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Liberty and Prosperity
Switzerland's magic recipe

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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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Foreword

Growing up in the troubled Chile of the 1970s, the author of this book wondered in his youth:

- How is it possible that there are countries that have so much, and are so poor ?

- And others that have little or nothing, and are so rich ?

- Why are some so peaceful and safe, and others so dangerous and in turmoil ?

- What role does the state and the political class play in all this ?

- Why is the news full of politicians who promise so much and deliver so little ?

- What is required for society to live in peace, security and prosperity ?

- Is less poverty leading to more tranquility, or is it rather the opposite ?

- Is it possible to give an effective and lasting solution to the serious economic and social problems that affect a country without knowing the deepest causes of such problems ? and also the existing causal relationships between them ?

- Where to start ?

Studying economics was a way to explore the first answers to these kinds of questions. And it was also these studies that brought him to Geneva, in October 1982, to obtain a post-graduate degree in this discipline. The author has lived in Switzerland ever since, and having received Swiss citizenship in 1987, he has been able to participate first-hand in the experience (and responsibility) of being part of the "sovereign" of this country.

Soon after arriving, and marveling at the socio-economic "miracle" observed in this country, a number of questions began to be added to those original ones, in particular:

- How did the Swiss build this true paradise on earth ?

- How is it possible that Switzerland:

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- has by far the highest per capita wealth in the world, when only 100 years ago it was one of the poorest countries in Europe ?

- has managed to transform itself into one of the most competitive nations in the world; has several cities offering the best quality of life; is home to dozens of the largest and most successful companies operating worldwide, and in a wide variety of different industries; and is regularly chosen by the best companies and industrial families from all over the world as a domicile for their industrial and/or private activities ?

- manages to generate for decades stellar economic parameters: no unemployment or inflation, no poverty, the highest wages in the world, low taxes, no significant fiscal deficits, and regular creation of thousands of new jobs ? and is also able to have the strongest and most reliable currency on the planet for more than 150 years ?

- is able to provide its citizens with an unparalleled level of liberty, security, peace, stability, continuity, social cohesion, and prosperity ?

And on a somewhat more anecdotal level, but of great depth and significance, questions also arise as to how it is possible that in Switzerland:

- The highest members of the government can circulate without bodyguards or escorts ?

- It is submitted to popular vote, several times, if the country should renounce to have an army ?

- The citizens vote and cancel a decision already taken by the government/parliament to buy several new warplanes ?

- Is there such a level of civic culture that when a law stipulating "that all people should have at least 6 weeks of paid vacation per year" is subject to a referendum, 67% of the people vote NO ?

- Is it possible to distribute the executive power of the three levels of the state (national, cantonal and communal) among more than 12'000 people and the legislative power among more than 26'000 individuals, and the country does not collapse into anarchy and chaos ? and how is it possible that almost all these 38'000 people exercise their public functions in the form of militia - that is, part-time and in parallel to their private jobs ?

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- The conduct of the political life of the nation, and the management of the activities of the state, takes place so efficiently and without the existence (and need) of professional politicians ?

- Members of the political class always seek consensus (rather than confrontation) in the formulation of laws and in government/parliamentary decision-making ?

- Political life and discussions take place free of the demagoguery, antagonism, recriminations, lies, mutual accusations and "chest-thumping" that often characterizes so many other nations ?

- There are no political leaders (or pretenders to be so) promising "freebies" of all kinds ? nor are there financial scandals, embezzlement, and corruption affecting the state ?

- The first level of the state cannot give any indication to the second level on how to use its public resources and/or collect its taxes ? and similarly neither can the second to the third level ?

- State services such as education, health, security, and public transport are able to offer a level of service that is second to none - for example, in terms of network density, frequency and legendary punctuality ? and this without incurring onerous and unsustainable deficits ?

- Be as clean and tidy everywhere - whether in large urban agglomerations or in the most remote mountain villages ?

Marveling at the incredible results that Switzerland has generated for its people, which are evident to all those lucky enough to visit the country, it became clear to the author that although he had no answers to such questions, it was evident that these results did not (and could not) come from an economic policy so superior and/or different from those practiced in other countries - either developed or in the process of being developed.

This meant in turn: if the "management" of the economy was not the real primordial cause at the basis of so much virtue, then neither could it be, nor could it provide, the appropriate answer to these fundamental questions.

To be sure, the first sensation of reaching this conclusion was a great frustration at the realization that so many years have been spent studying a discipline that does not provide valid answers to the questions of greatest interest. At most, economics can offer good explanations to certain specific observations - but in no case can it lead to discovering the origin and driving force of so much virtue. All in all, an immense gratitude prevailed for the privilege of being trained in a discipline of social science that allows

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to conduct a structured analysis aimed at discovering and understanding the deeper factors, processes and mechanisms at the basis of the incredible "social factory" that transformed Switzerland into the unparalleled country that it is today.

The upshot of the above is that one wonders:

- OK, if not the economy, then: what is Switzerland's magic recipe that leads to all the unique, distinctive and valuable wonders being observed ?

It certainly took years to arrive at the synthesis and conclusions that are shared in this book, and which in the writer's opinion give a good explanation and answer to this fundamental question. Every society is made up of interdependent factors and processes. In the case of Switzerland, what at first glance appears to be a good explanation is often the consequence of an even deeper cause. In the end it takes a great deal of intellectual iterations until at a certain point "all things begin to fall into place" - like putting a Rubik's cube in order.

Consequently, what is shared in this book is a structured summary of the observations, analyses, reflections, interpretations and conclusions that the author has gained over the years in trying to identify, understand and explain to himself what is the magic recipe that has made Switzerland the country it is.

And once one has managed to identify and select the three fundamental ingredients of the recipe, the mechanisms of interaction between them, and the respective contributions to the Swiss miracle, the question certainly arises:

- Is this incredibly successful recipe also a viable alternative to be implemented in other countries ?

The author has come to the conclusion that the Swiss recipe is universal, and that it can be applied by a large number of other nations - small and large, rich and poor, left or right - that aspire to greater liberty and prosperity for their people, but that have so far not found the right way to do so effectively.

Each country will have its own problems and difficulties in doing it. But it is hard to believe that the level of education, general culture and level of poverty/wealth of the people of the 21st century is lower than that of the average Swiss citizen in 1850-1890 when the foundations of modern Switzerland were implemented. And this in a country that at that time was poor, without natural resources of any kind, with a geography of great disadvantage, without infrastructure or a large industrial base, politically fragmented, lacking an effective state structure, composed of four communities with different languages and cultures (see map in Annex 1), with a long past of great division and religious antagonism between regions (see map in the same Annex), and surrounded by large nations engaged in processes that did not

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facilitate the political and/or economic development of a small and insignificant country like the Swiss nation.

Therefore, it is to be anticipated that the main difficulty in following the Swiss example will not be the ability of the people to accept and make use of the magic recipe. Instead, the author expects that the greatest difficulty will be, by far, "defeating" the opposition, resistance and obstruction that will be made by the political class of each country - both left and right oriented. Professional politicians will, once again, be the main obstacle to overcome. These people will do everything possible to avoid losing the monopoly of power they have enjoyed (and abused) for so long in the pernicious partitocracy prevailing in so many representative democracies around the world.

In this context, the objectives of this book are:

- to share and disseminate the knowledge acquired regarding the magic recipe;

- to present the essential aspects of each of the fundamental ingredients of the recipe;

- to describe the mechanisms, forces and processes through which these components influence the creation of a higher level of liberty and prosperity;

- to explain the impact and major contributions they make to the Swiss miracle - namely, moving from the poor country of the late 19th century to the freest and most prosperous nation on the planet in the 21st century;

- to provide some considerations as to how to formulate a plan for implementing the recipe in other nations.

In contrast to the purely descriptive material that exists about some of these ingredients, the author hopes that this book will distinguish itself above all by, inter alia: the originality of the analyses carried out; the high explanatory power of the mechanisms/processes identified; the innovativeness of the reasoning expressed; and the strength of the conclusions and recommendations generated.

It will then be up to readers to consider (i) whether and (ii) how to make use of the information, analyses and thoughts shared in this book to enable their respective nations to also follow the path already traced by Switzerland - and this for the great benefit of present and future generations.

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One last clarification before concluding. There are no footnotes or bibliographical references, as the content of this book reflects only the work and reflections made by the author in complete autonomy. Therefore, there is no guarantee that what is being shared in this publication is correct, exhaustive, and/or different from reflections already made by others on this subject. Time will give its verdict on this matter.

Nevertheless, it is to be hoped that the content of this work is not completely devoid of some degree of originality, innovative analytical content and useful contributions to the reader. Be that as it may, the author hopes that the elements presented, the examples used, the extensive analyses performed, the results obtained, and the conclusions formulated in the pages that follow will be as revealing, profound and novel for the reader as they were for the writer of these lines.

Zermatt - March, 2021

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Glossary

There are several terms that are often repeated throughout the book, and which have a particular meaning in the context of this work. The first time these terms appear in the text they are written in bold, for example: **example**. It is advisable to avoid extensive repetition of these terms in order to facilitate the reading. Therefore, the purpose of this glossary is to provide the reader with the meaning that the author associates with each of them. It is recommended to give them a rather broad and flexible interpretation. The order in the glossary has no special significance.

- **Magic recipe, recipe** - the combination of the three fundamental ingredients at the basis of the engine that has generated and nurtures the unparalleled level of liberty and prosperity achieved by Switzerland - and this not only for some minorities, but for practically its entire population.

- **Ingredients, components** - are (i) the vast political rights of the citizens, (ii) the collegial governments, and (iii) the total political and financial autonomy of the second and third tiers of the state.

- **Liberty** - in the case of Switzerland, an unparalleled level and combination of liberty, justice, tranquility, security, stability, continuity, equity, social cohesion, and great respect and integration of minorities. This concept also includes being part of a society free from the obsession of stratifying into a growing number of upper/lower classes, free from creating exclusionary elites of all kinds, and free from a culture of "climbing" positions as an existential imperative. And it also includes living free from having to concern oneself, endlessly, with what the political class does/says (and does not do/say), and from being bombarded by the press in this regard.

- **Prosperity** - in the case of Switzerland, an unparalleled level and combination of wealth, high wages and salaries, extensive job creation, low levels of unemployment and inflation, absence of poverty, generous working conditions, low taxes, balanced public budgets, and the strongest, most valuable and stable currency in the world. This concept also includes benefiting from a highly efficient and effective state, capable of delivering universal education free of charge and of the highest quality, and able to provide first-rate public services.

- **Most distinctive aspects of Switzerland** - a level and combination of liberty and prosperity unparalleled in the world. This notion also includes the conduct of political life based on militia services provided by more than 35'000 people, and being free to have professional politicians - and thereby avoiding the long list of shortcomings associated with their presence.

- **Citizens, people** - individuals with the right to vote.

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- **Three levels of the state** - the first level is the national or federal level, the second is the 26 cantons, and the third is the more than 2'170 communes. When reference is made to cantons and/or communes it means, in general, all 26 cantons and all of the almost 2'170 communes. In most other countries the equivalence is: federal = nation; cantons = regions; and communes = municipalities.

- **Extensive range and depth of political rights** - in the case of Switzerland, this refers not only to the right to elect representatives to governments/parliaments, but also the right: to vote in mandatory referendums; to launch and vote on elective referendums; and to launch and vote on popular initiatives. And this at each of the three levels of the state.

- **Government, executive branch, collegial governments** - in the case of Switzerland, it is a group of 5 or 7 people who form the governments at each of the three state levels.

- **Parliament, legislative branch** - persons forming the parliaments at each of the three state levels.

- **Winning combination, combination** - the combination of (i) the broad and deep range of political rights and (ii) a quarterly frequency in the explicit use of these, and their permanent application in an implicit manner.

- **Swiss miracle** - going from a poor and fragmented country to the nation with the highest level of liberty and prosperity in only 100 years, and this under the leadership of militia politicians - avoiding in the process the formation of a class of professional ones.

- **Virtuous circle** - the processes and mechanisms through which the various ingredients exert their effects, interact with each other, trigger second and third level processes and mechanisms, and generate progressively higher levels of prosperity. The circle closes in the sense that greater prosperity leads to positive feedback in all components, which generates higher levels of liberty.

- **Diversity within a great unity** - reflects the fact that in Switzerland there is immense diversity in the way the cantons and/or communes formulate their laws and regulations, organize the institutions of the state, and conduct community life. And despite such diversity, it is clear that all these realities are an integral part of the very coherent and stable whole that is the Swiss nation. Accepting, respecting and making space for this great diversity is the "secret" that allows the country to maintain a high degree of cohesion between very different cultural and socio-economic realities.

- **Political class** - the group of people who occupy positions and functions at the highest level in political parties, government and parliament. In the vast majority of cases these people are professional politicians. They are "always around", show up "everywhere" and "all the time", and are "always the same individuals".

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- **Professional politicians** - people who live exclusively from and for political activity, occupy leadership positions in their parties, are remunerated by their parties and sometimes by the positions they hold over time in all kinds of public offices. Often these people have little or no work experience in the private sector, have great difficulty finding an occupation outside of politics, have "made a career" within their parties, and are highly dogmatic and interested in disqualifying their adversaries in public. In addition, they view all issues through the prism of elections and partisanship, are bent on manipulating public opinion and dividing society, and surround themselves with a "court" of parasites funded by the state.

- **Partitocracy** - refers to the concentration of political power in the hands of a few members of the political class. This elite of about 20-30 individuals often hold positions of importance in government and/or parliament, and are "always the same" - as they dominate the political scene of a country for decades. These partitocrats have an omnipresent role, are in a position to impose their will on all kinds of issues, are the ones who define the political agenda, decide on the nomination/removal of people in important positions, and manage to permeate the orientation and actions of the government like no other group of people. These people are very skillful in hiding that their personal well-being and that of their political party is their highest priority at all times.

- **Pushing&shoving among chest-thumpers** (pechugones) - a rather primitive way of conducting political life based on permanent confrontation among a few people - e.g., the partitocrats. These individuals in general have/require: a gigantic ego; an aggressive, domineering and arrogant character; and an oratory capacity that moves the masses. In addition, they are megalomaniacal; highly doctrinaire and demagogic; have boundless ambitions for power; and have developed an uncommon level of cynicism and ability to hide the truth.

- **Democratizing democracy** - a process aimed at: getting rid of partitocracy; returning to the people the broad political rights that have been usurped by the political class; and promoting the political and financial autonomy of the regions and communes - incidentally ending the suffocating centralism that prevents (i) millions of people from liberating and developing their full potentials as citizens, (ii) the development of each and every region to the maximum of its capabilities, and (iii) greater socio-economic cohesion across the nation.

In addition to these definitions for abbreviation purposes, it is worth mentioning that: the masculine is valid for the feminine, and vice versa; and the singular is valid for the plural, and vice versa.
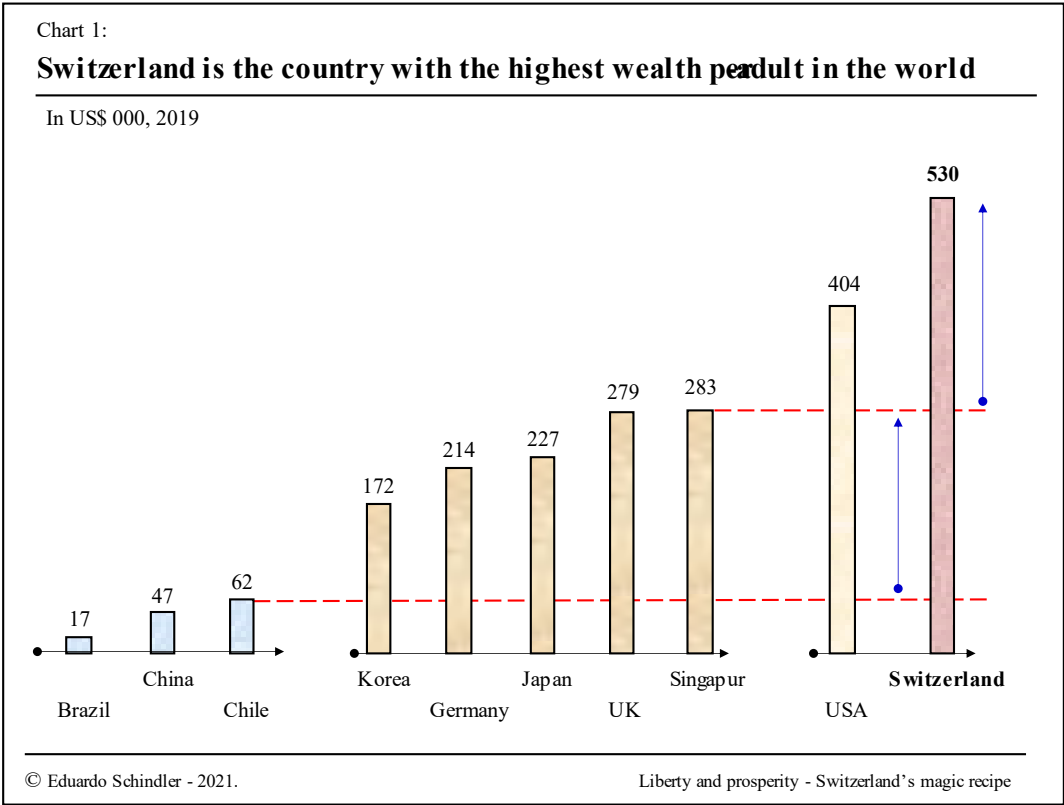
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Introduction

If you are unhappy with the general situation in which your country finds itself, or with how the political leadership of your nation functions (or does not function), and/or with the arbitrary and abusive way in which the **political class** behaves towards the citizens, then this book is for you.

And if on top of that the reader is wondering how the country will get out of the current situation, and what needs to be done to take the nation to the higher levels of **liberty** and **prosperity** that all politicians always promise and never deliver, then you will find in these pages the description of what is possibly the best alternative of how to "fix things". Moreover, this option aimed at **democratizing democracy** can be implemented in all kinds of nations, and would not take long to bring significant and lasting benefits to its people.

Switzerland is a country without natural resources, with a difficult geography, congregating four groups of people with different languages and cultures, and which only 100 years ago was still among the poorest nations in Europe. In fact, between 1850 and 1900 more than 200'000 Swiss emigrated to escape the poverty and lack of prospects in the country at that time - including Mr. Edouard Grosjean (in 1892) and Mr. Carlo Maggi (in 1904), the author's great-grandfathers.

Today, incredible as it may seem, Switzerland is by far the country with the highest wealth per adult in the world - as shown in Chart 1 below:

Chart 1:

Switzerland is the country with the highest wealth per adult in the world

In US$ 000, 2019

										530
									404	
				279	283					
		214	227							
	172									
62										
47										
17										

Brazil · China · Chile · Korea · Germany · Japan · UK · Singapur · USA · **Switzerland**

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As can be seen, this important welfare indicator shows that this nation is far above all other developed countries, is almost 10x higher than countries like China or Chile, and is more than 30x that of nations like Brazil.

But there is more. Switzerland is not only the country that gives the greatest prosperity to its people, but it is also the one that provides, in the author's opinion, a combination of freedom and justice, order and security, peace and tranquility, stability and continuity, social cohesion and equity, respect for the laws, and development of the civic culture and responsibility of its citizens of an unequaled level. All these combinations of elements are also part of the notion of **liberty** already defined in the glossary.

In other words, Switzerland is simply the only country in the world that provides, without a doubt, the highest level of liberty and prosperity not to a few minorities, but to almost all of its 8 million inhabitants. And this with a good margin of difference with respect to all other developed countries.

Faced with such evidence of progress, questions arise: how did they do it in only 100 years ? what is the **magic recipe** that provides such an engine of great socio-economic development ? is it possible that other nations also implement this recipe ?
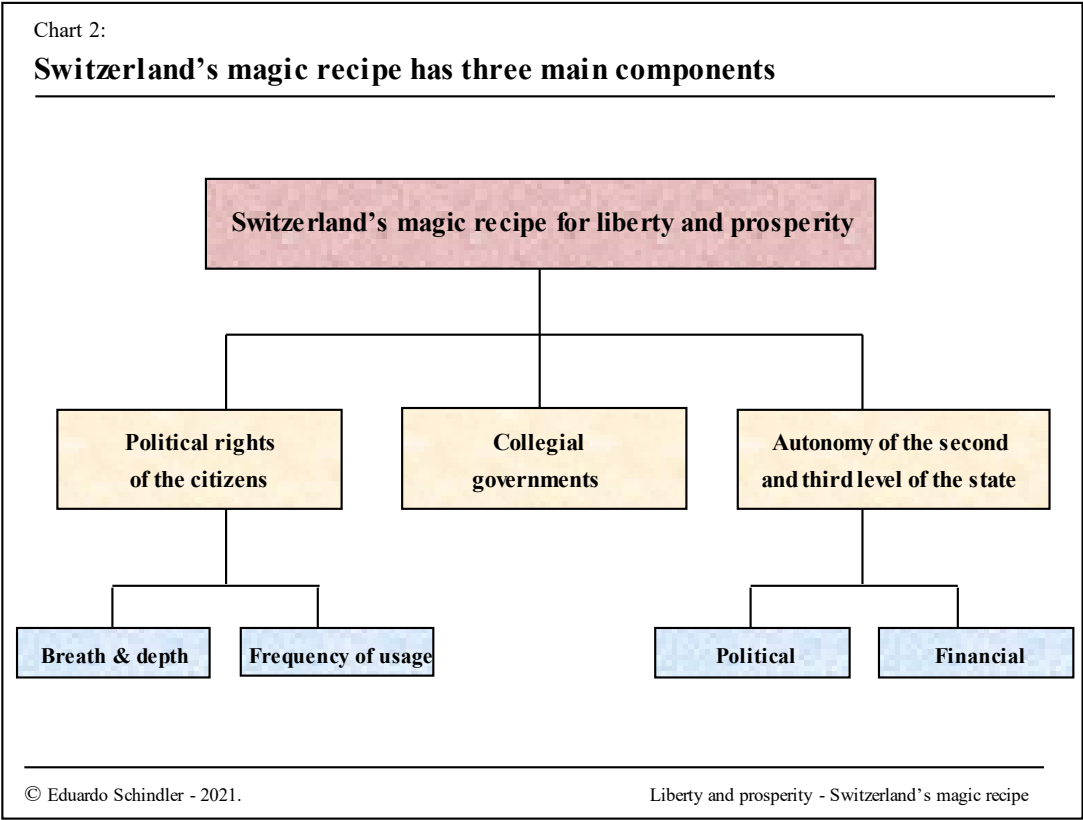
It is common knowledge that Switzerland is the only country that applies direct democracy (i.e., **extensive range and depth of political rights of the citizens**) in a broader form than any other nation. But years of observation and analysis have led the author to the fundamental conclusion that this element alone is not enough to explain the unparalleled level of liberty and prosperity that has been generated.

Put another way: direct democracy is certainly a primary **ingredient** in the recipe, but it is not the recipe.

There are necessarily other factors that also play a role of great significance in the functioning of the "social factory" that has brought this country to the high level at which it finds itself. The author spent a lot of time identifying, examining and reflecting on the possible role that dozens of elements may have had and/or have in generating the **Swiss miracle**. Over time, one manages to (i) differentiate between a multitude of first, second and third order causes/effects, and (ii) obtain a certain clarity in the ranking of the interdependence and feedback mechanisms that exist. The final objective is certainly to select the other really essential ingredients of the recipe - and from which the multitude of gears and processes at the base of this truly unparalleled socio-economic "miracle" are triggered.

In this context, years of study and analysis have led to the conclusion that there are two other ingredients that also play a major role in the effectiveness of the recipe, namely the **collegial governments**, and the **complete political and financial independence of the second and third levels of the state** - i.e., the

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26 cantons and the more than 2'170 communes. The chart 2 below illustrates in simple form the synthesis obtained by the author.

Chart 2:

Switzerland's magic recipe has three main components

Switzerland's magic recipe for liberty and prosperity

| **Political rights of the citizens** | **Collegial governments** | **Autonomy of the second and third level of the state** |

| **Breath & depth** | **Frequency of usage** | | **Political** | **Financial** |

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Each of these three factors contributes in its own way to the unparalleled liberty and prosperity that Switzerland has achieved. But the real "magic" of the recipe is what comes from the combination of these three primary ingredients, which enhance each other and together lead to results that none of them alone could generate.

There is a long chain of interdependent causes and effects at the base of what is observed. Prosperity results above all from great political stability and continuity. This in turn results both from (i) collegial governments, and (ii) from a body of laws of unsurpassed quality and legitimacy - which is, in turn, the result of the fact that the citizens are in a position to directly influence not only the input of state activities (i.e., electing representatives) but also the output of laws and decisions it produces.

In the author's opinion, the people's ability to influence the output of the state (i.e., approval of all laws and decisions before they come into force, at each of the **three levels of the state**) is undoubtedly Switzerland's most powerful and distinctive instrument. This influence takes place explicitly through the YES/NO vote in a referendum, and also implicitly through the powerful preventive effect that the latent and permanent "threat" of the elective referendum has on both (i) the way the political class behaves and works, as well as (ii) the actual way the state is managed and operated.

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The cause/effect chain continues with a variety of second and third order processes and mechanisms of interaction, and which towards the end of the chain also happen to be fed-back by increasing levels of prosperity - that is: greater wealth which in turn facilitates and promotes greater stability and continuity. This means that the magic recipe constitutes a **virtuous circle** that closes in on itself, that is in a position to nurture itself in a permanent and self-sustaining manner, and that takes the country to ever greater heights of liberty and prosperity.

And there is still more. Another distinctive aspect of the recipe is to avoid the existence of some of the most harmful and pernicious aspects that so many representative democracies trapped in **partitocracy** suffer from. Thanks to its recipe, Switzerland lives free of an exclusionary, arrogant and dogmatic political class, engaged in ideological battles, and indifferent to the real needs of the people. It lives free of a way of doing politics based on permanent antagonism between the government and the opposition; and of elections based on **pushing&shoving among chest-thumpers** (pechugones) who accuse each other of being incompetent and liars. And it lives free of **professional politicians**; of corruption, inefficiencies and embezzlement; of poor-quality public services; and of exaggerated regulation. And it lives free of the infallible parasites who know how to take advantage of a poorly organized and intransparent state - and who do everything they can to ensure that this condition remains unchanged.

In this context, and in accordance with the objectives already stated, this book is structured along three main chapters. The first covers the issue of the political rights of individuals in Switzerland, the second deals with the issue of collegial governments, and the third deals with the degree of political and financial independence of levels two and three of the state.

Each chapter illustrates the salient elements of the respective ingredient; analyzes and describes the impact and contribution these have on the way democracy functions and the effectiveness with which the Swiss state operates; makes use of concrete examples to illustrate the mechanisms through which these ingredients transmit their respective effects; and completes with a list of the main conclusions and reflections that the author associates to each of these components.

All analyses are based on publicly available data. This information covers statistics relating to the referendums held, the issues voted on, the type of political right on the basis of the issues that were voted on, and the YES/NO results of the votes. There is also data on the results of elections of representatives to governments and **parliaments**, and the length of time members of governments have been in office. In addition, use is made of information on the level and structure of public spending and the various sources of tax revenues. Finally, comparative analyses were carried out over time, among the various types of political rights, among the three levels of the state, and among the various cantons.

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The statistics have been processed in such a way as to generate the information used to produce a wide variety of charts. Representing the data in this way serves to illustrate in a simple and almost self-explanatory way the various (and valuable) messages that have been obtained from the analyses performed. The results are surprising and provide very clear indications of the fundamental role that each of the three ingredients plays in making Switzerland the peerless country it is today. It would be enough to remove and/or modify one of them, and the result in terms of liberty and/or prosperity would certainly be significantly lower than it is today.

Given the high interdependence between the three components of the magic recipe, and in order to facilitate a more complete understanding of what is presented, it is recommended to read these three chapters continuously and if possible within the span of a few days.

The book also contains a brief chapter outlining some considerations on how to implement the magic recipe in other countries, and a final chapter with a summary and the main conclusions that have been drawn. Finally, there is an appendix with two topics: (i) the benefits that Switzerland receives by avoiding (living free of) certain deficiencies observed in so many representative democracies, and (ii) an outline answer to some of the main questions raised in the foreword. A brief note on the author is also included. It is worth mentioning that all 67 charts can be found in A4 size on the website: www.swiss-democracy.ch.

One last thought before concluding. The author was particularly impressed to discover that the powerful magic recipe is not the result of any "master plan", which was designed ex-ante by people of superior intelligence and preparation, implemented top-down by a political class with great management capacity, and followed by a docile, obedient, and understanding people to the instructions coming from the state.

Quite the contrary. The work done and summarized in this book shows that the Swiss miracle is no more (and no less) than the result of the simple addition of thousands of decisions made by millions of citizens, based on the common sense of ordinary people, implemented bottom-up, and accumulated over several decades without following or pursuing any "master plan". In other words, it has been the thousands and thousands of small "chiselings" of several generations that have been shaping the extraordinary "sculpture" that - referendum after referendum - has transformed itself into the freest, safest and most prosperous society on the planet.

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Chapter Nr. 1:

The extensive range and depth of political rights of the citizens, and their high frequency of use

Like the vast majority of other countries, the functioning of the Swiss state has been delegated to a certain number of persons elected by the citizens to exercise functions in the executive and legislative branches of the country. But unlike nations that apply only representative democracy principles, Swiss citizens also have:

- a broad and deep range of political rights that go far beyond simply electing their representatives every 4/5 years; and

- the power to make use of them: (i) in an explicit and regular manner, through quarterly referendums; and (ii) in an implicit and permanent way, as people can "launch" an elective referendum and/or a popular initiative at any time.

In essence, the existence and application of these two elements redefines the relationship between the political class and the citizens - particularly when compared to the one prevailing in representative democracies. These two elements are the basis of the famous direct democracy that is practiced in this form only in Switzerland so far.

In this context, the objectives of this first chapter are (a) to illustrate the most salient aspects of these two elements, and (b) to analyze the impact and main contributions that this component makes to the very effective and peculiar way in which democracy functions in the country.

1.1. Breadth and depth of citizens' political rights

According to the federal and cantonal constitution, Swiss citizens have the right to:

- vote every 4/5 years to elect their representatives to: the federal parliament; the government and parliament of their canton of residence; and the government and parliament (if there is one) of the commune where they live.
- vote YES/NO, in general every 3 months, on all issues subject to mandatory referendums at the federal, cantonal and communal levels.
- to initiate and/or sign, at any time, an elective referendum at federal, cantonal or communal level.
- to vote YES/NO, in general every 3 months, on all issues that come to be voted on by way of elective referendums that come to be voted on at the federal, cantonal and communal level.
- to initiate and/or sign, at any time, a popular initiative at the federal, cantonal or communal level.

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- to vote YES/NO, in general every 3 months, on all the topics that come to be voted by means of the popular initiatives that come to be voted at the federal, cantonal and communal level.
- vote, and intervene, in the annual assembly of their commune to approve/reject, inter alia, the income and expenditure budget, any investment/expenditure of a certain importance, and any new law, regulation, or local taxes - or modifications to these.

The various referendum rights were introduced over time, as illustrated in the chart below:

Chart 3:

Cronology of the introduction of the various political rights in Switzerland

1848	1874	1891
Mandatory referendum	**Elective referendum**	**Popular iniciative**
All changes to the constitution, and all new federal laws/decrees or changes thereto, and all major state decisions must be voted on by the citizens, and take effect only in case of (double) majority approval by the people and the cantons.	All other new laws, decrees, regulations, and all decisions of any kind (e.g., financial) of the state can be challenged by the citizens, and annulled in case of (double) majority approval of the referendum.	The citizens have the right to propose any issue for a vote, at any time, as a new law and an integral part of the constitution, and it becomes effective in case of (double) majority approval of the initiative in a referendum.

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This section illustrates the main features of the extensive and deep (as they apply at each of the three levels of the state) range of political rights that exist in direct democracy as practiced in Switzerland.

1.- The right to elect

In the same way as in representative democracies, citizens are called every 4/5 years to vote to elect their leaders and representatives in the government and the parliament.

The right to elect is exercised at each of the three levels of the state. Therefore, it is through this vote that the almost 160 people who form the governments of the 26 cantons, and the approximately 15'000 people who form the governments of the more than 2'170 communes, are directly elected. The federal government, composed of 7 persons, is elected by the federal parliament.

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And it is also through this electing vote that the 246 representatives of the federal (bi-cameral) parliament, the more than 2'500 people who are members of the 26 cantonal (uni-cameral) parliaments, and the more than 18'000 individuals who are members of the (uni-cameral) parliaments of the 461 communes that have decided to have their own parliament are elected.

As an example, a citizen of the city of Zurich will be able to vote every 4 years to elect: the 2 senators and 34 deputies who will represent him/her in the parliament of Bern; the 7 members of the cantonal government; the 180 members of the cantonal parliament; the 9 members of the government of the city of Zurich; and the 125 members of the parliament of the city of Zurich.

More information and comments on the large number (and type) of people who participate in, and are responsible for, the political leadership in Switzerland can be found in the third chapter.

2.- The right to vote in mandatory referendums

The constitution of 1848 states that: all changes to the constitution, all new federal laws or changes to them; all decrees and decisions of major importance emanating from the state (government/parliament); and the accession to a treaty and/or international institution is subject to a mandatory referendum by the citizens. Each of these laws/decisions made by the state (let us call it "issue") comes into force only in the case that both the majority of the votes and the majority of the cantons vote in favor (it is called the double-YES) of the issue being voted.

That is: the political class has to ask the citizens to give their final and definitive approval (vote YES) to the issue proposed to them. This means that the Swiss citizens have the highest or final "sovereign" role in each and every major decision/act of the state. Always. And at each of the three levels of the state.

In case of not being approved by this double YES, the issue becomes invalid - i.e., does not enter into force. In this case the government and the federal parliament are forced to rework the issue, and propose it for approval in an improved/modified form at some later date.

This instrument of direct democracy obviously obliges the Swiss political class to pay close attention, in advance and from the very beginning that an issue is elaborated, to what are the preferences of the majority of the people regarding the given matter, since in the end it will be subject to a mandatory referendum.
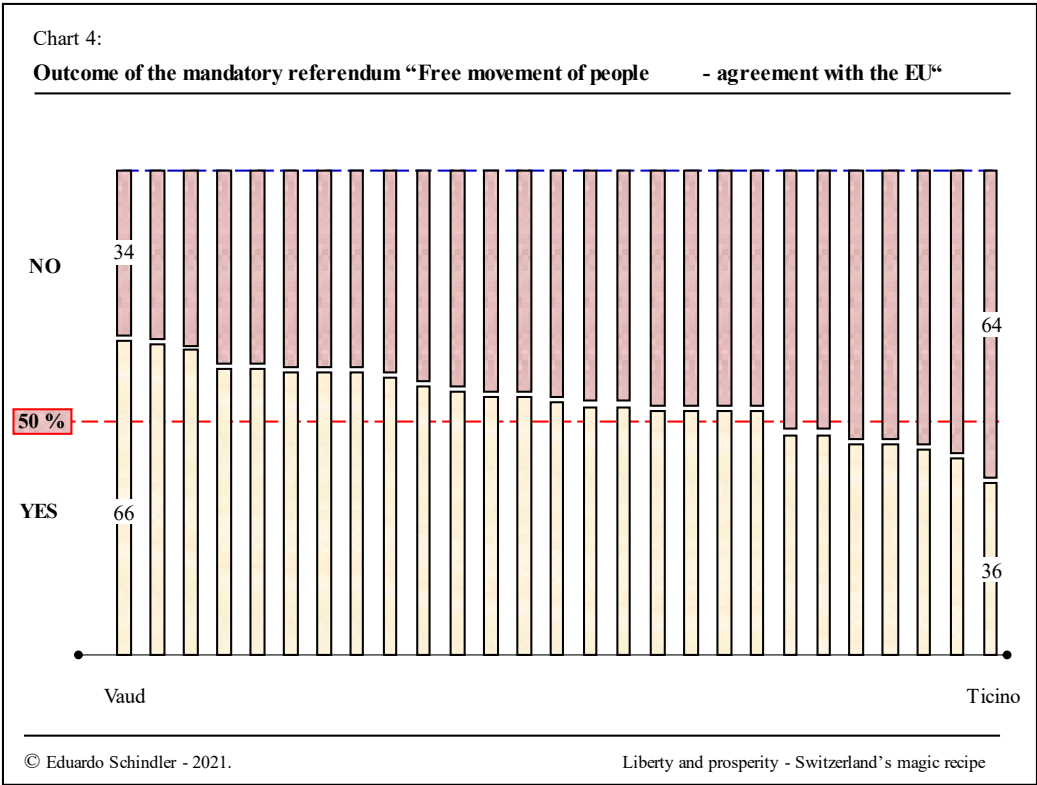
Some examples of this type of referendums at the national level (there are also at the cantonal and communal level with their own issues) may help us to better explain/understand the great scope and impact of this mechanism.

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<u>Agreement with the European Union for the mobility of persons - year 2005</u>

As Switzerland is not part of the European Union ("EU"), a series of agreements and treaties have had to be negotiated to regulate and facilitate a positive coexistence for all parties. In this context, an agreement covering various aspects of bilateral relations - including the extension of free movement of persons to Eastern European countries joining the EU - was concluded in 2005.

The issue of free movement is a sensitive one in Switzerland as the entry of people into the country has traditionally been highly regulated and restrictive. There are several reasons behind these limitations, but in particular to avoid such a high number of people arriving that the existing social safety nets are "broken" in the end. For example, with free movement, EU citizens can come, work for a few months, lose their job, and then stay and collect unemployment insurance for 18 months. And this despite having contributed to the system for only a couple of months. Needless to say, the amount received for unemployment insurance in Switzerland is far above the normal salary that these people could receive in their home country. The attraction of coming and staying in Switzerland is immense, and therefore the financial "hole" that could be generated is simply unsustainable.

In this context, the government should explain to the citizens in detail the pros and cons of the agreements negotiated with the EU and the reasons why they advise to say YES to the mandatory referendum despite the risk of potential "invasion" of foreigners. The issue was voted on in September 2005, and to the great satisfaction (and relief) of the government the YES vote obtained 56% of the votes. The chart below illustrates the results in the various cantons:

Chart 4:

Outcome of the mandatory referendum "Free movement of people   - agreement with the EU"

NO

34

64

50 %

YES

66

36

Vaud

Ticino

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As it is possible to appreciate, the YES also won in more than 20 cantons - with Vaud accepting it at 66% while in Ticino only 35% of voters were in favor. Undoubtedly the fear of an "invasion wave" from Italy has played an important role in this result.

Tax increase to finance social security - 2017

The Swiss pension insurance system (AHV) has been in existence since July 1947, after being approved in a mandatory referendum at the time (YES received 80% of the votes). The AHV is public, mandatory, and the federal government is responsible for its operation. In fact, pension payments are the largest item (ca. 25%) of all federal expenditures. Like all pay-as-you-go systems, the Swiss AHV has also experienced the structural difficulties and limitations of such a scheme - i.e., insufficient funding in the face of the growing (and longer-lived) number of users to be paid.

It is not surprising then that the monthly AHV amount simply does not cover the minimum necessary expenses of pensioners anymore. But the worst thing is that it has been known for a long time that the problem will only get worse over the years, and that sooner or later the AHV will become insolvent.

In view of this situation, the "recapitalization" of the AHV fund is a permanent topic of discussion on the political agenda. Solutions of all kinds appear from time to time. The menu is well known: raising the pension age, lowering the amount of pensions, raising contributions, and/or finding other sources of funds. In this context the government/parliament discussed and then approved, in 2016, the idea of raising the value added tax (VAT) and using the additional revenues to "plug the hole". And since raising taxes in Switzerland can be done only with the approval of the citizens, then it inevitably comes to a mandatory referendum.

The photos below illustrate some examples of posters used by the YES and NO campaigners on this issue:

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The issue was voted on in September 2017, and with the following results:

Chart 5:

Outcome of the mandatory referendum "Increase of VAT to finance the AHV"
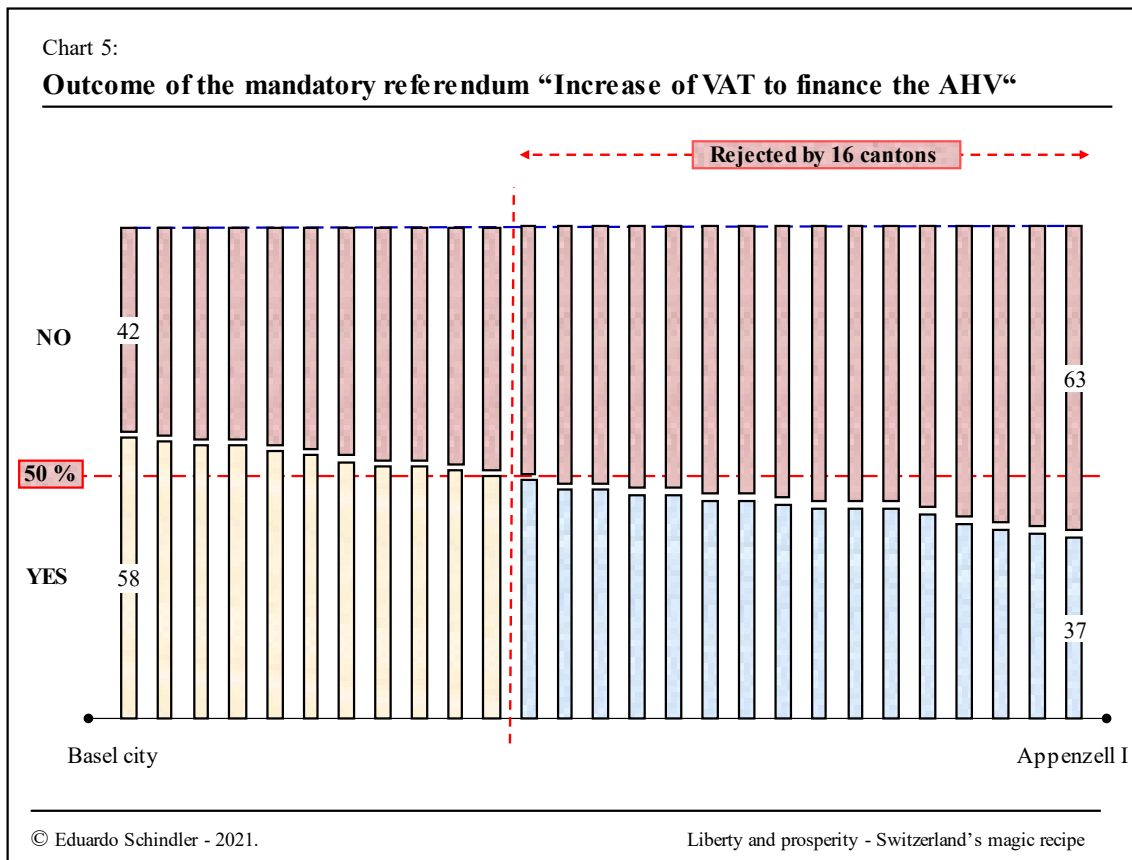
In the end there were 1'254'795 votes for YES and 1'257'156 votes for NO, while 16 cantons rejected the issue - columns in blue, with Appenzell I giving it only 37% of votes in favor. As they say in Switzerland, the issue "did not pass" - and therefore the corresponding bill does not enter into force. The message to the political class is: "not like this", this idea to deal with the problem "we do not like it". And since the situation of insufficient capitalization of the AHV is still pending, the public now expects the state to generate and present other solutions in the future.

Very large public expenditure to finance the construction of the rail infrastructure - 1992

In Switzerland trucks weighing up to 28 tons are accepted. In the EU it is 40 tons. The result is that Swiss roads break down more quickly if there are a greater number of EU trucks moving through the country. Because of its geographical location, Switzerland has always been a major transit region between the northern and southern Alps.

In the early 1990's there were more than 1'400'000 EU trucks transiting through the country. Apart from the costs associated with this heavy traffic (the average cost of building 1 km of road in Switzerland is CHF 1 million, and in the EU it is only 20% of this amount), there was also increasing public dissatisfaction with the pollution, noise and traffic jams this caused.

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What to do ? how to reduce the number of EU trucks on the roads ? and this without deteriorating relations with the EU and trade in general ?

The solution thought is, as seen in the photo below, to put the trucks on a train when arriving at one border and take them to the other one - for example, in Basel from Germany / Holland and take them to Chiasso in the direction of Italy, and vice versa.

The main argument against this solution is that it takes more time with the train than driving the ca. 300 km between these cities - including going up/down the Alps from one side to the other. The Swiss response to this objection was to reduce the time required by the train by building three new tunnels that are at the foot of the mountain, thereby avoiding the time it takes, for example, to go through the historic Gotthard tunnel.

The initial estimate of the cost of building these three tunnels was around CHF 18 billion and it would take more than 18 years to do so. (To put this figure in perspective, the annual defense budget is about CHF 7 billion). Given the importance and scope of the decision, a mandatory referendum was required to accept or reject the issue by the public. This project was voted on in September 1992 with the following result:

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Chart 6:

Outcome of the mandatory referendum "Financing of the Alpentransit"

NO 15

59

50 %

YES 85

41

Geneva

Uri

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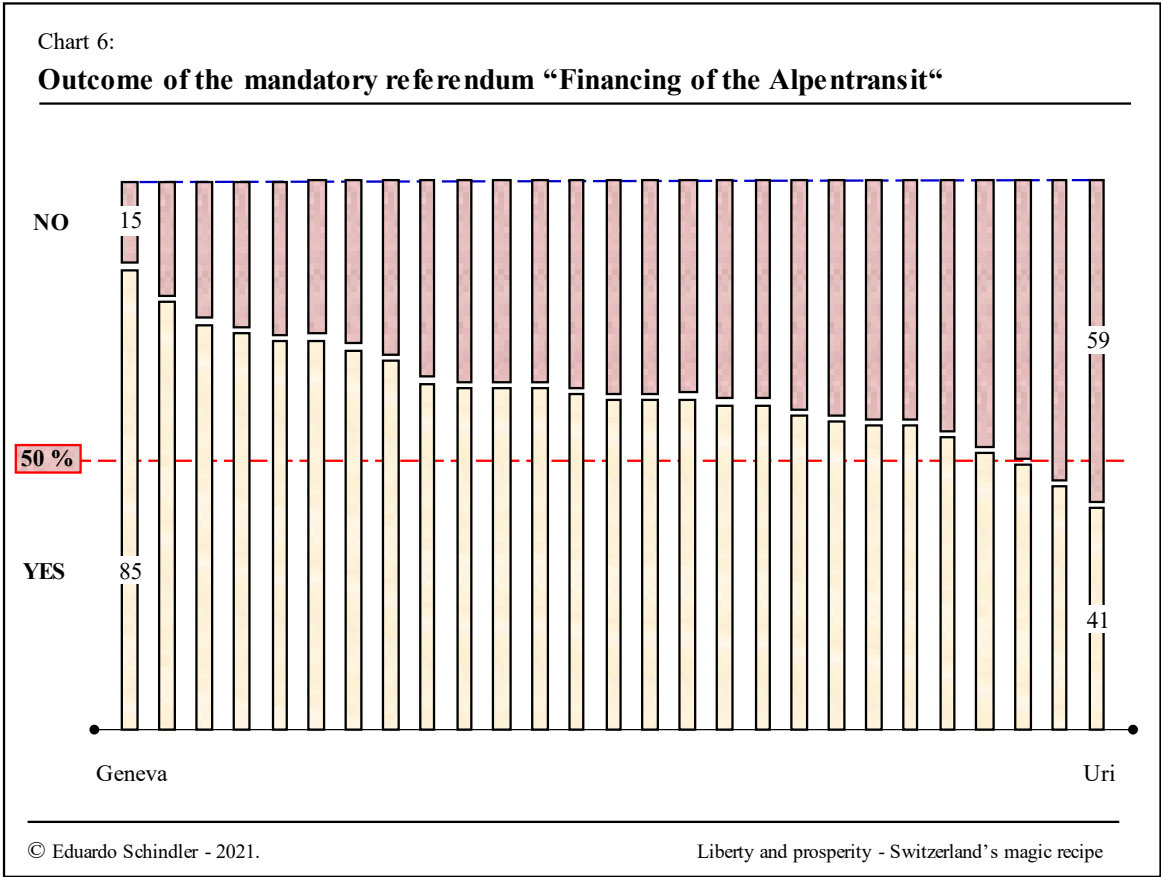
The issue was approved (YES) by 64% of voters nationwide, with Geneva giving it 85% support and Uri only 41% approval. Uri is the canton where the Gotthard tunnel is located and the highway connecting Basel to Chiasso passes through, and is therefore the canton most affected by all the trucks transiting through Switzerland between the northern and southern part of the Alps.

It is not difficult to imagine both the very high level of technical and execution complexity associated with such a large-scale project, as well as the financial risks involved. However, as planned, the first tunnel (Lötschberg-Basistunnel) was inaugurated in 2007, the second (Gotthard-Basistunnel) in 2016 and the third (Ceneri-Basistunnel) in 2020. The three tunnels also have the characteristic of being more "straight" so that trains can run at speeds partly in excess of 200 km/h.

At 57 kilometers long, the new Gotthard Base Tunnel is currently the longest railway tunnel in the world. As planned, this tunnel did cost more than CHF 12 billion and took some 12 years to complete.

During the inauguration ceremony, Chancellor A. Merkel of Germany could not restrain herself from commenting, with a touch of admiration and appreciation, that only Switzerland manages to complete such large public projects within the stipulated time and cost budgets. (The interested reader can read about the differences in cost (10 instead of 2.5 billion euros) and duration (14 instead of 5 years) of the construction of the Berlin airport to understand the full scope of her remarks).

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It should be noted that the initial goal of reducing truck traffic to only 650'000 per year has not been achieved. Still, it has been possible to reduce traffic to about 800'000 trucks in 2020 - including the absorption of the organic traffic increase of the last decades.

And beyond the results, one of the most remarkable aspects of this example is that the project was drafted and then voted on in 1992 - some 20 years before the tunnels were completed. This illustrates the exceptional ability of the Swiss political system to formulate and process issues with a duration and cost that surpasses any kind of short-term political calculation. And this is not only on the part of the political class, but also on the part of the citizens. Both are in a position to weigh the pros and cons of issues that have a horizon of several decades.

3.- The right to launch and vote an elective referendum against an issue
Following the example of some cantons that already practiced this instrument of direct democracy, and also responding to the growing pressure of the people, the complete revision of the federal constitution of May 1874 establishes that every citizen has the right, at any time, to launch an elective referendum "against" any and all laws, decrees, decisions, and/or acts emanating from the state with the objective of stopping their validity before entering into force.

To this effect, the proponents to launch an elective referendum against an issue at the national level have a term of 100 days to gather at least 50'000 signatures of citizens from the date the issue has been published in the respective official document. The right to an elective referendum is repeated in the 26 cantonal constitutions, with variations in the number of signatures required and the days available. For example, in the case of the canton Basel-city it is sufficient to collect 2'000 valid signatures within 42 days.

In case the required number of valid signatures is not collected in time, then the referendum in question "falls" and the issue becomes effective as decided by the government/parliament.

Conversely, in the event that the required number of signatures is successfully gathered, then the issue remains pending until: (i) the proponents withdraw the referendum during the discussion period with the political class, usually because a proposal is made to them to modify the issue to accommodate their interests, or (ii) the elective referendum is finally voted on and accepted/rejected by the citizens and the cantons (the double YES requirement).

Some examples may make it easier to explain/understand the incredible scope and impact of this fundamental instrument of direct democracy.

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First elective referendum - 1875

On May 23, 1875, for the first time an "attacked" issue was voted on with an elective referendum launched by the citizens. The issue was "the federal law on the right of Swiss citizens to vote". This was the ninth issue that could be challenged through an elective referendum since the new law came into force in September 1874. This means that the first 8 "passed" to come into force without being attacked. The issue in question defined the right to vote (or not) of Swiss citizens living outside their canton and/or commune of origin. The objective was to harmonize such rights throughout the country. An important aspect of the "fight" for not giving voting rights to "everyone in everything" was the distinction made according to whether the "foreigner" was permanently or only temporarily resident in the other canton/commune - for example, construction workers who moved from canton to canton during the summer months. The result of the vote was as follows:

Chart 7:

Outcome of the first elective referendum concerning the political rights of the citizens
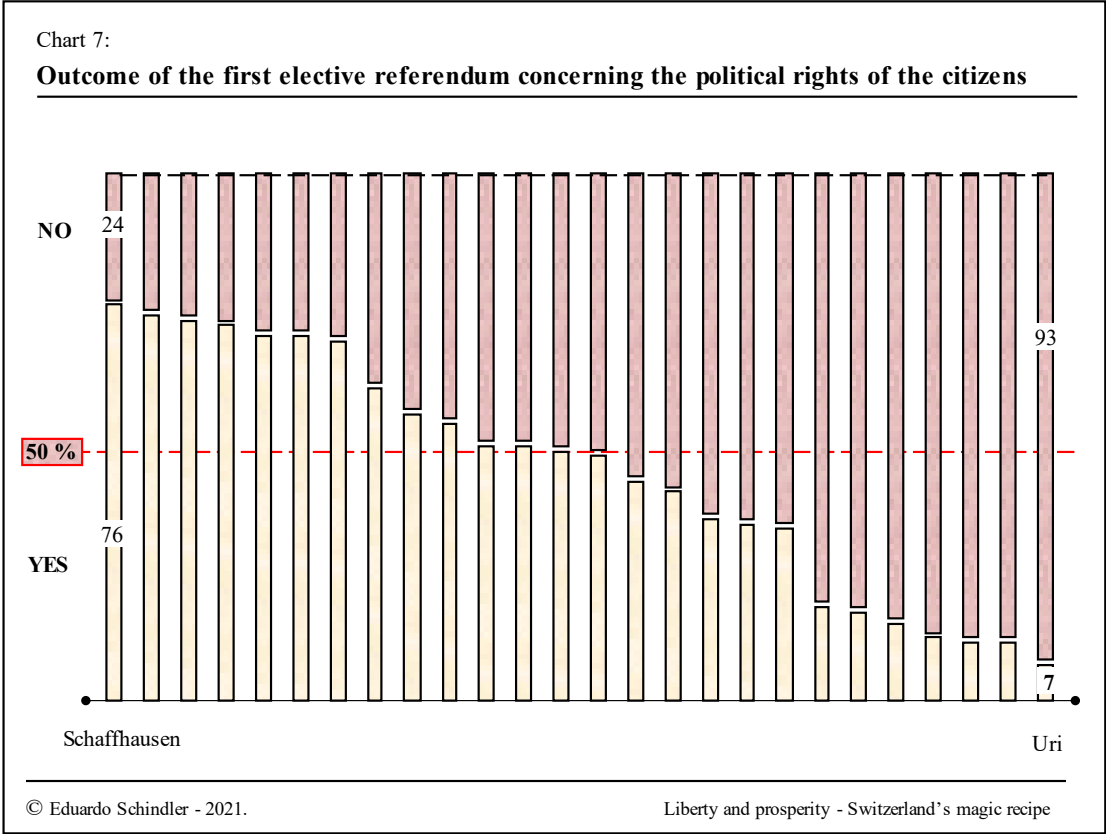
The issue was rejected (NO) rather narrowly by 50.6% of the voters nationwide, and with Schaffahusen giving the new law a 76% support and Uri only 7% approval. Already in October 1876 the federal council presented a corrected version of this law. This new version was again voted on in the context of an elective referendum in October 1877, and this time the NO received 62% of the votes.

Thus, the issue remained "pending" and under review until the state was in a position to propose a modified version that was acceptable (and actually also accepted) to the majority of the citizens and the cantons - namely, elimination of all restrictions.

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Elective referendum against law to finance the purchase of new military aircraft - 2014

As already said, there are neither taboos nor restrictions of any kind regarding the issue that can be "attacked" through the elective referendum. So, for example, the government/parliament passed a law in September 2013 to create a fund to finance the purchase of 22 military aircraft for an estimated CHF 3.1 billion. (The reason for the purchase was to replace a similar number of aircraft that were already in use for more than 25 years).

Obviously there are several years of work involving a large number of experts before a selection is made as to how many and what type of aircraft should be purchased. And there is still another good deal of time for the government and the federal parliament to process the issue before the law in question is enacted.

All in all, this new law has met with opposition from various groups of people, with very different interests and motivations among them. Pacifists are against it because in their opinion neither army nor armament is needed. Other people think it is too much money and there are other more important priorities. And there were still others who did not like the type of aircraft that had been chosen (Gripen from Sweden).

The committee that was formed to push forward this elective referendum managed to collect 65'384 signatures within the 100 days available. The photos below show first the gathering of signatures in a corner and then the moment when the committee officially delivers all the signatures in January 2014.

In the months leading up to the vote there are all kinds of activities and campaigns by people who are both against the initiative (vote YES in favor of the law) and in favor of the initiative proposing to repeal the funding fund law (vote NO). The photos below are of some of the posters used promoting NO/YES to the law in the weeks leading up to the vote:

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Given the importance of the issue, this was voted very quickly in May 2014. The question on the ballot sheet read "Do you want to accept the federal law of September 26, 2013 on the fund for the purchase of Gripen warplanes ?", and the results per canton were as follows:

Chart 8:
Outcome of the elective referendum "Acquisition of new military planes Gripen"

NO 32

74

50 %

YES 68

26

Nidwalden

Jura

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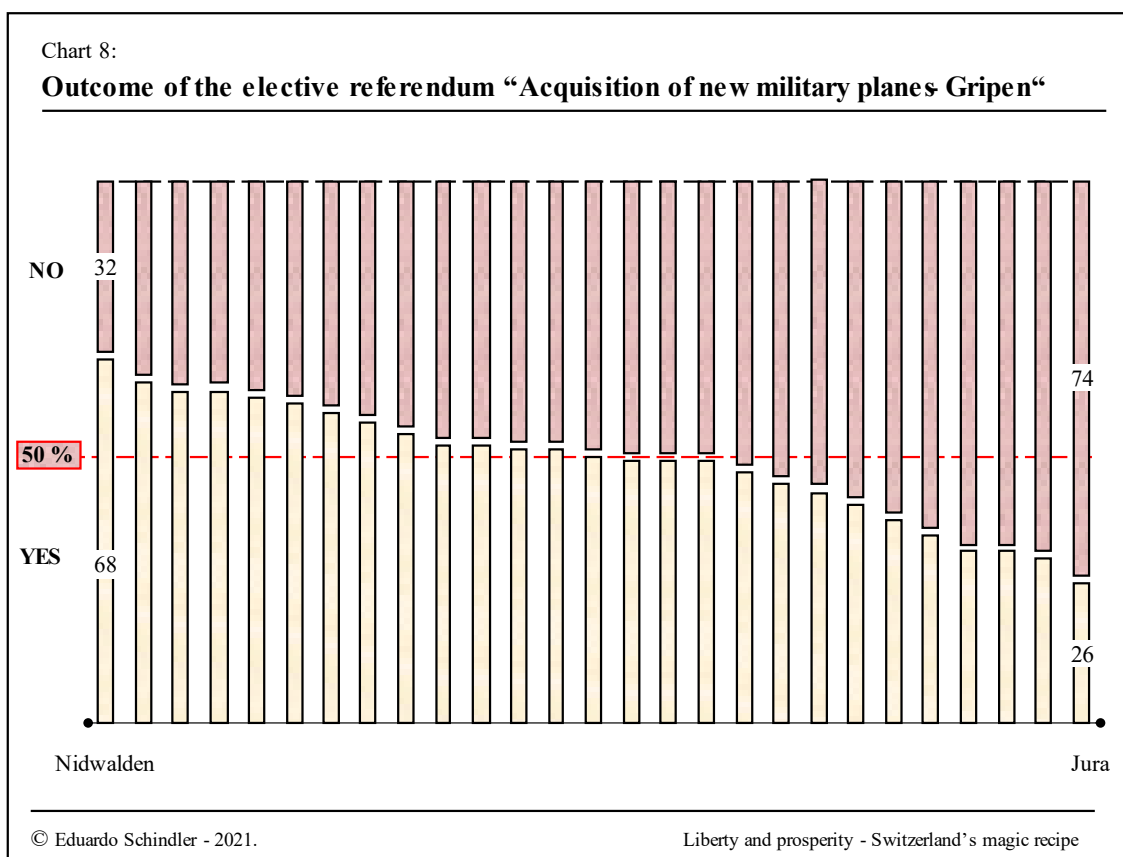
In the end the NO won with 53.4 % of the votes, and at the extremes was Nidwalden with YES at 68% while in Jura it only got 26%. It should be noted that the YES won in 14 cantons. Obviously the Gripen was not bought and the issue of new planes was left pending.

