THE SWISS MODEL

Micheline Calmy-Rey

THE end of the Cold War, the integration of almost all states in a globalized world, and technological progress have brought about a marked geographical redistribution. The share of the industrialized countries in world economic growth has fallen sharply. China has become the second leading global economic power. The OECD predicts that by 2030 the economies of developing countries, including those of emerging countries, will account for 60 percent of global GDP.

We are now witnessing a rapid reshuffling of economic cards. In historical terms, there is nothing surprising about this. Before 1800, China was still a great world power, as it had been in previous centuries—one of the centers of world civilization and politics.

While Asia's economic renaissance is due in particular to the development of its industrial capacity and modern services, other regions of the world are benefiting from the huge demand for resources, especially for oil and natural gas, but also for a large number of important industrial metals and food products needed for a fast-growing world population.

This is particularly true for the Persian Gulf region and Russia, but also for a number of Latin American and African states, as well as for the U.S., which is overtaking Russia as the world's largest producer of oil and gas.

As for political developments, we have to conclude that a coalition of Western nations was unable to set the agenda in Copenhagen or in Rio, and that it has been ineffective in bringing peace to the Middle East or preventing wars in Georgia and Ukraine, or averting disaster in Syria. U.S. influence waned during the Iraq crises of 1991 and 2003, and continues to decline.

These trends are further strengthened by demographic developments, which will have a strong impact on Europe. It is estimated that by 2050 there will be three Africans and eight Asians for every European.

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The uninterrupted hegemony of the West, which has prevailed in various forms since the eighteenth century, is now coming to an end.

Our multipolar world is globalized and interdependent. Cross-border movements of goods, services, capital, know-how and, to a lesser extent, persons, have woven an increasingly tight network of interdependence between states and their societies and between states themselves. Globalization as a phenomenon barely existed in the era of the Silk Road or during the emergence of capitalism, and remained marginal even in the post-war period. Today, however, we are witnessing a high degree of globalization. Collectively, the world has to face significant challenges, the most pressing of which are poverty and social polarization, population growth, climate change and degradation of the environment on a global scale.

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These developments have also influenced the role of the state. In past centuries, states largely dominated international relations; but today they no longer enjoy this monopoly. From a political point of view, the role of international organizations, as well as that of other actors, has grown in importance. For example, it is impossible to ignore the fact that multinational companies exercise their influence on a global scale. We cannot fail to be aware of the extent to which financial markets not only dictate the behavior of states, but also exercise a controlling influence over global development.

And we have to acknowledge that civil society is no longer ready to accept the domination of states in international relations. By taking full advantage of information technology, civil society has gone global, no longer content to operate only within national borders. It exploits social networks and has acquired sufficient power to shake up governments. The efforts of certain states to control social networks underline the growing importance of transnational civil society.

We are not exaggerating when we conclude that states no longer dominate international relations, but rather participate together with other actors.

This represents a profound change in international relations in general, and in the role of states in particular.

A New Global Architecture

Transitioning from a state that dominates to a state that interacts and cooperates constitutes a major change; it modifies decision-making structures and compels us to design a new global architecture.

To sum up: we have moved from a planet dominated by the European continent to a multipolar world, all within a century. By multipolar world I mean a world in which the decision-making centers have proliferated and become decentralized and a world in which the balance of power has become more complex. In my view, interdependence and multipolarity are the two defining characteristics of our times.

In such a world, global governance is becoming increasingly necessary—indeed, it is a necessity. We have the technology, the knowledge and the financial means to tackle current global challenges. But to succeed, we need to do a much better job of balancing the different interests involved. To prevent dangerous climate change, the interests of the countries of the global South must be taken into account, and the importance of the general welfare can no longer be underestimated.

This, in turn, cannot be done without rethinking the foundations of international governance. No higher authority will ask us for proof of today's global challenges, nor will it impose restrictions on us as to how we meet them. We have to ask pressing questions such as:

Who defines the nature of the risks and problems we are facing? Who is responsible? How can we make sure that everyone benefits from development?

For the international community to answer them, it needs to engage in a discussion on norms and values.

First, the problem of global justice must be solved. This doesn't mean depriving nation states of their self-determination. But justice has to be inclusive—it has to encompass all of mankind.

Global justice is the main prerequisite for sustainable development. By maintaining non-sustainable ways of life, we are being unfair to many, and that on a global scale. Our current way of life cannot be extended to all of mankind, nor can it be passed on to future generations. Therefore, we must find meaningful and just solutions for the planet as a whole.

