

# Outlook 2025

Analysis of the situation, context and challenges facing federal policy



Schweizerische Eidgenossenschaft  
Confédération suisse  
Confederazione Svizzera  
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Bundeskanzlei BK  
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The bronze 'Helvetia on her travels' by Bettina Eichin has graced the parapet of the *Mittlere Rheinbrücke* in Basel since 1980.

The statue depicts Helvetia resting from her travels through Switzerland after having thrown off the confines of the 2-franc coin which she usually adorns and is found gazing deep in thought at the Rhine flowing downstream.

Photo: Juri Weiss

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# Statement by the Federal Council

The Forward Planning Staff of the Federal Administration prepares an interpretive document for legislature planning purposes on behalf of the Federal Council, which serves as an overview of the most important future issues in terms of federal policy.

The Federal Council acknowledges this report without commenting specifically on or necessarily agreeing with the statements therein. When drawing up its programme for the next legislature period, the Federal Council will concentrate on future challenges and then set out the political priorities and focuses for the future in the 2011-2015 legislature planning report at the beginning of 2012.

As it has previously stated, the Federal Council is prepared to play a leading role in the discussion on future challenges. The question as to which political conclusions to draw is, however, not only a matter for the national government but, given our federalist and liberal political system, also the task of all those involved in politics. It will also greatly depend on parliament, the cantons and the politically interested public as to what direction the discussion on our future will take and how far it will go. It is with this in mind that the Federal Council is making the report available to the general public.

# Summary

The report entitled 'Outlook 2025: Analysis of the situation, context and challenges facing federal policy' is primarily intended as an interpretive document for legislature planning purposes on behalf of the Federal Council. The report covers a time span of between 10 and 15 years and is thus consciously intended to look beyond the short term four-year cycle of legislature planning. With regard to legislature planning for the period 2011–2015, the question first and foremost is what strategic challenges Switzerland will have to face over the next 10 to 15 years in order to best position itself for the future. The aim of this overview of the most important future issues in terms of federal policy is to ensure that federal policies remain anticipatory and coherent.

The contents of this report were prepared in five phases. The methodology is based on a combination of trend analysis and scenario technique (see Part I, Approach and Methodology).

The process led to two sets of interim results, firstly the findings of the trend analysis (see Part II). These are the most important development trends, which will shape and influence Switzerland over a period of 10 to 15 years. And secondly, the four scenarios (see Part III), which set out the most relevant opportunities, risks and principal challenges for the whole defined future period.

The main result is set out in the form of twelve central strategic challenges and Switzerland's corresponding scope for action over the next 10 to 15 years, even beyond (see Part IV).

The strategic challenges identified in the overall process are as follows:

<b>Politics</b>	1)	Strengthen Switzerland's regional and global position and optimise scope for action
	2)	Recognise risks early on and ensure internal and external security
	3)	Uphold and improve the state's and institutions' ability to act
<b>Economy</b>	4)	Maintain Switzerland's attractiveness as a competitive business location
	5)	Secure means to finance state activities
<b>Society</b>	6)	Recognise social and cultural tensions early on and strengthen shared values
	7)	Anticipate demographic developments; prepare new generation for business, research and part-time public office and ensure foresighted migration and integration policy
	8)	Stabilise costs of health system without compromising on quality
<b>Environment / Infrastructure</b>	9)	Curb effects of climate change and introduce adaptive measures; secure resources and energy supply long-term
	10)	Use opportunities presented by information and communication technologies and reduce vulnerability of infrastructure
	11)	Maintain physical infrastructure and ensure sufficient funds are available
	12)	Exploit opportunities presented by metropolisation and minimise risks inherent in growing urban sprawl

Managing these challenges is a core task of the strategic, political leadership process.

# Initial situation

Since 1968 the Federal Council has presented its report on the legislature plan to the newly elected parliament. In this report it sets out the most important aims and measures for the new legislative period. As the central body for the preparation of the legislature plan, the Forward Planning Staff chaired by the Federal Chancellery and in cooperation with all seven government departments, conducts an analysis of the situation and environment in which Switzerland finds itself (Parliament Act, SR 171.10, Art. 146 Legislature planning).

The report entitled 'Outlook 2025' appears for the first time as an interpretive document for the legislature plan in its new form. It provides an overview of the most important future issues in terms of federal policy. With regard to legislature planning for the period 2011–2015, the question first and foremost is what strategic challenges Switzerland will have to face over the next 10 to 15 years in order to best position itself for the future. The aim of this product is to contribute to ensuring that federal policies remain anticipatory and coherent based on an outlook which consciously extends beyond the short-term four-year periodicity of the legislature plan. The Forward Planning Staff was supported in its work both in expertise and methodology by the Center for Security Studies at the ETH Zurich (CSS ETHZ).

# Structure of the report

The report is divided into four parts:

## ***Part I: Approach and Methodology***

Part one explains what methods were used to produce the contents of the report, who took part in the work and in what way and the results to which the process led.

## ***Part II: Trend analysis in Switzerland 2025***

Part two sets out the most important development trends based on the trend analysis, which are likely to influence and shape Switzerland over a period of 10 to 15 years.

## ***Part III: Scenarios for Switzerland in 2025***

Part three consists of four scenarios, which were prepared in several stages. They present four plausible, but clearly distinct scenarios for Switzerland in 2025.

## ***Part IV: Challenges facing Switzerland in 2025***

Part four of the final report demonstrates the strategic challenges identified in the process for the defined period as a whole and illustrates possible fields of action.

## ***Annex***

The annex presents the key challenges and corresponding options for action for each scenario in table form. These results represent the views of specialists from within the administration and external experts, which evolved in a creative procedure based on scenario technique and conducted in the shape of workshops.

# Part I

## Approach and Methodology

## Five phase approach

The content of the 'Outlook 2025' report was prepared in five phases. The aim of the research and analysis process was to establish an overview of the most important future issues facing Switzerland and produce compelling scenarios regarding Switzerland's development over the next 10 to 15 years. In so doing, the collective specialist knowledge of the federal administration and the views of experts from business, academic and social fields was taken into consideration. The following table shows the aims and outcomes of the individual phases.

	<b>Aim</b>	<b>Result</b>	<b>Participants</b>
<b>Phase 1</b>	Preparing the groundwork: identification of most important development trends, which could be defining for Switzerland in the coming 10 to 15 years along with the associated risks and opportunities	Development trends, risks and opportunities for all major policy areas	Forward Planning Staff with project teams from the seven government departments and the Federal Chancellery
<b>Phase 2</b>	Validation of development trends: Validation, extrapolation and prioritisation of development trends. Distinguishing between influence factors with a high degree of certainty and high impact and those with low degree of certainty and high impact	Key influence factors, grouped by impact and uncertainty: basis for scenario development and trend analysis	External experts from the business, academic and social fields
<b>Phase 3</b>	Cross-linkage – development of future scenarios for Switzerland: development of a number of future scenarios for Switzerland leading up to 2025	Four plausible, coherent and clearly distinct scenarios for the future	Forward Planning Staff, project teams, external experts
<b>Phase 4</b>	Policy development – challenges by scenario: identification of opportunities, risks, key challenges and scope for action by scenario	Tables listing opportunities and risks as well as key challenges and scope for action by scenario	Forward Planning Staff, project teams, external experts
<b>Phase 5</b>	Policy development – strategic challenges for the entire defined period: analysis, clustering and synthesis; compilation of final report and project documentation	Final report: Presentation of results of the overall process and the strategic challenges and scope for action for the entire defined period; process documentation	Forward Planning Staff with project teams from the seven departments and the Federal Chancellery



# Methodology: Combination of trend analysis and scenario technique

The methodology behind the five-phase approach to preparing the most important strategic challenges for Switzerland in general and federal policy in particular is based on a *combination of trend analysis and scenario technique*.

The 'Outlook 2025' project seeks to anticipate what the future might look like some 15 years down the line. If we look back 15 years and consider all of the things, unforeseen or unforeseeable, that have occurred since 1995, it becomes apparent that making a reliable prognosis about the state of Switzerland in 2025 is extremely difficult, if not impossible. The environment in which we live is becoming increasingly complex and the pace of change continues to grow. Reliable predictions about medium and long term situational developments are rendered difficult due to increasing uncertainty. And yet political actors are dependent on reliable assessments of the future as these for the basis for each and every decision with regard to planning and investment. This fundamental contradiction is impossible to resolve. Nevertheless, various methods have been developed over the last fifty years in the field of research into the future. And these help us give systematic and substantiated consideration to uncertain future developments. *Scenario technique* is the most comprehensive of these methods and is particularly suited when seeking to describe the future in a complex environment characterised by uncertain developments.

As shown in illustration 1, scenario technique offers up plausible and conceivable spaces for possible developments within which future events can unfold. The benefit of scenarios is that compared to trend analysis (narrow cone) they allow for a wider spectrum of conceivable developments (wide cone). Scenarios create an awareness for the diversity or even contradictory nature of possible future developments. They therefore serve primarily to establish a more systematic approach to uncertainties, which in turn results in better preparation for the future.

