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This book is dedicated - with infinite admiration and gratitude - to all the millions of Swiss citizens who have built this wonderful country with abnegation and tenacity over the past 150 years. It is an incredible privilege to enjoy the many benefits of their extraordinary legacy.

And it is also dedicated - with best wishes for success - to all the readers who will endeavor to implement in their nations the "magic recipe" described and explained in these pages.

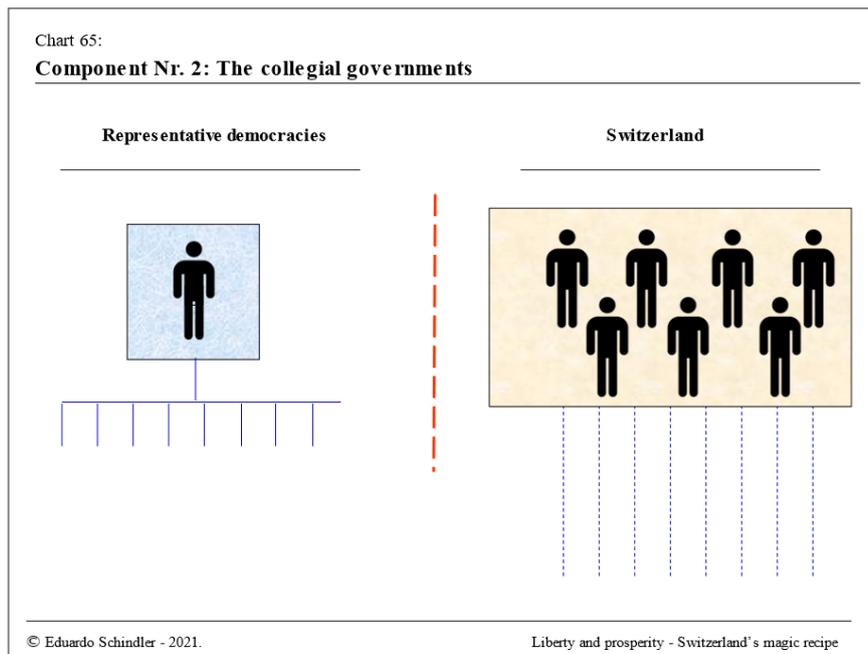
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Chapter Nr. 2: (Excerpt from the original)**The collegial governments**

A second very distinctive feature of Switzerland is the assignment of executive power (government) not to one person, but to a college of 5 or 7 members - as illustrated below.



All members of the group have the same level of power and authority, and no one is in a position to act alone - that is, all decisions must be made collectively by the college. Each issue to be decided is discussed as a group, and at the end there is a vote. Consensus is sought, but not unanimity. The simple majority wins, and this prevents discussions from going on forever and difficult decisions from never being made.

The real "secret" for this instrument to work is that the members in the minority in a vote must behave "outwardly" by firmly and decisively supporting the decision taken as a college. A different behavior of criticizing the college and/or undermining its decisions by a "loser" is not tolerated. People who are not in a position to behave according to this fundamental principle of collegiality do not get elected as members of governments - or else they are quickly removed from the group (i.e., they are not re-elected by the citizenry).

This means that there is no room for "tantrums", mischiefs, spreading rumors, or being tempted by journalists on the hunt for news that will cause a sensation and/or promote discord. There is also no need or room for "chest-thumpers", know-it-alls, conceited people and persons with the "virtues" that are required to get ahead in the confrontational scheme that prevails between government/opposition in representative democracies.

2.1.- Government at the national level (Federal)

The government at the federal level is composed of 7 persons. These are elected by the full parliament, and confirmed in office with a certain periodicity. This confirmation is actually a pure formality, since once elected as a member of the federal council, the practice is that the person can stay for as long as he/she wants. In other words, it is up to each member of the college to decide for him/herself when to terminate his/her functions.