The world is interconnected politically, economically and socially: justice cannot, thus, be limited by national or regional borders; that would be an illusion. Institutional structures and policies must be set up to improve the situation of the poorest segments of the world's population; resources and opportunities must be distributed in such a way as to maximize freedom of choice for these groups in order for them to enjoy a real and sustainable way of life; conflicts must be solved in a peaceful manner. Justice is far more than a moral, philosophical or ethical question. Justice and fairness form the bedrock of modern societies.

Second, we need a more plural vision of governance. We have entered a multipolar world, where local, national, regional and global processes are interlinked. In an interconnected world, states make decisions not only for their own people but also for others. This vision gives importance not only to states, but also to local governments, multilateral agencies, transnational actors, business forums, non-governmental organizations, civil society groups, human rights and advocacy groups.

Third, we need to work in an interdisciplinary and holistic manner. International governance remains fragmented. But we face global challenges, and major efforts and institutional innovations are needed to put policy changes into practice, both in national governments and in multilateral organizations; the same applies to the need for close cooperation between government departments, foreign ministries, development agencies and international organizations.

Let's take the example of sustainable development. It encompasses ecological and environmental, economic and social dimensions and they all must be addressed together. Yet, the current regulatory framework is a patchwork emanating from various institutions (i.e. international organizations, programs and funds) and processes (i.e. conferences, forums or monitoring efforts). The normative basis consists of both soft and hard law.

It seems important to enhance the visibility of sustainable development by elevating this issue to the highest level of policy- and decision-making. Due to the crosscutting nature of global challenges, it is not purely a matter for ministers of the environment, the economy, social welfare, but also—and as a matter of priority—an issue for heads of states and

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Photo: Swiss Parlament press office

The institutional heart of Swiss democracy

government. There is a pressing need to build better governance, coherence and accountability at the national and international level.

Fourth, the effects of international governance are limited. Much of the debate on global governance addresses the international level and the need to reform multilateral organizations. In political rhetoric, much emphasis is placed on the importance of international cooperation. But it is sovereign states that make up the system, which is why governance has a difficult time being legitimate: political authorities are obliged to convince their national constituencies and justify decisions taken at the international level within the framework of national politics, despite the fact that they are but one link in the global chain of decision-making.

THE EUROPEAN REACTION

Europe has reacted to these changes by a process of integration. Nevertheless, it still faces major challenges: a "domestic" and an international challenge.

A key domestic challenge involves Brussels and EU Member States engaging in a debate about the best way for the European Union to evolve. Questions include: should it evolve into something more integrated and united? Should the EU allow its members to integrate at different speeds and with dif-ferent degrees of integration? Or would such an approach be the beginning of the end? In this regard, Switzerland's institutional architecture could serve as inspiration.

How does Switzerland's model allow eight million people to fare among the most competitive economies in the world? How does Switzerland's model provide peace and security for its own population, without being a member of the EU, or NATO? And how does Switzerland succeed in managing a very diverse national reality: four languages, several religions, different cultures and 23 percent of its population not being Swiss?

A British commentator once spoke of "Swissness" in relation to Europe, referring to Switzerland's limited political influence in the world. It is not incumbent upon me to comment on the benefits of the European Union. But when speaking of Switzerland, the very least one can say is that in many ways it is an interesting country—both because our citizens can participate directly in the political decision-making process, and because Switzerland stands out as a uniquely successful model of federation in the European context. Switzerland is a democratically legitimate transnational demos, despite its considerable diversity of languages, ethnicities and cultures.

I am Swiss. And in Switzerland diversity is not an illusion. It is a reality. Switzerland—one of the oldest democracies in the world—is not mono-ethnic, mono-cultural or mono-lingual. In Switzerland, you find a trans-ethnical, trans-cultural and trans-lingual demos.

Switzerland has multiple identities, but in our country people live in harmony. We are not fighting against each other because of our multiple identities. On the contrary, we learnt to take advantage of them. This is reflected in our institutions. They make us Swiss.

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At the institutional level, the Swiss model is characterized by a form of federalism founded on the basis of multiple affiliations. Switzerland did not become a nation state that produced cultural and ethnic minorities. There are no minorities in Switzerland, only constituent parties.

The Swiss approach is bottom up. Swiss democracy was developed step

by step, with considerable political space provided for Swiss citizens to participate directly in democratic processes. Switzerland is a constitutional democracy based on shared institutions (federalism, direct democracy, neutrality) supported by initiative and referendum rights. Frequent elections and votes constitute the common political space.