In contrast to classic prognoses, which seek to predict future events, situations and developments, the scenarios deliberately *do not seek to give any indication of the likelihood of the developments outlined occurring*. They are intended to provide a creative, possibly even provocative view of developments in Switzerland and its relevant environment and thus offer a stimulating basis for addressing the strategic and planning process.

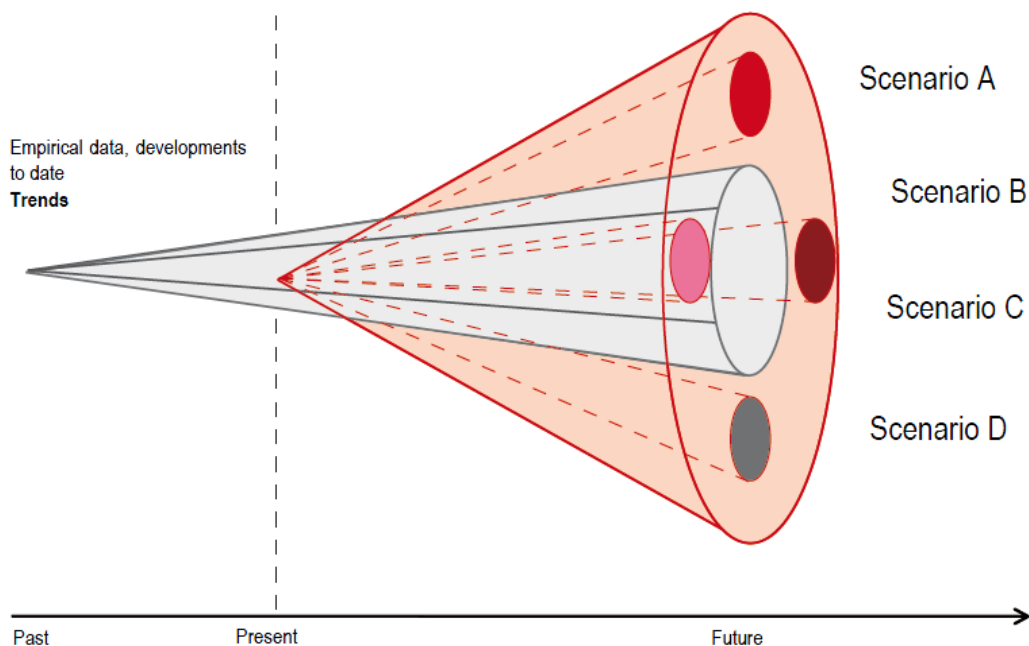


Illustration 1: Scenario cone and trend cone

In contrast to scenario technique, *trend analysis*, which extrapolates from the present into the future by means of current experience, places emphasis on 'established knowledge'.

Trend analysis and scenario technique, as applied in the preparation of this report, differ in their focus as follows (see also Illus. 2):

Trend analysis looks at influence factors likely to require a strong reaction from Switzerland's decision-making system ('high impact') but whose short and medium term development is relatively predictable ('low degree of uncertainty'). Here the question is: 'What are the most important development trends that will influence and shape Switzerland over a period of 10 to 15 years?'. These question was examined in phases 1 and 2 of the process. The corresponding results are presented in Part II of the report.

Scenario technique however uses influence factors, which will also require a strong reaction from the Swiss decision-making system ('high impact'), but whose shape is as yet uncertain ('high degree of uncertainty'). Here the question is: 'What are the most relevant opportunities, risks and key challenges for the entire defined period?'. This question was addressed in phases 3 and 4. The corresponding results are set out in Part III.

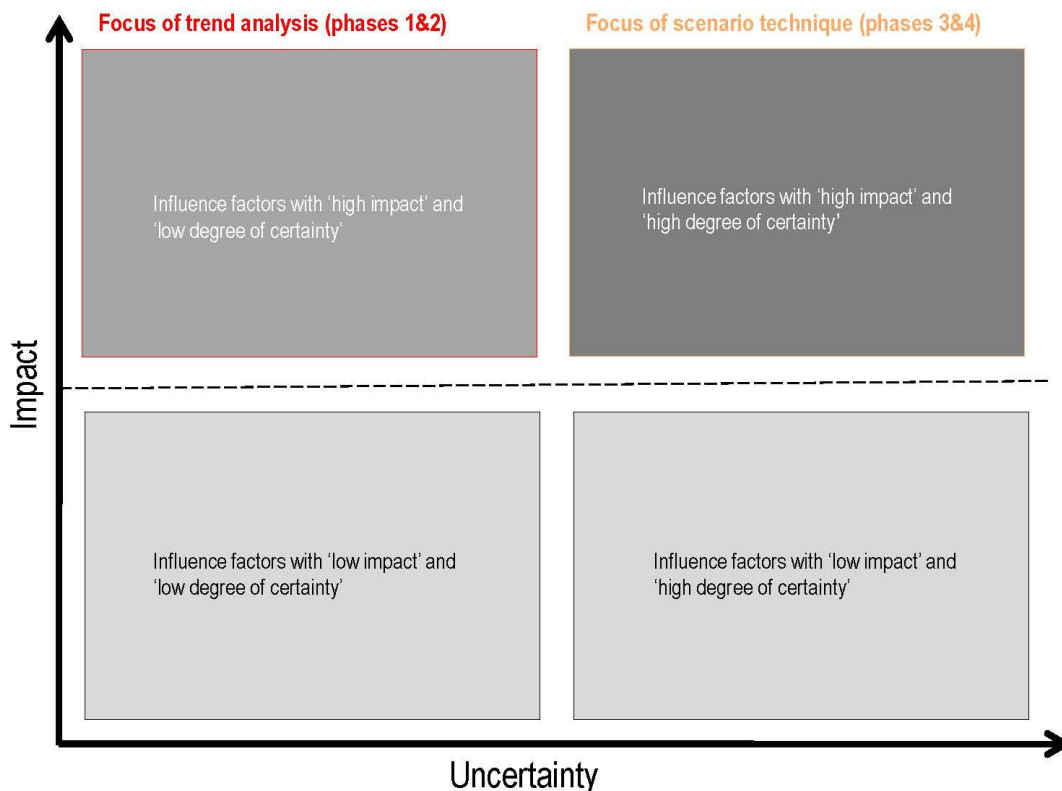


Illustration 2: Focus of trend analysis and scenario technique

# Basis for scenario development

In scenario technique, a Cartesian plane is used to develop scenarios whose axes correspond to factors with a high impact and high degree of uncertainty. The choice of axes provides a framework for reflection in developing scenarios. In characterising the individual scenarios all other influence factors are also taken into consideration.

In the 'Outlook 2025' project the axes chosen were *shift in and reorientation of the global balance of power* and *development of the European Union*. They were chosen for the following reasons:

1. Both the specialist within the federal administration and the experts from business, science and society consider these two influence factors to be particularly important and particularly uncertain in terms of their development.
2. It seemed appropriate in the context of conducting an analysis of the situation and environment to pay particular attention to external developments in Switzerland's regional and global environment. This is a factor over which Switzerland's politicians have only little influence, but one which is decisive in defining Switzerland's scope of action.

It is also necessary in scenario technique to define two vastly divergent constellations which stand at opposing ends of the axes. This pushes the scenario cone wide open thus allowing projections to be made which differ from each other to the greatest possible extent. The *distinctive characteristics* of the two axes assigned in the 'Outlook 2025' project were represented by the contrasting pair of *Integration* and *Fragmentation*. The result is the Cartesian plane presented in Illustration 3 with the characteristics described in Illustration 4.

