

제21차 세종국가리더십포럼

스위스 번영의 비밀

합의 유도 민주주의, 사회적 평등



일시 2020. 6. 5. (금),
15:00~17:00

장소 한국프레스센터 20층
내셔널프레스클럽

주최 경제·인문사회연구회 세종국가리더십위원회

주관 경제·인문사회연구회 정책연구전략센터,
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경제·인문사회연구회
NATIONAL RESEARCH COUNCIL FOR ECONOMICS, HUMANITIES AND SOCIAL SCIENCES



한국행정연구원
Korea Institute of Public Administration

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세부일정

시간	내용	
사회 : 안성호 원장 (한국행정연구원)		
15:00-15:10	환영사	성경륜 이사장 (경제·인문사회연구회)
15:10-15:20	축 사	이제민 부의장 (국민경제자문회의)
15:20-16:20	발 표	H. E. Linus von Castelmur 주한스위스대사 “스위스 번영의 비밀” 합의 유도 민주주의, 사회적 평등
16:20-17:00	Q & A	참여자 전체 Q&A
17:00-18:00		만 찬

스위스 번영의 비밀

합의 유도 민주주의, 사회적 평등


발표

—

H. E. Linus von Castelmur

주한스위스대사



A photograph of a group of people standing outdoors on a paved area. In the foreground, a man in a light blue t-shirt with a 'gentechfrei' logo is holding a white box. Behind him, a woman in a grey top and blue jeans is also holding a white box. Other people are visible in the background, some looking towards the camera. The text is overlaid on the right side of the image.

**Political stability,
economic prosperity,
social equality
and consensus-driven democracy**

Sharing the recipes of the Swiss success story with Korea

Dr Linus von Castelmur
Ambassador of Switzerland to Korea



Italy vs. Switzerland

Renaissance vs. cuckoo-clock



“This \$700 billion European economy is amongst the world’s 20 largest, (...). It delivers welfare benefits as comprehensive as Scandinavia’s but with lighter taxes, smaller government, and a more open and stable economy. (...) The real lesson of Swiss success is that the stark choice offered by many politicians – between private enterprise and social welfare – is a false one. A pragmatic country can have a business-friendly environment alongside social equality, if it gets the balance right. The Swiss have become the world’s richest nation by getting it right, and their model is hiding in plain sight.”

Ruchir Sharma, <The happy, healthy capitalists of Switzerland>
New York Times, 2 November 2019

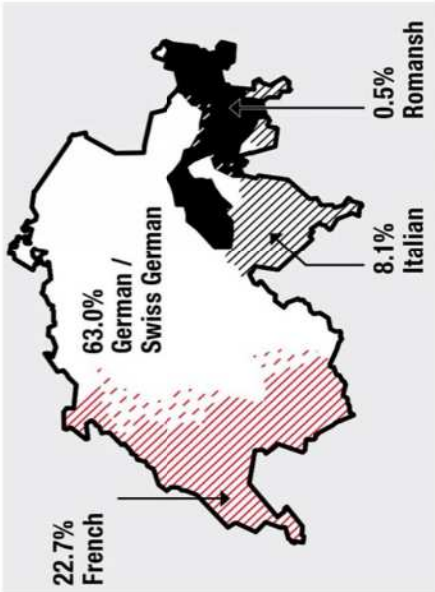
Political stability: Fairness and equity as ethical aspirations

“The Swiss people and the cantons,
in responsibility towards creation,
desiring to renew the Confederation in order to strengthen
freedom and democracy, independence and peace in
solidarity and openness to the world,
in the will to live their diversity in unity in mutual
consideration and respect,
aware of the common achievements and the responsibility
towards future generations,
certain that freedom is only for those who use their
freedom, and that the strength of a people is measured by
the welfare of the weak,
give themselves the following constitution: (...)”

