

# Spotlight

January 2024  
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## The future of liberal democracy Three questions for Wolfgang Schäuble

Excerpt from an interview in Swiss daily *Tages Anzeiger* on 16 October 2023

*In politics, sometimes nothing or not much happens for years. And then the world can change completely within days. Why does politics like to jump ahead in spurts?*

In free societies, where people are doing well, there is a great risk that they will resist change. We may complain about everything, but we really want everything to remain as it is, and that is why we need pressure if we want to change something. Crises are therefore opportunities to realize things that could not have been pushed through earlier. If the pressure is strong enough, it can happen quickly if necessary. Last year, because we had to do without Russian natural gas, we built liquefied natural gas terminals on the German coast within a few months. That is not really exciting, but it was sensational for Germany. Russia's attack on Ukraine has enabled many things that previously seemed unthinkable.

*Donald Trump can become US President again in 2024. Would Europe be prepared for this?*

We do not know whether Trump will be re-elected or what the consequences would be for the transatlantic



Dr. Wolfgang Schäuble at the UBS Center Opinion on 24 October 2023

relationship. What is certain is that if we Europeans make greater contributions to our own security, that will strengthen those forces in the United States that are prepared to stand by Europe.

*Even for small countries like Switzerland, the war brings a turning point. Is there a future for an alienated neutrality in the 21st century?*

Switzerland has played its specific role in Europe and the world in a very responsible manner. It has not merely remained on the sidelines. It has been involved in many international organizations, and it also uses its role to offer a seat to some of these institutions – which is not to Switzerland's detriment. That is why I always disagree when neutrality is ridiculed. Whether it still fits into the world of the twenty-first century is another question.



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Opinion

## Democratic conflict and polarization: healthy or harmful?

Several developments in Western democracies over the past decade have sparked worries about political stability. Standing out are the rise of radical political parties, heated polarization around questions of immigration, nationalism, or social liberalism, and – in some cases – attacks on democratic institutions. However, conflict and choice between

clearly distinctive alternative ideas of how societies and economies should be governed are at the heart of democracy. Democracy needs competition and conflict. But where is the line between healthy and harmful conflict and polarization? Silja Häusermann and Simon Bornschier address this question in our Public Paper.