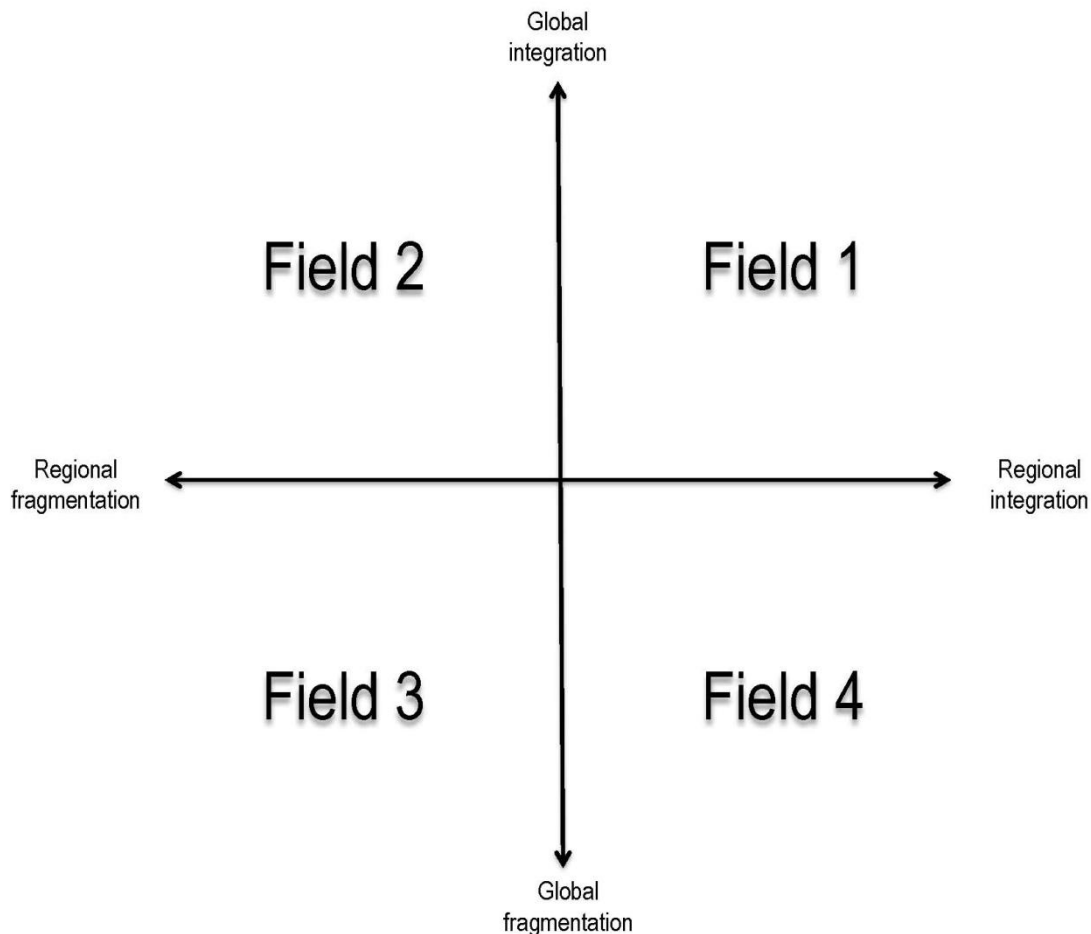


Illustration 3: Cartesian plane for scenarios

	Global balance of power	Regional development
Integration	<b>Global integration</b> describes a situation in which the change in the global balance of power is characterised by stability, reliability and continuity: in geopolitical terms there are clear power relations and spheres of influence; the international system of governance is marked by a willingness and ability to cooperate; in economic terms globalisation is expanding in qualitative and quantitative terms; in cultural and regulatory terms a global civil society is evolving.	<b>Regional integration</b> describes an EU whose processes of reform and consolidation are characterised by political consensus and political will. The effectiveness of the EU is able to keep pace with its expansion. Despite a growing number of member states, the EU is able to improve its ability to act and strengthen its democratic legitimacy. Even the EU's foreign and security policy profile is growing in stature; the EU is evolving into a formative global power.
Fragmentation	<b>Global fragmentation</b> describes a situation in which the shift in the global balance of power is characterised by instability, uncertainty and trend reversals: in geopolitical terms clear power relations and spheres of influence are lacking; the international system of governance is characterised by a lack of willingness and ability to cooperate; in economic terms national and regional protectionism is increasing and there is a growing rejection of globalisation; in cultural and regulatory terms divergent world views dominate and increasingly lead to tensions within and between states.	<b>Regional fragmentation</b> describes an EU whose reform and consolidation process is characterised either by drawn out negotiations, or is even weakened by a deep-seated crisis and reversed. This crisis is an expression of the heterogeneous interests of the member states and the growing loss of effectiveness and legitimacy of the institutions in Brussels. In terms of its foreign and security policy profile, the EU is stagnating with the status of a reactive regional actor of diminishing global importance.

Illustration 4: Characterisation of axes

In the 'Outlook 2025' project, one scenario was developed for each of the above fields (see Part III).

## Extrapolation of strategic challenges leading to 2025

The central *strategic challenges* facing Switzerland in the next 10 to 15 years are drawn from a combination of the results of the trend analysis and the scenario process:

1. The main broad trends presented in Part II flowed into the four scenarios or were taken into account in their development.
2. The main challenges identified from each scenario (see Annex) reflect the effects of the trends with certain scenario specific nuances. Consideration has been given to the fact that Switzerland, just as Europe and the global community, must respond to the broad trends in their own manner depending on the scenario encountered. In addition to these main challenges drawn from the broad trends, the tables in the annex also contain very specific challenges derived from the scenario process.
3. The key challenges derived from the four scenarios were compared with one another in order to identify common aspects and particularly overlaps. Similar themes were then combined to form thematic 'clusters'. These clusters constitute the strategic challenges in the run up to 2025.

The strategic challenges cover all areas of policy and are of long term importance. Surmounting these challenges is a core task in the political strategic leadership process. The 12 strategic challenges are described in detail in Part IV in which the possible courses of action are also outlined.

# Unforeseeable developments and events

'Black swan events' are rare and largely unforeseeable events, but which at the same time have serious consequences (e.g. 11. September 2001, the volcano eruption in Iceland of March 2010, events in Japan in March 2011). Such events are not analysed in this report. However, when such events occur, the scenarios presented in the report and the subsequent strategies are examined and adapted if necessary – particularly when new unforeseen challenges are deemed a priority.

There are generally a host of opportunities, risks and important developments that can arise and which are not or only indirectly analysed in the report, or others which develop in another direction and thus become more relevant in terms of federal policy. This raises the possibility of examining the scenarios described in the report in greater detail with regard to a certain aspect, honing it and continually checking that it is up to date.

# Part II

Trend analysis for Switzerland leading  
to 2025

## Established knowledge: six broad trends

Scenario technique is primarily intended to describe uncertainties in order to help the authorities deal with them appropriately in the policy planning process. Trend analysis, on the other hand, focuses on 'established knowledge', which consists of assumptions about the future, the developments and effects of which can be relatively well assessed by experts in the short and medium term. Trend reversals cannot be ruled out entirely, but they are considered relatively unlikely.

The following basic trends have been identified in the 'Outlook 2025' project:

- External framework: the world is becoming increasingly multipolar, European integration is moving forward, and our society is becoming increasingly complex and therefore more vulnerable
- Networked society: the level of technology continues to increase, information and communications technologies are defining new domains; infrastructure networks are converging and facing greater demands
- The natural environment: the climate is continuing to change, resources are becoming increasingly scarce, and security of supply is gaining in importance
- Societal change: the world population continues to grow, regular and irregular migration continues to increase, and social cohesion is being tested
- Economic principles: globalisation is continuing to spread, competition among business locations is intensifying
- The system in Switzerland: the State is seeing its ability to act reduced and the efficiency of the political system is diminishing

These trends, which have an impact on all four scenarios, are described below based on current knowledge. Switzerland along with Europe and the international community will need to deal with these basic trends differently depending on the scenario.

**External framework: the world is becoming increasingly multipolar, European integration is moving forward, and our society is becoming increasingly complex and therefore more vulnerable**

The global balance of power is shifting towards a *multipolar world*. This trend is primarily of an *economic* nature; trade, investment, innovation and technology transfer will also play a role in future in determining the formation of respective poles and in defining their relationship to one another. Additional drivers include demographic development and, in particular, uneven population growth in different regions of the world. The huge national deficits accumulated at the present time also intensify this trend. At the same time, the increasing economic influence of many countries goes hand in hand with a strengthening of military capacity, which is why an assertion of interests using military force cannot be ruled out. Specifically, it is the rise of Asia (China and India) as well as of Brazil and South Africa that are particularly decisive. In general terms, developing countries will continue to increase their share of the world market; the Western world, in particular the United States, but also Europe, is losing its influence. Alongside the emerging countries' improved economic position and greater economic potential as emerging markets, there is a shift in the global balance of power. This *shift in the balance of power* will have an impact on international (regional) organisations and other bodies. Overall, relations between the old and new powers are likely to be characterised by conflicting features of rivalry and cooperation. It will become increasingly difficult to gain an overview of world events and global challenges will become ever more complex.

Further development of the European Union is of great importance to Switzerland, primarily from an economic point of view: our neighbouring countries and the EU as a whole are our most important economic partners. In addition, European regulations apply to a wide range of policy areas, which Switzerland as a small, open and centrally-located country with strong ties to Europe cannot avoid, especially as there would be advantage gained in doing so. A good example of '*Europeanisation*' can be seen in the field of infrastructure where transport, energy and communication networks are increasingly converging across borders, to the extent that investment and regulation are occurring in inter-

national cooperation. With regard to the *development of the EU*, following the completion of institutional reforms brought about by the Lisbon Treaty, we can expect a further deepening in certain, if not all areas (economic, financial, tax and legal issues) and the acceptance of new member states. If the value of the euro continues to fall, a trend reversal cannot be ruled out. However, at present the trend still points towards the continuation of the current policy of deepening and enlargement, albeit with varying dynamism and differing speeds. In the event of a further consolidation and strengthening of the EU, it may become more difficult for Switzerland as a third country to advance its own interests. In addition to the EU, *international organisations*, in particular the United Nations, remain important for Switzerland.