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But not for long. Already in December 2019 the federal council passed a new law with a budget of up to CHF 6 billion to buy new aircraft - this time with the tactical change of not having decided which model will be bought. The elective referendum was not long in coming again with 65'685 signatures, and the issue was voted on in September 2020.

This time there were 1'605'839 votes for YES and 1'597'324 votes for NO (49.9%), and 18 cantons voted in favor of the new law. The result is that within a few years, Switzerland will be able to replace aircraft that have meanwhile completed more than 30 years of faithful service.

Elective referendum against AHV revision law Nr. 11 - 2004

As already mentioned, the issue of recapitalizing the AHV is a semi-permanent part of the political agenda. In this context, and after long years of debate, the government/parliament passed AHV revision law Nr. 11. Among other things, this new law provided for an increase in the retirement age for women from 62 to 65, a reduction in compensation for widows and orphans, a partial adjustment for inflation, and an increase in VAT to contribute to the common fund.

As can be easily imagined, the elective referendum against this law was also not long in coming. The photos below show a sign with the message "Do not touch the AHV" recommending to vote NO to the revision, and the moment when the signatures collected are officially delivered to the state chancellery.

Source: Museum für Gestaltung Zürich.

This elective referendum was finally voted on in May 2004, with the following result:

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Chart 9:

Outcome of the elective referendum against the revision No. 11 of the AHV

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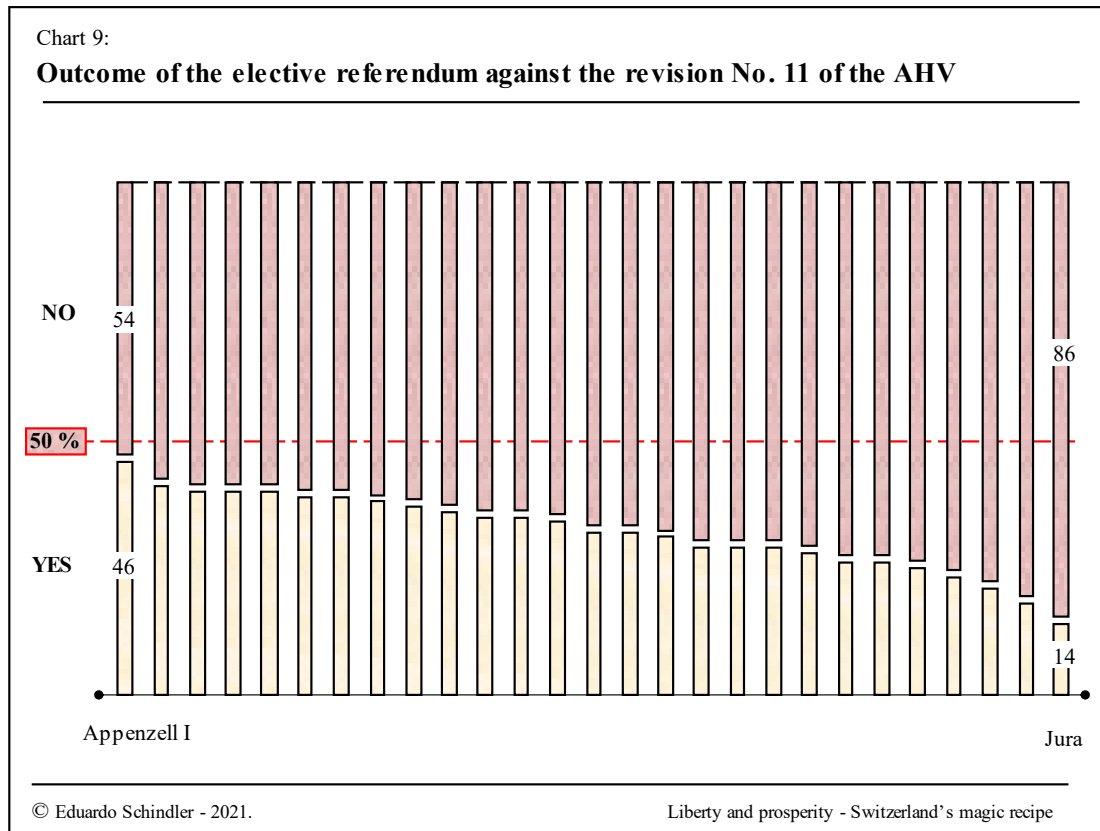
As illustrated, almost 7 out of 10 voters opposed the entry into force of this law. Moreover, there was no canton in which the majority of the people supported this solution - with Appenzell I receiving 46 % of the votes while in the Jura it barely reached 14 %. The photo below shows a map of the results at the level of each of the more than 2'170 communes in Switzerland.
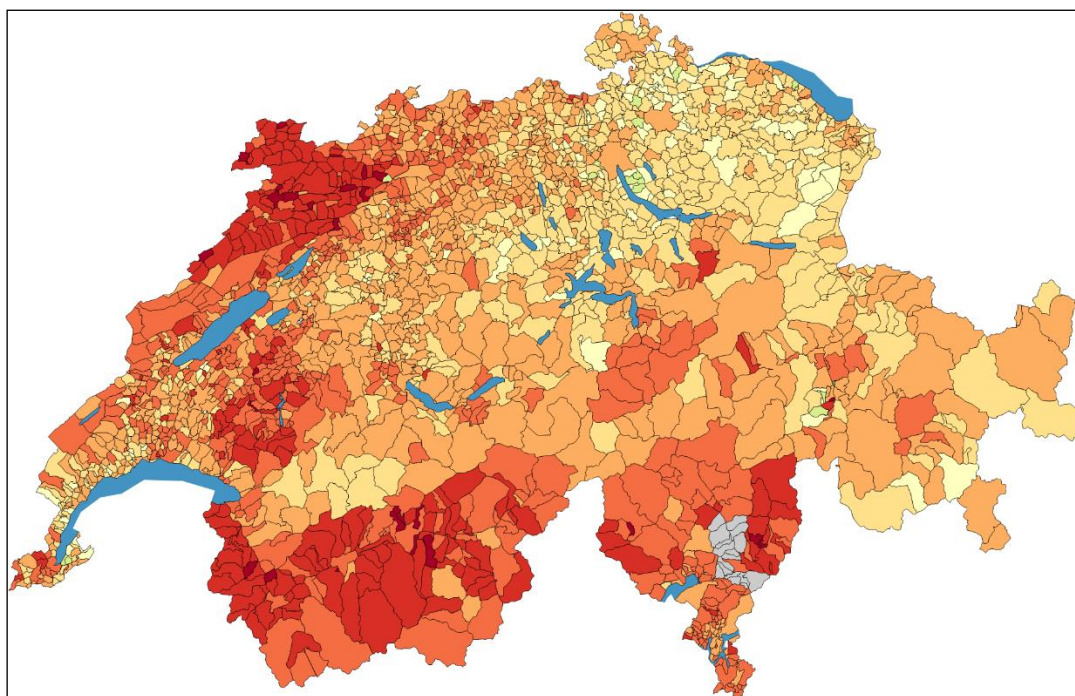
Source: Predokon.ch

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The lightest part is in the few places with the YES just over 40%, and the many darker ones are places where the NO was higher than 70%.

The result of this vote is that a bill already long discussed, formulated, approved and supported by the government, the parliament and the majority of the parties was rejected by the citizens, and therefore did not enter into force.

The result of this vote (68% NO) is particularly clear, and is also of great significance in illustrating the great scope and implications of this particular instrument of direct democracy. To understand this very essential point it is enough to ask oneself:

- how would the 7 out of 10 people who voted NO feel if they had had to, as is the case in partitocracies, "swallow" revision Nr. 11 and all its consequences as decided and imposed by the political class on the citizens ?

And in the context of understanding the fundamental role and importance of the elective referendum, the question can be formulated in terms of:

- how would people feel if they had only had the possibility to protest and oppose on the streets, but not the right to stop and cancel this new law ?

It is not hard to imagine that also in Switzerland people would be "burdened" with the long list of negative feelings that are distinctive to partitocracies, such as: frustration, anger, injustice and impotence, aversion towards the political class ("thieves", "they do what they want", "they always promise, never deliver", "liars"), and a feeling of great alienation and aversion towards the state. And perhaps it would not go without feeling a certain financial and/or moral "incentive" not to respect a law that is felt to be unjust - but which goes into effect anyway. (Isn't it a natural right to protect oneself from theft, particularly if it comes from the state ?)

Needless to say, the accumulation of laws and acts of the state contrary to the genuine wishes of the people does nothing but create an increasing spiral of discontent, in which each and every one of the sentiments listed above is exacerbated to higher and higher levels. And from a certain point onwards, the large protests that are regularly observed in so many other nations would also take place in Switzerland - not to speak of real "social explosions" when the rage accumulated for years "explodes" out of all proportion to the event that gives rise to it.

And there is even worse. The accumulation of "imposed" laws not only aggravates citizen discontent, but also creates and enlarges a real "knot" among dozens of "tangled and pending" issues on the political

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agenda. The complexity of a growing "knot" contributes in turn to a more radical political life, to a growing and acute displeasure in broad groups of the population, and to a progressive difficulty on the part of the citizen to believe/understand what value their vote can have in solving their nation's problems.

Largely thanks in particular to the elective referendum, none of the above is happening in Switzerland - to the great benefit of a serene, secure and harmonious life. Indeed, that the people in this country can benefit from both (i) living free from negative feelings towards the state, the political class, and the media, and (ii) being exposed to the cynical instrumentalization of discontent, is not due to particular virtues of politicians nor is it due to a "meek acceptance/resignation" on the part of the people. In fact, the main reason why there is not, and cannot be, such a level of social discontent in this country is because the instrument of the elective referendum allows the people to correct, and if necessary to overturn, quickly and directly, any and all "abuses and injustices" that may come from the state. At all times, on all issues, and at each of the three levels of the state.

In other words: without this instrument, Switzerland simply would not be the "oasis of tranquility" it has been and is today.

4.- The right to launch and vote on a popular initiative for/against a topic

In the amendment to the constitution of 1891, it is established that every citizen has the right, at any time, to launch a popular initiative for/against a topic that has not yet been addressed by the government/ parliament and with the objective that it becomes law. We will call it a "topic" to differentiate it from an "issue" that comes to the vote by way of mandatory or elective referendum.

For this purpose, the proponents of a popular initiative have to formulate a specific topic to be introduced in the working agenda of the government/parliament. At the federal level the committee responsible for the initiative has 180 days to obtain and submit at least 100'000 valid signatures supporting the initiative in question.

The deadlines and the minimum number of signatures vary depending on the canton and commune in question. For example, in the canton of Ticino, at least 10'000 valid signatures must be collected within 100 days from the moment the text of the initiative is published in the official gazette. Whereas to launch an initiative at the level of a commune in the canton of Lucerne, it is necessary to collect the signatures of at least 10% of the citizens of the commune (but 500 of them are already sufficient in the larger ones) within 60 days.

In case the initiative meets the necessary requirements, then the proposed topic should be incorporated into the agenda of the government/parliament. The state in turn can either make a counter-proposal to

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the proponents of the initiative, or let the text pass as indicated in the initiative (without a counter-proposal) directly to a vote.

In case there is a counter-proposal and it is acceptable to the proponents, then the initiative is withdrawn and the topic does not come to a vote. (Be noted that the resulting counter-proposal is still subject to an elective referendum.) On the contrary, in the event that it is not acceptable, then three options will be submitted to referendum: the initiative as presented, the government's counter-proposal, and a third additional question on the ballot that asks the citizen to mark which one he/she prefers between the two alternatives in case both are accepted.

The main function of this third instrument of direct democracy is to allow the citizens to incorporate into the political agenda (of the nation, canton or commune) any aspect of possible public interest that for some reason does not receive consideration by the political class. It is worth mentioning that this lack of attention is due to the fact that many of these topics are often far removed from the mainstream of interest of the majority of the people.

All in all, this instrument has a very valuable dual function in promoting and maintaining a peaceful and harmonious life in the community. First, the initiative acts as a real "escape valve" from the political system, and allows all kinds of minorities to make their voices heard (even on the most absurd issues) in a civilized manner instead of expressing their frustration in a violent way. And secondly, the "processing and disposing" of the most ex-centric topics imaginable by way of the vote/referendum translates into a political agenda that is always "clean" of secondary, but potentially explosive, issues that would otherwise get stuck/clogged up in the system.

Needless to say, this instrument is the "secret" that allows a civilized and mutually tolerant coexistence with all kinds of minorities - to the great benefit of the whole community.

A few examples may help us to better explain/understand the role and impact that this third instrument has within Swiss society.

The first popular initiative - 1893

Already a few months after this new political right came into force, the citizenry successfully completed the first popular initiative in the country's history. Indeed, in September 1892, the proponents of the initiative submitted 83,159 signatures in support of their topic - well over the 50,000 required. This initiative was referred to referendum in August 1893, and the YES won with 60% of the votes.

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One might ask, what was the top priority issue chosen by the citizens, and which managed to gather so many signatures already at that time: security ? public lighting ? creating jobs ? or, better working conditions, more schools and hospitals ?

Incredible as it may seem, the first issue that the Swiss society "pushed" through a popular initiative was "the prohibition of slaughtering animals without anesthesia". A touch of infinite humanism, reflecting the willingness of Swiss citizens to put not only the welfare of the community but even the well-being of the animals ahead of their own immediate interests. Another great example that characterizes the DNA of the nation that created the red cross.

Work Hours Reduction Initiative - 1976

In the mid-1970s standard work contracts were based on a total of 44.5 hours of work per week. A group of people (Partito socialista autónomo, Revolutionäre marxistische Liga, Progressive Organisationen Schweiz) promoted the notion that this was too long, and launched the initiative to reduce the workload to no more than 40 hours - while keeping the original salary.

Needless to say, proposals of this nature are rather populist in nature, and so it is not surprising that the Swiss political class avoids either considering them in their normal work agenda, or supporting them when they come to consideration by way of an initiative. In the end the topic was voted on, without a counter-proposal from the government, in December 1976 with the following result:

Chart 10:
Outcome of the initiative "Week with only 40 hours of work"

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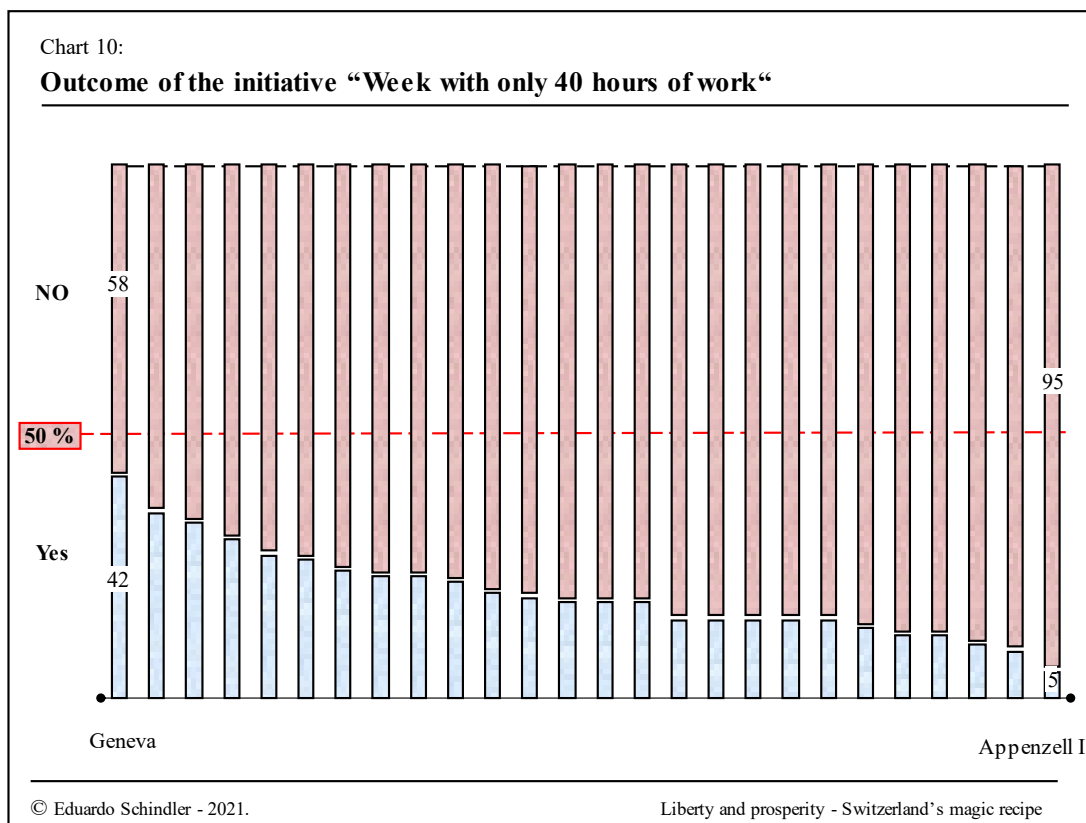
As can be observed, the NO won in all cantons, and obtained 78% of the votes of the citizens. That is, almost 8 out of 10 people were opposed to having their working hours reduced ! The highest support for the initiative was in Geneva with 42%, while in Appenzell I the idea received only 5% of the votes.

Anecdotally, the same topic of reduction to a maximum of 40 working hours per week returned to the political agenda and was voted on again in December 1988 - again as a result of a popular initiative. This time the NO vote was 66%.

Beyond the YES/NO opinion that everyone may have on the topic in question, an important benefit of putting popular initiatives to vote is that demagogic ideas disappear from the political discussion - at least for a long time. The result is that demagogues and agitators who in other countries would have wanted/been able to continue to instrumentalize the idea to "stir up" discontent among the people, here in Switzerland they receive a powerful "mouth-covering" directly from the citizens. And by the way, receiving a NO from the majority of the people has a very different impact on these agitators than receiving a NO from the government - often an even greater incentive to keep agitating. Therefore, and as if that were not enough, no form of state repression is needed. In fact, these types of people, and the press that goes along with them, eventually "keep quiet on their own".

All in all, the question that really counts and remains open is: how is it possible to explain that 8 out of 10 people in Switzerland refuse the "incredible gift" of working less and earning the same ?

This is a question of great importance to explain and understand how political life works in this country. And it will be addressed at length in chapter three in the context of the financial autonomy of the cantons and communes - particularly in connection with the results of the popular initiative to grant "at least 6 weeks of paid vacation per year for all" that are presented and discussed there.

Initiative for a Switzerland without an army - 1989

Incredible as it may seem, the topic of actually eliminating the army has been voted (several times already) through the instrument of the popular initiative. Behind such initiatives there are generally pacifist groups who believe that eliminating the army will lead to a better world. This group is sometimes joined by people who have an aversion to structures that represent power and/or the established order.

For example, the Gruppe für eine Schweiz ohne Armee launched an initiative for a Switzerland without an army at the end of 1985 and collected more than 111,000 signatures during most of 1986. The federal council rejected the initiative in May 1988 and the parliament did so in March 1989.

The photos below illustrate some of the posters used by proponents and opponents of the initiative urging to vote YES or NO for the initiative.

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Source: Museum für Gestaltung Zürich.

In the end, the topic was voted on, without a counter-proposal, in November 1989, with the following result:

Chart 11:
Outcome of the initiative "Switzerland without an army"

NO 44

50 %

76

YES 56

24

Jura

Uri

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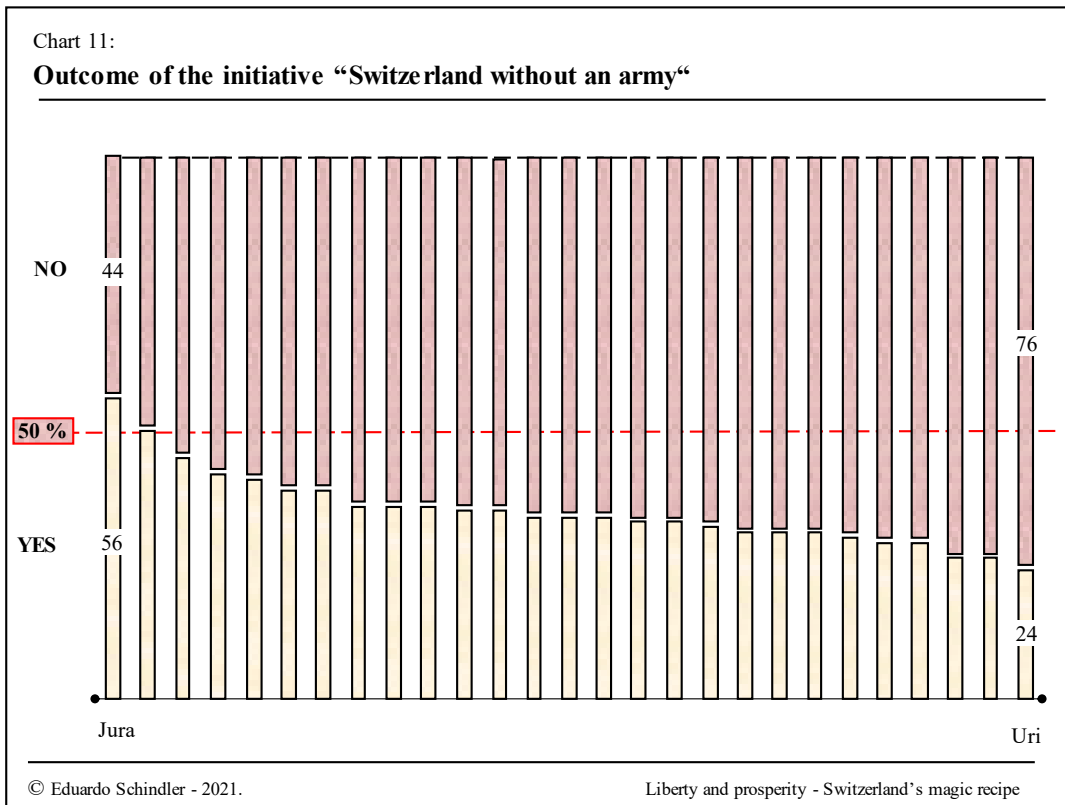
As evidenced, there were only two cantons in which the initiative received the majority of the votes, with Jura giving it no less than 56% of the preferences. At the other extreme is Uri which gave it only 24% of the preferences. At the national level, the initiative was rejected with 64% NO. The map below shows the results at the level of the country's communes - with green colored in the few places where YES won, and the various shades of red reflecting the intensity of NO.
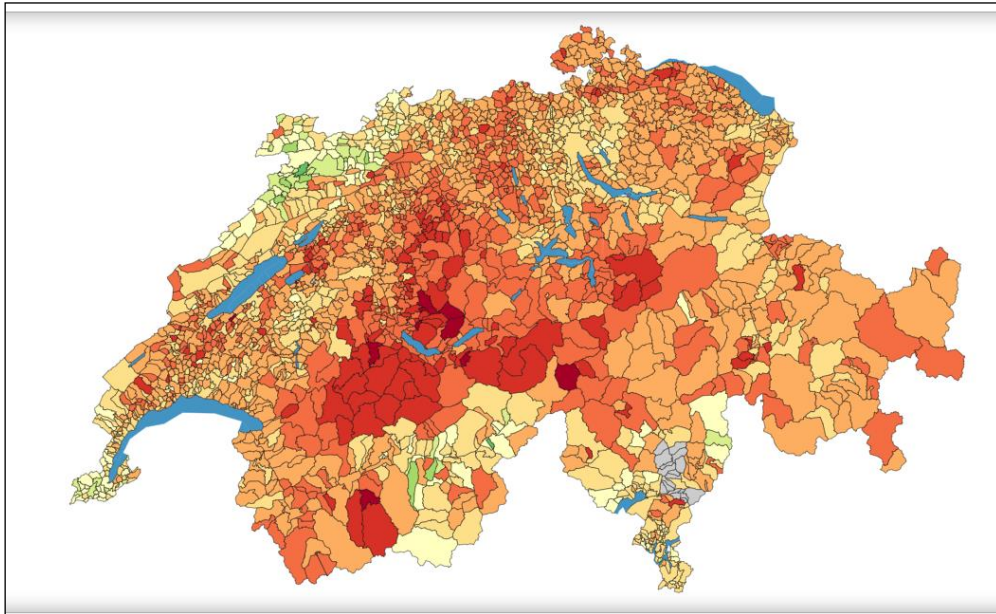
Source: Predokon.ch

The same topic was raised again by the Gruppe für eine Schweiz ohne Armee in an initiative launched in 1999 under the title "For a credible security policy and Switzerland without an army". The Senate rejected the initiative by 38:0 votes, while the Chamber of Deputies rejected it by 108:33 votes. This new initiative was voted on in December 2001, without a counter-proposal, and this time the NO won with 78% of the votes - with the map below illustrating the results in the various communes.
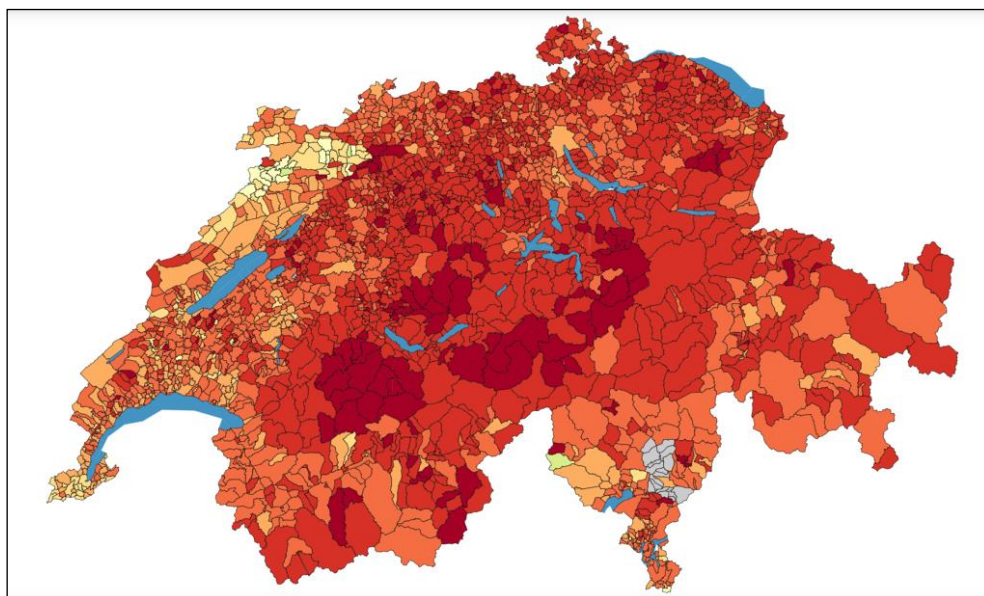
Source: Predokon.ch

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And as if that was not enough, in 2012 the same group launched for the third time another initiative under the title "YES to eliminating compulsory military service". It was voted on in September 2013, and the NO won again with 73% of the vote. The photos below are of a poster used to promote the NO, and the map of results according to the intensity of the NO in each of the 26 cantons - with several cantons (the most obscure) where the YES received less than 14% of the vote:
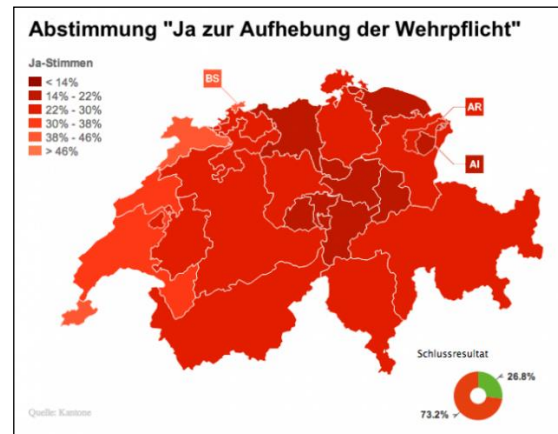
Source: FDP Schweiz.

It should be mentioned that in many cases the proponents of an initiative know from the outset that there is no real chance of winning. Even so, they launch an initiative with the objective that their topic will gain notoriety in the public opinion. But what really counts are the laws that come into force and that govern life in society. In this context, all the "Switzerland without an army" type initiatives that lose their referendums, in the end are nothing more than "a bit of transitory noise", but do not really have a major impact, nor do they make an effective contribution to improving/changing the lifestyle of the community. Hence, the main utility of this instrument is to provide all kinds of minorities with an "outlet" for their emotions, and this in a much more civilized way than having to take protest to the streets.

However, there are certainly exceptions to its rather placebo-like function. The following example shows that in some circumstances popular initiatives can even have historical significance.

Initiative for the return to direct democracy - 1949

During a period of war, Switzerland is governed by a set of special laws. For example, a general is elected in the army who de-facto becomes the president of the confederation. This was the case with General Henri Guisan who was elected in this role on August 30, 1939 with 204 out of a possible 229 votes. In addition, the government can act under an emergency regime - including limiting the powers of the parliament and making some of the political rights of the citizens unenforceable.

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The problem is that the political class has little trouble "getting the hang of" governing without the burden of having the citizens in control of everything, all the time, and ready to intervene at any time and/or on any kind of issue if it deems it necessary. And history shows that Switzerland has been no exception of particular virtue in this.

In fact, the World War II ended in the summer of 1945, and General Guisan retired from office as early as August 20 of the same year. Time passed and the government/parliament made no effort to restore to the citizens the political rights that had been suspended at the outbreak of the war. In the end the situation deteriorated to the point that a committee of people was formed and successfully launched a popular initiative in the summer of 1946 to force the elimination of all decrees that allowed to rule still based on emergency law - and thus ensure the immediate return to direct democracy as it had been practiced until the suspension of political rights in 1939.

However, the Federal Council managed to ensure that the initiative was "forgotten" for a couple of years in a drawer somewhere. And it was only thanks to the intervention of some parliamentarians in February of 1948 that the Federal Council was forced to take a position and report back to parliament on the matter. The parliament in turn took another year to review and discuss the topic, so that the initiative was finally voted on only on September 11, 1949 - that is, more than three years after it was submitted. In the end, it is the results of the referendum that count, and they are surprising:

Chart 12:
Outcome of the initiative "Back to direct democracy"

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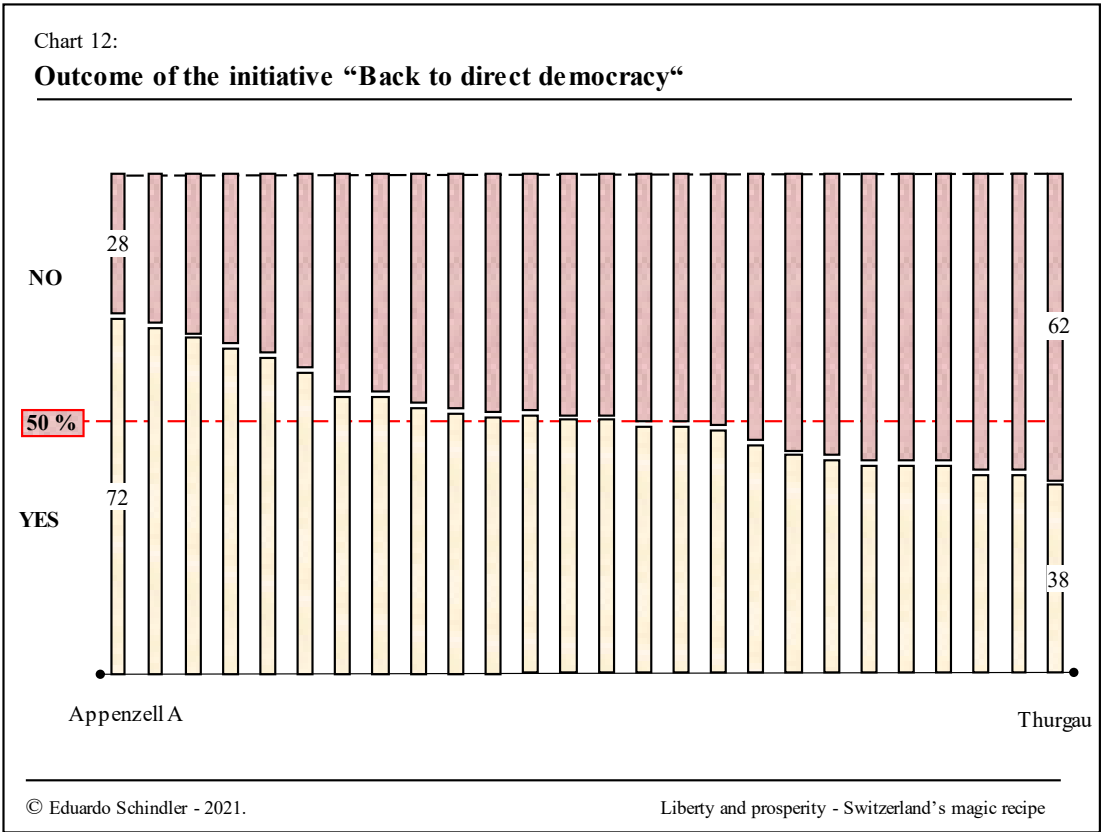
As can be viewed, the YES won only with a very small margin and received just 50.7% of the votes, while there were 11 cantons in which the NO actually won.

This result is particularly surprising because the YES won despite the fact that the government, the parliament, and all the leaders of the country's major political parties had called for a NO vote. And in fact, this result was only the seventh YES to a popular initiative since its introduction in 1891. It will then take another 32 years before the YES wins again in an initiative in 1971.

It is worth mentioning that despite the success of the initiative, the government/parliament took still another 3 years before it finished bringing out all the "emergency laws" by the end of 1952. In this context, perhaps the most important messages from this remarkable example are the following:

- the government/parliament of the time sadly proved that, if possible, also in Switzerland there is no rush to deal with issues that do not suit the political class - as it is often the case in representative democracies; and

- it is not the virtues of the political class that have made Switzerland the wonderful country it is, but it is above all the mechanisms of direct democracy that generate such a result - by way of either:

  i) forcing the political class to maintain discipline and behave very differently from representative democracies; and if necessary,

  ii) intervening directly to overturn/correct any form of inefficiency, abuse or exaggeration emanating from the organs of the state.

The vote on this initiative also provides us with a good example of a recurrent topic of discussion, namely: the rate of participation of the people. The chart below shows the turnout profile in the various cantons on the occasion of the elective referendum on the "return to direct democracy" of 1949. As can be seen, there can be substantial differences between them:

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Chart 13:

Participation to the vote in the initiative "Back to direct democracy"

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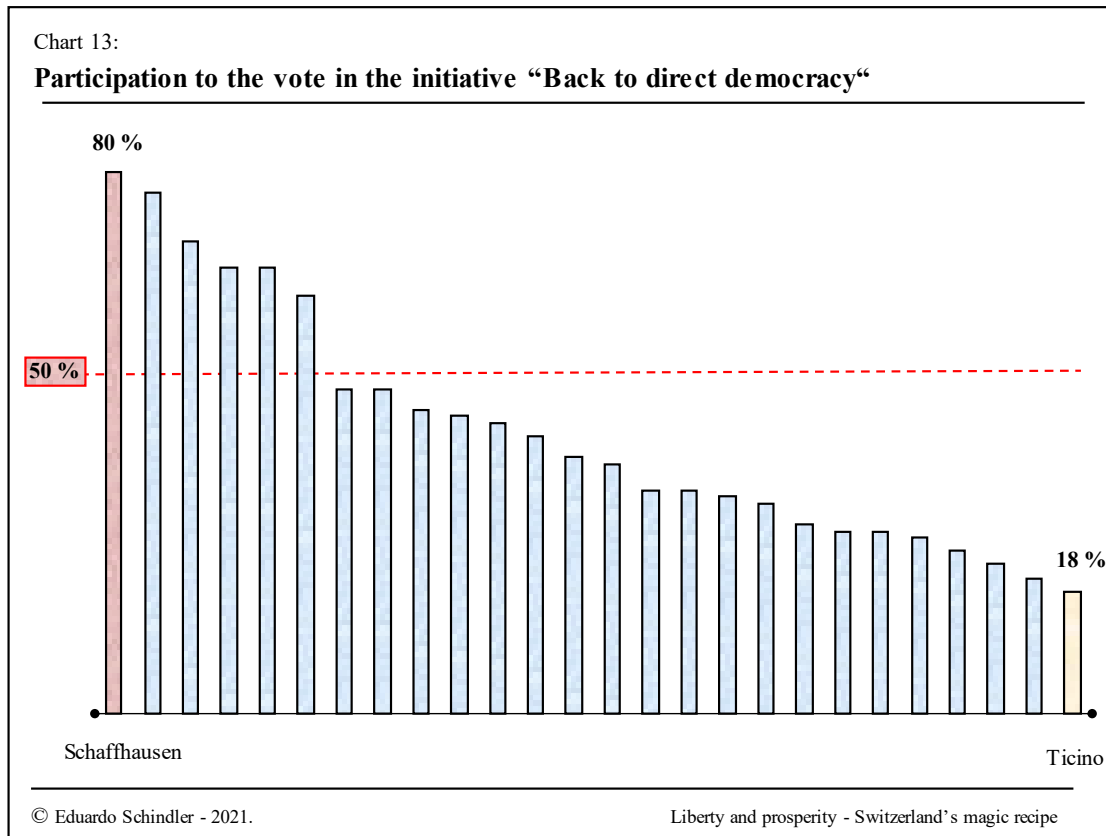
It is interesting to note that in Canton Ticino only 18% of the citizens squeezed out at the polls - despite the fact that a vote was being taken on an issue of capital and historical importance. In Schaffhausen, on the other hand, 80% of the people went to the polls. It is worth noting that in most cantons less than 50% of the people turned out to vote, bringing the national turnout to just 43%.

In this context, the chart below illustrates the maximum and minimum cantonal participation rates in some of the examples of initiatives discussed above.

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Chart 14:

Examples of highest/lowest participation rates among cantons and topics

82 %   80 %   78 %   71 %
60 %   51 %
50 % -
                36 %
          18 %

Switzerland   Back to direct   Week with only   Acquisition
withou an army   democracy   40 hours of work   of Gripen

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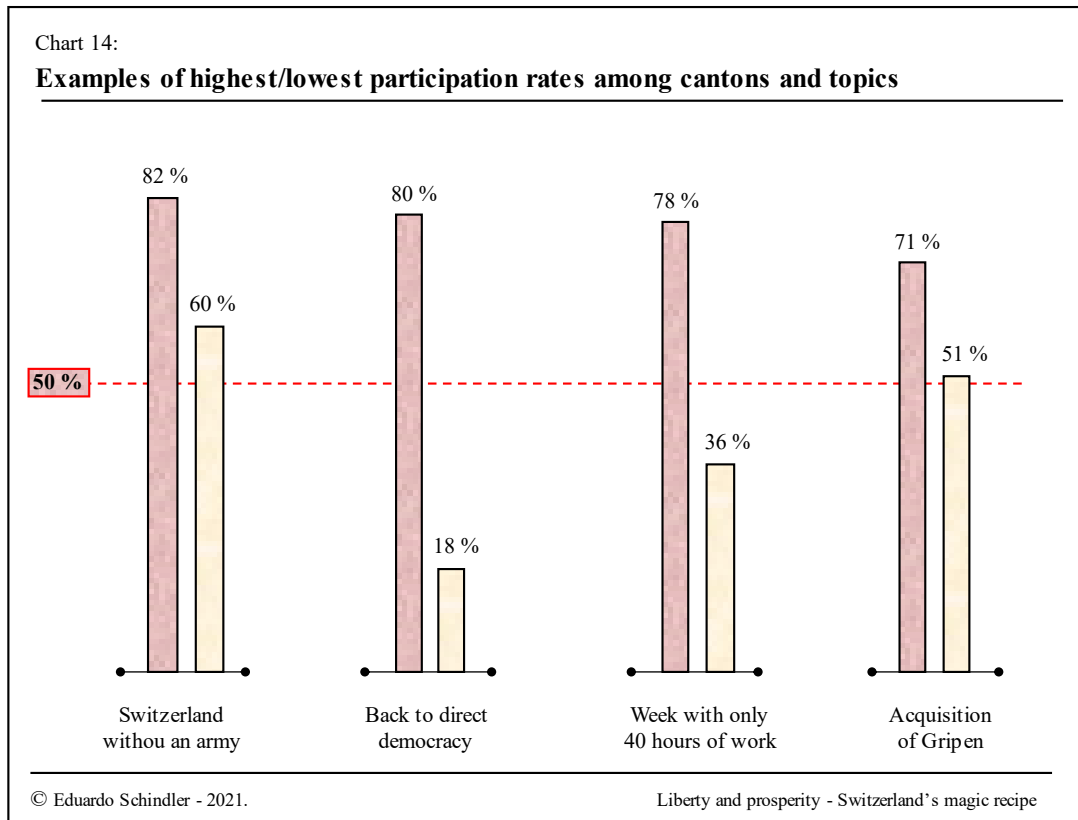
As can be noticed, people's willingness to express their opinion through voting can vary significantly between cantons, and between the issues being voted on.

The low turnout rates observed in Switzerland has regularly been a topic of discussion. While some observers interpret it as a sign of "poverty" in democratic life, others (including the author) interpret it as an unmistakable sign of the high level of satisfaction that exists, in a large majority of the population, with the excellent situation in which the country finds itself. The low participation rates are also proof that there are no longer "big problems" pending, and that all such "big matters" have been solved to the satisfaction of the majority. Therefore, by now most of the issues still left to be voted have (fortunately) only a rather secondary importance for the daily life of the people.

Be that as it may, the most important aspect to retain in this discussion is the fundamental principle of freedom and supremacy of the citizen over the state. Namely: people can and should never be forced to vote. And it is up to each citizen, and only the citizen, who in total freedom can decide whether or not to make use of his/her broad (and inalienable) political rights every time that he/she is called to the polls.

5.- Summary

The following chart is a summary of the breadth of the political rights of the Swiss citizens, as well as the great depth of these rights as they apply to each and every one of the three levels of the state.

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Chart 15:

Summary of the political rights of Swiss citizens

Political rights	3 levels of the state		
	National	Regional	Communal
Elect representatives			
○ Executive	☐	✔	✔
○ Legislative	✔	✔	✔
Vote mandatory referendums	✔	✔	✔
Launch, sign and/or vote			
○ Elective referendums	✔	✔	✔
○ Citizens' initiatives	✔	✔	✔

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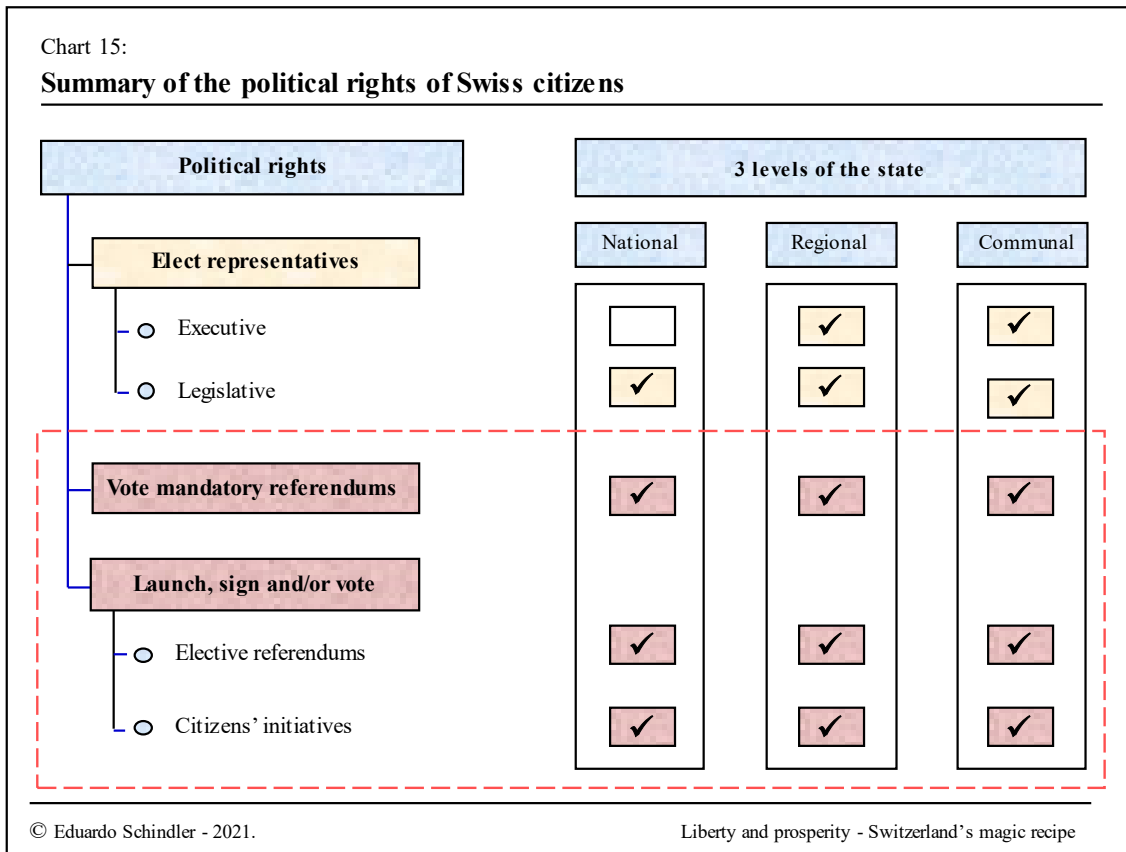
The political rights that most distinguish direct democracy as applied in Switzerland are framed by the rectangle with the red dotted-line.

The impact and contributions that each of these rights has on the "fabric and processes" that build the country derive partly from the intrinsic aspects that each of them has (as presented at the end of this chapter), and partly from the fact that they are exercised on a quarterly basis. In the author's opinion, it is precisely this high frequency that enhances and enlarges the true impact/contribution that such rights have in making Switzerland a peerless country. And this is also the reason why the second part of this chapter is devoted to analyzing the importance and impact of having 3-4 referendums per year.

1.2.- High frequency of use of political rights

The full impact that political rights have on (i) the way the state operates and (ii) the outcomes that are obtained depend not only on the extent of such rights, but also on the frequency with which people can make use of them. The purpose of this section is, therefore, to illustrate the contribution made by the fact that such rights can be exercised on a regular basis.

1.- When and how to vote

Swiss citizens are called to vote on the issues/topics to be referended three or four times a year. At each of these sessions, all the issues that are ready are voted on, and federal, cantonal and communal issues

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are voted on at the same time. The authorities have a certain margin of maneuver in accelerating or delaying the voting on one or another issue, but in general there is a natural rhythm of progress in the advancement of the political agenda.

The dates of each session are known well in advance, and in fact future votes are already pre-scheduled through November 2040.

As the issues to be voted on in each referendum session are known months in advance, the parties interested in campaigning for the YES and NO sides begin to make themselves known progressively. Often the first to express themselves are the political parties. To that effect each party holds a meeting of representatives from all corners of the country about 6-8 weeks before the voting date, and the official party recommendation to vote YES or NO on each issue to be referended is decided. Sometimes it is decided to give a "free vote" and not to make a recommendation. Little by little there are also articles in social-media, the press, advertisements in magazines and newspapers with the names/photos of celebrities who support one or another position, posters in the street, debates on TV and radio, and in the news there are interviews to political leaders, polls of people's preferences, etc. Sometimes there are public acts and/or demonstrations - but this is rather the exception and in general with very low presence of people. Voting YES or NO is seldom a topic of extensive conversation among persons, and such discussions are kept within the family and/or a close group of friends.

The distribution of the voting material, the reception of the votes, the counting of the votes, and the transmission of the results is the responsibility of each of the more than 2'170 communes in the country. To this effect, the commune is responsible for keeping an updated registry of the citizens residing in it. (Keeping these records up to date also plays a major role in tax collection, as will be seen in chapter three).

A few weeks before the date for the referendum, each citizen entitled to vote receives by mail, at his or her official address of residence, an envelope containing all the material necessary to vote. The envelope contains: a ballot paper for each issue with the question to be voted on and a square where the YES or NO is written in handwriting; an explanatory leaflet describing briefly, and for each issue, "what it is about", the main pro/con arguments advanced, the government's recommendation to vote YES or NO, and the results of the vote in parliament on the issue in question; a legitimization ballot paper to be signed by the citizen; and an envelope to be used in case the person would like to send his/her vote by mail. The photo below is an example of the material received.

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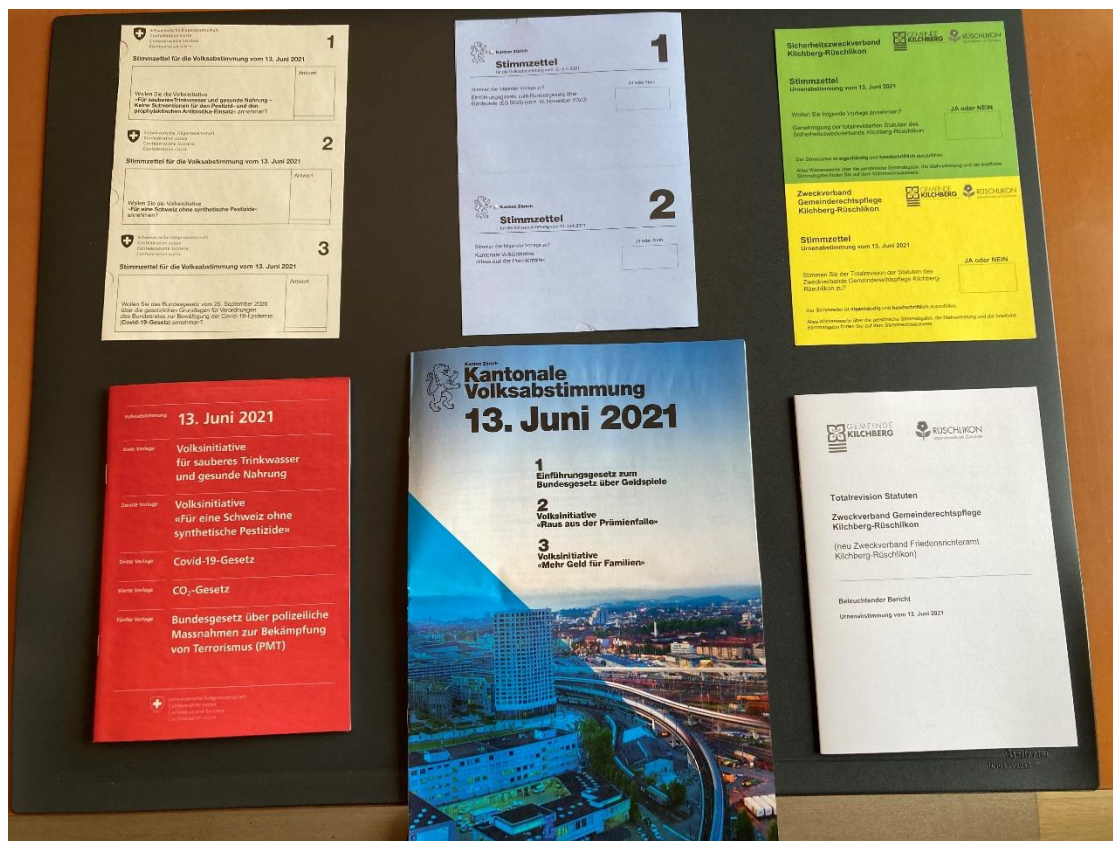
Other possible ways to vote are to take the envelope with the ballot papers and identification either (i) to the offices of the commune, starting two weeks before the closing date of the polls, or (ii) to one of the ballot boxes that are placed in various parts of the commune (schools, train stations) during the voting weekend.

On Sunday at noon all the polls close and the counting of votes begins. Usually by 5:00 p.m. all results are known.

In order to carry out these quarterly processes properly, each commune has a body of residents who voluntarily, and for a period of 4 years, declare themselves willing to act as voting officers and count the votes. Obviously these people receive a remuneration for their work of about CHF 25 per hour.

2.- Referendum statistics at the national level

The first mandatory referendum vote took place on June 6, 1848, and the issue at stake was nothing less than approving the new constitution of the Helvetic Republic - which is still in force today, with regular adjustments coming from approved referendums.

Since that date, and until December 2020, the Swiss citizens has been called upon to referendum issues at the ballot box a total of 295 times. And in these sessions a total of 605 issues and topics have been voted on. The chart below shows the evolution of the number of sessions and topics voted on in various 30-year time periods, except for the first period before 1900 which covers 52 years.

Chart 16:

Evolution of the number of referendums and issues voted at national level

- Nr. of referendums
- Nr. of issues voted

Period	Nr. of referendums	Nr. of issues voted
1848 - 1900	37	47
1901 - 1930	40	54
1931 - 1960	65	82
1961 - 1990	59	170
1991 - 2020	94	252

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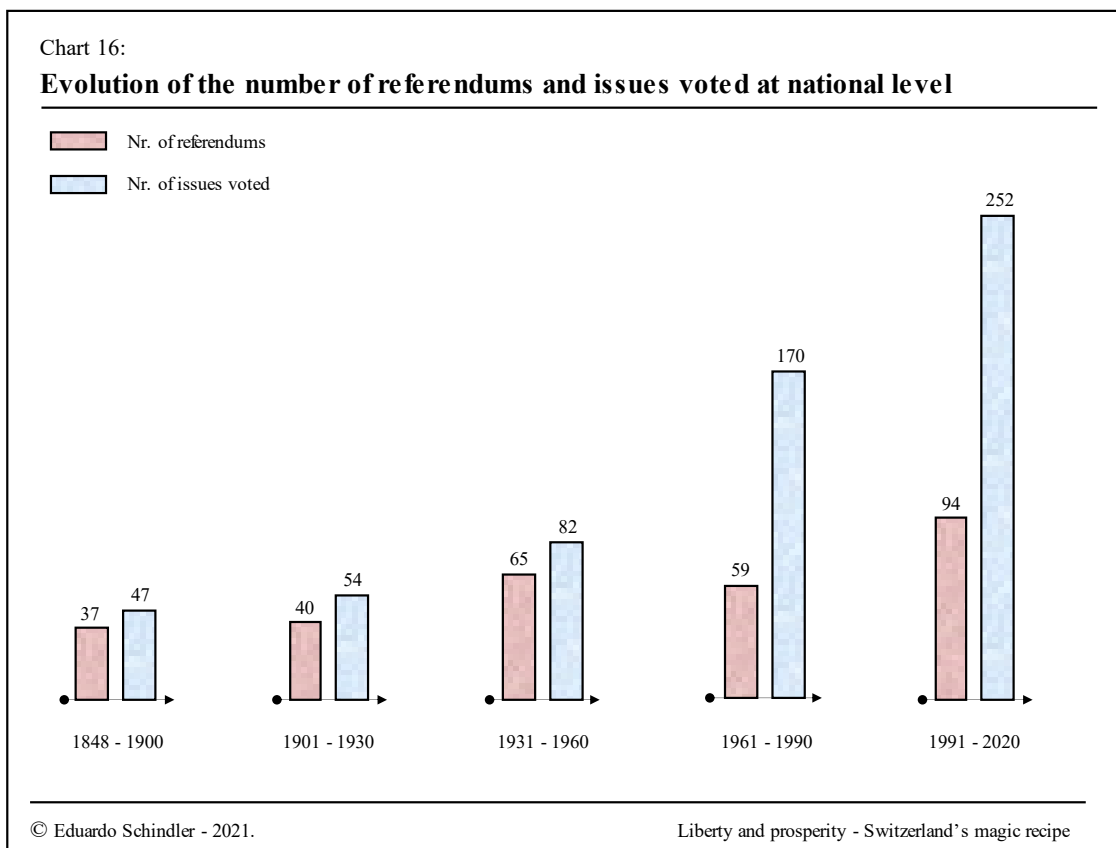
As evidenced, there has been a significant progression in the number of topics/topics to be referended, while the number of sessions has had a somewhat more gradual growth. All in all, the high frequency of 3 to 4 sessions per year provides the country's political system with (i) an important "draught" to decide issues and thus clean&update the political agenda on a regular basis, and also (ii) a "rhythm" of work so that the issues still pending are continuously and permanently advanced.

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Seen from another perspective, one may ask: what would be the point of having the broad political rights described in the first part of this chapter if there were less frequent use of them ? how much more "stuck" would the system be ? and how much more antagonistic would be the dynamics among the citizens, the parliament and the government to "push" (or delay) for issues to be referended ?

Therefore, it is evident that a higher/lower frequency of referendums only enhances/diminishes the value and impact of each and every one of the political rights described above.

The chart below illustrates the structure of the 605 referendum topics according to the type of political right that gave rise to the referendum in question.

Chart 17:
Number and structure of issues voted at national level in 170 years

605 temas

196

Mandatory

191

Elective

218

Issues voted
1848 - 2020

Initiatives

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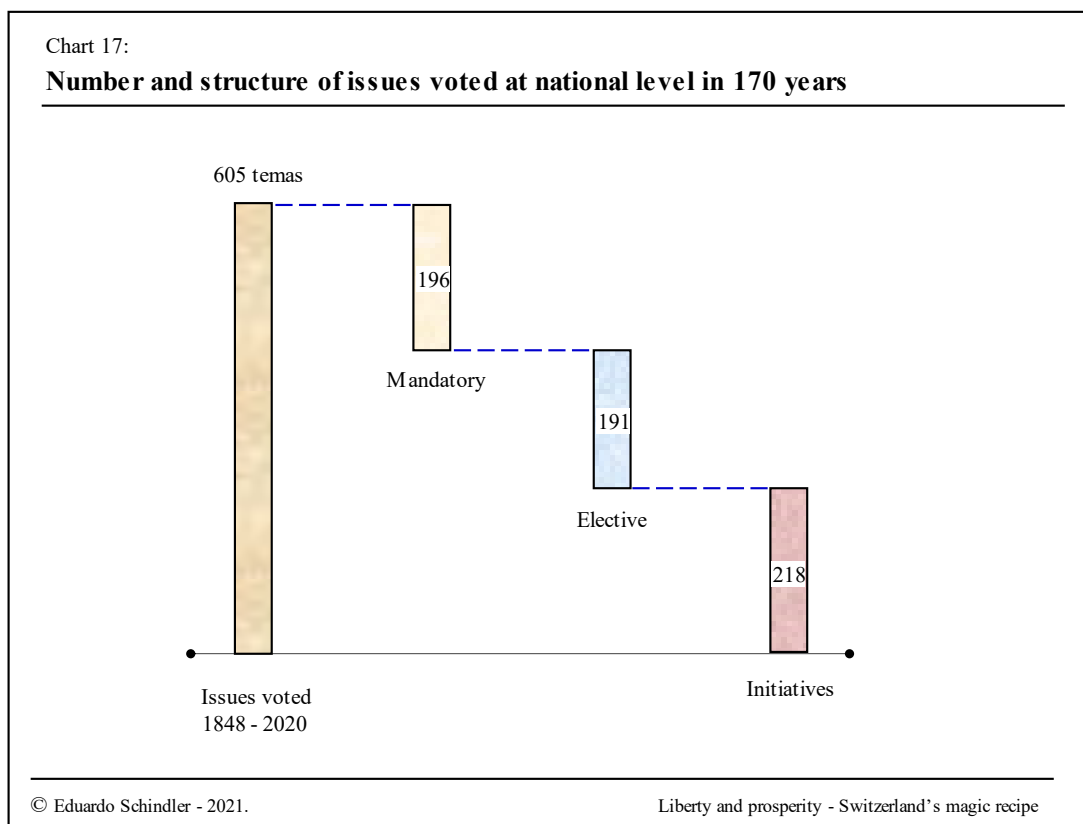
As it is shown, of the 605 issues referended to date: 196 are the result of a mandatory referendum, 191 originated by way of an elective referendum, and 218 came to be voted on by way of a popular initiative.

