



Do you know why  
you don't know who  
the president of  
Switzerland is?



**Joanna Lampka**





Do you know why  
you don't know who  
the president of  
Switzerland is?

Joanna Lampka

Warsaw, February 2017

## **Do you know why you don't know who the president of Switzerland is?**

Author: Joanna Lampka

Editor: Jan Kubań

Corrector: Mike Pulford

Cover: Joanna Lampka

Consultant: Jerzy Mazurek

Graphics: Joanna Lampka

Layout: Sebastian Rabczyński

### **Publishers:**

Polish-American Foundation for  
Economic Research & Education  
Ekonomicznego PAFERE  
01-517 Warszawa,  
ul. Mickiewicza 16/12A  
[www.pafere.org](http://www.pafere.org)

QBS – Jan Kubań  
02-656 Warszawa,  
ul. Ksawerów 30/85  
[www.physicsoflife.pl](http://www.physicsoflife.pl)

© Copyright: PAFERE & QBS – Jan Kubań

ISBN: 978-83-929152-2-5

## PAFERE

PAFERE – Polish-American Foundation for Economic Research & Education is an independent, non-governmental think-tank which takes care of free-market economy education, the promotion of economic freedom and free trade, the relationship between the ethics and the economy, and the development of economic sciences. The foundation’s mission is to convince people that “Thou shalt not covet” and “Thou shalt not steal” are not only moral standards, but also the imperatives of economics. If these rules are not followed, particularly by the state and its constituted laws, it might be the source of almost all the major problems and economic crises that leads to poverty and misery.

PAFERE was established in 2007 by Jan M. Małek, a Polish emigrant and private entrepreneur – a resident of the United States.

## Library for the Governing and the Governed

The aim of this series is to present the very complex issues of governance and management. Many people think that they are simple, but that’s not true. We hope that thanks to those short books, people in power will be able to take prudent and long-term decisions leading to a peaceful economic and civilization development, and that the ruled ones won’t be “easy prey” for politicians, and they will more actively seek to influence the situation in the country and the world.

Already published:

- |     |                      |   |
|-----|----------------------|---|
| 001 | Ludwig von Mises     | The Anti-Capitalistic Mentality                                     |
| 002 | Ludwig von Mises     | Planned Chaos   |
| 003 | Ludwig von Mises     | Bureaucracy   |
| 004 | Anatolij Fiedosiejew | The trapdoor. Man and Socialism                                     |
| 005 | Joanna Lampka        | Do you know why you don’t know who is the president of Switzerland? |

## Support

Foundation PAFERE, unlike other similar organizations in Poland, is financially supported only by private funds and has a statutory ban on using public funds taken away by force from taxpayers – which guarantees its independence. Therefore, we count on the voluntary support of our initiatives. If you believe that what we do makes sense, you can help us in many ways. The easiest one is to transfer any amount of money to our account:

PLN: 76 1050 1012 1000 0090 3041 9197

USD: SWIFT INGBPLPW PL 32 1050 1012 1000 0090 3041 9213

For those in the USA:

PAFERE USA: Account # 1172012719,  
OneWest Bank (routing # 322270288).

Donations can be general or specific e.g. for the series of books: “Library for the Governing and the Governed”, a series of interviews “World Through the Eyes of Entrepreneurs”, “PAFERE Academy” or “Master PAFERE” contest. Every dollar will be reasonably spent on fulfilling our missions.

Thank you – PAFERE Team

## Joanna Lampka

Joanna Lampka – born in Lublin in 1982. Writer, blogger and English translator (e.g. “The touch of silence” by Boleslaw Stelmach). The author of “Szwajcarskie Blabliblu” – the popular blog about society, people, culture and politics in Switzerland ([www.blabliblu.pl](http://www.blabliblu.pl)). Since 2012, she has been living in Morges in the French-speaking part of Switzerland. A careful observer of the Swiss reality, fascinated by the mentality of the world’s richest nation, and trying to pass this enchantment on to her readers.

She writes basically about everything – from political and social essays, reports about Switzerland for travel magazines, to quite amusing and humorous texts. Her mission is to reach as many readers as possible, regardless of the complexity of the topic. She’s keen on music, sport (running, badminton, sailing, yoga), hiking and exotic travels.

## From the publisher

At the end of 1989, I ended up in Switzerland, and a few things surprised me. One of them was that our village was always cleared of snow, and any residual snow was never a problem. “How do you do it?” – I asked my host – “In Warsaw, there is always a problem with that. If the snow is cleaned up at all, it is not done with any urgency.”. “We decide who is responsible for cleaning the snow. Every year, those who want to do it, give us the offers. Then we analyse these offers and we choose those that are cheap and reliable.” – was the answer. “We? Not the government?” – I thought.

In my first few days in Switzerland, I was shown one of the most important museums in a nearby town – a museum of an unknown entrepreneur. “Is there really nothing else to be proud of, but some capitalist from 100 years ago?” – I was amazed that they thought so highly of a local businessman.

I was an ordinary worker and, one time, I was invited for a dinner with Hans – the owner of four diamond factories. There was basically no difference between his house and my boss’s house – the owner of a precision mechanics factory employing 20 people – or a skilled worker’s house.

I was fascinated by how this small country is organized and how it operated. Life there was much easier than in Poland, which was on the edge of bankruptcy at the time. At one point, I realised, that I did not know who is the president of this country. When I asked my host about it, he smiled and said: “You know, we basically do not have a president as in other countries.”

During another dinner, this time with a teacher, I was shown a satirical drawing of God in the heavens, with the Earth below, and the cries of: “God free us from hunger!”, “God save us from war!”, “God, help, there was a flood!”, and a small country marked with the Swiss flag: “God, could you increase the speed limit up to 130 km per hour?”. I was ashamed that I come from such a poor country, because I was neither smarter nor dumber than the Swiss. I decided to share the knowledge of how perfectly a country can be organized with my compatriots. I finally succeeded. Joanna wrote exactly what I wanted to write.

Jan Kubań



## Foreword by Andrej Motyl the Ambassador of Switzerland in Poland

As an Ambassador of Switzerland, it often happens that I am asked to give some short cut magic formula for Switzerland's success. My answers often vary, depending on the place where I am. My answer in Asmara (Eritrea) was different than in Khartoum (Sudan), Juba (Southern Sudan), in Hanoi or now in Warsaw. But if asked about the general gist, I tend to come up with the following very simple trinity:

As Acemoglu & Robinson teach us in their great "Why Nations Fail", the first precondition of any nation on their way to success is the one we cherish so much in Switzerland:

### **Inclusive Stability (stability through inclusiveness)**

Our society and our federal, cantonal or local Governments do not intrinsically follow a particular ideology, they rather follow the idea of Inclusiveness. Seemingly irreconcilable political parties have been joining forces for decades in coalition governments and have been focusing on solving societal problems rather than on destroying their political opponents.

The second pillar I tend to name as a key ingredient of our success is:

### **Subsidiarity**

Decisions have to be made at the right level. Only issues that really need to be standardized across the whole country should be regulated on the National Level. We are convinced that genuinely decentralized countries, following the subsidiarity rule, are like beehives with hundreds or even thousands of workshops or laboratories, where particular solutions are concocted for particular problems.

What keeps us socially stable and permeable, or meritocratic, is our third pillar of wisdom:

### **Sober Solidarity**

Our economic and social Systems are also based on Inclusiveness. At the heart of economic and social stability is the concept of the Social Peace Agreement. Since 1937, employers and employees constantly

renegotiate their share of the economic profits. Our solidarity is sober because **we see our social system more as helpful motivator for people to work than a way of motivating them to live hand-to-mouth.**

Some critics will tell me that this all is obvious and rather boring and will ask: but where is the great innovative force in all of this? Although the country sounds somewhat excessively organized, Nassim Taleb, the American author and inventor of the notion of the “Black Swan Event”, has called Switzerland the most antifragile state on the planet. Not because its banks are built from concrete, but because of its extraordinary variability and its constant, often unspectacular, adaptation to new events and challenges.