Our society is becoming ever more complex and thus increasingly vulnerable. This effect is intensified by the wide availability and rapid access to new technologies, and by the fact that barriers and long distances can be bridged more easily. Resource-related issues (food, energy) can also create and intensify tension and trigger conflicts. Shortages and price rises will become more common due to worldwide population increases and economic growth.

Greater efforts will be required to safeguard the security of an increasingly vulnerable system. This applies both to crime and at military level.

**Networked society: the level of technology continues to increase, information and communications technologies are defining new domains; infrastructure networks are converging and facing greater demands**

There is a close correlation between various social, economic and political developments and advancing *technological progress*. Various trends are either strengthened or weakened by this driver which has an impact on a wide range of policy areas. Advances in biotechnology and medical technology for example lead to a rise in average life expectancy, which in turn, however, compounds the problem of overpopulation and thus that of energy shortages. The increasing shortage of energy and other resources in turn leads to calls for improvements in the field of green technologies. While this technology 'pull effect' can create new growth markets, it can also accentuate problems, such as when the production of biofuels occurs at the expense of food production. Technological developments and innovative advances are expected in a wide range of fields.

This trend towards progressive technological development goes hand in hand with the increasing importance of *information and communications technologies (ICTs)*. Progress in the field of miniaturisation and the virtually free and unlimited access to high-speed networks mean that there is no foreseeable end to this rapid pace of development. The field of infrastructure provides a striking example of the permeation of 'intelligent' ICTs into the transport and energy network. These ICTs are leading towards an increasingly interdependent and complex overall system. On the one hand, the increasing level of networking has resulted in efficiency gains for the economy and the environment, while on the other, the greater susceptibility of increasingly complex ICT systems and networks and society's growing dependence on them lead to a general increase in vulnerability. Systems are therefore increasingly exposed to risks, such as cybercrime or other hostile attacks.

In addition to these technological aspects, the impact of *ICT development* is also relevant for other policy areas. In political terms, this trend is likely to foster new forms of participation in politics and administration (eGovernment, campaigns). In legal terms, it has enabled the automated data exchange between judicial registers (eJustice) and the protection of data integrity, data and privacy. In economic terms, the decoupling of ICT infrastructure from applications is expected to lead to further segmentation of value-added chains, changes in consumption patterns and shopping habits or to the creation of an increasingly 'virtualised' labour market. In environmental terms, the increasingly widespread use of computer systems is expected to lead to an increase in power consumption. In terms of education policy there is an increased need to develop and improve the skills required to use these new technologies and media. In the socio-political field, this trend continues to move towards new forms of social interaction in virtual networks and media use is constantly changing.

As a result of technological advances, the original function-specific infrastructure networks in Switzerland are converging into a complex, interdependent system. This holds true both within and between sectors. The permeation of information and communications technologies (*ICTs*) into the transport and energy networks in particular foster this trend. Ultimately, the different national infrastructure networks converge across borders. This convergence brings opportunities (gains in efficiency) as well as risks (greater dependence and vulnerability). The strains on infrastructure



will continue to increase with the growing population and the differentiation of economic and social processes. Increasingly intensive use is made of existing capacities in transport, energy and communication networks, thus creating bottlenecks. The consequences are increasing wear and tear of the physical assets, which in turn creates the need for maintenance at ever shorter intervals; there is also a dwindling of the networks' stability reserves, especially when there are no alternative sources (redundancies) available.

**The natural environment: the climate is continuing to change, resources are becoming increasingly scarce, and security of supply is gaining in importance**

*Climate change* has a potentially strong influence on human living conditions. A long-term forecast basically includes significant insecurity concerning the extent and the possible consequences of climate change that are expected to be serious in the period beyond 2025. It has nevertheless become apparent in vulnerable regions of the world that new *conflict constellations* are arising due to food shortages, water shortages, flood disasters and droughts or crisis-induced migration. At the same time, climate change accelerates the spread of poverty and overburdens fragile states. In recent decades, global warming in Switzerland has accelerated twice as rapidly as the global average. Against this backdrop, Switzerland is also subject to a prevailing trend in the form of a continued increase in heavy precipitation, flooding and landslides. However, no uniform trend has been identified for average annual precipitation. *Adaptation measures* need to be taken to prevent any negative effects on the environment, agriculture and tourism. Expenditure is expected to rise not only in the field of natural hazard prevention, but also for assistance following extreme events.

Another frequently mentioned development trend relates to *raw materials and natural resources*. Energy scenarios draw attention to an increase in global consumption, which is driven in particular by the high demand for energy in emerging countries (Asia in particular). The demand for precious metals and agricultural goods is also rising due to global population growth and to the growing middle classes as in China. The impact of climate change also needs to be taken into consideration, in particular with regard to the production of agricultural products. In terms of supply, estimates for the availability of reserves of commodities are often uncertain. In general, prices are expected to become increasingly volatile, which in the event of steep price increases, especially in developing countries, could lead to social unrest or even famine. Large states are also trying to gain direct access to additional commodities, including primary energy, and resources in third countries, while countries rich in raw materials and resources use their advantages to assert their political interests. In view of the worldwide dependence on raw materials and resources, this situation could create a considerable potential for conflict. Given that Switzerland, for example, imports around 80% of its primary energy, its security of supply is heavily dependent on international developments. Based on its small market share, Switzerland can hardly influence supply and prices, but thanks to its purchasing power, it generally continues to be in a position to meet domestic demand.

**Societal change: the world's population continues to grow, regular and irregular migration continues to increase, and social cohesion is being tested**

According to a UN median scenario, the world population will grow from today's 6.9bn to 8.0bn (+ 16%) by 2025. According to Eurostat<sup>1</sup>, the population of the 27 EU member states will increase by 3% in the course of the next 15 years, growing from 501 million at the beginning of 2010 to 518 million by the end of 2025. According to the FSO's Reference Scenario<sup>2</sup>, the Swiss population will increase by 9% between 2010 and 2025. The number of people permanently resident in Switzerland is expected to increase from 7.9 million in 2010 to 8.6 million in 2025. The estimate does, however, involve a fairly large degree of uncertainty, as immigration is a decisive influencing factor. The population ageing is expected to accelerate between 2010 and 2025. The number of people aged 65 and over for every

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<sup>1</sup> Eurostat, Statistics in focus, 72/2008 "Ageing characterises the demographic perspectives of the European societies", Brussels, 2008.

<sup>2</sup> FSO, Population scenarios of Switzerland 2010-2060, Neuchâtel, 2010.

hundred people aged between 20 and 64 (known as the age ratio<sup>3</sup>) is expected to increase from 28 in 2010 to 38 in 2025. The age ratio is expected to evolve in a similar way in the EU, i.e. it is also expected to increase from 28 to 38 between 2010 and 2025.

On the one hand, the rise in the world population opens up new opportunities for more economic growth, while on the other it places an additional burden on the already heavily used natural resources and on the natural environment. Additional shortages of resources lead to higher prices and could give rise to conflicts. The provision of food is particularly challenging. While the number of people and demand for calories per capita have increased, the area of available arable land has decreased, due, for example, to pressure for new housing or to desertification. The trend of demographic ageing in Switzerland and the fact that the labour force is shouldering an increasingly heavy burden of payments to pensioners is continuing to grow. The increased labour market participation of women is not sufficient to compensate for this development. The following policies are particularly affected by this trend: labour market policy (flexible working hours and , the elderly workforce, training and retraining measures), social policy (financing social insurance), health policy (costs of medical treatment, care), family policy (child care) and migration policy (the flow of people into the labour market).

Demographic trends are closely tied to *migration*. The development of immigration is closely tied to economic development. Crises and conflicts in different states around the world can also lead to migratory movements. Trends in *regular and irregular migration* are likely to continue. In view of the increasing ageing of the population, Switzerland is becoming increasingly dependent on highly skilled workers and qualified staff (for example, in health and care facilities, at schools and universities or in the field of IT). Competition with other OECD countries, and also with emerging countries, for highly qualified specialists is expected to increase. Prolonged *irregular migration* owing to the gap in wealth between Switzerland and source countries is expected to remain stable as a result of voluntary and compulsory returns. The development in the number of applications for asylum is difficult to foresee. A high proportion of foreign nationals goes hand in hand with language and culture communication difficulties and may create limits on the ability to integrate. The immigration of people from different cultural backgrounds may cause defensive reactions or even xenophobia and lead people to take a closer look at their (national) identity. This will have numerous consequences for domestic and foreign policy.