Preamble, Federal Constitution of the Swiss Confederation



Political stability: Small is beautiful & unity in diversity



Population (2018)	8.5 million
Land size	41,290 km ²
Languages	German 63%, French 23%, Italian 8%, Romansh 0.8%
Religions	Catholic 35%, Protestant 23%, other Christian 6%, Jewish 0.2%, Islamic 5%, others 1%, no religious affiliation 28%

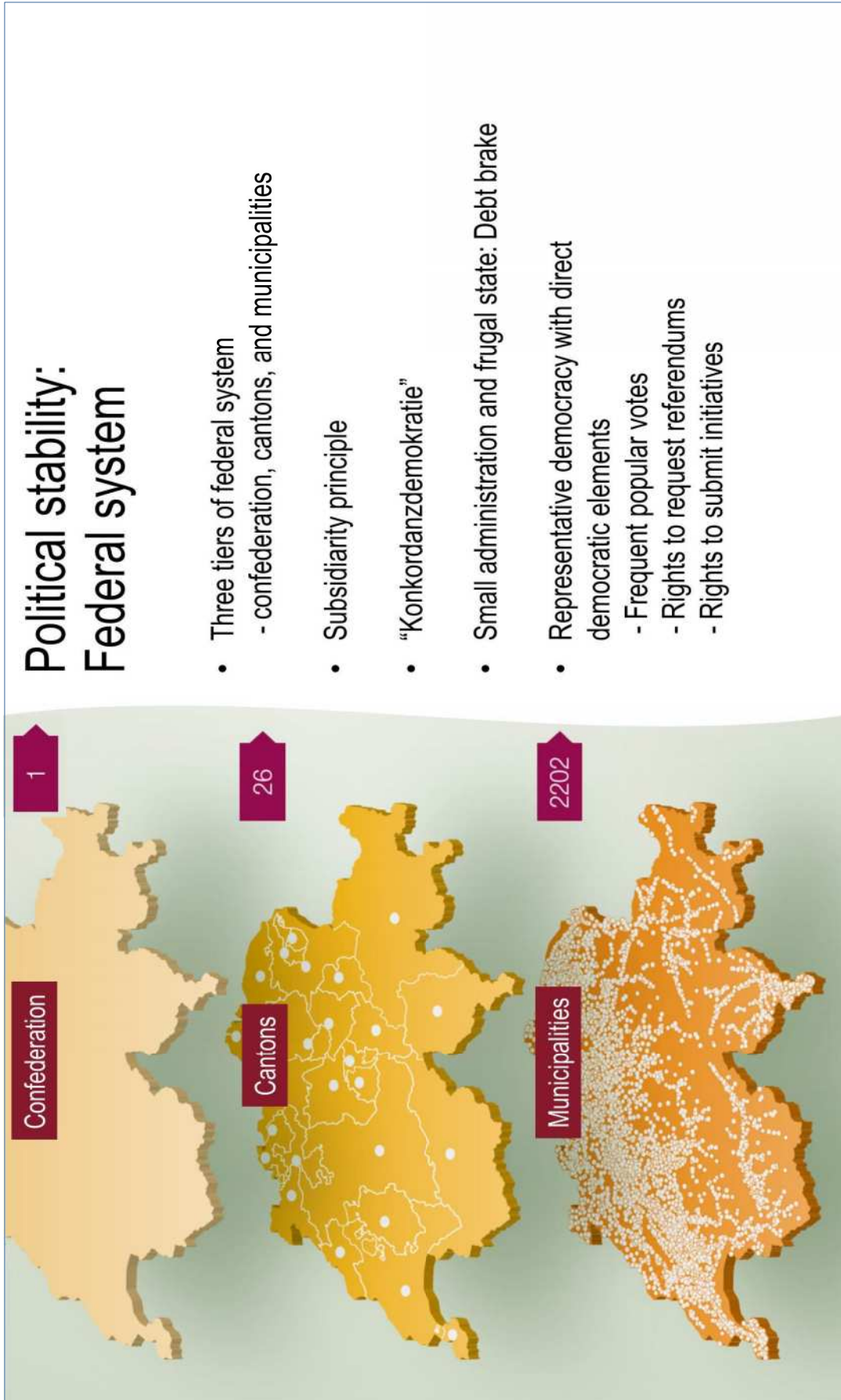
Political stability:
Country of many contrasts

urban 88.4% vs rural 15.2%

old vs. young: aging society
65 yrs or older: 18.5%
Fertility rate: 1.5 children

women vs. men: women catching up
Female suffrage since 1971
Increasing representation: 34% of seats in both Houses occupied by women
(National Council: 42%, Council of States: 26%)
Gender pay gap: 11.52%

Swiss national vs. foreigners
25% of residents are foreigners
Annually, 40,000-60,000 of foreign residents acquired citizenship in 2000-2018