The composition of the 7 seats on the Federal Council has remained the same since 1959, namely: 2 members of the Socialist Party, 2 members of the CVP (center), 2 members of the FDP (right), and 1 member of the SVP (right). This composition is known as the "magic formula", and reflects the relative structure of the votes received by these major parties in the election of the federal parliament. Over the last 100 years, the "formula" reflects an average of ca. 81% of the preferences expressed by the citizenry - with a maximum of 92% in 1931, and a minimum of 69% in 2019.

In concrete terms, applying the "formula" means that when a member of (say) the FDP retires, this seat can be filled only by another FDP member. To that effect, the FDP has to submit one or more candidates to parliament for formal election. Of course, there are preliminary hearings between these candidates and the various parties. However, it is very unusual that there are "surprises" and the preferred candidate proposed by the party that has the "right" to use the vacant seat is not elected.

It is important to note that candidates must have "the right profile" to be eligible for election at the time and under the circumstances when a vacancy occurs. In this context, a major advantage of using a "magic formula" is that it allows/facilitates not only maintaining political balances, but also maintaining a balanced representation on the college between men and women, and between the various cultural/geographical regions of the country. Important "eligibility" criteria include avoiding having two members coming from the same canton, or one canton repeating itself too much. It is also sought that there should always be one or two French-speaking members, and that it should not be too long before there is again an Italian-speaking member.

Distribution of responsibilities

The Swiss government does not have ministers and ministries as known in presidential governments. Instead, it is each and every one of the 7 members of the federal council who have the dual role of being governors of the nation as a college, and at the same time being the "minister" responsible for one of the seven departments into which the governmental apparatus is organized. These departments are: Interior; Justice and Police; Foreign Affairs; Defense, Civil Protection and Sports; Finance; Economy, Education and Research; and Environment, Transport, Energy and Communications.

There is a clear division of roles and powers among these departments to deal with issues that are part of the nation's political agenda. This also has the great advantage of freeing these seven leaders from the heavy (and illusory) obligation of knowing and commenting on everything about everything, all the time, and at all times.

History shows that the best members of a collegial government are noted for the quality of the solutions they manage to obtain to the issues that are specific to their department (i.e., their proposals are regularly approved in parliament and in mandatory referendums, and are rarely attacked by elective referendums), and also for their ability to contribute to the coherence and credibility of the collegial government of which they are a part towards the rest of society.

Extensive experience, continuity and stability - an exceptional result of collegial governments

As a result of the practice described above, at every moment in time the federal government is composed of people who have been members of the college for many and others for a few years. This fact is clearly illustrated in the two photos that follow. The first shows the 7 members of the council (plus the chancellor of the confederation) in the summer of 2012.

