The future of liberal democracy
Three questions for Wolfgang Schäuble

Exposed 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 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?

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.

Democratic conflict and polarization: healthy or harmful?

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

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 economisuisse

“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 Kantonsräte"

“Creeping integration undermines federalism. Competencies and responsibilities must be exercised.” Christoph Schaltegger Professor of Political Economy (University of Lucerne)

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

How strongly does a federal system insulate 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)

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.
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

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

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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.

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 unawaresly. 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.

Democracies under threat. Three interview excerpts

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?

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20 March 2024
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Alexander Van der Bellen,
Bundespräsident der Republik Österreich
16 April 2024
Wirtschaftspodium Schweiz
Kongresshalle Zürich
Bundesrat Ignazio Cassis,
Ständeratspräsidentin
Eva Herzog
25 April 2024
UBS Center Opinion
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Stanford University
31 October 2024
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Speakers to be announced

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We are very pleased to welcome Dr. Stefan Seiler, Group Graduate School of Economics as an UBS Center Universitat Pompeu Fabra as an Assistant Professor.

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

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 continuities”. 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.

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.

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

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

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

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