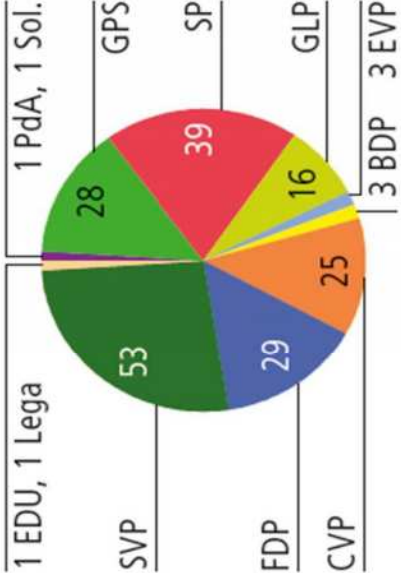


Political stability: “Magic formula” coalition system representing around 70% of the electorate

Political stability: “Magic formula” coalition system

Federal Assembly

National council, 2019: seats

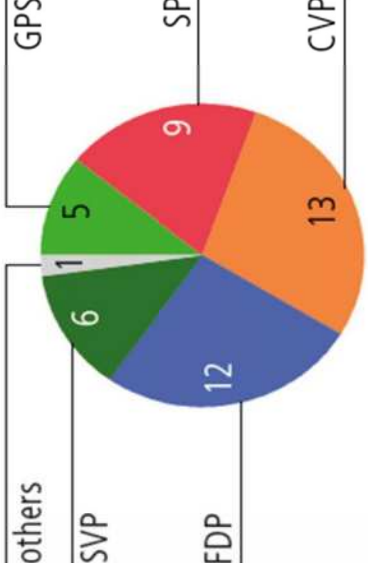


Lower House

200 seats

Representing people

Council of States, 2019: seats



Upper House

46 seats

Representing cantons



Political stability: Niche player in international affairs

- Universality principle: Engaging all states
- Value-based pragmatism
 - Democracy, human rights, humanitarian commitment
 - Solidarity, support for less developed countries
 - Sustainable development, environmentally-friendly policies
- Mediation and good offices
- Geneva: host of the second UN seat, 41 international organizations, 750 NGOs

Economic prosperity : small country, strong economy

- GDP in 2018: USD 705 billion
- GDP per capita in 2018: USD 82,839
- GDP per capita in PPP in 2018: USD 68,096
- Export: USD 310 billion in 2019
- Composition of GDP (2017)
 - agriculture (incl. farming, forestry) : 0.7%
 - industry (incl. manufacturing, energy production, construction): 26%
 - services (incl. government, transportation, communications) : 73%



FT 500 World's largest companies

[illegible]

Economic prosperity: Switzerland as a capitalist powerhouse

South Korea (KRW)							
HyundaiMobis	186500	2500	268500	126000	2.16	8.11	14248.85
KoreaElecPwr	21500	250.00	29500	15550	-	-7.41	11093.7
SK Hynix	81400	100.00	106000	62400	1.23	35.55	47630.42
SamsungEl	48850	100.00	62800	41300	2.87	15.58	234396.05

Total market capitalization: USD 309 bil.

Switzerland (SFr)							
ABB	18.66	0.42	24.69	14.11	4.04	43.13	41646.66
Credit Suisse	8.14	0.16	13.80	6.18	3.18	5.32	21427.92
Nestle	103.62	0.86	113.20	83.37	2.18	26.14	318048.6
Novartis	83.11	0.93	96.38	55.09	3.06	30.17	211063.29
Richemont	53.50	1.34	87.44	44.64	3.61	20.64	26747.75
Roche	349.00	2.10	357.85	260.35	2.30	24.19	252400.41
Swiss Re	63.08	1.18	117.05	52.68	7.79	29.51	21259.65
Swisscom	492.70	-0.20	577.80	446.70	4.12	16.53	26272.91
Syngent	453.40	0.90	471.20	402.50	-	39.22	43035.76
UBS	9.64	0.13	13.28	7.00	6.37	9.45	38286.65
Zurich Fin.	252.90	7.00	439.90	248.70	5.83	11.83	45364.95

Total market capitalization: USD 1,005 bil.

