper is to look at the historical evolution of the three main peak Swiss economic associations through network analysis. First, we study the logic of membership in these business associations through a network analysis which allows us to analyze their position and function within the network of the Swiss economic elite. Until the 1980s, business associations took part in the emergence and consolidation of a closely-meshed national network, which declined during the two last decades of the 20th century. Second, we study the logic of influence of these associations by looking at the links they maintained with the political and administrative spheres, showing that during the main part of the century, business associations were more involved in informal decision-making in the administrative sphere rather than in the Swiss Parliament. In both cases, the process of globalization that took place at the end of the century called into question the traditional role of business interest associations among economic and administrative elites.

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<sup>1</sup> This paper was realised as part of a research project on the Swiss elite during the 20<sup>th</sup> century financed by the Swiss National Science Foundation (grant no. 100012-113550/1). A first version was presented at the *European Social Science History Conference (ESSHC)*, Lisbon 2008. We would like to thank participants in the Lisbon session and Matthieu Leimgruber for their comments and Elisabeth Spilman, Steven Piguët and Pierre Eichenberger for very helpful research assistance.

<sup>α</sup> Institute of Economic and Social History, University of Lausanne (corresponding author); Thomas.David@unil.ch.

<sup>β</sup> Swiss National Science Foundation; Stephanie.Ginalski@unil.ch.

<sup>φ</sup> Swiss National Science Foundation; Frederic.Rebmann@unil.ch.

<sup>λ</sup> Institute of Political and International Studies, University of Lausanne; Andre.Mach@unil.ch.

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## Introduction

Numerous studies have been published about the formation, composition or ideology of business elites (see for example Cassis 1999). However, “the efforts of business to advance and defend its interests collectively have attracted surprisingly little attention from scholars. The literature on contemporary politics abounds with references to the activities of individual ‘captains of industry’, the role of specific enterprises, and the imputed influences of capitalists as a class. But reliable information on, not to speak of analysis of, the resources, organizational characteristics, activities and strategies of formal associations specialized in the promotion and protection of trade or employer interests is rare. Even rarer are efforts to explain how these dimensions of interests of politics evolve over time and change in response to varying contexts and conflicts” (Schmitter and Streeck 1999: 9). The aim of this contribution is to fill this gap by studying the evolution of Business Interest Associations (BIAs) in Switzerland throughout the twentieth century.

Until the early 1990s, Switzerland could be clearly classified as either a corporatist, cooperative or coordinated market economy where non-market mechanisms of coordination among economic and political actors regulated the organization of the economy (Katzenstein 1985; Schröter 1999; Hall and Soskice 2001). In this respect, business interest associations played a key role in terms of coordination and cooperation among the Swiss companies. They thus belonged to one of the four “social regulators” (community, market, State and interest groups) identified by Schmitter and Streeck (1985) and played a central role in the economic and social spheres as well as in politics.

In order to highlight the central position of Swiss BIAs in economic and political life during the 20<sup>th</sup> century, we analyze the long-term evolution of the position of the major Swiss BIAs as intermediaries between economic, political and administrative elites. Inspired by the initial analytical framework on BIAs presented by Streeck and Schmitter (1981, reprinted 1999), we add a new dimension by using social network analysis. We can thus show the degree of internal cohesion and representativeness of the major Swiss BIAs, as well as their links to the political system. Our paper focuses on the three main Swiss BIAs, namely the Swiss Union of Trade and Industry (USCI), the Swiss Employers’ Union (UPS) and the Swiss Bankers’ Association (ASB). To begin with, using a large data base on Swiss economic and political elites, we study the evolution of the connections of the Executive Committees of these three BIAs with the largest companies, the centrality of these committees in the interlocking directorates network and their

representativeness (logic of membership). We then focus our analysis on the links between the elites of these BIAs and the political and administrative spheres (logic of influence).

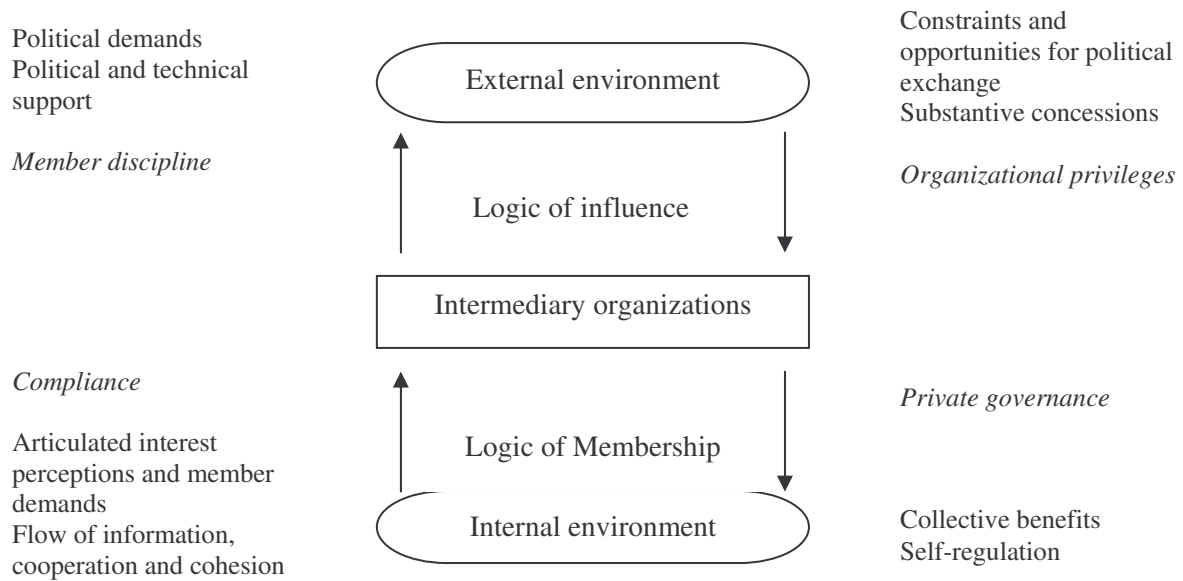
Our paper is divided into four parts. The first part presents our analytical framework and provides some general information on the Swiss BIAs and their role in a coordinated market economy. The second part describes the data and methods we have used. In the third part, we examine the long-term evolution of both the logic of membership and the logic of influence of the three associations during the 1910-1980 period. First, we look at the progressive integration of BIAs into the business network (3.1). Second, we describe their influence on the political and administrative spheres (3.2), by looking at the direct connections between the BIAs and the Parliament and the extra-parliamentary commissions, which play an important role as “meeting places” between economic, political and administrative elites. The last part deals with the recent changes and the impact of globalization on BIAs during the last two decades of the century. We show that globalization caused a loss of influence of BIAs on Swiss companies and on political authorities, which led them to undertake a process of restructuring.

## **1. Analytical and historical framework**

For a long time neglected by historical and social sciences research, the study of BIAs has known a renewed interest since the beginning of the 1980s with the international research project directed by Schmitter and Streeck (1981, reprinted in 1999). This branch of research has provided very interesting national case studies (Schmitter and Streeck 1985; Streeck et al. 2005; for an excellent synthesis, see Lanza-Laco 2008 with an emphasis on the historical evolution of BIAs).

This literature makes a very useful analytical distinction between the logic of membership and the logic of influence in order to systematically analyze BIAs. Figure 1 provides a good overview of the different dimensions of BIAs’ activities with regard to their members, but also to their environment.

**Figure 1. Business Interest Associations as Intermediary Organizations**



Source: Schneider and Groete (2006: 6).

The *logic of membership* is related to the interactions between an interest organization and its constituents (internal environment). First, these associations must define and articulate interests so that its members can recognize their needs and concerns and comply with decisions made on their behalf. Moreover, they must manage the heterogeneity of their members. The management of diversity is central for the internal cooperation and cohesion of these associations. Second, they favor self-regulation by encouraging private actors' initiatives for solving social or economic problems rather than formal state intervention.

The *logic of influence* reflects the interaction between the interest organizations and their interlocutors, mainly the State (external environment).<sup>2</sup> An association is attractive only if it effectively enforces the interests of its members in the political process (Schneider and Grote 2006 : 4). Moreover, the interaction between these associations and the State is also governed by « the constraints and opportunities inherent in the relevant political institutions, especially for the establishment of lasting relations of political exchange, the concessions offered to the organization, and the degree to which the organization is granted privilege and status. » (Streeck and Kenworthy 2004 : 451).

<sup>2</sup> and organized labour. In this contribution, we will not deal with the relations between BIAs and labour organizations.

## 1.1. The central position of BIAs in the Swiss economy and politics

Swiss BIAs have played a crucial role in the organization of the Swiss economy, especially through their active role in self-regulating important economic and social issues, and at the political level, since they are closely involved in the decision-making process and have close connections with the Parliament and the administration. Moreover, they are highly inclusive: in Switzerland, a small number of peak associations represents firms of different sectors, size and type of ownership.<sup>3</sup>

Two main reasons explain the importance of BIAs. First of all, by international comparison, business interests organized themselves early on in Switzerland, during the last third of the 19<sup>th</sup> century (Lanzalaco 2008), a period characterized by economic depression and re-evaluation of the policy of free trade in the wake of emerging protectionism, whereas political parties remained very fragmented because of their cantonal implantation. Second, the weak administrative capacity of the central state and its federalist structure also explained the central position of BIAs in Switzerland. Since the 1880s, the major peak level business associations were subsidized by the Confederation in order to undertake certain tasks of public interest. Instead of enlarging the federal administration, the political authorities preferred to subsidize these associations. Moreover, BIAs were directly involved in the political decision-making process and were particularly influential concerning economic and social policies (Mach 2006: 54-57).

At the national level, the major business interest groups are the five peak level associations, which represent the different sectors of the Swiss economy. The first peak level association created was the Swiss Union of Trade and Industry (**USCI**) in 1870 in Zurich. It aggregated at the national level trade and industry interests that were first and foremost present at a regional level. Its assigned task was to act as a bridge between economic interests and the political sphere, especially the Federal Department of Trade and Customs (*Département fédéral du commerce et des douanes*). Most authors regard USCI as the most influential actor in Swiss politics during the 20<sup>th</sup> century (Guex 2003: 542)<sup>4</sup>.

As a reaction to growing labor conflicts during the beginning of the 20<sup>th</sup> century, the Swiss Employers' Union (**UPS**) was founded in 1908 in Zurich by the employers of the metallurgy, textile and construction sectors. UPS and USCI can be regarded as complementary associations,

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<sup>3</sup> Martin and Swank (2008: 182-183) showed that Switzerland had, in a comparative perspective, a high degree of employers' organization from the beginning of the 20<sup>th</sup> century to the 1930s.

<sup>4</sup> Let us mention that USCI merged in September 2000 with the "Society for the promotion of the Swiss economy" (SDES) to form a new structure, albeit with the same purpose, called "Economiesuisse".

representing similar business interests. UPS, as the peak level association of employers' associations, deals primarily with industrial relations and social insurance, and USCI mainly with economic and financial issues. In both cases, only associations but no individual companies could be members of either USCI or UPS. However, while USCI represented almost exclusively the large companies, UPS also had links to smaller firms (Mach 2006: 55 ; Billeter 1985: 225).