The following chart illustrates in more detail the evolution of the number and structure of the referendum topics according to the political right that generated the vote throughout the various time periods considered.

_____

Chart 18:
Structure of issues referended at national level

252 issues

	104
170	86
66	
38	62
66	

82

| 25 |
| 28 |
| 29 |

54

| 18 |
| 13 |
| 23 |

47

Initiativas
Elective
Mandatory

| 26 |
| 16 |

1848 - 1900   1901 - 1930   1931 - 1960   1961 - 1990   1991 - 2020

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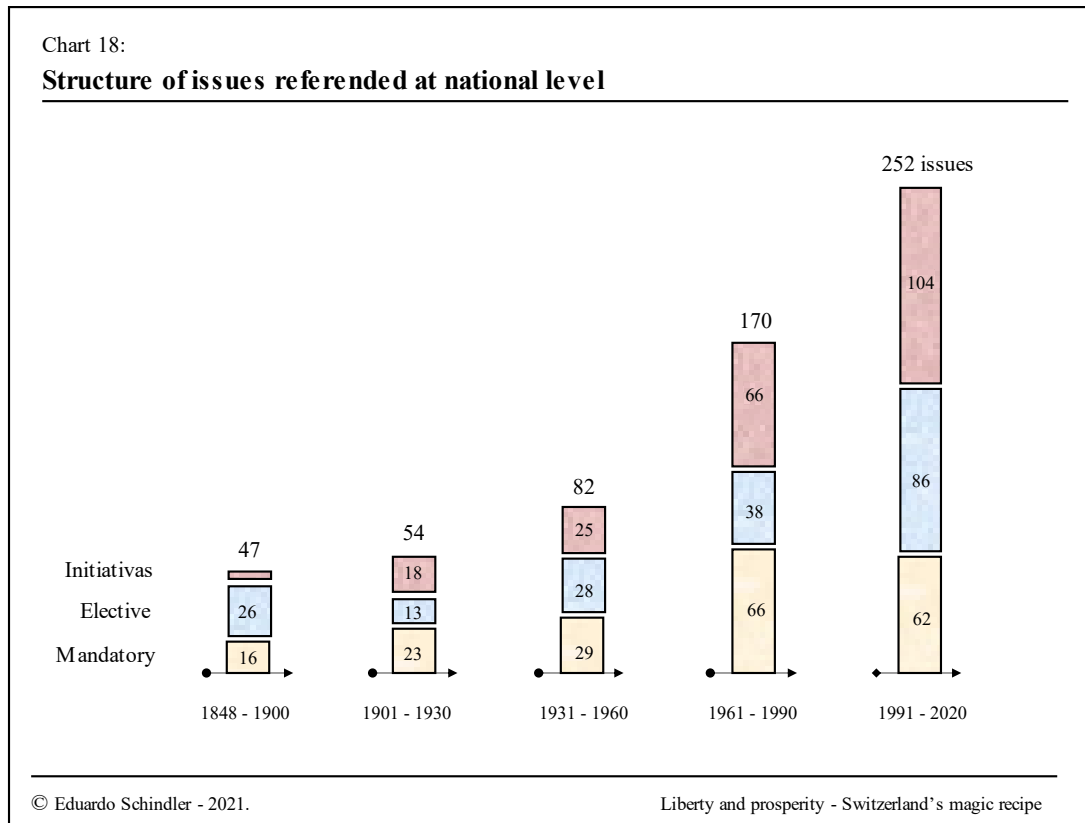
For example, in the period from 1961 to 2020, a total of 252 issues were referended, of which 104 were voted on by means of a popular initiative, 86 by means of an elective referendum and 62 as a result of a mandatory referendum.

This chart reveals a very important aspect of direct democracy: the citizens have always made an intense and growing use of their broad political rights. In fact, the vast majority of issues/topics being referended are originated by an attentive, active, and responsible citizenry that does not hesitate to assert its rights when necessary.

In this context, the reader should think for a moment about the great effort made by thousands of people, of all kind of backgrounds, who have mobilized to gather millions of signatures and "push" issues/topics through the country's political agenda. This in turn means that direct democracy is alive and doing well, and that it plays a fundamentally important role in the way the "body of laws" governing day to day life in Switzerland evolves. It is indisputable that the quality of these laws would not be the same, nor would they have the same level of legitimacy and acceptance among the citizens, were it not for the contributions this "body" has received directly from the people over time.
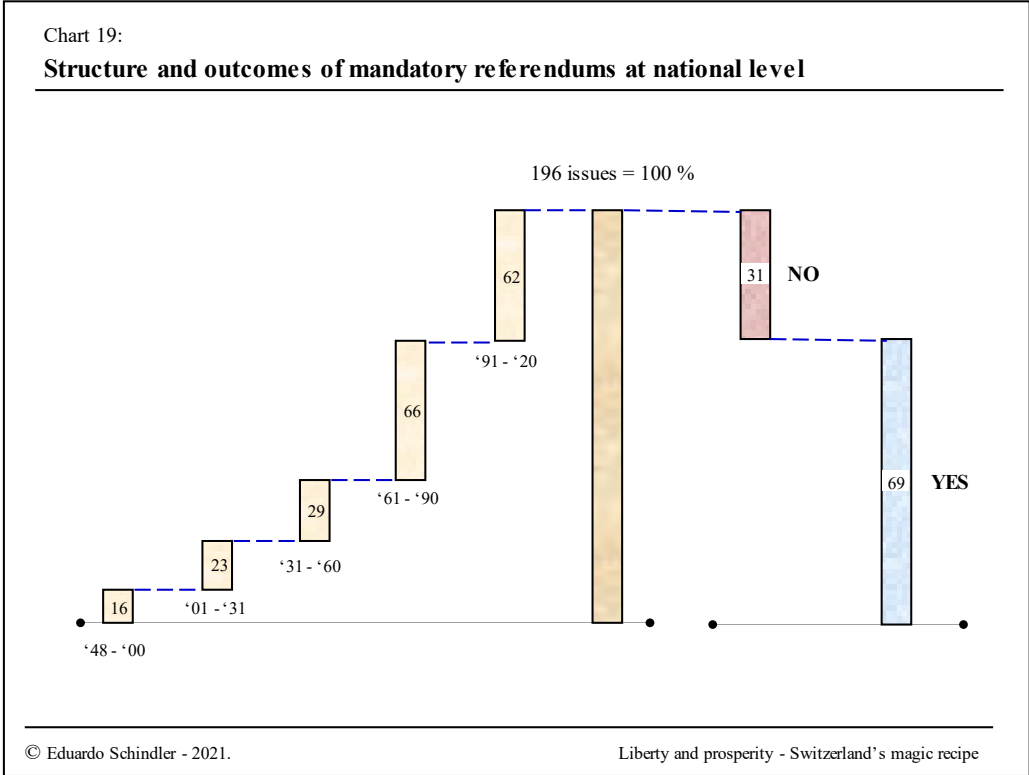
The thousands of people who worked hard to gather signatures towards launching elective referendums and popular initiatives, and the millions of individuals who have signed, have every right to be very proud of their work and of the significant contributions they have made, and are making, to the incomparable level of peace, security and well-being of this nation.

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3.- Results of the referendums held at the national level

A look at the results obtained in the votes reveals very interesting aspects in relation to the role and contributions that each of the various political rights has had in the construction of the legal body at the base of the incredible liberty and prosperity that exists in this country.

3.1.- Mandatory referendums

As indicated above, since 1848 to date a total of 196 issues have been voted on by way of a mandatory referendum. The chart below illustrates the evolution of the number of issues voted on in each of the five time periods considered, and it also illustrates that 69% of these issues were approved by the citizens with the YES vote. That is, most of the issues that are submitted to a mandatory referendum are generally approved by the majority of the citizens, and therefore enter into force as proposed by the government/ parliament.

Chart 19:
Structure and outcomes of mandatory referendums at national level

196 issues = 100 %

62	31	**NO**
'91 - '20		
66		
'61 - '90	69	**YES**
29		
'31 - '60		
23		
'01 - '31		
16		
'48 - '00		

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On the other hand, the fact that a NO vote is achieved in 30% of the mandatory referendums is somehow surprising - as it is certainly not as simple to obtain as one might think.

Indeed, as will be seen in the second chapter, each of the issues that is part of the 30% that "did not pass" has been expressly formulated (i) towards obtaining a large consensus in the political class before being voted in parliament (generally around 60-70%), and (ii) in full awareness that the chosen formulation must reflect the majority interest of the people since it will, in any case, be subject to a referendum before it can enter into force. Therefore, it is not at all obvious that a large number of people will support a NO against a law/decision generated with such special attention from the government/parliament.

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Moreover, during the campaign leading up to the vote, the NO supporters must also face the call for a YES vote from the government, parliament and most political parties.

Hence, the odds that the NO will win in a mandatory referendum are rather small, and it is certainly not an easy task to achieve. In this context, the fact that it happens despite so many obstacles is, in the author's opinion, an important proof of the enormous capacity that Swiss citizens have developed to form their own opinion - independently and beyond of what is being proposed by the political class. And this in all types of issues - whatever their nature, scope and/or complexity.

3.2.- Elective referendums

The chart below illustrates the total number of issues emanating from the state at the national level that could have been "attacked" through the right to an elective referendum.

Chart 20:
Structure and outcomes of elective referendums at national level

226 issues challenged

3'105 issues possibles = 100 %

35 — Do not obtain the signatures needed

1'589

93 % — No launching of referendum

93 — **NO**

711

'91 - '20

381

'61 - '90

212

212

'31 - '60

'01 -'31

98 — **YES**

7 %

'74 - '00

Elective referendum is launched

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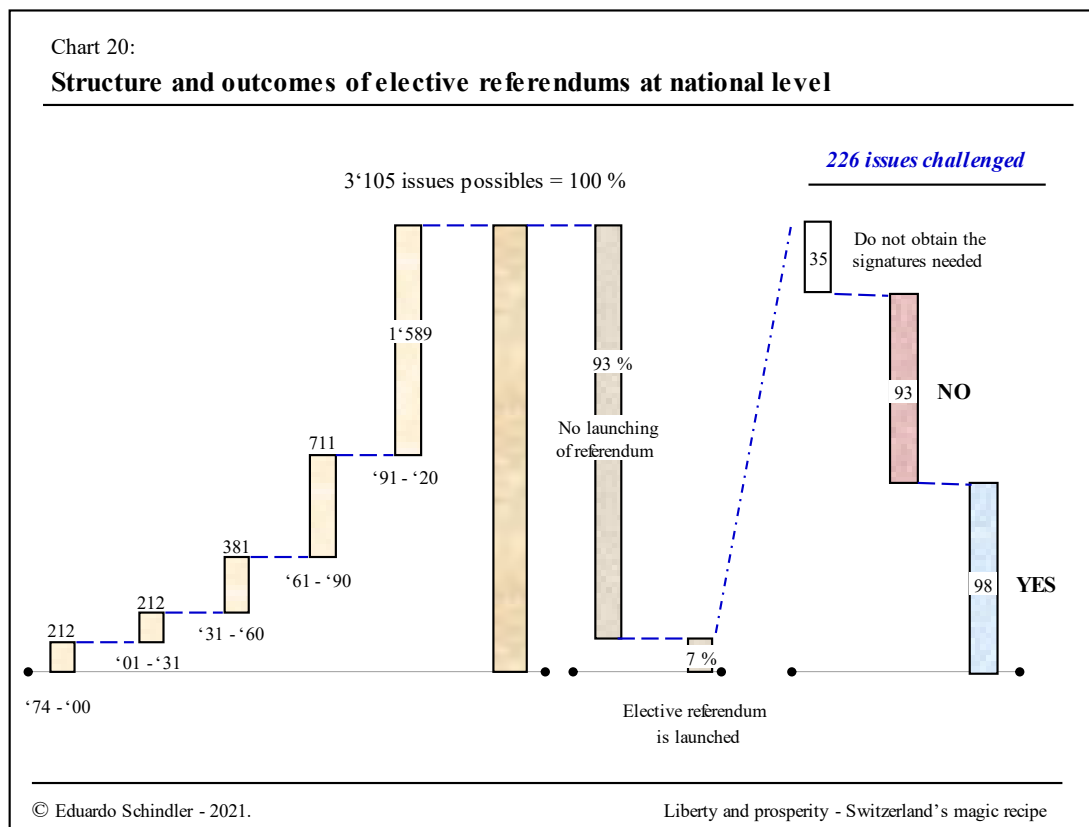
As it is revealed, between 1874 and December 2020, a total of 3'105 new laws, decrees and/or decisions of the national government/parliament have been generated that were susceptible to be challenged through an elective referendum. Of these, only in 7% of the cases the citizens decided to launch an "attack" and gather the necessary 50'000 signatures. The rightmost part shows that of the 226 issues "confronted" with this instrument there were: 35 cases in which the necessary number of signatures could not be gathered; 93 cases in which the NO won (in both situations the issue goes into effect, and the proponents of the referendum receive their "shut-up" directly from the citizens); and only 98 cases in which the YES won.

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In other words, only 3% of the all decisions already taken by the Swiss government/parliament have been eventually overturned by the citizens in almost 150 years of existence of this instrument.

But what counts most in connection with the elective referendums is actually another aspect.

However small the 225 cases "attacked" may seem, and the 98 YES that were obtained, the most important aspect to retain is that to decide whether or not to launch a referendum, the Swiss citizens nevertheless must have reached their own independent opinion in 100% of the cases - i.e., in more than 3'100 issues.

This means that in 93% of the cases where an elective referendum was not triggered, people were satisfied with the output/work done by the government/parliament. And it also means that, in any case, it is the citizenry that has given final approval to the law, decree or decision in question, but instead of doing it explicitly (YES/NO in a referendum), in this vast majority of cases it has done so implicitly.

In this context, the most important message revealed by the chart above is, in the author's opinion, to demonstrate that the real impact and major contributions of the right to an elective referendum do not come from the 5% that was voted, but much more from the 93% that was not voted ... but could have been voted.

In this sense, the elective referendums that are voted on are only the tip of the iceberg in terms of the impact of this political right. And rather than forcing the political class to modify a modest 3% of their work and output, the mere existence of the elective referendum forces all Swiss politicians to work 100% of the time thinking about what is the true will of the majority of the citizens. The avoidance of an elective referendum, and potentially the loss of years of work devoted to the issue at hand, is of great significance to the government/parliament. And it is this incredible effectiveness in disciplining the actions of the political class that makes the elective referendum, in the author's opinion, the most powerful instrument in the hands of the citizens to ensure that it is their will that predominates, at all times and on every issue.

This form of covertly impact is the submerged part of the iceberg. It acts implicitly and permanently, and it is certainly the largest and most significant part of the contributions that the elective referendum makes in creating/promoting the liberty and prosperity that exists in this country.

<u>3.3.- Popular initiatives</u>
The following chart shows the structure over time of the 461 topics that have been voted by way of a popular initiative.

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Chart 21:

Structure and outcome of citizens' initiatives referended at nationa level

461 topics

243

'91 - '20

134

'61 - '90

55

'31 - '60

22

'01 - '31

'90 - '00

126

Do not obtain the signatures needed

117

Are withdrawn before voting

196 **NO**

22 **YES**
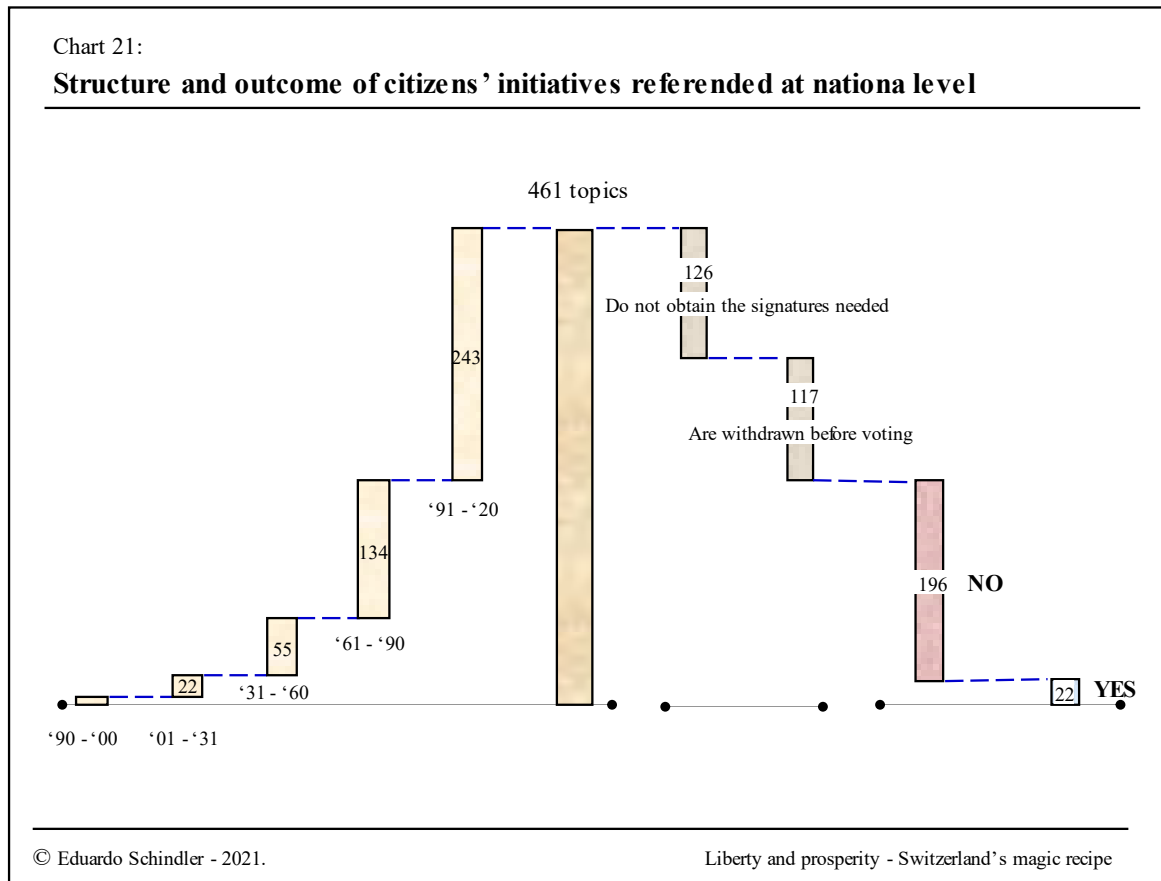
As illustrated, there has been a significant growth in the number of popular initiatives that are launched by people over time. In the last 30 years, more of them have been generated than in all the previous 100 years combined.

The most interesting part of the chart though is towards the right side of it. Indeed, it can be seen that in 126 cases the announced initiative failed to gather the required number of signatures, and in 117 cases it was not voted on because the proponents withdrew the initiative during the process of discussing the topic with the government/parliament. In the end, of the 218 topics voted on, 196 of these (90%) were rejected by the majority of the citizens, and only 22 of them (10%) have received a YES in 130 years of the existence of this political right.

These results illustrate the rather marginal role of this instrument in the overall context of the functioning of direct democracy as practiced in Switzerland. Not surprisingly, the political class often simply "let" these topics pass directly to a vote without devoting much time or attention to them. To better appreciate this point, it is enough to see the results obtained in comparison with the other mechanisms of direct participation - which is the next point for review and analysis.

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4.- Results and impact of the different political rights

The chart below illustrates the YES vs. NO profile that the citizens gave to all 387 issues and 218 topics that have been referended since the distant 1850 to date, and this according to the type of political right through which the vote was reached.

Chart 22:

Structure of outcomes YES / NO according to the political rights being used

En %

100 % = 196 issues   191 issues   218 topics

NO

31   49   90

YES

69   51   10

Mandatory   Elective   Initiative

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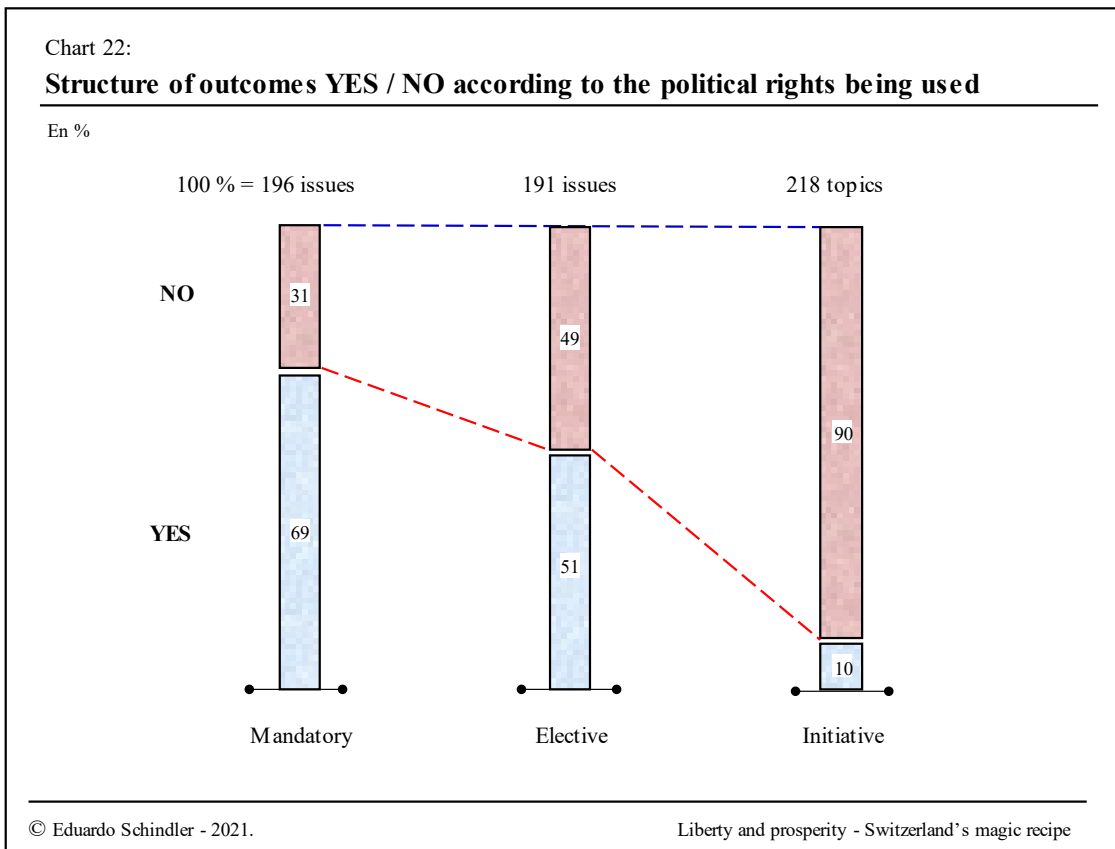
It is evident that each of these political rights has quite a different profile in terms of the impact they have had in more than 150 years of history, in particular: 7:10 of the mandatory referendums get the YES, the ratio is 5:10 in the elective ones, and only 1:10 in the case of popular initiatives.

And the chart below illustrates further that this asymmetry in the acceptance or rejection of the issues/topics has been a constant throughout the many years of existence of these three fundamental rights.

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Chart 23:

Structure of outcomes YES / NO of the three forms of referendums over time

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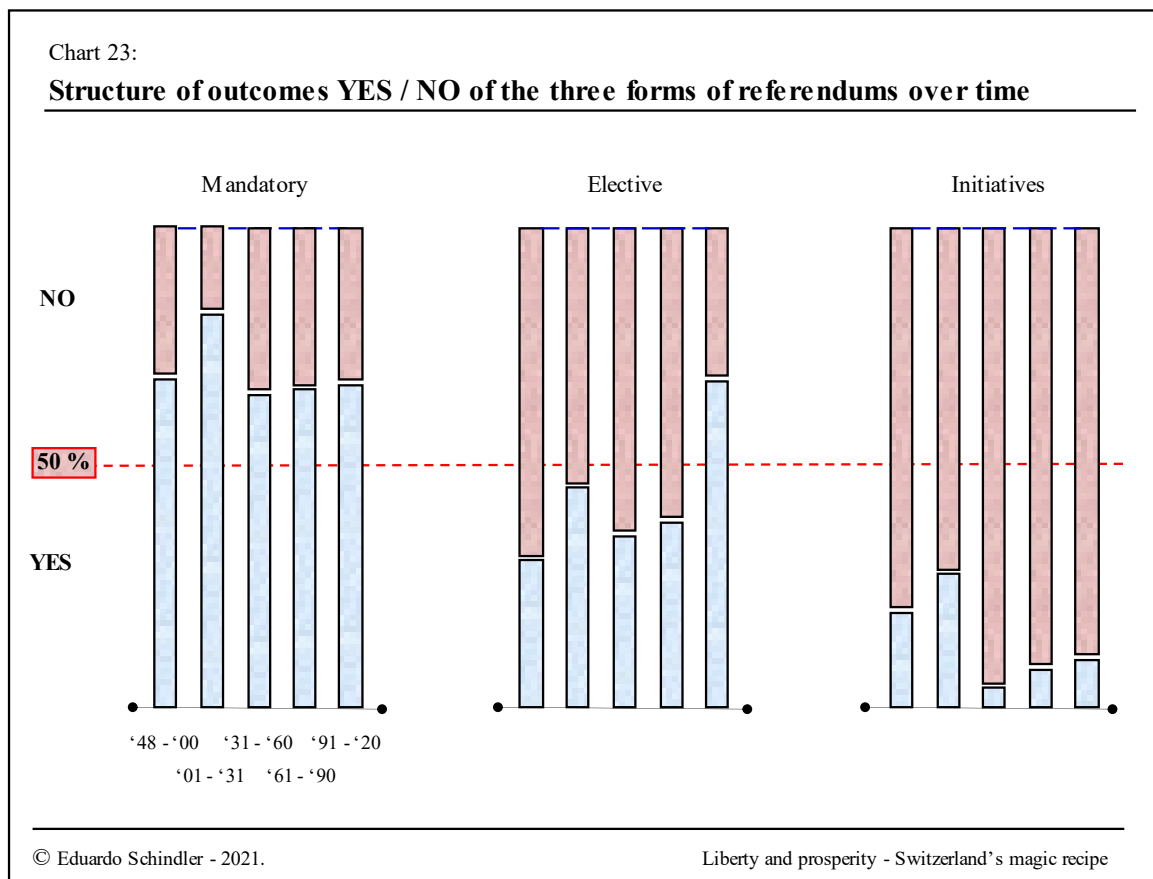
It is worth noting the tendency of elective referendums to obtain greater support in recent times. Probably there has been a learning process on how to make the best possible use of this instrument - which, as already mentioned, is by far the most powerful and effective in influencing how the political class works in Switzerland.

Faced with the political cost of a defeat at the ballot box, it is not hard to imagine that it is relatively easy for the Swiss political class to ignore the "pressure" of an instrument that has a 1:10 chance of winning compared to one that has a 6:10 ratio in recent times. And there is no doubt that this reality will be reflected in the open/close attitude of the government/parliament to accommodate the requirements made by the proponents of an initiative or an elective referendum.

Finally, we can also consider the impact that each of the three political rights has had in generating the 255 issues/topics on which the YES won in the last 170 years. The chart below presents a summary of this information:

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Chart 24:

Structure of contributions of referendums accepted at national level
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En %

100 % = 605 issues   255 issues

Initiatives	36		9
			38
Elective	31		
			53
Mandatory	33		

Total issues referended   **YES**
1848 - 2020

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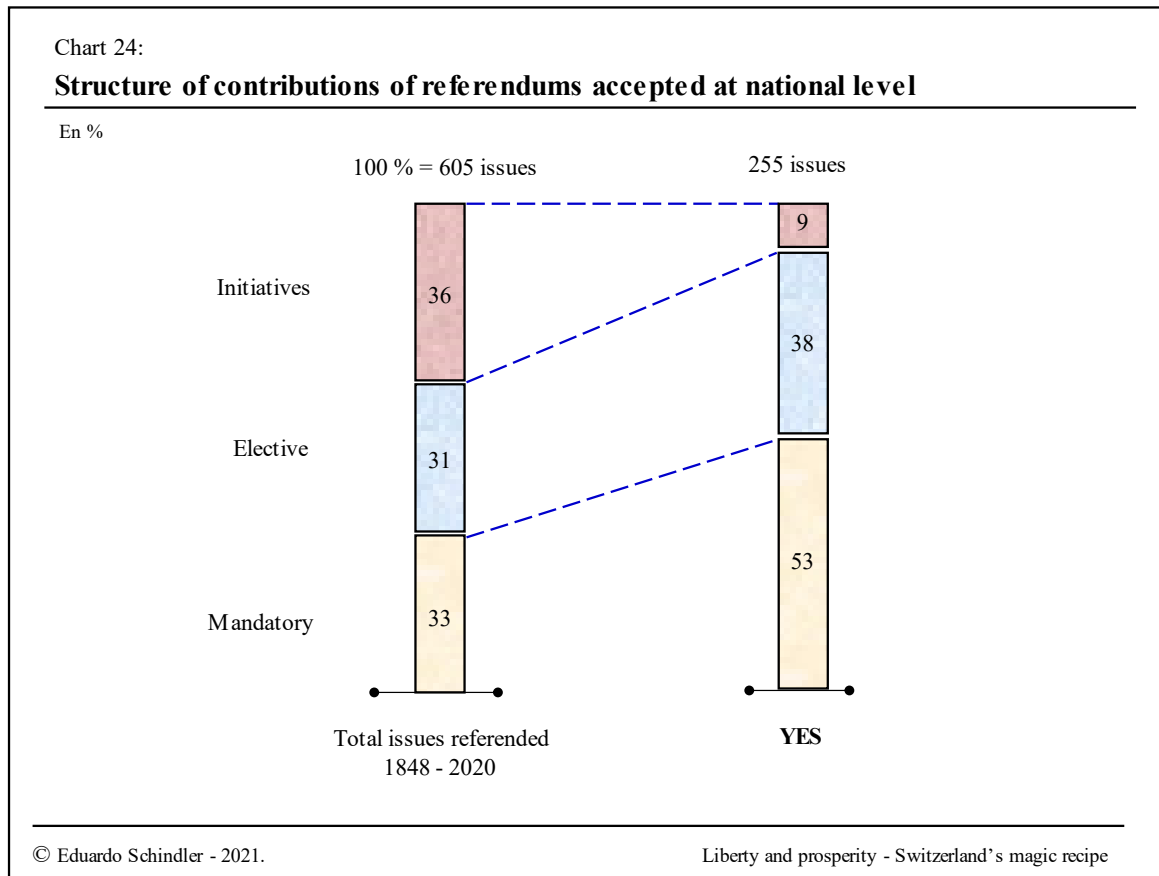
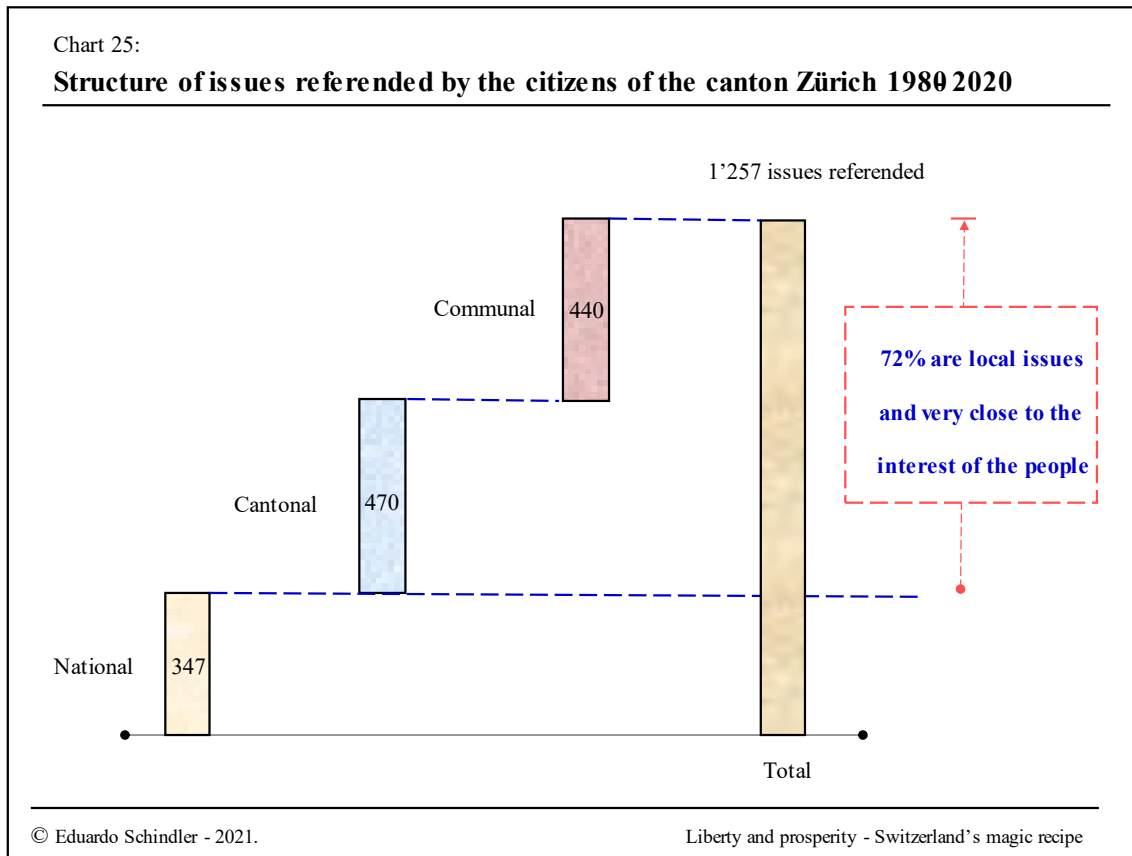The result is clear and indisputable: more than 90% of all YES come from mandatory and elective referendums, with popular initiatives playing a rather marginal role. And since a YES is the final condition for an issue to enter into force, it is these YES that have had the greatest impact, in an explicit way, in shaping the content of the body of laws, decrees, and/or state decisions that govern community life in this country.

5.- Referendums carried out at the level of the canton of Zürich

The statistics and results presented so far are for referendums on national issues/topics. That is, they are those issues on which all Swiss citizens have the right to vote. But as already indicated, each quarterly voting session also refers to issues that are specific to each of the 26 cantons and each of the 2'170 communes in the country - which are voted on only by the citizens of the respective canton and commune.

In this context, the chart below illustrates the number and structure of all issues that have been referended by the citizens residing in the city of Zurich - which is also the largest commune in the country. As can be seen, in the last 40 years these citizens were called upon to referendum on a total of 1'257 issues, of which: 347 were at the national level, 470 at the cantonal level only, and 440 specific to the commune (i.e., the city).

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Chart 25:

Structure of issues referended by the citizens of the canton Zürich 1980 2020

1'257 issues referended

Communal 440

72% are local issues
and very close to the
interest of the people

Cantonal 470

National 347

Total

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The national issues concern the whole country and there are 5.4 million people entitled to vote on them, the cantonal issues concern only 910'000 people, and the communal issues can be voted on only by the 221'000 individuals residing in the city of Zurich with the right to vote.

The issues that are referended at the cantonal and communal level are in general very pragmatic and have a fairly direct relation to the day-to-day life of the community. The vast majority of them cover the use of resources by the state, the modification of certain laws or regulations, and aspects related to the functioning of the state - such as security, distribution of responsibilities between public bodies, and others.

For example, cantonal issues include aspects such as: the right to vote for foreigners, increasing the monthly amount of social assistance, including a foreign language already in primary education, increasing subsidies to kindergartens, approving the use of detectives to monitor possible cases of abuse in receiving unemployment or disability insurance, regulating taxi transportation, changing the law on the obligation to educate/train dogs and owners, changing the dates of school vacations, and a large number of approvals for investments in all kinds of infrastructure such as extending the airport runway, renovating a museum, approving the construction of gymnasiums and swimming pools, extending the public transportation line, a new greener power plant, etc.

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Community referendums specific to the city of Zurich include issues such as: enlarging the network of bicycle paths, limiting the speed limit to 30 km on minor roads, modifying the law on the organization of education, increasing subsidies to nursing homes, and also a lot of approval of infrastructure investments such as enlarging a museum, buying a building for the music conservatory, etc.

All you need is Pablo - Basel, 1967

Occasionally there are more anecdotal and spectacular cases regarding issues that become referendums. For example, in 1967 the city of Basel had the opportunity to buy two paintings by Picasso ("Arlequin assis" and "Les deux frères") from a private collector in the city. This required CHF 8.4 million. A group of individuals agreed to contribute CHF 2.4 million, and the government/parliament approved a loan for the remaining CHF 6 million. An elective referendum against this "superfluous expenditure" soon followed.

These were months of great upheaval in the community. In particular, thousands of young people mobilized under the slogan "All You Need Is Pablo" - following the Beatles' hit of the moment "All you need is love" which appeared in June 1967. Tombolas and lotteries were held to raise funds. Other cantons also made contributions. The issue was finally voted on December 16, 1967, the YES won with 54 % of the votes, and the city was able to buy the two paintings.

The story gets very interesting now. Picasso was so impressed and moved by all these events that he invited the director of the Basel art museum (Franz Meyer) to visit him at his residence in Mougins on the Côte d'Azur. Upon meeting the painter, he informed him that in recognition of the youth of Basel he wanted to give a painting to the museum, and that he could choose from what was in his atelier.

Thrilled and somewhat perplexed by this unexpected gesture of immense generosity, the director had some difficulty in making his selection. Finally, Picasso himself helped him put two paintings side by side for a final selection.

In view of this difficulty to decide, Picasso's wife expressed that in fact these two paintings should always be together ... and Picasso did not hesitate to give the two paintings as a gift. And as if that were not enough, in the end he also gave a third canvas and a preparatory sketch of the famous painting "Les Demoiselles d'Avignon". Thus, the director returned from Mougins to Basel with 4 additional works by the artist.

The interested readers can find on Google several pictures in connection with this remarkable event - for example under: *Picasso Kurt Wyss Pro Litteris*.

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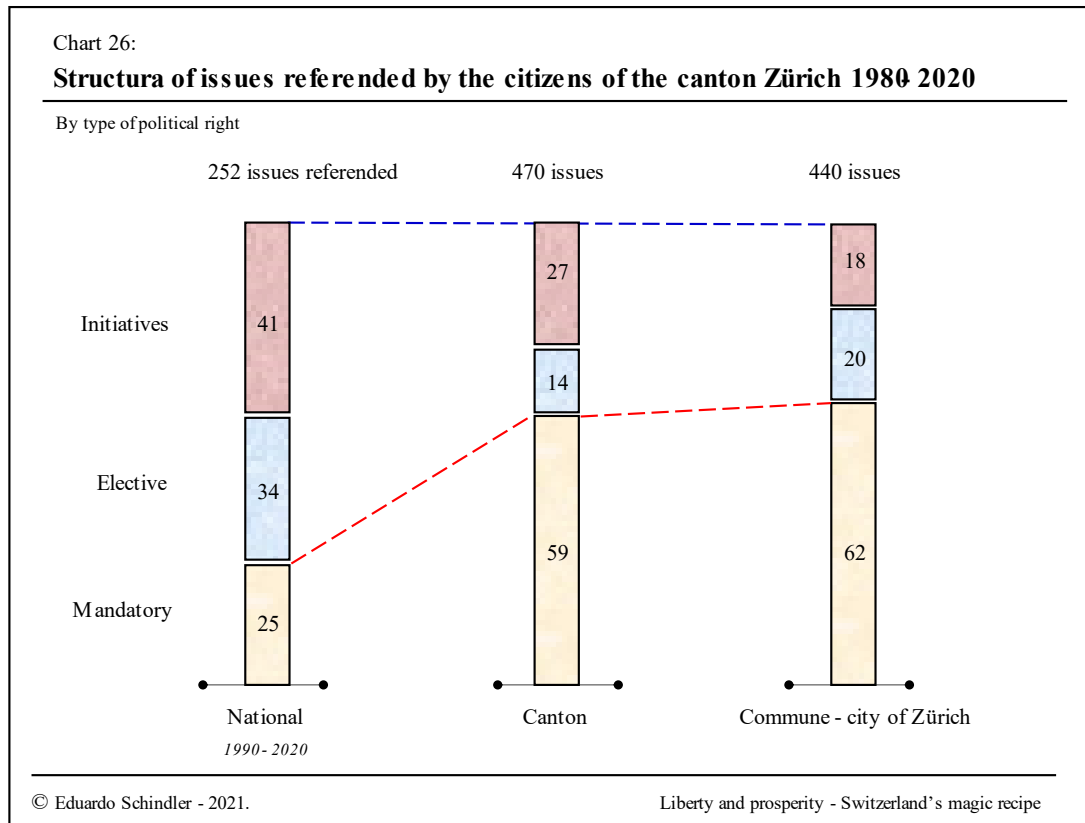<u>The voting experience for the Swiss citizen</u>

Returning to our subject, the information profile seen in chart 25 above is indeed of great importance in explaining/understanding how people experience their participation in the political life of the country. Indeed, during the last 40 years covered in this chart, the citizen of Zurich has been called upon to elect representatives to the federal parliament, to the cantonal government and parliament, and to the communal government and parliament a total of 9 or 10 times. And just as in representative democracies, on these occasions the person must exercise judgment and express a preference between parties and candidates in an antagonistic context permeated with left vs. right preferences.

But unlike this more limited and limiting form of democracy, during these 40 years the people of Zurich have also been called upon to vote in some 140 referendum sessions. In each of these quarterly events the people had to judge very specific and well-delimited issues, and express a YES or NO on a total of 1'257 topics of all kinds. Moreover, another aspect of great importance illustrated by this chart is that 7 out of 10 referendum topics concern aspects of their canton and commune of residence - and therefore have a great relevance and impact on the individual's daily life.

This means that for every time the citizen has to make a judgment about parties and persons, he or she has to form a preference on about 100 referendum topics. This ratio of 1:100 in using his right to vote illustrates very clearly that "politics" for the Swiss citizen is above all an experience: (i) related to discussing, giving opinions and voting on issues, and not on political leaders/parties, and (ii) that deals with very local, highly practical issues, and in which a YES or NO result is not an abstract and distant thing, but has a direct relevance in his day-to-day life.

6.- The relative importance of the various instruments according to the state level

Looking in more detail, the analysis of the issues referred to by the citizens of Zurich according to (a) the type of right that generated the vote, combined with (b) the level of the state to which the referendums in question belonged, reveals a very novel and interesting aspect.

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Chart 26:

Structura of issues referended by the citizens of the canton Zürich 1980 2020

By type of political right

252 issues referended	470 issues	440 issues

Initiatives 41 / 27 / 18

Elective 34 / 14 / 20

Mandatory 25 / 59 / 62

National
1990- 2020

Canton

Commune - city of Zürich

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Indeed, this chart illustrates very clearly that there is a very different profile among the three levels of the state according to the type of political right that led to a referendum. In particular, it is clear that while at the national level, mandatory referendums play a visibly minority role, this is the right that generates by far the vast majority of all referendum issues at the cantonal and communal level.

This striking heterogeneity seems to reveal that the need to make use of one or the other of these political rights to influence the management of the political agenda is much higher at the national level than at the local one. In other words, the more proximity there is between the political class and the citizens, the easier it is for local political leaders to "feel and reflect" the priority interests of the people in the political agenda of the community.

Finally, it should be noted that the rather reduced role of elective referendums at both the cantonal and communal levels seems to confirm that most of their impact also takes place implicitly (rather than explicitly) at the second and third levels of the state.

To recapitulate. It can be said that the fundamental impact of the powerful combination of (i) the broad political rights of the citizens and (ii) the high frequency in the use of these, in essence what it does is, compared to representative democracies, redefine the interaction between the citizens and the political class that represents them in government and parliament. In this context, the above chart suggests that while this more direct form of interaction plays an important role at all three levels of the state, it is

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above all in the dynamics of "controlling and correcting" the actions and decisions of the government and parliament at the national level that this first component of the Swiss magic recipe makes itself felt most strongly - i.e., plays its most important role.

1.3.- Reflections and conclusions

The most important elements to retain from the many information and reflections shared throughout this first chapter include:

A body of laws of superior quality and greater legitimacy

1.- Each of the three referendum rights used in Switzerland has a peculiar role and they are complementary to each other, in particular:

- Mandatory referendums: guarantees that all the most important acts of the state, at any of its three levels, come into force only on condition that they have been explicitly approved by the majority of the citizens concerned.

- Elective referendums: forces the political class to draft laws (i) paying close attention to the preferences of the majority of the citizens - as a matter of priority, at all times and on every issue, and (ii) in a very simple, clear and comprehensive manner - or else risk being attacked and even overturned by the citizens.

- Popular initiatives: provide a valuable "escape valve" to the system so that all kinds of minorities can express their interest, on any kind of issues, in a peaceful and civilized manner.

These broad political rights exert their influence both explicitly (YES/NO in referendum votes) and implicitly by influencing the behavior of the political class when defining the political agenda, formulating laws and making decisions. Mandatory referendums and initiatives do so mainly explicitly, while elective referendums do so mainly implicitly.

2.- The main difference that broad/deep political rights (and a regular use of these) give to a society is that the people have the possibility to contribute and to control the quality of the work of the state not only through:

- i) an indirect input (i.e., election of representatives who make laws and take decisions); but also - and this is the big difference

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ii) the power to monitor, improve, correct and if necessary directly override the output produced by the representatives. And all this: directly, quickly, relatively simply; in each and every law and decision prepared by the government/parliament; at all times; and at each of the three levels of the state.

3.- Some important implications derived from the above include:

- every law/decision of the state, at any of its three levels, obtains legitimacy and comes into force not when the respective government/parliament approves it, but only when and on condition that a majority of the respective citizens ratifies such a law/decision - either explicitly or implicitly. Everything, absolutely everything that governs community life in Switzerland has received, and continues to receive, the approval of the majority of the citizens. At all times.

- the creation and maintenance of a body of law that is characterized by being very stable, comprehensive, relevant, up-to-date, and formulated in such a way that it genuinely reflects the preferences of the majority of the population. Moreover, should one or another law be missing, become unrepresentative, need revision/updating, or be eliminated as obsolete, then there are mechanisms available for the people to intervene quickly should the political class fail to do so.

And the chain continues towards the formation of a nation:

- with a body of laws substantially superior, and of greater legitimacy, to those that do not have these mechanisms of direct participation in the output of the state, and that depend entirely on what their professional politicians produce (and do not produce);

- with a relevant, up-to-date, and regularly renewed policy agenda. And it is also free of "knots" of increasing size/complexity, and which mixes all kinds of stagnant, pending, and low-quality laws awaiting reforms and revisions that never come;

- with a more sovereign and free citizens, who have a greater understanding and acceptance of the activities of the state, who find it quite natural to respect (and enforce) the laws, and without major resentments towards the political class and/or the state in general;

- free to endure/pay for the abuses, opportunistic behavior, corruption, manipulations, inattention, and other deficiencies that the political class of so many representative democracies are in a position to make their citizens suffer.

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4.- A superior body of law is the engine that generates the greater serenity, stability, security, and socio-economic cohesion that exists in Switzerland. This, in turn, is a necessary condition, and also a fundamental catalyst, for the unparalleled wealth and prosperity that this country has generated.

<u>The winning combination</u>

5.- The existence of extensive&deep political rights alone is not enough to generate so much virtue. The use of these with a high and regular frequency is as important as the rights themselves. This is the **winning combination** that validates and enhances the true magnitude, scope, importance and impact of extensive political rights on defining the political agenda and on the quality of the results obtained.

6.- This combination also translates into a very different behavior of the political class and the citizens, and of the interaction between them in comparison to most representative democracies.

In the case of the political class, the main difference is the preferential level of attention they must give to the genuine predilections of the majority of the people at all times. And this far above any other kind of interest - be it demagogic, partisan or personal career interests.

In the case of the people, the main differences include:

- developing a higher level of civic culture, and favoring mature, highly responsible and consistent behavior among people. There is no room for people who are always complaining, criticizing, or asking for help from the state. Nor is there room for people who behave cynically, opportunistically, or who change their minds all the time.

- those who are unhappy with "the way things are" do not have to wait several years, nor do they have to swallow their frustration, "hate" anyone, protest in the streets, or call for early elections. Instead, these people can proceed without having to wait for anything to (try to) change or overturn the law or decision they do not like as soon as possible. Moreover, these people are also not the instruments of demagogues who seek to manipulate, inflame, and instrumentalize discontent for their own ends.

Additionally, this winning combination also leads to a relationship between the people and the political class/state being one of mutual respect and trust, rather than the mutual suspicion and diffidence that prevails in other nations.

7.- The mere existence of mandatory/elective referendums contributes to the political class "not getting stuck" with advancing one or the other issue on the agenda. In particular, if the representatives cannot agree on the "correct" formulation of a law and/or decision, then instead of the issue being "stuck", and instrumentalized for political/demagogic purposes between the parties, sooner or later the solution to

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the gridlock is to let the issue pass to be decided by the "sovereign" - that is, the majority of the citizens. When both parties are sure of winning, they prefer the issue to be quickly referended by the people rather than leave it pending for a long time.

8.- Laws and decisions that finally come into force have such a high level of legitimacy that they tend to maintain their validity and application for a long time (e.g., decades) before the issue has to be reviewed and discussed again.

Hence, through the combination, a solid and stable legal basis is generated - free from the "zigzags", reversals, derogations, questioning of validity and other aspects of instability, complexity and even confusion that often characterize the legal structure of nations that live in a classic scheme of government vs. opposition, and alternation between them. No need for politicians that run based on promising reforms on top of reforms.

It is not difficult to imagine the great positive impact that all this has in giving unequaled continuity and reliability to the rule of law that governs community life.

9.- With the mechanism of the popular initiative, the system has an "exhaust pipe" capable of processing the most extreme initiatives (however absurd they may seem) and/or the noisiest interest groups imaginable.

Instead of a spiral of confrontation between the government and the initiators of topics that will probably never have majority support at the ballot box, in Switzerland any interest group that does not attempt and/or fails to successfully formalize its position through a popular initiative quickly self-marginalizes itself from the political arena. And by voting the initiatives that reach the YES/NO vote, the system regularly cleanses itself of all kinds of "obstacles" instead of accumulating a growing list of marginal pending topics and unsatisfied minorities.

Thus, neither the most extreme issues nor the most active minorities manage to clog and/or destabilize the system. At the same time, the opposition to the government or certain press do not really have the possibility to manipulate and/or instrumentalize these minorities to exacerbate their objective of undermining the popularity and/or legitimacy of the government/parliament.

10.- The fact that the winning combination is also applied at the second and third levels of the state means that the benefits mentioned above are replicated, at scale, in each and every one of the regions and communes of the nation.

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In this context, and somewhat anecdotally, one of the most visible aspects that impresses people visiting Switzerland is the tranquility, order and cleanliness that exists everywhere - even in the most remote mountain villages. Tourists often ask themselves: how is this achieved? Is it the result of inhabitants that are very obedient to instructions received from the central government in Bern ? or is it rather the result of local people who are able and willing, out of self-interest, to keep "their home" in the best possible condition ? In the third chapter this point is touched upon again.

The quarterly referendum votes are only the tip of the iceberg

11.- It is very important to emphasize that all the issues being referended in the ballot boxes are less than 2% of all the gigantic "output" of laws, decrees and decisions emanating from the government/ parliament. In fact, this 2% voted YES/NO by the people is only the tip of the iceberg in terms of the overall impact of the winning combination.

The transcendental element here is to recognize that all the other 98% of the output is anyway potentially subject to a referendum by the citizens, at their total discretion and will, through the instrument of the elective referendum. And the mere fact that the people deem unnecessary to referendum thousands and thousands of issues emanating from the government/parliament, is the strongest proof of the immense and effective impact derived from this tool of direct democracy. And this without even having to use it so often in an explicit way. A true "magic and invisible" force at work.

12.- In fact, its mere existence is enough for the political class to be forced to maintain an iron discipline and respect for understanding and "obeying" the will of the citizens - even before this will be formulated and/or expressed. The "art" of politics is precisely in part the ability to understand and/or help shape this will.

In this context, it can be said that it is mainly due to the instrument of the elective referendum that the influence of the winning combination is felt in full force, and this as a result of this instrument having:

i)   an incredible and powerful preventive effect on the work of the political class, which begins to make itself felt in the debate years before an issue comes up for a vote;

ii)   a precautionary effect that is not sporadic (like the quarterly votes) but permanent; and

iii)   an influence on all, absolutely all, laws and decisions that are being dealt with by governments and parliaments at the country level, as well as at the level of the 26 cantons and the more than 2'170 communes.

Therefore, the author has reached the conclusion that the instrument of the elective referendum is the political right that has, by a large margin, the greatest impact on political life in Switzerland - followed by mandatory referendums, and in last place by popular initiatives. This means, in turn, that the total

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impact of this first ingredient of the magic recipe exerts its influences mostly implicitly rather than explicitly - perhaps in a ratio of as much as 80:20.

All in all, it is striking how so little is enough to achieve such a great impact in generating a superior body of law, in improving the functioning of the state, and in avoiding the worst consequences of a political class that is in a position to abuse the people.
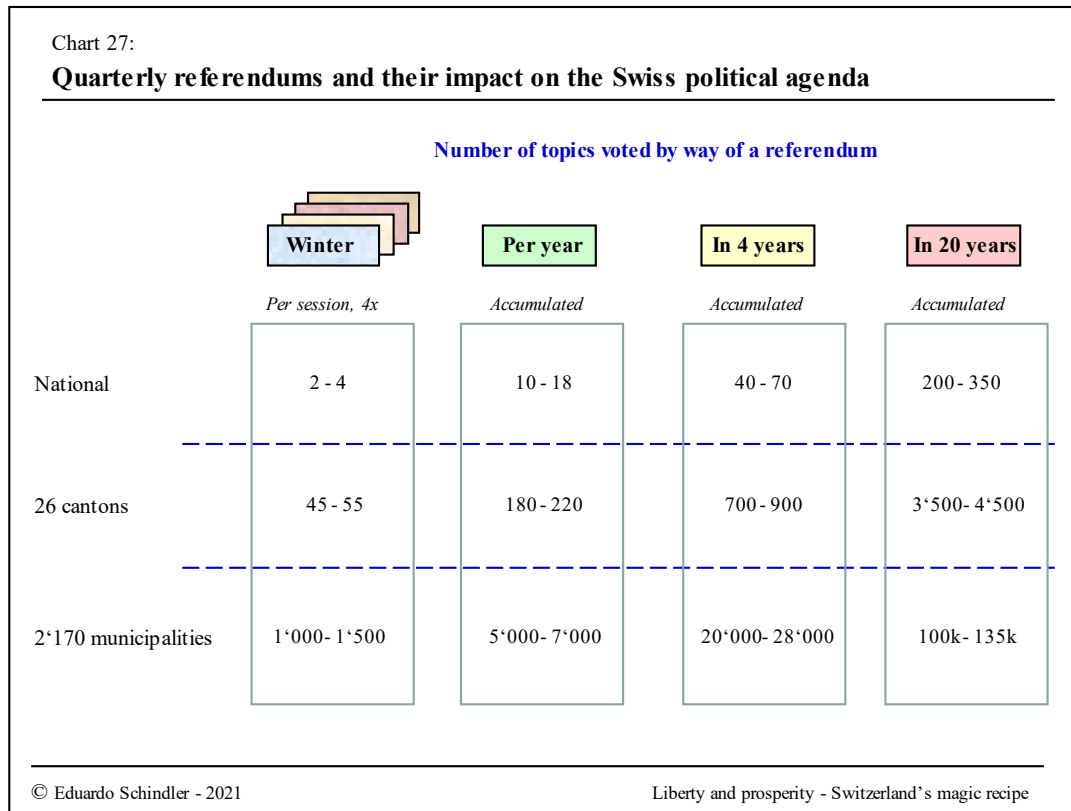
13.- The fact that less than 2% of the total output of governments/parliaments is being referended indicates that Swiss citizens are rather happy with the other 98% of the work done by their representatives and "the way things are" in general. In fact, there was a caricaturist with great sensitivity who made a cartoon noting that while all over the world people are going to vote "for things to change", in Switzerland people are going to vote for things to "stay the same". The whole immense truth at the basis of the secrets of the Swiss magic recipe, and the immense benefits generated/obtained from it, is summarized and reflected in this image.

A superior level of education, experience and civic culture

14.- At the age of 40, and already with more than 20 years of voting practice, the political experience and civic culture between an average citizen of a representative democracy and a Swiss citizen is extremely different.

In the first case, the experience is generally limited to having voted about 4-5 times to elect people/parties to positions in government and parliament. These elections take place in a context of great antagonism, reciprocal disqualifications and insults, promises of all kinds to increase popularity, and populist slogans are worth more than analysis and reasoning. Often it is the clash of personalities that counts more than the content of issues of interest to the people. And the worst thing is that in the end people are forced to choose between candidates that they neither convince nor really like. They vote for the "least bad", but without conviction or real support for this person.

In the case of the Swiss citizen, he/she has at least the same level of experience in having voted about 4-5 times to elect people/parties to positions in the executive and legislative branches. But in addition, and this is a difference of sidereal magnitude, during these 20 years the person has also had the possibility to participate in about 75 quarterly referendum sessions. This means that the citizen has had the opportunity to exercise/train his/her ability to evaluate/vote YES/NO on more than 600 different issues, as illustrated in the graph below, both national (200+ issues), cantonal (another 220+ issues), and also communal (about 200+ issues).

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Chart 27:

Quarterly referendums and their impact on the Swiss political agenda

Number of topics voted by way of a referendum

	Winter	Per year	In 4 years	In 20 years
	Per session, 4x	*Accumulated*	*Accumulated*	*Accumulated*
National	2 - 4	10 - 18	40 - 70	200 - 350
26 cantons	45 - 55	180 - 220	700 - 900	3'500 - 4'500
2'170 municipalities	1'000 - 1'500	5'000 - 7'000	20'000 - 28'000	100k - 135k

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The chart 27 illustrates the number of issues voted on, at the three levels of the state, as a result of the combination of broad political rights of the citizenry and the quarterly use of these rights. As can be seen, the Swiss citizen has the "last word" in the final decisions made on hundreds of issues on the nation's political agenda, and thousands of issues at the cantonal and communal levels.

Incidentally, the above graph also illustrates another very important point, namely: the great "pull" that direct democracy exerts in both (i) the permanent renewal of all the respective agendas of political life, and (ii) keeping them always "clean" of pending or stagnant issues - big or small, relevant or superfluous. In other words, in Switzerland "things" are not only discussed, but also decided and implemented with a high periodicity - which translates into "going forward" rather than "staying stagnant" in the actions of the state and in the political life of the nation.