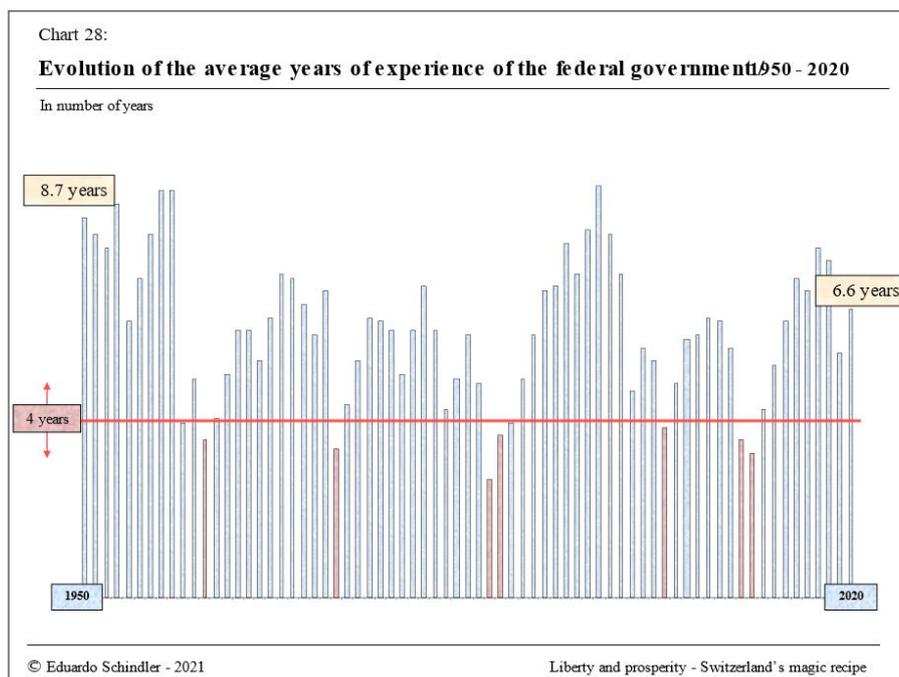


The second photo shows the seven members (plus the chancellor) in the summer of 2018, that is 6 years later.



As can be seen, there are 5 members who have not changed and there are 2 people who have joined the college in the meantime - Mr. G Parmelin in 2015, and Mr. I Cassis in 2017. The most important (and valuable) aspect to note in this respect is that the use of the instrument of collegial governments enables to combine continuity with renewal in a natural and periodic way.

And there is more. The mix of many and few years of affiliation among the members of the federal council means that, for instance, in 2018 the combined average of the college was more than 7 years of experience in managing the governance of the country. In this context, the chart below illustrates the average that the group had in each year from 1950 to 2020. As can be seen, only in a few years was this collective experience less than 4 years (columns in red), while there are some moments in which the average is even higher than 10 years.



The average for the entire period is an impressive 6.6 years. This means that on each day of the last 70 years, the average experience of the Swiss government in handling the legislative and administrative activities of the state was even far superior to that which the presidents of other nations manage to accumulate at the end of their terms of office - not to mention the inexperience they have at the start, with all the cost that their nations must bear, time and again, as a result.

The above certainly has a number of implications of great significance for the political and operational conduct of the Swiss state, namely:

1.- The 7 members of the collegial government are never replaced all at the same time. Therefore, in Switzerland there is never a "change of government" as it is known in representative democracies. And since there are no such changes, there are neither zig-zags in legislation (with the new government insisting on undoing laws/measures taken by the previous administration) nor in the way "the government" manages and behaves itself.

2.- The very valuable combination of continuity and renewal in the government translates into that adjustments that are necessary are occurring gradually, and without the need or calls for major reforms as occurs in electoral campaigns and in the government/opposition dialectic in other nations.

3.- This combination of years of experience, absence of zigzags, and periodic renewal generates, in turn, the unequalled level of continuity and stability (and therefore credibility) that distinguishes the Swiss rule of law worldwide. The list of the many valuable benefits to Swiss society of having the most reliable rule of law on the planet is a long one - and includes becoming the country that provides (by far) the greatest prosperity to its residents.

4.- Having a college as a government ensures that important minorities find appropriate and permanent representation in the political conduct of the country. These minorities may be of a cultural nature, or from geographic regions with very different socio-economic realities.

5.- To govern collegially, instead of uni-personally, also translates into:

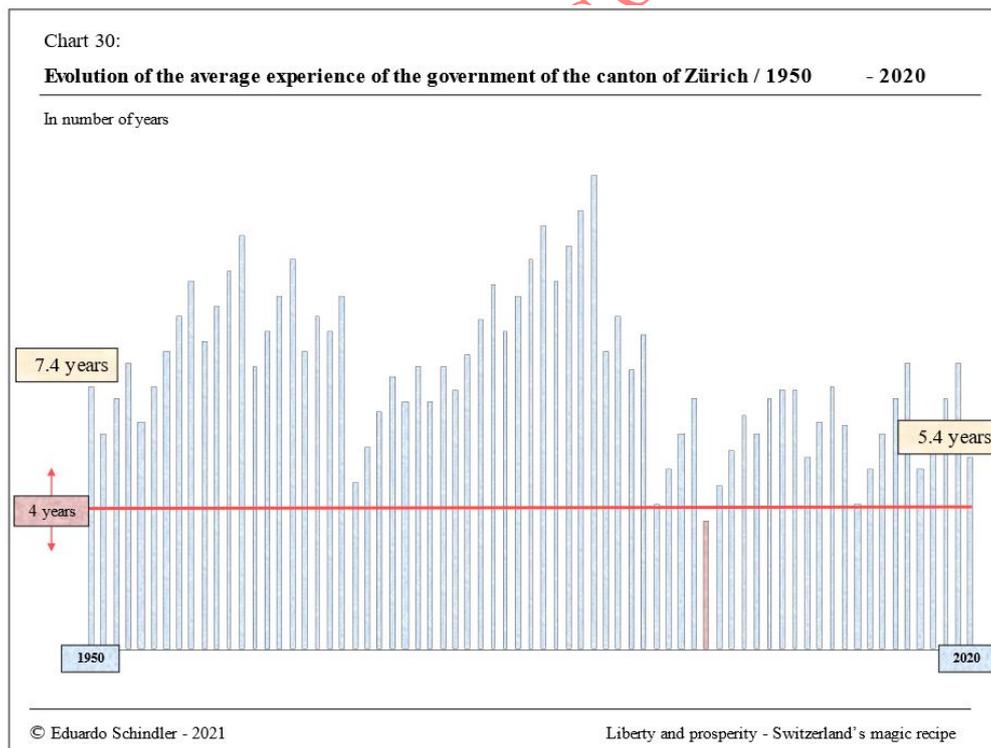
- Avoiding that the members have to: behave as if they were on a permanent re-election campaign; know everything about everything; be present everywhere, all the time; and be barraged with all kinds of requirements from pressure/interest groups.
- Each member of the government can work in a very focused way on the sub-agenda of issues under his/her responsibility - which by the way significantly increases the effectiveness of all members in their respective functions.
- Prevent people from venting their frustrations by accusing "the government" of all possible ills in society. Which of the 7 members is actually being attacked ?

2.2.- Governments at the cantonal level - colleges of 5 or 7 members

The principle of collegial governments is also applied at the second and third level of the Swiss state. There are currently 14 cantons with a 5-member government, and 12 with one composed of 7 persons. There are also different terms of duration, with 23 cantons electing their representatives for 4 years, 2 for a 5-year term, and in the canton of Appenzell Inner Switzerland it lasts only 1 year. In principle, there is no limit to its members being re-elected one or more times.

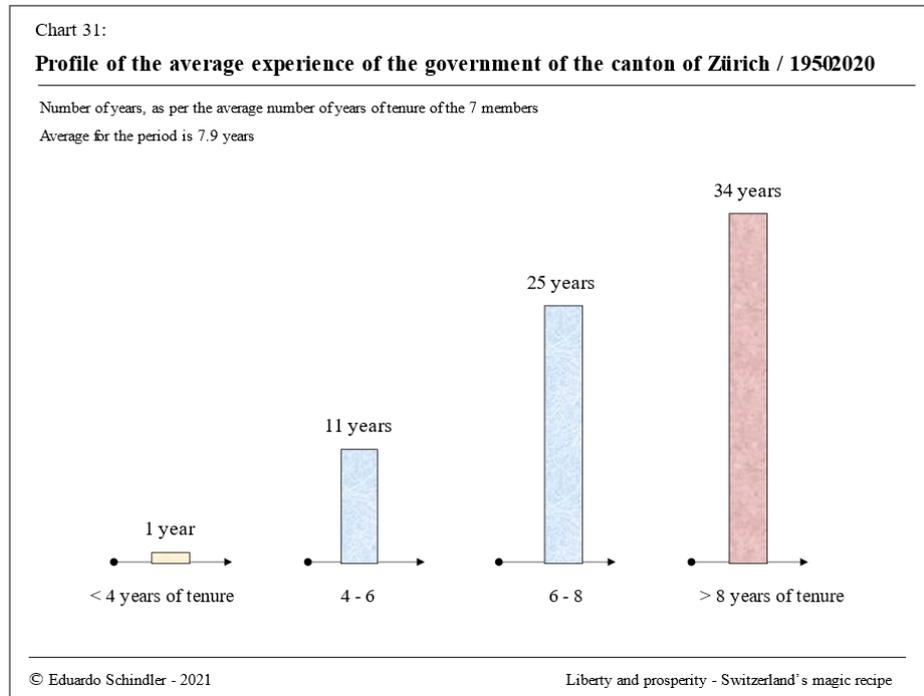
In general, each member of the college assumes responsibility for a specific area of governmental activities. A typical distribution of departments at the cantonal level is: justice and interior, order and security, construction, health, education, finance, and economy.