The Swiss Bankers' Association (**ASB**) was founded in 1912 in Basel, in order to defend the overall banking sector in Switzerland but also abroad. The task of this association was, notably, to contribute to the prosperity of the Swiss financial market, which started its expansion during the First World War.

The Swiss Union of Small Businesses (**USAM**) had been created in 1880 in order to defend the sectors mainly active on the domestic market. Finally, the peak association of the agricultural sector was the Swiss Farmers' Union (**USP**), created in 1897 and enjoying a certain monopoly of representation of the farming sector.

The structure of those five peak associations largely reflected the division of the Swiss economy between export-oriented sectors<sup>5</sup> (represented by USCI, UPS and ASB) and those producing for the domestic market (represented by USP and USAM) (Mach 2006: 56). In this study, we will focus on the export-oriented organizations, namely USCI, UPS and ASB, which represented the associations most closely connected to the big companies.

### *Logic of membership*

By international comparison, Switzerland has differentiated itself by the extensive use of self-regulation mechanisms in the economic and social spheres, which, situated somewhere in the middle between the logic of market competition and of public regulation, were habitually codified by the peak level associations and their sectoral organizations, i.e. by the interested parties themselves (thus the concept of "Private Interest Government," developed by Schmitter and Streeck 1985). Such mechanisms of self-regulation, often with the collaboration of the administration, are very common in the following domains: industrial relations, vocational training or financial market regulations (see Mach et al. 2007).

In this perspective, the high degree of cooperation and trust among the small and concentrated core of the economic elite – whose members met in board rooms and were connected through their activities in the main business federations (USCI, UPS and ASB; cf. Nollert 1998 and

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<sup>5</sup> In other words, the main export industries (textile, watch-making, machines and chemistry), which, since the end of the 19<sup>th</sup> century, represent over 80% of Swiss exports, as well as the two main service sectors : banking and insurances.



Schnyder et al. 2005) – facilitated the preservation of the power of the elite by the adoption of self-regulation mechanisms. For this elite, self-regulation had several unparalleled advantages. One direct effect of the use of instruments of self-regulation was the possibility of preserving the confidential character of the agreement and, at the same time, of privately regulating issues that might otherwise have been addressed by the State. This could have implied the politicization of issues and their being handled by the Federal Parliament. The business community feared such a politicization mostly because it might have allowed the Left to influence economic and social policies. As Moran (2003: 66) specifies for the English case, where self-regulation practices were also quite widespread, “The scale and reach of the system of self-regulation was the key to insulating interests from democratic control, for easily the most effective form of protection was to organize an activity out of politics altogether, by defining it as belonging to the domain of self-regulation.”

### *Logic of influence*

Besides their role in defining and articulating the interests of its members and in self-regulating various economic and social issues, the involvement of BIAs in the political processes was also very strong during the main part of the 20<sup>th</sup> century. In addition to their relations to members of Parliament, notably because of the militia character of the Swiss Parliament, the main influence of BIAs was exerted through their presence in extra-parliamentary commissions, which play a crucial role in the preparation of the legislation. According to the current official definition, extra-parliamentary commissions are organs which assume tasks on behalf of executive authorities, but which are essentially composed of persons who are not civil servants. They have two main functions: first, they serve as a complement to the administration with regard to subjects about which the latter may not have enough knowledge and are thus considered as the best means to keep administrative costs down. The extra-parliamentary commissions can also be considered as “meeting places” for the Swiss elite of the private and public spheres, such as representatives from the administration, science, culture, politics or economy, which help to find compromises between the major economic and political actors during the initial phase of the political decision-making process (Germann 1996: 92, Varone 2006). This system is not recent but as old as the federal state of 1848<sup>6</sup>. Before long, these

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<sup>6</sup> The first currently called “extra-parliamentary commission” was created in 1854 (Arnold 1969: 1) and the development of such a system of representation of “civil society” was linked, at that time, to the extreme weakness of the executive authorities (Federal Council and its administration), a direct consequence of the unwillingness of political elites to broaden the central bureaucracy (Mach 2006: 57).



commissions were put in charge of a number of consultative but also administrative and political tasks with decision-making and executive competences. Consequently, many authors define them as a kind of “militia administration” and as an unofficial system of representation parallel to the Parliament (Germann 1996: 92). Such “corporatist bodies” are very numerous and increased considerably after the Second World War. In 1980, there were more than 200 extra-parliamentary commissions. Their domain of competence is very specialized.

## 2. Data and Methods

### 2.1. Data

In order to analyze the long-term evolution of the logics of membership and influence of the major BIAs, we document, with the help of a large database on Swiss elites, the composition of the Executive Committees of these associations and their links to the business world and the political and administrative spheres. Our database includes more than 11'000 persons holding decision-making positions in the political, economic and administrative spheres in Switzerland for five assorted benchmarks during the 20<sup>th</sup> century (1910, 1937, 1957, 1980 and 2000)<sup>7</sup>.

For this study, our sample is composed as follows:

- All members of USCI<sup>8</sup>, UPS<sup>9</sup> and ASB<sup>10</sup> Executive Committees (between 26 and 56 persons per year. See Appendix IV)<sup>11</sup>; all members of USAM and USP Executive Committees (between 20 and 50 persons per year).

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<sup>7</sup> For further information about this project and the database, please consult our website: <http://www.unil.ch/iepi/page54315.html>.

<sup>8</sup> The Executive Committee of USCI, usually called *Vorort*, is composed of 7 to 9 members who meet every month. Moreover, this association also includes The Swiss Chamber of Commerce and the Delegates' Assembly. The former is composed of at least 25 persons representing the major business sectors of Switzerland and meets every quarter. It determines the policy orientations of USCI and elects the members of *Vorort*. The Delegates' Assembly is composed of around 100 representatives of the affiliated organizations, who meet once a year, elect the members of the Swiss Chamber of Commerce and deal with the affiliation of new members (see Mach 2006: 359; Meynaud 1963: 132; Keel 1980: 35; Wehrli 1972).

<sup>9</sup> UPS has a structure similar to that of USCI: its main organ is the Executive Committee, with 10 to 14 members. A larger committee of approximately 50 members holds the same function as the USCI Swiss Chamber of Commerce, and, in addition, there is also a Delegates' Assembly, where the number of votes is proportional to the amount of dues (see the webpage of UPS: [www.arbeitgeber.ch](http://www.arbeitgeber.ch)).

<sup>10</sup> ASB is composed of an Executive Board of about 7 members and a Board of Directors of approximately 20 persons. In contrast to UPS and USCI, ASB membership consisted mainly of individual companies. Chairmen, Vice-Chairmen, Members of bank institutes' Executive Boards as well as senior bank managers were entitled to become individual ASB members. As this association was created in 1912, we took the members of the 1912 Executive Committee for the 1910 analysis.

<sup>11</sup> We have to mention that our results are probably underrated, because our sample takes into account only the Executive Committees of the peak associations. More ties would have appeared if we had also taken into account the Delegates' Assembly of these associations for example. However, as mentioned above, the Executive

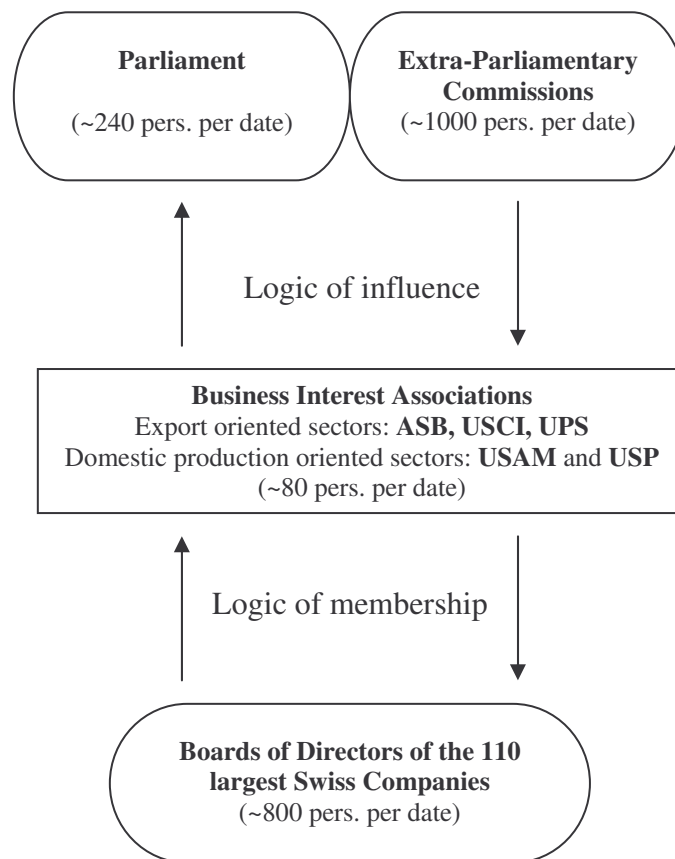
- All members of the Boards of Directors and CEOs of the 110 major Swiss companies (on the average 800 persons per year)<sup>12</sup>.

- All members of the Swiss Parliament (on the average 240 persons per year).

- All members of extra-parliamentary commissions at the national level (on the average 1000 persons per year).

If we take again the figure used in the introduction and apply it to our specific case:

**Figure 2.**



Most scholars study the organizational structure of the BIAs in order to highlight the logic of membership of these associations. They take into consideration the number of members, the hierarchy of the associations, the interactions between different BIAs (see Schmitter and Streeck 1999). In this contribution, we choose another perspective by focusing on the leaders of the

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Committee represents the main organ of the association and concentrates its most important members. For this reason, it made sense to focus on this organ.

<sup>12</sup> A part of our analysis is based on the data of a previous research, which described the Swiss company network determined by the 110 largest Swiss companies of the industrial, service and banking sectors, selected on the basis of market capitalization and turnover (see Schnyder et al., 2005). Our present contribution aims to enlarge the scope of this previous research by adding to those data the broad sample described above concerning the political and administrative spheres as well as the sample of the business associations.

BIAs. In a corporatist country like Switzerland, where interest organizations are highly inclusive, their leaders are extremely influential: “Charging associational leaders with the aggregation and transformation of diverse special interests into more broadly defined common, adjusted interests, corporatist organization allows them considerable discretion in selecting which interests to represent and act upon as those of their members.” (Streeck and Kentworthy 2004: 450).

## 2.2. Network analysis and the study of BIAs

In order to show BIAs’ *logic of membership*, we describe the links that exist between these associations and the largest Swiss companies, considering that BIAs and big companies constitute together a *business network*<sup>13</sup>. Then, to show their *logic of influence*, we describe the links that the members of these associations have with the Swiss political and administrative spheres, namely the Swiss Parliament and the extra-parliamentary commissions. We looked at both these dimensions for each benchmark, considering there existed a tie, or a link, between two entities when a person was a member of both entities<sup>14</sup>.

