



Switzerland, a Country that Works

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DELIBERATE DEMOCRACY OF SWISS AVOIDS FAULTY
POLICIES MADE IN HASTE

Geneva

Switzerland is not perfect, but as countries go, it is hard to find one that is much better. The more people know about Switzerland, the higher regard they tend to have for it. By almost any measure of human accomplishment, and particularly in creating a most successful country governance model, the Swiss are clearly No. 1 in the world.

Switzerland is a small, landlocked nation without much in the way of natural resources. It has managed to stay out of wars for two centuries and developed a long-term multilingual and multireligious democracy without strife. There is a rule of law with competent and unbiased judges and strong protections for private property.

Among the countries of the world, Switzerland ranks No. 1 in “life satisfaction” (Organization for Economic Co-operation and Development’s Better Life Index); No. 1 in “global competitiveness” (World Economic Forum’s Global Competitiveness Index); No. 2 in “labor -force participation rate” (OECD Labor Force Statistics); No. 3 in “happiness” (United

Nations World Happiness Report); No. 4 in “economic freedom” (Fraser Institute and Cato Institute Economic Freedom of the World Report); No. 7 in “per-capita income” on a purchasing-power parity basis (International Monetary Fund World Economic Outlook); No. 2 in “overall prosperity” (Legatum Institute’s Prosperity Index); and No. 1 in “life expectancy at birth” (OECD Better Life Index).

Switzerland also ranks higher than average among the OECD countries (the 35 most-developed economies in the world) in levels of education and student test scores, and has lower levels of air and water pollution. Civil liberties are strongly protected, including freedom of speech, religion, press, assembly and even the right to own guns. It does not get much better than this.

The Swiss have also avoided creating the “cult of personality” around their elected leadership. The elected rulers of Switzerland are not well known by their own countrymen and are almost invisible to the rest of the world. History is replete with leaders who had too much power and visibility. Perhaps the reason the Swiss have made fewer economic and foreign-policy mistakes than other countries is, in part, because they do not have very powerful leaders who can push through bad policies.

Many view the Swiss system of direct democracy as cumbersome, but as a Swiss friend once told me: “It is not that we Swiss are smarter than others, but given our political system, by the time we get around to making a major change, other countries have already proved it to be a bad idea.”

The world is an envious place (envy being one of the seven deadly sins), and hence, there is much Swiss-bashing by the jealous and the ignorant. Having been an adviser to senior officials in several different governments over the past few decades, I often encouraged them to look at Switzerland as a model that works. The Swiss model is particularly relevant for countries with rival religious and ethnic groups, but, alas, too few other countries have adopted it. Back in July 2003, when there was considerable debate about what kind of governance structure Iraq should have, I wrote an article published in The Washington Times that argued for the Swiss model.

“The Swiss achieved peace and prosperity by allowing each ethnic and religious group to be largely self-governing in their local areas. The same system could work in Iraq. For instance, the Kurds have been largely and successfully self-governing in their local area for the past dozen years under Western protection. They are unlikely to want to be tightly controlled from a strong central state based in Baghdad. Using the Swiss model, there would be no need for them to give up substantial local control. Other subgroups in Iraq are likely to find the Swiss model the least objectionable, given the alternatives.”

Given what has happened in Iraq, I think about the lost opportunity, at least temporarily, to follow the Swiss model — and how it could have led to peaceful coexistence among the rival groups and much greater prosperity for all. This leads me to my one real criticism of the Swiss. They have successfully exported watches, chocolates, pharmaceuticals, precision machinery and many other great products, but they have failed to export their limited and decentralized governance model to the rest of the world — which could be their most important export product. In part, this happened because the Swiss are too modest. Their failure to sell — or even explain — the Swiss model to the rest of the world has caused the Swiss many problems. Few understand the Swiss financial system and the great benefits to the world of its centuries-old private banking system. As a result, the Swiss are often portrayed as greedy bad guys by the global press, rather than the good guys who both protect human rights and liberty, and allocate global capital to its highest and best use.

It is fashionable to think that countries are increasingly ungovernable. The Swiss prove this not to be true.

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