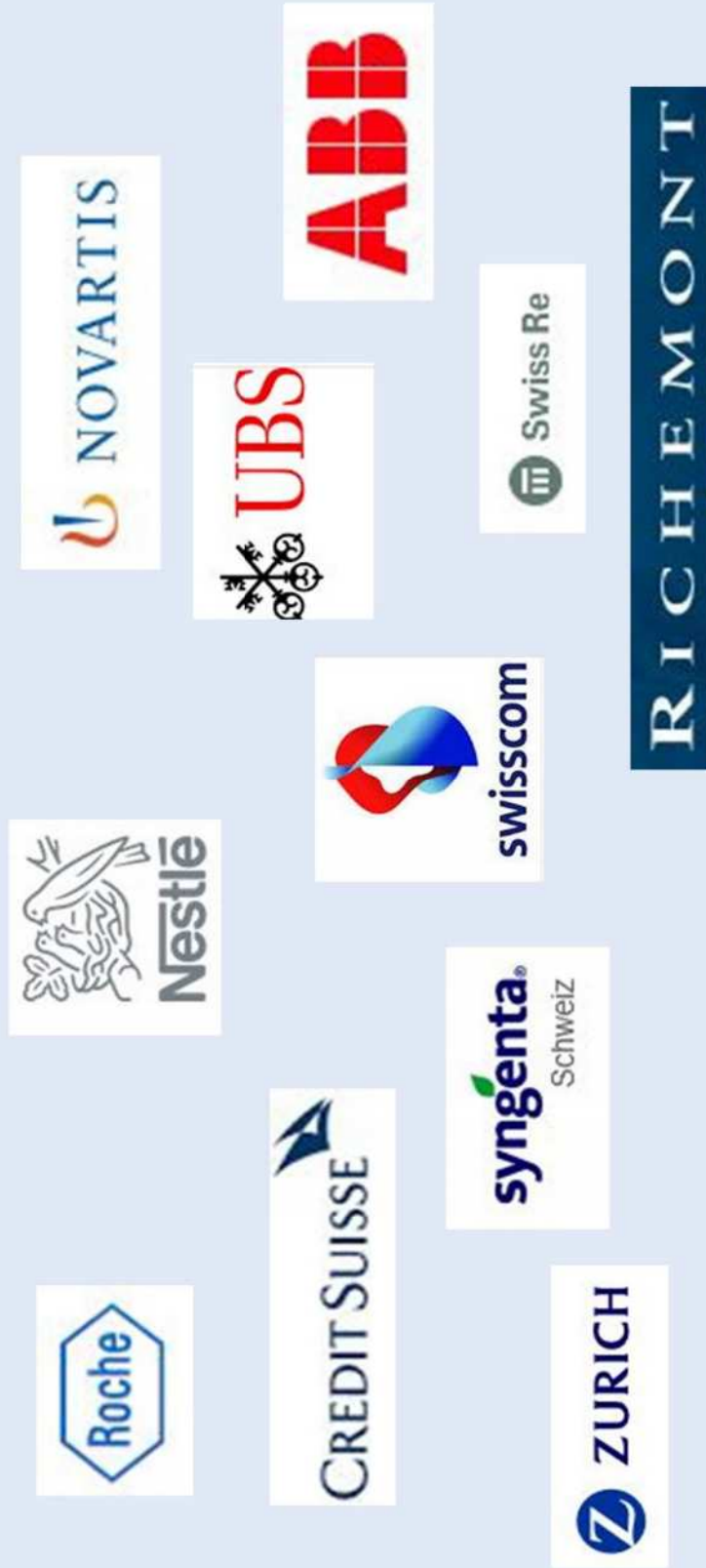
Out of FT 500 biggest companies,

Korea: 4, Switzerland 11

US: 192, China: 45, Japan: 35, UK: 28, France: 26, Germany: 18, Russia: 7

Canada: 19, Sweden: 10, Australia: 9, The Netherlands: 5, Norway: 3, Denmark: 3