Network analysis provides a useful method to describe the logic of membership and the functions of the business associations’ networks. The literature on interlocking directorates emphasizes several functions and effects of interlocking directorships (Scott 1985: 5-14 ; Nollert 1998 for a synthetic presentation). Among these functions, the class-cohesion model is particularly interesting. It presents interlocking networks as an expression of cohesion within the economic elites and as a means by which this unity is maintained and furthered. Frequent meetings and acquaintance favor the conclusion of business deals and strengthen the cohesion of class values and ethics. Carroll and Fennema (2002) stated that interlocks are not only devices of power and control, but contribute also to the creation of trust between companies and within the corporate elite (see also Tomasic and Bottomley 1991 and Useem 1984). Therefore, cohesive networks promote the willingness to collaborate, represent an important channel by which political cohesion among the business elite is encouraged and constitute an instrument of communication and an avenue for the transmission of information (Mizruchi 1992; Windolf 2005; Burris 2005).

Although many authors insist on the importance of the position and the function of the BIAs among the more general national company network (Useem 1984, Scott 1985, Nollert 1998 or

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<sup>13</sup> This business network is composed of the 110 largest Swiss companies and the 5 peak business associations (ASB, UPS, USCI, USAM and USP).

<sup>14</sup> For example, there is a tie between ASB and UBS, the main Swiss bank, if a person is a member of the Executive Committee of the former and of the Board of Directors of the latter. Or there is a link between USCI and an extra-parliamentary commission if a member of the USCI Executive Committee also holds a seat in this commission.

Windolf 2005), such analyses have not often been followed through. It is interesting to emphasize that the literature dealing with BIAs has only very seldom tried to combine its qualitative case studies with systematic network analysis, even though the latter method seems particularly relevant for these scholars. As Schneider and Grote (2006: 4) recently stated, “associations can be regarded as *intermediary organizations*. They function like brokers in networks where they operate in numerous environments simultaneously. Of particular significance for associations are their *members* on the one hand and *their political target structure* – where they try to assert their influence – on the other.” Schmitter and Streeck emphasized the same point. They wrote that “despite their greater complexity and variety there seems to be a markedly lower level of tension, discord and conflict among BIAs than among the associations of any other class or status group.” One of the explanations of this paradox is that “coordination is achieved through an invisible network of interlocking directorates and financial connections” (Schmitter and Streeck 1999: 23-24).

All network analysis was carried out with the software *Pajek*. Concepts such as *degree centrality* or *density* help to describe a network and test the class-cohesion model. According to de Nooy et al.: “Intuitively, cohesion means that a social network contains many ties. More ties between people yield a tight structure, which is, presumably, more cohesive” (2005: 62). The *density* of a network expresses in percent the number of existing lines as a proportion of the possible number of lines. It thus measures this cohesion: a denser network is supposed to be more cohesive. The *degree centrality*<sup>15</sup> allows to describe the position of an entity in this network: the more links an entity has with other entities, the more central it is in this network. We can thus assume that a central entity will play a key role in the network.

### **3. 1910-1980: The Role of Peak Associations in the Swiss coordinated market economy**

On the basis of a previous analysis of the long-term evolution of the Swiss company network (Schnyder et al. 2005) – which did not take into consideration BIAs – we highlighted three main phases in the evolution of this network. In the first place, a (relatively) closely-meshed national network emerged in the early decades of the century (1910-1937). Secondly (1937-1980), this network consolidated, leading to a further integration of the ties among the business elite in

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<sup>15</sup> “The degree of a vertex [here an association or a company] is the number of lines incident with it”; “The degree centrality of a vertex is its degree” (de Nooy et al. 2005: 63; 126).

Switzerland. Finally, the Swiss company network underwent a profound transformation during the last two decades of the 20<sup>th</sup> century, leading to a partial disintegration of the network (see section 4). In this paper, we focus our analysis on the position of the three major BIAs in the general network.

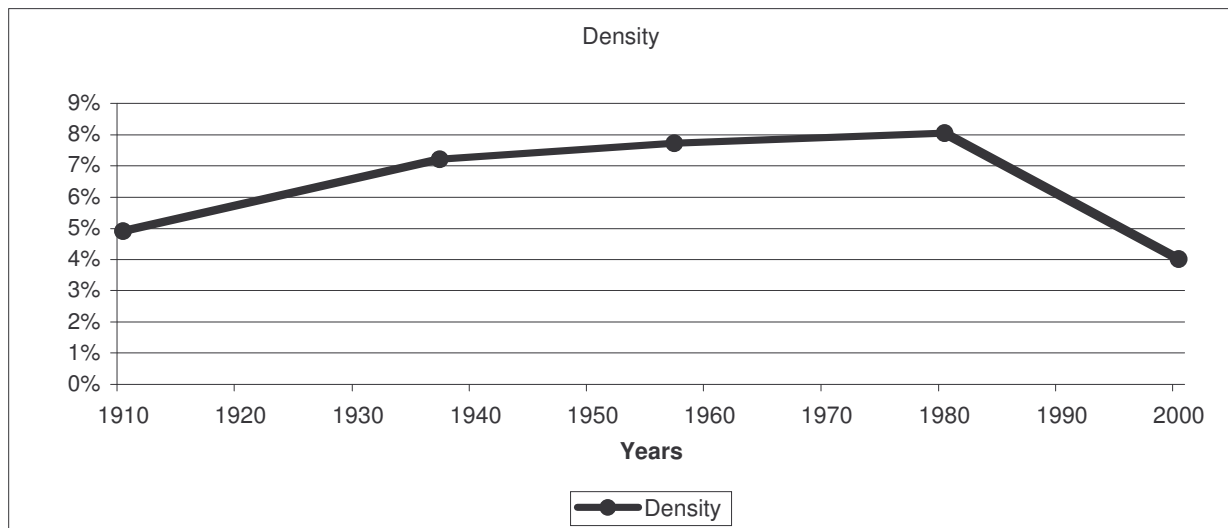
This section deals with the 1910-1980 period: ASB, UPS and USCI were progressively integrated into the company network, playing a key role of intermediary among the business elite (3.1). In parallel, the links of these associations with the political and administrative authorities became more and more important until the 1980s (3.2). The whole period thus represented a phase of consolidation of both logics of influence and of membership of the BIAs.

### 3.1. Logic of membership: Integration of BIAs into the Swiss Company network

#### 1910s-1930s: Emergence of a national network

In 1910, the Swiss business network<sup>16</sup> had a relatively low density. This means that the companies and associations were not strongly connected.

**Graph 1: Swiss Business network's density**

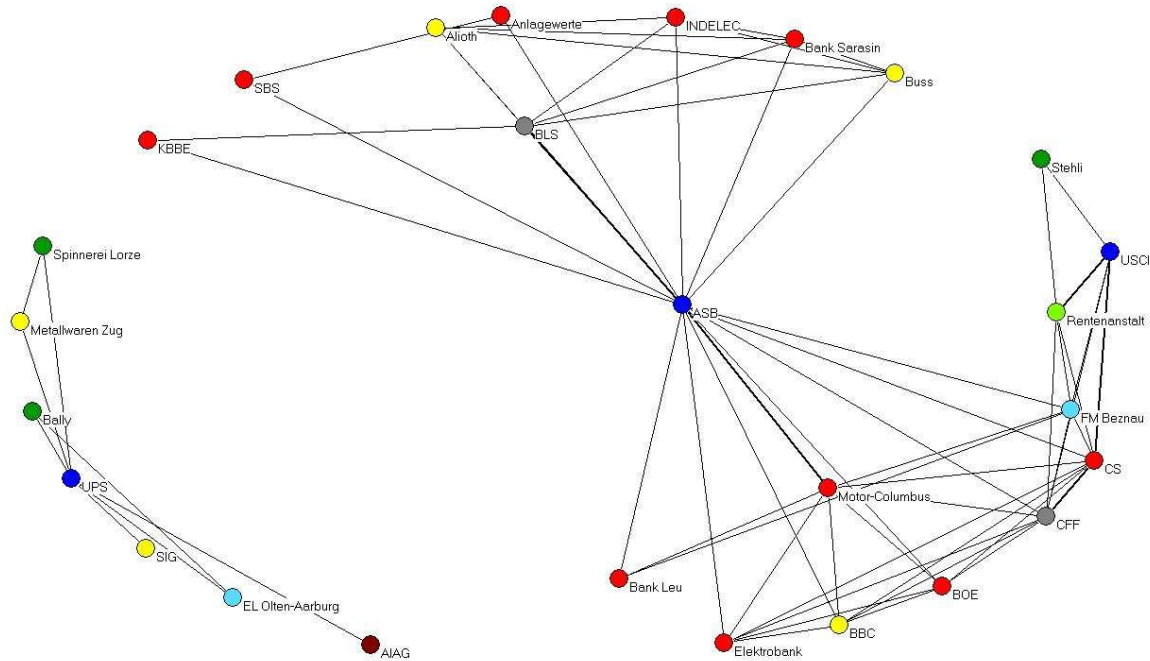


At this time, the network relied mostly on regional ties, connecting companies of the main industrial and financial centers of Switzerland located in the north part of the country (Bâle<sup>17</sup>, Zurich<sup>18</sup> and their surroundings).

<sup>16</sup> See Appendix I.

As shown in the following figure<sup>19</sup>, except for ASB, BIAs were not strongly connected to the largest companies<sup>20</sup>. The different colors represent the different sectors of companies.

**Figure 3. Associations' Sub-Network in 1910**



Despite its late creation, ASB was the BIA with the highest number of connections: its Executive Committee was linked to 16 companies and thus occupied a central position. This is related to the fact that it represents the banking sector<sup>21</sup> (red vertices) which dominated at this time the Swiss company network as a result of the close ties of the large Swiss banks with industrial companies. In fact, a large number of banks were created during the second half of the 19<sup>th</sup> century, partly to finance industrial activities. Looking at the degree centrality,<sup>22</sup> we can observe that in 1910 the financial sector was overrepresented in our sample. From then on and

<sup>17</sup> The following companies were founded in the canton of Bâle: SBS, Bank Sarasin, Ciba, Lonza, Sandoz, Bâloise Insurance, Aktienbrauerei Basel, Bandfabrikation Basel, Metallwerte.

<sup>18</sup> The following companies were founded in the canton of Zurich: Crédit Suisse (CS), Bank Leu, Bank in Winterthur, Bank für Orientalische Eisenbahnen (BOE), Elektrobank, Rentenanstalt, Winterthur Insurance, Stehli, Alusuisse, Escher Wyss.

<sup>19</sup> This sub-network, as well as the following one, is the associations' ego-network. It represents the three associations, and the companies they are linked to. A wider line implies multiple links (for example, in this case two members of ASB's Executive Committee who also sit on the Board of Directors of Motor-Columbus). Refer to the overall network in Appendix I for an exhaustive view of the ties between companies.

<sup>20</sup> In total, the three associations were thus connected to only 27 companies out of the 110 (24.5%) (see Appendix V).

<sup>21</sup> Or more precisely the financial sector, as ASB was linked not only to banks, but also to finance companies, investment trusts and insurance companies.