15.- Hence, and unlike the situation in representative democracies, the Swiss citizen's experience of participating in the political life of the country:

- is based primarily on making up his own pro/con opinion on single, well-defined and specific issues, and not on the character, capacity and integrity among "chest-thumpers" and/or on the ideology of the parties to which they belong;

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- is an experience dominated by expressing a preference on local issues, and which concern very directly the community life in their canton and commune. What happens in "the capital" (Bern) and in the other cantons is of general interest, but is far from being of major importance for the citizens of each canton or commune;

- is centered on discussing issues rather than personalities/ideologies, which in turn acts as an extraordinary and effective mechanism of education, formation and development of their own civic culture, and also that of all their fellow citizens.

16.- The result of the above is that the people of this country: are very well educated on civic matters; are highly responsible; have a great understanding and acceptance of the activities of the state; are very willing to respect and enforce the laws; are capable of forming their own opinions on all kinds of issues; are aware that to obtain something you have to give up other things when making decisions; and are able to listen to and evaluate the recommendations of the government, parliament and political parties.

Over time, the citizen learns: that sometimes you win and sometimes you lose; that losing is not the end of the world; to willingly accept the legitimacy and results of the ballot box even if it is contrary to their vote; to take well thought-out positions and be consistent with their decisions; and to avoid and oppose all populist ideas that lead to creating/promoting a "parasite of the state" mentality in the community.

Finally, the regular "training" to make use of their broad political rights makes the people: averse or immune to demagogy; they do not allow themselves to be swayed by "freebies" and promises; they live free from the risk of being manipulated/abused by the political class; they oppose partisan and short-term solutions; and they reject incomplete, half-baked, and/or non-transparent cost/benefit propositions.

And perhaps even more important than all else, from an early age the Swiss citizen becomes aware of the great privilege of, and immense responsibility that goes with, being part of the sovereign with the highest authority of his nation.

17.- The mechanism of direct and permanent influence of the citizens on the input, process and output of the political life of the nation constitutes a powerful virtuous circle through which the citizens and the political class have been "weaving" the foundations at the base of community life in this country. This form of constructive interweaving is the true engine that generates and promotes progressively higher levels of liberty and prosperity.

And as difficult as it may be to believe/understand, this virtuous circle is not in the hands of a privileged few (self-chosen, exclusionary, political, intellectual, and/or economic elites) but in the hands of millions of very simple and ordinary people. In other words, the Swiss miracle is not the result of any

"master plan" coming from the political class and/or gifted leaders, but is the outcome of applying the common sense of millions of people over time, and to all decisions of public interest. One issue at a time, issue after issue, referendum after referendum.

In other words, the Swiss example shows that: a body of law based on the preferences of the majority of the people is always superior and more effective in generating liberty and prosperity for a nation than one based on the selections made by a minority of any kind and origin - no matter how intelligent and/or better educated they may be than the rest of the citizenry.

The election of representatives to government and parliament is of secondary importance

18.- The election of representatives to government and parliament is a relevant affair, but it is far from being an event of major importance in Switzerland - particularly when compared to the often dramatic experience of representative democracies. To understand this better, it is enough to ask oneself:

- how important can it be the act of electing representatives to government/parliament if one can also directly and quickly influence, change and if necessary overturn the outcome (output) of the work they do ?

- and how meaningful can this experience of electing representatives be if between two elections the person goes through the experience of about 15 referendums, and formulating an opinion to vote YES/NO on about 60+ issues ?

And as if that were not enough,

- how important can be any of the elected individuals if, as will be seen in the second chapter, each representative is only one among the more than 36'000 persons elected to perform functions in the executive and legislative power at the national, cantonal and communal level ?

19.- In fact, there is no person in Switzerland, not even at the highest levels of the federal government, who has so much power as to have a decisive influence on the political conduct of the country. Therefore, no member of the political class needs extensive protection and/or costly security measures. To put it more bluntly: in Switzerland there are no attacks on political figures not only because the country already has a very high level of peace and serenity, but also because it simply would not change anything.

20.- This also explains why at times of elections the level of general tension, the degree of antagonism between candidates and parties, the cost and duration of the campaigns, and the attention people pay to them, is incomparably lower than the months of "theater" that the people in representative democracies are often forced to endure and finance.

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In this context, one may ask: how much does it cost to elect the national government of Switzerland (federal council) ?

And the answer is: it costs nothing - as we will see in the next chapter. The citizens are not involved, there is no demagogic bombardment, it takes only a few weeks of "campaigning" within the political class, and the election is completed in a couple of hours.

Avoiding the negative consequences of the most serious imperfections of representative democracies
21.- The fact that it is always the preferences of the majority of the people to define what and how legislation is being made, brings the additional (and very valuable) benefit of being able to avoid and/or be free from many imperfections that the one-man regimes of representative democracies often impose on their people.

And since it is not only this first component but all three ingredients of the magic recipe that contribute to this very valuable free-of-deficiencies aspect, a list of them and related remarks is provided in the Annex Nr. 1 of the book.

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

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Chapter Nr. 2: Collegial governments

Introduction

To have the best possible government is certainly a constant and universal goal of all nations. In less civilized times the "best" government was associated with giving command to the strongest and bravest warrior. Being a subject of the one who wielded the sword best probably gave people the sense of existential security that will have dominated over all their other needs.

Over the centuries, the sword was replaced by the "word" as "deadly weapon". And with it, the "strongest" became the one who could best handle rhetoric to convince some and/or silence others - including in particular those who still wielded swords very well.

It is indisputable that replacing brute force with intellect and reasoning is a major achievement of mankind in its evolution towards a more civilized society. What did not change however was the notion that the "best" government is still the one in the hands of a single person - the "strongest". As a consequence, dozens of kings, emperors and the domination of a few aristocratic families fill another several centuries in the history books.

And much in the same manner, it is also indisputable that replacing exclusion by the inclusion of the "word" of the whole citizens in public life has also been another immense achievement of mankind towards constructing an even more civilized society. But what did not change with the advent of democracy was the notion that the "best" government continues to be the one in the hands of a single person. It merely substituted the coronations of hereditary regimes for the popular vote as the best way to select the "strongest" among several candidates. The result is that this time the history books refer to presidents, prime ministers and chancellors instead of kings or emperors.

In stark contrast to these centuries-old practices, and to the examples of so many other European nations at the time, when Switzerland formalized the foundations of its modern state in the federal constitution of 1848, it was established that the government of the nation should be in the hands of a group of seven people - and not in the hands of just one person, however "strong" that person might be.

The fact that the executive power of a nation, province or commune is exercised by a group of people instead of a single person naturally has a great impact both on the type of people who are (or are not) suitable to be part of a governing college, and even more importantly on the manner and effectiveness with which the political life of Switzerland is being conducted.

In fact, the instrument of collegial governments is so important and has so many effects that it has been identified/selected as one of the three fundamental ingredients of Switzerland's magic recipe. In this

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context, the objectives of this second chapter are (i) to illustrate the most salient aspects related to collegial governments, and (ii) to explain/analyze the impact and main contributions that this second component makes to the very effective and peculiar way in which democracy functions in the country.

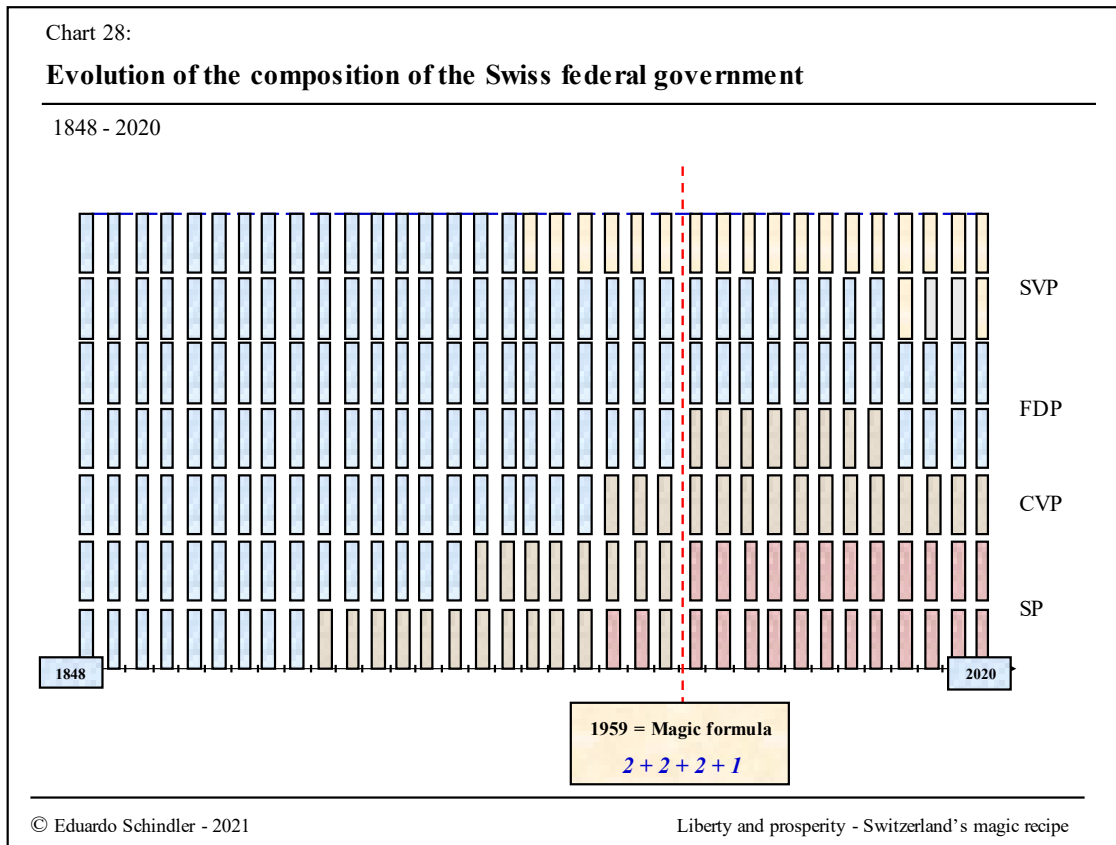**1.- The federal council - a college of 7 members**

It is said that the constitution of the Helvetic Republic adopted on September 12, 1848 was written by a rather small group of people, in the space of a few weeks, and in a rather turbulent historical context in Europe and in Switzerland - including 3 weeks of civil war in November 1847 between some Catholic (Lucerne, Schwyz, Uri, Zug, Ob- and Nidwalden, Fribourg and Valis) and Protestants cantons.

This constitution established that the government of the confederation should be a group of 7 individuals, each with the same rights and powers as the others, elected by the full federal parliament, and that they should exercise their functions as a college.

The motivations for giving preference to the collegial (rather than unipersonal) form of government are indeed manifold, including: it was a tradition already practiced in some areas of the country, to avoid the excesses observed in other European nations resulting from the concentration of powers in one person, and to obtain the greatest possible consensus among the cantons towards the new constitution under preparation.

In any case, it is a historical fact that (i) this solution won by only one vote in favor in the commission that dealt with the matter back in 1848, and that (ii) an important additional consideration at the time in favor of the group was simply the impossibility for the candidates to make themselves known throughout Switzerland to a potential electorate of millions of people. (In addition to the difficulties of having 4 different languages [how to make a good speech, and not a ridiculous one, in a language one does not master ?], in those years it took a week to get from Lucerne to Geneva).

And it is also a historical and rather surprising fact that for a period of more than 40 years, all 7 members of the government came from the same party. But this changed over time. The chart below illustrates the composition of the federal council according to the party of belonging of its members from the distant 1848 to 2020.

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Chart 28:

Evolution of the composition of the Swiss federal government

1848 - 2020

SVP

FDP

CVP

SP

1848

2020

1959 = Magic formula
2 + 2 + 2 + 1

Liberty and prosperity - Switzerland's magic recipe

As can be observed, from 1848 onwards everyone was a member of the FDP - a right-wing liberal party. It took more than 40 years until a person from another party (Joseph Zemp, CVP, center) was elected to the college in 1891. And it took another 17 years before a second CVP member joined the group. The composition kept changing, with representatives from the SVP (right) and eventually also from the SP (left) being added over time.

Perhaps it is just coincidence, but it cannot go unnoticed that the "acceptance" of members from another party occurred only after the introduction of the elective referendum (in 1874) and the right of initiative (in 1891). In this context, it is not hard to imagine that the need to build a consensus/acceptance of government activities that was broader than the FDP's voter base was probably felt in those years. (As in physics, it is hard to imagine that such an important and historical reaction of this magnitude is not the result of some preceding action of similar scale).

To be sure, the distribution of the 7 seats among the four major parties has been, and is, a recurrent topic of discussion. In this context of permanent dispute of interests (and power), an arrangement emerged in 1959 of 2 seats for the SP, 2 for the CVP, 2 for the FDP, and one for the SVP. In Switzerland, this is known as the famous "magic formula", and it applies to this day - with an adjustment in favor of the SVP (which in the meantime has become the largest party in the country) and to the detriment of the CVP.

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It should be noted that the "magic formula" is neither a written law nor a contract signed by the four parties. This practice is rather an agreement based on tradition and respect, and is valid as long as this combination adequately reflects the political inclinations of the citizens as manifested in the composition of the parties in parliament.

As a result, when a member of the federal council belonging to (say) the SP has to be replaced, then it is already known in advance that only a representative of the SP has a real chance of being elected. For this purpose, the SP will present a list of candidates to the members of parliament, who are then invited to hearings by the other parties. It is through this process of hearings and consultations that the names of one or two candidates with a real chance of being elected by the full parliament (200 deputies and 46 senators) are decided. It is worth mentioning that while each of the 246 members of the federal parliament represent their respective cantons, they operate totally independent from the governments of their respective cantons - that is, they do not receive instructions from, nor are they answerable to, them.

A very significant consideration in a person's "eligibility" (or not) is the canton they come from, as the aim is to have a group of people that best represents the various cultural regions/languages of the country. Hence, it is simply not feasible to have two members of the federal council coming from the same canton, or for one canton to repeat itself too often. In addition, in recent years being a woman has become an important criterion in a person's actual chances for election. The importance of the various necessary attributes varies from election to election, and in some ways the selection is influenced not only by the characteristics of the departing member, but also by the profile of the remaining ones.

Once these conditions of belonging to the party that "owns" the seat, coming from a suitable region, and being of the gender that best complements the female/male mix in the collegium are satisfied, then the people who have a real chance of being elected almost always emerge among individuals who (i) already occupy a position in the federal parliament or in a cantonal government, and (ii) have many years of experience in the functioning of Swiss democracy. In addition, these individuals have demonstrated their ability to present and/or support consensus solutions; are already well known/accepted by members of the federal parliament; and have a personality that lends itself to being part of a collegial government. In this way, there are never any surprises about the character, ability and orientation of the person who is ultimately elected.

The rule is that as many people can stand for election as they wish, it is enough to be a Swiss citizen with the right to vote, and it is not compulsory to be a member of a party or of parliament. There are as many rounds of voting as necessary, and the vote is secret. After the third round, no new nominations are accepted and the candidate who receives the fewest votes is eliminated. In the end, the first person to obtain more than half of the valid votes wins (blank votes and votes not cast do not count).

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A vitally important peculiarity in the way democracy operates in Switzerland is that once a person is elected to the federal council, he can stay in government for as long as he wants. Indeed, although formally each member of the federal council is elected for a period of 4 years, with no obligation or guarantee of re-election, the practice is that it is the member who freely decides the time of his departure from the government. Therefore, and with only 4 exceptions among all the 119 members in 170 years of history, these persons are re-elected as many times as necessary by the parliament.
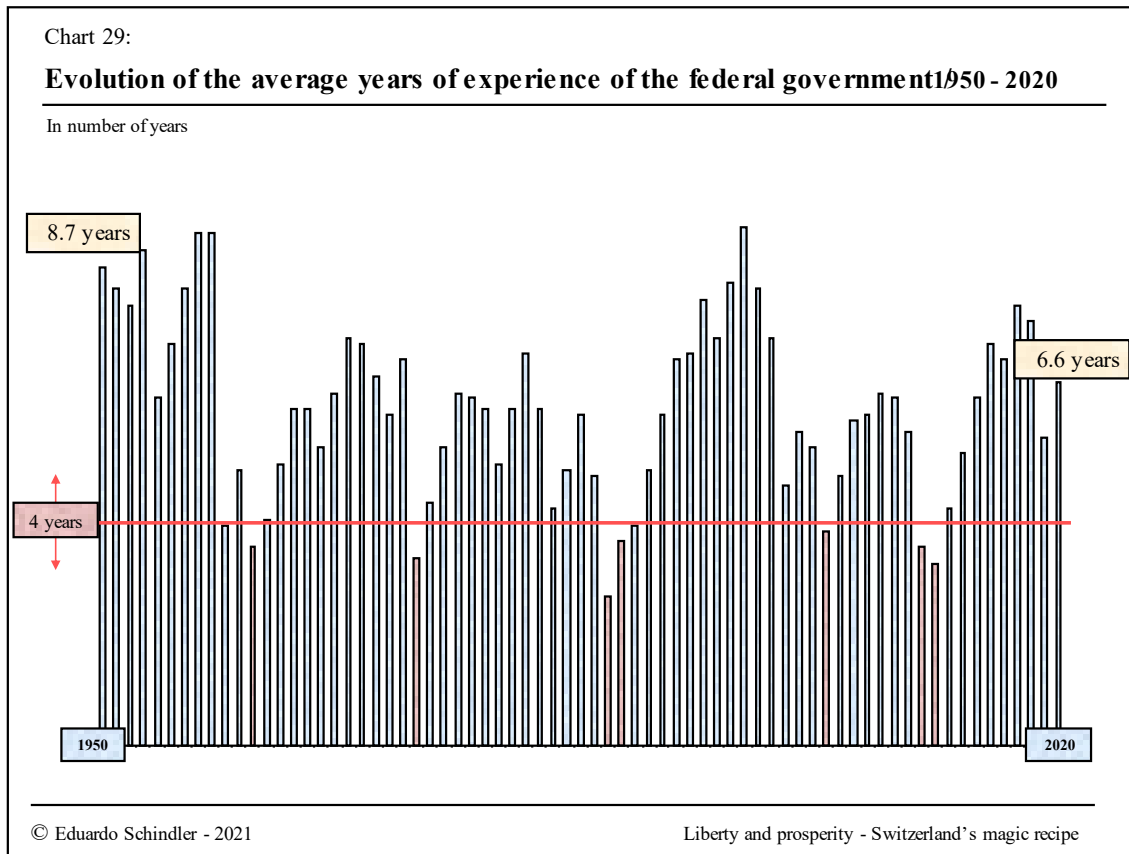
This also means that there is neither a predefined nor a mandatory election period for the federal council. That is, the election of one or more members can take place at any time, and as often as it is necessary to renew or complete the collegium. This in turn translates, to the great serenity of the citizens, into the fact that in Switzerland there are no costly (and sometimes somewhat hysterical) presidential election campaigns, and no politicians who behave (or are forced by the system to behave) as if they were on a permanent and imperative need to increase their popularity.

Stability and continuity in political life
But there is yet another implication with an even more fundamental impact and importance for the very high quality of democracy in the country, namely: the years of "experience" that the Swiss government has at all times.

Indeed, in 2020 the federal council was composed of: one person who has been in office for 13 years (Mr. U. Maurer), another person with 11 years, another with 10, another with 5, another with 3, and the two newest with only 2 years. This means that in 2020 the collegium had a very valuable combined "experience" of no less than 6.5 years in the political leadership of the country.

In this context, the chart below shows the evolution of the average combined experience that the federal council had in each of the last 71 years.

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Chart 29:

Evolution of the average years of experience of the federal government 1950 - 2020

In number of years

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As evidenced, with the sole exception of a few years (columns in red), the federal council that has guided Switzerland over these seven decades has had a very high average (6.6 years) of experience in running the government. On an anecdotal level, it is worth mentioning that the record of tenure is held by Mr. Philip Etter who was a member of the Federal Council for 26 years until he decided to retire in 1958.

Another very important aspect to note is the oscillation observed (between a minimum of 3 and a maximum of 10 years) in this parameter. These movements clearly illustrate another immense and very valuable virtue of the instrument of collegial governance, namely: it is a great mechanism for combining experience with renewal. That is, the group combines the impulses and ideas of new members for reforms with the routine and experience of those who remain.

This element is a fundamental component at the roots of the (almost magical) "secret" of how and why political life in Switzerland proceeds in such an orderly and stable manner, with great continuity, always presenting a gradual and regular evolution, and without there ever being any need (or existence) for major reforms - let alone revolutions.

In fact, and as a direct result of using collegial governments, in Switzerland there have never been, nor are there now, changes of government in the sense and form that representative democracies experience. In other words, there is never a "new government".

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This also explains why in Switzerland there is no politician, left or right, trying to make a career on the basis of promises to break away from such an unhappy past and present - and with slogans of the type "change is coming", "for a new and better Switzerland", "for a different future", and so many other empty promises that lead to repeated cycles of illusion/disillusion in other nations.

Another way to consider this information regarding the large government experience at the federal level is presented in the chart below. This chart shows the distribution over the seven decades in terms of the average years of government experience. As can be seen, in 30 out of 71 years, the average experience of the group was between 6-8 years of practice in performing its tasks:

Chart 30:

Profile of the average experience of the federal government 1950 - 2020

Number of years, as per the average number of years of tenure of the 7 members

Average for the period is 6.6 years

7 years	22 years	30 years	12 years
< 4 years of tenure	4 - 6	6 - 8	> 8 years of tenure

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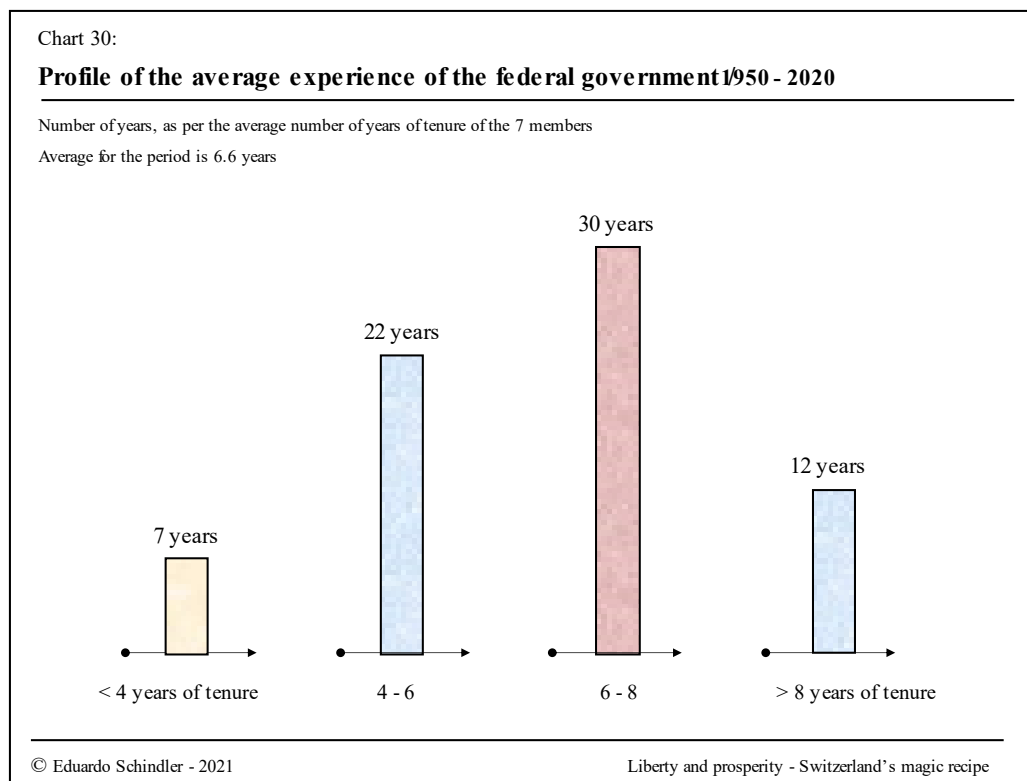
This means that, thanks to this mechanism, in this country it is only people with great and well-tested experience (individually and collectively) who are entrusted with the highest responsibility to guide the governments of the nation, the cantons and the communes.

It is to be hoped that the reader will have no difficulty in interpreting the fundamental significance for a country of being presided over, at all times, by people with such a degree of experience. And it is, therefore, largely thanks to (and through) this mechanism that Switzerland attains the unparalleled level of stability, continuity and serenity that characterizes the political life of this country. This steadiness in turns has great implications, as it is precisely as a result of the unparalleled reliability that reigns in the country's legal order and political life that the nation accesses and generates the large and multiple socio-economic benefits enjoyed by virtually its entire population.

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It is possible to illustrate this very important aspect of combining renewal and continuity by looking at some pictures.

The school year in Switzerland ends towards the end of June, and it is a tradition for the classes to take a day trip somewhere. This tradition also exists for the federal council. Below are two photos of the Swiss government during two "school trips" six years apart:

Source: © Keystone. Julio 2012.Arno Balzarini

Source: © Keystone. Julio 2018. Peter Klaunzer

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As can be noticed, while most of the group is still the same, there are two members that have changed in the meantime. A very visible example of continuity with renewal.

To recapitulate: the result of being ruled by a collegial government is that, unlike so many other nations, Switzerland is a country where there is never really a change of government. Let alone the discontinuity of "jumping" to a new one whose priority is to rush to overturn measures, laws and policies of the previous government. Therefore, there is a permanent and immense continuity and stability because there are no zigzags. And there is also no need for an "alternation" between regimes of different political currents as an expression (or illusion?) of a living and healthy democracy. It is as simple as that.

The principle of collegial government

The key element of operating as a college is that decisions are taken as a group, and once these have been taken, then each and every member must represent this decision as his or her own to the rest of the country. And this even if the person has proposed and "fought" for a different decision within the collegium. There is no room to express divergent opinions in public, or to say that one does not agree, and much less to criticize the other members of the group.

This in turn imposes, rather imperatively, that members of the college, and all aspiring members, have a character that lends itself to being part of a group that operates under such rules. In other words, either one has the discipline, flexibility and maturity to act in this way, or it is better to abstain from participating in political life with governmental responsibility. One must know how to accept that one does not always win, and that if the majority of the members do not agree on an issue, this does not mean losing.

There is no room for "tantrums", "chanchadas", spreading rumors, or being tempted by journalists on the hunt for news that cause a sensation and/or promote discord. Nor is there any need or room for "chest-beaters", know-it-alls, conceited and other "virtues" that are unfortunately required to get ahead in the confrontational scheme that prevails between government vs. opposition in representative democracies.

In the case of Switzerland, the 7-member college meets in plenary on Wednesdays (see photo below), discussions and decision-making are secret, and the presence of at least 4 members is required to make valid decisions. The issues to be discussed are presented by the responsible member of the department handling the issue, who also formulates the proposed solutions in this regard.

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Source: © Keystone. Monika Flückiger

In this context, it should be mentioned that the Swiss government does not have ministers and ministries as known in presidential or similar type 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 apparatus of federal governmental 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 distribution of responsibilities and attributions among these departments to deal with issues that are part of the nation's political agenda. It also has the great advantage of freeing these seven leaders from the heavy (and inhuman) obligation of knowing everything about everything, all the time.

The question then is: who is in charge of which department ?

In the Swiss case, the answer is quite pragmatic: the distribution among the members of the Federal Council is done exclusively among themselves, and is simply based on the principle of seniority. That is, the oldest member begins by choosing the department of his or her choice, and the order of seniority follows. The last one to arrive has to console himself with "the remaining department".

This process of selecting ministries usually takes only a few hours. And as a result, Switzerland - that is, its population, the players in the economy, the political class, and even the press (very much a *contre-coeur*) - lives completely free of: (i) the difficult, sometimes eternal, and often fruitless discussions that exist in the formation of governments based on an ad-hoc coalition of parties; and (ii) the infallible political instrumentalization that is made in the parliamentary ratification processes for ministerial candidates practiced in some presidential systems.

We cannot close this point regarding a collegial government without referring to the question: what does it take to be a good federal councilor? what are the most distinctive elements of the people who have distinguished themselves?

The experience of this country teaches that the best members of a collegial government are distinguished by the quality of the management of their departments, the effectiveness of the solutions they formulate to the problems under their responsibilities, and for knowing how to contribute to the coherence and credibility of the collegial government towards the rest of society.

2.- Cantonal governments - colleges of 5 or 7 members

The principle of collegial governments is also applied at the second and third levels of the Swiss state. There are currently 14 cantons with a 5-member government, and 12 with a 7-member government. 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 are no limits for its members to be re-elected one or more times.

The election takes place by direct vote of the citizens, and in a first round the candidates who have passed a certain minimum number of votes are elected. If necessary, there is a second round and as many candidates are elected by simple majority as are necessary to complete the government. This means that there is no party list with several candidates (and with the number of seats to be distributed among the parties in proportion to the votes obtained), but that each person stands for election with the support of the corresponding parties.

In general, there is a president of the government with a role of *primus inter pares*, and a rotation of this function every year. As in the case of the federal council, each member assumes responsibility for a specific area of governmental activities. A typical division of departments at the cantonal level is: justice and interior, order and security, construction, health, education, finance, and economy.

Among the main responsibilities and powers of the governments at this second level of the state are: formulating cantonal laws and supervising their implementation; organizing and overseeing the application of federal laws; representing the canton towards the confederation, other cantons, and other

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countries; preparing the fiscal budget and managing its execution once approved by the cantonal parliament; organizing and carrying out cantonal referendums; maintaining order and security in the canton perimeter; supervising the functioning of the communes; and managing the administrative activities of the cantonal public apparatus.

In theory, in some cantons governments can be dismissed before completing their term of office - either by means of signatures of the citizens (600 in Uri, 30'000 in Bern) or with 75% of the votes of the respective parliament. In practice such a dismissal has never happened - at least in recent history.

Quite to the contrary, thanks to the application of the principle of collegial governments, the important phenomenon of a great deal of "experience" on the part of the executive group also exists at the cantonal level. For example, in the canton of Zurich (where the author resides) in 2020 the government was composed as follows: one person with 11 years of membership, one with 10 years, 3 with 5 years each, and two with only one year. The result is that the group of 7 persons in the picture below has an average experience in conducting the political life of the canton of 5.4 years.

Source: © Staatskanzlei Kanton Zürich. March 2019

Chart 31 below shows the evolution of the average experience in each year from 1950 to 2020 of the government of the canton of Zurich:

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Chart 31:

Evolution of the average experience of the government of the canton of Zürich / 1950   - 2020

In number of years

7.4 years

4 years

5.4 years

1950

2020

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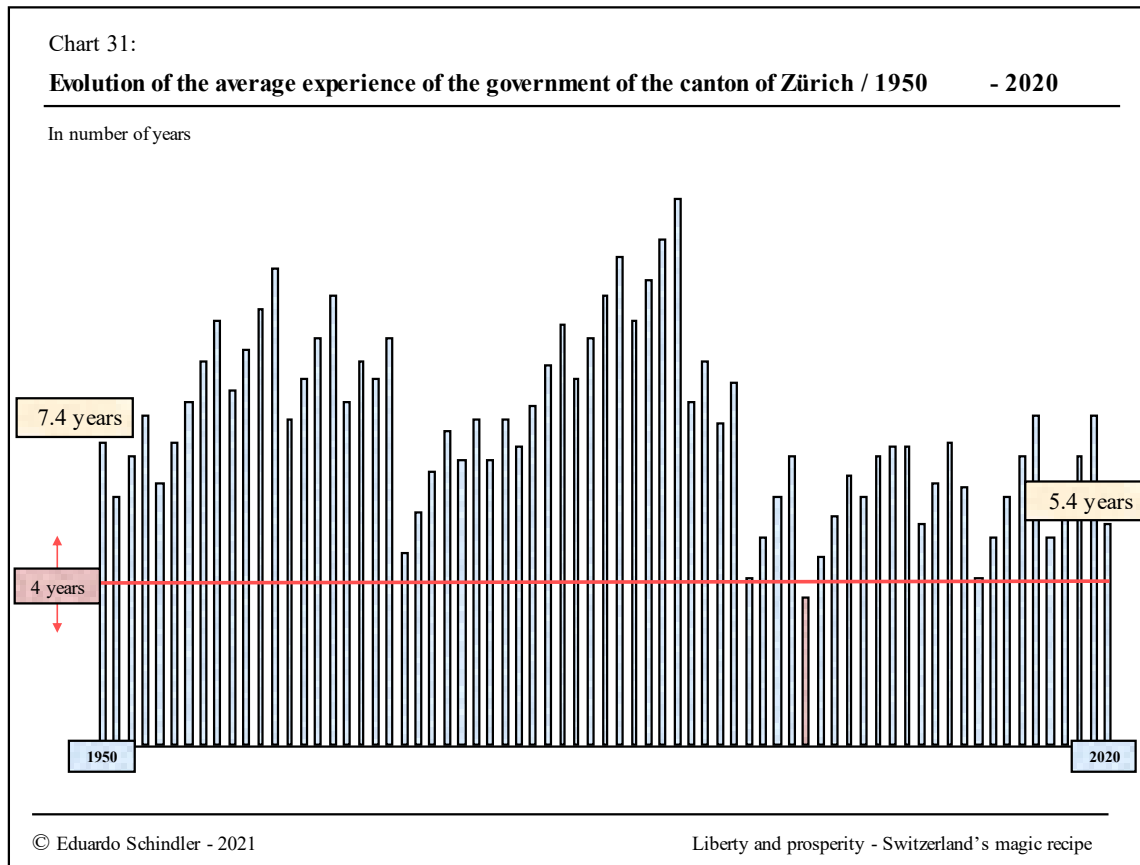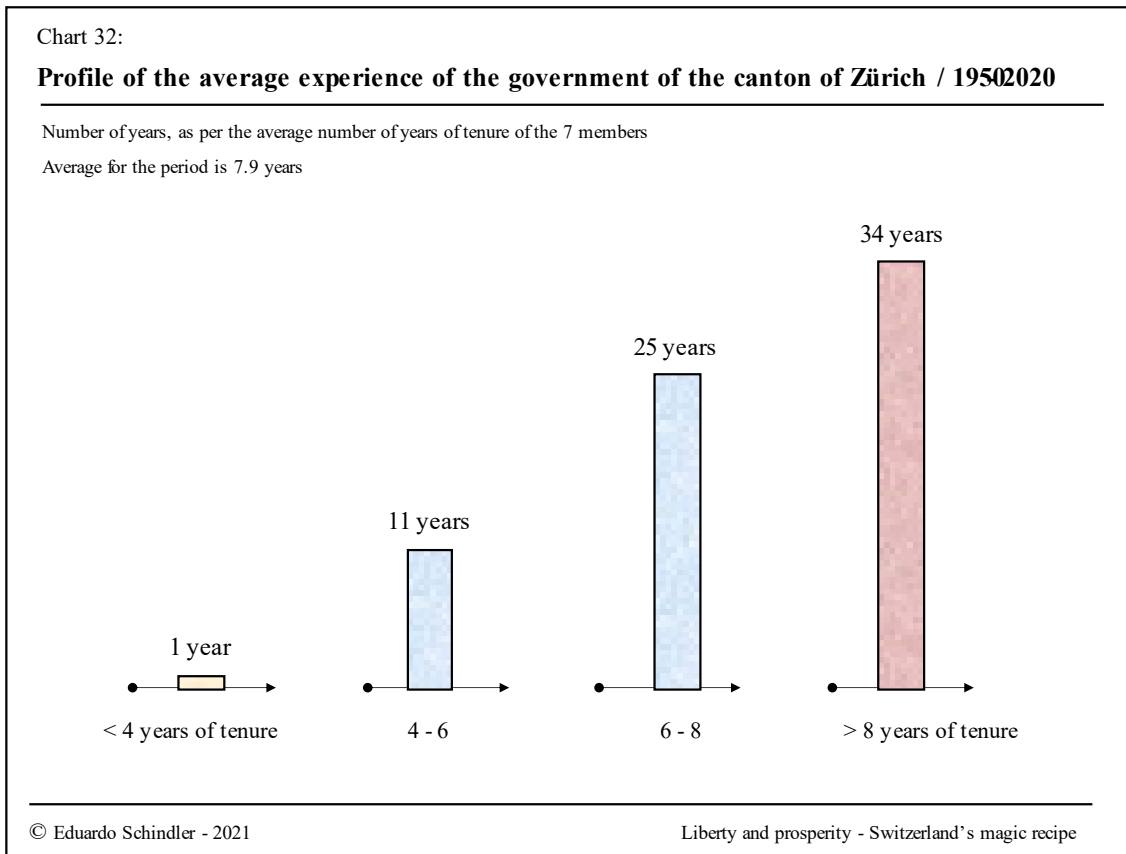
As can be seen, only in one of the 71 years considered did the government have less than four years of experience in managing the activities attributed to it. Moreover, the cumulated average over the entire period considered is the very respectable figure of 7.9 years. The record of tenure is held by Mr. Alfred Gilgen who was a member of the cantonal government for 24 consecutive years - which means that he was re-elected 5 times directly by the citizens.

This figure of 7.9 years is all the more remarkable not only because it is higher than that of the federal council (6.6 years), but above all because it is the result of an election made: (i) directly by an electorate of 945'000 citizens (instead of the federal parliament with 246 individuals); (ii) on the basis of competitive nominations and open to all types of candidates; and (iii) without the fixed and *a-priori* distribution of the 7 seats among some parties as in the "magic formula" at the federal level.

Moreover, the following chart shows that during 34 of the 71 years considered, the government of the canton of Zurich had more than 8 years of cumulated average experience in performing its tasks.

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Chart 32:

Profile of the average experience of the government of the canton of Zürich / 19502020

Number of years, as per the average number of years of tenure of the 7 members

Average for the period is 7.9 years

		34 years
25 years		
11 years		
1 year		

< 4 years of tenure   4 - 6   6 - 8   > 8 years of tenure

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Here, too, the reader will have no difficulty in interpreting the fundamental significance for the canton of being presided over by a government with such a degree of experience. In particular, this means that the phenomenon already enunciated of stability, continuity and reliability resulting from collegial governments at the national level is also repeated, in its own way, at the second (and third) level of the state. And, therefore, this also means that the phenomenon of great prosperity that results from the unequalled reliability that prevails in the legal order, also occurs in each and every one of the 26 cantons (and more than 2'170 communes) of the Swiss Confederation.

Observing this evidence, it is obvious that the cantons (and communes) benefit substantially from being under the leadership of people with so many years of practice in responding to the true interests of the citizens. Otherwise, how could it be explained that the people confirm candidates running for re-election with the incredible regularity reflected in the above charts ?

And there is still more. Given the high levels of average experience and the fact that (presumably) similar levels exist in all the other cantons shows:

- that the mechanism of collegial governments as a form of political leadership also works in a context of competitive, periodic elections with direct voting by the citizens;

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- and that it works across cantons that have great differences among them - be it in population size and type, geography, wealth level, political leanings, religion, language/culture, and various other elements that are illustrated in greater detail in Chapter 3.

To recapitulate: Collegial governments are a necessary condition, and a fundamental catalytic ingredient, of the magic recipe. And the fact that this second component works in such different realities, suggests that it is an instrument that can be applied in any other country aspiring to reach the level of liberty and prosperity that the Swiss state offers to its people. It is indeed a very powerful mechanism. And it is one within the reach of all those who, like the Swiss, have the fortitude to put more trust in the "force" of the common sense of normal people instead of that of the "supermen" who promise so much and deliver so little in the one-man regimes.

Collegial governments in the communes

As already mentioned, the principle of governing through collegial governments is also applied at the third level of the Swiss state. As an example, the photo below is of the 7-member collegial government of the commune of Kilchberg (incl. the secretary general) - near Zurich:

Since the most salient points of the impact of this second ingredient at the commune level derive above all from the fact that there are so many of them, these aspects are presented and discussed in the third chapter.
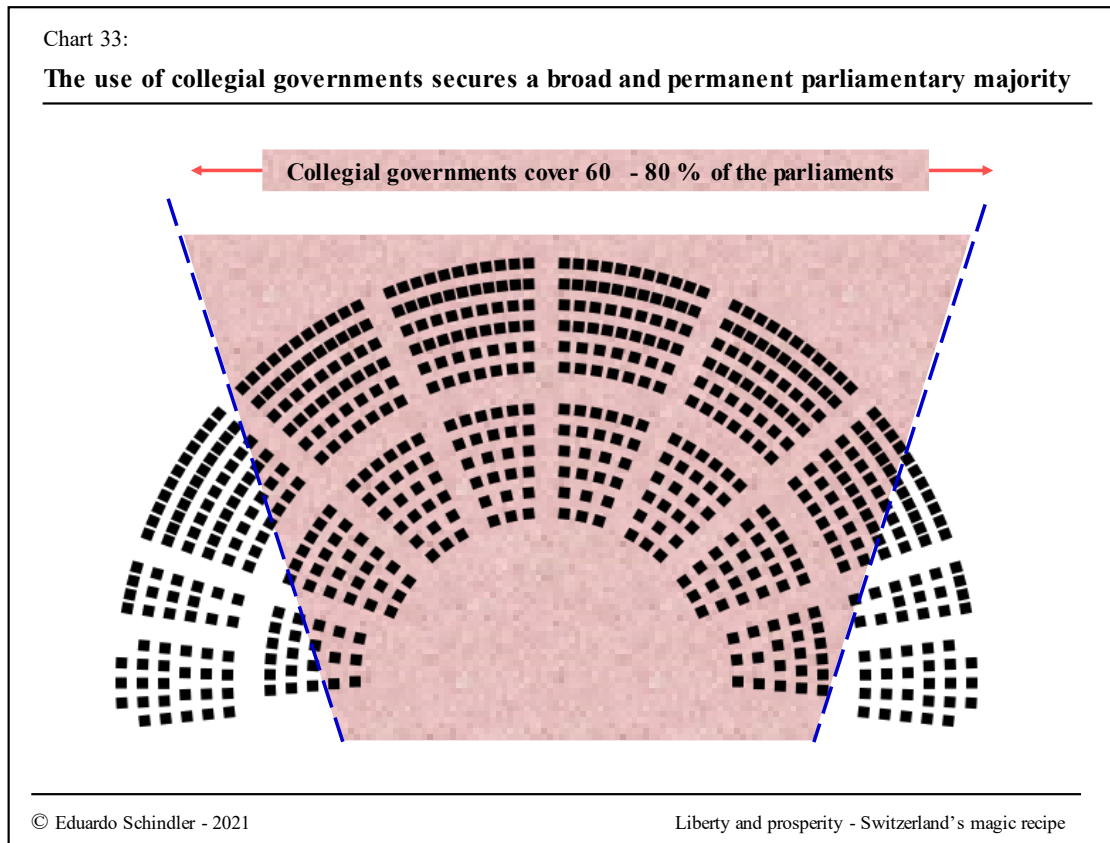
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3.- Governing in the context of a stable and permanent majority

In addition to the great stability and continuity it brings to governance, another distinctive and very valuable aspect of the collegial government mechanism is that it allows replacing: (a) the permanent antagonism between government/opposition as a way to generate/obtain the best results from political activity, by (b) a style of interaction between those elected to government and parliament that aims to generate the greatest possible consensus around the laws that are issued and the decisions that are made.

Where does this famous and distinctive aspect of Swiss democracy come from ? Are Swiss politicians a different type of people than in countries with representative democracies ?

To better illustrate and understand this aspect, consider that the group of 5-7 people elected in a collegial government come from various parties, and collectively represent in general between 60-80% of the voting preferences made by the citizens. That is, all of the 3-4 largest political parties are always represented by one or more members in the government - and in a proportion that reflects the predilections of the electoral body. Which, in turn, translates (de-facto) into a government of permanent and irrevocable coalition among the major parties. And it is also one that - by definition - controls a large majority in the parliament, since obviously the party structure represented in government and parliament is highly symmetrical.

This means that the use of the instrument of collegial governments leads, by construction, to governing in a context of a stable and permanent majority, and in which the composition of the coalition has been defined ex-ante by the preferences of the citizens - and not ex-post through ad-hoc negotiations between members of the political class as it happens in representative democracies. This extraordinary situation is illustrated below:

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Chart 33:

The use of collegial governments secures a broad and permanent parliamentary majority

Collegial governments cover 60 - 80 % of the parliaments

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Governing in such a scheme, and without the latent threat of destabilizing or even "bringing down" the government as is the case with ad-hoc coalitions, translates as a result of these structural reasons into a relationship of cooperation (rather than antagonism and confrontation) between the executive and legislative branches, between the different political fractions in parliament, and between political leaders in general.

In this context, any idea, proposition, or initiative expressed by any politician, of any party, simply has no chance of success in Swiss politics unless it is rapidly supported by the broad majority that has a permanent and stable existence. If there is no broad consensus, then simply no new law proposal and/or state decision has a chance of coming into force. And as if that were not enough, the consensus created within the political class must also reflect the interests of the people - otherwise the "product" of this consensus among politicians takes the risk of being attacked by an elective referendum in due course.

This means that anyone who has the ambition and interest to contribute to political life in Switzerland either learns to play by the rules of consensus (and not antagonism), or his or her career will not last long. The imperative to generate agreements and to make/accept concessions is not an intrinsic virtue of Swiss politicians (e.g., less egoistic, cynical or doctrinaire), but is pure pragmatism and discipline structurally imposed by the system. It is as simple as that.

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However, the willingness to seek agreements is not always enough for the political class to formulate laws and make decisions that satisfy everyone involved in the process. And as everywhere else, discussions and quarrels also "get stuck" in Switzerland. Sometimes for ideological reasons and/or political opportunism. Rarely is it because of personality clashes.

In these cases, the very powerful corrective mechanism intervenes to avoid the ever-latent and omnipresent danger that "imperfectly" formulated laws and/or decisions are attacked through an elective referendum. This instrument seems to work like magic, and often "helps" even the most recalcitrant actors to make a "last-ditch effort" of concessions to unblock the system, reach a higher level of consensus and support, and avoid the specter of the elective referendum. In fact, sometimes are the very political parties that are part of the government, but are left in the minority during the process of formulating a bill/decision, that begin to threaten to launch an elective referendum if their requirements are not accommodated.

This much more civilized way of doing politics is expressed in several ways.

One is that contrary to the immense process of mutual/reciprocal political attrition between the governments and parliaments of so many nations, in Switzerland there prevails above all an atmosphere of mutual respect and willingness to work constructively. Instead of wasting an immense amount of energy in trying to block and/or neutralize each other, in this country the imperative prevails to work together to create propositions that are, in fact, acceptable to the majority of the citizens. If the output of the state is slow in coming, and/or of unsatisfactory quality, the people have all the necessary instruments at hand to intervene - and if necessary even change the people incapable of providing laws and/or decisions in the best interest of the community.

This atmosphere of acceptance and respect is expressed in a very clear way when the time comes for the re-election (ratification) of the 7 members of the federal council. On these occasions the parliament is in a position to express its degree of more or less "satisfaction" with respect to the work done as a whole. Note that in Switzerland each federal councilor must draft, present, and discuss the laws and decisions emanating from their respective departments with the parliament - which can obviously demand changes, propose additions, and finally impart its approval or rejection of the government member's proposal. In other words, the fiercest political "battles" take place between these two contenders.

In this context, the total re-election of the federal council took place in December 2020. All 7 members expressed their willingness to continue in office, and ratification requires at least half of the valid votes (123 out of a possible 246) for the person to be confirmed in office as a federal councilor. A vote was taken one by one, in order of seniority, and the results were as follows:

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- Mr. U. Maurer (SVP, right) was confirmed with 213 votes (ca. 87% of the possible votes), and this after having been a member of the government for 13 years;

- Mrs. S. Sommaruga (SP, left) received 192 votes, with 11 years in government;

- Mr. A. Berset (SP, left) received 214;

- Mr. I. Cassis (FDP, center-right) received 145;

- Mr. G. Parmelin (SVP, right) 191;

- Ms. K. Keller-Suter (FDP, center-right) 169; and

- Ms. V. Amherd (CVP, center) 218.

As can be noticed, the results are far from identical, and the message from the parliament regarding the degree of satisfaction with the working relationship with each person is quite clear.

But most notably and importantly, there is no trace of a war of attrition between government and parliament. Rather, these results confirm that in fact just the opposite is true. And what is really impressive is the high level of support enjoyed by each and every one of the 7 members of the federal council - regardless of party affiliation, even after so many years of service, and in spite of so many "battles" won/lost with parliamentarians.

In this context, an interesting example of the highly civic manner in which political activity takes place for the benefit of the whole country is provided by the picture below;

In December 2020, Mr. Ueli Maurer celebrated his 70th birthday and he was scheduled to speak at the parliament. It is worth noting that Mr. Maurer has not only been in office for 13 years, and that he belongs to the most right-wing party in the country, but also that as finance minister he has to distribute

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so many negative responses to so many requests for funds from the members of the parliament. None of these elements prevented all members of the chamber from singing and giving him a prolonged standing ovation on this occasion.

Similarly, in December 2018 Mr. Johann Schneider-Amann retired from the federal council after 8 years in office. Here, too, the parliament bid him farewell with a standing ovation of more than 5 minutes in recognition of the work and contributions made during the years he held the highest office in the political leadership of the country.

Interested readers can find videos on YouTube of these and other memorable occasions between members of the federal council and parliament.

And there is even more. Those interested in somewhat "funny" situations, and also as a sign of how very normal are the people who hold the position of federal councilors in Switzerland, will have a good time watching the following videos:

1.- Laughing fit of Mr. R. Merz, then Minister of Economy, during the presentation and defense of a law for the protection of certain food products in September 2010:

https://www.youtube.com/watch?v=lBeLCDTPs8o

2.- Allocution in French on "sick day" by Mr. J. Schneider-Amann, in his year as President of the Confederation, indicating that laughing is good for your health in March 2016:

https://www.youtube.com/watch?v=ZvkeNKdqWv4

3.- Interview on CNN and in English with Mr. U. Maurer, then in his year as President of the Confederation, after a meeting with President D. Trump in May 2019:

https://www.telezueri.ch/videos/viral/ungewollt-komisch-bundespraesident-maurer-im-cnn-interview-134489419

It is not hard to imagine how the press, opposition politicians, and people in general would have reacted in other countries in the event that one of their top political leaders had given a similar "show". Sarcasm, merciless criticism, accusations of incompetence, calls for resignation, need for early elections, coalition breaking up, an embarrassment to the nation, etc.

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None of this happened in Switzerland. Instead, these events were cause for smiles and teasing for a few days, and that is enough. What really counts is that these very human and cumbersome anecdotes had no impact on the way these people were able to continue exercising their respective functions.

Another virtue and great benefit of a collegial governance mechanism.

4.- Direct election of the federal council

The direct election of the federal council by the citizens instead of the parliament is a topic that appears from time to time in the political discussion in Switzerland. In the last 120 years there have been three popular initiatives in this connection. The first was launched by left-wing parties in the distant 1900s, and proposed that in addition to direct election, the number of members should be increased to nine. (As can be seen, the tendency to "inflate" the number of members is also a latent temptation in the political class of this country). The federal council of the time recommended rejecting the initiative. It was referended in November 1900, and it was rejected by 65% of the voters.

Time passes, generations change, and ideas return. Thus, in 1939 the left-wing parties made a new attempt with an initiative identical to the previous one. The photo below shows a poster of the time to promote the YES vote in favor of this initiative:

This second attempt was referended in January 1942, and this time it was rejected by 68 % of the voters. New generation, same result.

With such a level of rejection, it is not surprising that it took more than 60 years for the topic to become part of the country's political agenda again. And unlike the two previous occasions, this time it was a

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right-wing party that pushed the idea. To this effect, an initiative was launched in 2010, but with the novelty of not changing the number of 7 members. The photo below shows the very symbolic moment when the people responsible for the initiative make official delivery, to the chancellery of the confederation, of the boxes containing the more than 100'000 signatures collected in the time available for the initiative to be valid.

Source: © Keystone. Julio 2011. Lukas Lehmann

This third attempt was referended in June 2013. The government and parliament did not make any counter-proposals to the initiative, and simply recommended to reject it - even though there were 5 senators (out of 46) and 49 deputies (out of 200) who supported it in the parliamentary votes.

In the end, there were 1'550'080 people who voted NO, which translated into a resounding rejection of the idea of a direct election of the federal council by no less than 76 % of the voters.

The chart below illustrates the voting results in each and every canton.

Chart 34:

Outcome of the initative "Direct election of the Bundesrat" in the cantons

In % of the votes casted in the respective canton. March 2012

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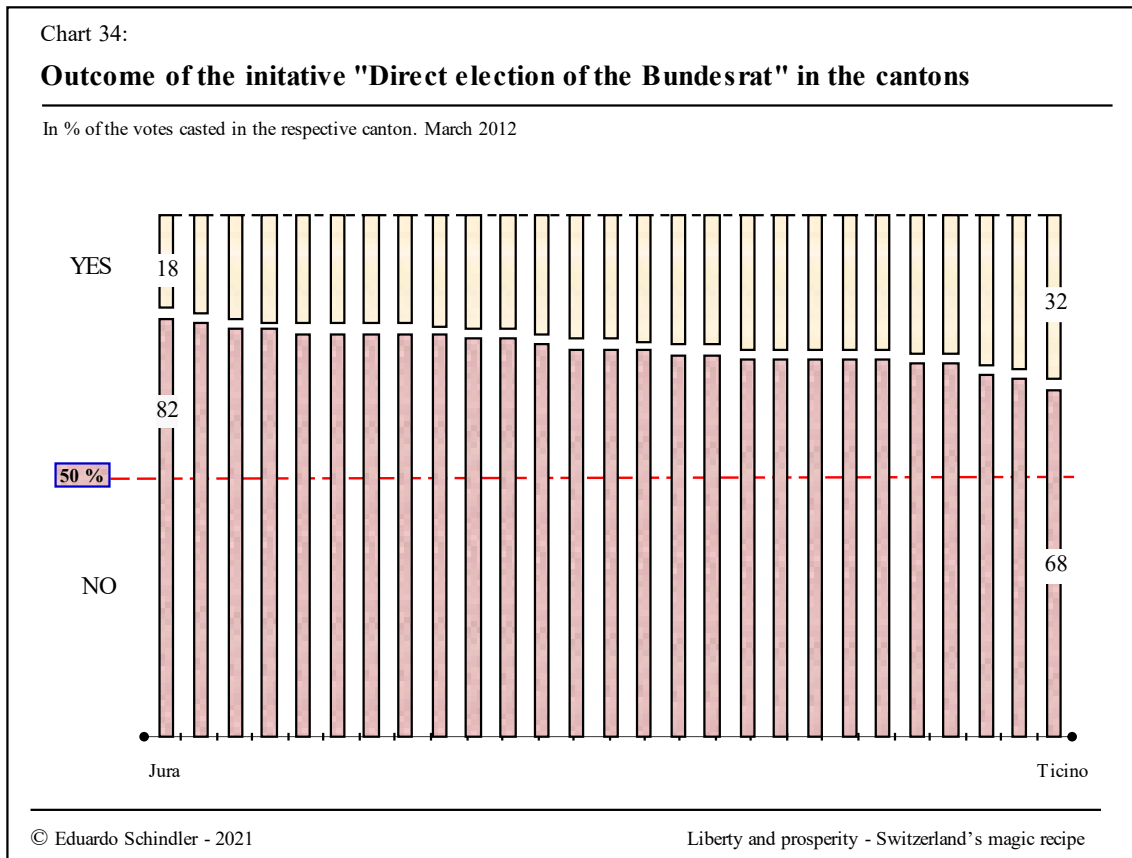
As illustrated, the NO won in all cantons quite categorically. The most resounding result was in Jura where the YES received only 18% of the votes, while at the other extreme is Ticino where it obtained 32%.

It is interesting to note that in 120 years of history the rejection of the direct election of the federal council has been a constant through several generations. As the proverb says: history repeats itself. And in the case of Switzerland, so do the results. It is suggestive to note that in recent times support for the direct election of the federal council is even lower than in the past - even though getting from Lucerne to Geneva now only takes less than 2 hours, and promoting a nationwide image is within everyone's reach.

A list of reasons often indicated to explain this resounding NO result include:

- all in all, the system works quite well and people are happy. The idea of direct election seems to be a solution to a problem that in reality does not exist, and that on the contrary may create many by breaking the good balances already present in the system;
- not to jeopardize, and instead rather facilitate, promote and respect the existing spirit of collegiality among the members of the collegium - an example as well for the rest of the country and the political class;

- to ensure and maintain the existing representativeness in government of the various cultural and regional minorities, which in reality means preventing the dominance of the large German-speaking cities;

- to prevent members from spending all their time campaigning for their own popularity and, on the contrary, to allow them to concentrate on resolving issues of concern to the citizens rather than on their re-election;

- to prevent members from being instrumentalized by their parties and act as a "locomotive" for all types of secondary elections;

- not to take away from the parliament one of its main instruments of influence in the political work of the country;

- avoid increasing the importance of actors at the national level, promoting centralist tendencies, and to the detriment of the independence of the parties at the cantonal level; and

- to prevent Switzerland from falling into a sort of "Americanization" of elections, with increasingly expensive campaigns, creating dependence on contributors of funds, favoring a growing importance of groups with greater resources and influence, and based on populist slogans and reciprocal disqualification among candidates.

Faced with these arguments, and with no real problem in need of solution, it is not surprising that 3 out of 4 citizens had no difficulty in choosing NO. With this verdict people have expressed that "leaving things as they are" is the best way to preserve the serene coexistence, the political stability, and the immense prosperity that the system as it exists has brought them. And reality that has worked well for more than a century, through two world wars, several/severe regional and global recessions, and great political, financial and economic ups and downs in so many neighboring countries.

5.- Reflections and conclusions

The most important elements to retain from all the information and considerations shared throughout this second chapter can be assembled into three groups, and they are the following:

A.- Great stability, continuity and experience in governments

1.- The use of collegial governments gives political life in Switzerland a stability, continuity and credibility unequalled in the democratic world. It can be said that in this country there is never a "change of government" nor a "new government" as it is understood in other nations. Instead, the government body is always an incessant mix of renewal with continuity - and this at each of the three levels of the state.

This very distinctive/valuable characteristic of solidity and reliability is, in turn, both the basis and also a fundamental catalyst and ingredient of the unparalleled prosperity that the country has generated and accumulated over time.

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In other words, Switzerland would never have achieved the level of wealth it has today without the level of reliability in its rule of law that results from the use of colleges as a form of government.

2.- The almost 7 years of average tenure/experience of federal council members, and the repeated rejection by the citizens of their direct election, demonstrate that the majority of the people: (i) feel well represented with the composition of the "magic formula" despite its more than 60 years of existence, and (ii) are satisfied with the ability of the parliament to elect the right people to hold such an office.

3.- Similarly, the almost 8-year average tenure of the members of the collegial government in the canton of Zurich shows that the instrument of collegial governments also works: (i) in a context of competitive elections of all 5 or 7 members every 4/5 years; (ii) with no pre-defined distribution of seats among the major parties (as in the case of the federal government); and (iii) with direct election coming from an electorate composed of more than 900'000 people (instead of only 246 parliamentarians as in the case of the federal government).

4.- Given that collegial government is a mechanism that works in realities as different as those that exist among the 26 cantons and the more than 2'170 communes, and in a context of periodic and competitive elections among many candidates, it can be concluded that this instrument can be equally applied in all types of countries - large and small, young and old, rich and poor, left or right.

B.- Constructive consensus instead of destructive antagonism as a style of politics

5.-The existence of a permanent, stable and symmetrical majority between the collegial government and parliament, which reflects 60-80% of citizens' preferences, combined with the quarterly "rhythm" of YES/NO referendums on specific issues, translates into the search for the broadest possible consensus on these issues as the dominant way of conducting politics in Switzerland. This is a major (and much valuable) difference in respect to the antagonistic and hatred-driven approach that often exists between government vs. opposition in so many representative democracies.