Various economic and social trends are encouraging a diversification in our way of life and a *fragmentation* of Swiss society. This fragmentation can put social cohesion to the test. In terms of *economic trends*, the following are worth mentioning: unequal income distribution; growing poverty and increasingly precarious living conditions for a portion of the population; the issue of the 'working poor'; growing hard-core unemployment; increasing competition for jobs as a result of the free movement of persons; tax competition; generally greater national and international competition for mobile factors of production; a possible loss of purchasing power due to a steep rise in prices for resources and services; or the further increase in health and social insurance costs. *Social trends* that could threaten social cohesion include, for example, an increase in the population's cultural, linguistic, ethnic and religious diversity; ageing of the population; regular and irregular migration; greater individualisation; change in family structures; growing importance of metropolitan areas in comparison to peripheral areas; deficits in education in sections of the population; creation of a digital divide; and a widening gulf between very healthy and illness-prone population groups.

### **Economic principles: globalisation is continuing to spread, competition among business locations intensifying**

Overall, internationally driven economic development trends are having an increasing impact on Switzerland. Prime examples of this are the *financial and economic systems* whose intense global interconnection is associated with considerable systemic risks. Cross-border cooperation has become vital because of the increasingly transnational nature of financial and economic challenges and because individual states are often limited when trying to meet these challenges. International regulations, standards or mutual and administrative assistance have consequently taken on new significance in the financial sector. In addition, the increased involvement of developing and transition countries has brought new items to the trade policy agenda including environmental sustainability and social solidarity. All in all,

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<sup>3</sup> The age ratio is the classic indicator for the ageing of the population and provides information about the relation of the persons who are no longer of working age to the working age population.

the current crisis of the world financial system is once again sparking the debate on the role of the state in national and international economic activity. A key issue is the importance of *knowledge resources*. The demands placed on human and social capital are continuing to rise and the education and research systems are under increased pressure to reform. Quality requirements are increasing at all levels of the education system and employment is increasingly shifting towards knowledge intensive and science-based sectors. Switzerland is experiencing a large shortage of qualified workers, which it can overcome not only by recruiting skilled personnel from abroad, but also by increasing the population's overall level of education.

Globalisation is also leading to fiercer *locational and tax competition*. At present, tax competition clearly makes it easier for highly mobile people to avoid taxation by simply settling in the place offering the best tax rates. The consequences of this are heavier taxation of immobile persons, increased questioning of public spending and inadequate financing of international public goods. At the same time, a political counter-movement is developing, seeking to limit or abolish this competition among systems and to develop cooperative solutions instead. All in all, competition for business locations along with the breakdown of borders no longer primarily takes place between states, but increasingly involves various metropolitan centres. The *metropolitan regions* of Zurich, Basel and Lake Geneva basin are the driving force of Switzerland's innovation potential and dynamics. Transport and infrastructure policy has taken on an important role in terms of networking the decentralised population in Switzerland and has the potential to contribute towards the future expansion and consolidation of metropolitan areas. Living space is, however, put under increasing pressure from the continuing trend towards metropolisation and growing transport infrastructure. In addition to problematic landscape changes, current residential development is not sustainable and in view of higher per capita infrastructure costs, it is also questionable from an economic point of view.

**The system in Switzerland: the State is seeing its ability to act reduced and the efficiency of the political system is diminishing**

The political system as well as its environment are becoming increasingly complex. At the same time response times required from politicians and administrative officials are getting shorter. This has led to a trend towards a decrease in the state's ability to act and a diminishing efficiency of the political system. The causes are diverse but can be summarised as follows: the influence of international developments on the scope for action at national level; increasing interconnection of domestic and foreign policy; increasing integration of politics and business with professional lobbying; rising mobility and individualisation of society, demonstrated by a decline in readiness for a militia-style service; and the growing state workload and the increasing difficulty to finance it and the increasing pressure from the media.

Expectations placed on institutions are growing: they are expected to take full account of interests, coordinate an increasing number of state actors, act coherently and communicate effectively with the public. In addition to debates on issues such as the question of whether the part-time parliament is still appropriate or the right type of 'governance' of the administration and semi-public enterprises, federalism, in particular, has come under pressure. The cantons are losing some of their autonomy and are trying to compensate for this loss through extensive opportunities to participate at federal level. Many of these developments are expected to continue, which is why the pressure on institutions is increasing and there are likely to be increased calls for appropriate institutional reforms.

# Part III

## Scenarios in Switzerland 2025

This section looks at four possible scenarios for Switzerland in 2025. These scenarios are arranged as follows:

- Firstly, there is a brief one-page overview of the four scenarios, followed by a table showing the key features of each scenario.
- Each scenario is then described in a three-part structure:
  - a. *Summary*: The summary describes in brief the most important aspects of the future as it might be.
  - b. *External environment*: This part describes the interaction between two axes, the global and regional contexts in which Switzerland finds itself in 2025.
  - c. *Switzerland in its environment*: Here question “How has Switzerland in 2025 positioned itself with regard to its global and regional context?” is addressed.

There then follow two tables giving an overview of the ‘Opportunities in the Future’ and ‘Risks in the Future’.\*

Each scenario presents one of numerous possible snapshots of the future. Each scenario is an attempt to answer the question “What if...?”. These narrative presentations of possible future situations include the opportunities and risks which may be involved and attempt to suggest how these situations might develop, based on the position in which we find ourselves today. By answering the question “If that were the case, then what...?”, this part considers the related strategic implications, or main challenges, facing Switzerland – and the possible courses of action. Furthermore, the scenarios are intended to provide a basis for further strategic considerations. The basic assumptions made in the process (e.g. joining the EEA and climate convention in Scenario 1 or forthcoming EU membership in Scenario 4) can and should be scrutinised by asking the question “What would change, if...?”, in order to get an even better sense of what the future might hold.

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\* It is worth noting that men and women, young and old, rich and poor sectors of society, people with an immigrant background and those without, people with a high level of education and those with a lower one etc. are vulnerable to developments to different degrees and are not able to make use of opportunities or minimise risks to the same extent. Such inequalities need to be taken into account if increasing social tension is to be avoided.

# Brief Overview of Scenarios

## Global integration / Regional integration



Switzerland is part of a multi-polar world with high growth rates which is led successfully by strong global institutions. There is considerable pressure to innovate; a very dynamic environment places high demands on the ability of business, politics and society to adapt and change. Loss of political significance and marginalisation are central challenges for the small state. Switzerland has joined the EEA and adopted EU law, but at the same time has free-trade agreements with many other countries. The inhabitants of Switzerland have a strong global identity and enjoy huge mobility. As a result of increasing pluralism in society, Switzerland is becoming more cosmopolitan, but this is also leading to a loss of shared values and identity. The issues of commodities supply and climate change are high up on the international agenda.

## Global integration / Regional fragmentation



Switzerland is part of a world in which the shift in economic power and global significance from West to East is becoming more rapid. Latent potential for global conflict is successfully kept under control with the help of successfully reformed international institutions and commissions. However, for many years Switzerland's immediate environment has been struggling to emerge from a deep-seated economic and political crisis. Switzerland has also lost some of its attraction as an economic hub on an international level. Compared with the regional environment, however, its comparative advantages have become stronger. Since there is no development on a political level with the EU, Switzerland cannot extend its cooperation with this institution any further. Instead, Switzerland is concentrating on strengthening its relations with Asia.

## Global fragmentation / Regional fragmentation



Switzerland is part of an unstable and insecure world in which there is huge potential for conflict. The superpowers are in constant competition and pursue egoistic foreign and economic policies. Traditional bilateral politics and issue-specific, opportunistic alliances are weakening international institutions and structures. Like other states, for several years Switzerland has been battling unsuccessfully with poor economic growth, and this is endangering social stability. The country only enters into contractual relationships when it feels compelled to do so. Faced with the difficult international political and economic system, Switzerland is returning to traditional values such as modesty, frugality, hard work, solidarity and a pioneering spirit.

## Global fragmentation / Regional integration



Switzerland, lying geographically at the centre of Europe, is faced with an EU which has become a leading world power and which preserves this supremacy by protectionist means. Beyond Europe's borders, economic and political fragmentation has led to the formation of regional power blocs. There is a return to a stronger sense of regional, national and local identity across the globe. Relations with the EU are very strong, and this smoothes the path towards Swiss membership. The Swiss economy, in particular the financial centre, benefits predominantly from a single and protected market in Europe. At the same time, the forthcoming complete integration of Switzerland into the EU and the resulting perception that the country's autonomy will be further restricted create considerable internal tensions in politics and society.