<sup>22</sup> See Appendix XIV for the table of the ten most central firms of our sample.

continuing throughout the main part of the 20<sup>th</sup> century, the connections between banks and companies remained tight. The credits accorded by banks to industrial companies gave them the legitimacy to claim a seat on the board (Schnyder et al. 2006: 31)<sup>23</sup>. Moreover, companies attempted to integrate in their boards representatives of banks which held numerous proxy votes through clients who deposited their shares in the bank (Gautschi 1966: 194). The proxy voting system, which was not regulated by any public regulation until 1992, was used for a long time by the largest banks and the directors of industrial companies in order to control the decisions made by the companies' shareholders' meetings (Schnyder et al. 2006: 38; Abt 1995).

Compared to ASB, UPS and USCI had fewer ties<sup>24</sup> in 1910 and were less strongly connected to a specific business sector. USCI was mostly connected with companies from Zurich, which confirms the predominance of regional ties during this period. The particular position of UPS, which was both marginal in the overall network and disconnected in this sub-network, can be explained by the fact that during the first years of its creation, this association was confronted by many difficulties. Several businessmen were exceedingly sceptical towards organizations exclusively designated for industrial relations and social insurance. Only the sectors dominating the Swiss industry at that time, namely the metallurgy (in yellow) and textile (in dark green) industries, who had to face acute labour conflicts during the beginning of the 20<sup>th</sup> century, became progressively convinced of the necessity to create specific employers' associations. As a result, the first employers' associations were created in 1905-1906 in these two sectors (Billeter 1985: 225, 229), which explains why UPS was mostly connected to metallurgy and textile companies in 1910<sup>25</sup>. However, it was only after the First World War (and probably especially after the general strike of 1918, which acted as a turning point from the employers' point of view), that UPS succeeded in having a wider representation (see Billeter 1985: 229).

The two decades following the First World War were thus characterized by a dynamic of internal integration coupled with a dynamic of growing independence from external influence. This dynamic was partly the result of the efforts of the Swiss business elite to introduce defense mechanisms against foreigners after World War I, such as the 1919 amendment to the Code of Obligations limiting the number of board seats that foreigners could hold. As a consequence, the number of foreign directors – in particular German bankers – on the Boards of Directors of Swiss firms declined (see for example Giovanoli 1931). The Swiss financial sector – which grew

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<sup>23</sup> See also section 3.1 about the “Gentlemen’s Agreement”.

<sup>24</sup> USCI was linked to five companies, and UPS to six.

<sup>25</sup> Of the six companies linked to UPS, two belonged to the metallurgy sector (SIG and Metallwaren Zug), and two to the textile sector (Spinnerei Lorze and Bally).



very rapidly during World War I and the interwar period as a result of political stability, bank secrecy, low tax pressure, the stability of the Swiss franc and Swiss neutrality – seized the opportunity to reinforce its links with other Swiss companies (see Segreto 1992). For example, in 1910, almost half of the directors of Elektrobank, one of the major corporations in Switzerland, were Germans. In 1929, only one German, but four members of the *Crédit Suisse* sat on the board of Elektrobank.

The BIAs, whose ties with companies increased progressively, promoted this independence from foreign influence, as did the managers of the most important companies. For example, USCI supported the 1919 amendment of the Swiss Company Law. Moreover, they acted as catalysts in overcoming the fragmentation of the economic elite, shaping a homogeneous social group at the national level with political influence (see 3.2), and providing a structure of aggregation for the interests of the emerging national business elite after the First World War (Schnyder et al. 2005 : 29).

### **1930s-1980s: Consolidation of the network**

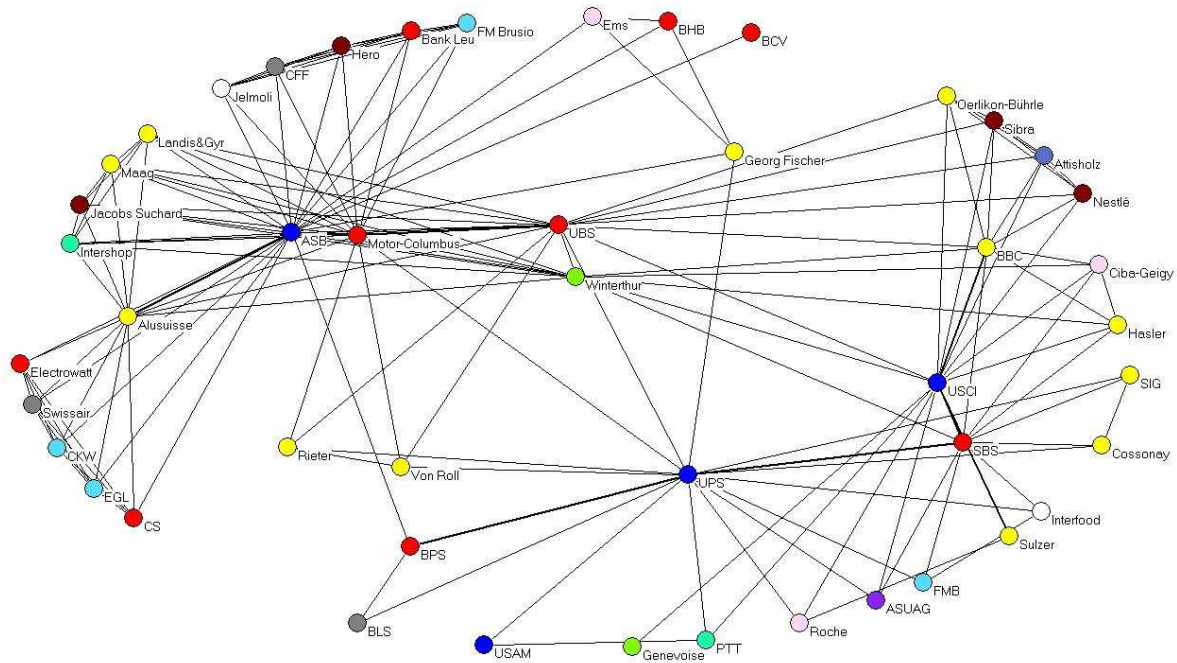
From the 1930s onwards, the Swiss business network grew denser, producing a fairly coherent network linking all the major business elites at the national level. The absence of restrictions on the number of interlocks among firms and the inexistence of anti-trust legislation encouraged the proliferation of ties among companies.

The process of consolidation and integration among the business elites led to an increase in the total number of links and in the density of the business network, which reached its peak in 1980. In this respect, 1980 represented in many ways the apogee of the Swiss business network. ASB, USCI and UPS were clearly integrated in this process of consolidation, as they drifted towards the core of the network. Moreover, they were well connected to the largest firms that had the highest number of links with others, which allows us to say that they played at that time a key role as intermediaries for the largest companies. The two other peak associations (USAM and USP), however, more oriented toward domestic production, remained at the periphery of the company network (see Appendix II).

As shown above, the integration of business associations in the Swiss company network in 1910 relied mostly on the ties between ASB and banks. However, during the following decades, UPS and USCI also reinforced their position in the network, due mainly to a strong increase of their members after the First World War (Wehrli 1972: 66). This led, at the beginning of the 1930s, to a dynamic of consolidation and centralization of the internal structure of USCI and to a status revision in 1931. From then on, the members of its Executive Committee were chosen on a

larger scale: representatives of the chemical and paper industries and banks were integrated, while the executive members of the previous committee were only chosen from the textile and machine industries (Wehrli 1972: 66-70). If we look at the sub-network of the associations in 1980, we clearly see the further integration of the BIAs within the firms' network.<sup>26</sup>

**Figure 4. Associations' Sub-Network in 1980**



In 1980, the three BIAs were mostly connected to the banking and metallurgy sectors, which represented on the average half of the companies linked to the three associations during the entire 1937-1980 period. For example, Louis von Planta, the director of USCI in 1980, simultaneously held a seat at BBC, the main engineering industry in Switzerland and at SBS, one of the three main banks<sup>27</sup>. While the links with the financial sector remained stable during the 1930-1980 period, BIAs developed during this period strong relations with the machine, electrotechnics and metallurgy (MEM) sectors. In 1910, the engineering industry was almost absent among the companies linked to the three associations. In 1980, each association had several links with this sector, represented by 12 companies (in yellow). The development of the

<sup>26</sup> In 1980, ASB was connected to 23 companies, USCI to 15 companies and UPS also to 15 companies. In total, the three associations were linked to 53 banks or industrial firms out of the 110 (48.2%), while in 1910 they were connected to only 27 of them (24.5%).

<sup>27</sup> Moreover, in 1980, von Planta was the chairman of Ciba-Geigy, one of the most important Swiss chemical industries, and also held a seat in the Hasler industry (machine and metallurgy) and in the Winterthur Insurance.

ties with the MEM sector can be explained by the fact that after the First World War, this branch became the most important manufacturing sector and came to represent the core of Swiss capitalism after the Second World War. The engineering industry came to dominate Swiss exports<sup>28</sup> and counted several multinationals, such as ABB (formerly BBC), Georg Fischer and Sulzer, which explained the ties these companies had with USCI.

As we can see, USCI, UPS and ASB were well integrated in the Swiss business network in 1980, which allows us to conclude that they played a key role as intermediary organizations among the Swiss business elite. Members of BIAs' Executive Committees had several links with members of the Boards of Directors of the largest Swiss companies, which allowed a mechanism of self-regulation.

### *Self-regulation*

During the 1930-1980 period, the Swiss business elite continued to avoid all influence from outside on the decision-making within the firms: interlocks allowed this cohesive group to adopt efficient self-regulation mechanisms against foreign investors, the government and workers (Schnyder et al 2005: 40). The Swiss economic network, in which ASB, UPS and USCI were strongly integrated, constituted a mechanism of coordination for the business elites. This high degree of concentration of the economic power in the hands of a limited group attracted strong criticism (see for example Giovanoli 1939, Pollux 1944 and Holliger 1974). The Left tried to regulate this situation, but remained virtually powerless during the whole period<sup>29</sup>.

A particularly telling example of the role of the Swiss major business associations in “self-regulating” economic problems is the Gentlemen’s Agreement of 1961 concerning the transferability of registered shares (see Mach et al 2007). The first Swiss Stock Corporation Law<sup>30</sup> offered companies the possibility to issue different share categories (bearer shares and registered shares) and to limit the latter’s transferability: shares that were “*vinkuliert*” (from the Latin word “to bind”) could not be transferred from one shareholder to another without the consent of the company’s board or management. *Vinkulierung* was especially used to systematically reject foreign investors, and this procedure rapidly spread between 1942 and 1960 (see Kaufmann and Kunz 1991; Kläy 1997). In 1957, however, a ruling of the Federal Supreme

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<sup>28</sup> During the 1946-1970 period, the MEM sector occupied the first place among the Swiss exports with 31,5% of the overall exports (Dirlewanger et al. 2004: 48).

<sup>29</sup> As far back as 1936, the Socialists had attempted to introduce a clause in the Stock Corporation Law limiting to ten the number of seats to be held by one director, but they came up against the right-wing dominated Parliament.

<sup>30</sup> The first Swiss Stock Corporation Law was part of the Code of Obligations (CO) from 1881 (Part 26 of the CO, articles 620-763).