6.- The imperative to generate consensus, together with the absence of a confrontational dynamic, defines in turn the character and type of people who are successful in influencing (or not) the political workings of the country, canton or commune. The capacity that an individual has to generate/accept consensus is already tested within the parties before it emerges at the public level.

7.- Working in a context of seeking consensus and being part of a college makes it much easier for a political leader to change/adjust his position without "losing face" in front of the electorate, journalism, and political adversaries. On the contrary, showing flexibility and pragmatism in general helps to gain (rather than lose) credibility in this country.

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8.- Some valuable by-products of the above include that:

- "the system" is quick to dismiss people who are not capable of generating/accepting broad agreements - in particular: autocrats, arrogant, cynical, know-it-alls, demagogues, polemicists, anarchists, intransigents, etc. It should be noted that the fact that there are no "pechugones" people in Swiss politics does not mean that such people do not exist. Rather, these types of people rarely get to play a role of importance simply because there is no place, nor need, for them in the very successful conduct of the nation's political life.

- the people live free of a journalism based primarily on sensationalism, dedicated to stoking antagonism, nurturing the ego of politicians, contributing to the perfidious distribution of rumors, and unable to provide investigative content or insightful analysis of their own.

C.- The elections of representatives to the government are not of capital importance as in other countries
9.- As already indicated in the previous chapter, the possibility of intervening directly in the output of the legislative/decisional process of the state significantly reduces the importance of any member of the political class. In this context, the fact that governments are based on colleges (instead of an individual) further reduces the importance that any individual can have in the workings of the state - regardless of the status and/or competence of that individual.

These two elements, in turn, combine to render the election of representatives every 4 years for governments and/or parliaments an event of fairly secondary importance for most everyone in the country.

10.- The above explains why the highest members of the Swiss government require minimal and often no personal protection at all. Some pictures serve to illustrate this reality - which is probably unique in the world.

Example Nr. 1: Four members of the federal council returning to their offices in Bern after a crisis meeting at the central bank over the sharp appreciation of the Swiss franc in August 2011.

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Source: © Keystone. Lukas Lehmann

Example Nr. 2: The photo below shows the full federal council (all 7 members) as they prepare to listen to the speech of whoever was president of the confederation in 2016 to the people of the small town that received them at that time:

Source: © Keystone. Lukas Lehmann

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Please be noticed the size and composition of the audience, as well as the total absence of security measures.

Example Nr. 3: Four members of the federal council coming to hold their weekly meeting, this time in Zurich, in May 2019.

Source: © Keystone. Walter Bieri

And a group photo a few moments later together with the 7 members of the college government of the canton of Zurich - which had the role of host on this occasion:

Source: © Staatskanzlei Kanton Zürich. Mayo 2019.

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To put it bluntly: what would be the point of doing anything against the integrity of any politician, if it is obvious that no matter how high his position is, it would have no impact and nothing whatsoever would change at all ?

11.- All of the above explains why the vast majority of people do not know the names of the persons holding the highest political offices. Probably less than 1-2% of the people actually know the names of all 7 members of the current federal council. And they may know even less who is the acting president of the Confederation in the year in question. But in Switzerland this is not ignorance. It simply reflects the fact that, incredible as it may seem, none of these individuals is actually of any importance to people's day-to-day lives.

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

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Chapter Nr. 3: Complete political and financial autonomy of cantons and communes

Introduction

Like the vast majority of other countries in the world, the Swiss state is also structured on three levels - that is, on a national level, a regional level (the 26 cantons), and a communal level (the ca. 2'170 communes). The various tasks and powers of the state are divided among these three levels according to the principle of subsidiarity - that is, the higher level takes care only of what the lower level would not be able to do properly on its own. But in contrast to other nations, what distinguishes Switzerland most in this respect is:

1.- The great capillarity of cantons and communes throughout the Swiss territory; and even more important than this,

2.- The complete level of political and financial autonomy that the cantons have with respect to the federal government, as well as the communes with respect to their respective cantonal governments.

In this context, the objectives of this chapter are (i) to illustrate the most distinctive aspects of these two elements, and (ii) to explain/analyze the impact and the main contributions that this third ingredient makes to the very effective and peculiar way in which democracy functions in Switzerland.

1.- Capillarity of the second and third level of the state

As illustrated below, the Swiss state is made up of a total of 26 cantons, many of which are quite small in size, with a maximum separation distance of less than 300 kilometers.
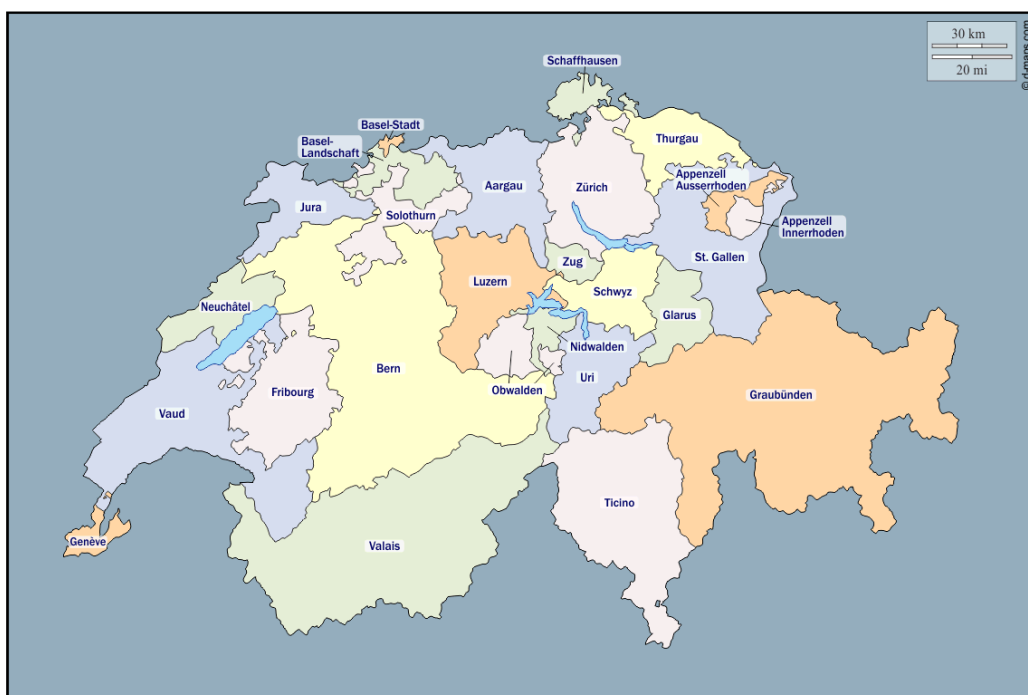
Source: https://d-maps.com/carte.php?num_car=24820&lang=de

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Associated with this diversity in size, there is also a great variation in the population that inhabits them. Thus, for example, the canton of Zurich has almost 1.5 million residents while others such as Uri, Obwalden, and Glarus have less than 50'000. It should be noted that 16 cantons have less than 300'000 inhabitants, as shown in the graph below, while the cities of Geneva and Basel are cantons in their own right.

Chart 35:

The great majority of the cantons have less than 300'000 inhabitants

Number of inhabitants - in 000. 2015

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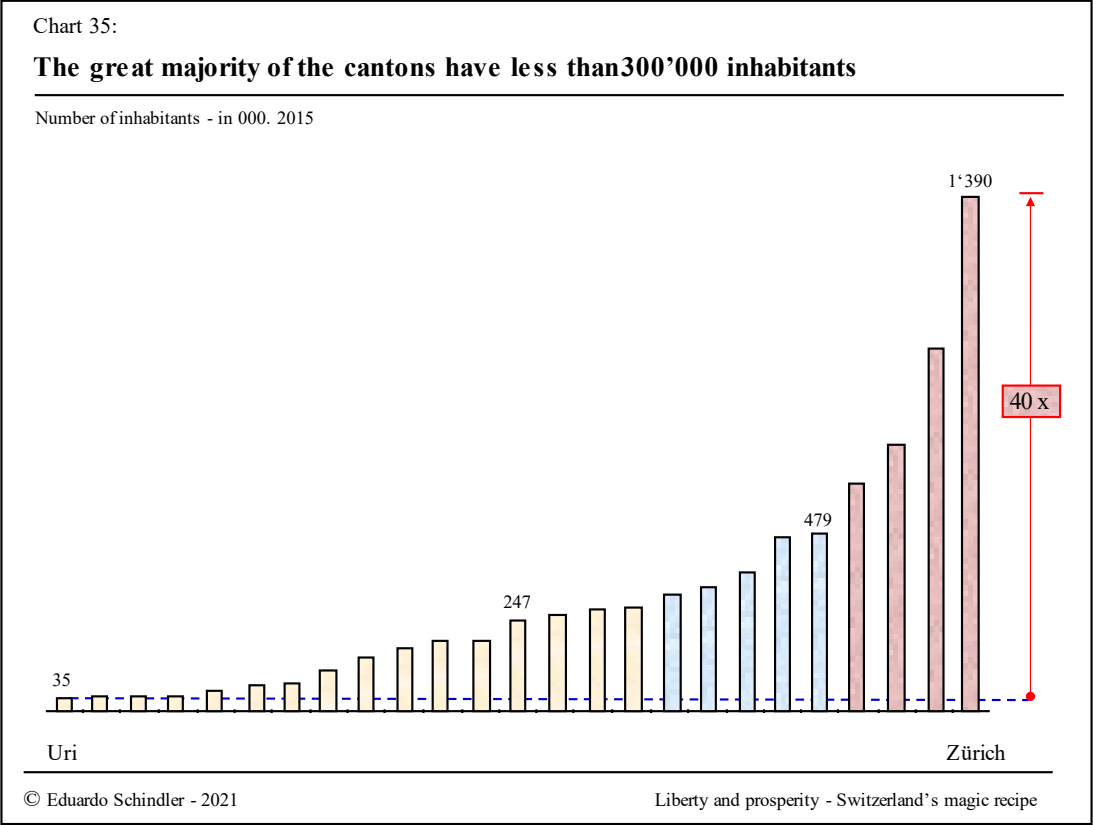
The very high structural capillarity of the Swiss state is even more pronounced at the level of the communes that make up each canton. There are currently about 2'170 communes scattered throughout the country. For example, the canton of Bern has 379 communes while the canton of Glarus and Basel-City have only 3 of them.

Chart 36:

There is a great diversity in the number of communes of each canton

Number of communes. 2016

379

171

80

3

Basel city

Berna
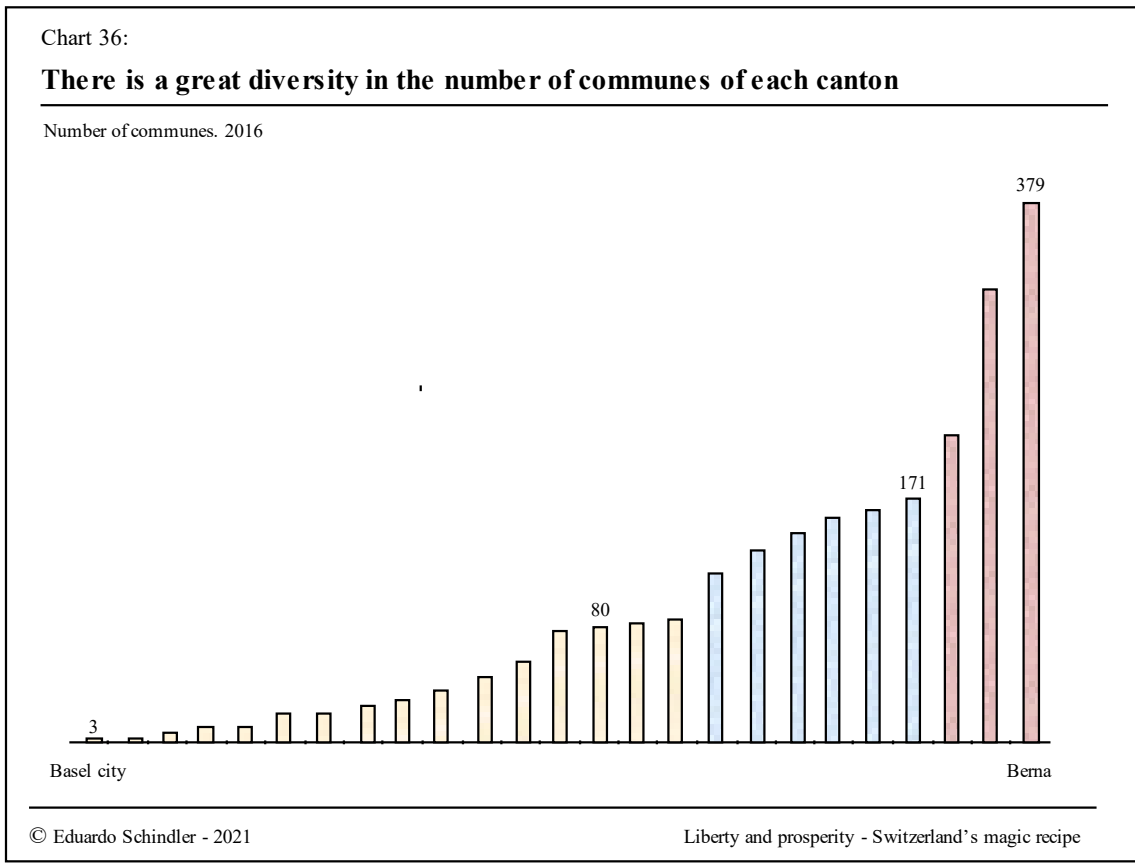
The map below illustrates the high density of communes spread across the nation's territory. (The different colors have no function in this context.)
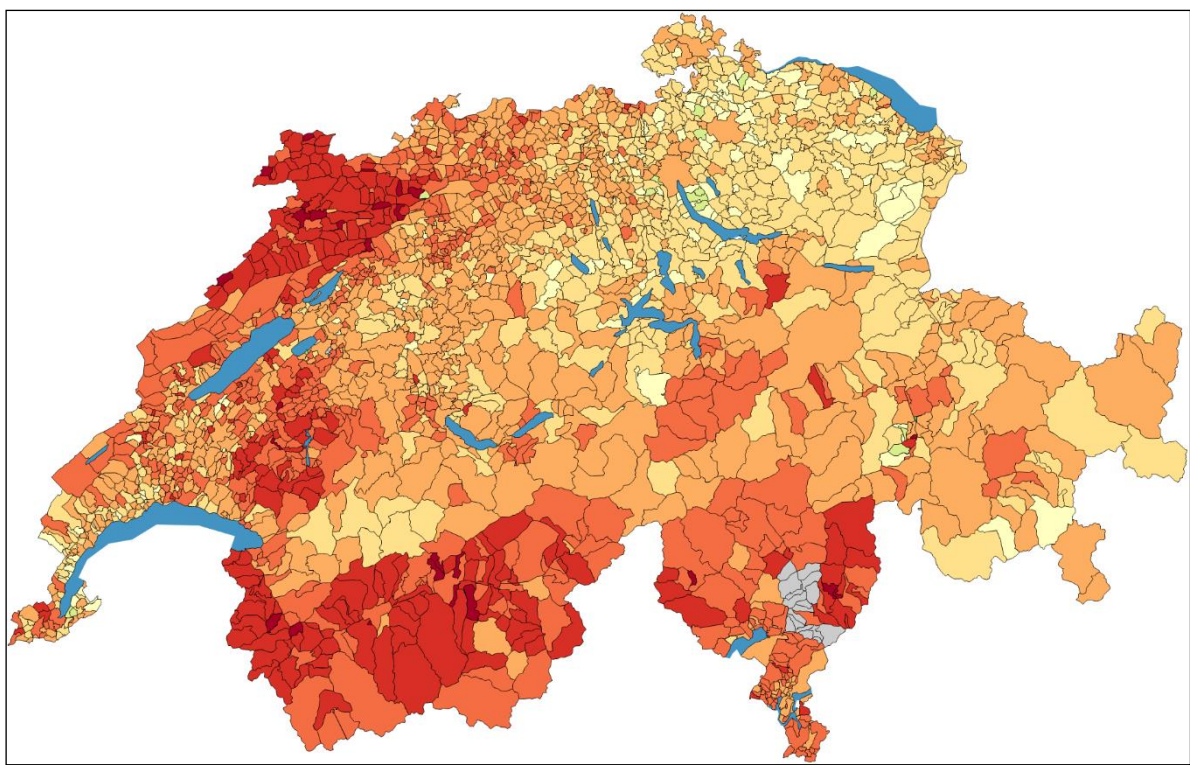
Fuente: Predikon.ch

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An important result of this high capillarity is that 80% of all communes in the country have less than 5'000 inhabitants. In fact, as indicated below, the vast majority of them have less than 1'000 people, there are only about 50 with more than 20'000 residents, while the city of Zurich - the largest commune in the country - has about 420'000 people.

Chart 37:

80% of the communes have less than 5'000 inhabitants

Number of communes as per the number of inhabitants. 2019

772 communes

641

400

236

114

49

| < 1'000 inhabitants | 1 - 2.5 k | 2.5 - 5 k | 5 - 10 k | 10 - 20 k | > 20 k |

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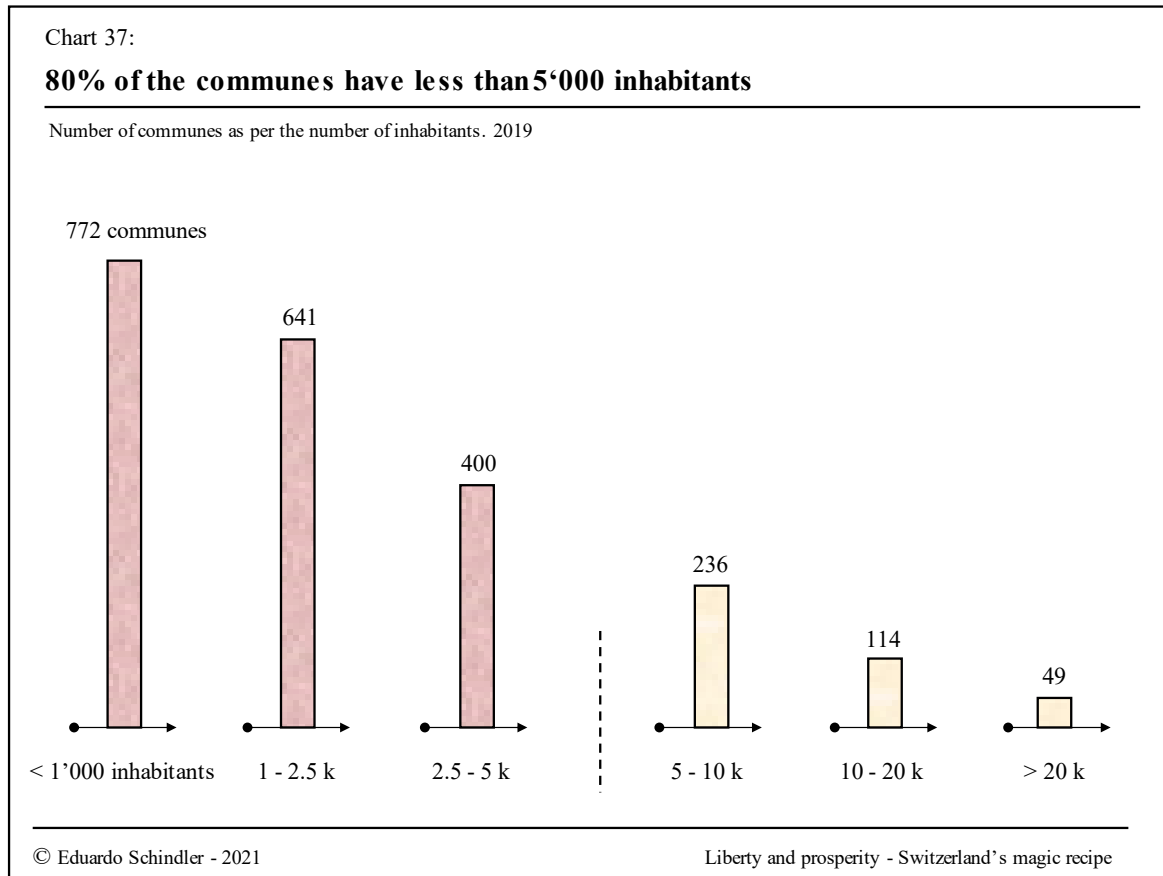
As will be seen in the second part of this chapter, the fact that the communes have a rather small number of residents has a great impact on the way political life is conducted and administered in Switzerland.

2.- Political autonomy

Regardless of how large or small it is, or how many people inhabit it, each canton is a self-contained political entity. In fact, each canton has its own constitution, a body of cantonal laws, its own collegial government, and its own parliament - both directly elected by its citizens. This fundamental charter guarantees the sovereignty and independence of the cantons with respect to the confederation, and of the communes with respect to the respective canton. It is also the cantonal constitution that formulates, inter alia, how the cantonal executive and legislative power is organized, the allocation of roles and responsibilities, the political rights of the communes, and the political rights of citizens at the cantonal and communal level.

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2.1.- Political autonomy of the cantons

The management and political leadership of the cantons is in the hands of each of the 26 cantonal governments and parliaments. This responsibility is distributed among the 154 persons elected for 4 (or 5) years in the executive governments, and a total of 2'594 other persons who compose the respective parliaments. The chart below illustrates the structure at the aggregate level of the executive governments and parliaments, in 2019, according to the membership of the various political parties with the largest number of representatives.

Chart 38:

Profil of political preferences as reflected across the 26 cantonal instituions

In % of the total members. 2019
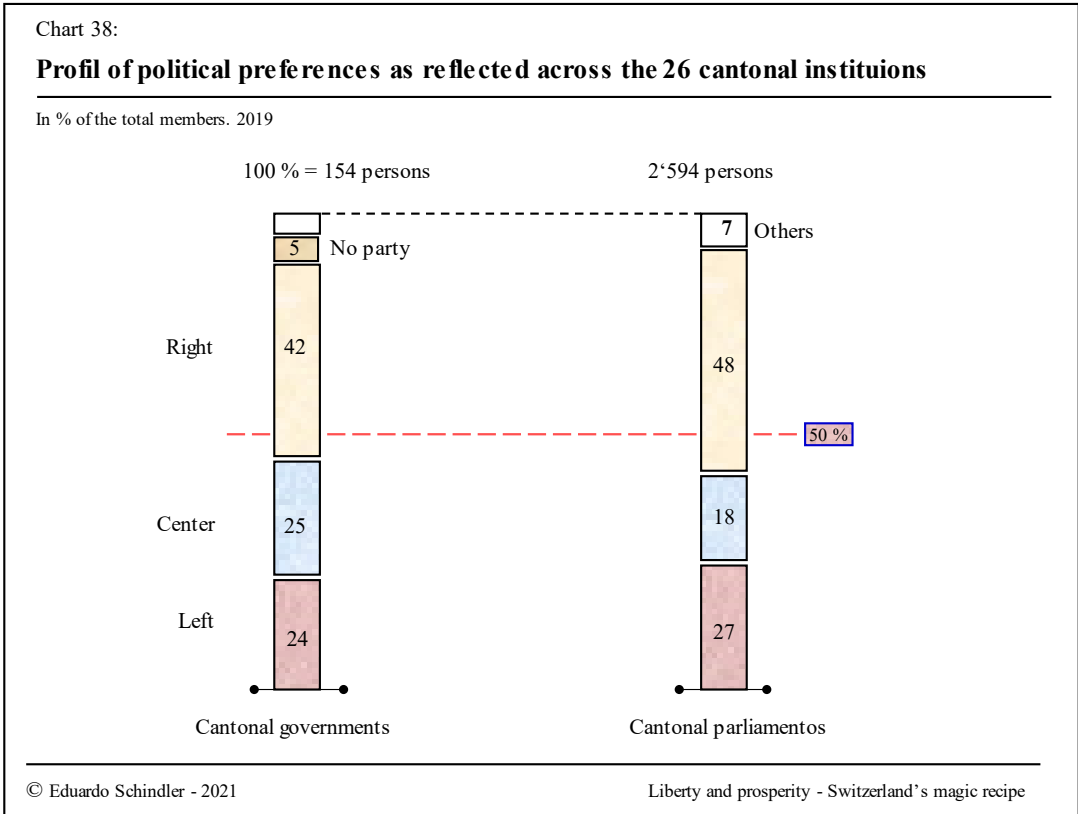
As evidenced, there is a great consistency (symmetry) in the expression of people's political preferences when voting to elect representatives to either the executive or the legislative branch. There are a total of 4-5 parties that capture the major preferences of the population, namely: the Socialist Party (SP) and the Greens (Greens) on the left, the Christian Democratic Party (CVP) in the center, the Liberal Party (FDP) in the center-right, and the People's Party (SVP) on the right.

But national-level figures in Switzerland rarely reflects the reality in its cantons and communes. This phenomenon, typical of this country, certainly also exists with regard to the political preferences of the population. If one looks at the recent structure of the parliamentary elections in each canton, one finds that in reality what we have in this nation is an immense **diversity within a great unity.**

Indeed, the chart below illustrates the % of the vote obtained by each of the four main parties in the last parliamentary elections in the respective cantons.

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Chart 39:

All large political parties have a fairly different profile of popularity across the cantons

% of the votes in respective parliamentary elections during the period 2015 -2019. In % of the total vote
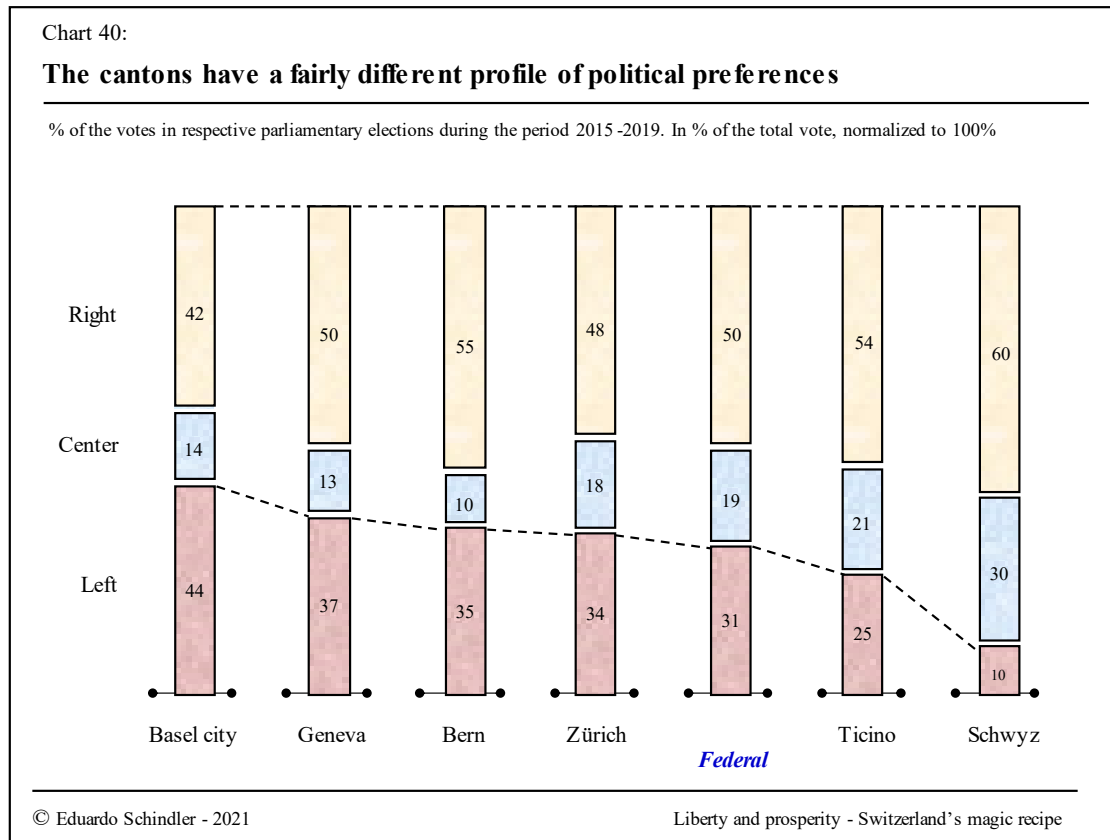
SP	Left
CVP	Center
FDP	Center - right
SVP	Right

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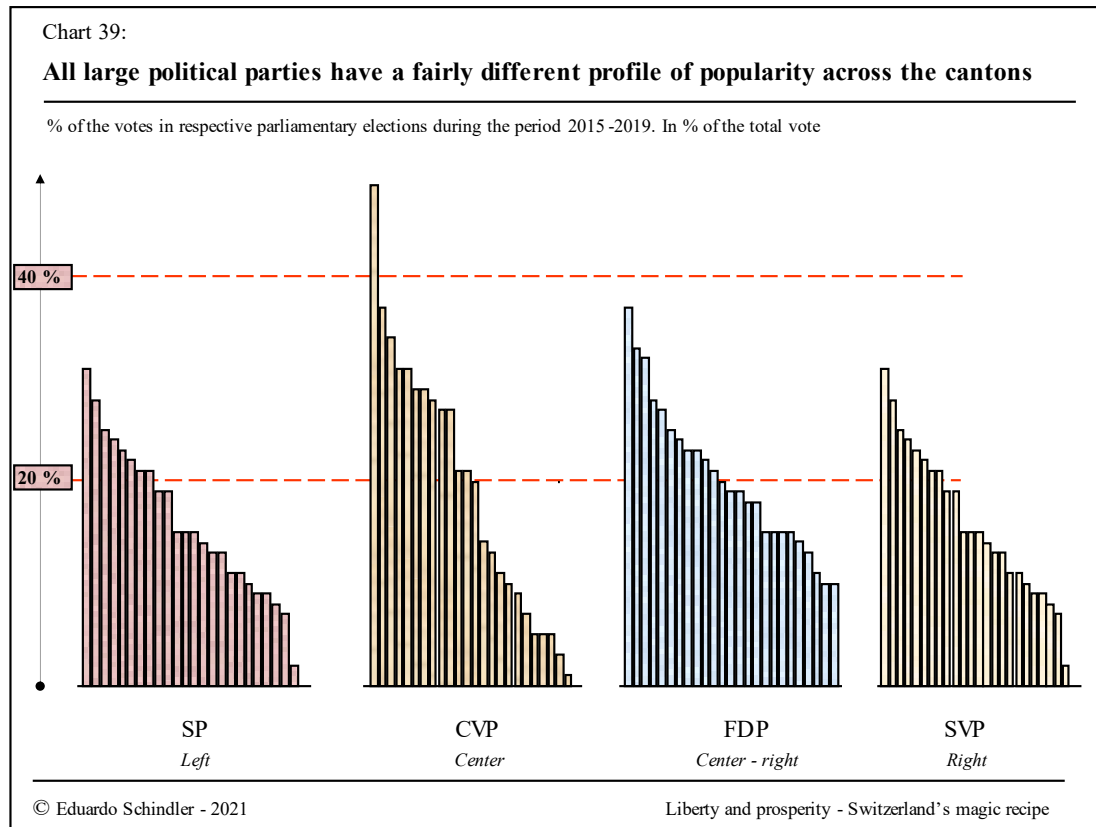
As it is revealed, each party, of whatever orientation, presents a very heterogeneous profile in terms of the preference they find among the citizens across the various cantons. Thus, for example, the SP receives a maximum of 37% of the votes in the most popular canton, while it did not receive even 5% of these in the canton at the other extreme. The CVP, on the other hand, presents an even more heterogeneous structure, obtaining almost 50% of the vote in one canton and less than 10% in several others. A similar diversity can also be observed in the right-wing parties.

The fundamental fact that each canton is completely free and autonomous in terms of its political life enables its respective citizens to experience the freedom to develop their own interests and political inclinations. The variety of profiles observed, and the fact that this happens in all four dominant parties, suggests that the greater the liberty a community has, the greater the heterogeneity of the preferences that develop. In a way, each community is able to define its own political "personality" over time.

The chart below illustrates the structure of political preferences of the population in some cantons. This chart shows that in reality there is a whole range of preferences, including some that are very different from one another. In this context, it is very important to note that in Switzerland, cantons with such opposing profiles as Basel-city (left) and Schwyz (right) coexist without any difficulties or conflicts of any kind. The national "average" indicates a profile with almost 70% of preferences towards the center-right, while there is a clear tendency towards a greater importance of the left in the larger cities.

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Chart 40:

The cantons have a fairly different profile of political preferences

% of the votes in respective parliamentary elections during the period 2015-2019. In % of the total vote, normalized to 100%

	Basel city	Geneva	Bern	Zürich		Ticino	Schwyz
Right	42	50	55	48	50	54	60
Center	14	13	10	18	19	21	30
Left	44	37	35	34	31	25	10

Federal

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A simplified expression of the overall political preferences across the country is the following:
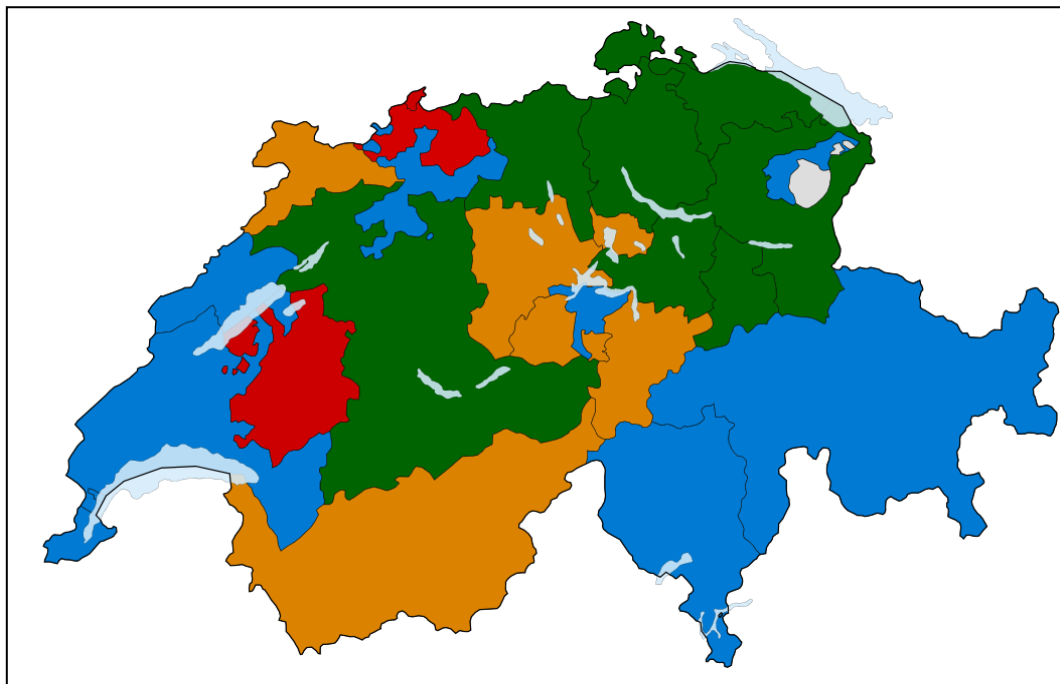
Source: https://de.wikipedia.org/wiki/Datei:Switzerland_largest_parties_in_cantonal_parliaments.svg

The red color represents the SP together with the greens, brown the CVP, blue the FDP, and green the SVP.

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The true patch-work of colors seen above shows us, in its full force, that the system of total political independence of the cantons not only tolerates, but actually promotes diversity of opinion among the people. The great variety of colors indicates that thanks to their political autonomy, the respective citizens make use of their total freedom in developing and living their lives within a reality: (i) created by and for themselves, and (ii) based on their own profile of interests, preferences and political orientations.

It is worth mentioning that a tourist who spends some days in Basel-city and others in Schwyz (or any other place in Switzerland) will not perceive any difference in his experience as a traveler. Everything clean, tidy and quiet. So many serene and cheerful people. Lots of social cohesion. No pockets of poverty. There is no doubt that all these places belong to the same country.

But what the tourist will not perceive is that all these similar (and idyllic) realities are not the result of a single body of laws and regulations identical to all of them, but on the contrary, each of these mini-societies is living a reality based on its own legislation, and according to an assignment of roles to its mini-states often quite different from each other.

These different profiles among the political preferences of the citizens are expressed not only in the vote to elect their representatives (as reflected in the previous charts), but also when voting YES or NO in relation to the many issues that are referended every three months across the country.

To appreciate this reality of "wide diversity within great unity" from this other angle we can take a somewhat anecdotal case among the thousands of issues already referended over the years. The chosen topic is special because it also illustrates that the Swiss political system is not exempt from people and initiatives of a demagogic nature.

In 2008/9 a group of persons managed to gather the necessary signatures for a popular initiative that demanded a minimum of 6 weeks of paid annual leave for all employees in the country. As always, interest groups are formed to promote their position and call to vote for or against such a proposition. People in favor of YES promoted the smile of joy with the slogan "6 weeks for all". The people against noted, as shown below, that more vacation translates into fewer jobs (i.e., more unemployment):

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This popular initiative was referended at national level in March 2012 with the following result at the level of each canton:

Chart 41:

Outcome of the initiative "6 weeks of holidays" across the cantons

In % of the votes casted in the respective cantons. March 2012

YES

49

50 %

81

NO

Appenzell I

Jura

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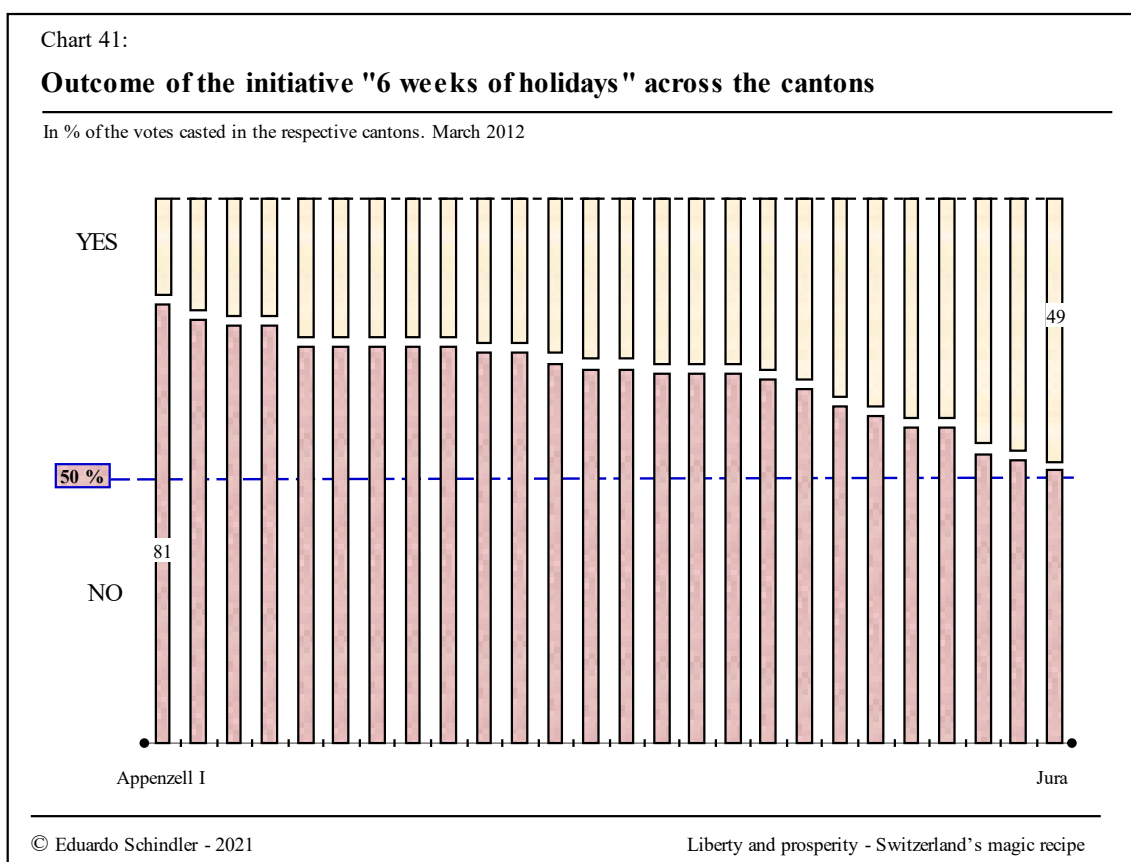
As can be observed, none of the 26 cantons did approve it. Moreover, there are very significant contrasts between the preferences expressed - for example, between the canton Appenzell (rejection of more than 80%) and the canton Jura with a rejection of only 51%.

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But beyond these differences between the political inclinations of the cantons, the more fundamental and interesting question in relation to these results is:

- how to explain that 67% of all voters in Switzerland have rejected the very tempting "free gift" of at least 6 weeks of paid vacation per year ? is it possible that there are more than 1'531'000 people so ignorant as to decide to vote NO (against the 770'000 who voted YES) ?

The explanation is actually quite simple. Unlike other countries, direct democracy "educates" the Swiss citizen in such a way that when faced with this (or any other) tempting proposition, the first thing they ask themselves is: how much does it cost ? who pays ? where do they get the money to finance it ?

And as there is full awareness that "nothing is free", if the answer to who pays is:

- the state - people know that this can translate into an increase in taxes; or

- the companies - people know that it leads to lower competitiveness, which leads to job losses.

In both cases, the risk that this proposal, apparently so attractive, will turn into a nefarious boomerang of higher taxes and higher unemployment is so great as to convince the large majority of people to vote NO. It is as simple as that. And as if that were not enough, once the issue in question is referended, it immediately disappears from the political agenda - instead of "sticking" in the eternal struggle of pending issues between government vs. opposition that is experienced in so many other nations.

This example, which is certainly not the most extreme, nevertheless illustrates the incredible level of liberty, immense tolerance and great flexibility that Switzerland's democratic system has. It is able to absorb, process and "get rid" of all kinds of propositions - however far-fetched and absurd they may be. Without any scandal or aftermath for anyone. The truth is that no issue, no vote, and no group of people is in a position to destabilize the system. And, on the contrary, the system is so robust that it is capable of "accommodating" all kinds of minorities.

It is worth mentioning that at the same time as this referendum in March 2012 (in which a total of 5 national issues were voted on), cantonal and communal issues are also being voted on. For example, the canton of Aarau took the opportunity to vote two issues (reform of the judicial system and child protection law), Graubünden voted two issues (partial revision of its constitution and a CHF 69 million loan for the construction of a public building), and Basel-land also referred two issues (revision of the law on hospitals and a cantonal law to support families with children in kindergarten). Meanwhile, cantons such as Bern, Zurich and St. Gallen did not have any cantonal-level issues to vote on this time.

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This diversity in the agenda of issues to be referended in each canton is a sign of the complete freedom and autonomy that the authorities have in managing the areas of exclusive responsibility assigned to them by the federal constitution. That is, in these areas the cantonal authorities do not obey or have to answer to any federal authority. Thus, each canton develops its own political agenda in the areas of exclusive competence, and decides autonomously "what, when and how to legislate" - always, of course, in the context of and with respect for the citizens' right to referendum and initiative.

More generally, the cantons (and communes) are never obliged to vote either on the same issues and/or at the same time. As a result, in each of the 4 annual YES/NO referendum votes there are, on average:

- about 2-3 items on the national political agenda, which are identical for the almost 5'500'000 citizens entitled to vote in Switzerland;

and even more important for the "political well-being" of the people in general, it must be emphasized that they also vote on:

- about 40-50 issues of the 26 cantonal agendas, each with its specific and different set of topics, and which are voted only by the respective citizenships; and

- about 1'000+ topics of the 2'170 communal agendas, each one with its own specific set of topics, and which are voted only by the citizens of each of the relevant communes.

In this way, the country, as well as the cantons and the communes, carry out their own political agendas, all "to the rhythm and compass" of the quarterly referendums, and each one according to their specific needs and priorities. No one is too early or too late.

The full freedom to formulate and advance one's own political agenda, combined with being able to manage with one's own freely and directly elected political leaders, operates as a mini-magic recipe at the level of each canton/commune. A very natural manner to promote and perpetuate diversity within the unity that is so distinctive of Switzerland.

And speaking of diversity within unity, we close this part regarding the total political freedom of the cantons with a somewhat amusing summary regarding the cantonal governments. Of the 26 cantons: (i) there are 14 where the government is composed of 5 persons and 12 where it is 7 persons; (ii) there are 21 where the government is elected every 4 years, 4 every 5 years, and 1 every year; (iii) there are 17 where the president of the government rotates every year, 6 every 2 years, 1 every 4 years, and 2 every 5 years; and (iv) there are 5 where the president is nominated by the citizens, 14 by the cantonal parliament, and 7 by the collegial government itself. And in spite of so much "disorder", all these governments do their work without problems. Knowing how to respect and not to fear this "disorder" is part of the "magic" of this nation.
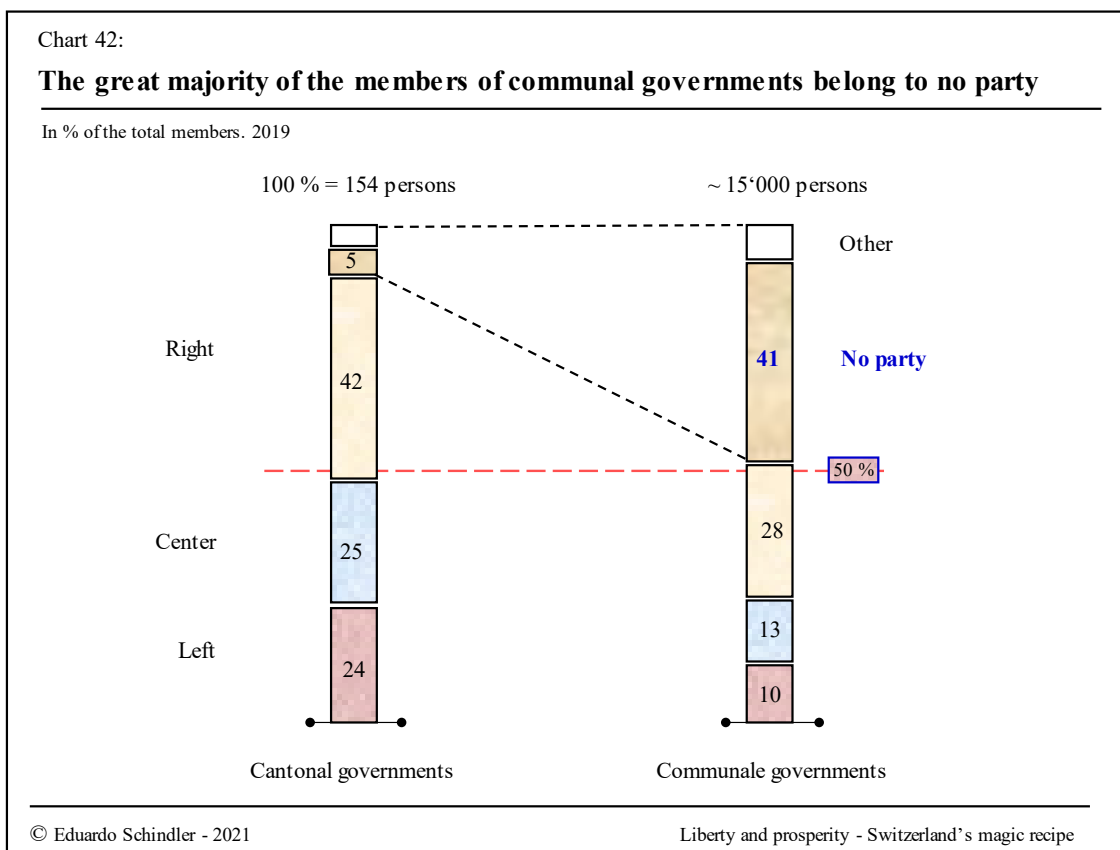
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2.2.- The political autonomy of the communes

As in the case of the cantons, and regardless of how big or small it is and/or how many people live there, each one of the almost 2'170 communes that make up the third level of the state is also an independent and self-contained political entity.

The vast majority of the communal governments are composed of 5 people (sometimes 7), so there are a total of about 15'000 individuals who exercise (and divide) the executive power at this third level. And as in the case of the cantonal governments, the communal political authorities do not obey nor do they have to report to any authority, either cantonal or federal, in matters that are within their own competence. In this way, each commune also develops its own political agenda, and decides autonomously "what, when and how to legislate" - always respecting the citizens' right to referendum and initiative.

This great distribution of power and responsibilities among more than 15'000 people reveals a very interesting phenomenon in the political life of this country, namely: the communal governments are dominated, by far, by people who do not have any political party affiliation.

The chart below illustrates the comparative structure of party membership among the members of the cantonal and communal governments:

Chart 42:

The great majority of the members of communal governments belong to no party

In % of the total members. 2019

100 % = 154 persons   ~ 15'000 persons

Right

Center

Left

Other

No party   41

5

42

50 %

28

25

13

24

10

Cantonal governments   Communale governments

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As can be seen, while the vast majority of the 154 persons forming the 26 cantonal governments belong to right-wing parties, more than 6'000 of the 15'000 members elected by the respective citizenries in the communal governments are persons who do not represent any party at all. It should be emphasized that this group of people without political affiliation is 3-4 times larger than the number of representatives of center or left-wing parties, and one third larger than the representatives of right-wing parties.

As always in this country, the presence of people without political party affiliation in the communal governments is also very different from one canton to another. For example, the chart below shows that in Canton Vaud almost 80% of all members do not belong to any party, while in Obwalden practically all members belong to a party.

Chart 43:

Structure of the communal governments across the cantons as per party affiliation

En % del total de miembros del ejecutivo comunal de los cantones respectivos. 2017

With party affiliation

50 %

99

78

No party affiliation

Vaud

Obwalden

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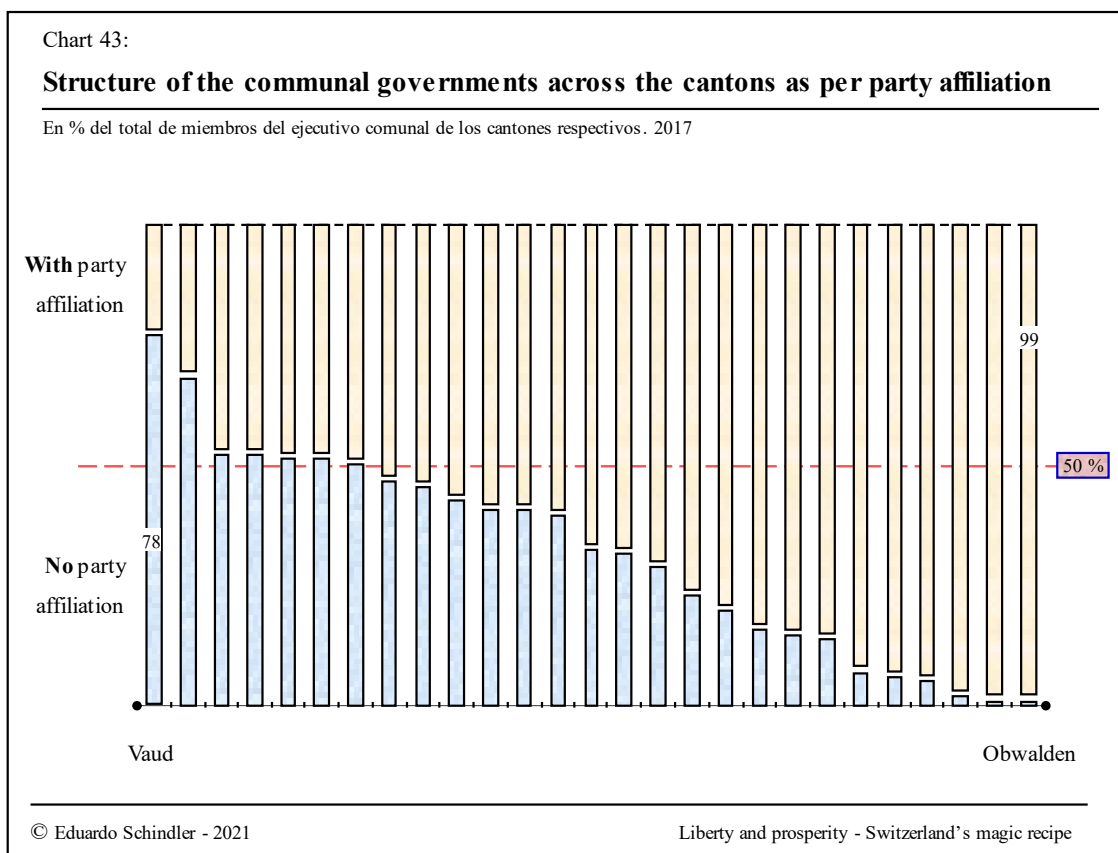
The fundamental message that emerges from these charts is very clear and important: in most places in Switzerland, the majority of people prefer the conduct of political life to be done without the domination of political ideologies of any kind. And the experience of thousands of communes teaches that this apolitical model works perfectly. Pragmatic solutions to simple and well-defined problems are what counts, and people's preference shows that such solutions come mostly from individuals who present ideas free of any partisan dogma.

In view of this clear and powerful evidence, no wonder that professional politicians have such an aversion to democratize democracy.

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A second element of great interest that exists among the governments of this third level of the state is that their composition and political profile varies significantly according to the number of inhabitants of the communes - as illustrated below:

Chart 44:

The size of inhabitants has a great impact on the political preferences of the people

In % of party affiliation of the ca. 15'000 members of the communal governments - as per the number of inhabitants (en 000) in the communes in 2017

| No party | Left | Center | Right |

70
42
15
6
58
44
20
5
9
20
10
20
17
45
34
32
24
15

20 %

< 1   5 - 10   > 50'000
inhabitants

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The chart above plainly shows that the larger the communes, then: (i) the lower the number of non-party members, and (ii) the higher the importance of left-wing party members, dominating in particular in the 10 communes with more than 50'000 people - namely (in decreasing order) the cities of: Zürich, Geneva, Basel, Lausanne, Bern, Winterthur, Lucerne, St. Gallen, Lugano, and Biel.

A very good example that the communes also have complete freedom to organize themselves as they see fit can be found in Glarus. This canton is located in a mountainous region and is one of the smallest. Historically, the canton was composed of 25 communes, some of which began to face financial difficulties. Therefore, it was considered appropriate to merge several of them so that they would be in a better position to take care of their tasks.

This was certainly a very important and controversial issue. The government and the cantonal parliament had proposed to vote for a reduction to a total of 10 communes. Other sources preached a solution with only 8 of them. And there were of course people who opposed any reduction.

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In Glarus they still practice the famous and historical "Landsgemeinde" - that is, the open-air meeting, once a year, of all citizens entitled to vote, and proceed to discuss and then vote by a show of hands each of the various issues considered for the event - one after the other.

The historic vote on the reduction (or not, in case of rejection) of communes took place on May 5, 2006, under a nice spring sky - as seen in the photo below:

Source: © Kanton Glarus, S. Trümpy.

All citizens who so wish may speak during the discussion of the topic in question. In this way, and during the discussions, a citizen named Kurt Reifler, 51 years old, civil servant, and not belonging to any political party, took the floor and proposed the reduction to only 3 large communes: Glarus Nord, Glarus, and Glarus Süd.

Once all the speakers have finished presenting their arguments and recommendations, one or more rounds of voting (always by a show of hands) in favor of one or another of the alternatives are held. In general, listening to all the speakers can take hours, while voting to identify the winning alternative is completed in a matter of minutes. This is because there is no vote tally, but rather a purely visual estimate that is evident to all - and therefore "fair" and easy to accept. At the end of this direct elimination process, and to the great surprise of many, the solution proposed by Mr. Reifler won with a slight majority.

It should be emphasized, once again, that no Glarus authority had to seek permission from any federal authority in Bern regarding this important and historic institutional measure. In other words, it was the citizens of Glarus who decided completely autonomously and independently as to "what, when, and how" to proceed with this momentous change in the structure of the third tier of their local mini-state.

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Communal parliaments

Another very good example of the total freedom of the communes to organize their political life as they see fit is reflected in the existence (or not) of communal parliaments. Indeed, at the end of the year 2019 there are a total of 461 of them that have a parliament by their own decision. Making use of this liberty, the city of Zürich (which is the largest commune in Switzerland) has a parliament composed of 125 members, while the one of the city of Lucerne has only 48 members.

And always reflecting the valuable paradigm of diversity within unity, we also find in this matter that while in the canton of Geneva all 45 communes have their own parliament, right next door in the canton of Vaud only 50% of them have wanted to have one. On the other hand, in the canton Bern (which has the largest number of communes in the country) the figure is only 7%, while in the smaller cantons such as Glarus, Schwyz, Appenzell, and Obwalden none of their communes want to have a parliament.

It should be mentioned that in the almost 1'700 communes that do not have a parliament, it is the citizens who act directly as "legislative power" through annual public assemblies. In these events the government renders accounts of its management of the public affairs, and the people vote to approve/reject all new laws and ordinances (or their modifications), changes to the communal tax rate, all major investments, and certainly the ordinary budget for the coming year.

Finally, and almost anecdotally, it is worth mentioning that the citizens of the commune of Thalwil (18'000 inhabitants, canton Zurich) were recently called to referendum on whether or not to create a communal parliament. The main argument in their favor was that with so many people, the communal assembly was now too costly and complicated to set up. Needless to say, the communal government was in favor of the initiative. The vote took place in June 2020, and the result was an overwhelming 73% for the NO. Clearly the vast majority of the people want to keep the legislative and control function of the communal executive directly in their hands - in spite of the complexity of annual meetings with so many participants.

2.3.- Militia governments

To exercise their functions, the members of the communal governments generally meet once a week, and only for a few hours. Accordingly, all the 15'000 people that occupy these governmental functions do it only part-time, in parallel to their habitual work and in a completely voluntary way. It is the so called and fairly famous "militia" government, in which all citizens are actively encouraged and welcomed to assume responsibilities in the conduct of the public life of the commune, and in this way actively participate and contribute to the good of the collectivity.

Many foreigners ask themselves: how well does this militia government work ? is there really room for all kinds of people ? even those with vary basic education and socio-economic standing ?

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As an example, the author lived for some years in the commune of Oberägeri in the canton of Zug. This pre-mountain commune had at that time about 4'500 inhabitants and generated a highly respectable annual income/expenditure budget of CHF 32 million. The government of the commune, which was primarily responsible for the use (in full autonomy) of these substantial public resources, consisted of two farmers, a primary school teacher, a housewife and the postman of the village. The president of the government was the postman. (As it turned out, this person also happened to be the military commander of the area ! since the Swiss army also operates on the militia principle.)

Holding a militia political office certainly does not mean working for free. In fact, each member of the communal government is paid for the time he devotes to this function and the responsibility it entails. It is worth mentioning that the average cost of each of the 15'000 communal executives is about CHF 36.- per inhabitant per year. And to put this figure in perspective, suffice it to say that the lowest salary paid in Switzerland, for example to a student or a cleaner, is about CHF 25 per hour !

But now the topic gets even more interesting. In fact, the use of the militia principle to fill positions of leadership and political responsibility is not limited to the people who exercise executive power at the communal level. In fact, all the 246 members of the federal parliament, the 2'594 members of the 26 cantonal parliaments, and the more than 18'400 people who make up the 461 communal parliaments are all militia positions as well.

In this regard, and as a matter of example, it can be mentioned that the parliament: (i) federal has only 4 sessions a year, lasting 3 weeks each; (ii) of the canton of Lucerne meets 9 times a year, and each of these sessions lasts 2 days; (iii) of the canton Bern meets only 4 times a year, and each of the sessions lasts 10 days; and (iv) of the commune of the city of St. Gallen meets for one day each month. In addition to participating in these sessions, a good part of the members also attend ad-hoc meetings of various types of commissions, and study and prepare the documentation related to them.