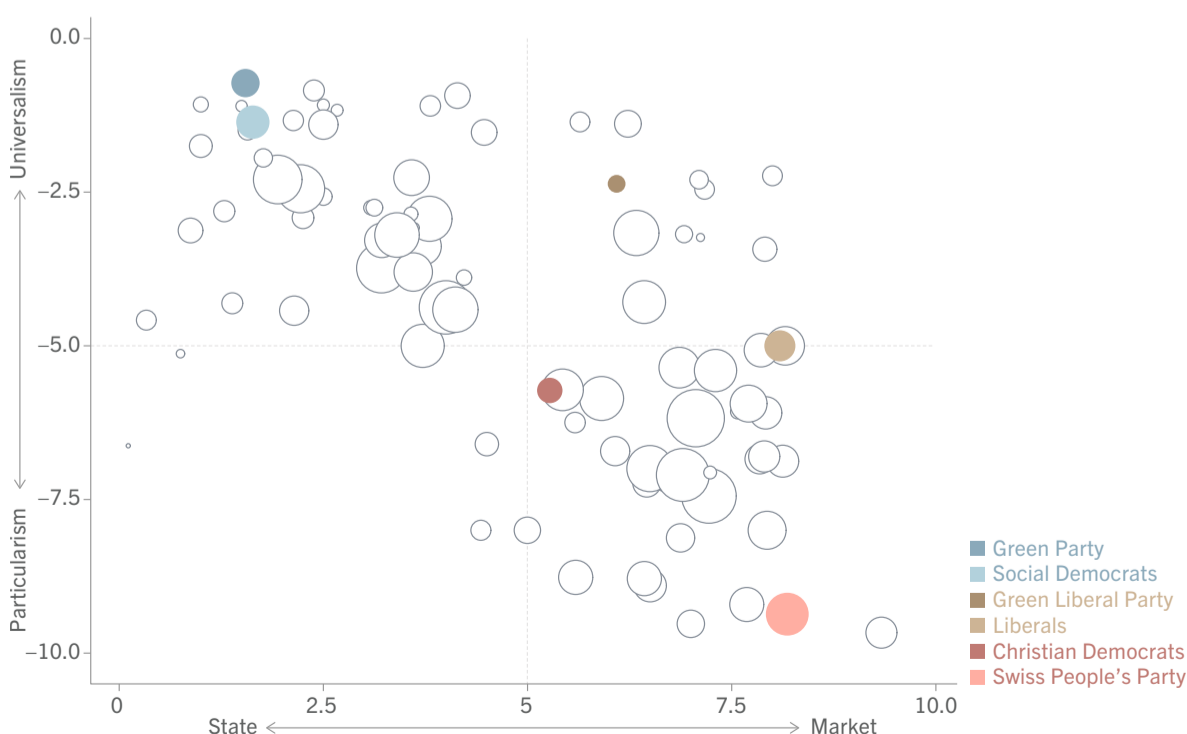


6 January 2021, Capitol riot

Source: <https://www.cfr.org/blog/two-years-after-january-6-some-reasons-optimism> (visited: 09.06.2023).

*“The erosion of liberal democracy is driven precisely by populist leaders that win power and seek to remodel democracy's institutions.”*

Positioning of parties in the ideological space in Switzerland and Western Europe (Swiss parties highlighted)



Source: Zollinger (2022), based on expert data (<https://onlinelibrary.wiley.com/doi/epdf/10.1111/ajps.12743>).



Public Paper No. 14  
by Silja Häusermann,  
Professor at the Department  
of Political Science, University  
of Zurich, and Dr. Simon  
Bornschier, Director of the  
Research area Political  
Sociology, University of Zurich

Download the  
Public Paper



# Federalism – fit for global challenges? Speaker statements

*“The proximity of the cantons to the economic enterprises is important. It leads to better framework conditions and starting points for the companies. But it is also about efficiency. We have to ask ourselves the question: Is the system still efficient?”*

Monika Rühl  
Chairwoman of the Executive Board  
of economiesuisse

*“It is important that we now implement the lessons learned from past crises. We need better coordination between the federal government and the cantons in crisis management.”*

Christian Rathgeb  
former member of the GR government (FDP),  
former President of the  
“Konferenz der Kantonsregierungen”

*“Creeping integration undermines federalism. Competencies and responsibilities must be exercised.”*

Christoph Schaltegger  
Professor of Political Economy  
(University of Lucerne)



Wirtschaftspodium Schweiz on 7 April 2023



Ueli Maurer, former Federal Councillor (SVP),  
at the Wirtschaftspodium Schweiz on 7 April 2023

*“How strongly does a federal system insure itself against shocks? Data for Switzerland shows that there is a relative redistributive effect of 20%. The insurance function is relatively small at just under 10%.”*

Lars Feld  
Professor of Economic Policy  
and Economics (ALU Fribourg)

*“Is the representation of the cantons in government, as it was defined in the stagecoach era, still correct today? This is a question that should be discussed again and again.”*

Min Li Marti  
National Councillor (SP)