We reject centralism and recognize the specificity of different cantons and communities, the diversity of languages, religions and local traditions. For example, a possible referendum on financial and tax matters at all levels of authority promotes decentralization and local responsibility. In addition, we have built mechanisms to re-establish balance if necessary: a double majority is required for some popular votes—i.e. a majority of the valid votes cast and a majority of the cantons; another example is the system of inter-cantonal financial equalization.

For centuries the Confederation neither had a legal center, nor a constitution, but only one federal institution without clearly-defined powers. And thus, the role of our Federal Council is more one of ensuring coordination than of affirming power. It is elected without a political platform, and composed of representatives of major political parties who need to find common ground to govern.

Denis de Rougemont, a Swiss philosopher, once commented that the single unifying factor that has emerged from Swiss history has been the common desire to preserve diversity. This gives rise to two important points: First, the importance of arbitration—we feel that conflicts should not lead to crushing the other party. Second, mistrust of even the slightest indication of hegemony, because authority exercised by a single party cannot cater to multiple interests.

On the other hand, the European model is based on the belief that size equals strength. It was born out of a common desire to unite in order to face the challenges of the redistribution of power after World War II. The model is top-down, and is supposed to be applied uniformly to all Member States.

But the Eurozone crisis is turning the European Union into a different kind of union. It is increasingly clear that leaders of EU Member States are no longer able to deal with key European issues without taking public opinion into account. Overwhelmed by their nation's austerity plans, people have taken to the streets to protest against a world in which public priorities are exclusively defined by financial markets, banks and multinationals.

I believe transnational democracy at the European level must engage in a trans-cultural dialogue with participants of very diverse historical and political backgrounds. This does open possibilities for bottom-up approaches to influence outcomes.

This means building a common political space and a strong affirmation of European identity by way of regular and synchronized voting. This is at the heart of the kind of transnational governance of which Switzerland is an example, and this will likely encourage a redistribution and transmission of competencies at the European level, which should in turn strengthen European governance. Regular and synchronized voting in a European political common space would establish confidence in authorities and in the legitimacy of the decisions they adopt; it would also foster a sense of community, developed through a common history, shared activities, joint discussions and common projects.

For such a community to embrace a common destiny—to establish common citizenship in a diverse community like the EU—one cannot rely on one common language, culture or ethnicity; it can succeed only through

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institutions, debates, projects and common policies to which each and every citizen belongs and has to contribute.

I would also venture to say that the European Union is moving towards greater diversity, with varying degrees of integration. The UK did not join the Schengen Agreement, and only 18 Member States are part of the Eurozone. Two Member States refused to sign the fiscal pact and the Eurozone members regularly meet among themselves in order to resolve their problems, and work together to try to reinforce governance in the Eurozone.

A federation is a family of systems of government that features several levels of democratic functioning, whereby each level is invested with a significant set of competencies. This is not to say that the same rules of democratic functioning apply at the level of each and every state. The Eurozone crisis has demonstrated that more power has to be transferred upwards and that the countries belonging to the Eurozone must develop a common monetary and fiscal policy. This would not apply to the other Member States. A centralized approach will not

produce the desired results; instead, flexible institutions will constitute key elements of success.

A democratic European Union would have to accept flexible forms of functioning and integration, because neither a unitary and egalitarian democracy, nor the idea of indivisible sovereignty, can provide for the future of the diversified group of states that make up the European Union. And this is actually where we are currently headed. François Hollande, the French President, strongly advocates a tighter Eurozone, economically sound governance, a banking union, and a monetary fund, while at the same time promoting European enlargement. Angela Merkel, the German Chancellor, supports these arguments, while at the same time leaving the door open for new members to join, and for strengthening the Eurozone. The principle of diversity is thus integrated slowly into Europe's institutional architecture. A model that operates at varying speeds is more likely to respect the specificity of the Member States.

Besides, the European Commission should be able to guarantee that the interests of all Member States are taken into account; it should coordinate and mediate, rather than impose its own will, or worse yet, that of a select few. What happened in Cannes at the G8 meeting would be inconceivable in Switzerland. George Papandreou, the then Greek Prime Minister, had announced in his country that a referendum would be held on the austerity measures imposed by the Troika. He was told off by France's then-President Nicholas Sarkozy and Angela Merkel and forced to cancel the referendum.

My experience says that we should always consider diversity as a chance but must not fall into the trap of believing it is easy. To take again the Swiss example, Swiss people are not a homogenous group and if we consider the various communities living in Switzerland we can see that not all of them have the same opportunities, in terms of access to education, health, jobs, and political representation. Diversity needs efforts—the efforts of integration and inclusiveness. And that means investment and political will. That means public policies and transnational solidarity, therefore the importance of a common sphere in order to implement these policies at a transnational level.