This in turn means that, thanks to the militia principle, in Switzerland: (i) all legislative power at all three levels of the state and all executive power at the third level is distributed among a total of more than 36'000 people throughout the country; and (ii) all these positions are a part-time activity exercised in a rather honorary capacity. In other words, none of these 36'000 positions/functions are held by professional politicians.

Only the 7 members of the federal council (national government) and the nearly 160 people in the cantonal governments have a full-time political leadership function. But, it should be noted, none of these people is really a professional politician as it is known in other countries. In general, they are people who have always (and successfully) exercised some kind of work in the real economy, participate

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in active politics for a few years, and sooner rather than later leave political life and return to their private activities 100%.

To recapitulate, and before referring to aspects related to financial autonomy, if we consider the various points already mentioned, it is possible to affirm that it is thanks to the combination of: (i) the high structural capillarity at the second and third levels of the Swiss state, and (ii) the large distribution of attributions and resources between the federal government, the cantons, and the communes that:

A) the country's political agenda is partitioned and distributed among all of the dozens and hundreds of components of the three levels of the state.

B) the fundamental result is this partition is that the national agenda, as well as the 26 cantonal agendas and the more than 2'170 communal agendas are each and every one significantly smaller, "lighter" and simpler than those of the centralist nations. And obviously each of these agendas is, incidentally, much more relevant and legitimate for the respective citizenships.

C) the fact that political agendas are so much easier to formulate and manage opens, in turn, the door to virtually all kinds of people being able to deal with them. The result is, much to the nation's relief, that there is no need for professional politicians, nor is political leadership a full-time job.

D) and thanks to this, it is possible that membership in one of the almost 2'200 collegial governments and some 500 parliaments in Switzerland is:

- exercised in the form of a militia by more than 36'000 people, with the exception of about 200 individuals (but only for a partial/short period of their lives);
- a part-time activity for all of them;
- remunerated basically on an honorary basis; and above all,
- truly open and within the reach of all kinds of people - reaching also to persons with a very simple level of preparation, occupation and social status (like the postman in Oberägeri), but with a great common sense, pragmatic mentality, free of demagogies, and strong desires to contribute to the welfare of the community;

E) and as a direct consequence of all of the above, and unlike so many other nations, Switzerland has a democracy that:

- there is no member of the political class, at any level of the state, who has so much power as to destabilize the system in the event that the person was unable to exercise his functions. This

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eliminates the need for large and costly security and protection measures, and it also eliminates any kind of preferential treatment given to political leaders;

- there is neither space nor need for the very pernicious elites of political, intellectual or economic type that dominate the political life of the nation;

- it is free from the often highly damaging and costly "burden" of professional politicians of any inclination, many of whom eternally "hang on" to their positions and use them as a platform to pursue all kinds of personal and/or party interests;

- it is free of arrogant, autocratic, know-it-alls, demagogues, agitators, wolves in sheep's clothing, and those who place personal antagonism above generating compromise and consensus for the common good;

- there is no "political career" for anyone. Instead, there is a regular renewal of political leaders, without major fractures or battles, and without wounded egos, accumulated resentments, or pending accounts;

- it is free of corruption, mismanagement of public funds, waste, financial scandals, deceit, abuses, bribes, inefficiencies, reciprocal favors, exaggerated bureaucracies, hangers-on, parasites, and so many other evils that afflict, sometimes seriously, the representative democracies of so many other nations.

At this point it is worth asking a fundamental question: what is the use of having total political autonomy of the second and third levels of the state, if these mini-states were not to have the resources to implement their decisions ? in other words, were not financially autonomous as well ?

This is precisely the aspect we examine below.

3.- The financial autonomy of cantons and communes

The Swiss taxpayer files an annual income and wealth tax return, and eventually receives a bill with three components. One is the amount that goes to the confederation, another is the amount that goes to the canton where he lives, and the third is the amount that goes to the commune where he resides.

Given any given level of taxable income/wealth of the taxpayer, the amount to be paid to the confederation is the same regardless of where in Switzerland the person resides. On the other hand, the amount payable to the canton and the commune can differ greatly depending on where the person lives.

For example, a taxpayer with a taxable income of CHF 100'000.- and assets of CHF 500'000.- would pay about CHF 15'000.- if he lives in some communes in the canton Zug, but would pay about CHF 35'000.- if he lives in some communes in the canton Jura.

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In view of this huge contrast, several questions arise, such as: how is such a high difference possible ? where does such a divergence come from ? who is responsible for such a discrepancy ? and why do people (or the central government) tolerate this "injustice" ?

The answer is very simple. In Switzerland each canton, and each commune, is completely free to set (and change) its own income/wealth tax rates for its taxpayers (individuals and companies) - always within the framework of an explicit/implicit approval by the respective citizenship for such rates.

The chart below illustrates the average personal and corporate tax rates in each of the cantons. It shows that: (i) tax rates on individuals (left chart) are substantially higher than those on corporations; (ii) there is greater heterogeneity between the rates applied to individuals than to companies; and (iii) in both cases, the rates are 2:1 between the cantons with the highest rates vs. those with the lowest.

Chart 45:

Tax rates for persons are much higher than for corporations across all cantons

Rate of effective tax charges across the cantons. In %. 2019

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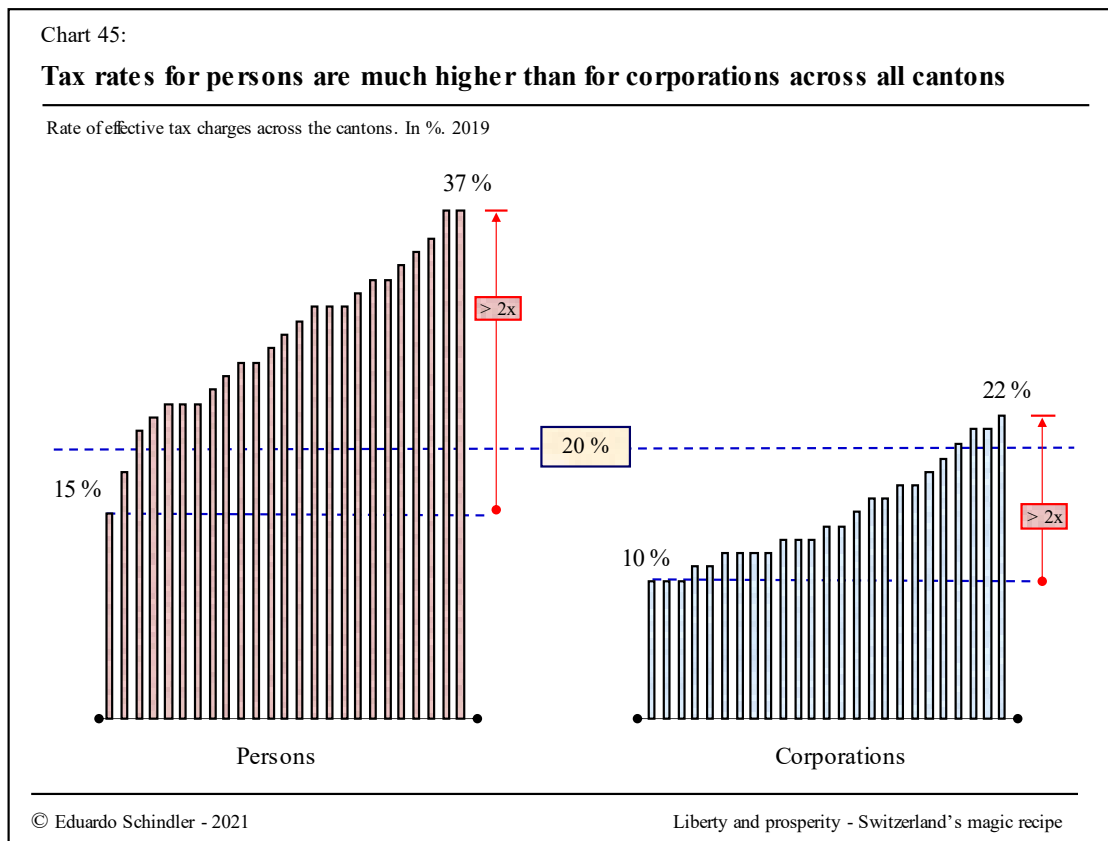
In this context, it is really important to mention that the profiles of the levels and rate structures reflected in the above chart are not the result of any (and sole) national "ex-ante master plan" that sets, coordinates or constrains the fiscal policy of the 26 cantons.

Instead, and as hard as it is to believe, the observed structure is simply the ex-post result, and without central planning of any kind, of dozens of decisions made completely independently by the citizens of each of the cantons, and whose effects have merely accumulated over time.

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It goes without saying that both corporations and individuals who can afford a certain mobility pay a lot of attention to choosing their residence. And as a consequence, the "market reality" translates into a certain degree of competition between cantons (and communes) to attract people and companies by way of having the lowest possible rates.

These differences in the level of taxes charged to individuals and businesses are obviously reflected in the structure of revenues received by the various cantons. The following chart illustrates the proportion between these two sources of income in some of them.

Chart 46:

Tax collection from persons are the highest source of revenues for the cantons

Structure of tax collection between persons and corporations. 2018

	Bern	Vaud	Zürich	Basel city	Geneva	Confederation
Corporations	22	25	30	34	38	51
Persons	78	75	70	66	62	49

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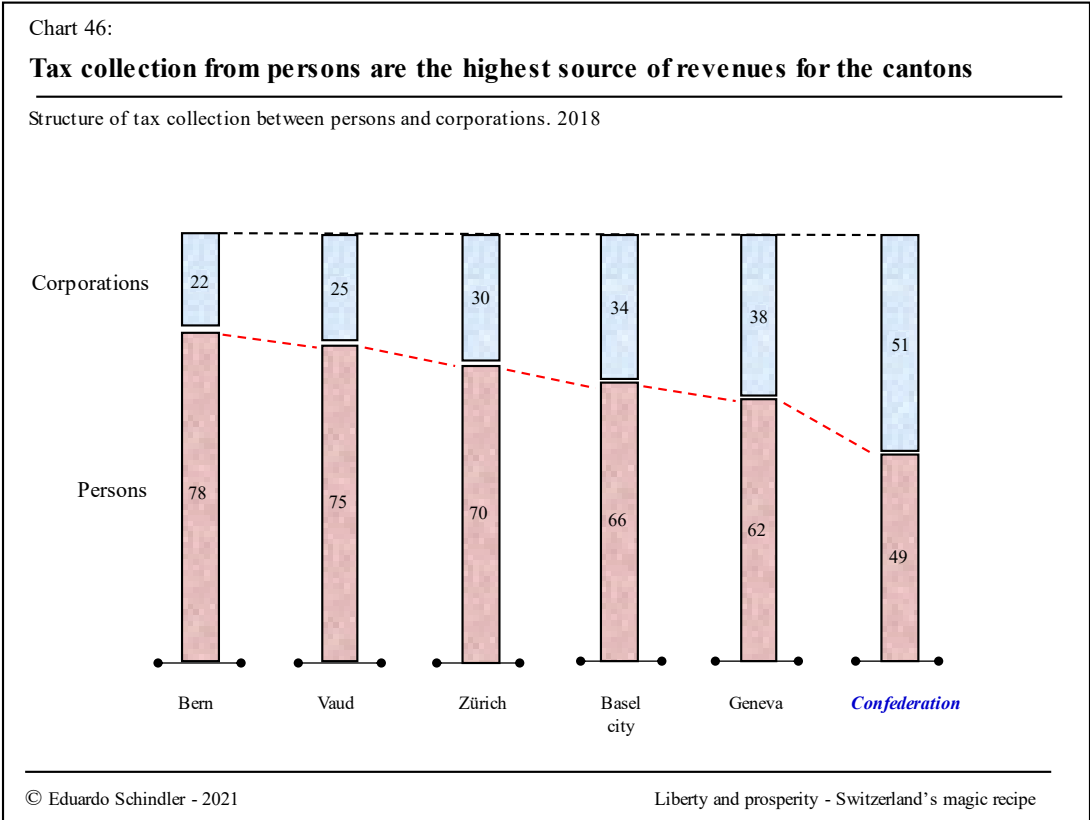
As illustrated, in all cantons the revenue from personal taxes is much higher than that from corporate taxes. (People who are interested in this topic can investigate whether this is due to the fact that corporate taxes are so low, or just the opposite, that they are so high that many companies simply avoid setting up in places like Bern).

The last column illustrates the proportion that the confederation collects as income/wealth tax from individuals and companies. As can be seen, the mix is significantly different from that of the cantons, reflecting the freedom with which the confederation in turn has also formulated its own rate structure. It is worth mentioning that while personal and corporate taxes account for between 70-80% of the cantons' total revenue, in the case of the confederation this is only 32% of its tax revenue - with VAT revenue (which the cantons do not collect) following closely behind at 31%.

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The full liberty to set their tax rates is not limited to the cantons, but also applies to each and every one of the communes that exist in the country. The payment of taxes at the communal level works in this way. In a first step, a base amount associated with the taxable income level specific to the taxpayer in question is defined. This base amount is the same for all persons residing in the canton (but different in each canton), and independent of the commune of residence. As most everywhere else in the world, this base amount is progressive with respect to the level of taxable income.
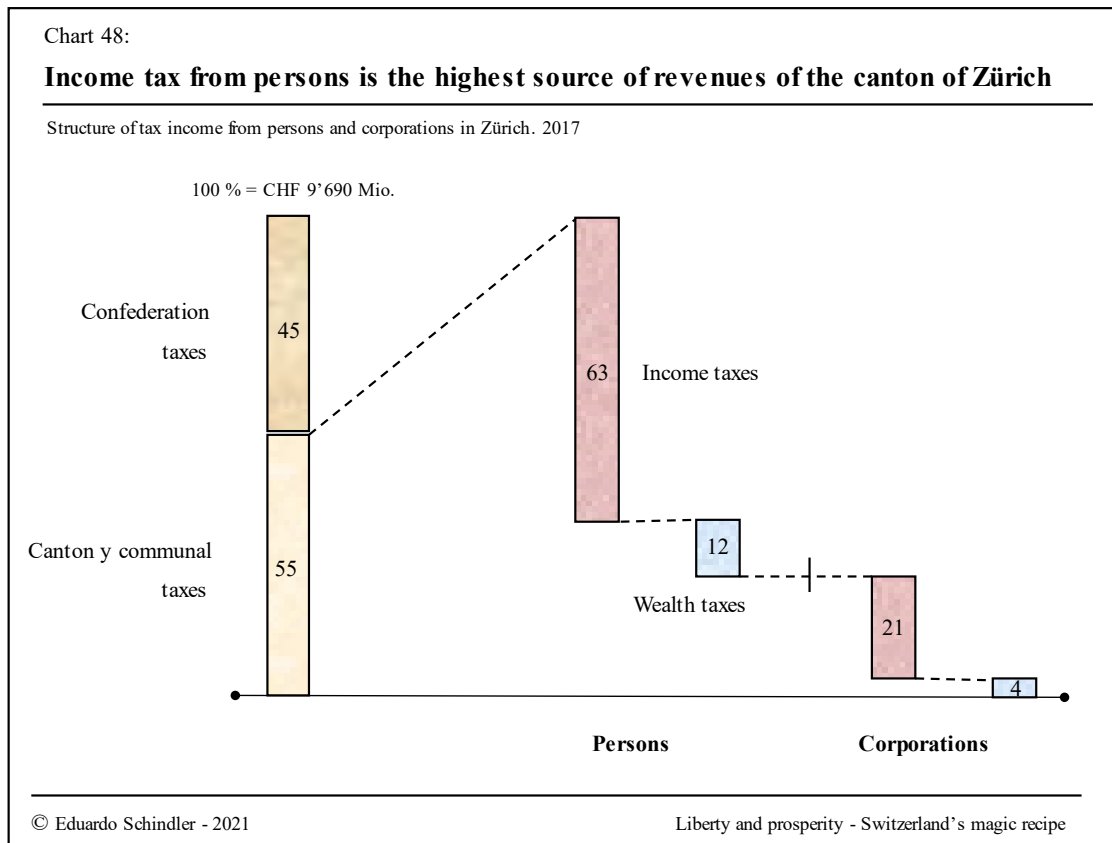
Now the factor about the commune of residence comes into play. In a second step, the base amount is multiplied by a factor specific to each of the communes of the canton in question. As an example, through the political process of setting/changing their own tax rates, about 20 of the 163 communes in the canton of Zurich have chosen a multiplier below a factor of 100 (which is equal to one time the base amount), while there are many others that have chosen to have rates well above this factor. The chart below shows the distribution of the Zurich communes according to the factor they charge their respective taxpayers. As can be observed, a large majority of them (144) have a factor above 100.

Chart 47:

The tax rate is fairly different among the 163 communes of the canton of Zürich

Number of communes as per the factor used to set the communal tax charge. 2018

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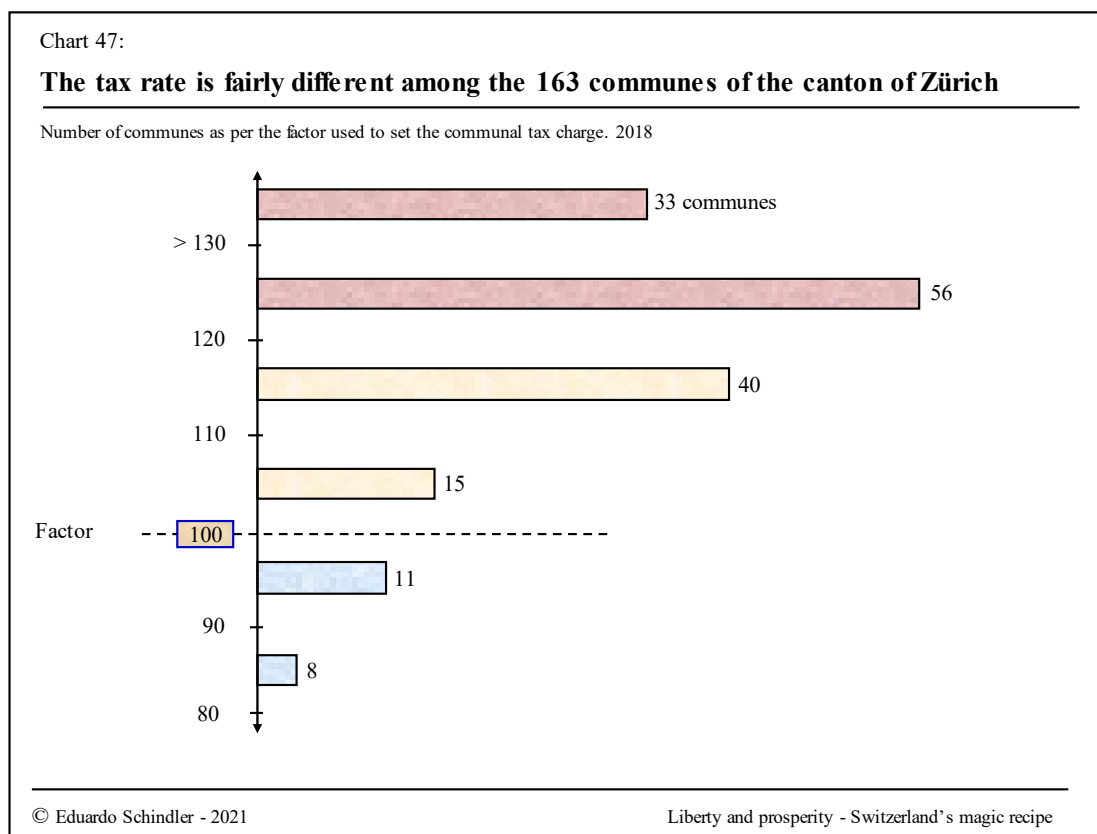
The result of these differences is that a taxpayer living in Kilchberg (the one with the lowest factor) sees his base amount multiplied by a factor of 0.72x, whereas if he lived in the communes of Wildberg or Maschwanden (which have the highest factor) his base amount would be multiplied by a factor of 1.31x - almost 80% more. For a person with a taxable income of CHF 100'000, the difference represents about CHF 8'000 each year.
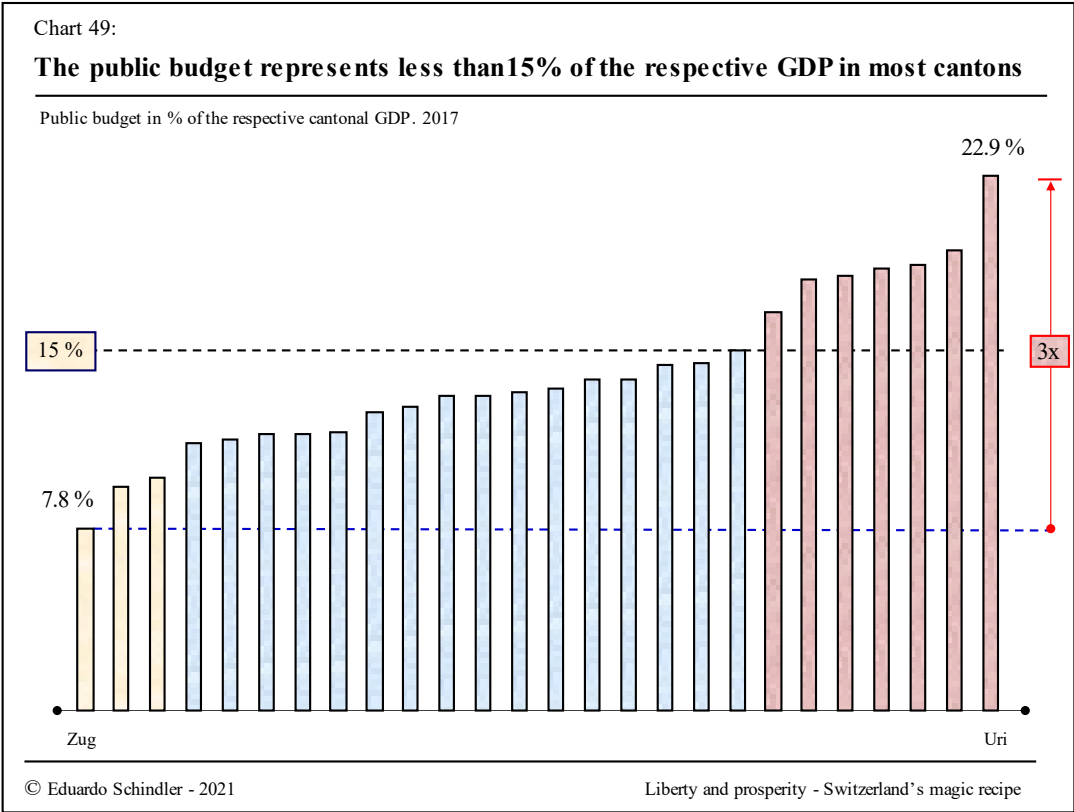
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In the case of corporations, the factors vary from a factor of 0.80x in Kilchberg (home since 1889 of the famous Lindt&Sprüngli chocolate factory), to 1.37x in Winterthur, and even 1.45x in Maschwanden. A difference of 80 % between one commune and another as well.

All added up, the effect of the tax burden on the 1'058'804 individuals and 80'624 companies with an obligation to declare and pay taxes on their income/wealth in the canton of Zurich in 2017 delivers the following result:

Chart 48:

Income tax from persons is the highest source of revenues of the canton of Zürich

Structure of tax income from persons and corporations in Zürich. 2017

100 % = CHF 9'690 Mio.

Confederation taxes — 45

Canton y communal taxes — 55

Income taxes — 63

Wealth taxes — 12

21

4

Persons   Corporations

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As illustrated, 45% of the total income of CHF 9'690 mio. went directly to the confederation. While of the remaining 55%, i.e., the part that is collected and remains directly in the canton and communes, it can be observed that: (i) most of the collection comes from income taxes (5 times higher than wealth taxes), and (ii) the revenue from taxes on individuals is 3 times higher than that received from companies. And to put these figures in perspective, it is worth mentioning that public spending in Zurich represents only 10% of the canton's GDP.

This rather low percentage is not a peculiarity of the canton with the largest GDP in Switzerland, but is a constant across almost the entire country. Indeed, the following chart illustrates that in the vast majority of cases public spending is well below 15% of the respective canton's GDP.

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Chart 49:

The public budget represents less than 15% of the respective GDP in most cantons

Public budget in % of the respective cantonal GDP. 2017

22.9 %

15 %

7.8 %

3x

Zug

Uri

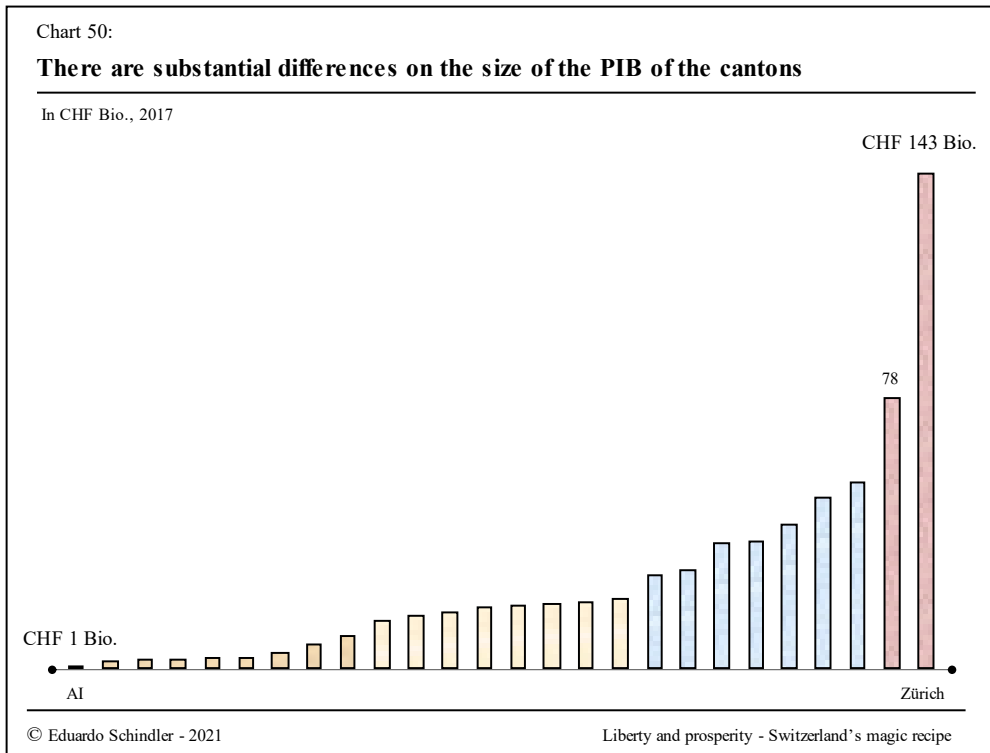© Eduardo Schindler - 2021   Liberty and prosperity - Switzerland's magic recipe

The chart above shows that the canton of Zug manages to cover all public expenditures with a tax burden of only 8% of its GDP. It is not surprising then that it has the reputation of being the canton with the lowest taxes in Switzerland. Nor is it surprising that it is the location of choice for the largest number of financial holding companies, that it has become the crypto-valley of Europe (with more than 700 start-ups in less than 5 years), and that it is also the headquarter location of companies such as Glencore (the world's largest trading company) and many other multinationals.

At the other extreme is the canton of Uri - one of the three cantons that founded the Swiss Confederation in 1291. To cover the expenses allowed by its citizenship, Uri must collect almost 23% of its GDP in taxes - incidentally, with the approval and acceptance of the majority of its population.

Paradoxically, the cantons of Zug and Uri are almost neighbors - with a distance of less than 25 km between their closest borders. It takes less than 20 minutes by car to get from one place to the other.

Obviously the various tax burdens illustrated above result from the combination of the various tax structures across the cantons (Chart 44) and the respective GDPs. As it is easy to imagine, there are in some cases very significant differences between the level of wealth and economic activity that each canton has managed to create for itself over the preceding decades.

The chart below, in turn, shows that in 2017 the highest GDP in Switzerland was generated by the canton of Zurich with a total of CHF 143 bio. followed far behind by the canton of Bern with only CHF 78 bio.

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Chart 50:

There are substantial differences on the size of the PIB of the cantons

In CHF Bio., 2017

CHF 143 Bio.

78

CHF 1 Bio.

AI

Zürich

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At the other extreme are the smaller (and mountainous) cantons such as Appenzell, Obwalden, Uri, Glarus, and Jura with a GDP of only CHF 1-2 bio. This huge difference in the level of economic activity across the various cantons certainly does not mean that the people of those with a low GDP are "poor". In fact, the people in the canton with the lowest GDP per capita of all (Uri) have a very respectable CHF 52'000 (the average for OECD countries is only about CHF 40'000) - as shown below:

Chart 51:

The PIB per capita is fairly homogeneous among most cantons

2017

CHF 186'000

3x

CHF 52'000

Uri

Basel city

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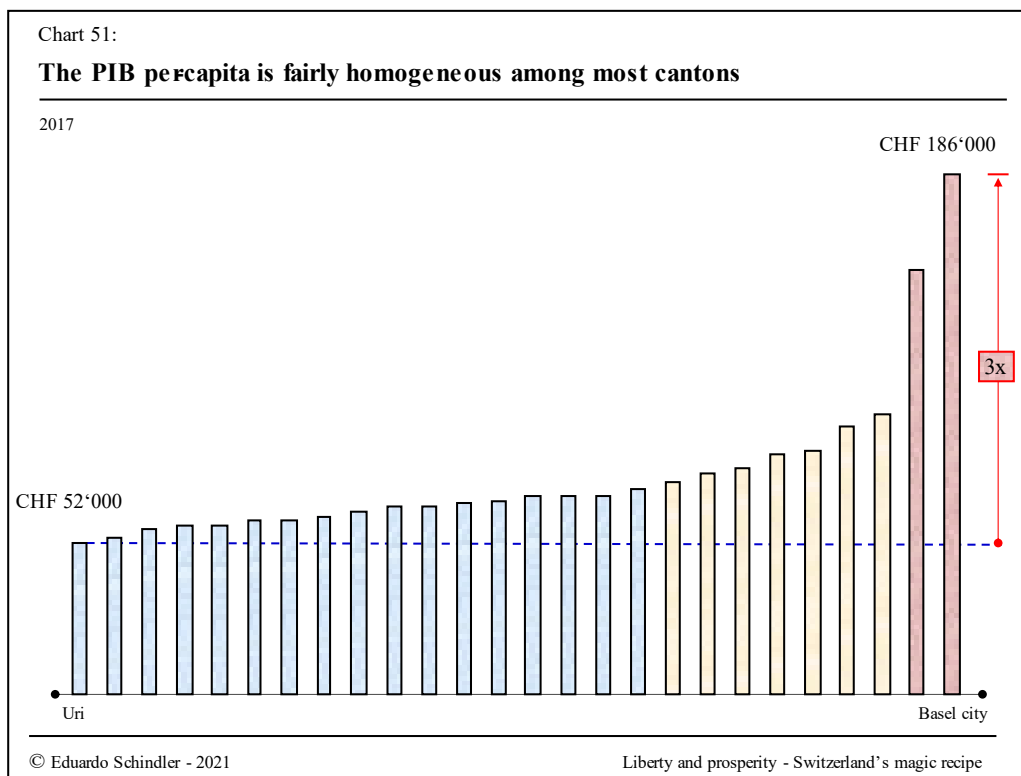
It can also be seen that the vast majority of cantons have relatively similar figures. The highest levels are reached in cantons like Zürich with CHF 96'000, and thanks to the presence of global chemical giants Novartis and Roche, Basel-city reaches the incredible GDP figure of CHF 186'000 per person.

Before closing this topic, and proceeding to investigate how public resources are used, it cannot go unnoticed that the place with the highest taxes in Switzerland (Uri), is also the place with the lowest per-capita income in the country. Maybe it is just a coincidence. Or is it, perhaps, a case of "the dog biting its own tail": is it the higher wealth that leads/allows lower taxes, or is it rather the other way around ? Which of these two variables is the first to start the iterative process that leads to the virtue of such prosperous places like Zug ?

It is worth noting that the relative "poverty" of Uri is not an issue on the political agenda of any party in Switzerland. And contrary to many other nations with regional "pockets" of eternal poverty despite repeated aid programs with public funds, no one in Switzerland would even think of trying to instrumentalize the issue and make a political career on the argument of showing "solidarity" with Uri.
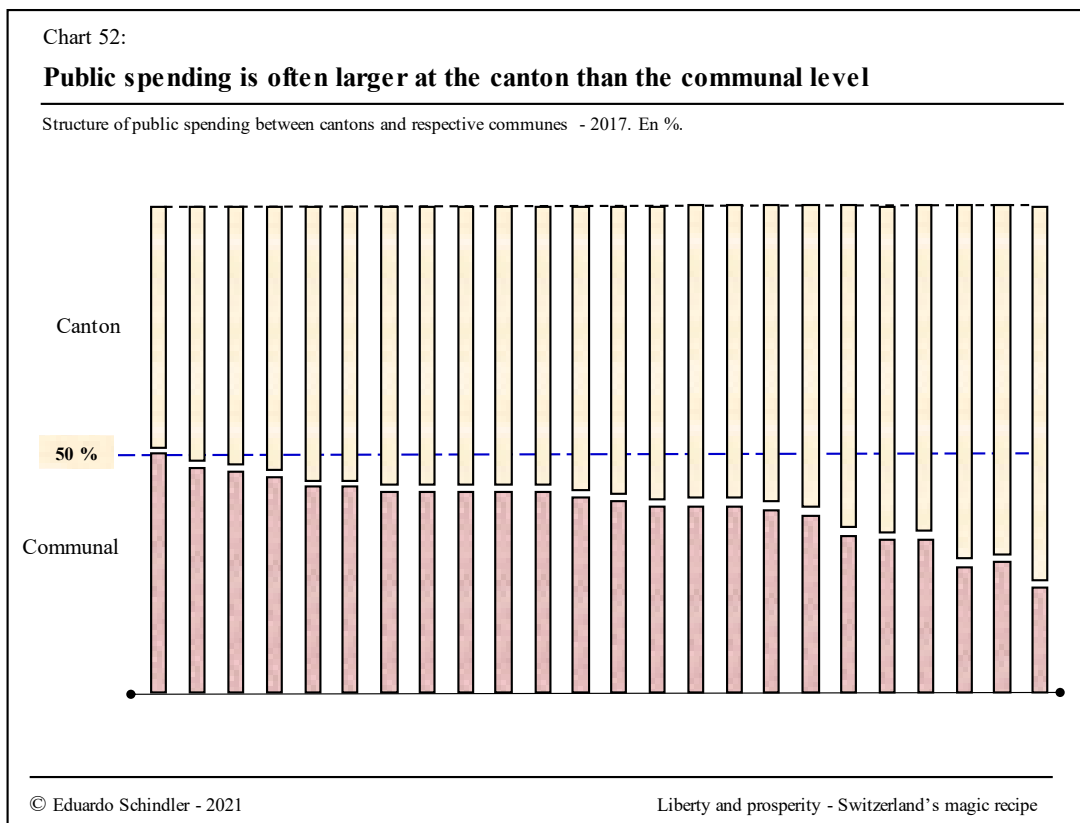
Instead of costly demagogy, what prevails in this country is the fundamental principle that in exchange for the complete political freedom and autonomy enjoyed, then each canton (and each commune) must be self-sufficient, must know how to fend for itself, and must stick to what it can afford. The system works only to the extent that each element of the second and third levels of the state successfully manages the imperative of "standing on its own two feet". The immensely valuable freedom of being accountable to no one comes at the price of not being able to go around asking for money from anyone either. Everyone knows it, everyone accepts it, everyone adapts to it, and no one complains.
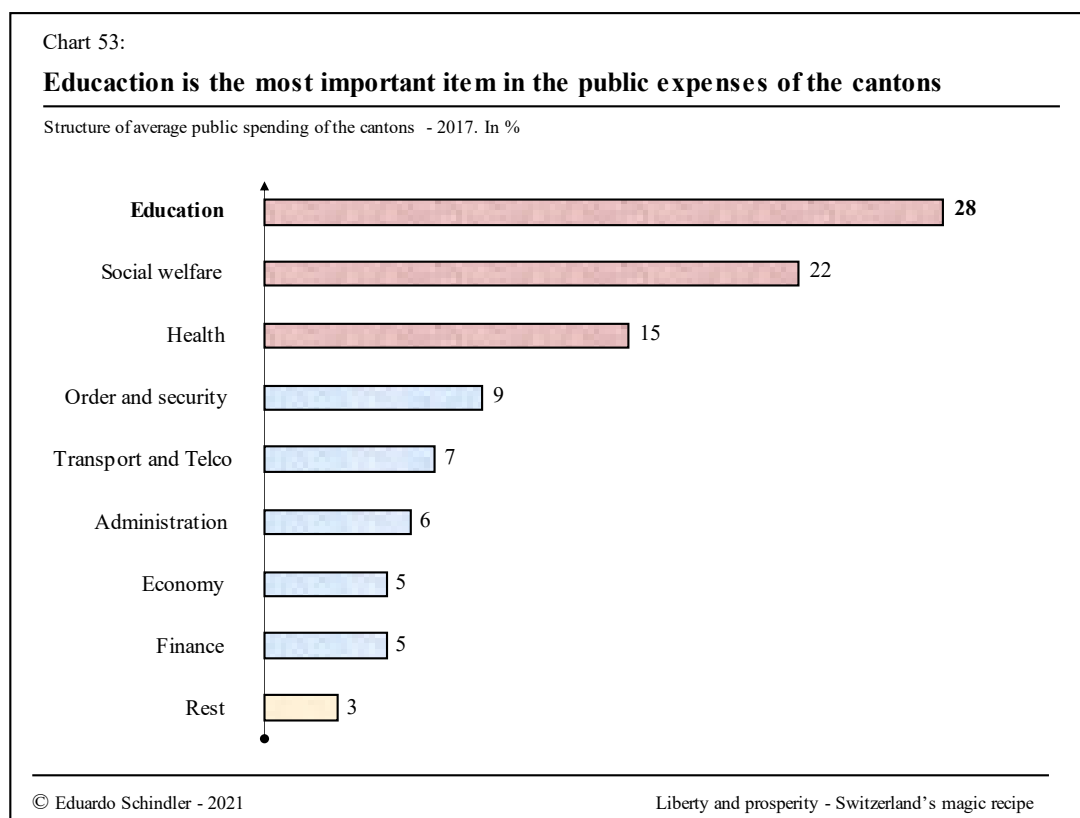
How public resources are used

Having illustrated and discussed the way in which the cantons and communes generate their own tax revenues, we can now analyze the way in which these two levels of the state use the resources collected.

As already mentioned, the Swiss constitution defines the division of tasks (and responsibilities) between the confederation and the cantons. Similarly, each and every cantonal constitution defines the distribution of tasks (and responsibilities) between the cantons and their communes. It goes without saying that the cantons are completely free to decide how to share the tasks assigned to them with their respective communes. It is not surprising, therefore, that in this respect there is also a great diversity of profiles among cantons with a more or less centralist approach to the distribution of responsibility.

This reality is reflected in the following chart. It shows that, with the sole exception of one canton, public spending by the cantons is generally somewhat higher than that of all their respective communes together. However, the proportions are rather balanced and only in a couple of exceptions is the expenditure distributed in a ratio of 60:40 in favor of the cantons.

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Chart 52:

Public spending is often larger at the canton than the communal level

Structure of public spending between cantons and respective communes - 2017. En %.

Canton

50 %

Communal

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Education and social welfare are by far the two areas in which the cantons devote the largest amount of resources each year. The chart below illustrates the average structure (in 2017) with which the cantons use the resources at their disposal to cope with the tasks of their own competence.

Chart 53:

Educaction is the most important item in the public expenses of the cantons

Structure of average public spending of the cantons - 2017. In %

Category	Value
Education	**28**
Social welfare	22
Health	15
Order and security	9
Transport and Telco	7
Administration	6
Economy	5
Finance	5
Rest	3

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As can be viewed, the largest expenditure goes to education, followed by social welfare, and health.

Directing so much resources towards education is due to the fact that the cantons are responsible for secondary education, which is in essence free or at very low cost to the user. In 2019 there were some 363'000 people in this phase of their education in Switzerland. The largest group, about 260'000 people or ca. 70% of the total, follow a technical/practical type of training (the famous "Lehre"), which generally lasts 2-3 years, and combines days at school and days in a practical job in a company (therefore at age 16 these people receive already a modest salary of about CHF 700.- per month). These people finish their studies before the age of 20, receive a cantonal or federal diploma, and enter directly into the working work.

This form of technical/practical education is the cornerstone of the training system in Switzerland, and it is also the source of the thousands of highly skilled employees who form the basis of Swiss industry. Currently people following a Lehre have a total of 314 different training alternatives to choose from, which are grouped either into 22 areas of work or into 31 fields of activity. After completing the basic level of 2/3 years, people with interest (and certain qualifications) can continue training (always mixing classroom with work) for another 2 years and access a higher-level diploma. For this group of people there are an additional 650 different types of more advanced and specialized training. And for those who wish to continue training and obtain the highest possible diploma in this type of education, there are 443 further specialization alternatives at the most demanding level of all.

The virtues and positive impacts of this Lehre system are immense. For example, while in Europe there are so many countries with unemployment rates for people under the age of 25 that are well over 40%, the unemployment rate for this group of people in Switzerland is less than 2%. In fact, some 62'000 young people graduated recently with their Lehre, and there were more than 69'000 jobs available in companies looking for such people. It is also worth mentioning that: (i) in the vast majority of cases, these young people start with an annual salary around CHF 50'000 and 4 weeks of vacation, and (ii) no financial support or special stimuli from the state is required (or is available) for companies to generate such a number of jobs. It is all fully based on free-market forces and recruitments needs.

A reality such as the one described above seems almost an act of magic if one considers that, for example, the few university graduates in countries such as Italy or Spain who are lucky enough to get a job, generally receive less than € 10'000 of pay per year and only 2 weeks of vacation. Hence, and contrary to young people elsewhere, by the age of 25 a young person in Switzerland has already been able to afford to travel wherever they want, every year, buy a car, live on their own, and even have some savings. Many of their peers in Europe still have at least 10+ years to go before they have access to similar benefits.

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The other large group in secondary schools are the nearly 70'000 young people who follow the higher level of education called "gymnasium" - which is also (almost) free. Graduates of this highest level enter directly into university, and have free choice of both career (except medicine) and institution anywhere in Switzerland. This group consists, on average, of only 17% of the people who complete primary education.
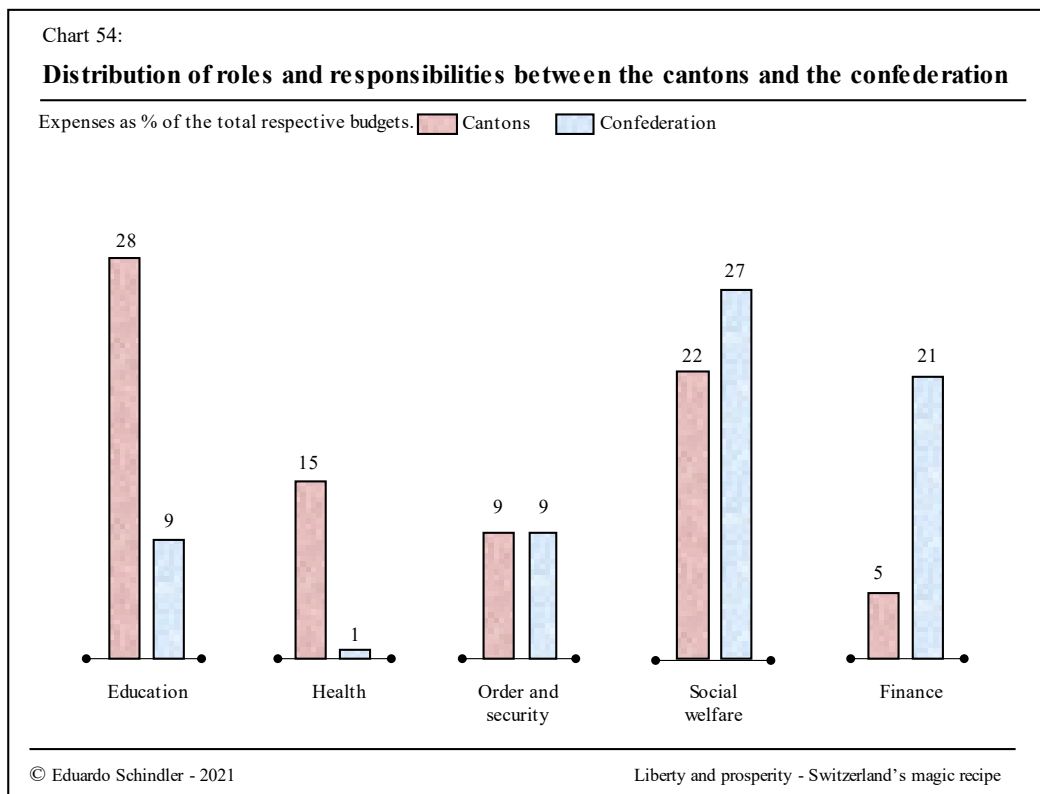
Access to the "gymnasium" is by way of a voluntary entrance exam towards the end of 6th or 8th high school year. This exam is generally taken by less than 50% of all primary school students, and slightly less than half of them pass it successfully. Those not taking the exam, or failing to pass it generally follow the Lehre path.

Under the heading of "order and security" it should be mentioned that there is no national police force in the country. Instead, each canton has its own police force. (The army, on the other hand, is the responsibility of the confederation.) Thus, for example, during the famous annual event of the World Economic Forum in Davos, the canton of Graubünden "leases" (and pays) policemen from other cantons to come and lend a hand in maintaining order and security for a couple of weeks in January each year.
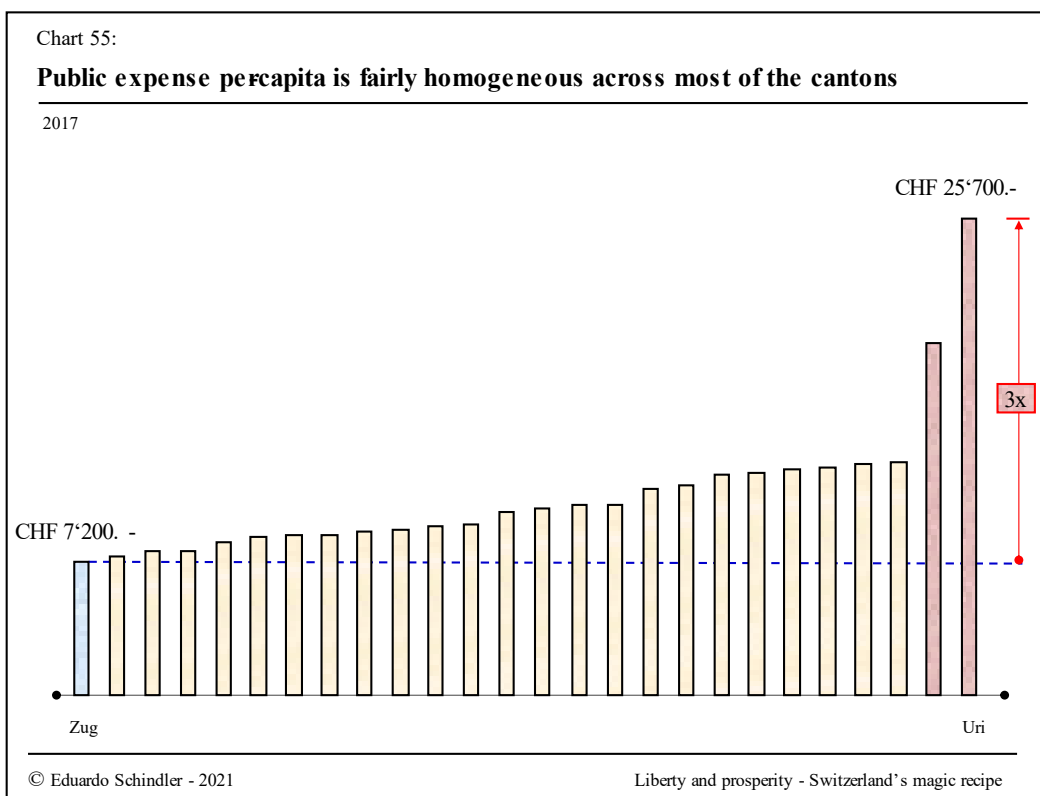
It is interesting to note that the item "transport and telecommunications" represents on average only 7% of the total expenditure of the cantons. This figure seems rather modest considering the high level of services received, i.e., the quality of the equipment used, the extensive coverage and density of the networks, and the high frequency of transport available on a 24/365 bases - not to mention the worldwide reputation for the punctuality of such services in Switzerland.

It should be noted that the entire mass transit system (trams, buses, and local trains) is provided 100% by the cantons. (There are no subways. In Zurich, an initiative in this direction was rejected as far back as 1949.) Therefore, and in view of a figure as small as only 7% of the budget, one can only admire the level of cost/benefit and effectiveness with which the Swiss state is able to operate.
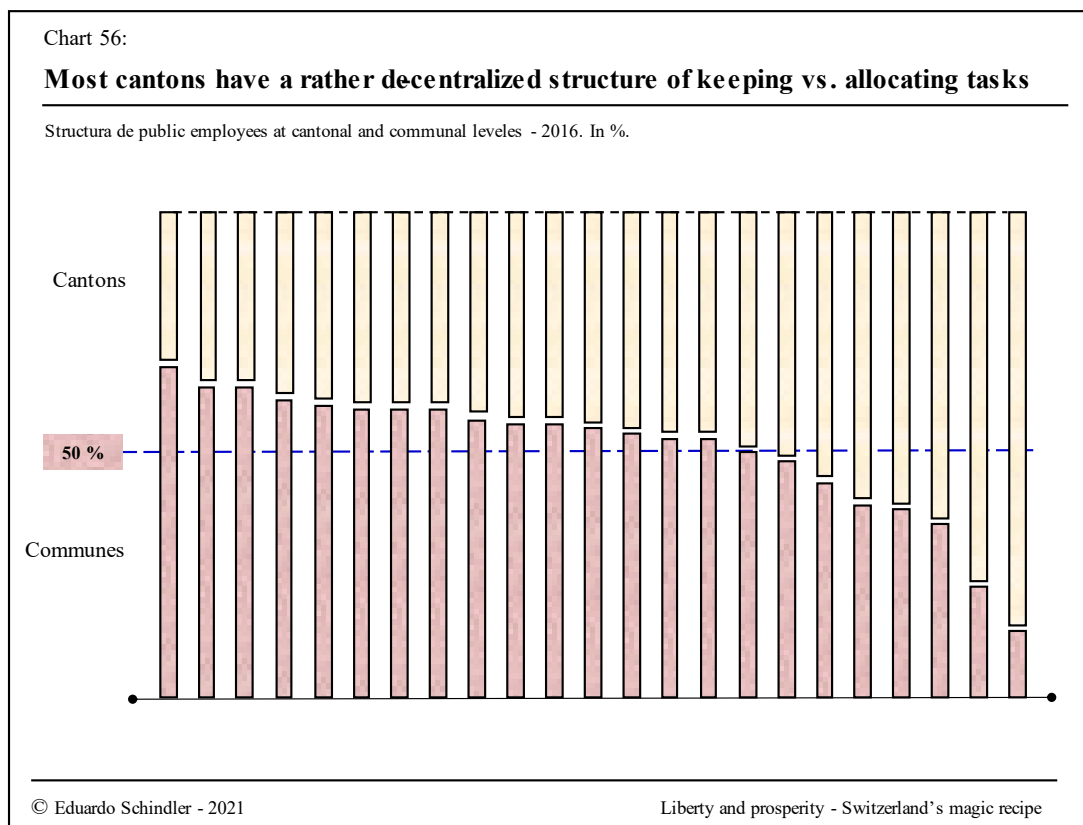
The chart below, in turn, illustrates the comparison of the allocation of public funds between the confederation and the cantons.

Chart 54:

Distribution of roles and responsibilities between the cantons and the confederation

Expenses as % of the total respective budgets. ■ Cantons ☐ Confederation

Education — 28 / 9
Health — 15 / 1
Order and security — 9 / 9
Social welfare — 22 / 27
Finance — 5 / 21

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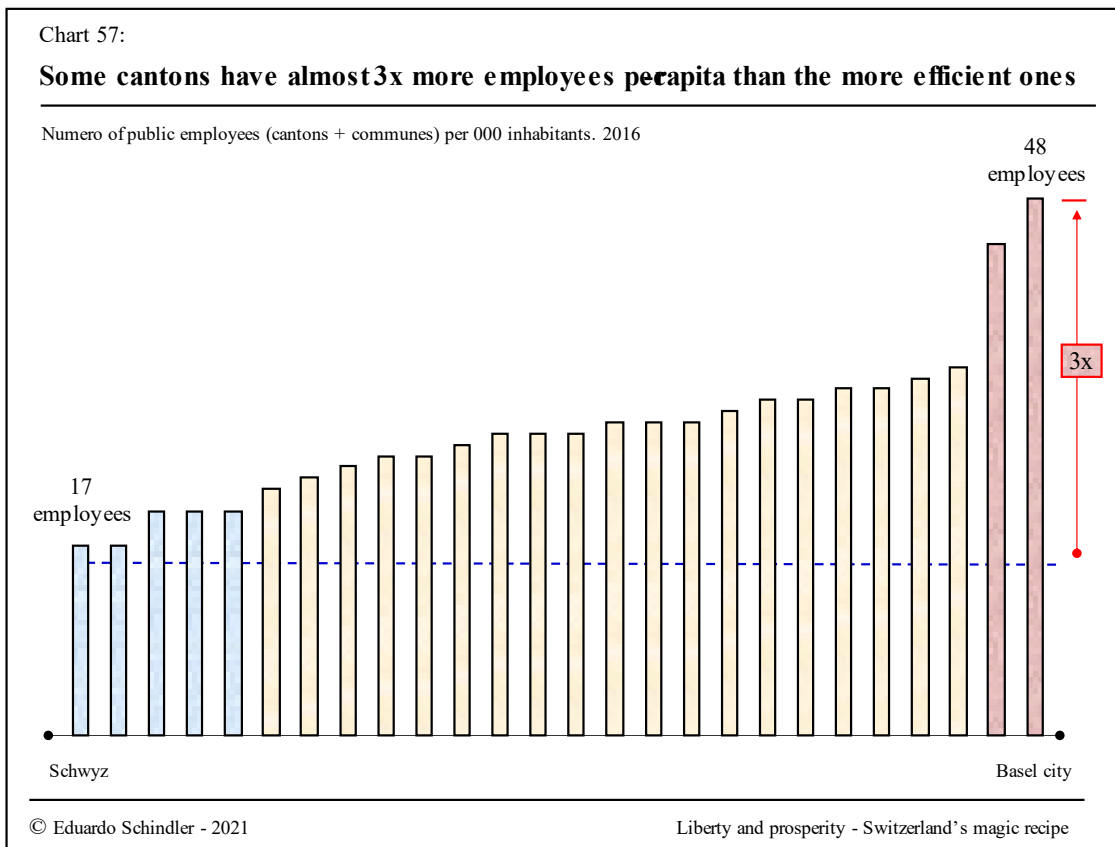
As can be seen, education and health care are tasks that fall mainly to the cantons, while the areas of social security (AHV/pension) and finance are tasks at the national level. Another salient aspect of fiscal spending at the cantonal level is that it is quite homogeneous at the per-capita level (around CHF 9'000) across the country, as shown below:

Chart 55:

Public expense percapita is fairly homogeneous across most of the cantons

2017

CHF 25'700.-

3x

CHF 7'200. -

Zug   Uri

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This certain homogeneity disappears when one considers how the cantons and communes organize themselves to carry out the work assigned to them. These differences are reflected, for example, in the ratio between the number of employees at the cantonal level and the respective communes - as can be observed below:

Chart 56:

Most cantons have a rather decentralized structure of keeping vs. allocating tasks

Structura de public employees at cantonal and communal leveles - 2016. In %.

The principle of total freedom to organize "as one sees fit" is also reflected in this aspect. While a majority of the cantons apply a rather decentralized style in favor of the communes, there are some 3-4 of them that apply a more centralized style. And given these differences in style, it is not surprising that there are some contrasts in the productivity with which public employees carry out their work. Indeed, the following chart shows that while some cantons need 17 employees to serve 1'000 people, places like the canton-cities of Geneva and Basel-city need almost 45 of them.

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Chart 57:

Some cantons have almost 3x more employees per capita than the more efficient ones

Numero of public employees (cantons + communes) per 000 inhabitants. 2016

48
employees

17
employees

3x

Schwyz   Basel city

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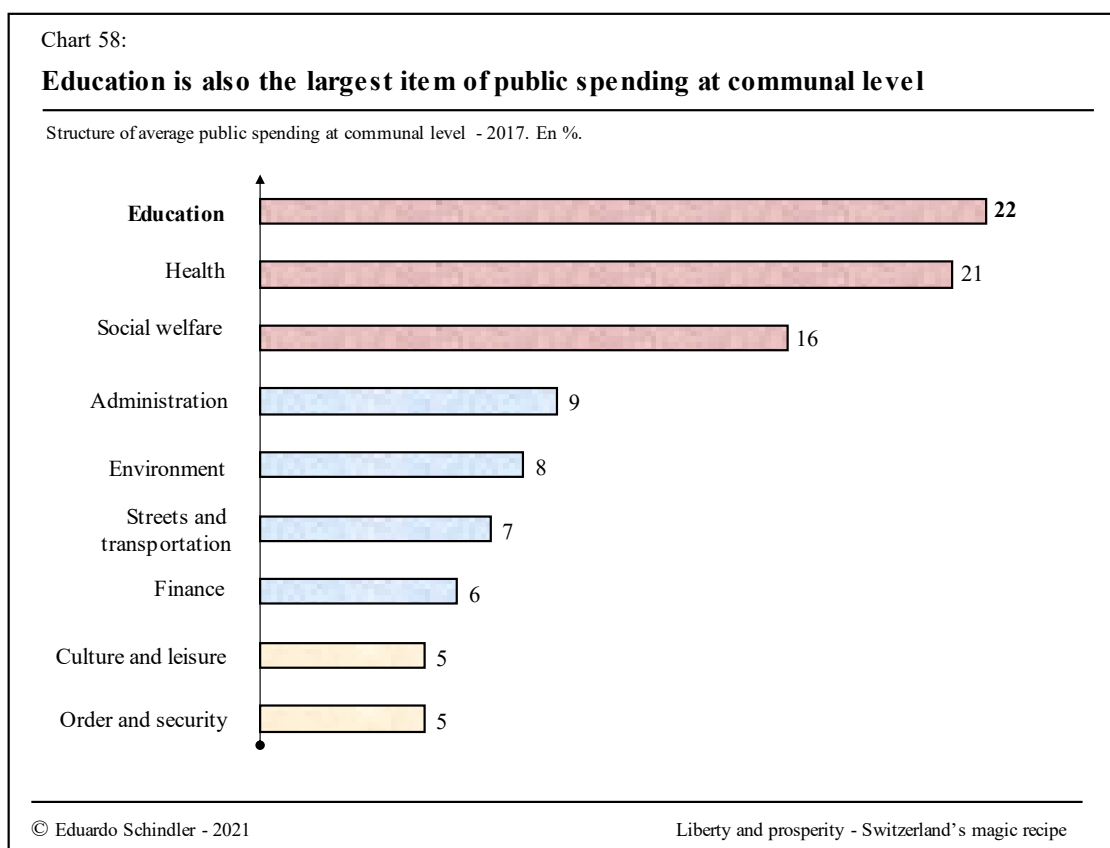
All in all, it is worth noting that with a figure of around 30 employees per 1'000 inhabitants, the canton of Zurich (including the commune-city of Zurich with 400,000 people) manages to organize itself rather free of an inefficient and bloated bureaucracy.