I am not embarrassed in offering Switzerland as an alternative model for other countries, because foreign-born authors like James Breiding (“Swiss Made”), or Wolfgang Koydl (“Besserköner”) or the aforementioned, somewhat extravagant, Taleb, and also the most acclaimed scholar and Pundit on Competitiveness, the Harvard Prof. Michael E. Porter, have identified Switzerland as the serial top performer in the global competitiveness index. “Swiss Prosperity – Porter says – is the result of national competitive advantages, in a surprisingly wide range of advanced manufacturing and service industries for a small nation.”

This was in 2000. 16 years later, according to any other international ranking, the country remains at the very top in a wide range of industrial and service oriented activities. **It is this diversity and variability that makes Switzerland so competitive and antifragile.**

Why am I talking so much about antifragility? Because in today’s world we are facing many potential disruptions, some of them existential:

- Should President Trump make a pivot against free trade, it could have a very damaging effect on export oriented countries like China or Poland.
- Our Democracies are under assault by “exclusiveness syndrome”. More and more people see their own country as a place of friends or foes.

- A one party State is about to become the biggest economy in the world.
- The Worlds Demography is worrying. Nations which are successful do not have enough children. States or Societies which fail tend to produce a baby boom.
- The fourth industrial Revolution will create many new professions but make huge numbers of other professions redundant.

Given this increasing chain of possible or probable disruptions ahead of us, some of them potential major Black Swans, we Swiss and you Poles, or better, we the Europeans, must work day and night to make our economies as antifragile as possible. And antifragility is the result of variability and of constant adaptation. We must permanently crosscheck and often reinvent ourselves as individual entrepreneurs, as local or national authorities, as societies, as countries, as Europe. This will give us antifragility and thus the means to remain the most diverse, most exciting and creative continent on the planet. And our ambition must remain no less than that.

Dear Readers, no more “us and them” among Europeans. **Let us reinvent an inspiring culture of European debate, in which we learn from each other, in which we inspire each other and gratefully help each other, and Europe as a whole, to succeed.**

## Foreword by Stephen P. Halbrook

Patrick Henry, best known for his “liberty-or-death” speech at the beginning of the American Revolution, found himself warning against too much power in a central government when the U.S. Constitution was begun debated in 1788. He noted:

*Compare the peasants of Switzerland with those of any other mighty nation: You will find them far more happy... Their attachment to their country, and to freedom ... have signalized them republicans. Those virtuous and simple people have not a mighty and splendid President . No, Sir, those brave republicans have acquired their reputation no less by their undaunted intrepidity, than by the wisdom of their frugal and economic policy. Let us follow their example, and be equally happy.*

To date, Switzerland still has no “President” in the usual sense, and since its founding in the year 1291, it never had a king, although its citizen soldiers defeated all of the mighty armies of the great monarchs in the centuries since then. Today, one might hear sayings like “there is no king in Switzerland but the *Schützenkönig* (shooting king)” or the winner of some other competition, reflecting the virtue of merit and disdain for power. A typical Swiss might take pride in not knowing who the current “President” of the Confederation Helvetica (CH) is.

Having studied Swiss history for some time, I was pleased when invited to say a few words about this book entitled *Do you know why you don't know who the President of Switzerland is?* This delightful work by Joanna Lampka, a perceptive non-Swiss, describes the Swiss in a way that a Swiss would be too modest to say. I was further intrigued that it is being published by the Polish-American Foundation for Economic Research & Education, which admirably is devoted to free markets and free societies, having previously published essays by intellectual giants like the Austrian economist Ludwig von Mises.

I was on a U.S. college debate team in 1967-68 when the topic was “Resolved: that the federal government should guarantee a minimum annual cash income to all citizens.” Such a scheme to rob Peter to pay Paul, Ms. Lampka informs us, was actually voted on and soundly defeated by 77% of the Swiss voters in 2016. They understand that wealth is created by one’s own hard work, not by freebies based on the exploitation of one’s fellow citizens.

The Swiss system of direct democracy, which is unique in our world of rule from the top down, allows citizens the power of the referendum to propose and vote directly on their laws. In this decentralized political system, the Federation is competent on matters like national defense, the Cantons (which are like states in the U.S.) concern themselves with matters within their borders, and the Communes have jurisdiction over purely local concerns. This system precludes the extremes of mob rule and elite domination alike. Two Cantons still hold the annual open-air *Landsgemeinde* in which every citizen can have his or her say. In the old days, they voted by raising a sword instead of a hand.

Switzerland does not have an army, Ms. Lampka notes, it is an army. Every male is required to perform service in the militia army, which can be mobilized overnight because the soldier is required to keep his service rifle at home. Switzerland is also awash in private gun ownership, but is one of the safest countries in the world.

Surrounded by powerful countries, Switzerland’s survival depends on its armed neutrality. As I have shown in my books, its citizen army, its will to resist, and its rugged Alps helped to dissuade an invasion from Nazi Germany during World War II.

A little-known Swiss-Polish connection stems from that era. After Poland fell to the German blitzkrieg, remnants of the Polish army reformed in France. In June 1940, when France was falling, Polish forces under Brigadier-General Prugar-Kietling repelled a German attack near Belfort. French troops in the area retreated and crossed the border into Switzerland, with the Polish forces protecting the French rear and then following them into Switzerland as well. The

welcomed Poles found a safe haven in Switzerland as military internees for the duration of the war.

Centered in the crossroads of Europe, Switzerland was founded when three Cantons united to defend themselves under what they called the *Eidgenossenschaft*, literally meaning a brotherhood of the oath, and factually connoting a confederation of equal partners. Over the centuries, the original German speaking Cantons united with French, Italian, and Rhaeto Romansh speaking Cantons. Ms. Lampka explains how these diverse groups, who were also divided between Catholic and Protestant, have flourished as a unified people. Local control and a free market economy – institutions not typical in the rest of Europe, where centralized government and economic interventionism have been the rule – have been the keys to Switzerland’s success.

Switzerland’s “President” is not the head of state, but instead is kind of like the chairman of a committee of seven composing the Federal Council, which is the executive branch of the Federation. The seven are elected from the four major political parties of the country in a manner to promote consideration of all viewpoints. Once they make a decision, they are supposed to stick with it as a unified front. This book mentions one instance in which the protocol was violated, but there have been rare instances of other deviations.

If the voters don’t like something a member of the Federal Council has done, they can throw the person out. If they don’t like the decision of the Federal Council itself, they can vote against it in a referendum. All of this makes for a highly stable political society not like any other in the world.

One need not read a treatise on economics to understand the success of Swiss entrepreneurship, innovation, and product recognition worldwide. Think Swatch. Nicolas Hayek, an immigrant from Lebanon, revolutionized the watch-making industry at a time when it was suffering from competition by innovative Japanese products. Simplicity of design, modernized manufacturing methods, and a flair for fashion escalated Swiss watch making to unheard of

heights. With hundreds of styles to choose from, I buy at least two Swatches for my wife on every trip to Switzerland.

Cow bells, fine cheese, chocolate, yodeling, skiing, the Matterhorn – these wonderful imagines of Switzerland belie deadly serious underpinnings. Switzerland managed to stay out of two world wars, but only because the great powers were forced to respect its armed neutrality. It refuses to join international crusades to make the world safe for this or that cause, but it provides diplomatic services and a neutral ground where warring parties can settle their differences. If Switzerland did not exist, it would be necessary to invent it.

With that I'll let the reader move on to Ms. Lampka's fine text. Although more than one country may lay claim to "exceptionalism" in its own unique way, Swiss exceptionalism is like no other, and the following pages explain why.

---

Stephen P. Halbrook has a doctorate in philosophy from Florida State University and a law degree from Georgetown University. In addition to *That Every Man Be Armed* and other books on American constitutional law, he is author of *Target Switzerland* and *The Swiss and the Nazis*.





## 1. Introduction

Imagine that from now on you'll be getting \$2500 every month from the government. This money will be transferred to your bank account, regardless of whether you look for a job or you already have it, whether you are poor or rich. Probably, at the beginning you'll be very happy planning your exotic trip or buying a new laptop, but soon you'll start to wonder if your country can afford to hand out the money to the citizens and if they, as a result, will still want to work or look for a job.

However, how many people won't give it a second thought? How many will say "Someone is giving me something, so why shouldn't I take it?", "Today we party, we'll worry tomorrow", "I deserve it". When you realize what the consequences might be, wouldn't you worry about forwarding this new proposal and letting every person decide whether it is good or not? Probably yes.