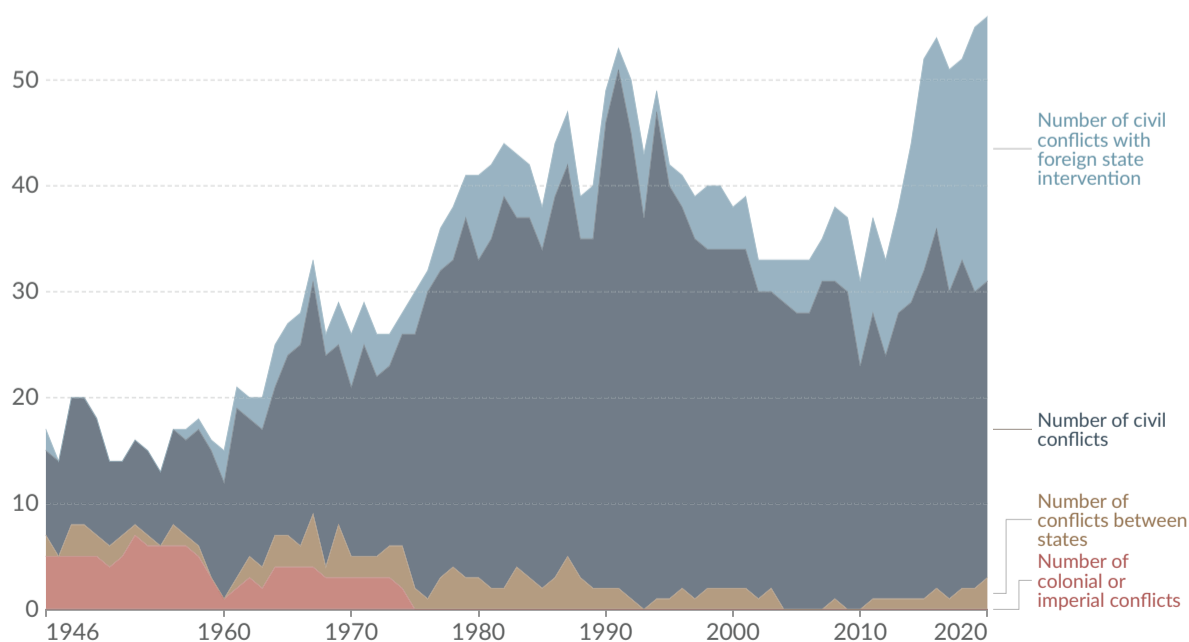
*“Federalism is a key factor in Switzerland’s success, and in my opinion it must not be tampered with.”*

Ueli Maurer  
former Federal Councillor (SVP)



# Empires, nation-states and democracies: the international order in historical perspective

Number of active state-based conflicts, World, 1946 to 2020



Source: OWID based on PRIO and UCDP

Similar to the declining number of people killed as a result of colonial or imperial conflicts, the number of colonial or imperial conflicts has also declined substantially after World War II. The figure shows conflicts between two parties, where at least one is the government of a state. One-sided violence – such as massacres or genocide – is not included. Ongoing conflicts are represented for every year in which they resulted in at least 25 direct deaths (civilian or military). In our Public Paper, Gérard Roland sheds light on this and other aspects of the historical development of different forms of states.



Public Paper No. 13  
by Gérard Roland,  
E. Morris Cox Professor  
of Economics and  
Professor of Political  
Science at the University  
of California, Berkeley

Download the  
Public Paper



## Democracies under threat. Three interview excerpts



Herta Müller, recipient of the Nobel Prize in Literature, at the Forum for Economic Dialogue on 13 Nov. 2023

This year's UBS Center Forum focused on the current state of democracies, which are increasingly under pressure. The event was characterized by exciting and differentiated discussions. Our renowned guests were sought-after interview partners – not only on stage but also by the press, as these short excerpts show.

*Nobel laureate Herta Müller interviewed on stage by Carolin Roth: Will Putin emerge from the conflict between Israel and Hamas as a winner or a loser?*

I think this orgy of bloodshed in Israel has definitely benefited him. Because people are now inevitably looking at Israel. And Putin has always been antisemitic – first covertly, now more and more clearly.