# Key scenario characteristics

Global integration / Regional integration



Global integration / Regional fragmentation



Global fragmentation / Regional fragmentation



Global fragmentation / Regional integration



Global and regional environment	Prevailing atmosphere	<b>Motto: “Globalism and Mobility”</b> Global and regional: predominantly optimistic	<b>Motto: “The Rebirth of Asia”</b> Global: subdued optimism Regional: pessimistic	<b>Motto: “A Return to Swiss Traditions”</b> Global and regional: predominantly pessimistic	<b>Motto: “Europe as a Global Power”</b> Global: subdued pessimism Regional: predominantly optimistic
Politics	<ul style="list-style-type: none"> <li>Multi-polar world order: EU + BRIC (Brazil, Russia, India, China) + USA</li> <li>Superpowers coexist peacefully; minimum conflict potential</li> <li>International institutions have relevance and are used</li> </ul>	<ul style="list-style-type: none"> <li>Multi-polar world order: USA status quo, Asia strong, EU weak</li> <li>Predominantly peaceful coexistence between regional blocs; reduced potential for conflict</li> <li>International institutions reformed and consolidated</li> </ul>	<ul style="list-style-type: none"> <li>Unclear power relations</li> <li>Regional fragmentation, unstable bloc formation; considerable potential for conflict</li> <li>Unstable ad hoc alliances</li> <li>International institutions are blocked and weak</li> </ul>	<ul style="list-style-type: none"> <li>Uni-polar: EU strong and stable, USA and Asia distant partners</li> <li>Latent tension and potential for conflict between superpowers and in fragile states outside of EU's field of influence</li> <li>International institutions are essentially blocked</li> </ul>	
Economy	<ul style="list-style-type: none"> <li>Dynamic global economic growth</li> <li>Companies indulge in high risk-taking</li> <li>Energy and commodities becoming scarce</li> <li>Increase in systemic risks</li> </ul>	<ul style="list-style-type: none"> <li>Boom in Asia, stagnation in the West</li> <li>Economy becoming increasingly centralised at expense of private economy</li> </ul>	<ul style="list-style-type: none"> <li>Stagnation in global economy</li> <li>Rise in mercantilism, barriers to trade and nationalisation</li> </ul>	<ul style="list-style-type: none"> <li>EU grows, world trade stagnates</li> <li>Increase in regional economic cooperation, regional protectionism</li> </ul>	
Society	<ul style="list-style-type: none"> <li>Global identities strengthened</li> <li>Main impetus: accumulation of wealth</li> <li>Loss of common values and sense of national identity</li> </ul>	<ul style="list-style-type: none"> <li>Global identities (USA, Latin America, Asia) and national identities of European states strengthened</li> <li>Growing influence of Asian values</li> <li>Main impetus: reorientation towards Asia</li> <li>Ideological polarisation</li> </ul>	<ul style="list-style-type: none"> <li>National identities dominate</li> <li>Traditional and conservative values</li> <li>Main impetus: achieving security</li> </ul>	<ul style="list-style-type: none"> <li>European and local identities side-by-side</li> <li>Main impetus: consolidation and increased integration</li> </ul>	
Environment / Infrastructure	<ul style="list-style-type: none"> <li>Effective climate policy as result of incentive measures</li> <li>Imminent shortages of energy, commodities and resources</li> </ul>	<ul style="list-style-type: none"> <li>No climate agreements</li> <li>Problems in procuring and supplying energy, commodities and natural resources</li> </ul>	<ul style="list-style-type: none"> <li>Pressure on environment and infrastructure eased by economic crises</li> <li>Conflicts due to scarcity of commodities and resources; protectionist measures accentuate shortages</li> </ul>	<ul style="list-style-type: none"> <li>Prospects of global environment policy intact (driving force: EU)</li> <li>Access to commodities and resources secure for EU for the time being</li> </ul>	

<b>Switzerland in its global and regional environment</b>	Prevailing atmosphere	<ul style="list-style-type: none"> <li>▪ Integrated in Europe; global orientation</li> <li>▪ Global and mobile</li> </ul>	<ul style="list-style-type: none"> <li>▪ Oriented towards Asia</li> <li>▪ Polarised</li> </ul>	<ul style="list-style-type: none"> <li>▪ Inward-looking</li> <li>▪ In need of security and stability</li> </ul>	<ul style="list-style-type: none"> <li>▪ Oriented towards Europe</li> <li>▪ Willing to integrate and cooperate</li> </ul>
	Politics	<ul style="list-style-type: none"> <li>▪ Switzerland is a member of the EEA</li> <li>▪ Niche profile thanks to “good offices”</li> <li>▪ Ability to develop strategy, innovate and integrate of key importance</li> <li>▪ Increased pressure on spending: decrease in revenue as result of international fiscal competition</li> </ul>	<ul style="list-style-type: none"> <li>▪ Politics of opportunism with changing partners</li> <li>▪ Increasing financial and personnel resources required for foreign relations</li> <li>▪ Financial challenges in social insurance and infrastructure increasing due to competition for resources in society and between different regions</li> </ul>	<ul style="list-style-type: none"> <li>▪ Dependencies avoided</li> <li>▪ Alliances only when unavoidable</li> <li>▪ Increasing debt</li> <li>▪ Low economic growth contributes to problems in financing social insurance and health systems</li> </ul>	<ul style="list-style-type: none"> <li>▪ Switzerland is preparing to join the EU</li> <li>▪ Scope for action restricted in many political areas</li> <li>▪ Scope for action on financial level restricted due to sluggish growth in global economy</li> </ul>
	Economy	<ul style="list-style-type: none"> <li>▪ Increasing competition between economies</li> <li>▪ State plays limited role</li> <li>▪ Positive innovative climate</li> </ul>	<ul style="list-style-type: none"> <li>▪ Poor growth due to European fragmentation</li> <li>▪ Severe competitive and innovative pressure</li> </ul>	<ul style="list-style-type: none"> <li>▪ Weak economic growth</li> </ul>	<ul style="list-style-type: none"> <li>▪ Considerable advantages thanks to single protected market in Europe</li> </ul>
	Society	<ul style="list-style-type: none"> <li>▪ Extremely heterogeneous</li> <li>▪ Loss of shared values and identity with one country</li> <li>▪ Increase in economic, political and technical systemic risks</li> <li>▪ Integration and education of immigrant population</li> </ul>	<ul style="list-style-type: none"> <li>▪ Polarisation – rich - poor / urban - rural / old - young</li> </ul>	<ul style="list-style-type: none"> <li>▪ Return to traditional values</li> <li>▪ Local Swiss identities strengthened</li> </ul>	<ul style="list-style-type: none"> <li>▪ European values adopted</li> </ul>
	Environment / Infrastructure	<ul style="list-style-type: none"> <li>▪ Strong growth and expansion of conurbations and metropolitan areas</li> <li>▪ Agricultural and building land rapidly built over</li> <li>▪ Dramatic drop in quality of countryside</li> <li>▪ Transport infrastructure under extreme pressure</li> <li>▪ Imminent shortages of energy and commodities (due to growth)</li> </ul>	<ul style="list-style-type: none"> <li>▪ Moderate increase in use of land and urbanisation</li> <li>▪ Decline in infrastructure in mountain and peripheral regions</li> <li>▪ Shortages of energy, commodities and resources</li> <li>▪ Renationalisation of EU energy policy leads to shortages in electricity and gas supply</li> </ul>	<ul style="list-style-type: none"> <li>▪ Difficult economic situation in rural areas due to lack of means to maintain infrastructure over wide area</li> <li>▪ Environment policy no longer political priority</li> <li>▪ Minimum financial means to maintain infrastructure</li> <li>▪ Security of energy supply threatened</li> </ul>	<ul style="list-style-type: none"> <li>▪ Metropolises spanning borders become politically influential players</li> <li>▪ Spread of urban sprawl</li> <li>▪ Integration in EU infrastructure projects and trans-European networks</li> <li>▪ Weak global economy leads to reduced means to maintain infrastructure</li> <li>▪ Relatively high security of energy supply within Europe</li> </ul>



# Scenario 1: Global integration / Regional integration



Switzerland is part of a multi-polar world with high growth rates which is successfully led by strong global institutions. There is considerable pressure to innovate; a very dynamic environment places high demands on the ability of business, politics and society to adapt and change. Loss of political significance and marginalisation are central challenges for the small state. Switzerland has joined the EEA and adopted EU law, but at the same time has free-trade agreements with many other countries. The inhabitants of Switzerland have a strong global identity and enjoy huge mobility. As a result of increasing pluralism in society, Switzerland is becoming more cosmopolitan, but this is also leading to a loss of shared values and identity. The issues of commodities supply and climate change are high up on the international agenda.

## Switzerland's global and regional context: global integration/ regional integration

There is a generally positive mood throughout the world: large numbers of people enjoy increasing affluence and believe that peaceful coexistence is possible long-term. This is despite the increasingly frequent warnings from economic experts that the economy may overheat and new financial crises are looming. Society is increasingly vulnerable to risks inherent in the economic, technical and political systems. The threat of violence, such as from transnational terrorism, has not disappeared, but its attraction has diminished in the face of global economic growth.