Do you know that this hypothetical situation happened? On the 5th of June 2016, the government of Switzerland asked its citizens, if they wanted to get 2500 Swiss francs of unconditional basic income every month. Interestingly, 77% of citizens voted against that proposal.

Let's look at another case, even more striking. In March 2012, the Swiss people answered the question of whether their paid leave should be longer by adding two additional weeks to the four weeks they already enjoy. Before the results of the referendum were announced, the international community forecasted that it was an own goal for Switzerland. A longer vacation is a very tempting idea after all, and the consequences of this populist initiative would be (seemingly) hurtful only to employers. It's easier to dig deeper into the

pocket of your boss, especially if he is unlikeable, than your country. Before the actual referendum in Switzerland, almost 95% of respondents in an opinion poll concerning a similar subject in France said that they would vote for that proposal. Once again Switzerland surprised the whole Europe, and 67% of the voters rejected the initiative.

The media all over the world were amazed by the society in this small European country. They were asking: “What is so special and unique about those people that they don’t let the politicians manipulate them?” That’s exactly the point. What is it about the Swiss that they won’t follow the easy path?

The Swiss are literally ruling their country. They not only take the decisions about their politics but also about their economics – for example, about tax rates or the level of immigration. It’s no more, no less than average citizens – nurses, electricians or sellers – who very rarely fall for pretty but unrealistic slogans. There is not much to say – **the Swiss manage their affairs wisely!**

Probably, the first thing that comes to your mind is that the Swiss are more intelligent than the Poles. You probably visualize bankers, employees of international organizations and corporations from Zurich or Lausanne. But this is not true. The structure of society in Switzerland is similar to the one that exists in almost every developed European country. However, there is one fundamental difference. The Swiss are responsible for themselves and for their environment. They don’t trust the catchy slogans or easy solutions. **They understand that the source of wealth should be work and not financial manipulations, favourable conditions or dishonesty.** “The Swiss like to say that they are rich because they work a lot

more than the others” – explains political scientist George Casasus, a professor at the University of Fribourg.

Where is this exceptional attitude coming from? Because surely everyone will agree with me that this approach is unique. Well, the Swiss have been treated for years by its authorities as adult citizens, capable of making responsible decisions.

Let’s look at a simple analogy. There are two kids – fussy eaters. They whine and do not want to eat. We take the first one and force him to eat. He is crying but we won’t stop because we believe that what we’re doing is right for him. After an hour of struggle we surrender hoping that the child ate at least a little bit, so it was worth it. We use another method with the second child. We offer many tasty things, but when the child refuses to eat, we close the refrigerator announcing that the next meal will be in a few hours.

After an hour the second boy is asking for candy. However, we are consistent and stick to the plan no matter how much we want to change the decision. We will see the results of this drastic approach very soon. The first boy will act exactly the same way at the dinner. It is difficult to change certain eating habits, after all. The second one will eat the dinner with relish. Perhaps he will not learn right away that he should eat during meals, but after several repetitions, he’ll get used to the new plan.

I used this suggestive story to explain you some tendencies in a simple way. Citizens are like those boys. Or, at least, the authorities in most countries treat them like that. They have to be under control, forced to pay taxes and other fees “for their own good”, and the law has to be made for them. If they

are treated like children, they behave like children. As a result, they think of the government as “they”, “thieves”, “mafia”, that acts according to their own interests to the detriment of ordinary, powerless citizens. People accept it, because they think it is the natural order of things. They acknowledge that the law is a tool of oppression, so they rebel against it in a childish way. They have no influence whatsoever, so they treat the state and authority as their enemy.

Switzerland treats its citizens like adults, who will learn the consequences of their wrong decisions the hard way. They can decide, but they need to bear in mind that they will pay for every wrong decision. They can decide, but they can only blame themselves for the state of the country. So the Swiss do decide. They are the highest authority. They are responsible for their country in every single aspect, even the smallest one. And that’s why they feel that the state and law are truly theirs. **Swiss politicians are only civil servants implementing the decisions taken by citizens.**

In 2014, a photo showing the Swiss President Didier Burkhalter standing on the platform at the train station made waves in international press. No, it was not what you think. It wasn’t an opening ceremony of a new railway line, and he was not surrounded by bodyguards and a crowd of journalists. The picture was taken with a mobile phone. The president was simply waiting for a train amongst other train users busy with their own matters. No one was bothering him, while he was cheerfully tapping on his smartphone. The international press was confused and surprised – why the president of the one of the richest countries didn’t travel with a bulletproof limo and a group of bodyguards, whereas the Swiss had no idea what the problem was. Nobody paid any attention to him, because the

Swiss don't know who their president is – one of the Internet users commented maliciously, but quite correctly. It doesn't mean that the Swiss are not interested in politics. The citizen who does not know who the president of the country is, can actively participate in the political life of the country taking part in every referendum at municipal, cantonal and national level. The Swiss treat their president the same way students treat their rector at a university. Most of them know his name, some of them know how he looks like, but he doesn't bring any special emotions. **Politicians in Switzerland resemble members of a management board in a big company rather than a bunch of "talking heads".**

The story about the president of Switzerland at a train station accidentally touched on another important issue. Have you ever wondered why the head of one of the richest countries in the world did not travel with a limousine or a helicopter, but he chose such common means of transport? Surely trains in Switzerland are reliable, punctual, and a trip often takes much less time than a car trip of the same distance. Many people would say that this mode of transport does not become a president. After all, in the majority of countries, a luxury car is a symbol of a high social status. Certainly not in Switzerland. First, the Helvetii are known for their discretion. Boasting about their wealth, big, luxurious house and car or labels of exclusive brands is considered to be in very bad taste. Second, functionality is, for the Swiss, way more important than luxury. Prestige is less important than the practical aspects. "The train goes faster, so I go by train."- I suppose that was Burkhalter's thought before his famous photo made the headlines.

Let's have a look at another phenomenon: the Swiss neutrality. Switzerland has not waged any serious war for over 160

years, and still it is in constant combat readiness. The Swiss Army is actually no more, no less than an armed police force. How does it work? In a state of peace, Switzerland supports only 100,000 people on active duty, of which 4,000 are professional soldiers. However, it can mobilize up to 1,500,000 armed and trained troops in a state of emergency. In Switzerland, the ratio of soldiers in peacetime / after mobilization is 1:15, while in other European countries it is only 1:2 or 1:3. This is where the common saying “**Switzerland does not have an army – it is an army**” comes from.

Did you know that 8 million Swiss people have up to 3 million firearms? More than a third of the Swiss carry a machine gun or a short weapon in their home. However, the statistics of crime or suicides committed with a gun do not exceed one from countries where access to weapons is very limited. What’s more – the majority of crimes committed with a gun concern illegal possession of a weapon.

Despite the huge amount of weapons, the number of attacks in the entire modern history of Switzerland you can count on the fingers of one hand. The most serious one occurred in Zug in 2001, when a mentally ill man forced his way into the cantonal parliament and killed 14 people, injuring 18 people, and then committed suicide. After each one of those incidents, there was a referendum on tightening the restrictions on the possession of firearms. Most of the Swiss, however, voted against these proposals. The right to possess a gun is, for them, one of their fundamental rights. 12-year-old children can learn how to shoot, and be a member of the shooting clubs sponsored by the state. Paramilitary activities are very popular in Switzerland.

“Why?” – you would ask. Why is a rich and stable country always ready to defend its territory? The Swiss say that **only a strong, armed to the teeth state can afford to enjoy the prosperity**. Even Swiss children learn in school that Hitler did not attack Switzerland, because he would have got himself in a long, devastating war in a hostile, well-defended territory. As Stephen P. Halbrook wrote in his book “Target Switzerland”: “Switzerland is the only European nation which has proclaimed that, in the event of an invasion, any announcement of surrender is to be regarded as enemy propaganda, that every soldier must fight to the last cartridge, and then with the bayonet.”