*Jason Brennan was interviewed by Philipp Löpfe (Watson): You are a well-known critic of democracy. Your main argument is that most people are simply too stupid for democracy. Is it fair to summarize it that way?*

Stupidity is not the right term. In principle, people are perfectly capable of organizing themselves democratically. But in the current system they are given the wrong incentives. They are given the feeling that their vote is so insignificant that they only see it as a symbol. That's why they don't bother to inform themselves.

*Hélène Landemore was interviewed by Corina Gall (NZZ): Macron continues to underline his authority by pushing through even controversial plans unwaveringly. Is there a risk of him becoming autocratic?*

Macron has crossed this line with the pension reform. In view of the age pyramid, raising the retirement age is probably justified. The problem is that, despite the unusually loud criticism, he bypassed parliament and the population.

Watch the Forum



## Rationality: what it is, why it seems scarce, why it matters



*“People find it much harder to take a rational approach when it comes to societal, national, or even global issues.”*

Steven Pinker  
at the UBS Center Opinion  
on 7 November 2023

Watch the Opinion



## Financial risks from climate change Recap Webcast

*“Cyclone risk changes from global warming are projected to impose significant welfare costs on many countries.”*

What are the financial risks from a changing climate? Lint Barrage, Associate Professor and Chair of Energy and Climate Economics at ETH Zurich, provided a perspective in her webcast by reviewing recent estimates of the macroeconomic effects of climate change around the world, including a discussion of the key climate impact mechanisms which are vs. are not yet covered in prevailing risk assessments. She then offered a finance perspective by reviewing the growing evidence base for the capitalization of climatic risks into asset prices, including a discussion of some of the limits to such capitalization and the risks they pose to future asset price stability. “Current policies are insufficient to reach global climate policy objectives, we need new evidence-based knowledge to more accurately assess the consequences of climate change and counter-acting policies”, Barrage stressed. She herself is working on new models to fill this knowledge gap.



David Héמוש interviews Lint Barrage in the UBS Center Webcast on 4 May 2023

Watch the Webcast



## Events 2024

20 March 2024  
UBS Center Opinion  
University of Zurich  
**Alexander Van der Bellen,**  
Bundespräsident der  
Republik Österreich  
Chancen und Herausforderungen  
Europas

16 April 2024  
Wirtschaftspodium Schweiz  
Kongresshaus Zurich  
**Bundesrat Ignazio Cassis,**  
Ständeratspräsidentin  
**Eva Herzog**  
and many more  
Die Schweiz am Scheideweg: EU,  
Migration und Wettbewerbsfähigkeit

25 April 2024  
UBS Center Opinion  
University of Zurich  
**B. Douglas Bernheim**  
Stanford University  
How can Behavioral Economics  
Improve People's Lives?

20 June 2024  
UBS Center Opinion  
University of Zurich  
**Joel Mokyr**  
Northwestern University  
Origins of Economic Prosperity:  
Lessons from the Enlightenment

31 October 2024  
**Forum for Economic Dialogue**  
Careum Zurich  
Speakers to be announced

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and events.



## Center news

### Congratulations, Chiara Aina

In 2017, outstanding young talent Chiara Aina was selected from several hundred applicants to the Zurich Graduate School of Economics as an UBS Center Scholarship holder. Now, she successfully defended her PhD Thesis, “Essays on expectations and contingencies”. Aina will be a Postdoctoral Fellow in the Department of Economics at Harvard University for the 2023–2024 academic year, and then will join Universitat Pompeu Fabra as an Assistant Professor.



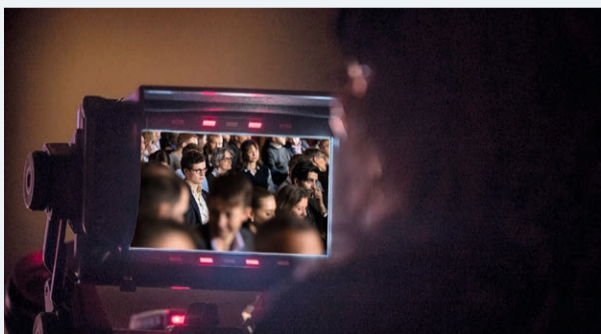
### New appointments to the Foundation Council

We are very pleased to welcome Dr. Stefan Seiler, Group Head Human Resources at UBS, as a new Member of the Foundation Council (pictured left), and Thomas Pohl, Head Governmental Affairs at UBS, as our new Foundation Secretary.