And to put the high efficiency and effectiveness of the Swiss state in perspective, it should be noted that there are about 33 public employees per 1'000 inhabitants, while this figure is 54 in Italy, 58 in Germany, 80 in the UK, 88 in France, not to mention the 160-180 public employees used in the Scandinavian countries.

Public spending in the communes

Each and every one of the cantons is free to define the distribution of tasks between them and their communes. The following chart shows that the expenditures on education is also the most important item in the communal budgets. The reason for this is that they are responsible for primary education - which is compulsory and free of charge. In 2019 there were about 690'000 girls and boys in this phase of their education.

Chart 58:

Education is also the largest item of public spending at communal level

Structure of average public spending at communal level - 2017. En %.

Item	Value
Education	22
Health	21
Social welfare	16
Administration	9
Environment	8
Streets and transportation	7
Finance	6
Culture and leisure	5
Order and security	5

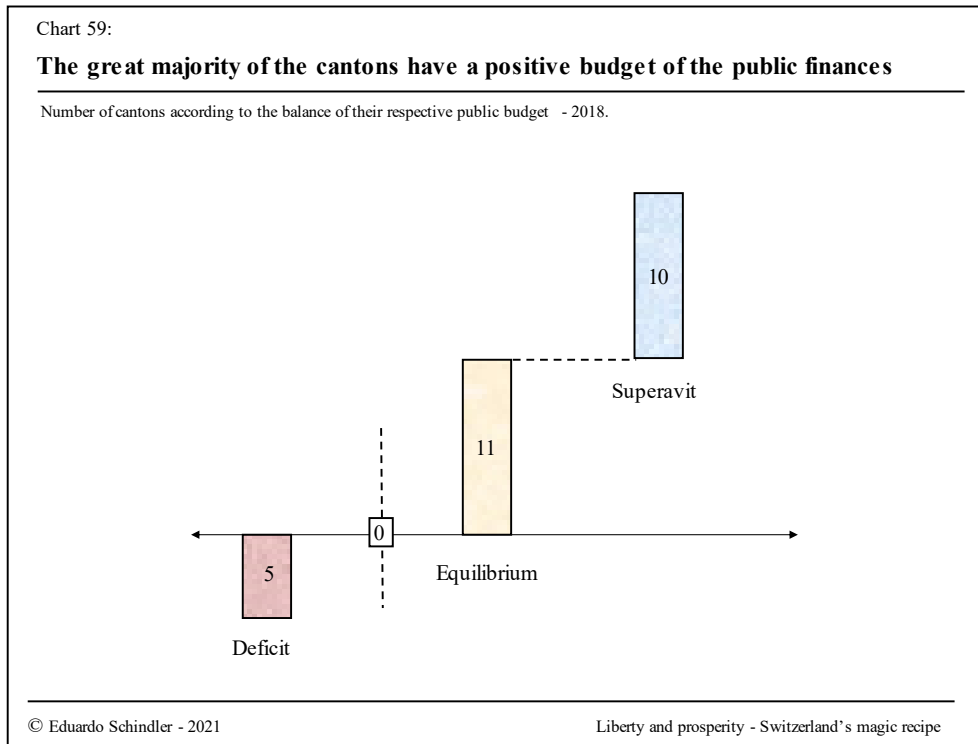© Eduardo Schindler - 2021   Liberty and prosperity - Switzerland's magic recipe

It should be emphasized that the three main budget items - education, health and social welfare - together account for almost 60% of all public spending in both communes and cantons. In other words, the money that is collected in taxes not only stays in the geographic location where it was generated, but it also returns mostly (and quite quickly and directly) to the same people who actually paid these taxes.
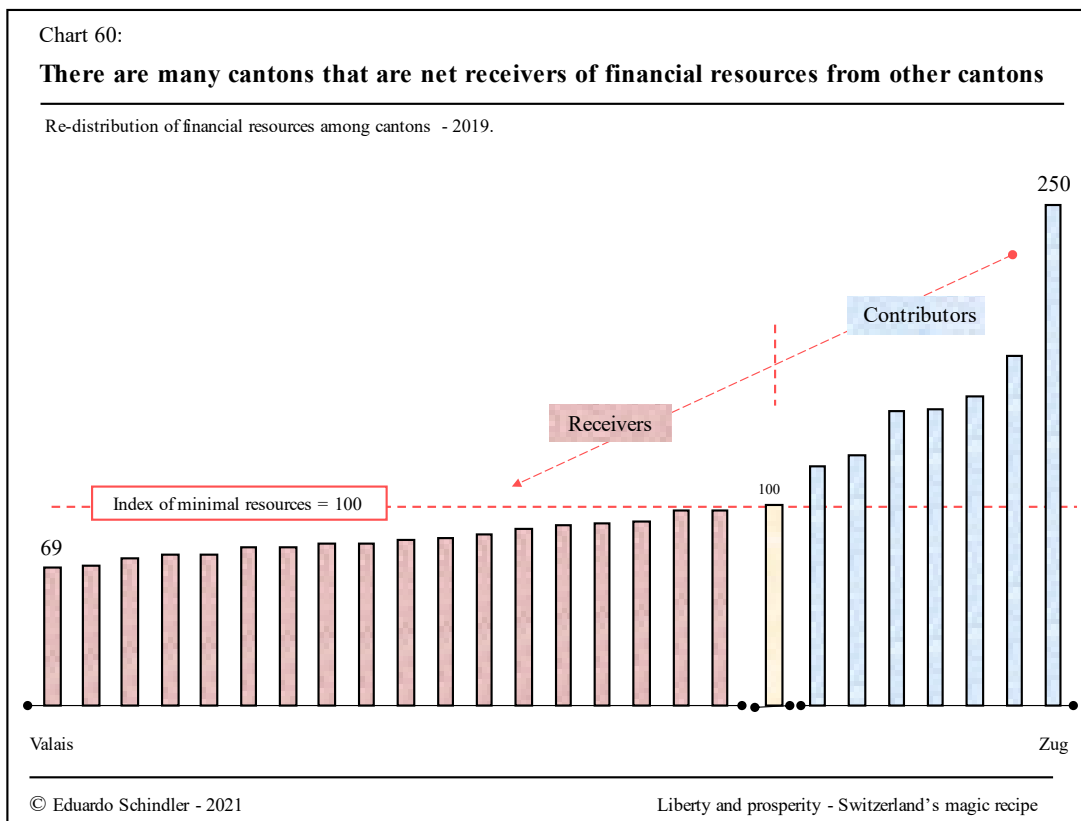
Balanced budgets

Having reviewed the most salient aspects of the sources and uses of public funds at the level of cantons and communes, it is time to analyze whether or not there is any balance between the resources generated and the expenses associated with the tasks and responsibilities assigned to the second and third levels of government.

The chart below shows, for its part, that in 2018 there were only 5 cantons that presented a small fiscal deficit in their budgets, while there were 11 of them with results in balance, and 10 others with a clear surplus.

Chart 59:

The great majority of the cantons have a positive budget of the public finances

Number of cantons according to the balance of their respective public budget - 2018.

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And with the purpose of favoring a certain social cohesion at the national level, there are also in Switzerland mechanisms of re-distribution of resources from the cantons with better results to those that have a certain difficulty in covering all their expenses. The situation between donors and recipients in 2019 is illustrated below:

Chart 60:

There are many cantons that are net receivers of financial resources from other cantons

Re-distribution of financial resources among cantons - 2019.

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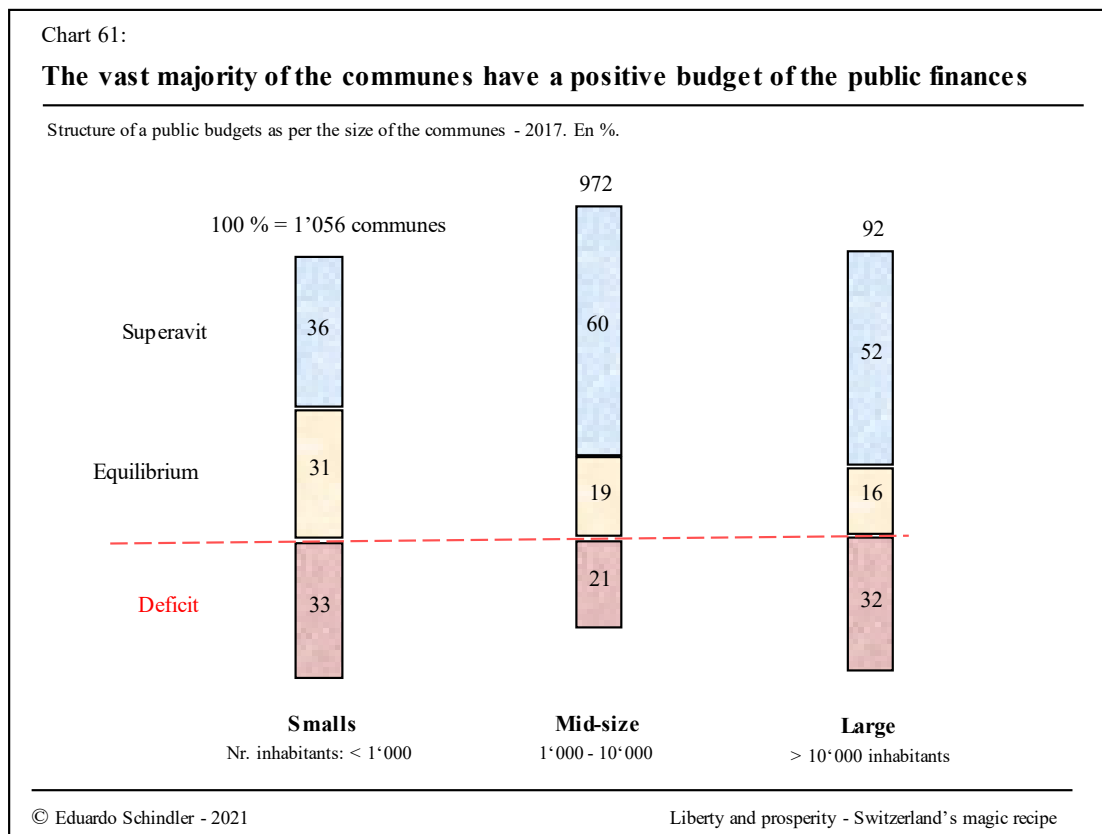
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As it is revealed, this year there were 7 cantons that gave resources to the inter-cantonal compensation fund, while 16 of them were recipients of such funds. Zug was the canton that contributed the most, while Valais received the most. But the really important aspect to note regarding these transfers is that the total resources transferred through this mechanism is only 0.8% of Switzerland's GDP.

In other words, there is a willingness to show solidarity and favor national cohesion. But this occurs within rather narrow limits, and always according to the imperative principle of self-sufficiency of each and all parties as a fundamental condition for a serene, stable and lasting coexistence.

This principle of redistribution is certainly also found among the communes of each canton. Thus, for example, the commune where the author resides (Kilchberg) transfers each year about CHF 35 mio. (almost 50% of its tax revenues) directly to the cantonal compensation fund in Zurich.

However, the pressure and moral imperative to be self-sufficient in exchange for total political freedom is also reflected at the level of the country's 2'170 communes. The chart below shows that whether in the small communes (less than 1'000 inhabitants), as well as in the medium-sized and larger ones (more than 10'000 people), almost 70% of them manage their finances in such a way as to ensure not only a balance, but in most cases a surplus. And it is through accumulating reserves that the communes (and cantons) are able to maintain their infrastructure in excellent shape at times, and also to be able to even lower their tax rates over time.

Chart 61:

The vast majority of the communes have a positive budget of the public finances

Structure of a public budgets as per the size of the communes - 2017. En %.

	Smalls	Mid-size	Large
	100 % = 1'056 communes	972	92
Superavit	36	60	52
Equilibrium	31	19	16
Deficit	33	21	32
Nr. inhabitants	< 1'000	1'000 - 10'000	> 10'000 inhabitants

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It goes without saying that none of the approx. 550 communes that showed a certain deficit in 2017 can afford to have negative figures on an ongoing basis. It is already part of people's DNA to be aware that accumulating debts (public or private) is a sure recipe for impoverishment. Hence, and contrary to the sometimes abusive and repeated experience of "pardons" in other countries, in Switzerland debts are paid. Always.

Accordingly, correction mechanisms get in motion in the communes with deficits, and pressure is generated from the citizens themselves either to lower expenses and/or to raise taxes. And if required, the people do not hesitate to replace the representatives that are unable to fix the finances of the community.

4.- Observations regarding fiscal discipline

Given this strong evidence of a generalized ability to maintain balances in the public budgets, and at all three levels of government, the question arises: where does such virtue come from ? Are Swiss politicians so prudent and disciplined - unlike their peers in other countries ?

The answer is, once again, quite simple. So much "virtue" and "discipline" does not come from the political class, but from the existence (and regular use) of mechanisms available to the citizens to control, and if necessary correct, the actions of elected representatives - as explained in the first chapter. Indeed, all proposals coming from the political class regarding significant expenditures and/or tax changes are always under the watchful eye of the people. Raising or lowering taxes is always subject to mandatory referendums. And it only takes "one wrong step" by the representatives and the reaction of correction by way of an elective referendum is not long in coming. The system works in such a way that political leaders simply cannot "spend as they wish", nor can they "tax at their will".

A couple of examples may serve to illustrate the immense and permanent corrective power, explicit and implicit, that the citizens has over fiscal discipline at each and every one of the 3 levels of government.

A first example concerns the charging of fees for the use of highways. Contrary to many countries, in Switzerland there are no freeway tolls - to the great joy of users who avoid the eternal queues, the millions of hours lost waiting, and the associated irritation.

Instead, as the first country in Europe, a vignette was introduced in 1985 at an annual cost of CHF 30. In 1995 the price was raised to CHF 40, and without any opposition to such increase from the population. In 2011 the federal government decided, with the approval of the federal parliament and the major parties, to raise the price to CHF 100 as of 2016. The justification for this increase was the transfer of responsibility from some cantons to the federal government for almost 400 kmts. of major inter-cantonal connecting roads. This would generate additional federal expenditures of about CHF 300 million

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annually. A citizens' group opposed this decision to raise the price to CHF 100, and successfully launched an elective referendum - i.e., it managed to collect the required 50'000 signatures in the 100 days available for this purpose (in reality some 107'000 were collected).

The arguments offered by the pro and con parties are, as always, very simple and straightforward - as illustrated below. The federal government promotes the YES because with the extra resources it will be able to offer "more routes, good and safe". How to say no to a similar proposition ? While the opponents argue the NO with the question "Always pay more ?", enough of "Abzockerei" - read, enough of a state that always abuses the people and "sucks money endlessly".

The issue was referended at the end of 2013 and the NO won with 61% of the votes. The price did not go up to CHF in 2016, and it still costs CHF 40 in 2021. And it will certainly be years before the federal council dares to try to raise the price again.

It should be emphasized that this NO came despite the fact that the YES had the support of the entire federal political class and also of the major parties. Hence, such a result is yet another example that in Switzerland, it is only the will of the majority of the citizens that is always done - either by the explicit way of a vote as in this case, or by the implicit way of approval as in the 1995 increase without anyone launching an elective referendum.

Needless to say, there are literally hundreds of examples like this - and certainly not only at the federal level.

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Let us take another example at the cantonal level. In 2013 the government of the canton of Lucerne decided, with the support of the cantonal parliament, to increase taxes on individuals in order to "equalize the tax burden among taxpayers." An argument of fairness between rich and poor. How to say no to a similar argument ?

The cantonal representatives of the right-wing party (SVP) opposed this measure, both in the government and in the cantonal parliament. Unsuccessful in these institutional instances, the party managed to collect enough signatures from the citizens and launched an elective referendum against this government/parliament decision to raise taxes.

As illustrated below, the argument used (simply and directly) by the promoters of the elective referendum was "Always less in the pockets - NO to the tax increase".

Source: SVP Lucern

The issue was referended (obviously only by the citizens of the canton of Lucerne) in May 2017, and the NO won with 54% of the votes. Therefore, taxes on individuals were not raised, and the members of the government and parliament who supported the measure "got their lesson".

In view of this result, it is important to note that the SVP in Lucerne got only 21% of the votes in the cantonal parliament elections in March 2015. This means that to achieve a 54% in this referendum there were some 40'000 or more of the 60'000 NO votes coming from non-SVP voters, and who voted against the YES indications made by their own parties.

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So simple on the surface, the two examples above illustrate some fundamental, and probably unique, aspects of the powerful correction mechanisms available to the citizenry - and which play a major role in how democracy works in Switzerland.

The first aspect is that thanks to (i) the high frequency of referendums and (ii) the fact that they are held on issues that clearly pertain to one (and only one) of the three levels of the state, people in Switzerland never vote for such generic and demagogic arguments as "fair taxes" or "more and better hospitals". Instead, in the quarterly referendums, people vote only on very precise issues, formulated in a highly clear and simple way, well documented, and very precisely delimited. There is also a concrete notion of how much it costs and who pays. Two or more issues are never mixed in the question that is voted YES and NO. The political agenda proceeds one issue at a time, issue by issue, and without any confusion between which level of the state is responsible and/or which population is affected by the final decision.

The second aspect is that when it comes to referendum issues with a NO / YES, the Swiss citizen votes very pragmatically and not ideologically. In fact, citizens do not hesitate to vote even against the recommendations made by their parties if their own reasoning regarding the pros/cons of an issue suggests it. Moreover, the person who votes YES/NO is fully aware that he/she is saying YES/NO exclusively to an issue (and only to this issue), and is not necessarily saying YES/NO either to his/her party, or to the government, or to any other issue on the political agenda.

The third aspect is closely linked to the previous one, and refers to the absence of political consequences of losing a referendum. In the two examples mentioned above the political authorities supported the YES and in the end the NO won. And while in many countries with representative democracies losing a vote leads to the damaging spectacle of "the politics of politics" (e.g., calls for resignations, annulment of results, early elections, and all kinds of reciprocal disqualifications and insults), in Switzerland once the sovereign has pronounced itself with the final YES or NO vote, then the discussion on the issue is over without any recriminations or acts of inordinate antagonism.

In view of the above, it is worth asking: how is it possible to reach such tranquility ? what kind and level of civic culture is needed in people to have so much tolerance and reciprocal respect ?
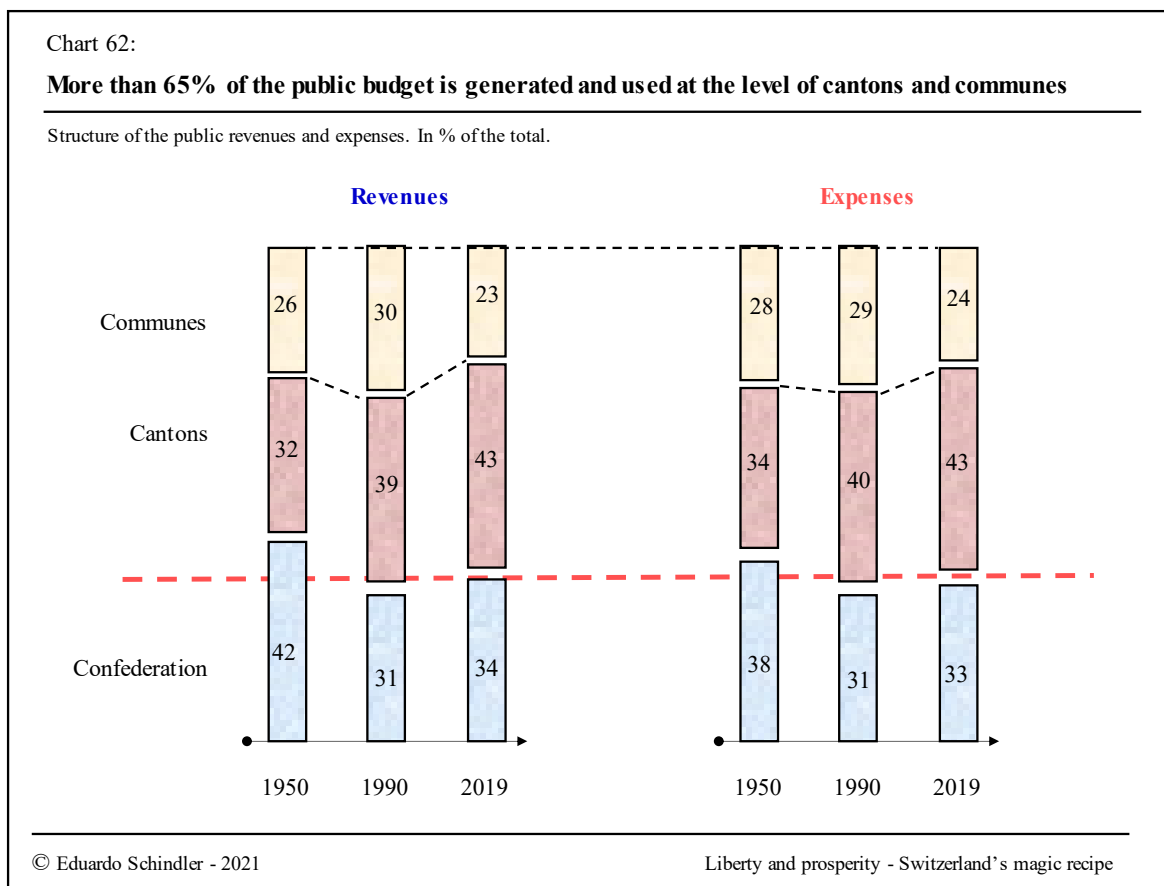
The reason is relatively simple: any "loser" who objects to the results in a "noisy" way would not really be questioning his direct opponents (left vs. right, government vs. opposition), but would actually be questioning the common sense of the majority of the citizens. And which politician, journalist or agitator with a bit of intelligence dares to do so ? or survive the evaluation of public opinion for doing so ?

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And as if that were not enough, there are all sorts of possibilities for the "losers" to have the issue voted on again in some other referendum in the future. This element acts as a powerful "cork" for all those who try to make a demagogic use of the results of any vote.

It goes without saying that being confronted with a civic culture that favors "to work and launch a referendum/initiative", instead of "criticizing and doing nothing" quickly cleanses the system of all kinds of characters, groups and movements that only know how to agitate and protest, but apart from demagogy have little or nothing concrete to offer to solve the real problems of the community.

5.- Concluding remarks on the source and use of public funds - the situation at the aggregate level

The chart below illustrates the aggregate situation at the confederation, cantons and communes of the thousands of decisions made regarding tax rates and spending levels at three points in time, and over a 70-year period between 1950 and 2019.

Chart 62:

More than 65% of the public budget is generated and used at the level of cantons and communes

Structure of the public revenues and expenses. In % of the total.

Revenues — Expenses

Communes: 26, 30, 23 / 28, 29, 24
Cantons: 32, 39, 43 / 34, 40, 43
Confederation: 42, 31, 34 / 38, 31, 33

1950 1990 2019   1950 1990 2019

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The most evident aspects of this chart are the great balance that has always existed between revenues and expenditures at the three levels of the state, and also the mix of gradual evolution and stability in public finances. But just as significant, this chart reveals at least three other points of particular interest and importance:

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1.- In the Swiss state, it is the cantons and communes that generate and spend more than 65% of all public resources. The confederation (national level) plays a significantly smaller role in the allocation of these resources, and its importance has even decreased since the Second World War.

2.- It should be emphasized that the dominance of the cantons and communes over the confederation is not the result: (i) of an "ex-ante master plan" of the central government, and which aims at favoring a decentralized type of country; nor (ii) of a "national fiscal policy" that seeks to coordinate or define the revenues and expenditures of the 26 cantons and their 2'170 communes.

Instead, and as difficult as it may be to believe it, this structure is simply the result (ex-post, not pre-programmed) of thousands of individual decisions voted by the citizens, over decades and decades, regarding the expenditures and tax rates of their communes and cantons. It should also be emphasized that these thousands of decisions have been made completely independently among the cantons and the communes. The impact of these decisions has simply accumulated over time.

In other words, in Switzerland there is no "government fiscal policy" as it is known (and endlessly discussed) in so many other countries. Instead, there is merely a rather implicit policy of obtaining budgetary balances at all three levels of the state and at all times. It is not surprising then that one rarely hears a political representative in the country refer to, or campaign on the good/bad, "government policy" on issues such as education, health, social security, etc.

3.- And there is more. The fact that it is always the preferences of the majority of citizens to define (i) how much tax is collected and (ii) how these resources are spent, leads not only to a structure as stable and balanced as the one observed over the last 70 years, but it also leads to other virtues such as:

- immunizing public finances against: the whims of the political class of the moment; demagogic proposals and promises of "giveaways" made by professional politicians; zig-zags in the allocation of funds; budgetary blockages in the antagonistic dynamics of government vs. opposition; the instrumentalization of the budget in the politics-of-politics dynamics; dramatic or recurrent cases of corruption and/or misappropriation of funds; permanent waste and inefficiencies; the promotion of a culture of state parasites; and the populist use of the public budget to exalt themes such as class struggle, social cohesion, defeating poverty, etc. ;

- the ability to plan revenues and expenditures with such a long-time horizon as to carry out investment projects that last well beyond the 4- or 5-year period for which representatives to governments/ parliaments are elected.

  As mentioned already in the first chapter, a great example in this connection is the construction of the world's longest railway tunnel of 57 kilometers under the Alps. This project was completed within the originally planned time (17 years) and cost budget (CHF 12 bio. vs. actual CHF 12.2 bio.).

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6.- Conclusions

The most important elements to retain from all the information and reflections shared throughout this third chapter are the following:

1.- One cannot be truly politically free without being, at the same time, self-sufficient in financial terms. Without direct and independent access to financing, any political agenda at the regional or communal level is reduced to a simple declaration of good intentions, and to leaders who go around discussing the same problems but solve nothing.

2.- As a result, it is only thanks to the power to generate and manage their own tax revenues that the cantons and communes are able to formulate and push forward their own political agenda - which, in addition, genuinely reflects the dominant interests of the majority of the citizens concerned.

3.- Each canton and commune are a complete political reality, largely self-contained and functioning quite successfully. And the great socio-economic cohesion that exists in Switzerland is the direct and essential result of this "obligation" to be the self-sufficiency for each and all three levels of the state. The fact that there are no pockets of poverty even in the most remote places is due to the fact that the local people have had to get used to standing "on their own two feet" since long time ago. In other words, it is not due to the generosity of a central government that distributes resources.

4.- The country has been built upon a civic culture in which nobody goes around "begging", and nobody goes around "offering".

- when the citizen learns that the one who asks is also the one who pays, almost "by miracle" people stop asking, expecting or demanding all kinds of giveaways from the state. With time, it is engraved in the DNA of the people that nothing is free and that the one who receives sooner or later pays. Thus, demagogues who make a career out of promising gifts from the state disappear very quickly from the political scene. Another "wonder" of this country.

- every community, big or small, mountain or valley, rich or poor, lives a reality adjusted to the available resources and the preferences of the majority of the people. Those who have more, spend (and share) more. Those who have less, instead of asking and complaining, save until they too can afford a bigger school, or a better gymnasium, or wider streets, or a new bridge, or a more modern and dignified old people's home, etc.

5.- Thanks to the immense capillarity of the second and third levels of the state, and to a division of tasks and responsibilities in favor of these two levels, it is possible to break up and divide the political agenda of the nation into hundreds of smaller and simpler agendas. This in turn opens the door for people

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from even the simplest socio-economic segments to have real and effective participation in the political life of the community. And with it, the entire nation gets to capitalize on, and benefit from, all the latent strengths and capabilities of millions of people - instead of living limited to what only a few professional politicians can do, and especially cannot do.

This has been, and is, the path to democratizing democracy which has brought so much prosperity, liberty and serenity to Switzerland - and which is so lacking in many other nations.

6.- Thanks to the above, it is also possible for the tasks of political leadership to be exercised in the form of a militia by thousands and thousands of people, and therefore professional politicians are not needed. And almost as a "miracle", several harmful aspects that affect other countries disappear, including corruption, misappropriation of public funds, large state apparatuses full of bureaucracy, and in general a suffocating situation in which much is said and little progress is made.

7.- The analyses carried out show that the magic recipe works perfectly well: in communes with less than 500 and more than 400'000 people; in cantons with 35'000 and 1'450'000 inhabitants; in societies with a lot and others with very little wealth; in mountain or plain regions; and in communities with very different languages and cultural legacies.

This encouraging evidence suggests very strongly that the principles at the basis of the swiss magic recipe are valid and applicable everywhere.

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

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Summary and conclusions

This book has analyzed the most distinctive aspects of each of the three ingredients of the magic recipe that the Swiss have "invented" to generate the highest levels of liberty and prosperity in the world. Reflections have also been shared regarding the impact and major contributions each of these has in creating the **most distinctive aspects of Switzerland**.
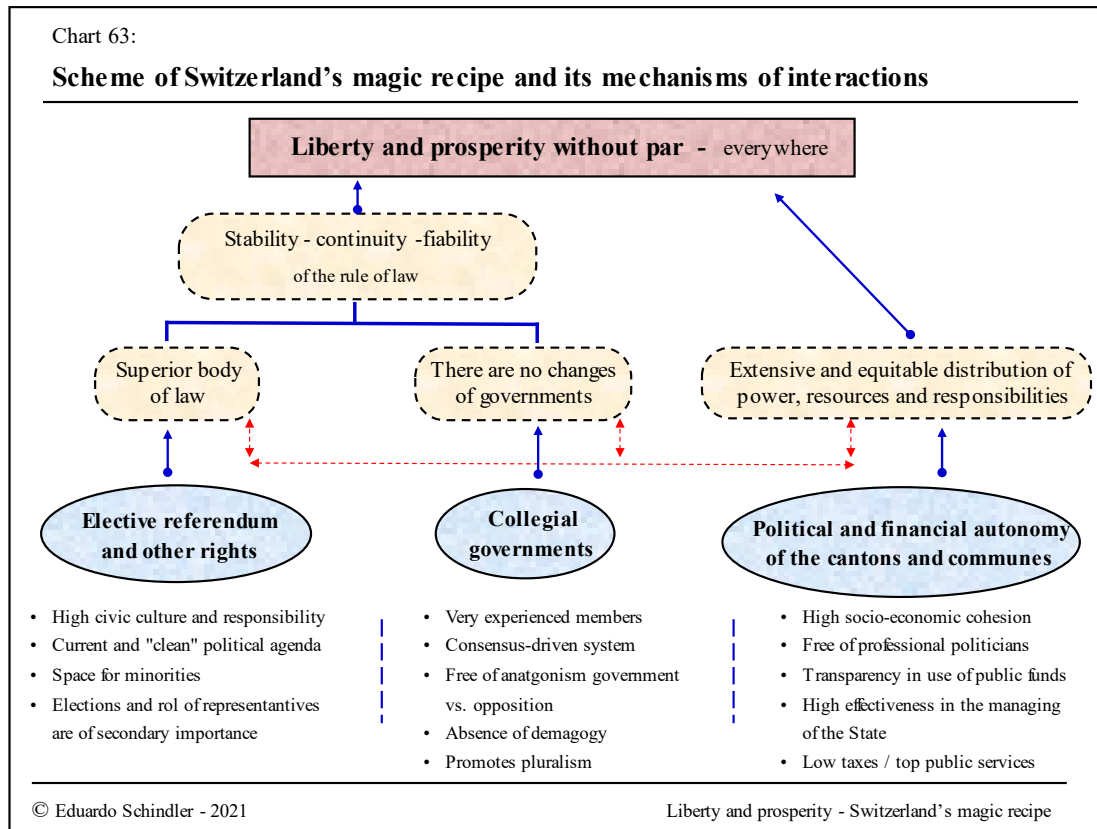
In this last chapter:

- illustrates and describes the blueprint or master plan of how the three ingredients of the magic recipe combine to generate the unparalleled levels of freedom and prosperity seen in Switzerland.

- a summary is made of each of the ingredients of the magic recipe, and the main effects they have on the various aspects that distinguish this country are briefly indicated. A very simple chart is included in each case for ease of understanding, and to emphasize the difference with respect to the situation in representative democracies.

- by way of conclusions, the reflections that the author considers to be the most significant ones obtained from the years of research, analysis and synthesis carried out to date are shared.

1.- Scheme of causalities inherent to the Swiss magic recipe

The "magic" of the Swiss recipe for generating greater freedom and prosperity results both (i) from the distinctive contributions made by each of its three fundamental ingredients, and also (ii) from the various (and strong) cross and retro-active effects that exist among them. In this context, the following graph illustrates the scheme of causalities, contributions and interactions present in the recipe:

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Chart 63:

Scheme of Switzerland's magic recipe and its mechanisms of interactions

Liberty and prosperity without par - everywhere

Stability - continuity -fiability
of the rule of law

Superior body of law

There are no changes of governments

Extensive and equitable distribution of power, resources and responsibilities

Elective referendum and other rights

Collegial governments

Political and financial autonomy of the cantons and communes

- High civic culture and responsibility
- Current and "clean" political agenda
- Space for minorities
- Elections and rol of representantives are of secondary importance

- Very experienced members
- Consensus-driven system
- Free of anatgonism government vs. opposition
- Absence of demagogy
- Promotes pluralism

- High socio-economic cohesion
- Free of professional politicians
- Transparency in use of public funds
- High effectiveness in the managing of the State
- Low taxes / top public services

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The above diagram illustrates the three primary sources of freedom and prosperity (blue balloons), and their respective main channels of causality (yellow balloons), through which they combine to ultimately generate what has become the highest levels of freedom, well-being and social cohesion on the planet (red rectangle). In addition, each of the "ingredients" is also at the basis of the distinctive aspects of the very peculiar/civilized way of doing politics in the country - list of dots appearing under each blue balloon. And although all these aspects have great value and importance in themselves (e.g., they are desirable goals to achieve), the author is of the opinion that they are all just a by-product of the respective ingredient under which they are listed.

In narrative form, the story of how the Swiss recipe actually works can be told as follows:

1.- As a result of decades of unparalleled stability and continuity in the rule of law, capital (and with it prosperity) begins to accumulate in a way that has never existed before. Stability and greater amounts of capital have a two-fold effect, namely (i) they feed back on themselves to create more capital; and, at some point, (ii) they begin to attract foreign capital in search of a more secure domiciliation. The proper use of more capital leads to full employment and, ultimately, better remuneration of the people living in the country. Greater well-being leads to more satisfied, liberty-seeking citizens - which in turn feeds back to reinforce social peace, stability and continuity. A self-sustaining virtuous circle (actually, an upward spiral) is created.

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Therefore, there is no doubt that, in the case of Switzerland, the higher and widespread prosperity has its origin and is the direct result of the superior stability and continuity of its rule of law - which probably reached a level of credibility/reliability without equivalent anywhere else on the planet already before the First World War, and which has furthermore managed to maintain (and even enlarge) that distinctive position ever since.

2.- This unparalleled greater stability and continuity is the result of:

i) a significantly superior rule of law (i.e., a more complete, legitimate, effective, and adaptable body of law governing a more peaceful community life), which is, in turn, a direct result of the use of direct democracy;

ii) absence of zig-zagging or reversals in legislation and/or policy direction by governments, which is a direct consequence of the use of collegial governments at all three levels of the state, which, in turn, leads to several self-reinforcing and cross-feedback elements such as:

- there is never a change of government as experienced in other nations;

- very experienced (and successful) people are in charge of managing the affairs of the state at all times;

- there is a regular mix between renewal and experience (i.e., between new members coming in and old ones following) in all collegial bodies;

- the absence of constant, aggressive, ideologically driven divisive antagonism (and its negative consequences) as the dominant way of conducting political life. Instead, this is replaced by a consensus-driven imperative - which becomes the dominant culture of the "way to do politics" over time.

3.- The great and inclusive socio-economic cohesion achieved by the country is the direct consequence of having its "engine" of freedom/prosperity working: across the board, simultaneously and permanently; and across all regions and various social strata - and this as a result of:

i) the beauty of "compulsory" self-government/reliance that each component of the second and third levels of the State must respect and comply with at all times; combined with.

ii) a highly capillary structure of the second and third tiers of the State, which in turn:

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- facilitates and ensures a broad and equitable distribution of political power and resources that are largely self-generated in the regions themselves, and reaching down to the most remote mountain/valley villages.

- allows the "burden" (size, complexity and weight) of the political agenda to be partitioned and divided into smaller and smaller proportions - to the point where even the simplest people have the capacity to deal with them as well. And, as a result:

- the "burden" of political agendas is distributed among more than 36,000 people who have a part-time function in the executive or legislative branch at all three levels of the state;

- professional politicians are neither necessary nor existent, thus eliminating a major source of instability and socio-economic inequality as seen in so many other places.

4.- Finally, it can be argued that it is the combination of the three ingredients that makes the recipe truly "magical". In fact, their individual contributions are considerably enlarged and amplified by (i) a number of cross/retro-active links that exist between them, as well as (ii) multiple second and third order sub-effects with, and between, the large number of by-products illustrated at the bottom of the chart above.

The list of additional contributions resulting from all these combinations is indeed very long and valuable. Take for example the elimination of demagoguery. This is primarily the direct result of collegial governments. However, the absence of professional politicians (ingredient 3) and the possibility for citizens to take direct and rapid corrective action to "bad quality" laws/decisions of the state (ingredient 1) also play an important role in creating a country free of demagoguery.

Another very distinctive and striking example of Switzerland is being a country that lives in a "politics-free" environment - especially when compared to the quasi-obligation that people in other nations must give on a permanent basis to what "politicians" say and do. On the contrary, Swiss citizens can concentrate their energy on their daily lives without paying any attention to what is going on "in government" or "among politicians". News broadcasts are free of endless mutual accusations, divergent versions of events, rumor-mongering journalists, revelations of scandals and abuses involving top political leaders, and the like. In fact, opinions about "politics" or "politicians" is a very rare topic of conversation among people. None of the three "ingredients" alone can generate such an extraordinary result, and it is only because of the combination of all three that such a remarkable and valuable "politics-free" life can take place.
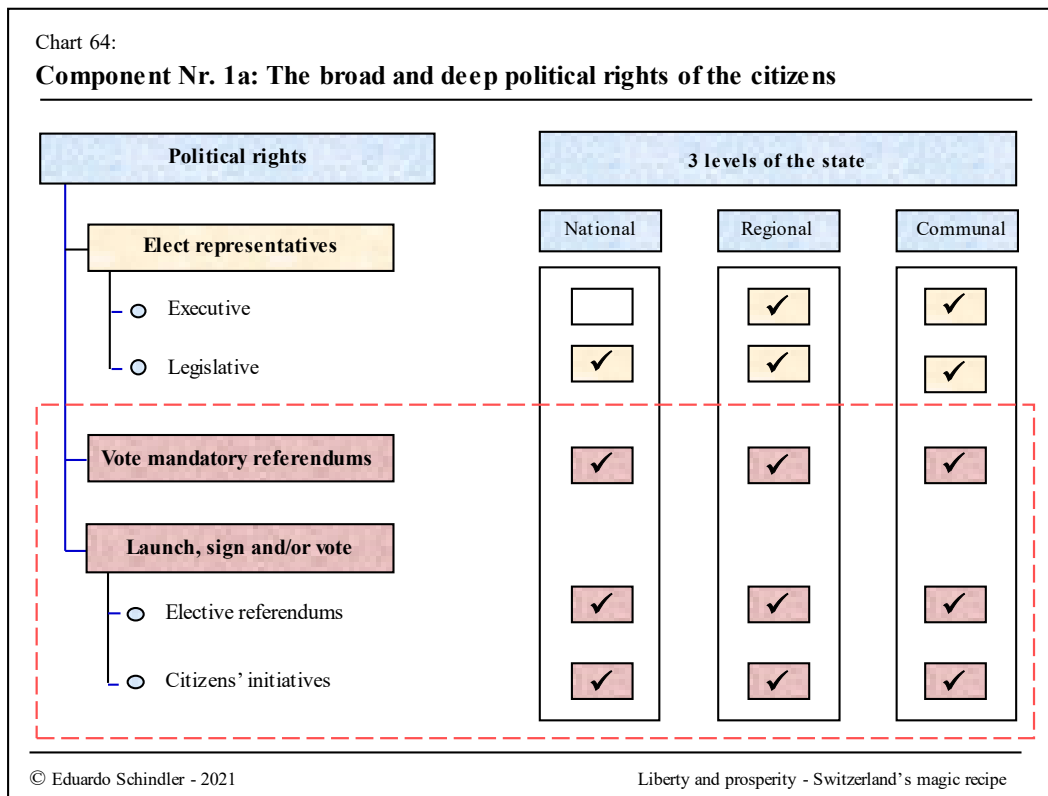
A final example. It is thanks to the combination of ingredients 1 and 2 that the system ensures that the welfare of the citizens, and not of the partitocracy, is the primary objective and focus of the political system on a permanent basis.

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2.- Summary

The following is a very brief summary of the three components.

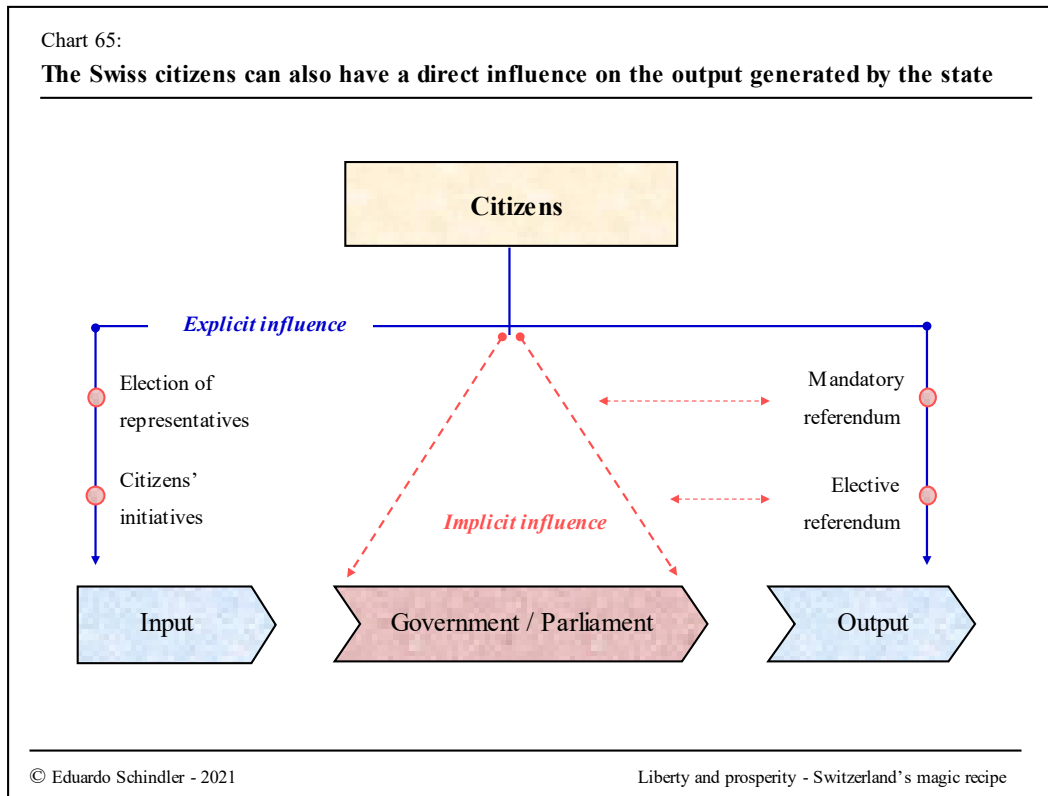Component Nr. 1a: The breadth and depth of political rights

One of Switzerland's most distinctive features is that it is the only country in the world that recognizes the widest range of political rights for its citizens - as illustrated below:

Chart 64:
Component Nr. 1a: The broad and deep political rights of the citizens

Political rights	3 levels of the state		
	National	Regional	Communal
Elect representatives			
○ Executive	☐	✔	✔
○ Legislative	✔	✔	✔
Vote mandatory referendums	✔	✔	✔
Launch, sign and/or vote			
○ Elective referendums	✔	✔	✔
○ Citizens' initiatives	✔	✔	✔

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As evidenced, the range of rights includes the right to elect, to vote in mandatory referendums, to initiate, sign and/or vote in elective referendums and/or on citizen's initiatives. In addition, these rights apply at each of the three levels of the state.

The rights to referendums, indicated in red, are the essence of what is known as direct democracy, and which generally do not exist in representative democracies. And it is thanks to these very broad rights that Swiss citizens are able to influence not only the input, but also the output of the state - a major and fundamental difference compared to so many other nations.

Moreover, as illustrated in the chart below, most of the effects and benefits that accrue from direct democracy come from the impact it has implicitly, rather than explicitly, on what and how elected members of the nation's governments and parliaments do their work. The implicit effect derives from everything that is not but could be voted on if people are unhappy with the quality of the laws and/or decisions formulated by the government/parliament.

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Chart 65:

The Swiss citizens can also have a direct influence on the output generated by the state

Citizens

Explicit influence

Election of representatives

Citizens' initiatives

Implicit influence

Mandatory referendum

Elective referendum

Input

Government / Parliament

Output

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In summary, the impact and main contributions of this first component include:

1.- The citizens are the highest sovereign of the nation. Always.

2.- Implicit or explicit approval of the sovereign to all new laws and decisions of the state.

3.- High quality, legitimacy and reliability of the body of laws and regulations. In particular, the laws are well balanced, clearly and simply formulated, and highly effective in relation to the intended effect. These distinctive features of the body of laws also play a fundamental role in generating the stability, continuity and reliability that prevails in the Swiss state.

4.- It obliges the entire political class, from the left to the right, to act with attention and give priority to the interests of the majority of citizens at all times.

5.- The fundamental difference between the quality of the Swiss body of law and that of so many other nations is that they are the product of, and actually reflect, two very different paradigms. In representative democracies, this is the result of the lowest common denominator acceptable to the elite political class of the day. In the case of Switzerland instead, this is the highest common denominator elaborated by the political class and that in addition must be acceptable to no less than 60% (or more) of the citizens at all times.

6.- The citizen is and feels free, sovereign and responsible - instead of being dependent and subordinate to the political class.

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Component Nr. 1b: High frequency of use of political rights

Another distinctive feature of this country is the holding of quarterly referendums - as illustrated (in red) below. As a result, citizen participation is not only limited to electing representatives to the government and the parliament every 4/5 years, but also to saying YES/NO to laws and decisions before, and as a condition precedent, these come into force.
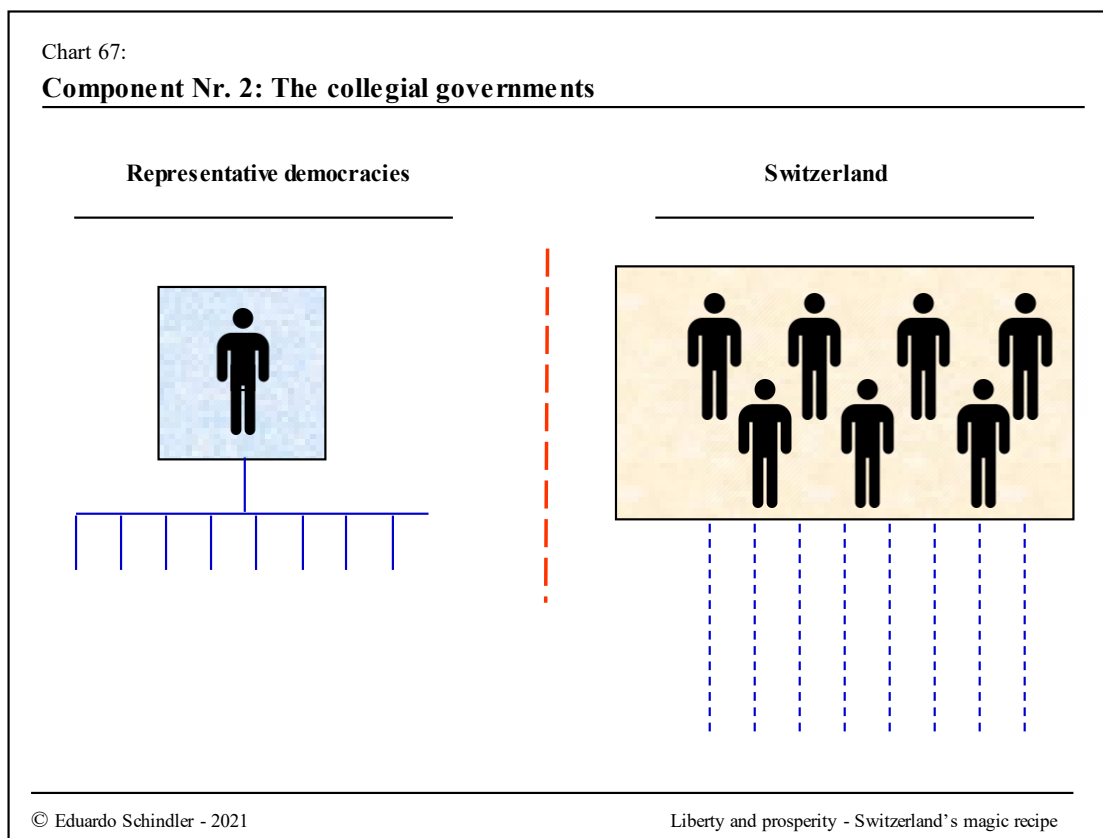

Chart 66:

Component Nr. 1b: The high frequency in the use of the political rights
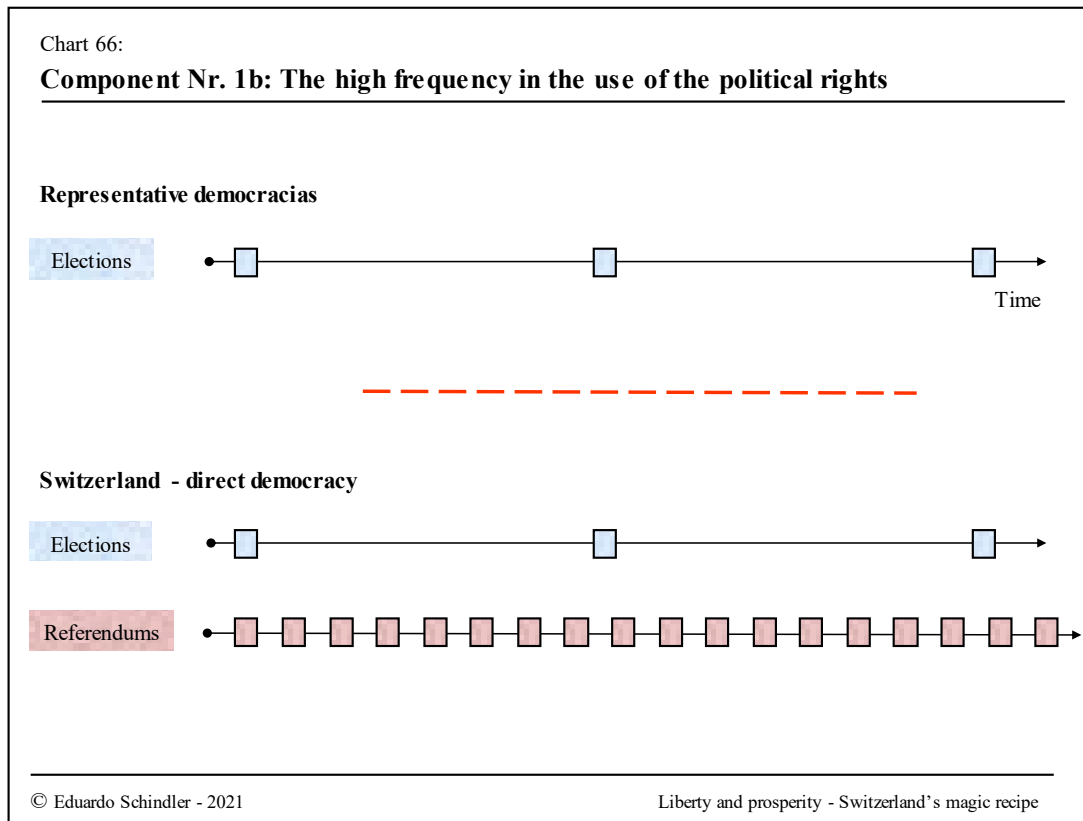
The impact and main contributions of this component include:

1.- To favor a high level of civic training and education of the people. At the same time the persons develop a high sense of responsibility by becoming aware of, and as a response to, the great importance of their role/function.

2.- Provide a regular "draught" of the political agenda. The result is an agenda that is updated at all times, reflecting the most relevant issues to the community, which is regularly renewed in a peaceful manner, and which also acts as an "escape valve" to all kinds of minorities and/or eccentric issues.

3.- Allow the citizen to vote in a concentrated way, one issue at a time, and reaching a decision to vote YES/NO in a well-reasoned way and weighing arguments pro and con. In addition, it is possible to make differentiated opinions with respect to the voting indications of the parties, from issue to issue, and free of demagogic or doctrinaire pressures.

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4.- Elections of representatives to governments and parliaments are an event of secondary importance in the civic participation/contribution experience of the citizen. Thus, election periods do not generate a higher level of risk, do not stop state activities, and do not delay decisions that affect the level of economic activity.

Component Nr. 2: Collegial governments

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

Chart 67:
Component Nr. 2: The collegial governments

Representative democracies

Switzerland

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The impact and main contributions of this component include:

1.- It builds a great symmetry and stable alignment of interests among 60 - 80% of the citizens, the collegial governments, and the parliaments.

2.- In Switzerland there are never changes of governments, nor "new" governments as usually understood. Instead, the group combines the experience of the re-elected with the renewal coming from the new members elected for the first time. This leads to gradual adjustments and avoids abrupt changes of orientation - and thus, it results in an unparalleled level of continuity, stability and credibility in the management and behavior of the state. This, in turn, also contributes to having the most solid and reliable body of laws in the world.

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3.- It makes consensus building, and the ability to make/receive concessions, the fundamental criteria in separating the successful/unsuccessful people who are able to influence the input/output of the political agenda of each of the three levels of the state.

4.- It liberates the nation from the negative dynamics of government/opposition antagonism, and the consequences that this generates, as the "optimal" way to produce the "best" laws/decisions, and to carry out the activities of the state in a convenient way.

5.- Switzerland lives free of the anguished search that other nations do to find the "Superman" president who knows everything and about all issues, all the time, and better than anyone else. And who is also capable of absorbing the heavy burden of representative duties in a multitude of events - national and international. And who must be present immediately, everywhere, in case of disasters and tragedies. And that he is also a "Superman" who cannot afford any false steps that could damage his popularity - which keeps him exposed, alert and worried about the "little traps" that his political enemies and the press constantly set for him.

6.- In Switzerland, on the other hand, the "presidential agenda" with the most important issues is divided among 7 people. Each member of the federal council must concentrate only on the few issues that fall under his respective department, and can largely disregard all others. The burden of (very few) representative acts and participating in national events and/or international meetings/conferences is also shared among the 7 persons. And as if that were not enough:

- the "little tricks" and games of "politics of politics" to which the members of the federal council must pay attention seem like kindergarten entertainment compared to the malice, intensity and persistence of the insidiousness that the presidents of other nations must face on a permanent basis;

- each and every one of the 7 members should pay no attention whatsoever to having, maintaining, increasing and/or defending their popularity among the people. Their constituency is the parliament, and with that their "popularity" depends on the ability to create a good working relationship with a majority of the 246 parliamentarians.

Finally, having 7 normal people acting as "president" allows the Swiss citizens to live free of (i) the anguish of searching for and finding (at last!) the real and long-awaited "Superman", and (ii) the repeated disappointments suffered by the millions of people who, believing to have found one, must find that their illusions will (once again) vanish into thin air.

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<u>Component Nr. 3: The complete political and financial autonomy of regions and communes</u>

A third distinctive feature of Switzerland is the complete level of political and financial autonomy enjoyed by its 26 cantons and the more than 2'170 communes. This separation, and the more balanced distribution of roles and responsibilities among the three levels of the state is illustrated below in contrast to the structure distinctive of centralist regimes.

Chart 68:

Componente Nr. 3: The complete political and financial autonomy of the cantons and communes

| Representative democracies | Switzerland |

National
(*central*)

Regions

Communes

Political and
financial power

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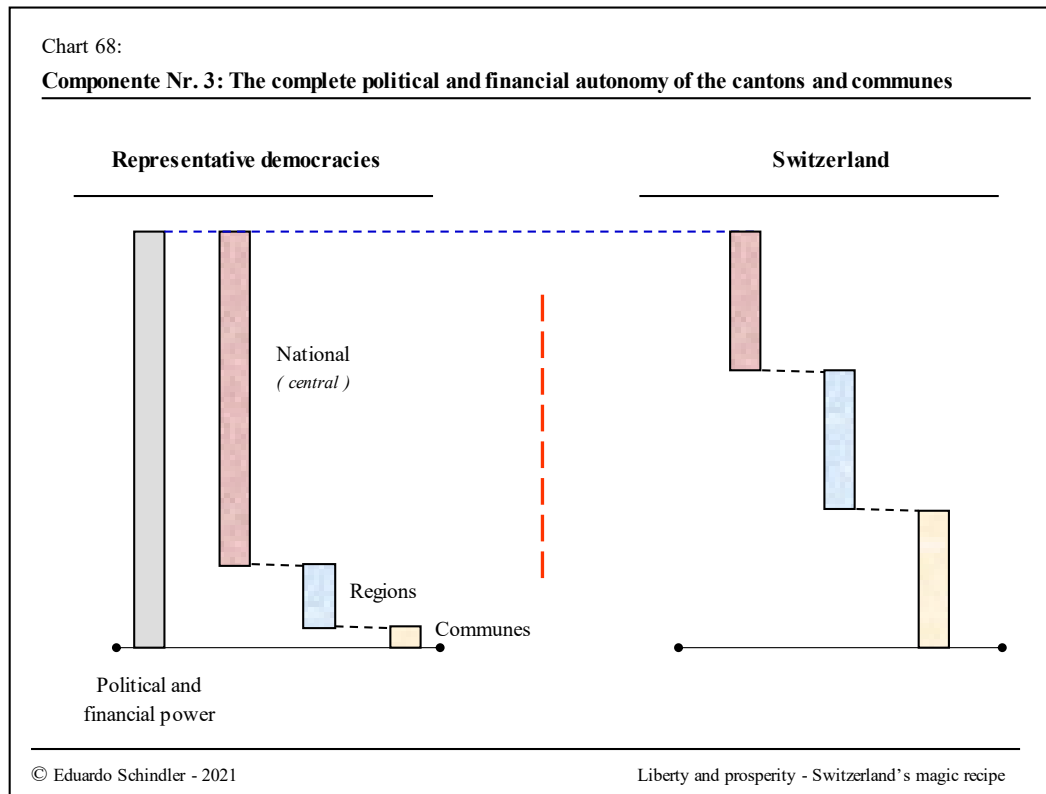
The impact and main contributions of this component include:

1.- It allows the division and distribution of the "weight" of the nation's political agenda in such a way that the second and third level sub-agendas are simple enough to be within the reach of being managed by very normal and simple people. This opens the door to participation in local governments and parliaments to thousands of individuals, who do not need to be professional politicians, and who dedicate a part of their time in the form of a militia for the benefit of the community.

2.- The country functions perfectly well without professional politicians.

Less than 200 of the more than 15'000 people with government positions perform their functions as full-time jobs. All the rest do so only on a part-time basis, and in parallel to their respective professional jobs. And all of the more than 18'000 people who perform parliamentary functions do so on a part-time basis.