After reading these few paragraphs, you are certainly wondering, what is the key to all these Swiss secrets. I bet you agree with me that Switzerland is fascinating. Neutral, but armed. Very rich, but discreet and hardworking. Ruled by ordinary citizens who often take very responsible decisions, but very rarely these decisions are bad. As I have already said in this introduction, several phenomena might be simply explained with Swiss mentality. What I haven't explained, however, is: how was their national character shaped? Why are they different to everyone else? What is the key to their success? Why is Switzerland so rich despite the lack of natural resources and unfavourable geographical conditions? These issues will be discussed in next chapters.

## **2 . Swiss citizens – the supreme authority of the state**

### **2.1 Direct democracy**

When you hear the term “direct democracy”, you probably visualize an ancient agora filled with the Athenians in their

white tunics, lifting their hands in a sign of support for an initiative. You immediately think that this system is impossible to use in practice – after all, in the modern world, the prospect of gathering all citizens into a common area is not feasible, so a system of pure direct democracy cannot exist anymore, except for maybe a few places in Switzerland – but this will be discussed in the next section. However, this noble idea of involving the largest number of citizens possible to rule the country is not dead. It is Switzerland that realizes the myth of the ancient Athenian system of governance in its most perfect form – practical direct democracy.

As I mentioned above – thanks to their active participation in governing their nation, the Swiss are responsible for their surroundings and are distrustful of populist slogans and easy solutions. This should make you think: how can a way of governance have such a strong influence on the character of the nation? To answer this question, let us first discuss some basic issues.

What is the Swiss version of direct democracy? I suspect that everyone knows that Switzerland is governed in a unique way. However, not that many people know how it looks in reality.

**The most important tool of direct democracy is a referendum.** 3 to 4 referenda at the national level are held in Switzerland each year, where the Swiss citizens answer from 2 to 5 questions. These questions can be very specific, such as: “Are you for capping the highest salary in a company to 12 times the level of the lowest one?”, but they can be also very general, for example. “Are you for limiting immigration?”. Two weeks before a referendum, every citizen entitled to vote receives the materials for voting by mail. The election envelopes also include a return envelope and an election booklet. What is



in this small booklet? It contains the text of the proposed law or changes to the Constitution, the detailed arguments of the applicants and opponents of the initiative, the position of the Federal Council and the opinions of all political parties. Brief and simple argumentation makes it easy to follow for all citizens, even those with no interest in politics. They can quickly figure out the topics of a referendum and decide whether they are for or against the proposed initiatives. The arguments of supporters and opponents are factual, clear, and supported with relevant forecasts and statistics. These short, one-page texts are a true masterpiece of *public relations* and Swiss election guides are second to none all over the world.

One can vote by mail or in person, and accurate referendum results are known the next day.

However, it's not exactly the right to choose one of the two proposed solutions that lay at the heart of the greatness of Switzerland. The most important thing is that each citizen can forward a proposal of a new law, propose changes to the constitution, and give opinions on laws passed in parliament. The diagram below shows how the citizens can actually take part in governing the state.

How does it work in practice? What must the average Swiss citizen, like Reto Schmidt from Luzern, do to push through his idea of changing a law? Mr. Schmidt works a lot and, therefore, he spends little time with his family. He wants to change it – he wants to have half a day off on Friday and shorten the maximum work time to 35 hours a week. Like any responsible citizen of Switzerland, he decides to take care of it himself. So what does he do? He must first check whether the issue that he wants to change is within the jurisdiction of the Federation,

a canton or a commune. He can easily find out that the matters concerning work are decided by the Federal Assembly in Bern. Therefore, he must try to organize a referendum at the federal level. In order for that to happen, he has to form an initiative committee: namely, he needs to find seven to twenty seven people entitled to vote in Switzerland who share his ideas about a shorter workweek. Together, they must write the content of the proposal with its justification, and submit this proposal to the Federal Office. If the proposal is formally accepted, it will be published in the Federal Journal, a special magazine published by the authorities, which contains, among other things, all binding acts. From that moment, Mr. Schmidt, together with the initiative committee, will have 18 months to gather 100,000 signatures to support his request. Is it a lot? At first, this number seems huge, but the Swiss are used to use the human potential for this purpose gathered in different parties, clubs, organizations and other associations, which might be interested in the subject. Mr. Schmidt and the committee members present the problem at numerous trade unions' and workers' meetings, talk with ordinary people during the traditional Saturday market days, and discuss with political parties associated with the workers' rights. In the case of initiatives on popular subjects, the minimum number of signatures, or even more, can be collected in less than a few months.

What's next? It might take several years from the time when the proposal and the signatures are submitted until the moment of the actual referendum. Mr. Schmidt must use this time to collect the funds for the campaign promoting his initiative. You have to know that in Switzerland political parties, individual politicians and campaigns to promote initiatives are financed entirely by private funds. Moreover, there is no

obligation to disclose the names of supporters or the amounts of money donated for the promotion of the initiatives. The business world quite seriously cooperates with the world of politics, so, in recent years, successful initiatives committees have had a considerable budget of 150,000 Swiss francs. So is it possible to “buy” a positive referendum result? The Swiss experience proves the opposite. It has happened many times that the committees with the smaller amount of money have won against the richer ones.

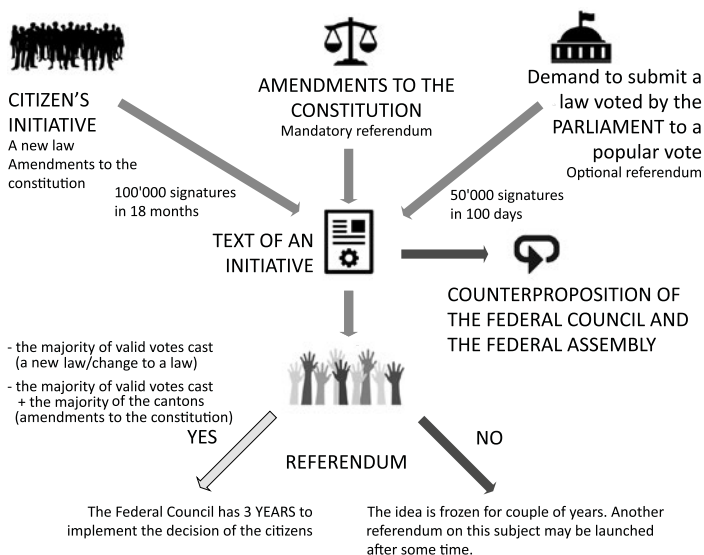


Fig 1. Diagram of the law-making process in Switzerland. How the ordinary citizens make the law.

Finally, it comes to a referendum. Of course, in fact there was a referendum on the proposal to shorten the working week to 35 hours, I have no doubt that the majority of Swiss would vote against it. However, let us assume the opposite. In such a case, the Federal Council would have three years to implement this new rule.

Do you know that the system of pure direct democracy still prevails in two Swiss cantons, and citizens, like the Athenians, gather to take decisions together? The cantons of Appenzell Innerhodes and Glarus still continue the Swiss tradition of *Landsgemeinde* – the so-called cantonal assemblies. **Citizens entitled to vote gather on a certain date and at a specified time in the open air and pass initiatives at cantonal and municipal level by raising hands.** This is a real celebration, not only for the residents dressed in traditional regional costumes, but also for tourists who visit the local towns to participate in this unique event. The guests are separated from the voters, so that they do not disrupt the vote. Each resident receives a voter identification card.



Figure 2. Voting during so-called Landsgemeinde.

Interestingly, in the Glarus canton, every citizen may propose an amendment to a Law or a new proposal during the cantonal assembly. That is why it usually lasts a few hours. Despite all

these inconveniences, the attendance in these cantons is quite high – usually around 50% of the citizens entitled to vote use their civic rights. Moreover, they are really attached to their *Landsgemeinde*, despite its obvious inconveniences and do not want to change it to other, more practical form of voting. In many countries, including Poland, referendums are usually treated unfairly. Let us consider, for example, the most recent case in the United Kingdom, where 72.2% of citizens voted for leaving in the referendum regarding whether to stay in the European Union or not, and for that they will pay for their ignorance, probably for a long time. However, we don't need to look for examples in the UK – we know it well enough from the Polish reality. The referendum regarding introduction of single-member constituencies for parliamentary elections, held on 6<sup>th</sup> of September 2015, had a very poor voter turnout – a little over 7% of those eligible to vote. What's worse, the press, rather than motivating the citizens to participate in the referendum, collectively announced the defeat of this form of law making. As a result, the government could easily say that Polish society is not mature enough to take responsible decisions and that referenda do not make sense. Not taking part in the referendum was a shot in the foot. It was a clear message to the Polish authorities that there was no point in asking for the opinion of average citizens. They just don't care!