### David Dorn receives Hermann H. Gossen award

Congratulations to UBS Foundation Professor David Dorn for receiving the German Economic Association’s most prestigious academic prize, the Hermann Heinrich Gossen award. It is conferred annually to the best economist under age 45 in Germany, Austria and Switzerland.



### Knowledge hub

The Center’s video library includes recordings of all public events, short film summaries of publications, and more. Follow us on social media and join the discussion on key topics of our time.



## About us

The UBS Center for Economics in Society, UBS Center in short, is an Associated Institute at the Department of Economics at the University of Zurich. It was established in 2012, enabled by a founding donation by UBS, which the bank made on the occasion of its 150th anniversary. In view of the generous donation, the university named the UBS Center after its benefactor.

The UBS Center serves two main aims. First, it enables world-class research in economics on all levels, to be conducted at the university’s Department of Economics. It thereby supports the department’s ambition to become one of the top economics departments in Europe and to make Zurich one of the best places for research in economics. The UBS Center’s other aim is to serve as a platform for dialogue between academia, business, politics, and the broader public, fostering continuous knowledge transfer. Delivering on these aims will also strengthen the position of Zurich, and Switzerland more generally, as a leading location for education and business.

### Advisory Board

The Center’s Advisory Board, comprised of some of the most renowned economists of our time, including several Nobel Prize laureates, ensures the high quality of the work at the UBS Center and provides guidance on all academic matters.

Prof. Philippe Agion	Prof. Daniel Kahneman*
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Prof. David Autor	Prof. Joel Mokyr
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\* Nobel laureates



“There is no formula for making a country prosperous.”

Esther Duflo  
Nobel laureate, Abdul Latif Jameel  
Professor of Poverty Alleviation  
and Development Economics, MIT

### Scholarships

The UBS Center Scholarships are awarded every year to outstanding university graduates at the Graduate School of Economics, run by the Department of Economics at the University of Zurich.

#### Current scholarship holders

Marcel Caesmann	Mia Lu
Agustina Colonna	Gabriele Patete
Maite Deambrosi	Ursina Schaede
Claudia Gentile	Martin Stancsics
Guohui Jiang	Garyn Tan
Ursa Krenk	

## UBS Foundation

The UBS Center is financed through an independent foundation, the UBS Foundation of Economics in Society. It is governed by the Foundation Council, chaired by former Federal Councillor Kaspar Villiger, and the Council Members: Vice Chairman Prof. Ernst Fehr, Dr. Sabine Keller-Busse, Dr. Stefan Seiler, and Prof. Hans-Joachim Voth, and Thomas Pohl, Foundation Secretary.

#### Management and team

Prof. Ernst Fehr, Director

Prof. Hans-Joachim Voth, Scientific Director

Dr. Matthias Ammann, Chief Operating Officer

Stefanie Amstein, Events Manager

Christopher Shenton, Communications Lead

Dr. Maura Wyler, Communications

### Professors

The UBS Center fosters world-class research in economics on all levels by endowing several permanent professorships and assistant professorships. The thematic focus of the Center’s endowed professorships is on interdisciplinary and forward-looking research that covers today’s major issues relating to the economy and the financial markets.



Prof. Sandro Ambühl  
UBS Foundation Assistant Professor for Behavioral Economics of Financial Markets



Prof. David Dorn  
UBS Foundation Professor of Globalization and Labor Markets



Prof. Ernst Fehr  
Professor of Economics, Affiliated Professor at the UBS Center



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