Switzerland is part of a world that enjoys dynamic economic growth and increasing affluence, as well as stable political relations. The world order is multi-polar: The USA remains a central political player on the world stage, but increasingly there is a shift in prosperity and economic power to former emerging economies and up-and-coming markets. Global political and economic challenges can be successfully dealt with by existing international institutions and agreements. Europe, too, has become an important economic and political player at international level thanks to unified foreign, economic and security policies and an innovative economy. The European Union has successfully reformed its institutions, achieving an acceptable balance between national interests and supranational advantages. Greater transparency in the system means the EU is better accepted by the citizens.

The human race is increasingly facing the question of whether it has taken sufficient and timely measures to shape the future in a sustainable manner. For years, a climate agreement has existed designed to achieve a step-by-step reduction in greenhouse gas emissions of 60 percent by 2050. However, in 2025 few positive effects of this global climate policy can be felt. Extreme weather events and environmental disasters are becoming more and more frequent, although there is hope that, thanks to technological innovation in information technology and the use of hydrogen and nanotechnology, the global economy is moving towards a sustainable future. However, it seems increasingly unlikely that even rapid application of environmental and efficiency standards will lead to a long-term reversal of global climate and resource supply problems; at best, they will be temporarily alleviated. Rapid growth is leading to shortages in commodities, power and human capital, and infrastructure networks increasingly need to be renewed and expanded. As resources, commodities and power become scarcer throughout the world, there is a redistribution of wealth in favour of resource-rich countries.

## Switzerland 2025: global integration/ regional integration

Switzerland is making great efforts to keep pace with the dynamism of its surroundings. By and large, decision-makers see increasing globalisation as a great opportunity. Switzerland continues to be seen as a model for the peaceful integration of different language and population groups. Yet despite the positive image it enjoys, Switzerland's influence on the international stage has declined. Whereas the economy has benefitted from the particular path it has chosen, politically Switzerland has been coming under increasing pressure. Joining the EEA in 2019 may have reduced this external pressure to some extent, but was unable to reverse the trend; the country's vulnerability to political pressure from the outside remains high. The growing complexity of problems in a globalised world makes it increasingly difficult for individual countries to

establish strategies on a national level. In politics and society, strengthening Switzerland's ability to develop its own strategies, innovate and integrate is accorded utmost priority.

Competition between countries is increasingly intense. The state is concentrating on creating favourable conditions for the economy and society. EEA membership has removed barriers to the European market. As competition becomes more intense, the rate of structural change in Switzerland increases. The innovative environment encourages favourable economic conditions, high levels of consumption and demand for an ever greater range of tailor-made products. Switzerland has rapidly become a knowledge society. Swiss universities are leaders in Europe and well positioned in international networks. Swiss businesses are also well integrated into international networks and active in markets which require a high degree of specialisation and know-how. At the same time, other countries expect much of Switzerland in the financial field, for example in terms of solidarity contributions. Businesses are increasingly taking greater risks, and the rise in economic crime is a serious problem.

There is also fierce global competition on the labour market. Although there is greater gender equality thanks to competition for well qualified workers among different sectors, depending on their level of education and family commitments, men and women are exposed to a range of risks to different degrees and are not able to make the most of opportunities to the same extent. More than ever before, Switzerland relies on a foreign workforce. The population continues to grow thanks to immigration, and is becoming increasingly heterogeneous. Integrating immigrants and educating disadvantaged groups continues to pose a great challenge. Differences between different levels of society must be taken into account if social tension is to be avoided. The retirement age has been raised in a number of steps from 65 to 70, in response to both changes in age structures and the needs of business.

Greater globalisation also means greater mobility, and the health sector must always be ready to cope with new pandemics. Because of rising health costs at home, patients increasingly seek treatment abroad. In this prosperous society, local, regional and global identities coexist. The career-minded in Switzerland see themselves as part of a global community in which they are free to travel. Other sectors of the population, however, criticise the loss of shared values and a sense of national identity. There is a growing gap between those who are part of the globalisation process and can benefit from it, and those who cannot or will not, and this results in internal conflicts of a sometimes violent nature.

A sustainable approach to climate issues and renewable energies has resulted in a slight increase in security of supply and less geopolitical dependence.

Urban areas are spreading and more land being used as a result of rapid economic growth. Coupled with a further rise in the population, this has put even more pressure on infrastructure, and the transport network in particular is under great strain. Although the public is highly sensitised to environmental issues, there has been a further decline in the quality of the landscape and biodiversity.

## Scenario 2: Global integration / Regional fragmentation



Switzerland is part of a world in which the shift in economic power and global significance from West to East is becoming more rapid. Latent potential for global conflict is successfully kept under control with the help of successfully reformed international institutions and commissions. However, for many years Switzerland's immediate environment has been struggling to emerge from a deep-seated economic and political crisis. Switzerland has also lost some of its attraction as an economic hub on an international level. Compared with the regional environment, however, its comparative advantages have become stronger. Since there is no development on a political level with the EU, Switzerland cannot extend its cooperation with this institution any further. Instead, Switzerland is concentrating on strengthening its relations with Asia.

### Switzerland's global and regional context: global integration/ regional fragmentation

Different regional powers outside of Europe have gained in economic and political stature. The world order is multi-polar, and there is an increasingly rapid transfer of economic influence and power to shape global affairs from West to East. State capitalism is on the rise, weakening the attraction of western market economies and their democratic model. More and more, the world is being shaped by the powerful; the superpowers work together in exclusive commissions. Smaller states join together in regional blocs or try to establish themselves as 'niche players'. The superpowers are concerned to keep the latent potential for conflict under control with the help of strong institutions and committees, and create optimum conditions to prevent a collapse of the markets and allow the global market economy to thrive. Countries with large populations such as China and India benefit greatly from economic globalisation. The newly formed coalition of least developed countries, who have lost out in the globalisation process, is able to make its voice heard increasingly. However, there is greater solidarity within rather than between regional groups of countries.

Switzerland's neighbours continue in crisis. The basic tone within the EU is pessimistic. The idea of Europe has even lost its allure among the elites. Although the level of integration is still relatively high compared with other regional blocs, there are clear signs of decay: lack of reform in some member states, a weak currency, economic stagnation and rapid loss of prestige among institutions. The EU's decline means it is becoming less competitive in the face of Asia and North America. Crisis in the national political and social systems has a negative effect on people's attitude to the EU. There is a clear return to national values and identities. Europe is losing its sense of solidarity; rich countries are no longer prepared to pay any more for poorer countries than required of them by law. The north-south and east-west divides within Europe are becoming stronger. Countries find themselves unable to overcome the debt crisis which resulted from the financial crisis and overburdened social systems.

The environment has been exploited and polluted to extremes. Thanks to technical innovations and increases in efficiency, resources have not been depleted to the degree predicted fifteen years ago, but competition for scarce resources is visibly increasing nonetheless. Agreements can still be reached by peaceful means in international institutions, and prices kept under control, but there is huge potential for conflict over resources in future.

### Switzerland 2025: Global integration/ Regional fragmentation

Switzerland is caught up in Europe's fate. The crisis in the EU and events on the global stage are putting the country under considerable pressure to compete and innovate. However, compared to its neighbours, Switzerland remains a model of economic success. It is still attractive to EU citizens and companies experiencing too many constraints in their own countries. But the regional crisis poses huge challenges for Switzerland because of its close political, economic and cultural ties with Europe. There is a stalemate in some political areas at European level, Switzerland cannot extend its relations with the EU. Drawing up bilateral regional and global relations requires increasing levels of resources, and the public's expectations of the state are growing in view of the insecure situation within Europe. The economy, too, looks increasingly to the state in

times of great insecurity. But the state's ability to develop strategies and act is restricted: financial resources are scarce and the rapid succession of coalitions between different partners reduces its scope for action.

Like many other countries, Switzerland is trying hard to improve its economic relations with Asia and the Pacific Ring. However, relations with a coalition of small and medium-sized Asian and Latin American states open to trade have not yet born fruit. Despite its international orientation, growth remains low, mainly because exports to the EU are at a low level. Whilst some specialised sectors of the economy are well positioned on global markets, others are suffering under massive pressure from Asian and Latin American competitors. Overall, socio-economic imbalances are becoming more acute. Although unemployment has risen, Swiss companies continue to recruit workers from EU/EFTA countries.

In education, Switzerland has only partially managed to keep up with specialisation and intensified competition on the international scene. Measures to increase the quality and competitiveness of the Swiss education system were only introduced a few years previously and have not yet resulted in tangible improvements. Immigrant workers from Asia tend to be concentrated in just a few specialised and competitive economic sectors and research areas. Swiss engineers, environmental scientists and architects are very popular in Asia, resulting in a 'brain circulation' situation. However, this does not meet original expectations. Overall, Switzerland's new orientation towards Asia, which is of great strategic importance, is not as successful as was hoped.

Switzerland's ageing population and the different levels of infrastructure in urban and rural areas are putting national cohesion under considerable strain. The split within Swiss society is deep, and social tension is increasing, intensified by socio-political issues regarding how the welfare state (increase in pension contributions, reduction in annuity rates) and the health system can be financed. There are many battle lines: between old and young, educated and uneducated, the socially weak and strong, and new immigrants and those that are well established. Beneath the surface there are growing tensions regarding the distribution of wealth, and this incites resentment towards the economically privileged. Both the unemployed and the more economically ambitious find themselves increasingly ostracised.