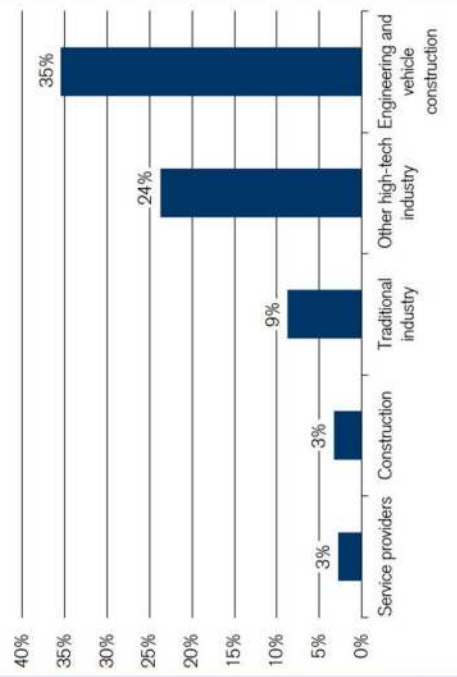
Economic prosperity: Major players



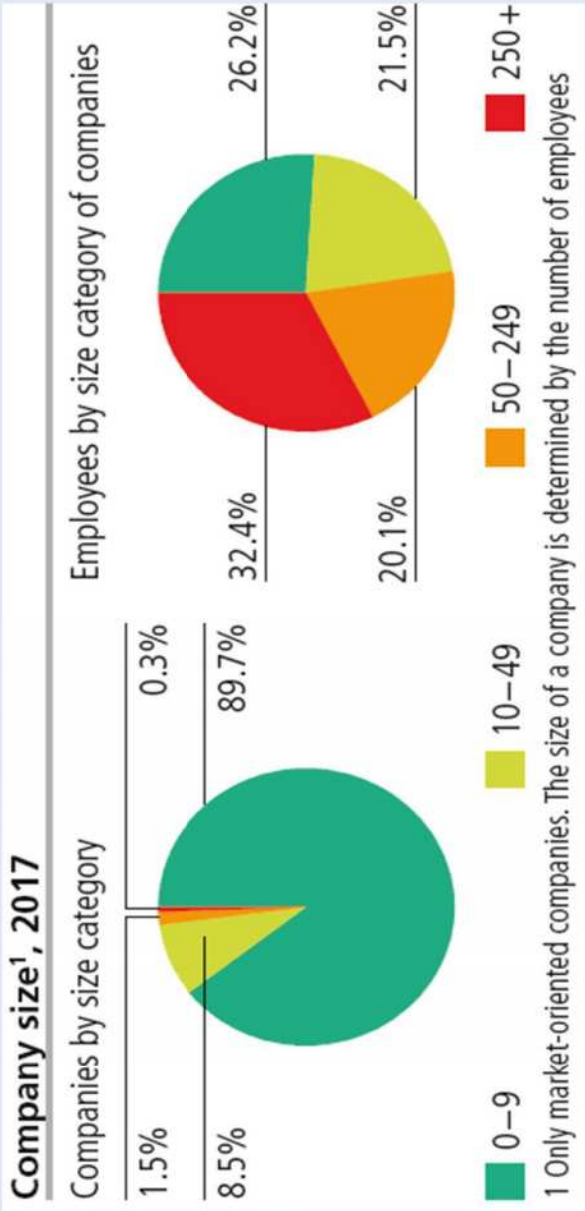
Economic prosperity: Land of hidden champions

- “One in seven industrial Swiss SMEs sees itself as a global market leader”, *Credit Suisse 2018 Swiss SME economy report*