**How do the Swiss express their disapproval of a subject of a referendum? By sending a blank vote.** But they always vote, and they really appreciate any form of public opinion polls. They eagerly use all the tools of direct democracy. They acknowledge the fact that if they don't take a decision, someone will do it for them. Even Swiss children learn in school that any law passed by Parliament can be submitted to a referendum. They know that when they will grow up, they will be able to

propose changes to the constitution, to propose a new law or to amend an existing one. They get fancy pens from the municipality's authorities for their eighteenth birthday, and they are invited to their first voting. Amongst applause and photos by family members and neighbours, they make an adult decision for the first time in their life, sign their referendum card, and put it into the electoral box. It is a great lesson in democracy and an example for a lifetime.

The Swiss are said to be a nation of policemen. Maybe it is a bit mischievous, but there is more than a grain of truth in this stereotype. They paddle their own canoe, so they take care of every element of their country, even down to the smallest thing. They observe their environment with the eyes of careful owners. They treat common property as common indeed, and not as anybody's. **It is they who pose the law, so they respect it and expect that from others.** They can vote for increasing the taxes if they are convinced that there is a need to build a new highway or a tunnel. They understand the need for investments, so that they can live in better conditions in the long term. They don't get caught on catchy slogans. Why such maturity? It is not their innate characteristics, but years of experience of self-governance. An invaluable advantage of direct democracy – if you trust people, they behave much more responsibly than those who are treated as blind and passive.

## 2.2 Federalism

There is a popular joke in Switzerland: Three men, a French, a German and a Swiss have to answer the question: "Where do babies come from in their countries?". The French man smiles and replies: "First, there is a good bottle of wine,

a romantic evening, the Eiffel Tower and nine months later a new Frenchman or Frenchwoman is born.” The German man thinks a little and then gives a very precise and scientific answer about sperm and egg cells. The Swiss man replies without thinking much: “It depends on the canton.” This is the very telling anecdote. It is not possible to say how to recycle, how the education system functions, or even what tax rates in Switzerland are, without starting a sentence with “It depends on the canton / commune”.

**The power in Switzerland is decentralized** – divided between the Federation, the cantons (or provinces) and the communes. Swiss federalism is based on the principle of subsidiarity, which means that anything that can be done at a lower political level shouldn't be done at a higher political level. When the decision is beyond the powers of the commune, it is passed on to the cantonal level. The competences of cantons are much larger than those of administrative districts in most of the centralized countries. **Swiss cantons have all the rights that are usually characteristic of the independent states, except those that they renounced in favour of the Federation.** The state deals only with matters that need to be decided centrally. In conclusion: in Switzerland most of the political tasks are given to the lowest tier. Communes and cantons have a great political and financial autonomy. **Each canton has its own constitution, parliament, government and courts.**

Why federalism? To explain why the maximum decentralization of power is basically the only possible way to govern Switzerland, we should look at its history and the traditions of its self-governance.

Switzerland was founded as a pact of three rural cantons. This quite loose alliance was, progressively, joining with other territories with very different characters. In the 16th century, Switzerland became one of the heartlands of the Reformation. The most of the urban cantons accepted Protestantism as their official religion, while most of the rural cantons remained Catholic. This division led to religious wars between cantons, which were ravaging the country mainly in the 16th century. They came to an end with The Peace of Kappel, which established the religious autonomy of each canton.

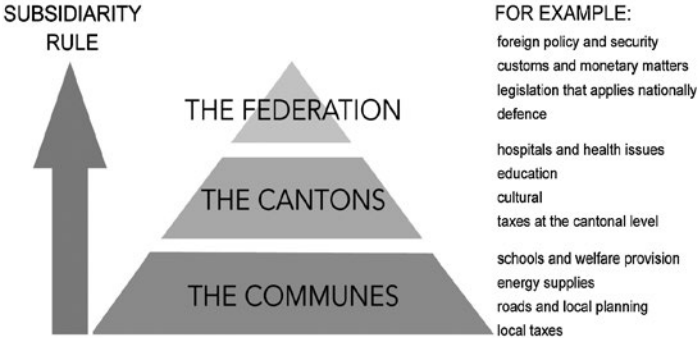


Figure 3. The principle of subsidiarity: decisions that may be taken at a lower level of the pyramid should not be taken at a higher level.

The Swiss Confederacy has gradually extended to mountain – agriculture cantons, urban industrialized cantons and German-, French- and Italian- and Rhaeto-Romansch-speaking cantons. It seemed obvious that the state needed a unique political system to be able to bring together the interests of politically and socially diverse areas in a non-confrontational way. The present political, social and national identity of the Swiss was formed during the Napoleon’s invasion in the late 18th century. As often happens, the Swiss united in a fight



for a common cause in this most turbulent period of the Helvetic Republic, when centralized power, imposed by the unified constitution given by the French, was attempting to destroy the old tradition of self-governance. It was the reason for the uprising, which could not be suppressed. Finally, in 1803, Napoleon Bonaparte had to admit his defeat against a very effective Swiss guerrilla, and had to change his plans. The Helvetic Republic was abolished, and the Swiss Confederation took its place once again.

The first Constitution, adopted in 1848, established once and for all the principles of the political system of modern Switzerland.

Federalism affects almost everything in Switzerland, and the Swiss carefully observe the political situation in their country to ensure that none of the cantons or regions dominates the others. This is why **Switzerland does not have one official language, but four: German, French, Italian and Romansh**. All official documents are printed in these four languages. The Swiss constitution guarantees the right for every citizen to communicate in his or her own language. It doesn't mean, as it is commonly believed, that every Swiss speaks four languages. The Swiss, outside of bi- or trilingual areas, usually remain in their language area, and use the media in the language of their canton.

Switzerland has no official state religion. Moreover, Switzerland formally has no capital. Bern is called the federal city (in German: *Bundesstadt*), and not the capital (in German: *Hauptstadt*). Undeniably, Bern contains the headquarters of almost all federal institutions and, in practice; it serves as the capital of Switzerland. But the Swiss would never strengthen

one city at the expense of the others, so they never decided to enter Bern as the capital in the constitution.

How does federalism look like in practice for an ordinary citizen? Yann Dupont from the Swiss town of Porrentruy takes part in all the referendums at national and cantonal level by mail. He is really concerned with the issue of immigration to Switzerland. Therefore, when he signs the letters in support of the project of a law on this issue, he gives a few francs to support it financially. Other initiatives do not stir up such strong feelings, but Mr. Dupont very rarely forgets to vote.

He is truly interested in what is happening in his town and its area. He checks regularly the dispatches of his commune with news about local projects and related information. When he wants to build a swimming pool in his backyard, he needs to discuss it with all of his neighbours, who have to accept his project. He uses that opportunity to collect signatures in support of a project of a new nursery for his little son. Next month, he will go to the commune assembly, where he intends to uncompromisingly oppose the idea to reduce the local taxes (after all, his commune needs money to renovate a local road and finally build a new running track in school).

Mr. Dupont is very vigilant. If someone from a block nearby leaves an untaxed trash bag in a container (in most cantons in Switzerland, rubbish should be only be disposed of in official taxed bags), the entire neighbourhood is trying to track down the culprit. When it finally turns out to be a French national who moved to Porrentruy few days ago, the whole neighbourhood is relieved. In the end, if this situation was repeated, the rubbish removal company would refuse to take the whole container. First, the French national is informed

about the mistake. If they continued to use untaxed trash bags, they would receive a fine of 200 Swiss francs (about \$200) and a good lesson for the future.

Thanks to Mr. Dupont's and his neighbours' commitment in local issues, their commune is clean and safe. Swiss children at the age of 5 – 6 years usually go to school by themselves. Overprotective mothers who still want to take their children to school receive an admonition from the director: "Our commune is safe. Not only you, but also all of your neighbours will keep an eye on your daughter. And in this way, your child will learn responsibility and independence".