Court decided that the purchaser of a “bound” share was entitled to the “financial rights” appended to the share (above all, the dividend right) even if he did not fulfil the requirements demanded by the company for inscription in the stock ledger (the latter granting “social- or participation rights”, i.e. mainly the voting right). The “dissociation of rights” that derived from this ruling increased the risk that capital of large Swiss firms would be bought by foreign investors. As a reaction to this threat, ASB and most of the largest Swiss firms concluded, in 1961, a “Gentlemen’s Agreement concerning the transfer of ‘bound’ shares” (published in Dufour and Hertig 1990: 789ff.).

With this agreement, ASB members expressed their readiness – despite a certain reluctance – not to execute buy orders of registered shares if the buyer did not fulfil the requirements for registration fixed in the company’s statutory rules. The main goal of this Gentlemen’s Agreement was to prevent foreign capital from controlling Swiss companies “in the name of the higher national interest”, which explains why the term “Fortress of the Alps” was often used by international investors regarding Switzerland (David and Mach 2004). The 1961 agreement was possible thanks to the high degree of trust between the members of ASB and the large companies (Expert group 1989: 124). For example, Alfred Schaefer, the representative of UBS in ASB, also sat on the board of Bally, a shoe producer, and Glaro, a food company. Both these companies signed the agreement (Lüpold 2004). Several of the people involved in the agreement were personally acquainted through shared board membership and a common interest, which contributed to prevent a “politicization” of the topic. Other examples of self-regulation by business associations are numerous: directives by ASB to regulate the behavior of financial actors (proxy-voting by banks, ...), accounting recommendations by private associations, technical standardization, collective agreements between employees and employers.

The network helped to preserve the Swiss business elite from any outside intervention (state, foreigners, workers), thus providing what Scott (1985) defines as “class cohesion”. The network formed by large companies and business associations can be viewed as a social infrastructure that helped to increase trust, align interests and achieve a coherence of values among the business elite. Furthermore, the cohesive network favored the formation and homogenization of economic interests in the national political sphere.

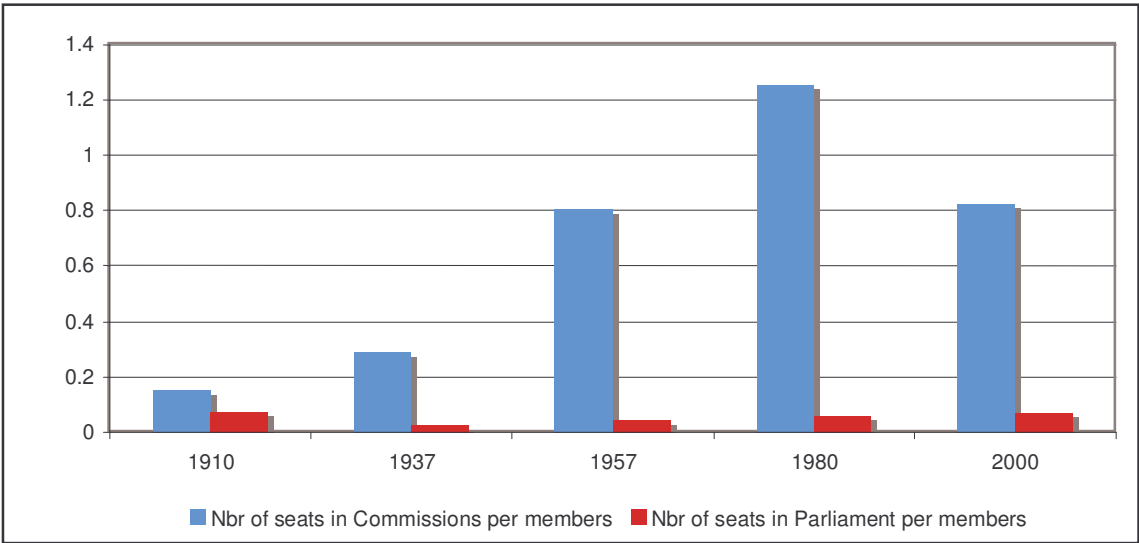
**3.2. Logic of influence: the role of BIAs in the political decision-making process**

In this chapter, our purpose is to look at the influence these associations exerted in the political and administrative spheres through their links with the Swiss Parliament and extra-parliamentary commissions, two important organs for political decision-making in Switzerland.

**A strong involvement in extra-parliamentary commissions**

As we can see in the graph below which represents the mean of seats held by ASB, UPS and USCI members in Parliament (in red) and in the extra-parliamentary commissions (in blue), these associations were only very marginally directly connected to Parliament. On the contrary, the three peak economic associations were much more involved in extra-parliamentary commissions, with a strong increase between 1910 and 1980.

**Graph 2. Mean of Seats Held in Parliament and Commissions per Member of BIAs**



Several elements can explain the increase of the involvement of BIAs in the commissions system between 1910 and 1980. The two World Wars played an important role in the growing political influence of BIAs in Europe: “In general, with the exception of the United States, wartime mobilization had the effect of widening the functions performed by BIAs and reinforcing their role in relation to state agencies and public administration. In other words, it is precisely during World War II, although the first signs of this trend can be traced back to World War I, that BIAs acquired a real public status and the sharp distinction between public and private regulation of the economy became blurred” (Lanzalaco 2008: 307-308). Switzerland,

even if it remained neutral during these two conflicts, is no exception. The First World War led to a close collaboration between the Swiss Authorities and BIAs (Hotz 1979: 118ss.). Afterwards, the crisis of the 1930s and the Second World War gave a further dynamic to this phenomenon, as we can see from the increase between 1937 and 1957. According to Werner (2000: 41), economic activities in Switzerland were from then on regulated by the BIAs-Administration axis. This led to a strong diminution of the Parliament's role in favour of the pre-parliamentary decision-making process (Kocher 1967: 250ss.; Jost 1999: 295-296). Consequently, the evolution until 1980 can be explained by a further integration of BIAs in the decision-making process (see OPCA 1994 for a presentation of this dynamic between 1950 and 1970) and also by the fact that the number of commissions greatly increased after the 1960s (Germann 1996: 88). This led to a peak of more than one seat in commissions for each BIA member in 1980, against only one seat in Parliament for 20 members<sup>31</sup>.

### **Paid officials: The Big Linker of Extra-Parliamentary Commissions**

If we look in greater detail at the mandates held by the members of ASB, UPS and USCI in the commissions (Appendices XI-XII), we can observe that at the beginning of the century, all three of them were mainly involved in the Economic Department and in the Swiss National Bank commissions. During the following decades, these links increased strongly, but links with other Departments were also created. USCI was mostly involved in commissions discussing Swiss commercial policy matters, such as the limitation of imports in Switzerland, customs rates, Swiss exports, control of prices and the cartel commission. Although UPS members were also involved in commercial policy and price control commissions, they were mainly active in commissions dealing with social policy and labour market issues. ASB's situation was rather different, as on the whole, this association held fewer mandates than the two others<sup>32</sup>. One reason could be that financial associations or companies were able to directly influence decision-making and thus did not perceive a need to be represented in commissions.

Since the end of the 19<sup>th</sup> century, the consolidation of the economic associations through the creation of permanent secretary positions was not only the result of demands from the economic sector, but was also a strategy by the political authorities (Mach 2006: 58). As a consequence, paid officials became the "professional" members of the association sent to negotiate matters of

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<sup>31</sup> However, it should be noted that several members of Swiss Parliament sat on the Board of Directors of the 110 largest companies.

<sup>32</sup> In fact, if we take the whole century into account, ASB held only 20 seats in all, which was less than a third of USCI and UPS.



public policy through extra-parliamentary commissions<sup>33</sup>. There existed thus a certain division of tasks within BIAs between paid officials and the elected members who were more closely connected to the companies (on the dualistic leadership structures of the BIAs (elected members vs. professional administrators), see Schmitter and Streeck 1999: 22-23). As we can see in Appendix X, the number of seats held by these secretaries increased strongly from 1910 onwards.<sup>34</sup> Some of these permanent secretaries can even be considered as “big linkers”<sup>35</sup>. For example, Heinrich Homberger, the director of USCI from 1934 to 1965, took part in six different commissions in 1957. According to several researchers, he is regarded as the most important actor in the formulation of Swiss commercial policy in the post-World War II period, although he did not belong to public administration or political staff (Dirlewanger et al. 2004: 245-246). Fritz Ebner and Bernhard Wehrli, two secretaries of USCI, were also engaged in six different commissions in 1980.

At the end of the century, however, the cohesion of the business elite was disturbed by major changes in the structure of Swiss capitalism, which called into question the traditional mechanism of coordination among Swiss business elites and the role of business associations. We will develop this transformation in the next section.

#### **4. 1980-2000: Impact of Globalization on BIAs**

As shown in the previous section, the Swiss company network was at its apogee in 1980: the business elites, including interest groups, were integrated in a dense network at the national level. Two decades later, we witness a completely different picture. The Swiss economy underwent a profound transformation at the end of the century, leading to a strong decline of the global network (see Schnyder et al. 2005 for more details). Ties of BIAs with Swiss companies also decreased strongly. Their involvement in extra-parliamentary commissions dropped significantly too. As a result, business interest associations lost their influence on companies on the one side, and on political decision-making on the other. To face these changes, BIAs underwent a process of restructuring during the end of the century.

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<sup>33</sup> Even if the business associations clearly played a role of intermediary between the economic sphere and the political and administrative spheres, we have to specify, however, that the companies themselves were also directly present in these commissions. But we won't discuss this question any further, as it does not directly concern our research.

<sup>34</sup> We will come to the drop in the year 2000 in section 4.

<sup>35</sup> In our database, we defined as a big linker someone who holds at least three different mandates in the same sphere at the same time.



#### 4.1. Reduced Dependency of Companies on BIAs

During the last two decades of the 20<sup>th</sup> century, the total number of ties between companies dropped significantly and in 2000, the overall network density was even lower than it had been in 1910. Beginning in the 1980s and accelerating from 1990 onwards, this decomposition of the Swiss company network was to a considerable extent due to the decreasing involvement of the banks in industrial companies, an involvement that had constituted the backbone of the Swiss company network for the greatest part of the 20<sup>th</sup> century (Schnyder et al. 2005: 40)<sup>36</sup>.

The process of globalization also has an impact on national systems of business interest associations. Streeck and Visser (2006) stress that BIAs are facing new pressures that impose a profound reorganization. Increasing market competition reinforces the heterogeneity of the company members and the role of BIAs as “social regulators” is called into question. For the Swiss case, Kriesi (2006) underlines five factors at least that may explain the discontent of the Swiss business community with their peak associations: first, some recent successes of the labour movement through direct democratic procedure; second, the multiplication of relevant actors in the domain of economic policy (such as the European Union, the OECD or certain economists); third, the weakened cohesion of the bourgeois camp<sup>37</sup>, which has become increasingly divided on the question of Switzerland’s joining the European Union; fourth, the political consequences of the internal divisions within the business community;<sup>38</sup> and fifth, the rising influence of the media, leading business representatives to address the public directly through this means of communication.