- Share of hidden champions as percentage per sector

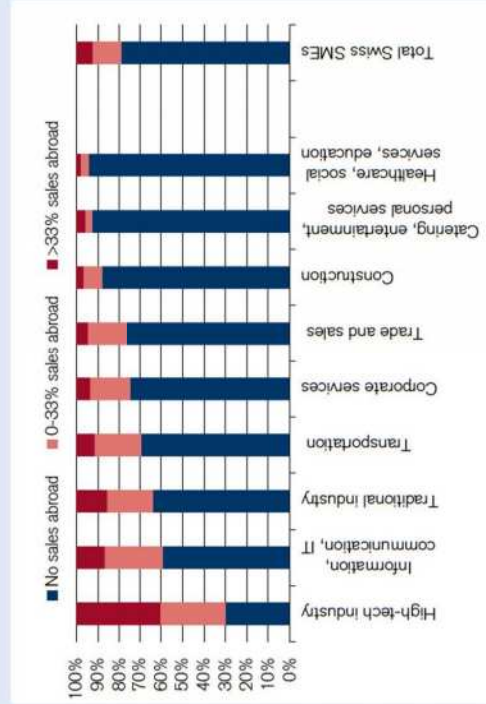


Economic prosperity: Strong SMEs are fundamental

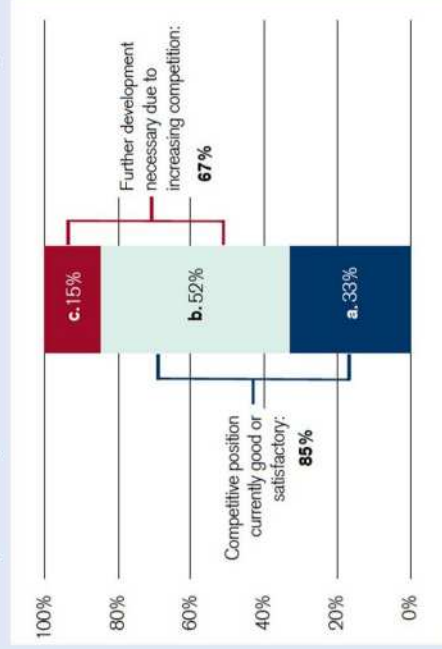


Economic prosperity: Strong SMEs are fundamental

Share of sales abroad



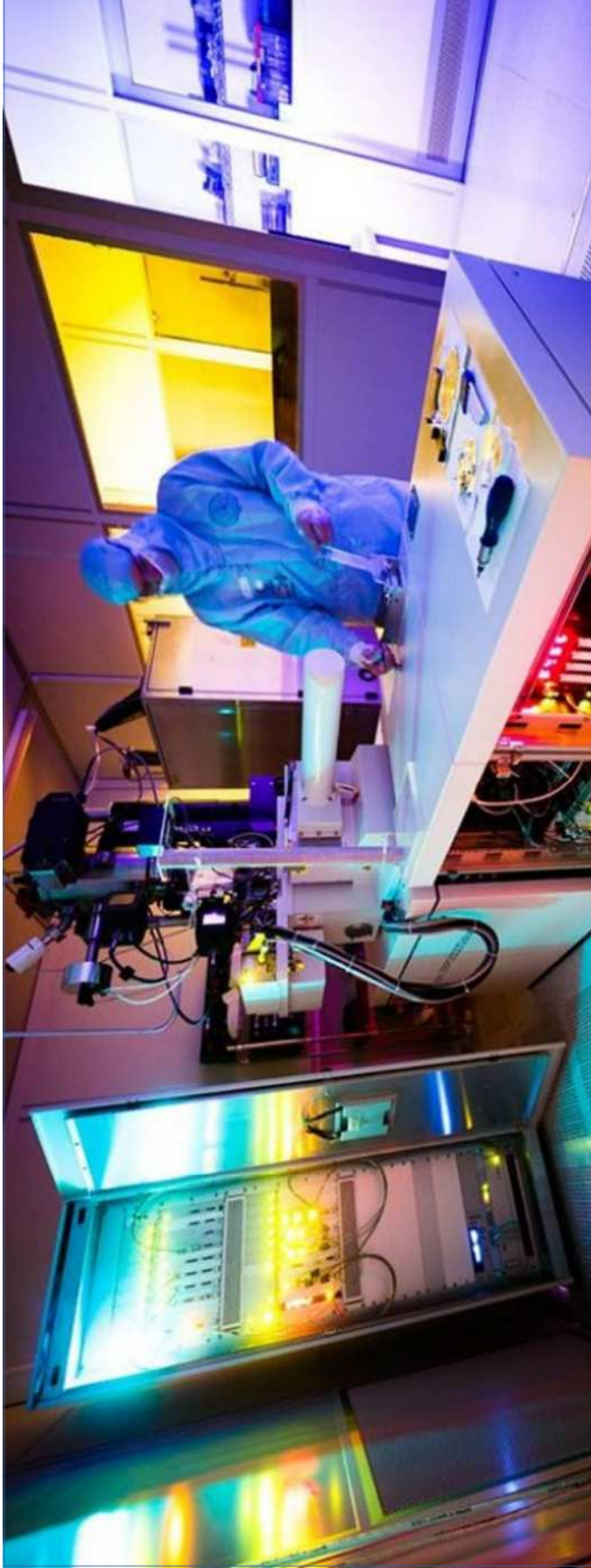
Competent position must be constantly defended



Economic prosperity: Tapping the full benefit of immigration

- 52% of CEOs from 50 largest Swiss firms are foreigners
- Annually, 40,000-60,000 of foreign residents acquired citizenship in 2000-2018
- 25% of residents in Switzerland are non-Swiss.
- The percentages of foreign students in leading Swiss universities range from 20% to 50% , of foreign professors between 30-50%, researchers nearly 60%.