The European Union is an economic model that promotes the free movement of goods, services, persons and financial capital within a common market. There is no mechanism for financial equity between Member States, there is no common social floor, which makes the freedom of movement of persons an interest-ing example, because it is not buttressed by social measures that would prevent wage dumping.

I am convinced that what determines the success of a political system is the ability to protect the rights of the most vulnerable. This requires sustainable peace, a stable political system and great prosperity.

Bruno S. Frey has pointed out that focusing exclusively on economic and financial problems today exacerbates economic and social insecurity, and increases frustration, as well as inequality, in the Eurozone, a space in which the pacifying force of the center is weak and has been weakened further by the Eurozone crisis: the representatives of Member States have yielded power to the Member States of the Eurozone, notably Germany, and to non-democratically elected institutions, such as the European Central Bank and the International Monetary Fund.

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So far we have concentrated on domestic challenges. What about the international challenges the European Union faces?

Without any doubt, the European Union stabilized the continent in the wake of World War II. Europe has developed freedom and prosperity for its citizens. The EU is a stabilizing element not just among its members, but also along its immediate periphery. An example is its role in the Balkans. But most of the case studies that confirm the EU's role as a force for good have applied mainly to either Eastern and Southeastern Europe, or to the European neighborhood itself, but hardly in other regions of the world.

For example, the EU is China's most important economic partner after the United States, and therefore has an interest in peace and stability in Asia. However, the EU's presence and influence are limited in the region, and it plays a relatively small role in trying to resolve conflicts there. Regional conferences often have no high-level European representation, thereby leaving the United States as the main external actor.

I once attended a conference in the United Arab Emirates that focused on the Middle East. I was surprised to hear a former European minister note the importance of the EU's financial aid to the Occupied Territories, while underscoring that the EU played no strategic role in resolving the Israeli-Palestinian conflict.

Another example is the case of the South Caucasus. Following the breakup of the Soviet Union, the EU and its institutions could have played a much larger role. Although the financial assistance provided by the EU was the largest in the region, there is an important disconnect between its efforts and its potential political influence. In Ukraine today, we can observe that Germany is an actor, but that the EU as such is rather weak.

Things are made worse when one considers the shifting balance of powers. New voices are emerging as the West's hegemony fades. It is true that Europe is no match for the United States in the military sense. However, there is room for the EU to focus on its soft power. Instead it has limited its role to economic negotiations, and as a donor. But, above all, the most plausible explanation, in my opinion, is the diverging interests of Member States and the weakness of EU central governance.

On the one hand, we have Member States intent on preserving their own power and sovereignty in international affairs and, on the other, the EU as a whole will need to create room to manoeuvre in order to increase its political and economic weight. That is

the reason why the Union relies on a relatively feeble and confusing organizational structure.

Allow me an analogy with my own country's history. At the beginning of the sixteenth century, we were the strongest military power in Europe. In 1512 we invaded Burgundy, besieged Dijon and imposed a peace agreement on the French king. The same year we invaded Lombardy.

In 1513, we won the Battle of Novara. And what followed this Swiss military success? In 1515, we lost the Battle of Marignano. The divergence of interests between the members of the Swiss alliance and the weakness of central governance

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meant that there was no unified state position regarding the number of troops to send. It was done on a voluntary basis without an authority to say what it had to be. This type of government—I should speak about a coordination force—has some advantages, notably the recognition of diversity and the populations' desires. However, it weakens any attempts at articulating, much less executing, a clear foreign policy.

Europe is very much like Switzerland in the early sixteenth century. Again, I take no position on what the EU should do. However, I do believe

that if a greater role and influence for the EU is desired by its members, they will have to accept more unified approaches.

SCHOPENHAUER'S PORCUPINES

For the European Union to implement a successful transnational demos, the following challenges need to be overcome:

- establishing transnational democracy based on common policies;
- taking into account the diversity of its Member States;
- implementing transnational solidarity;
- and recognizing the principle of subsidiarity, requiring that Member States accept to share their competencies. In foreign affairs, this is the pre-condition for it to be a global actor and to present itself as a unified entity.

I can't help but draw on Schopenhauer's tale of the porcupines that huddled together for warmth on a cold day in winter.

Porcupines are mammals with over 30,000 prickly spines. The closer they draw together, the more they prick one another with their quills, obliging them to disperse. However, the cold drives them together again, when just the same thing happens. After many turns of huddling and dispersing, they discover that they would be best off by remaining at a little distance from one another—a distance that provides warmth while at the same time preventing them from hurting one another.

In short, the porcupines discover a distance that makes their lives tolerable, and still allows them to live together harmoniously. ◉