It is of great importance to note that the phenomenon of a large "experience" on the part of the college described for the federal government also exists at the cantonal level. For example, the collegial government in the canton of Zurich (where the author resides) also has 7 members. The chart below illustrates the evolution of the average duration profile of the cantonal government in each year from 1950 to date.



As can be seen, the collegial government of the canton of Zurich had many years of experience throughout the entire period. The record holder was Mr. Alfred Gilgen who was a member for 24 consecutive years - this means that he was re-elected 5 times in a row by the citizens.

The chart below reflects the same information but based on the number of years of the period considered according to four different levels of experience, and it shows that: in 34 of the 70 years considered the collective average experience was more than 8 years, followed by another 25 with more than 6 years.



This profile is a clear and irrefutable example of the incredible (and very valuable) continuity and stability in the conduct of the state that the use of the instrument of collegial government brings to a nation, canton, or commune.

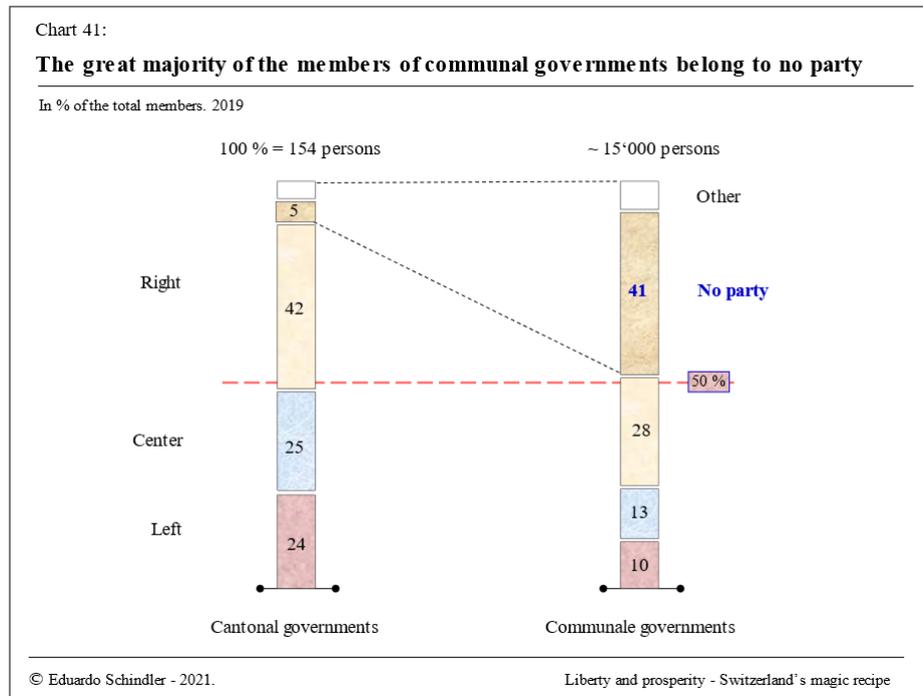
Another very remarkable aspect of this analysis is the finding that the average over the entire period is no less than 7.9 years. This average is remarkable not only because it is higher than that of the federal council (6.6 years), but also because it is the result of elections made:

- i) without the a-priori and fixed distribution of the "magic formula" among the large parties as in the federal government;
- ii) based on competitive and open nominations among a large number of candidates/parties;
- iii) with a term of office not open, but fixed at 4 years; and
- iv) directly by an electorate of 945'000 citizens.