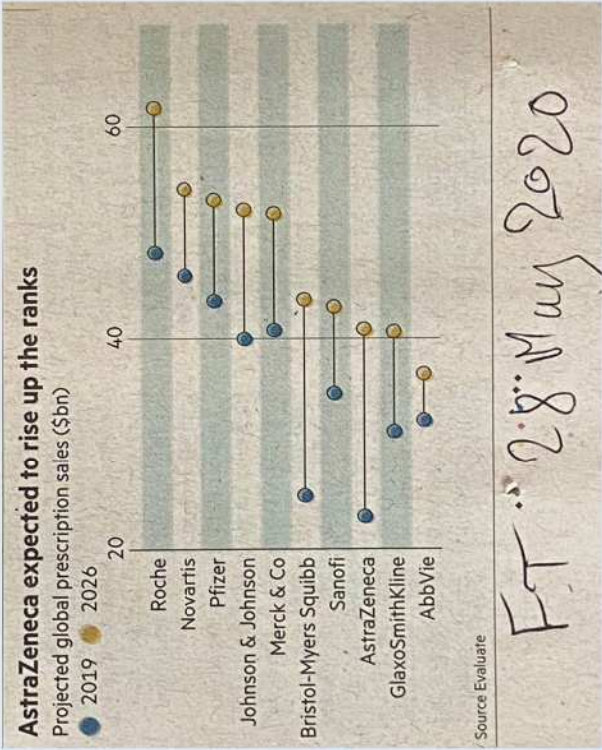




Economic prosperity: Investment in education and R&D

- Education expenditure: 5% of GDP
- Research and Development expenditure
 - in 2017, 3.4% of GDP was spent
 - 70 % spent by private industry
 - 30 % by higher education institutions
- Culture that promotes innovation and critical thinking
- High salary for scientists

Economic prosperity: Biggest spenders in R&D





USD 11.7 billion (2019)



USD 8.15 billion (2019)

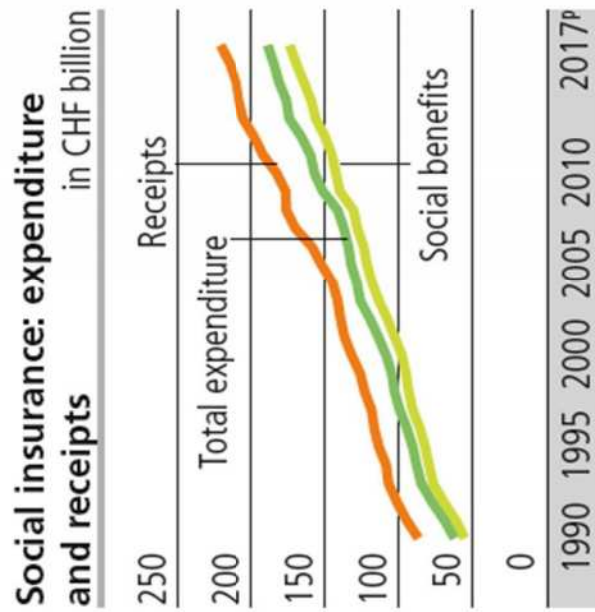
Economic prosperity: purchasing power, moderate taxes, high prices

- Median monthly income: USD 6,700 (40 hrs per week)
- Old people pension:
average USD 1,600 + pension (50% of the last salary: average USD 3,350)
= average USD 4,950 per month
- Tax simulation: a married couple earning CHF 150,000 per year pays approximately 25% as their income tax
- No inheritance tax for spouse/ daughters/ sons; low inheritance tax for others
- Consumer prices: 30-40% higher than Germany, France, Italy