A sixth factor can be added. Literature on globalization postulates the formation of a transnational capitalist class (Nollert 2005), which contributes to explain the loss of influence of the BIAs at the national level. In his survey on transnational corporate ties, Nollert highlights the influence of “global policy groups” as well as the influence of “less important transnational organizations”<sup>39</sup> providing informal contacts for a transnational corporate elite (Nollert 2005:

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<sup>36</sup> As underlined by the authors, this strategic choice of disinvestment on the part of the banks, which can also be observed in several other countries such as the US or Germany, was due to three important causes. First and foremost, the securitization of corporate finance: banks drew on securities rather than on credits as a means of financial intermediation, and companies themselves used increasingly direct financing (capital market or creation of their own banks). Second, the extension of bank activities to insurance services (*Bancassurance strategy*), in response to the strong competition from insurance companies in the banking sector. Third, increased international competition within the banking industry, resulting from the deregulation of international financial markets, which led Swiss banks to expand their activities abroad. (Schnyder et al. 2006: 41-45).

<sup>37</sup> The bourgeois camp, or “bloc bourgeois”, was created at the turn of the 20<sup>th</sup> century, and consisted of USCI, USP and USAM and the right-wing parties (the liberal Free Democrats (PRD), the Christian Democrats (PDC) and the conservative People’s Party (UDC).

<sup>38</sup> This factor is however more relevant for the associations linked to the domestic sector (USP and USAM).

<sup>39</sup> For example Mont Pelerin Society, service clubs, or alumni clubs.

308-309).<sup>40</sup> Of significant importance among the former are 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. Membership of these transnational organisations lessens the need for multinational companies to belong to national BIAs. We find some evidence of this process in the Swiss case. For example, Nestlé, one of the biggest Swiss companies, has been strongly involved in these global policy groups since the 1980s. Of particular interest is the fact that in 1996, Helmut Maucher, the CEO and Chairman of Nestlé, left his position on the Executive Committee of USCI in order to become chairman of the European Round Table of Industrialists. Moreover, he also became chairman of the International Chamber of Commerce in 1997, which proves that international lobbying became more important for this top manager than national lobbying (see Pflüger 2007: 87-98).

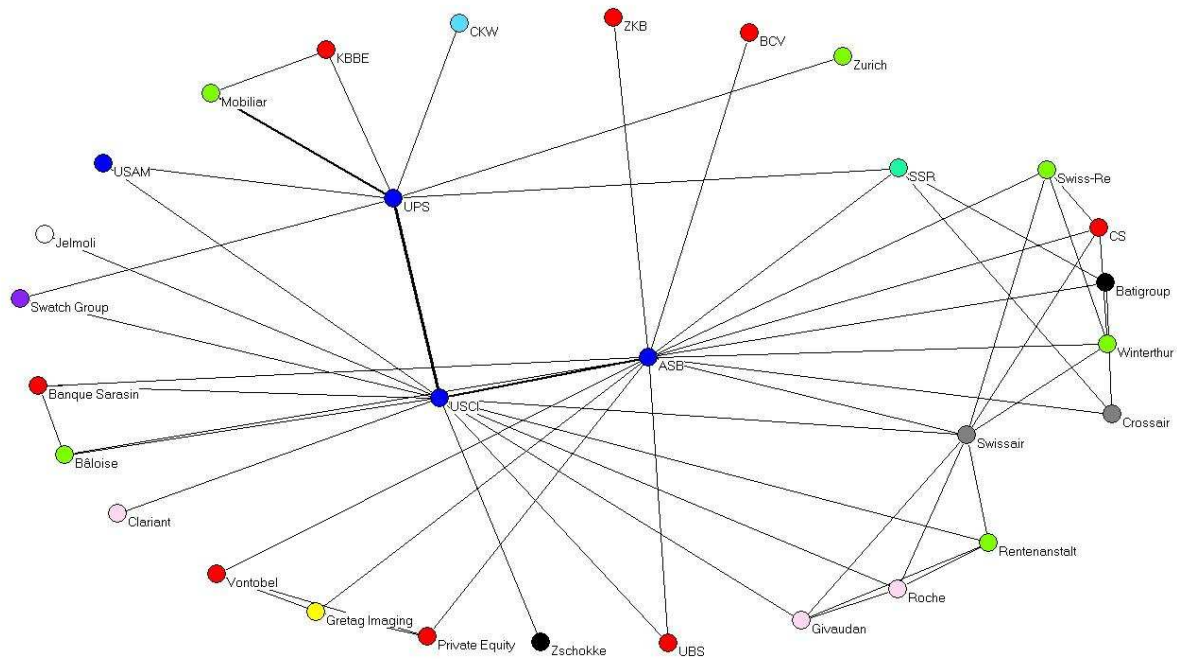
Another example of the growing independence of the Swiss business elite towards its BIAs is the constitution at the beginning of the 1990s of a “neo-liberal coalition”, an informal group which consisted of some representatives of the largest Swiss companies and various leading Swiss economists, and published several documents to promote neo-liberal reforms in the country: “This initiative was unprecedented because it did not originate with one of the traditional powerful business associations [...]. These leaders of the business community no longer felt adequately represented by the official business associations, which in their view were too inclined to negotiate and make compromises with other political actors” (Mach 2002: 4). In addition, the “associative bureaucracy” was increasingly criticized by liberal proponents, who regarded BIAs as an obstacle for the innovation and competitiveness of the Swiss economy. This partly explains the creation in 2000 of a new liberal Think Tank “Avenir Suisse” by some representatives of the largest Swiss companies. Some paid officials of the major BIAs also publicly complained that the representatives of the largest companies tended to withdraw from their organizations.

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<sup>40</sup> Lanzalaco (2006: 309) distinguishes two waves of transnational BIAs: “those founded after World Wars I and II can be interpreted as the attempts to create peaceful relationships among national capitalists, in order to avoid further military conflicts.” This first wave of BIAs, such as the *Conseil des fédérations industrielles* (1949), was founded at the European level. As Switzerland was (and still is) not a member of the EU, this first wave did not have a tremendous impact on Swiss BIAs. “The second wave, during the last twenty-five years, is mainly due to the increasing process of regionalization, in some cases, and globalization of the economy, in others.” Because of the internationalization of its economy, this second wave has had a greater influence on Swiss BIAs.

The following figure seems to confirm the assertion of a reduced dependency of companies on their peak level associations for the Swiss case: in 2000, the interest groups were only linked to 26 companies against 24 in 1910 and 43 in 1980<sup>41</sup>.

**Figure 5. Associations' Sub-Network in 2000**



Compared to 1980, we can see that the banking sector was still dominant in 2000 with eight companies out of the 26 linked to the associations, mostly because of its ties with ASB. The decrease in the number of companies linked to the associations was largely due to the withdrawal of the MEM sector, now only represented by a single company (Gretag Imaging). This sector went through a profound restructuring since the beginning of the 1990s. As Widmer (2006) emphasizes, the mechanism of coordination among the MEM business elite lost influence in favor of a mechanism of market competition. As companies became more oriented towards financial markets, the need for long-term credits decreased and they cut their ties with the banking sector. In 2006, MEM's peak association threatened to quit USCI because it did not sufficiently represent its interests, and complained that the banking sector and the chemical and pharmaceutical industries were overrepresented in the peak association.

<sup>41</sup> The decrease of the links between associations and companies in 2000 is reinforced by the fact that the number of members of the Executive Committees of the former gradually increased during the last century (see Appendix IV).

### *BIAs' loss of influence on national political system*

If we look at Graph 2, we see a significant drop in the number of mandates in extra-parliamentary commissions held by ASB, UPS and USCI members between 1980 and 2000. Several factors can explain this decrease. The system of extra-parliamentary commissions was reformed from the mid-1970s onwards, which led to a reduction in the total number of commissions and the implementation of more transparent rules concerning their composition and functioning.<sup>42</sup> Furthermore, as underlined by Germann, the globalization of policy subjects played a major role in the decrease in the number of commissions: traditionally, these commissions were essentially centred on national topics and were very little concerned with international problems (in 1978, there were only eight out of 373 commissions involved with foreign affairs). The acceleration of European integration after 1985 caused the strong advent of an international dimension to domestic policy, notably with the debate on the European Economic Area (EEA) of 1989 (Germann 1996: 99). Therefore, participating in these national commissions became less interesting for the members of the BIAs.

#### **4.2. Response of the Peak Associations: Increasing Cooperation**

Globalization has affected business associations by diminishing the dependency of companies on its national interest associations. In many countries, the business community has responded to the changes brought about by globalization by restructuring its system of Business Interest Associations in two ways: simplification of their structure at the sectoral level and at the level of peak associations (sometimes through mergers between associations) (Kriesi 2006: 50; Streeck and Visser 2006: 250 ff.).

The evolution of the MEM sector in Switzerland is a typical example of the first method. Since the beginning of the 20<sup>th</sup> century, this sector had been represented by two specific interest groups: ASM and VSM, the former being itself represented in its peak association, UPS, and the latter in USCI. At the end of the 1990s, ASM and VSM created a new association named SWISSMEM, merging their boards and office staffs, in order to reinforce the machine industry in an increasingly competitive market.

Looking back at Figure 5, we can see that despite the decrease in the number of their ties with the largest financial and industrial companies, ASB, UPS and USCI remained nevertheless at the center of the network. This evolution is related to the fact that their ranking in the degree centrality was higher than before (see Appendix XIV), because of the general decline of the

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<sup>42</sup> See [www.admin.ch](http://www.admin.ch) for their composition.

intercompany network. But it was also in a large measure due to the fact that these associations began to share links with one another, which was not the case before. In 2000, USCI and UPS had three members in common: Fritz Blaser (president of UPS and member of the Executive Committee of USCI), Heinz Pletscher and Johann Schneider-Ammann (members of the Executive Committees of both associations). Moreover, in 2000, USCI was also connected to ASB: the president of the latter, Georg Krayner, was a member of the Executive Committee of the former, and Marcel Ospel, the CEO of UBS (the main Swiss bank) was Vice-President of both associations. The persons connecting the associations were among the most important according to the hierarchy of these associations.

The fact that peak associations had several members in common reflected the process of cooperation that took place among them at the end of the century, as a response to their loss of influence among the business elite and in the political sphere. In Switzerland, the restructuring of peak associations was in fact based on a process of “concentration” and “unification,” actively promoted by USCI at the end of the 1990s: “the closer cooperation [is] intended to allow the business community to speak to the public and the political authorities with a single voice and increase its organisational efficiency” (Kriesi 2006: 52). Following this aim, USCI merged in 2000 with the Society for the Promotion of the Swiss Economy (SDES), giving birth to “Economiesuisse.” However, UPS refused to participate in this merger.

As we have seen, at the end of the century, Swiss peak associations were in a more difficult situation than before. In a context of increased international economic competition and of strengthened fragmentation among economic interests, it became more difficult for peak level associations to represent and integrate the various economic sectors of the Swiss economy. Globalization put their position among the business community in question, and the overall decline of the Swiss company network weakened their ties with the companies. In consequence, Swiss associations had to adapt to these changes, which led to restructuring and greater cooperation between them. In any case, we should not conclude that these associations have completely lost all influence in the business community: as Kriesi pointed out, “firms continue to adhere to the BIAs, mainly because they still *identify* with them to some extent, and certainly because they have a selective incentive to do so: they receive quality *services* from them” (Kriesi 2006: 56).