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Consequently, laws and decisions of governments/parliaments are formulated very pragmatically and basically free of partisan dogmas. This simplicity makes the output of the state very clear, understandable and acceptable to the people.

3.- The "optimal" size of the state is rather small, flexible between regions/communes, and is defined by the willingness of the respective citizens to pay taxes - which in general tend to be as low as possible.

The result is a state apparatus at each of the three levels that is as small as possible, and only as large as necessary to finance and provide what the people (and not the political class) want. This results in a highly efficient state, capable of delivering public services of the highest standard, little bureaucracy, high transparency, free of corruption, and no scandals with public funds. The few cases of abuse that do occur are quickly uncovered and, more importantly, do not go unpunished.

The Swiss state is, above all, one that leaves a lot of room for private initiative, and for the self-responsibility of individuals and companies. In this way, the state can concentrate resources where they are really needed and where they yield the most, namely education, health and infrastructure.

4.- It avoids any form of large concentration of power and/or wealth in a few elites, and/or in "the capital".

5.- It forces self-sufficiency as a guiding principle for the behavior of the cantons, the communes and their inhabitants. The mentality of self-sufficiency in which "one gives, asks, and receives little" frees the country from regions "that are left behind", and that become a burden/brake for the development of the rest of the country. And it also frees the nation from people with an attitude of state-assisted parasites, from citizens who always ask, and from politicians who hand out gifts and promises.
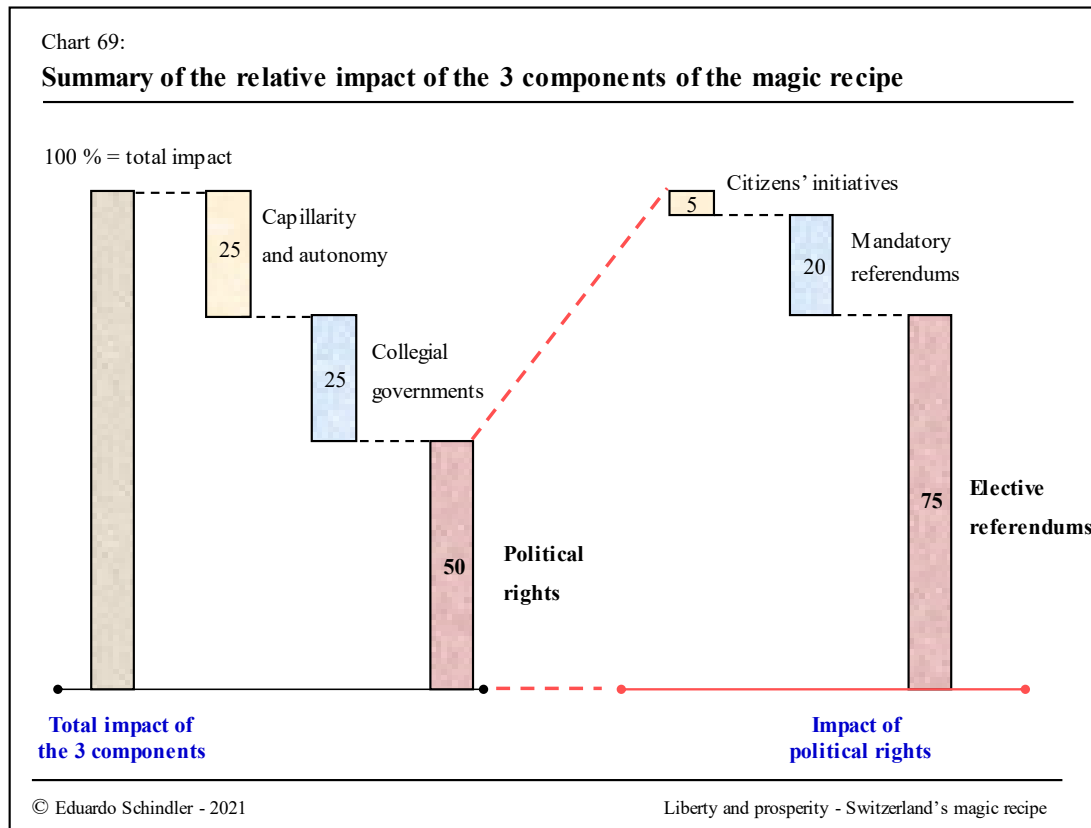
6.- It allows and promotes each region and social group to develop its own political identity, define its own agenda, and carry it forward without depending on other instances.

7.- It facilitates the development of a local political class with great capacities, independent, and in conditions to prevent the concentration of power in the elites of the parties "in the capital" - and that usually impose their doctrine/will to the rest of the country in a centralist perspective.

8.- The mentality of inferiority, dependence and impotence that sometimes exists in the people of the regions towards "the capital" is eliminated/avoided. On the contrary, it encourages a culture of free, self-confident people, sovereign of their own destiny.

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<u>Summary of relative impact and contributions of each component</u>

After years of analysis and considerations, the author is of the opinion, rather intuitively and certainly subjectively, that the cumulative contributions over time of each of the three components is as follows:

Chart 69:

Summary of the relative impact of the 3 components of the magic recipe

100 % = total impact

Capillarity and autonomy
25

Citizens' initiatives
5

Mandatory referendums
20

Collegial governments
25

Political rights
50

Elective referendums
75

Total impact of the 3 components

Impact of political rights

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The chart above illustrates that of the three ingredients of the magic recipe, it is the broad political rights that - by a good margin - have the greatest impact, and make the largest contributions, to generating the unparalleled liberty and prosperity that exists in Switzerland. And it also illustrates that, among these, it is the right to launch/vote elective referendums that has contributed (and contributes) most to shaping the immense serenity, security and well-being that exists in this country.

3.- Final reflections - conclusions

1.- Liberty precedes, is a necessary condition, and also a catalyst for prosperity.

2.- Higher levels of prosperity are those that, in turn, first allow and then facilitate access to higher levels of liberty.

3.- Through the use of its magic recipe, Switzerland has generated the rule of law and body of laws with the highest level of fairness and reliability in the world. Reliability includes aspects such as: dependability, comprehensive, legitimate, trustworthy, accurate, upright, honest, stable, solid, and respected.

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4.- The state and the governments do not generate high and sustainable prosperity. Only the private initiative of millions of people is in a position to do so. The fundamental contribution of the state is to create the basic conditions for prosperity to find the appropriate soil to take root and eventually bear fruit. All this takes time, resilience and consistency of purpose. In fact, the magic recipe has existed, in its present form, for more than 120 years.

5.- It is not only the Swiss citizens that have benefited from this unparalleled level of reliability of its magic recipe. Several thousands of large companies, industrial families, and individuals with different levels of wealth, from all continents, have identified Switzerland as the country with the highest level of security to domicile their activities and/or part of their wealth.

6.- This very beneficial "migration" of wealth and entrepreneurship towards Switzerland started as many years ago as the use of the magic recipe itself - which quickly became (and still is) the most powerful magnet for capital seeking "economic asylum" - i.e., away from certain levels of risk and towards higher levels of security.

7.- The Swiss did not create the magic formula "ex-ante", nor with full awareness of all the benefits it would bring, and/or with full knowledge of its mechanisms of action. And they did it even less with the purpose or objective of inducing a migration of wealth from abroad.

They did it merely by and for themselves, and the rest of the world has simply benefited from the magic recipe that the Swiss people have created. Having several of the largest and safest banks in the world is not a cause, but a consequence of the recipe. Those who claim otherwise have not yet managed to get to the true roots of this reality, and perhaps never will.

8.- The virtuous circle reaches higher levels of liberty and prosperity only on condition that the two elements do their part. As people become richer, they want and need access to greater levels of liberty - including, in particular, the right to stop being "subjects" of the partitocracy. Otherwise, greater prosperity without being accompanied at the same time by higher levels of liberty will only stagnate and stop growing at a certain point. And vice versa.

9.- Worse still. Greater prosperity without greater liberty leads, sooner or later, to fundamental imbalances in the structure of a society. Actually, the process may even go "in reverse". A growing part of the people will feel frustrated and repressed, to the point of reaching real "social explosions" - almost from one day to the next, with the participation of all kinds of social classes, and with a number of protests, level of violence and duration of demonstrations out of all proportion.

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10.- The Swiss experience shows very clearly that contrary to what is believed (and uselessly pursued) in many representative democracies, a better life in society does not result from the accumulation of the "best decisions" of a minority composed of the "most intelligent/best prepared". Quite to the contrary, the reality of this country is a visible proof that it is the decisions made by the common sense of millions of people that lead to a substantially superior body of law. This includes, by the way, a better understanding, support and observance of these very laws by the citizens.

11.- It can be said that, compared to other countries, the "Swiss model" is a great redistribution of political power: (i) in favor of the citizens, and to the detriment of the political class; (ii) in favor of the second and third levels of the state, and to the detriment of the national level; and (iii) in favor of thousands of people who exercise governmental/legislative functions in the form of part-time militia, and to the detriment of professional politicians who live only from and for party politics.

12.- The high distribution of political power through (i) collegial governments, and (ii) the high capillarity of the second and third tiers of the state:

- prevents a nation from falling into the oppression of partitocracy, and thereby:

  a) liberates the nation from having professional politicians, which means living free of people whose aim is to create and promote division in society, and who are often also the source of the worst cases of corruption and embezzlement that a country has to endure.

  b) reduces, or even eliminates, the incentive to economic concentration in groups (and related elites) as a necessary response to cope with, and "counter-balance", the whims and/or abuses coming from the partitocracy.

- eliminates or reduces the risk of falling into the "black hole" of pluralism - that is, a system of two dominant parties as in the USA and the UK.

13.- The high granularity of the state, combined with the "obligation" to be self-sufficient at the second and third levels, has been/is the most important mechanism in ensuring/allowing that the great prosperity that was created over the years also reaches (i) the most remote and deprived regions, and (ii) the most disadvantaged social groups - urban and rural.

In fact, this mechanism is the source, and main driver, of the great socio-economic cohesion that exists throughout the country. This explains why in Switzerland there have not been, and are not, large "pockets" of poverty of any kind, nor anywhere throughout the country.

In other words, this mechanism gives, but also demands, self-sufficiency of all parts and components.

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14.- In this context, and contrary to what is thought (and pursued) in so many other nations, in Switzerland the very high social cohesion is not the result of forcing "those who have more" to be particularly supportive and generous towards "those who have less". In fact, it is just the opposite. Having and maintaining high cohesion on a sustainable basis results above all from the fact that "those who are further behind" must strive not to be "so far behind".

To be specific: high cohesion does not result from redistributing from those who have more to those who have less, but from the fact that those who have less actually have not so little, but so much instead. And they have so much because they have learned to be self-sufficient instead of being "maintained" by the state - even in the most remote and poorest mountain villages. Moreover, those who "have less" know how to generate and access the prosperity that this country generously provides to all those who make an effort.

15.- Switzerland's experience in the delicate and controversial issue of redistribution suggests that:

- greater social cohesion (between regions and/or social classes) will never be the result of a gigantic redistribution exercise between "rich and poor", with the state acting as referee, and with an ever-more complex system of taxes and subsidies as a transmission mechanism.

  On the contrary, the experience of so many other nations shows that such a system can easily lead to great abuses and injustices, and in the end it is precisely those it is intended to help who pay the highest price for such irresponsibility. And it also shows that despite trying this method for decades, the meager results obtained suggest that this is simply not the right way to go.

- the perennial calls for solidarity and redistribution from "the rich to the poor" sometimes seem to be a hindrance that in reality only condemns the poor to actually remain in their misery.

- taking from some to give to others is not self-sustaining, and it often ends up eliminating the very engine and source of prosperity that generates the wealth that the state attempts to redistribute. A vicious circle in which everyone loses in the end.

- greater cohesion does not result from forcing "those at the front" to slow down and/or wait for "those at the back". Rather, it results from the later dedicating themselves to "pedaling and going faster" instead of "begging".

16.- In Switzerland a culture of "cohesion of the fittest" is nurtured instead of "survival of the fittest". This avoids "those at the back" (i) becoming a burden or a brake on the rest of the group, and (ii)

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developing a culture of self-pity and incapacity, of feeling impotent victims of the system, and of continuing the self-dilution of waiting for "help" that will never come.

In conclusion: Switzerland's magic recipe is not that complicated. It works wonders. It brings numerous advantages, protects against many abuses and imperfections, avoids partitocracy, and develops the civic capacity and culture of its people in an exceptional way.

And best of all, it can be implemented by any other nation that wants it - large and small, young and old, rich and poor, left and right.

In this context, the author encourages the readers to take the appropriate initiative so that the magic recipe is also introduced in their respective countries. However great the difficulties to be faced and overcome, they are only a small fraction compared to the benefits to be received.

Do not wait for others to start. And it is better to get going today rather than tomorrow. It is really worth it. Good luck.

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Appendices

This section covers three aspects that are closely related to the book, but because of their length it is convenient to treat them separately.

The first contains some initial considerations on how to proceed with the implementation of the magic recipe in other nations. The second concerns the additional benefits that the magic recipe brings to Switzerland by allowing it to avoid and/or be free from so many of the deficiencies seen in many representative democracies. And the third refers to the answers that the author gives, as a result of the analyses and results shared in this book, to some of the various questions that were stated in the foreword of this work.

Appendix Nr. 1:

Considerations in formulating an implementation plan in other nations.

The implementation of the magic recipe requires that corresponding legislation be discussed, formulated and approved by the government and parliament of the country concerned. This legislation should establish, inter alia, an implementation date for each of the three ingredients and the state level at which this element should be incorporated.

It is anticipated that each nation will formulate an action plan that reflects the respective conditions and circumstances. This plan should seek a balance between "not too fast", with the risk of falling into anarchy and chaos, and not "too slow" - with the risk that interest groups opposed to these reforms will succeed in blocking progress.

Therefore, the objective of this chapter is to share some considerations that can serve as basic indicators for each country to structure and guide a discussion on this topic.

1.- Introduction of broad political rights

People need time to understand and adapt to the greater level of liberty and responsibilities that broader political rights will bring. And they also need time to learn how to make good use of them. Thus, an introduction: (i) differentiated according to the level of the state, and (ii) scaled over a well-defined period of time seems advisable. As an example, the introduction of the various political rights across the three levels of the state could be done over a 6-year period as follows:

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Implementation plan	Year						
Example only	1	2	3	4	5	6	7
Communes							
- Obligatory referendum	2x	2x	2x	3x	3x	3 - 4x	ditto
- Elective referendum	2x	2x	2x	3x	3x	3 - 4x	ditto
- Popular initiative	2x	2x	2x	3x	3x	3 - 4x	ditto
Regions							
- Obligatory referendum	2x	2x	2x	3x	3x	3 - 4x	ditto
- Elective referendum			2x	3x	3x	3 - 4x	ditto
- Popular initiative				3x	3x	3 - 4x	ditto
National							
- Obligatory referendum	2x	2x	2x	3x	3x	3 - 4x	ditto
- Elective referendum					3x	3 - 4x	ditto
- Popular initiative						3 - 4x	ditto

One can start by implementing the full range of political rights at the communal level immediately - i.e., as soon as possible. This allows people to become familiar with the three types of political rights from the outset. And since their application is only at the local level, the issues being discussed are by definition more familiar to the community, and are also of great relevance to day-to-day life. Moreover, they are practical, pragmatic and of limited complexity.

Another advantage to start only at the communal level for a couple of years, is that hundreds of local agendas are "clean up" first so that they do not overload the regional agendas with local issues when these rights are implemented at the second level of the state in years 3 and 4.

And just like the citizens, the political class must also go through a process of learning and adaptation. In this context, one can proceed immediately with the implementation of the right to mandatory referendums, and this across all three levels of the state. This allows:

- a discussion of great importance in defining the issues decided by the government/parliament that are to be submitted (or not) to mandatory referendum. Obviously the criteria to be followed is the importance of the issue and the amounts of expenditure involved, and requires common sense to find the healthy balance between "not too much and not too little".

- it is important that the political class learns as soon as possible to work on issues aware that this will be referended by the citizens before entering into force. This experience should also be very useful

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for members of government/parliament in preparation for what will be the reality once the right to elective referendums is also incorporated at the second and first level of the state.

The next step is to implement the right to popular initiative first at the regional level (year 3), and then at the national level (year 5). Starting at the regional level and staggering the introduction over time should allow to "clean up" the various regional agendas of the most urgent issues, and thus avoid that the agenda at the national level is quickly overloaded when this right is implemented at this level as well.

The third and final step is to proceed to implement the right to an elective referendum, also first at the regional level (year 4) and then at the national level (year 6). The reason for introducing this right later than the other two is because it is the instrument that can "obstruct" the most the work of the government and the parliament. Consequently, it should not be introduced as long as the principle of collegial government (second ingredient) has not yet been incorporated as well. Otherwise, there is a great risk that the "opposition" will abuse this instrument as much as possible with the simple objective (although they will never admit to it) of obstructing the work of the one-man government still in charge of the country and/or region. Hence, a staggered introduction would help to avoid falling into a situation of deadlock and chaos.

<u>Frequency of referendums</u>

Always in the perspective of allowing a gradual learning process of the people, and also that the communes have time to organize themselves to carry out the referendums, it is suggested to start with a couple of referendums per year during the first three years, increase to 3x times for another two years, and reach the traditional 3-4 referendums from the sixth year onwards. Obviously it is possible to move to a higher frequency of referendums if it is observed that the learning and organizational objectives have already been achieved faster/earlier than expected.

It is worth mentioning that in each referendum as many YES/NO votes as necessary can be taken. In general, however, between 3-5 topics are voted on per session for each level of the state. And on very rare occasions a larger number of these are voted on.

Finally, it is worth mentioning that a good number of months have to pass anyway between the entry into force of a new political right and the first YES/NO referendum votes taking place as a result of it. Gathering the necessary signatures takes time. And then follows the process of discussion of the issue within the government/parliament. And finally, the "queue" of pending issues to be referended is reached.

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2.- Introduction of collegial governments

The most important learning processes associated with collegial governments are two. The first requires that the members of the college learn to govern as part of a group that permanently includes people from other political parties. Government decisions are made collegially, and are transmitted to the rest of the community in this way. There is no room for the "politics of politics". The second is the form of interaction between government and parliament. It is no longer one of permanent antagonism and reciprocal blocking, but one aimed at seeking the broadest possible consensus. Participants must develop (i) the capacity to make and accept concessions, (ii) the flexibility to accommodate the interests of minorities, and (iii) the ability to leave behind the mentality of all or nothing, black or white, winner or loser.

In this context, the earlier this type of government is incorporated the better. It is therefore recommended that collegial governments be implemented at the regional and communal level as of the next elections. And it is also recommended that colleges of 5 persons be used in both cases, which should easily cover more than 60% of the preferences expressed by the electorate. (It is strongly recommended not to fall into the trap of some political parasites who will propose groups of 7 or 9 persons, and certainly as full-time jobs).

In the case of countries without regional parliaments, it makes sense to establish them and elect their members at the same time as the election of the new collegial governments. On the other hand, instituting and electing communal parliaments is not mandatory, and is advisable only for the largest ones. In fact, the communes can refer the decision of whether they prefer to have their own parliament (and of what size), or whether the annual assemblies of the commune should act as legislative power and control of the local government instead.

It is worth mentioning that the introduction of collegial government and parliaments at the regional and communal level makes sense in conjunction with the introduction of greater (and eventually total) political and financial independence from the second and third levels of the state. Otherwise, there are just too many people with official functions, but who have no way to contribute effectively to the greater welfare of the community.

Finally, it seems prudent to introduce collegial government at the national level only a few years after the country has finished incorporating a wide range of political rights, collegial governments at the second and third levels of the state, and has made significant progress towards full political and financial independence of the regions and communes. The aim of proceeding in this way is to prevent the country from having to absorb too many changes at the same time, and to give the innovations introduced time to "take root". Needless to say, it would be of great help to have in the meantime as president of the

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nation a person who supports and drives the most important institutional reform process of the country, rather than someone who is an obstruction to continued progress in democratizing democracy.

And once the time comes to extend the collegial governance mechanism to the national level as well, it is recommended to do exactly as in Switzerland, that is: (i) a 7-person college to ensure that a greater plurality is maintained, (ii) an indeterminate duration of membership in the collegium, and (iii) having the members being elected (and re-elected) by the national parliament instead of the people.

3.- Introduction of political and financial independence of the regions and communes

A good distribution of roles, responsibilities and resources among the three levels of the state is a necessary condition for the harmonious development of a nation. And it is also the mechanism that sets the basis for the level of socio-economic cohesion that must exist between the regions of the country, and between the social classes that make up the community.

Capillarity

There is certainly no fixed rule regarding the "optimal" level of capillarity in the structure of a nation. In fact, the vast majority of states are divided into three levels, and there are notable differences between the number of regions and/or communes that exist.

The Swiss experience indicates that greater capillarity at the second and third levels: (i) facilitates better management of the political and administrative activities of the state; (ii) opens the door to political leadership by ordinary people, and in the form of part-time work; and (iii) ensures a higher level of social cohesion across the country and socio-economic layers.

In this sense, the principle to be followed in the search for an "optimum" in the number of regions and communes of a nation has to be: as many as possible, provided they are in a condition to be self-sufficient. Above all, it must be considered to avoid large concentrations of population, territories and/or resources, as well as too few of one or the other of these.

In this context, defining the number of regions requires a top-down approach. While the number of communes should follow a bottom-up approach driven by the citizens themselves who aspire to a higher level of autonomy and responsibilities. In principle, there is no limit to the number of them - minimum parameters must be set to justify their autonomous existence and not transform them into a structure that is a "dead weight" for the rest of the system. Nor is there a limit over time as to when they can be created or merged with each other.

Therefore, and in the perspective of implementing Switzerland's magic recipe, each nation will have to carry out a prior analysis to get a picture of what needs to be done. In any case, and given the time this

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may take, it is recommended to start as soon as possible with the analysis of the current situation, and then immediately follow with the implementation of the indications of changes that this analysis may make.

For example, in the case of Chile (the author's home country), there are currently 16 regions and 346 communes. Two new regions were created in 2007 and another in 2018 - to the great joy and above all convenience of the partitocracy and centralism that reigns in the nation. (Another example of selfish whims and abuses of the political class towards powerless citizens). From the point of view of implementing the magic recipe in Chile, the author is of the opinion that there are too many regions and too few communes. In an article published in the web site about this book (www.swiss-democracy.ch), reference is made to a probably much more advantageous structure with only 6 or 7 regions (including the metropolitan region) and about 1'000 communes.

Political and financial autonomy

Conceptually speaking, it makes sense that the process of devolving greater political and financial autonomy to the lower levels of the state should take place in parallel. And it must also take place in tandem - that is, from the first to the second and from the second to the third level at the same time. It is evident that decentralizing from the first to the second, but little from this to the third level will simply not bring the results being sought.

Again, it seems prudent to proceed in a gradual and staggered manner over time. On the one hand, it is necessary to plan methodically, to differentiate between degrees of convenience and difficulty in the distribution of tasks, and to assign priorities in a consistent manner. On the other hand, it is necessary to give time to the people and institutions receiving greater responsibilities/resources to make good use of the greater freedom now available.

All in all, it seems most advisable to define a period between 6 and 8 years to proceed with the complete handover of the identified/selected roles and resources. It seems also advisable to start moderately in the first 2-3 years, increase transfers significantly in years 4 and 5 (reaching, for example, 90% of the objectives set), and leave the remaining years to gradually complete what is missing and iron-out any "rough edges" that may arise in the meantime.

4.- Each country should develop its own implementation program

Since the circumstances and conditions of each country are different, it is conceivable that each nation that decides to implement the magic recipe will have to formulate its own enactment plan. All in all, the variables to consider are not so many and will always be the same for all possible plans. In essence, it is necessary to decide:

- which political rights should be implemented, at what point in time, what order to follow, and at which level of the state;

- when to incorporate collegial governments at each of the three levels of the state, the length of the term of office, how many members the collegium is to have, and whether they are elected by the citizens or the parliament;

- when and how to proceed to restructure the capillarity of the second and third levels of the state;

- when and how to proceed to re-distribute roles, responsibilities and resources between the first, second and third levels of the state.

It is the responsibility of the citizens and the political class of each country to discuss and decide how to proceed. It is to be anticipated that the discussion will not be easy or peaceful. In all likelihood, many people will want "everything and at once", which is neither prudent nor advisable. It would only lead to great chaos in a short time, and would open the door to abuses of all kinds - this being precisely the objective of some members of the partitocracy to take a step back, and return to the centralist system they are so comfortable with.

On the other hand, the author expects that the strongest opposition to implementing the magic recipe will come from professional politicians and so many other parasites of their current system. It is not difficult to imagine that the most common argument against it will be: people are not ready to assume this responsibility.

And what is there to keep waiting for ? a miracle that will change everything from one year to the next ? and if it does not start now and with the people we have, then when and who ?

The truth is that the political elite "of the capital": (i) has no confidence in the citizens, thinks that they are and always will be ignorant and unprepared; and above all (ii) has an existential fear of the immense (and irreversible) loss of power in favor of the citizenry, the regions and the communes that will take place while democracy gets democratized.

Implementing the wonderful magic recipe of the swiss people is an excellent way to put an end to the cynicism and arrogance of the partitocracy. It is time to confront the political class with the convenient double-dealing it does by declaring the people perfectly fit to choose between *pechugones* who always promise and never deliver, and at the same time totally unfit to decide YES/NO in the referendums that regularly evaluate the quality of the work done by the government/parliament. And it is also an excellent

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opportunity to get rid/replace many professional politicians who will do nothing but torpedo (under the table) the process of implementing the recipe.

However, none of the above will take place unless the people themselves are willing to break with the master/subordinate relationship that the political class has imposed on them - and that they have submissively tolerated and accepted for decades. One must be prepared to stand up and demand to receive back the political rights that have been usurped for so long. And one must be determined (i) to get rid of a subservient mentality of partitocracy, (ii) to renounce the comfort of always blaming the system for everything that is missing and/or not working, and (iii) to assume the responsibility of being the sovereign responsible for oneself and the nation.

In this context, it is to be hoped that the unique example of the level of liberty and prosperity that Switzerland has achieved, the simplicity and effectiveness of its magic recipe, and the information shared in these pages will be useful to the readers of these lines to carry forward, and finally win, the "battle" against the opposition that partitocracy will make in moving towards transforming the citizen into the ultimate and permanent sovereign of the nation.

Each country will be able to benefit from the experiences made by other nations regarding, for example, the type of counter-arguments that are faced, the best way to motivate people to "push" for rapid implementation of the recipe, and the successes/failures that occur in moving forward with an enactment program.

Over time, these experiences are likely to shift toward a more effective and reasonable implementation scheme. The best mix of "not too much, not too little," "not too fast, not too slow" will reveal itself almost spontaneously. And for the purpose of accumulating, sharing and disseminating experiences of what works and what does not work, all readers are invited to contribute ideas, observations, and recommendations through the website that the author has created for this purpose: www.swiss-democracy.ch. Contributions of all kinds are welcome.

Appendix Nr. 2:
Avoiding the consequences of the most serious imperfections of representative democracies

The combination between broad political rights, collegial governments, and the high capillarity and independence of the second and third levels of the state allow Switzerland to avoid and be free of some of the most harmful and costly elements endured under so many partitocracies. In particular:

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Style, duration and cost of elections

1.- With elections taking place only every 4 or 5 years, voting is an "all or nothing" experience for both voters and candidates. This lead: to hatredness and resentment; to exacerbated antagonism, based on reciprocal accusations of incompetence and falsehoods between candidates; to polarizing the opinions of the electorate and dividing society; and to campaigns full of false promises and "giveaways".

2.- Elections take place based on doctrinaire slogans and 1-liners. There is no room for reasoned arguments, nor for voters to make differentiated judgments according to issues.

3.- With elections lasting months, many government/parliamentary activities are reduced or stopped, companies put investment decisions on hold, and economic activity suffers from the increased level of risk and uncertainty that is created.

4.- The total cost of the 2020 US presidential and congressional renewal campaign was US$ 14 billion - a figure that is double that used during the 2016 election. Candidate J. Biden raised a total of US$ 1.6 trillion, well above the US$ 730 million used by B. Obama in 2008. The ability to raise financing has become as important, if not more important, in winning/losing elections than the ability of candidates to exercise effective political leadership.

By way of comparison: how much does it cost to elect the Swiss national level government ? It costs nothing. The members of the federal council are elected by the parliament, there is no election period, no "all or nothing" competition between several candidates - who are also from the same party on the basis of the "magic formula". And it is also a scheme that has been working smoothly since 1848.

Role of the electorate

5.- With political rights restricted to vote only every 4/5 years and only to choose among candidates, this vote:

- is the only way and hope to "break" with a reality of disenchantment;

- limits people's participation in the political life of their nation to being an occasional arbiter in a sometimes sad and decadent spectacle of pushing&shoving among chest-thumpers;

- it mixes and reflects a complex "knot" of dissatisfactions, frustrations, expectations, ambitions, opinions and preferences - all of which have accumulated over a period of several years. And as if this complexity were not enough to overwhelm people, the citizen must also squeeze into this same vote his or her evaluation of the character, integrity, convictions, and capabilities of candidates who accuse each other of being useless and liars.

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The result is that the ballot for almost all people confronted with such a situation probably looks like something of the type:

$$\lim_{x \to \infty} \frac{\pi(x)}{x/\ln(x)} = 1$$

$$\sum_{k=0}^{n} \binom{n}{k} = 2^n$$

$$\oint_C \frac{f'(z)}{f(z)}\, dz = 2\,\pi\,i\,(N - P)$$

In the end, a large number of people cast a "dirty" ballot since they are forced to vote for a person who does not convince as "the best," but is only the "least bad" among those there is to choose from. But there is neither genuine conviction nor significant support for the chosen candidate. Not surprisingly, some elected officials quickly lose popularity once they begin to exercise their functions - to the great joy of the opposition and the press, but with a gigantic cost to be absorbed by the entire community during several years.

6.- By way of comparison, probably for most people the ballot to vote YES/NO in a referendum in Switzerland is something of the sort:

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It seems obvious that it is much easier for everyone to form a YES/NO opinion on any topic, however complex it may be, if one considers that the discussion is done in a concentrated way, one topic at a time, and without mixing it with a dozen other themes. Moreover, this decision also does not have the additional complication of associating the YES/NO vote with the evaluation of the character, integrity and capacity of several people who are attacking each other.

Finally, it is indisputable that voting every 3 months allows any person to train&develop a strong civic culture, and a capacity to evaluate arguments and form a well-reasoned voting opinion probably well above that of a person called upon to exercise his civic faculties only every 4 years.

7.- In this context, it is interesting to note how the dominant partitocracy in so many representative democracies judges the electorate as fully capable of choosing among candidates, but totally inept to referend the laws and decisions made by the government/parliament.

The cynicism of professional politicians is well known, and it explains well this very convenient "inconsistency" on their part. But what is more difficult to understand is: why do the people in so many nations continue to submissively tolerate this incredible, shameful and harmful usurpation of their fundamental political rights ?

Type of people elected

8.- The all or nothing condition of the elections makes that the best "talent" to get ahead is to be good at playing "pushing&shoving among chest-thumpers". The common denominator that distinguishes these people is to be particularly: conceited, shouting, arrogant, ego maniacs, cynics, know-it-all, demagogues, great rhetoric, mass agitators, etc. Needless to say, none of these features are necessarily the best moral capacities to govern and unite a nation.

9.- But the real problem is that character does not disappear once a candidate is elected, which means that the climate of "pushing and shoving" never really ends.

Under the pseudo-healthy notion of checks&balances between government and opposition, the political life of so many nations offers a true, and often sad and disturbing, spectacle of a never-ending exchange of: reproaches, accusations, backstabbing, shenanigans, falsehoods, divisiveness, threats, blockades, cheating, contempt, and other similar behavior among members of the political class. And there is no lack of premeditated efforts to deliberately mislead and/or disorient public opinion as well.

The result is a situation in which the citizens become a silent witness, an innocent victim, and a powerless actor of the sad and disturbing "spectacle" that their political class imposes on them.

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<u>Concentration of power instead of diversity, tolerance/space for minorities</u>

10.- The all or nothing scheme also favors the tendency to create large parties and groupings. And therefore, it is to the disadvantage of all minorities who will never manage to gather the resources to make their voices heard. In extreme cases, we reach the situation in the USA and the UK where there is room for only two parties. Like it or not, people are forced/limited to support one or the other, without any possibility of a greater diversity of opinions.

11.- Once the elections are over, the all or nothing climate is further reflected in a black or white government vs. parliament/opposition/press relationship. And it also gives way to an atmosphere of maximum and permanent antagonism, which divides the world only between: us or them, winners or losers, allies or enemies, right or wrong, and truth or falsehood. There is nothing in between, nor (once again) is there tolerance and/or room for minorities.

That everything is limited to only two options is a dramatic situation, and one from which it seems impossible to escape once you have fallen into it. It is the real "black hole" of pluralist democracies.

12.- It is impressive that the same politicians of the left and right who exalt themselves in criticizing and legislating against any situation of monopoly in a market, have no problem in maintaining a convenient silence and accepting the situation of duopoly and hegemony of power that is generated when there are only two parties. It is very comfortable and highly advantageous not to have to share power with a multiplicity of adversaries, and to live protected from the competition of ideas that exists in multi-party democracies.

13.- The two-party system is probably the poorest and most impoverishing way to develop the civic culture of a nation. Or, it is the best formula for not doing so - and in passing making sure that this does not happen either. Certainly, it is comfortable for the political class to coexist with a citizenry with little capacity to judge, easy to manipulate, and that responds well to slogans and 1-liners. And even if they are not happy, they have no alternatives either.

<u>Events and situations that do not occur in Switzerland</u>

14.- Thanks to the magic recipe, there is a long list of negative aspects observed in representative democracies across the world and that will never happen in Switzerland. Perhaps readers will be able to recognize one or another situation, sometimes somewhat shocking, as a real experience also in their own country. In some cases, the list repeats in short form some aspects already mentioned throughout the book, and includes:

- that megalomaniacs, autocrats, know-it-alls, demagogues, ideologues, and incompetents manage to reach positions of high responsibility in government or parliament.

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- to have a socio-political reality with a high load of latent violence and accumulated disenchantment, which can lead to a social explosion out of all proportions, and which can even escalate into uncontrolled violence at any moment.

- face large weekly demonstrations of groups taking to the streets to express their frustration, and that can go on for months and months.

- having 50 different coalition governments in 60 years.

- go more than 18 months without a government, with parties unable to form a coalition.

- being called to vote/elect several times in a short period of time, according to the interest and convenience of the partitocracy, and without stable majorities being formed or anything fundamental being resolved.

- that a stand-up comedian creates a new political party and receives 32% of the national vote only 2 years after its establishment. The incredible magnitude of this protest vote is proof of the level of desperation that a society tired/suffocated by partitocracy has to endure.

- to have a fragile and imperfect state that allows groups and/or individuals to act against the law with impunity.

- not being able to get rid of the people, and the culture, that promote an exacerbated and suffocating centralism.

- having a "stagnant" political agenda full of pending and unresolved issues.

- try to progress through "revolution" instead of gradual and peaceful evolution.

- having regions in the country with serious separatist ambitions.

- absence of independent regional and communal political leaders, who could make use of their high competence and sense of responsibility.

- facing a blockage of the public budget, even leading to the suspension of some public services (museums, transportation, schools, etc.) due to lack of funds.

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- use of the public budget to promote or exalt partisan and demagogic issues.

- complaining about the government and politicians becomes a national pastime.

- people who have held government positions at the highest level go to jail for abuses committed during their tenure. For example, that the finance minister of a socialist government of a European country must deny and defend himself, vociferously, in parliament against accusations of having bank accounts in Switzerland, only to end up in prison when the evidence becomes public.

- that people who has dedicated themselves entirely to politics, and even held positions of the highest importance in government, manage to accumulate a personal fortune in excess of US$ 200 million, when at the start of a political career they did not possess great wealth. In certain countries it clearly "pays" to dedicate oneself to politics.

- not being able to get rid of people who are masters in "clogging" the system on purpose to, among other things, justify their existence as true parasites of the state, continue as eternal hangers-on, and who are experts in enlarging useless bureaucracies.

- there are no losers of a vote who immediately demand the annulment of the results because "there was cheating" or manipulation, and who demand that the vote be repeated.

- no political forces actively trying to "torpedo" the implementation of new laws and decisions from the government/parliament.

- suffer from serious and widespread cases of corruption and embezzlement of public funds.

- suffer from a political agenda based on ideologies and proselytism.

- fall into dictatorships, gerontocracies, and other forms of governments based on coercion.

- to have an ignorant, docile, submissive, resigned, indolent, easily manipulated citizens, and/or to have groups willing to commit acts of violence.

The author is aware that the above list is not exhaustive - however long it may be. Readers are invited to send additional contributions to: e.schindler@swiss-democracy.ch

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Appendix Nr. 2: Some answers to the questions posed in the foreword

With the analyses made and the results obtained, we are now in a position to outline some answers to the fundamental questions formulated in the foreword to this book. While these answers may not be definitive, they certainly serve to begin to identify, understand, and rank the possible root causes at the basis of the unparalleled liberty and prosperity that exists in Switzerland. These are the causes that provide the impulses that trigger (and thereby also reveal) the underlying processes and mechanisms at the base of the long series of causes/effects that combined into the virtuous circle of this nation.

1.- Where does so much prosperity come from ?

From the immense and incomparable credibility, coherence, reliability and stability of the body of laws that governs the rule of law upon which the nation conducts its public life. All the rest follows from this until, sooner or later, it generates greater prosperity in a sustainable and generalized way.

2.- How is it possible that:

- **The highest members of the government can circulate without bodyguards and escorts ?**

Apart from the great level of serenity already prevailing in the nation, an attack on the integrity of the persons with the highest political responsibility would simply have no impact on the orientation and/or conduction of the political agenda of the country, nor on the management of the activities of the state. So: why do it?

- **It is submitted to popular vote, several times, the question whether the country should renounce to have an army ?**

The citizen's initiatives have no limits regarding the topic to be referended. Even if the majority of the people believe or even know that there is no chance of success, it is better that the topic is submitted to referendum than having it "stuck" and/or in a situation of open/permanent conflict between the state and the minority proposing the initiative - no matter how absurd and/or eccentric it may be.

- **the citizens vote and cancel a government/parliament decision to purchase new warplanes ?**

The use of elective referendums has no limits to question any new law and/or decisions coming from the state. If the government fails to justify with clear and solid arguments the reasons for the purchase, the amount involved, and the choice of aircraft made, then the majority of the people can simply overturn

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the decision. There is no government crisis, no one has to resign, and there are no calls to resign. The issue will simply have to be discussed and formulated again by the government/parliament.

- **Is there such a level of civic culture that when a law stipulating "that all people have at least 6 weeks of paid vacation (instead of only 4) a year" is referended, 67% of the people vote NO?**

With years of experience voting YES/NO to such propositions, people have developed such a level of civic culture that they know that nothing is free - even if on the surface there is no direct cost to them as it would be the companies, the "rich", and/or the state to finance the vacation. In the end, all the "freebies" are really a boomerang, and it does not take much to explain (or understand) that sooner or later the cost of the "gift" will fall back onto the employees.

The 67% NO vote also reflects the fact that a large majority of the citizens in the country are fully aware that more weeks of vacation makes their company (and Switzerland in general) less competitive. And as a result, the initiative being proposed may eventually lead to lower wages, higher unemployment, and worse working conditions. It is as simple as that.

- **Is it possible to distribute the executive power of the three levels of the state (national, cantonal and communal) among more than 12'000 and the legislative power among more than 26'000 people, who exercise their public functions only part-time and in parallel to their private jobs, and the country does not collapse into anarchy and chaos ?**

There are several factors that complement each other in allowing this "miracle". The most important are structural, and include: the even distribution of the political agenda among the three levels of the state; the high capillarity of the second and third levels of the state; the use of collegial governments, and the existence of parliaments at all levels; and the clear and coherent division of roles, authority, responsibilities and resources among the national, cantonal and communal authorities.

All this allows to "break down and divide" any problem, however big and complex it may be, until it is "so small and simple" that it is within the reach of even the simplest and most ordinary group of persons to solve it.

Finally, the willingness of so many people to devote hours of work to the common good, and without any political interest involved, is in the DNA of many people everywhere - not only in Switzerland.

- **The management of the state's activities and the conduct of the nation's political life takes place so efficiently and without the existence (and need) of professional politicians ?**

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As already stated, the secret is to divide, decentralize and simplify the political agenda as much as necessary to get to the point where it becomes possible for the governance of public affairs to be in the hands of such a large number of people. Exercising political leadership in a militia context is certainly within the reach of all nations. And when this happens, one no longer looks for either "Superman" nor the "best answer" from a small elite with the best education/capabilities. Instead, the "best answers" are formulated in a consensus-driven environment and found in the common sense of a very large number of ordinary/normal people.

Therefore, it is not surprising that the (hidden) interest and objective of professional politicians is to make the problems as big and complex as possible. The greater the difficulty, the more the few and only "experts" capable of understanding and solving them are needed. In the most extreme cases, everything must be judged through a partisan prism, and the state must interfere even in regulating the private lives of its "subjects". And there are also no limits to disrupt the proper functioning of the economy with all kinds of obstacles, distortions, taxes, subsidies, prohibitions and incentives for purely demagogic purposes.

In this context, it is an infinite blessing that the people who discuss/formulate the laws and decisions of the state in Switzerland are persons who are employed and paid outside of politics. The result is a pragmatic body of law, free of demagoguery and ideological instrumentalization. And it is also an incredible blessing to live without having to pay attention to what the political class said/did - or omitted to do. And it is certainly a great blessing to live free of the real parasites that some members of the political class represent in so many nations.

- **The Swiss political class always seek consensus (rather than confrontation) in the formulation of laws and government/parliamentary decision making ?**

It is not that the members of the political class in this country are so different from those who participate in politics in other nations. Rather, it is structural reasons (i.e., winning combination, collegial governments) that compel all politicians of any inclination and level of the state to behave in this manner.

It would be enough to exchange politicians with other countries for a few months, and the respective behaviors would not take long to change as well - both here and there.

- **Political life and discussions take place free of the demagoguery, antagonism, recriminations, falsehoods, deceit, mutual accusations and "chest-thumping" that often characterizes so many other nations - developed and less developed ?**

Same reason as above. Mostly thanks to collegial governments.

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- **There are no political leaders (or pretenders to be) promising "giveaways" of all kinds ? nor are there financial scandals, embezzlement, and corruption affecting the state ?**

There is no demagogy simply because the level of civic education and pragmatism of the people makes it ineffective. And when there is no demand, supply also disappears.

As per the absence of scandals, corruption and misuse of public resources, this is mainly due to the great transparency that results from the third, and partly the second, ingredient of the magic formula.

- **The first level of the state cannot give any indication to the second level of how to use its public resources and/or collect its taxes ? and similarly neither can the second to the third level ?**

A clear division and allocation of authority, responsibilities and resources are the basis of a well-managed state. This separation is defined by law. Above and beyond this, there is the fundamental principle that, given the local nature of the political agenda to be served, persons occupying positions of responsibility in governments and parliaments at the second and third levels of the state are in a better position to deal with their own political agenda than those at the top level.

In reality, Switzerland is simply a very good example of the correct application of the principle of subsidiarity in the field of political and state management in a nation. In so many other countries the same matter is talked about, but the political class simply does not have the interest to apply it. And since its citizens do not have (yet) the fortitude to demand it, why should they ?

- **State services such as education, health, and in particular public transport are in a position to offer a level of service that is unmatched in terms of network density, frequency and its legendary punctuality ? and this without incurring onerous and unsustainable deficits ?**

A successful country has a state with the resources to offer public services of the highest standard. But even more important than this, is to have a clear notion of the limits and separation between what is the responsibility of the state and what is the responsibility of the private sector. Knowing how to limit the state to the essential is what leads and allows a great focus on the destination of public resources.

Moreover, there is no condition, nor need, for the political class to try to instrumentalize and/or extend public funds and/or services in a demagogic way. No one in Switzerland can campaign successfully on the basis of "giveaways" in health, education, transportation, etc.

Finally, and since there are never changes of government, the leaders of the companies that provide public services can operate and plan free from the whims and influences that the government-of-the-day often do in many other nations.

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3.- How is it possible that in Switzerland the minimum wage is ca. CHF 4'000.-, that is 5-6x the equivalent in most other countries in Europe ? and that in Zurich the average taxable income is more than CHF 8'000.- per month per person ? and that an electrician earns CHF 120.- per hour and a lawyer CHF 400.- ? and that unemployment is less than 3% for decades ? and that the Swiss franc appreciates continuously (and significantly) against all other currencies, and that companies remain competitive ?

To understand this "miracle", we have to go through several steps. To begin with, we must remember that capital and labor are complementary factors. Therefore, the more capital is available, the more labor is needed. And vice versa.

Capital accumulates over time, and at a certain point there is so much of it that labor becomes "scarce". Unemployment disappears, and the price of labor rises. The scarcer a certain type of work is, the more its remuneration rises in proportion to other professions. Pay levels will continue to rise in proportion to the greater the amount of capital that exists, and this until some form of equilibrium is established - either across the board, as well as between professions and/or regions.

Moreover, any nation that is particularly rich in capital sooner or later becomes a magnet for all kinds of capital-intensive industries. And when firms in these industries "flourish," then the increased demand for labor only accelerates. A case of the double-whammy effect.

A clear symptom of having reached the happy situation of having so much capital is when a country starts "importing" people from other nations. In the case of Switzerland, this started with the 20th century, and in the distant 1915 already 15% of the population were emigrants (552'000 people). And with ups and downs over time, today this group is almost 27% of the population - by far the highest rate of all OECD countries. Meanwhile, as nations have evolved into a service society, the "imported" labor is no longer just factory workers, but also thousands of professionals at the highest level.

These massive and continuous "imports" of labor make it easier for the nation to reach an equilibrium faster than otherwise, and it also helps to ensure that the level of wages is not even higher.

Therefore, the explanation to this question is clear and simple: in Switzerland labor receives the best wages and salaries in the world because it is the country that has accumulated and has (in proportion) the largest amount of capital available. By a very large margin - as shown in the very first chart of this book.

4.- And where did so much capital come from ?

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Most of it has actually been created within the country. And some of it came (and continues to come) from other nations - mostly to stay.

But the fundamental element in the case of Switzerland is not only the creation of capital (many countries do this), but it is (i) its capacity to protect and preserve its value as in no other nation, and as a consequence of this (ii) being able to dispose of and make use of very large and growing volumes of accumulated capital.

Indeed, and unlike the rest of the world, the capital that has been accumulated in Switzerland over the last 150 years has not only stayed in the country, but has never "vanished" nor "evaporated".

It did not "vanish" in the sense that it never left the country and went to other nations.

But even more importantly, it did not "evaporate" either – as the nation managed to avoid two world wars, has responded/adapted very well to several recessions and macroeconomic events of planetary scale, and above all it has managed to avoid high inflation for more than a century – which is not at all evident in view of the high rates experienced in the rest of the world during this time.

A fundamental result of these attributes is that pieces of coins (i.e., money) issued as early as the second half of the 19th century still have value and circulate in this country. For example, the 20 cts. Coin in the photo below is from 1884 and was received by the author as change in a supermarket only a few years ago.

This example is probably unique in the world. And it means nothing less than that the Swiss franc (and with it all real and financial assets domiciled in Switzerland and denominated in this currency) has been able to maintain certain primary properties of money (i.e., being a medium of exchange and payment, a

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unit of measurement, a store of value, a standard of deferred payments, and a store of wealth) better than any other currency of any other country. And this in an uninterrupted manner for more than 150 years, and through all the misfortunes experienced by the world during all this time.

Which other nation(s) on the planet can provide similar (or better) credentials as an environment conducive to using, protecting and/or accumulating capital ?

5.- And why has so much foreign capital arrived, arrived and stayed ?

The need to protect one's own capital is a universal desire, and particularly among the people who have the misfortune to live in a nation where capital is seriously eroded and/or runs the risk of being expropriated - in both cases thanks to the action of its political class. And it is not difficult for industrial families everywhere to inform themselves as to the "best place" on the planet in which to do so. Switzerland has been and is only one among many options. In this context, the reputation as the safest country with the strongest, most stable and reliable currency in existence probably began to be established already towards the late 1800s.

And since then, foreign capital has not ceased to arrive, seeking the best "economic asylum" the world has to offer - and this from: all continents; from companies and entrepreneurs; from political parties and leaders from the left to the right; and also, from millions of middle-income people who want nothing more than to secure an old-age pension that their local system will not deliver.

Avoiding high taxes has always been an element that has motivated a certain type of capital to leave their nations. But this does not explain why Switzerland became (and remains) the world's largest offshore center. For one thing, capital migration towards this country began when tax rates in the vast majority of countries were well below 20%. (They rose significantly only after World War I, with Keynesian policies to combat the Great Depression of 1929, and after World War II). And on the other hand, there have always been, and there are, places that have lower taxes and pay higher interest rates than Switzerland. And yet, what these many off-shore centers cannot offer is simply 150 years of uninterrupted history with an unmatched level of security and reliability.

This suggests that the foreign capital that has arrived and stays in this country does so primarily for safety and security reasons, while avoiding taxes and/or receiving higher interest rates is secondary or even irrelevant to the owners. And it also suggests that as long as other nations fail to build a reputation comparable (or superior) to that of Switzerland in terms of safety and reliability, then (i) this foreign capital will remain in the country, and (ii) Switzerland will continue to pay the best salaries, and to have the most stable and lowest unemployment and interest rates in the world.

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One last thought on this delicate and important issue. Switzerland never "made" nor "created" this reality of immense security with the (ex-ante) purpose of attracting foreign capital. It did it without any master plan or particular objectives, and pursuing solely and exclusively the good of its own citizens. And it is in fact the rest of the world that has, in its own ways, done nothing but substantially profit and benefit (to this day) from this unique, marvelous and unparalleled creation.

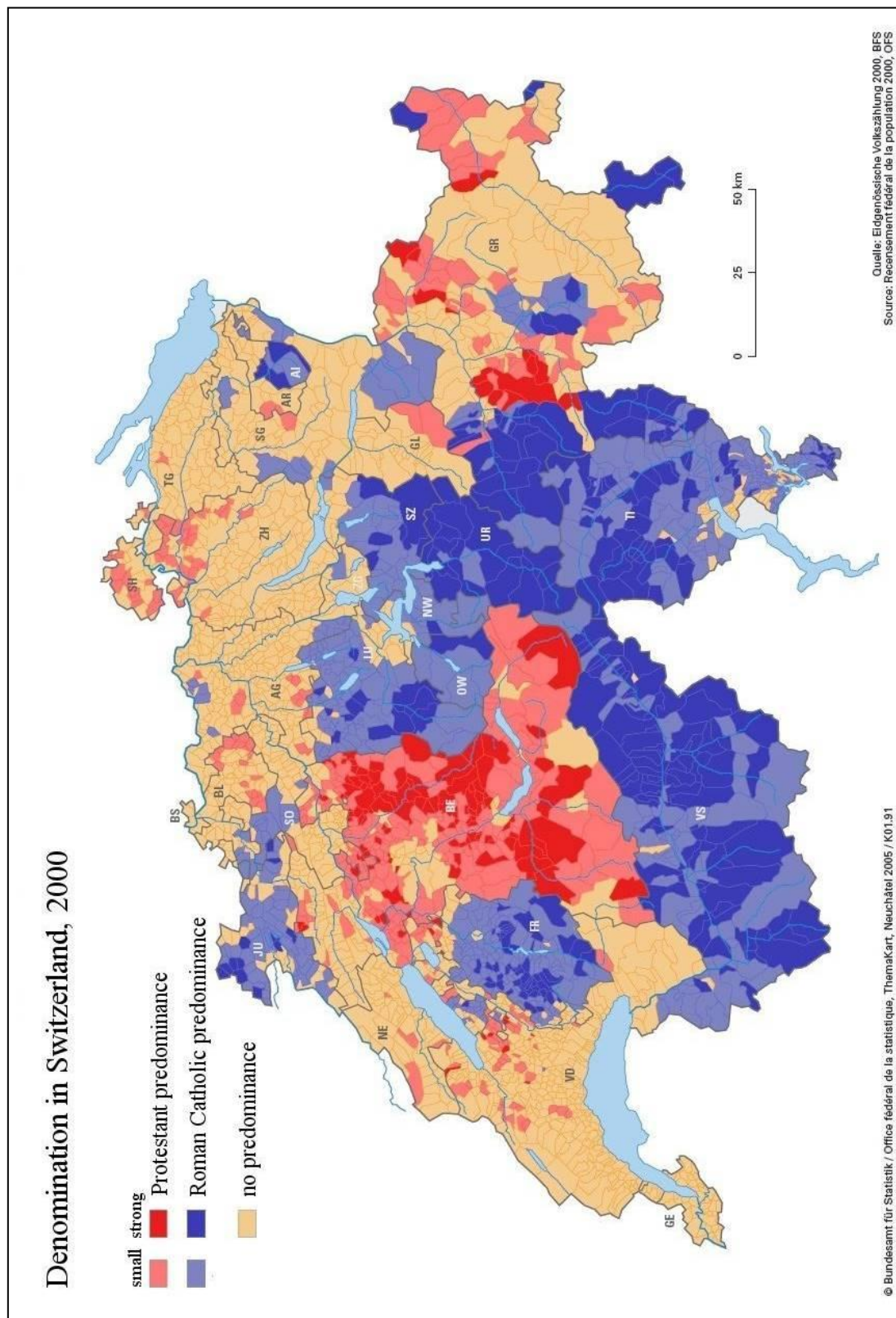## 6.- And where does so much security and dependability come from ?

After the various steps of analysis described above, we come back to the three components of the magic formula. And this closes the virtuous circle that distinguishes this country.

In other words, a country will never reach a high and growing level of prosperity as long as it is not able to create, provide and maintain greater stability and security of its rule of law in a reliable manner – first for the benefit of its own citizens (as in Switzerland), and then for all those of other nations who will honor this achievement by transferring part of their capital to them.

7.- Other questions

It is hoped that the analytical framework and the information provided in this book will enable the readers to find answers to other questions that they may have about either: (i) other distinctive aspects of Switzerland, but above all about (ii) the reasons explaining why certain matters work the way they do (or do not) in their own countries.
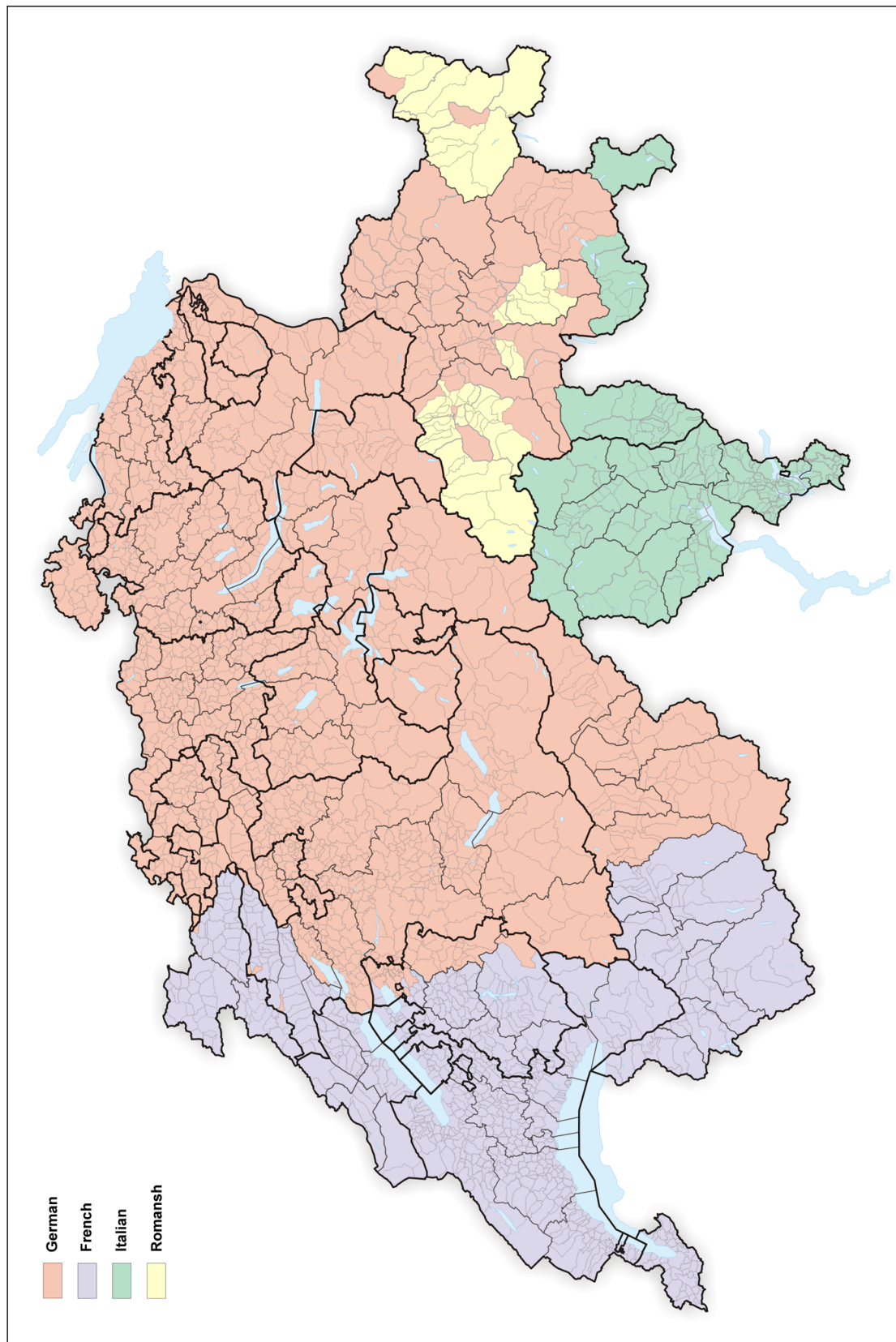
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Annex Nr. 1: Map of Switzerland according to predominance of religion

Source: https://www.bfs.admin.ch/bfs/de/home/statistiken/regionalstatistik/karten.html

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Annex Nr. 2: Map of Switzerland according to language predominance

German
French
Italian
Romansh

Source: https://www.bfs.admin.ch/bfs/de/home/statistiken/regionalstatistik/karten.html

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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.

The author also has extensive experience in teaching, giving lectures and speeches, and participating as panelist and speaker at conferences in the areas of corporate finance, wealth management, private equity and economics. He has taught and/or participated in events in Switzerland, Germany, Italy, Poland, Dubai, Singapore, Malaysia, Vietnam and Chile.

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.

Education
- PhD in International Economics, 1987, Graduate Institute of International Studies, Geneva.
- Master in Economics, 1981, Universidad Católica de Chile, Santiago.

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Sources

1.- Data and statistics

All the data used to produce the charts are available on the official websites of the statistical departments of the confederation, cantons and communes. In particular:

https://www.bfs.admin.ch/bfs/de/home/statistiken/politik/abstimmungen.html

https://www.zh.ch/de/politik-staat/wahlen-abstimmungen/abstimmungen.html

2.- Documents

There are several brochures and websites with rather descriptive information about political rights in Switzerland, and the organization of the state. For example, a publication of the Eidgenössisches Departement für auswärtige Angelegenheiten : "Modern Direct Democracy".

https://www.eda.admin.ch/aboutswitzerland/en/home/politik/uebersicht/direkte-demokratie.html

Other information can be easily found via google on the internet - e.g., Wikipedia, etc.

3.- Photos, posters, and maps

Extensive efforts have been made to identify the owners of the various photos, posters and maps used in the book.

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