In other words, the above two charts are proof that the mechanism of collegial governments works perfectly well in a context of periodic, competitive elections, and with the citizenry as the electoral college - just as in the elections in representative democracies. This demonstrates that the collegial government is an instrument that can be easily implemented in any other nation besides Switzerland.

2.3.- Governments at the communal level - colleges of 5 or 7 members

All 2'170 communes in Switzerland have collegial governments composed of 5 or 7 members. And as in the case of the cantonal governments, these persons are also elected periodically, in a competitive scheme between candidates/parties, and directly by the respective citizens. An interesting element that appears when analyzing the communal colleges is illustrated in the chart below:

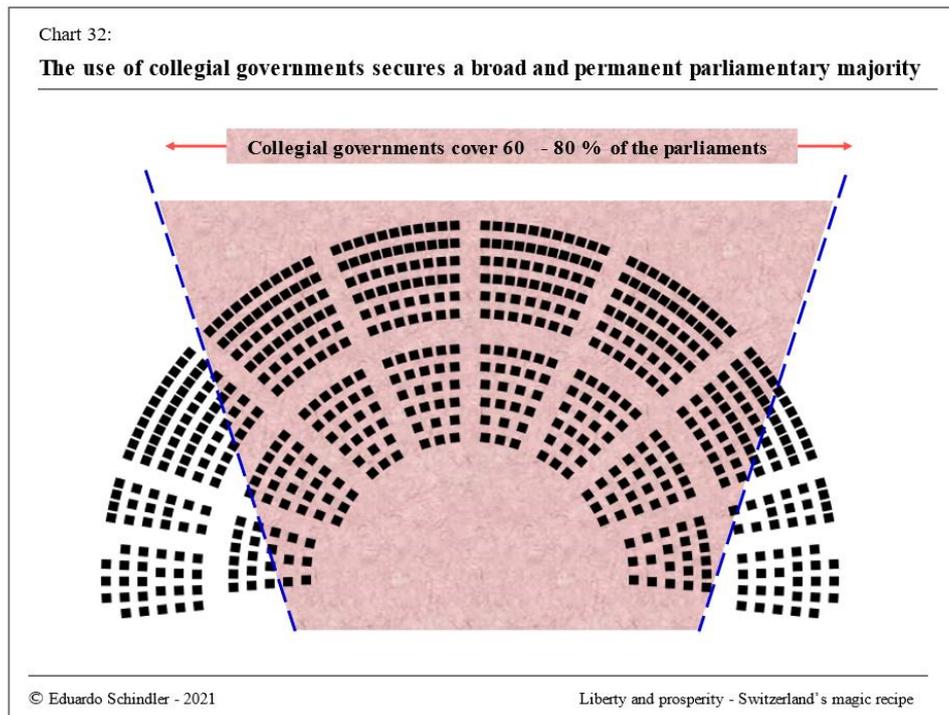


This graph compares the party membership of the 154 people who make up the 26 cantonal governments with that of the more than 15,000 people who make up the communal colleges. As can be seen, the vast majority of the individuals who exercise governmental functions at the third level of the state do not belong to any party. This means that local citizenships are oriented much more by the profile of the persons rather than the political ideologies that they represent.

In other words, the management of the third level of the state is, by the will of its own people, a predominantly apolitical activity.

2.4.- To govern with a permanent majority - the search of consensus as a political imperative

The fact that governments are formed by a college representing between 60-80% of the votes of the citizenry means that it also has, by structural definition and on a permanent basis, a large majority in the respective parliaments - as illustrated in the following chart:



This situation of great symmetry in the composition of governments, parliaments and the political inclinations of the respective citizens is at the basis of two distinctive (and very advantageous) elements of the way in which political life operates in Switzerland.