From the smallest and most specific areas such as, for example, the construction of a swimming pool to abstract areas such as the issue of immigration – the Swiss are well anchored in their reality. They feel that their vote counts, because every day they see the results of their involvement. After all, it is they who decided to build a new running track in the school, and not some anonymous politician or official they have never seen. Despite the fact that their decision entailed an increment of local taxes, they accept it, because it was their conscious choice. And after this track is constructed, they will take care of it as if it was their own.

What does Mr. Dupont think of other cantons? Of course, he complains about his friends on the other side of the so-called *Röstigraben* – the invisible cultural border between the German-speaking part and the French- and Italian-speaking parts of Switzerland. The Swiss are used to saying that the German-speaking Swiss have completely different mentalities and ideas than their compatriots from the French- or Italian-speaking part; and, therefore, they usually vote in

opposition to the rest of Switzerland. However, when Mr. Dupont from Porrentruy and Mr. Schmidt from Zurich asked whether they would like to be separated from the Federation and create an unitary state, they both answered without any hesitation: “No”.

At the state level, federalism is probably the only possible way to achieve political and social compromise in this multi-cultural and diverse society. Decentralization of power allows linguistic and cultural minorities to organize their surroundings according to their own convictions, protecting them from unnecessary government interference. **The lack of significant conflicts between the regions and the peace in politics prove that federalism in Switzerland works.**

### 2.3 The political system in Switzerland

In this chapter I will try to answer the question how Switzerland manages to maintain the fragile balance between a strong state and autonomous cantons and communes, as well as between the interests of different language and social groups.

At first, the Swiss political system is not much different from ones that function in an average European country. There is a separation of powers: legislative, executive and judicial. There is a bicameral parliament. There is a government. There is the Supreme Court in Lausanne. But the devil, as usual, is in the details; that’s why we will focus on all of the little eccentricities that make the political system of Switzerland so special.

The most unique political unit in Switzerland is the government, or the Federal Council. **The Swiss Federal Council is called the broadest coalition of political opponents**, because

it consists of members of different political parties. **It is also called the most stable government in the world** – usually one, sometimes a maximum of two, members of the Federal Council may be changed at one time. Moreover, the Federal Council can't be dismissed.

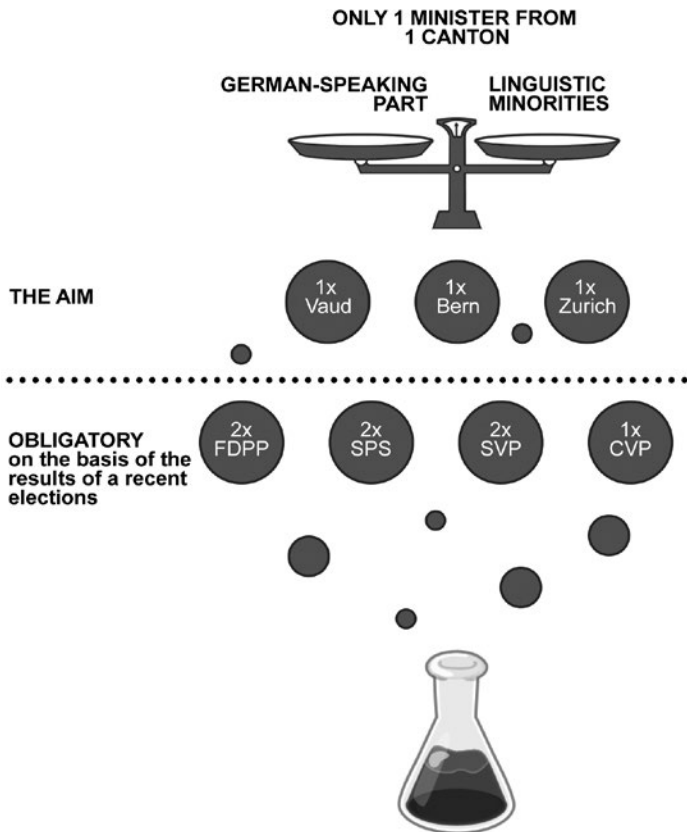


Figure 4: Current Magic Formula – how the seats of the Federal Council are distributed (2016):

- 2 members from the FDP (Free Democratic Party)
- 2 members from the SP (Social Democratic Party)
- 2 members from the SVP (Swiss People's Party)
- 1 member from the CVP (Christian – Democratic People's Party)

The composition of Federal Council has remained unchanged since 1960. Its seven members come from the largest Swiss political parties. The division of these seven seats in the government between four ruling parties is determined by the so-called Magic Formula, which takes into consideration the support of the Swiss people for the various political parties expressed during elections.

There is no prime minister in Switzerland. Executive power is not vested in an individual but rather in the committee of seven people. The Federal Council operates on the basis of an unwritten principle of cooperation. Although the members come from completely different political environments, they continue to discuss with each other for as long as necessary to reach a compromise. They then present their agreed position using the official communications: “The Federal Council has decided that...”. **All Council members, regardless of their personal opinions or the views of their party, are obliged to defend the government’s position.** And the best part is that this system works pretty well, and, with rare exceptions, the citizens do not know about serious conflicts between the members of the Federal Council.

Each of those seven members of the Council is responsible for one of the departments: economy, transport, communications and energy, finance, foreign affairs, justice and police, social and educational affairs and defence. The Council members (putting it simply – ministers) change departments from time to time. They are responsible not only for their own domain, but also collectively for their colleagues’ domains.

**The president of the Confederation has essentially a ceremonial role.** He undertakes special representational duties,

but frequently, during international meetings, the head of the foreign affairs department replaces him. The entire Federal Council is considered to be a collective head of state, where the Swiss presidency is rotated annually between the members of the Federal Council. The only privilege of the president is to chair the meetings of the Federal Council. His task is to quest for consensus. If no consensus is reached, the majority will decide by vote. During his presidency, a member of the Council does not give up their position as the head of the department.

Members of the Federal Council are officially elected by Parliament for a term of four years, and tend to be re-elected for several terms. Traditionally, they decide for themselves when they want to resign. In practice, however, the members can be dismissed only if they blatantly disregard the written and unwritten rules of the Federal Council.

In 2007, Swiss politics was shaken up by one of the biggest recent political controversies. It was concentrated on one of the members of the Federal Council, Christoph Blocher – one of the representatives of the right-wing party SVP (The Swiss People's Party). From the beginning of his term, Blocher was pushing his Party's agenda leading to conflict situations in the government. After his term, he was ousted from his office. Parliament replaced him with a more consensual party colleague, Eveline Widmer – Schlumpf, who in consequence was excluded from SVP. It was one of the very rare cases where Parliament replaced a Federal Councilor against his will. The main reason why Blocher was excluded was the fact that he was openly criticizing the Federal Council acting against the unwritten principle of collegiality and that was the last straw

for the Council. Interestingly, this open conflict is, so far, the biggest in Swiss Federal Council history.

In the last ten years there have been only six changes in the Federal Council, so the Swiss government can be considered as one of the most stable governments in the world.

## 2.4 The profile of a Swiss politician – civil servant

As has been previously mentioned, the Swiss Federal Council is not really a government in the conventional sense. Despite having a very wide executive and some legislative powers, it is more an administrative than a governing body. What is more, the Council has a relatively strong position. It can be neither dismissed by a motion of no confidence nor impeached. So who controls the sacrosanct Federal Council? The key to answer this question lies in the way the Council members are selected. Remember that the Council is the broadest political coalition. Its members are not only the representatives of one ruling party, but of all major parties in Switzerland. They have to come to a consensus and to find a common ground. Discussions in the Federal Council are confidential, so no one actually knows who votes for which position. Despite the fact that the Federal Council is composed of political opponents, the Swiss public opinion has never learned of any conflict or tensions within this body. The Federal Council controlling itself is a fantastic example of a genial systemic solution.

President of Switzerland is just one of the members of the Council. *Primus inter pares* – first among equals, not the strong commander on the ship. It's also not the Federal Assembly (or Parliament) that is the strongest body in Switzerland



– remember that every act accepted by this authority can be put to a referendum.