## Conclusion

In his overview of the Business Interest Associations, Lanzalaco (2008: 303-312) put forward five promising fields of inquiry, among which the relationships “between BIAs and the political system”, “between BIAs and public administration” and “within BIAs between elective leaders and paid officials”. Three conclusions which are related to this research agenda can be drawn from our paper. First, we have seen that business associations were well integrated in the general Swiss company network from the beginning of the century, and their integration was even reinforced at the national level from the 1930s on. From then until the decline of the network at the end of the century, business associations played an important role as “meeting places” for economic interests. We have seen that a dense network allowed a mechanism of coordination among business elites, based on interlocks between Boards of Directors and economic associations. In this respect, ASB, UPS and USCI appeared to play a central role, as they were well connected to the largest firms. This situation facilitated a process of self-regulation within the economic sphere, with the business elite trying to avoid any intervention from outside during this period.

Second, we have seen that business interest associations were at the same time strongly involved in extra-parliamentary commissions, where they sent their secretaries to negotiate policy issues. Here we can underline the specificity of the Swiss case, as these extra-parliamentary commissions appear to have been the starting point of policy decision-making. Indeed, the Parliament’s role was reduced, as it intervened only at the end of this process. This may explain why business interest associations had few direct connections with the Swiss Parliament, as this channel seems to have been a less useful means for influencing decision-making. Moreover, a division of tasks appears within BIAs, paid officials being mainly involved in extra-parliamentary commissions, whereas elected members of the Executive Committees acted as mediators with big business.

Finally, we see that this situation is called in question at the end of the century when the process of globalization reduced the influence of business associations on companies. In our sample, the Executive Committees, even though they remained well classified in the degree centrality indicator, had become less connected to the 110 largest companies by 2000. They were thus probably less representative and less encompassing than they had been in the past. As a consequence, they underwent a process of restructuring, which led to greater cooperation between them. At this time, their involvement in extra-parliamentary committees also decreased. On the one hand, there occurred strong criticism in political circles, especially from Parliament,



asking for more transparency of extra-parliamentary commissions, and a fairer distribution of interests among these commissions. On the other hand, internationalization further reduced the importance for the associations to hold seats in Swiss commissions.

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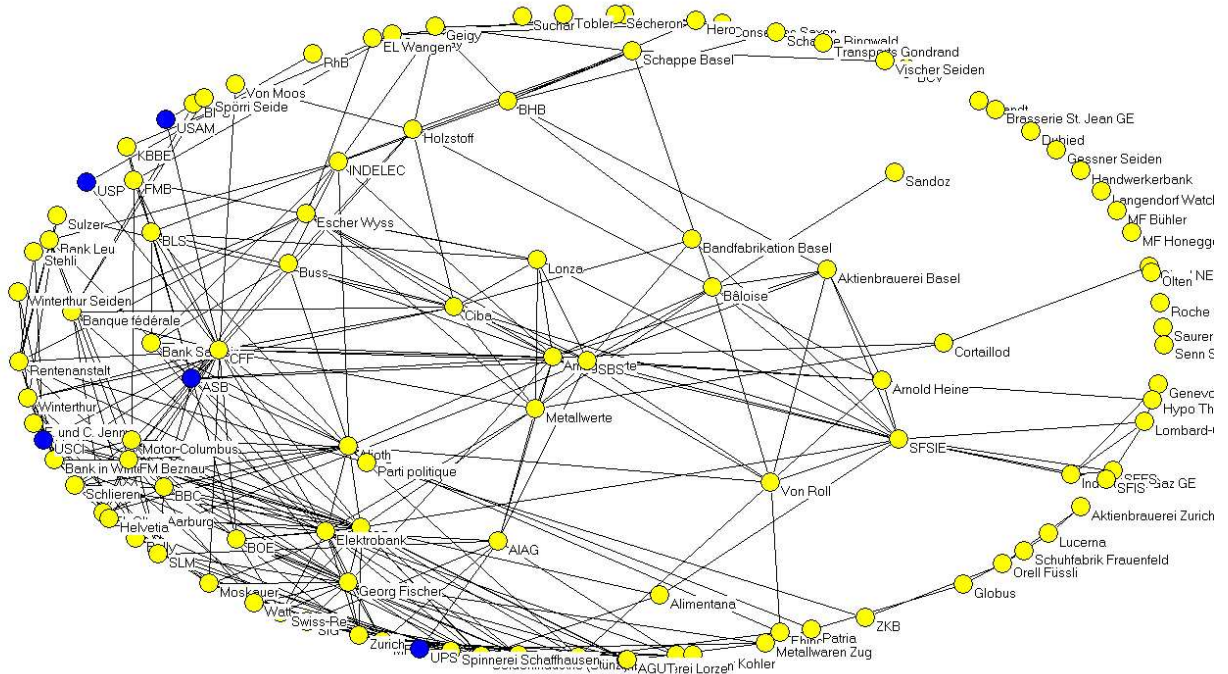
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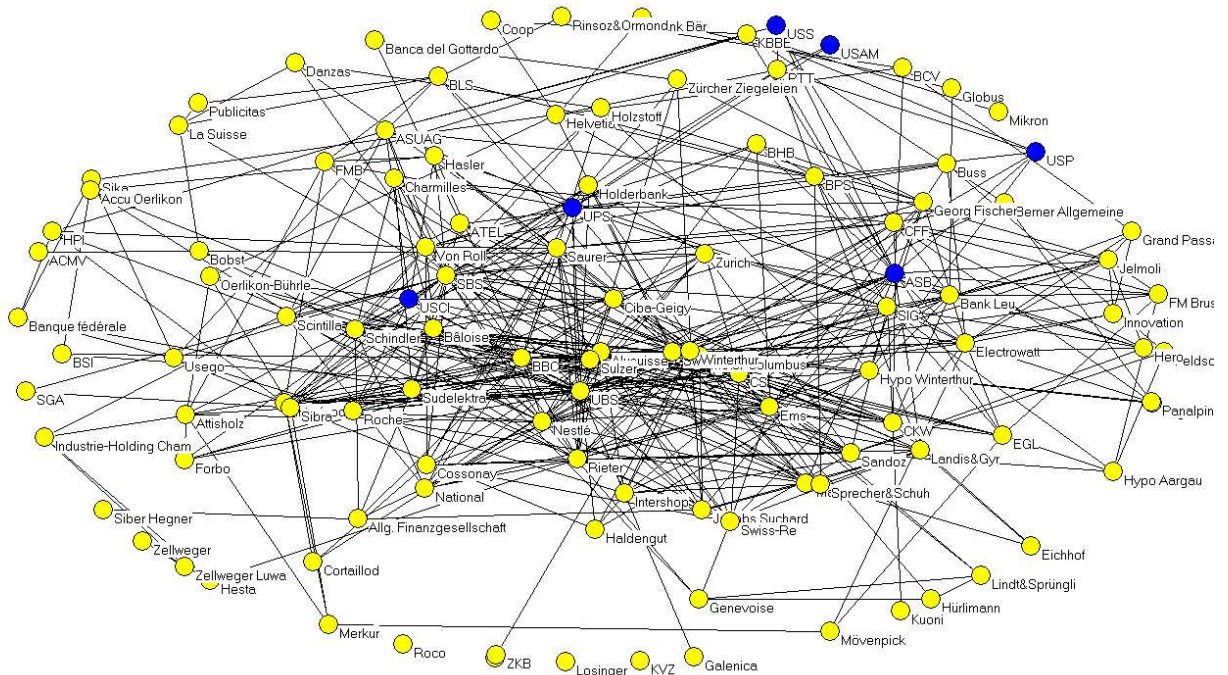
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# Appendices

## I. Swiss Business network in 1910<sup>43</sup>



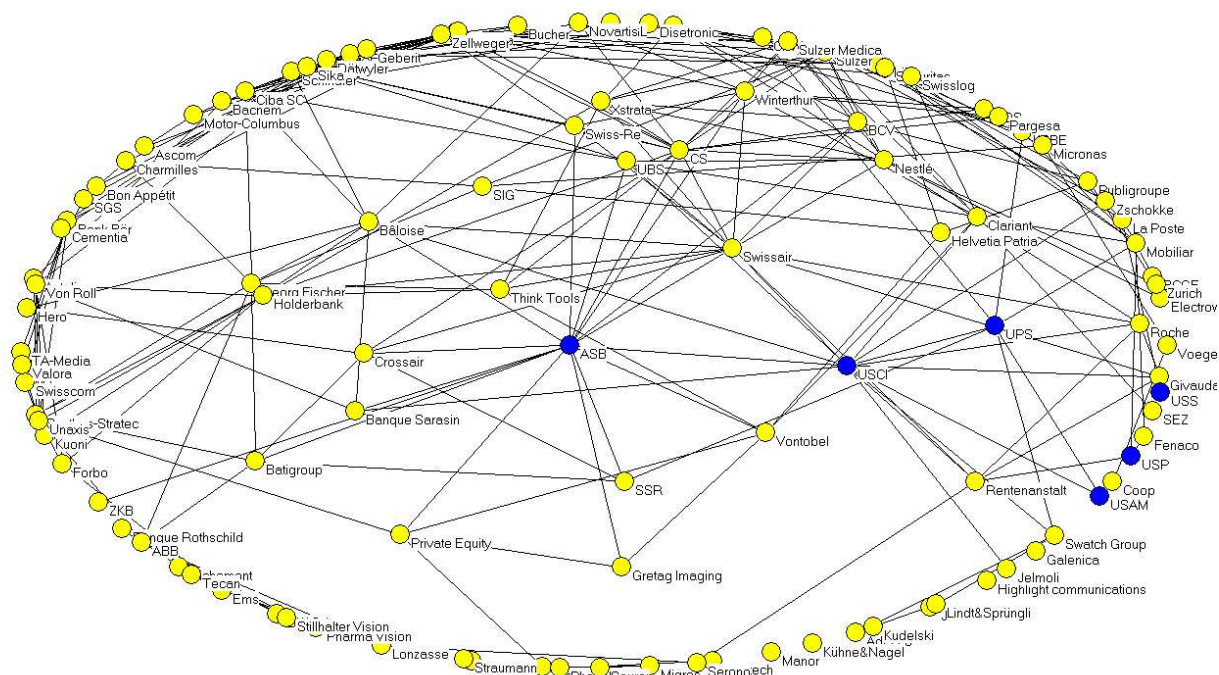
## II. Swiss Business network in 1980



<sup>43</sup> Each point, or vertex, represents a company (yellow) / association (blue). The lines represent the links between them (see section 1.3. on network analysis). The width of the line is proportional to the number of these links.