On the one hand, governing in a permanent majority context greatly simplifies the work and, moreover, significantly increases the productivity and effectiveness with which the state operates. Instead of having to "absorb" the thousands of useless hours devoted to the permanent conflict/blockage between government and opposition (*the politics of politics*), in Switzerland there is an underlying condition that makes it easier for the government to successfully push through its proposed legislation and decisions.

On the other hand, and given that the existing pluralism ensures that no party (or person) has an absolute majority, this very favorable scenario of cooperation works only on condition that the proposals formulated by any political leader have (from the outset) broad support from the majority of the actors involved in the decision-making process.

Firstly, each member of a collegial government needs the support of at least 2 or 3 of his other colleagues for the proposals for legislation and/or decisions coming from his area of responsibility to be accepted. Secondly, each government needs to make proposals that, in turn, also find the support of at least three parties in order to obtain a solid majority in parliament. And thirdly, as already explained in the first chapter of the book, every government/parliament must consider that any new legislation/decision must reflect the interest of a large majority of the citizenry (say 60%) to avoid being attacked and possibly overturned by way of an elective referendum.

In other words: everyone depends on everyone, all the time. And this both to support and to oppose an issue. This situation of permanent interdependence means that the political class:

- i) is obliged to have balanced positions that reflect as much as possible the interest of the other colleagues/parties from the very beginning of the consideration of any issue;
- ii) must have a flexible attitude and a willingness to make/receive concessions with the objective of generating the broadest possible "common denominator" of support; and
- iii) shares the objective of avoiding the ever latent and omnipresent danger that "imperfectly" formulated laws and/or decisions will be attacked through an elective referendum.

In fact, the first threat of such a referendum usually comes from the parties/individuals left in the minority during the discussion process between the government and the parliament. If the threat is "weighty", then this instrument seems to act like magic, and often "helps" even the most recalcitrant actors to make a "last-ditch effort" of concessions to reach a negotiated solution. Over time, an environment is formed in which only positions (and individuals) able to generate a broad consensus manage to have a positive impact on the conduct of political life in Switzerland.

It must be emphasized that it has not been (and is not) the culture of the people that defines the consensus system in the country, but rather, just the reverse, it is the system that acts as a "sieve" for the type of people who are successful in Swiss politics.

In short: the very distinctive culture of the Swiss political class of seeking consensus through concessions is: (a) the direct, and imperative, result of governing in a context of permanent and stable majority; thanks to the use of (b) collegial governments as a way of assuming and exercising executive power; and reinforced by (c) the discipline imposed by the avoidance of elective referendums.

2.5.- Main contributions from the second ingredient of the “magic recipe”

The main impact and contributions obtained from collegial governments include:

1.- The unparalleled credibility that the Swiss rule of law has worldwide. This is a direct result of a combination including extensive experience by the college, its regular (but partial) renewal, and the fact that there is never really any change of government in the country - all of which leads to an unequalled level of stability and continuity.

2.- Forcing the search for consensus and agreement as the dominant imperative in the interaction between political leaders - rather than the continual deadlock and antagonism that dominates representative democracies. This ensures that all legislation and decisions of the state are well balanced - and therefore have broad support from the citizenry.

3.- There is no need to create an ad-hoc coalition negotiated among the political class after each election. And with this there are no fragile and unstable governments, permanently exposed to the whims of the "*politics of politics*", and that can be "overthrown" at any time by some members of the partitocracy that forms it.

4.- It significantly increases the effectiveness of the work of political leaders. Dividing and distributing the "weight" of the presidential agenda among 5 or 7 people allow each member of the governmental colleges to work on a much simpler and more focused agenda.

5.- Political life is depersonalized. What counts are collective and not individual achievements. The cult (and the search for) individuals with a dominant personality disappears. Permanent and concentrated attacks on the people who govern also disappear.