So who rules this strong, rich and stable state? Well, it is the citizens who are the sovereigns of Switzerland. Swiss politicians play the role of civil servants, coordinating the implementation of the politics set by the citizens. It's the ordinary citizens who have the last word in all cases – they can say “Check” any time and verify the work of the Parliament. Therefore, the Swiss politicians are never arrogant to journalists or ordinary citizens. There are also few moral scandals in the world of Swiss politics, and not because the politicians in Switzerland have higher moral standards than elsewhere. They are not, however, treated like celebrities, and the media and ordinary citizens respect their right to privacy. This explains the situation described above – that the president of one of the most powerful countries in the world was able to travel by train without bodyguards. His presence on the platform did not cause any commotion among other travellers, just like no one would pay attention to a manager of a large company. This is how Switzerland works. Like a company. With all Swiss citizens as a giant Supervisory Board.

### **3. The key to Switzerland's success**

#### **3.1 Why is Switzerland so rich?**

The Swiss belong to the wealthiest people in the world. According to the World Wealth Report from 2014 (prepared by Credit Suisse Bank), Switzerland is the first and, so far, the only country in the world where the average wealth per adult citizen exceeded 500,000 dollars. It is also number one in the ranking of the most competitive economies in the world

(according to the Global Competitiveness Report 2016 – 2017, prepared by the World Economic Forum). In 2016, Switzerland was placed 4th globally in the Index of Economic Freedom. And the list goes on; if Switzerland is not a leader, it is in the top five of every ranking concerning the wealth of the country or its citizens, regardless of the adopted criteria.

Why is Switzerland so rich despite the lack of natural resources, profits from colonial conquests and a quite difficult topography? How many times do we fall into the trap of fallacies when we want to answer this question? There is a Polish saying: “the first million must be stolen”. Accordingly, Switzerland is being accused of growing rich through its banks harbouring foreign money. Which is true – stability attracts savings – but only 13 – 15% of Swiss GDP is earned by the Swiss Banks. Over 80% of Switzerland’s wealth is created in innovative pharma, high precision machinery and many other highly specialised sectors.

In order to find out what is the real source of wealth in Switzerland, you have to look at the history of its economy. Even after quick analysis it becomes clear that the deep roots of the Swiss economic structure originates in the 19th century.

Two hundred years ago, Switzerland was a relatively poor country torn apart by civil wars and religious conflicts between the cantons. Switzerland was “exporting” great soldiers and commanders, as well as cheap workforce. This is where the word “schweizer” (swiss in German) comes from – since Swiss people were commonly employed in the position of hotel doorman. A crucial step to peace and prosperity was the Federal Constitution, which was constructed in 1848. The Constitution confirmed Swiss neutrality and confirmed the principle of autonomy of cantons. Thanks to that, every

canton could be still ruled by its people, giving only necessary rights to the Confederation. The peaceful and stable country developed economically. Nevertheless, in the first half, and the beginning of the second half, of the 19th century, a part of Switzerland was very poor. The economic situation of Switzerland began to thrive with the industrial age, at the end of the 19th century. However, the bases of prosperity were created much earlier.

Everyone knows that Switzerland has a flexible, diversified economic structure, based on precision industries, tourism, export-oriented agriculture, banking and financial services. Where do these remarkable specializations in this small mountainous country come from?

Let's start with agriculture. Already in the Middle Ages, Swiss farmers almost completely gave up on cultivation and went into the breeding of dairy animals. Specialization in the dairy industry gave a basis for the production and export of cheese and chocolate.

And why the watches? The answer to this question lies in the religious tolerance of Geneva. In the 16th century, thanks to the conflicts between Catholics and Protestants in France, Switzerland became a successful manufacturer of timepieces. The French Calvinists escaped the prosecutions and found shelter in Geneva. It is them who brought the art of watch making to Switzerland. However, the boom for watches started in a very unusual way. At the end of the 16th century, Geneva was quite a rich town, famous for goldsmiths and enamel adornments. However, according to strict Calvinist rule, it was forbidden to wear jewellery. A watch, because of its practical use, was the only allowance from this principle.

The French refugee – watchmakers and the goldsmiths in Geneva joined forces which led to the birth of the celebrated Swiss watches. In the 17th century, their production was so advanced that many artisans moved to other French-speaking cantons, and Switzerland has dominated the watchmaking world ever since.

Chemical, mechanical and pharmaceutical industries evolved from textile industries from the 19th century around Basel and Zurich. At the same time, natural beauty of Switzerland was discovered by English aristocrats, who were undertaking their life's journey, known as *Grand Tour*. The Industrial Revolution was also the time when Swiss banks and the Swiss insurance companies were born.

Despite this, Switzerland was still a partly poor country at the end of the 19th century, yet in the middle of the 20th century, it was labelled as one of the wealthiest countries in the world. Why and how did Switzerland become so rich so rapidly? **There were many reasons: lack of patent law, free trade, emigration and, of course, peace amongst the chaos of war.**

Switzerland introduced a patent law including chemical and pharmaceutical inventions in 1907. Before that, the Swiss and some other European entrepreneurs were constantly copying technologies, especially pharmaceutical ones. However, this patent law was rather selective, and, for example, the possibility to patent chemical substances only came into being much later, in 1978. No wonder then that Switzerland has become the home of the largest pharmaceutical companies, such as Hoffmann-La Roche, Novartis, Sandoz, or Janssen-Cilag.

Because of the lack of industry patents, Swiss entrepreneurs had no restrictions. There were also no boundaries for imported products. Let's compare the custom duties to the import duties in 1875. In the USA it was 40-50%, whereas in Switzerland it was only 4%. **The threat of import of foreign goods was a huge motivation for Swiss entrepreneurs to maintain high quality with low prices for their products.**

Another reason for the rapid economic growth were immigrants coming in large numbers to Switzerland, attracted by the new employment possibilities and political stabilization. In 1880, Switzerland had 3 million residents. At the beginning of World War II, the population of this Alpine country had increased to up to 4 million people. Another million arrived in the next 13 years (1953), and yet another million in the following 14 years (1967). In 1994, there were already 7 million residents in Switzerland and only eight years later, in 2002 – 8 million. Currently, it is estimated that around 25% of the population of Switzerland are not native Swiss.

Undeniably, the rapid growth of the number of immigrants to Switzerland is impressive, but one cannot forget that it is also due to them that this country grew wealthy. Among those immigrants were many entrepreneurs tempted by the new opportunities opening up in Switzerland. Those included, for instance, Henri Nestlé – a refugee from Germany, founder of food and beverage giant Nestlé and Antoni Patek from Poland, co-founder of Patek Philippe & Co., famous for its luxury watches.

In the discussion about the sources of the Swiss prosperity, we cannot forget about probably the most important reason: peace and political and economic stability in the 20th

century. Switzerland was not affected by the First World War, which ruined many European countries. In 1935, the Swiss introduced the Bank Secrecy Act. Neutrality, solid banks, and strong well-prepared army to defend its territory made Switzerland an entrenched world treasury for many during the Second World War. After the War, while the whole of Europe was rising from the ruins, the Swiss industry and the financial sector remained intact and were developing as never before. Switzerland was exporting products on a massive scale to the destroyed nations of France, Italy and Germany. The banking sector was also thriving, because Switzerland gained the reputation as a safe haven and international treasury of money, gold and other valuables. After all, during the Cold War it was believed that the outbreak of the Third World War was only a matter of time.

Thanks to the unique system of direct democracy, paradoxically, Switzerland has one of the most stable political systems in the world. Why paradoxically? Because it is believed that giving power to ordinary citizens will mean the threat of populism. Switzerland is an example that brings down this myth. The Swiss repeatedly prove that they are able to govern their own country wisely. It's the citizens, more than the parties, who rule Switzerland, and that's the reason why its political system is much more stable than in other European countries. Undeniably, making constantly changes to current legislation is labor-intensive; but on the other hand, it helps the country to adapt to the new challenges ahead. Crucially, political stability is one of the key conditions for economic development.

Direct democracy affects economy in an unequivocally positive way. According to Professor Patricia Funk from the University of Barcelona and Professor Christina Gathmann from the

University of Heidelberg, even the initiation of a referendum concerning the economy makes public expenditure decrease by 12%. **Another source of Swiss wealth is tax competition between cantons.** This topic is a thorn in the side of European Union's elites, which introduced minimum VAT and is trying to limit tax competition between its members. Meanwhile, the Swiss cantons and communes enjoy actual tax sovereignty. And so, in 2017 the lowest taxes are in the canton of Schwyz, (41.6% of the national average) and the highest are in Geneva (137.9% of the national average). Tax competition induces the reduction of expenditures. However, this does not have any negative impact on the quality of life in Switzerland. According to many independent studies, the Swiss actually enjoy a very high standard of living.