### III. Swiss Business network in 2000



### IV. Number of total Members in ASB, UPS and USCI Executive Committees (number of paid officials)

	ASB	UPS	USCI	Total
<b>1910</b>	9 (1)	10 (1)	7 (2)	<b>26 (4)</b>
<b>1937</b>	12 (2)	14 (3)	12 (4)	<b>38 (9)</b>
<b>1957</b>	14 (2)	17 (4)	16 (7)	<b>46 (13)</b>
<b>1980</b>	15 (3)	19 (5)	17 (9)	<b>51 (17)</b>
<b>2000</b>	14 (3)	19 (5)	24 (8)	<b>56 (16)</b>
<b>Total</b>	<b>64 (11)</b>	<b>78 (18)</b>	<b>75 (30)</b>	<b>217 (59)</b>

### V. Number of links<sup>44</sup> of ASB, UPS and USCI with big companies (number of linked companies)

	ASB	UPS	USCI	Total
<b>1910</b>	19 (16)	6 (6)	7 (5)	<b>32 (27)</b>
<b>1937</b>	27 (20)	11 (11)	21 (17)	<b>59 (48)</b>
<b>1957</b>	22 (21)	16 (15)	21 (17)	<b>59 (53)</b>
<b>1980</b>	25 (23)	17 (15)	18 (15)	<b>60 (53)</b>
<b>2000</b>	15 (15)	6 (5)	12 (12)	<b>33 (32)</b>
<b>Total</b>	<b>108 (95)</b>	<b>56 (52)</b>	<b>79 (66)</b>	<b>243 (213)</b>

<sup>44</sup> The first number includes multiple ties (e.g.: 3 ties between 1 association and 1 company).

### VI. ASB: Number of links per sector (number of linked companies)

	ALIM	ASSR	BQSF	CHIM	CONST	DIST	ENG	HORL	MAT	MEM	SER	TEXT	TRSP
<b>1910</b>	-	-	12(10)	-	-	-	1(1)	-	-	3(3)	-	-	3(2)
<b>1937</b>	-	2(1)	17(11)	2(2)	-	-	-	-	-	4(4)	-	1(1)	1(1)
<b>1957</b>	2(2)	-	11(10)	2(2)	-	-	1(1)	2(2)	-	2(2)	-	1(1)	1(1)
<b>1980</b>	2(2)	1(1)	8(7)	1(1)	-	1(1)	3(3)	-	-	6(5)	1(1)	-	2(2)
<b>2000</b>	-	3(3)	7(7)	-	1(1)	-	-	-	-	1(1)	1(1)	-	2(2)
<b>Total</b>	<b>4(4)</b>	<b>6(5)</b>	<b>55(45)</b>	<b>5(5)</b>	<b>1(1)</b>	<b>1(1)</b>	<b>5(5)</b>	<b>2(2)</b>	<b>-</b>	<b>16(15)</b>	<b>2(2)</b>	<b>2(2)</b>	<b>9(8)</b>

### VII. UPS: Number of links per sector (number of linked companies)

	ALIM	ASSR	BQSF	CHIM	CONST	DIST	ENG	HORL	MAT	MEM	SER	TEXT	TRSP
<b>1910</b>	-	-	-	-	-	-	1(1)	-	-	3(3)	-	2(2)	-
<b>1937</b>	-	-	1(1)	1(1)	2(2)	-	1(1)	2(2)	-	4(4)	-	-	-
<b>1957</b>	1(1)	1(1)	3(3)	1(1)	-	-	2(2)	-	1(1)	6(5)	-	1(1)	-
<b>1980</b>	-	-	6(4)	1(1)	-	1(1)	1(1)	1(1)	-	5(5)	1(1)	-	1(1)
<b>2000</b>	-	2(1)	1(1)	-	-	-	1(1)	1(1)	-	-	1(1)	-	-
<b>Total</b>	<b>1(1)</b>	<b>3(2)</b>	<b>11(9)</b>	<b>3(3)</b>	<b>2(2)</b>	<b>1(1)</b>	<b>6(6)</b>	<b>4(4)</b>	<b>1(1)</b>	<b>18(17)</b>	<b>2(2)</b>	<b>3(3)</b>	<b>1(1)</b>

### VIII. USCI: Number of links per sector (number of linked companies)

	ALIM	ASSR	BQSF	CHIM	CONST	DIST	ENG	HORL	MAT	MEM	SER	TEXT	TRSP
<b>1910</b>	-	2(1)	2(1)	-	-	-	1(1)	-	-	-	-	1(1)	1(1)
<b>1937</b>	3(3)	7(5)	4(2)	1(1)	-	-	-	-	-	5(5)	-	1(1)	-
<b>1957</b>	1(1)	4(3)	2(2)	3(2)	-	-	-	2(2)	-	6(4)	-	1(1)	2(2)
<b>1980</b>	2(2)	2(2)	3(2)	2(2)	-	-	-	1(1)	1(1)	6(4)	1(1)	-	-
<b>2000</b>	-	3(3)	2(2)	3(3)	1(1)	1(1)	-	1(1)	-	-	-	-	1(1)
<b>Total</b>	<b>6(6)</b>	<b>18(14)</b>	<b>13(9)</b>	<b>9(8)</b>	<b>1(1)</b>	<b>1(1)</b>	<b>1(1)</b>	<b>4(4)</b>	<b>1(1)</b>	<b>17(13)</b>	<b>1(1)</b>	<b>3(3)</b>	<b>4(4)</b>

### IX. Number of seats in Parliament

	ASB	UPS	USCI	Total
<b>1910</b>	-	1	1	<b>2</b>
<b>1937</b>	-	-	1	<b>1</b>
<b>1957</b>	-	1	1	<b>2</b>
<b>1980</b>	-	4	-	<b>4</b>
<b>2000</b>	-	3	1	<b>4</b>
<b>Total</b>	<b>0</b>	<b>9</b>	<b>4</b>	<b>13</b>

### X. Number of seats in extra-parliamentary commissions (seats occupied by paid officials)

	ASB	UPS	USCI	Total
<b>1910</b>	4(-)	1(-)	1(-)	<b>6</b>
<b>1937</b>	-	8(3)	8(-)	<b>16(3)</b>
<b>1957</b>	5(4)	13(9)	23(13)	<b>41(26)</b>
<b>1980</b>	9(3)	27(13)	29(23)	<b>65(39)</b>
<b>2000</b>	4(2)	22(15)	20(14)	<b>46(31)</b>
<b>Total</b>	<b>22(9)</b>	<b>71(40)</b>	<b>81(50)</b>	<b>174(99)</b>

**XI. ASB: Number of seats in extra-parliamentary commissions per Department  
(number of commissions)**

	Economy	Finance	Energy & Transport	Foreign aff.	Interior	Army	Justice	National Bank
<b>1910</b>	-	-	-	-	-	-	-	4 (2)
<b>1937</b>	-	-	-	-	-	-	-	-
<b>1957</b>	2 (2)	1 (1)	-	2 (2)	-	-	-	-
<b>1980</b>	2 (2)	3 (1)	1 (1)	-	1 (1)	1 (1)	-	1 (1)
<b>2000</b>	2 (2)	-	1 (1)	-	1 (1)	-	-	-
<b>Total</b>	<b>6 (6)</b>	<b>4 (2)</b>	<b>2 (2)</b>	<b>2 (2)</b>	<b>2 (2)</b>	<b>1 (1)</b>	<b>0</b>	<b>5 (3)</b>

**XII. UPS: Number of seats in extra-parliamentary commissions per Department  
(number of commissions)**

	Economy	Finance	Energy & Transport	Foreign aff.	Interior (social insurances)	Army	Justice	National Bank
<b>1910</b>	-	-	-	-	1 (1)	-	-	-
<b>1937</b>	3 (3)	-	-	-	4 (1)	-	-	1 (1)
<b>1957</b>	6 (6)	2 (1)	-	-	4 (3)	1 (1)	-	-
<b>1980</b>	14 (11)	-	-	-	8 (6)	1 (1)	1 (1)	3 (1)
<b>2000</b>	4 (4)	1 (1)	-	-	12 (9)	1 (1)	2 (2)	2 (1)
<b>Total</b>	<b>27 (24)</b>	<b>3 (2)</b>	<b>0</b>	<b>0</b>	<b>29 (20)</b>	<b>3 (3)</b>	<b>3 (3)</b>	<b>6 (3)</b>

**XIII. USCI: Number of seats in extra-parliamentary commissions per Department  
(number of commissions)**

	Economy	Finance	Energy & Transport	Foreign aff.	Interior (social insurances)	Army	Justice	National Bank
<b>1910</b>	-	-	1 (1)	-	-	-	-	-
<b>1937</b>	4 (3)	1 (1)	-	-	-	-	-	3 (2)
<b>1957</b>	14 (11)	1 (1)	-	3 (2)	2 (2)	1 (1)	-	2 (2)
<b>1980</b>	15 (14)	3 (3)	2 (2)	2 (2)	2 (2)	1 (1)	2 (2)	2 (2)
<b>2000</b>	7 (7)	3 (2)	1 (1)	2 (2)	3 (3)	-	3 (3)	1 (1)
<b>Total</b>	<b>40 (35)</b>	<b>8 (7)</b>	<b>4 (4)</b>	<b>7 (6)</b>	<b>7 (7)</b>	<b>2 (2)</b>	<b>5 (5)</b>	<b>8 (7)</b>



**XIV. Degree Centrality Rank : ASB, UPS and USCI among the Top Ten Swiss Companies<sup>45</sup>**

*(The degree is indicated in brackets)*

<b>Rank (max=116)</b>	<b>1910</b>	<b>1937</b>	<b>1957</b>	<b>1980</b>	<b>2000</b>
<b>1</b>	CFF (26)	SBS (31)	UBS (36)	UBS (38)	CS (17)
<b>2</b>	CS (26)	BBC (26)	SBS (36)	Swissair (34)	ASB (16)
<b>3</b>	Georg Fischer (22)	Rentenanstalt (26)	CS (33)	BBC (32)	Swissair (16)
<b>4</b>	Elektrobank (20)	Elektrobank (25)	Sulzer (31)	SBS (31)	USCI (15)
<b>5</b>	Anlagewerte (18)	CS (25)	BBC (28)	CS (28)	Sulzer (12)
<b>6</b>	Alioth (17)	Sulzer (25)	Motor-Columbus (27)	Alusuisse (28)	Rieter (12)
<b>7</b>	FM Beznau (16)	Bâloise (25)	Georg Fischer (26)	ASB (23)	Winterthur (11)
<b>8</b>	ASB (16)	SFIS (24)	Swissair (24)	Winterthur (23)	Nestlé (11)
<b>9</b>	SFSIE (15)	Motor-Columbus (24)	ASB (22)	Sulzer (23)	Holderbank (10)
<b>10</b>	SBS (15)	Georg Fischer (22)	AIAG (20)	Motor-Columbus (22)	Bâloise (10)
<b>13</b>			UPS (17)		
<b>15</b>			USCI (17)		
<b>16</b>		ASB (20)			
<b>17</b>				UPS (16)	
<b>18</b>		USCI (17)			
<b>20</b>				USCI (15)	
<b>24</b>					UPS (7)
<b>25</b>		UPS (12)			
<b>43</b>	UPS (6)				
<b>51</b>	USCI (5)				

<sup>45</sup> This table indicates the degree rank of the associations among the network composed by companies and associations. The first ten ranks show the most central companies or associations in the whole network. The company/association which comes first is thus the one that has the highest number of links with other companies or associations.