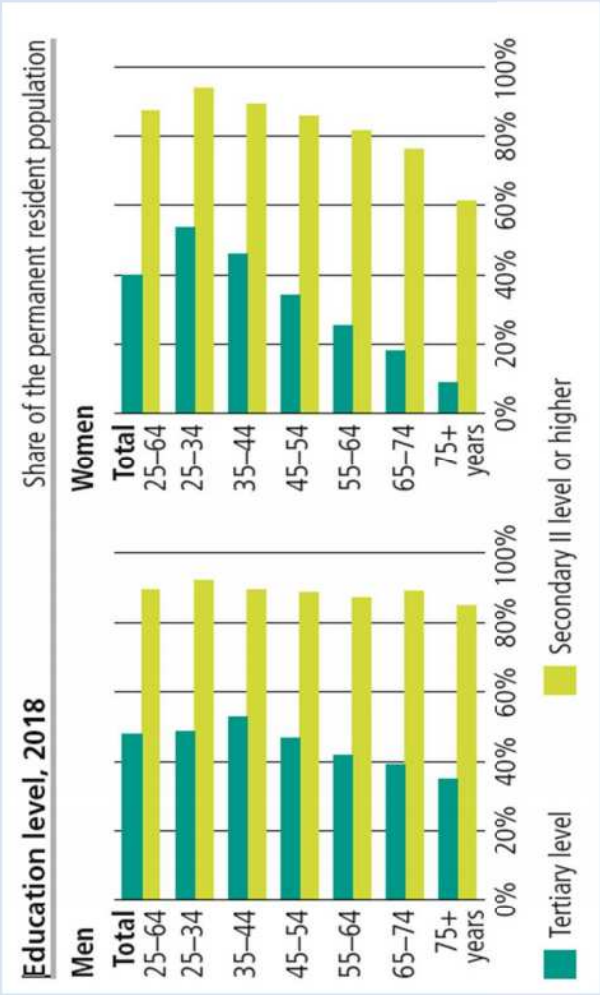
Social equality: egalitarian society

- Three-tiers of social security system
 - First tier
 - : coverage of basic needs (e.g. education, public security)
 - Second tier
 - : insurances to cover risks concerning old age, illness, disability, unemployment and maternity
 - Third tier
 - : broader social assistance (e.g. benefits for housing, unemployment..)
- Narrowing gender wage gap: 16.6% in 2008 → 11.5% in 2018

Social equality: strong social protection



Social contribution by function, 2017 ^p	in %
Old age	42.4
Sickness / healthcare	31.7
Disability / Infirmary	8.1
Survivors	4.8
Family / children	6.0
Unemployment	3.6
Social exclusion	2.4
Housing	1.1



Social Equality: Ensuring social mobility

- Valuing skills rather than certificates
- Vocational education system (VET) provides on-the-job training
- Equitable learning environment: open opportunities for further education
- Respect for professional skills and experiences : e.g. CEO of UBS, Sergio Ermotti

Social Equality: Protection of minority

- Multiculturalism
- Anti discrimination



Consensus-driven democracy: federalism

- No center, no peripheries
- Subsidiarity principle: the federal government only takes on tasks that cantons and municipalities cannot manage (bottom-up approach)
- Strict power-sharing between federal and local governments: more organizational power to minorities and regions

Consensus-driven democracy: distribution of competences

Federal government

- Defense
- Foreign policy
- Social insurances

Cantonal government

- Security
- Education
- Health
- Culture

Consensus-driven democracy: mechanism of direct democracy

Initiative: citizens' right to propose new law (100,000 valid signatures needed)

Referendum: citizens' right to *approve or reject* law enacted by the legislative

Consensus-driven democracy: Fiscal Federalism

- Main tax authority lies with the cantons:

Whoever takes profit pays, who pays decides

- National Financial Equalization Scheme

- Reducing cantonal differences in financial performance to guarantee fiscal autonomy and balanced development throughout the nation
- Equalization of burdens: Geographical, topographical, socio-demographic burdens are equalized
- Equalization of resources: Resource weak cantons receive money from rich cantons (horizontal), and the confederation (vertical).
- Target per capita resource allocation of at least 85% of the Swiss average is exceeded in all cantons in 2016-2019



Conclusions: Recipes

1. National reconciliation: overcome divisions and ideological fractures
2. Solidarity and justice: decent living for everybody
3. Getting citizens involved in democratic governance
4. Political and financial federalism: subsidiarity principle
5. Education and training
 - give a chance to everybody
 - skills are more important than certificates
 - reward performance

Conclusions: Recipes

6. Open society
 - tolerance and respect for diversity
 - foreign talents play a crucial role
7. Pragmatism: non-hierarchical society and frugal states
8. Good relations and cooperations with neighboring states

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