Switzerland, however, would never have achieved such prosperity if it wasn't for one, very important, character trait of its citizens, and it will be the subject of the next chapter.

### 3.2 Swiss mentality

The Swiss would never have achieved such prosperity and high standard of living if not for their national character. Their difficult past: poverty and harsh living conditions, but also the traditions of direct democracy, self-governance and Protestantism in the big cities have created excellent conditions for the development of the distinctive Swiss mentality. This mentality is often a source of jokes and stereotypes. "Typical Swiss" – mutters a latecomer from Southern Europe looking at his always-punctual colleague from Bern, who is pointedly pointing to his watch. "Typical Swiss" – say foreigners looking at their neighbour who goes to work at 6 am, even though he holds a senior position in his company. "Typical Swiss" – says

the car dealer, amazed that his clients who, despite owning a sizeable bank account, are choosing practical and comfortable vehicles, instead of prestigious ones.

So who is this typical Swiss? Let's go back to Mr. Yann Dupont of Porrentruy. Yann works many hours and is very loyal to his company, but free time is sacred for him. He usually spends weekends in the open, teaching his children the love of mountains and nature. He believes that only hard work and savings can be a source of wealth, and is very suspicious about any financial manipulations. He doesn't trust easy solutions. Yann saves his money in a bank and uses a complex insurance system to provide security for his family. His car is good, reliable and practical, but not luxurious. Yann even paid extra for the additional option so it does not have any branding on the back. There is nothing to boast about, like a brand or engine capacity, just its functionality. That's what a typical Swiss thinks. Mrs. Dupont works only on a part-time basis, mostly because she takes care of her children. Yann is attached to the traditional values, and is glad that his wife is home, even though he says that he is for the gender equality. Mr. and Mrs. Typical Swiss have a cleaning lady and a nanny who are like family to them. They are not ashamed to invite them to dinner or to a birthday party. Yann considers himself a good and responsible man. He is not the first one to judge, neither he is hasty. Always precise and punctual, just like his reliable Swiss watch.

Thanks to those characteristics, his country has achieved enormous economic success. Prosperity would never exist in Switzerland if it weren't for the Swiss attitude towards work and money. The Swiss work a lot and earn a lot – that is a fact. As I wrote before, Swiss citizens rejected an initiative



to extend their annual paid vacation time to six weeks. The vast majority voted against an unconditional basic income for everyone. The Swiss believe that only hard work can be the basis of wealth.



Figure 5. The typical Swiss.

And how do the Swiss spend their hard-earned money? In this case, we should use the metaphor of a Swiss train. I will tell you a story involving my father, who was living in neighbouring Austria at the time. When he visited me for the first time in Switzerland, he decided to take the train. He later told me about his journey: "The international train from Vienna to Zurich was really luxurious. I was wondering what kind of train take me from Zurich to Lausanne. Maybe there will be seats with massage functions, a stewardess with coffee in

a golden cup – it’s Switzerland after all, the richest country in the world... And what came to the station was the most ordinary train! Clean, comfortable and practical, of course, but nothing exceptional!”

I suspect that many tourists may have had similar experiences while visiting Switzerland. It is a fact that the Swiss appreciate functionality more than prestige. Just like the train, they are punctual and pragmatic. They prefer to save money than to spend it on luxuries. Not to mention their famous discretion! Showing your fortune off, buying exclusive brands or luxuriating in your high social status is considered improper and distasteful in Switzerland, and this is actually peculiar to foreigners. Let us use the example of Swiss millionaire and banker Hans Bär, who replaces his cars with identical, but newer, ones, not to make his neighbours feel awkward.

Undeniably, there are many wealthy people in Switzerland, but it is a nation based mainly on the middle class. When you take the distribution of wealth into consideration, it is one of the most egalitarian nations in the world. Although Switzerland has one of the highest concentrations of millionaires, historically and traditionally, it was always less feudalistic than its neighbours. Extremes, on both sides, are rare and well-hidden. Despite its prosperity, it is a paradise for the hard-working and the ambitious, not necessarily from wealthy backgrounds.

## **Conclusion**

Switzerland is an exceptional country. Physically located in the heart of Europe, its mentality is on another continent, or even better, in another Galaxy. There is a reason it is said that Switzerland is a safe island on the rough waters of Europe.

With a unique political system, a non-standard approach to the economy and neutrality, this country is considered as an influential troublemaker by the European Union, and many other international organizations. Switzerland blithely applies many rules questioned by these organizations, proving their objections are groundless. For instance, many countries have avoided referendums on economic issues for fear of carelessness by their citizens. Meanwhile, the Swiss frequently, almost every three months, have an opportunity to decide on very important matters related to taxes, gold reserves or minimum salary. Many initiatives are addressed to the ordinary people who lack the knowledge related to the economy, and even those people are rarely lured into agreeing with populist slogans. So the claim that if you pass the power into the hands of people, with no limits, they will drain the country's budget and will give a wide berth of privileges to various professional and social groups is not true. Undoubtedly, the Swiss rules may be used only in countries with traditions of democracy. But this is the case, however, of most European countries, including Poland. In this country, democracy began to take shape no later than the 15th century. This was not, of course, democracy in the truest sense of the word, because only the upper class, represented by the nobility, could vote. The icing on the cake was the *Nihil Novi* Constitution passed in 1505, which said that any new law could not be introduced without the full consent of the nobility. Apart from the fact that noble democracy degenerated into obscurity during the 18th century, and the Republic of Poland became an empty phrase, our history shows that Polish people are also capable of self-governance.

Switzerland has also had a very difficult history in building itself into a state. Poverty, lack of natural resources or fertile

soil, unfavourable topography, and also multiculturalism, multilingualism and religious pluralism created many struggles. If you add to this its very strong neighbours, who were repeatedly trying to dominate this small, weak state, it, paradoxically, contributed to the creation of the unique Swiss national character. Internal conflicts and lack of homogeneity were the reason to keep the greatest possible powers by the cantons, because it was the only way to prevent the disintegration of the state. What is more, the threat from strong neighbours contained the Swiss national identity. The Swiss had to be always ready to defend their territory.

Prosperity in Switzerland has many pillars, and one of them is, without doubt, a grain of luck. But the real key of Switzerland's economic success is common sense, resistance to negative conditions, hard work and thriftiness.

Just so! "Resistance to bad conditions, hard work and thriftiness" – but these are exactly the characteristics of Poles living and working abroad, according to their employers and contractors. It's the unique generation of thirty- and forty-year-olds, who remember the queues outside shops, empty shelves and tanks on the streets during the Martial Law of 1981, but at the same time who had a chance to begin to grow and work in a free Poland. This is the revolutionary generation, which can operate in harsh conditions. They realize that the primary sources of success are talent, hard work and perseverance. It's the first generation that has truly received a chance from life. This generation has the opportunity to change something in Poland – to follow the example of successful people and take the responsibility for their homeland. The following generations may already be too idle and focused on consumption to take notice.

Who would not want to break off the leash and begin to decide their own destiny? Most people think that this is impossible. But it is, after all, the people of Switzerland who are the rulers of their country. And the president? The president and politicians are de facto only state servants implementing the will of the people!

So now you know why you still do not know who is the current president of Switzerland?



## Contents

PAFERE.....	5
Library for the Governing and the Governed.....	5
Support .....	6
Joanna Lampka.....	7
From the publisher .....	8
Foreword by Andrej Motyl the Ambassador of Switzerland in Poland.....	9
Foreword by Stephen P. Halbrook.....	12
1. Introduction .....	17
2 . Swiss citizens – the supreme authority of the state .....	23
2.1 Direct democracy .....	23
2.2 Federalism .....	30
2.3 The political system in Switzerland .....	36
2.4 The profile of a Swiss politician – civil servant .....	40
3. The key to Switzerland’s success.....	41
3.1 Why is Switzerland so rich? .....	41
3.2 Swiss mentality.....	47
Conclusion.....	50