6.- Members of governments continue to live like the normal people they are. The fact that no one is of paramount importance is illustrated by the fact that they need little or no protective measures - as the photos below illustrate:

Photo 1 - four members of the federal council returning to their offices through the streets of Bern after a working session with the central bank to deal with the Swiss franc appreciation crisis in August 2011:



Photo 2 - the 7 members of the federal council at a popular event in a small town in the summer of 2016 (it should be noted that all 4 members in the previous photo are part of this photo as well):



Being able to continue with a "normal" life means that no political leader in Switzerland believes, feels or behaves as if he/she is indispensable. And with it also disappears a political dialectic based on "pushing and shoving among chest-thumpers", determined to block each other, obstinate in increasing their popularity by undermining the credibility of their opponents, and in which the cult of personality is above the pursuit of the common good.

7.- People live free from having to follow and deal with "politics" on a permanent basis. There is no incessant media bombardment, nor journalists bent on creating/exacerbating antagonisms. People can live concentrated in their work and private lives without "politics" being a major issue or interest.

8.- Demagogy and the eagerness of the "chest-thumpers" to stand-out is eliminated. The citizenry knows that no individual/party is in a position to comply with any kind of "promises" on a stand-alone bases. Therefore, whoever campaigns offering for-free gifts, subsidies and other favors from the state, actually disqualifies himself, loses (instead of gaining) popularity/credibility, and is not elected to positions of responsibility.

Furthermore, the absence of demagogy also reflects the fact that, contrary to most other nations, Swiss citizens are not an electorate of persuasion-seekers always on the look for the new/next charismatic personality with a convincing rhetoric. As a result, in Switzerland politicians never campaign using

grandiloquent slogans such as "what Switzerland needs is ..."; "for a better future ..."; "change is coming ..."; "together we will build ...".

9.- Waste and inefficiencies resulting from the "*politics of politics*" are avoided. The system is free of partitocrats whose only objective/interest is to prevent the success of their opponents. In passing, it eliminates the postponement of decisions and unnecessary delays in the legislative process that result from the purely doctrinaire "game" of reciprocal blocking among the members of the political class.

10.- It frees the nation from the costly and illusory search for the "Superman" who (finally!) will solve all problems, and who knows everything about everything, all the time, and better than anyone else. Thus, people in Switzerland live free of the illusion/disillusion cycles that millions of individuals repeatedly experience across the world every time a new government is elected.

In conclusion: the Swiss magic recipe is not that complicated. It works wonders. It brings numerous advantages, protects against many abuses and imperfections of other forms of democracy, avoids partitocracy, and develops the civic capacity and culture of its people in an exceptional way. And best of all, it can be implemented also by all other nations that want it - small and large, young and old, poor and rich, left and right.

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About the author

Eduardo Schindler is an independent professional, based in Zurich, who focuses on structuring and managing M&A transactions. He primarily serves mid-size companies and private investors in Switzerland, Europe and the GCC region. He is also recognized as an expert by the Swiss stock exchange (SIX) for handling the issuance of shares and bonds. Before becoming independent at the end of 1999, Mr. Schindler gained experience at top-tier firms such as UBS and McKinsey&Co. in Zurich, New York and Sao Paulo.

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Mr. Schindler is the author of several articles - including "Political autonomy of the regions - the key of a modern state", published in Chile by Tiempo Regional in 1995. In the conclusions of this document, he already made the statement: *"Democratizing democracy" by way of the political autonomy of the regions and a devolution of all natural political rights to the citizens is the only way we have under our own control to strengthen and render sustainable Chile's true development.*"

The author was born in 1957 in Santiago, Chile, where he also attended school and university. He is a Chilean, Swiss and Italian citizen; is fluent in Spanish, English, German, French and Italian; and has lived in Switzerland since late 1982 - first in Geneva and then in Zürich since 1987.

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