Switzerland is no longer able to benefit to the same extent from the comparative advantage it enjoys as a transit and energy hub in the centre of Europe. Less money is available for maintaining the intensively used infrastructures. The energy market in particular is experiencing difficulties; it is fragmented, supply shortages are more frequent and the infrastructure is old. Discussions about developing a common EU energy policy are blocked, and this also weakens the Swiss position in the international competition for resources. The existence of international cartels increasingly leads to procurement and supply problems for Switzerland. The country is actively involved in international attempts to overcome environmental problems, in particular climate change. In this connection, Switzerland plays an active role in the cleantech sector, which it is hoped international agreements will help to strengthen. There is a continuing rise in metropolisation, urban sprawl and land use, although the rate at which this occurs is slightly less than fifteen years previously.

# Scenario 3: Global fragmentation / Regional fragmentation



Switzerland is part of an unstable and insecure world in which there is huge potential for conflict. The superpowers are in constant competition and pursue egoistic foreign and economic policies. Traditional bilateral politics and issue-specific, opportunistic alliances are weakening international institutions and structures. Like other states, for several years Switzerland has been battling unsuccessfully with poor economic growth, and this is endangering social stability. The country only enters into contractual relationships when it feels compelled to do so. Faced with the difficult international political and economic system, Switzerland is returning to traditional values such as modesty, frugality, hard work, solidarity and a pioneering spirit.

## Switzerland's global and regional context: global fragmentation / regional fragmentation

The world is a place of instability and insecurity. There are no clear divisions of power, and global institutions and regulating structures have minimum influence. Competing superpowers pursue inconsiderate foreign and economic policy and form opportunistic, short-lived coalitions for specific purposes. The potential for conflict within and beyond state boundaries is great. The rule of law, media freedom, protection of private property, strong political parties and a responsible, accountable government are under threat in many countries. Terrorist groups acting across borders and the uncontrolled spread of ABC weapons are jeopardising global security. Furthermore, an unstable global economy is a huge source of tension. Global economic growth is limited and unevenly distributed. Certain commodities are being monopolised by countries wanting to secure their access to raw materials and strengthen their economic position. The fight for the control of commodities and resources goes hand in hand with protectionism and trade barriers. Economic agreements are only entered into if those involved see an immediate benefit. Large parts of the world's population are resigned, disillusioned and in some cases, radicalised.

Europe, too, is deeply fragmented and does not have a coherent, united voice. Differences in focus and performance of the individual member states are now greater and there is increased disagreement about redistribution of wealth. Europe's economies are stagnating as they have become less flexible and have an ageing population and debt issues. However, certain countries are in a far stronger position than others, as they reduced their debt and overhauled their social welfare systems early on. Because of the ageing population, European economies increasingly rely on workers from beyond their borders, and so a clear immigration strategy is required.

Selective coalitions based on particular interests increasingly dominate Europe's political landscape. There has been a partial renationalisation of foreign and security policy, and NATO has lost some of its importance as a transatlantic consultative body. Armed conflict between European states is still unlikely, although it cannot be ruled out entirely. Cooperation on a functional and technical level continues, although on a minor scale.

The reduction in overall economic growth has led to a slow-down in the rate at which resources are depleted. On the other hand, because of the difficult economic and social situation, the environment has fallen in priority on the political agenda, and so the risk of natural catastrophes occurring has risen. Infrastructure has not been expanded or maintained, and this further weakens growth in many regions.

## Switzerland 2025: global fragmentation / regional fragmentation

Switzerland sees itself as a special case, the values freedom, independence and neutrality forming the core of its identity. Switzerland only enters into contractual agreements when this is considered unavoidable. Issues of domestic and external security dominate the political debate. The main task of the state is to convey an adequate feeling of security. However, as a result of the difficult economic situation there is growing public dissatisfaction with state institutions, which are considered slow to act and ineffectual. There is considerable pressure to reform the political system in Switzerland. The federal government is frequently unable to develop strategies and the political system is often paralysed, with effective decision-making blocked by individual interest groups and a lack of support among the public, which feels its interests are not being represented. In order to ensure the provision of 'basic services', infrastructural projects have been set up across the country

to increase equality between regions, irrespective of demand. There has been stagnation in the Swiss economy for several years, although limited access to the most important export markets has been maintained. Trade barriers in Europe and regional interest blocs increasingly impede foreign trade. In such a fragmented world, maintaining the international division of labour in the fields of research, development and production is very difficult. Production and research are increasingly being centred on regional and local markets. The state is investing heavily in research and development in order to counter the move of this sector away from Switzerland.

Large parts of society are afraid of losing their job and livelihood. The declining standard of living and uncertain future is having negative effects on public health. Care of the sick and elderly is once again increasingly taking place in the home. Since the reason for this development is primarily financial, it is unlikely to continue. Doing unpaid care work no longer has a negative impact on an individual's career and social insurance cover. Further specific measures in social, education and economic policies are planned to encourage the more even distribution of unpaid care work between men and women. In addition, the cantons adapted their fiscal laws in 2024 to be more family-friendly (tax deductions for families with children and education costs). The economic situation is precarious and there is a large number of relatively poor people in society, and this is threatening social stability. The split in society is becoming deeper, and tension is increasing. It is unclear to what extent an appeal to traditional values such as modesty, frugality, hard work, solidarity and a pioneering spirit can help to re-establish social cohesion.

Due to the rising and hugely unstable price of commodities and energy, Switzerland is under pressure to increase efficiency levels considerably. At the same time, domestic resources such as timber are being used more intensively, and in some instances this results in overuse and more frequent natural disasters, as happened in the 19<sup>th</sup> century. Environmental policy and spatial planning are also becoming less important. More and more land continues to be used, despite less pressure from a weakened economy. Switzerland is struggling to keep its transport infrastructure running with diminishing financial resources. Although Switzerland in theory enjoys greater freedom of trade now that the EU has less influence, the very fact that the regulatory framework has become weaker makes it more difficult for Switzerland to preserve its infrastructural interests towards its neighbours, to whom it is so closely linked.

# Scenario 4: Global fragmentation / Regional integration



Switzerland, lying geographically at the centre of Europe, is faced with an EU which has become a leading world power and which preserves this supremacy by protectionist means. Beyond Europe's borders, economic and political fragmentation has led to the formation of regional power blocs. There is a return to a stronger sense of regional, national and local identity across the globe. Relations with the EU are very strong, and this smoothes the path towards Swiss membership. The Swiss economy, in particular the financial centre, benefits predominantly from a single and protected market in Europe. At the same time, the forthcoming complete integration of Switzerland into the EU and the resulting perception that the country's autonomy will be further restricted create considerable internal tensions in politics and society.

## Switzerland's global and regional context: global fragmentation / regional integration

The world is one of changing coalitions and there is a strong tendency towards political and economic regionalisation. The USA has drawn back from its role as a force for global order; following several very expensive military engagements involving considerable losses and only limited success, the American public is increasingly showing isolationist tendencies. As a result, Washington is inclined to concentrate on security closer to home, in North and Central America. Global multilateralism has failed. Divergent interests among the superpowers are blocking global institutions, whose influence has been weakened due to their inability to take effective action. Individual nations are concerned to protect their commodities and resources to an ever greater extent, which creates an atmosphere of tension and potential conflict among the superpowers and within fragile states. There is armed conflict in states and regions with weak state structures, with state and non-state actors in confrontation with each other. The consequences of such conflicts – immigration, organised crime and volatile commodities prices – can be felt throughout the world.

Economic nationalism and protectionism is paralysing international trade. A series of recessions and global economic crises has led to debt problems, high levels of unemployment and fluctuating commodity prices. Inflation, unjust income distribution and corruption are causing social instability in many countries. Under these conditions, it is very difficult to find a common solution to the financial and economic crisis in the form of international regulation of the financial markets or a common monetary and financial policy. Regional economic cooperation, on the other hand, is becoming stronger.

Only the expanded European Union has managed to increase its standing on the international stage. Thanks to its political and economic influence, it plays a central role in shaping global affairs and is no longer merely a civil power. Economic performance and military potential give the EU considerable leverage.

EU agreements have been further reformed, making the EU a more federal organisation and thus achieving greater acceptance for European institutions among the peoples of the member states. Differences in regional and local identities in Europe are disappearing. The EU's new tasks and new global influence has given it a new degree of self-confidence. The internal market is large and healthy. However, there are regular checks on growth, as the maintenance and renewal of infrastructure cannot keep pace with the rise in economic prosperity. The EU is also having to cope with high levels of immigration, accompanied by an increase in human trafficking and smuggling, xenophobia and greater integration challenges.

Environmental and climate issues are high up on the agenda in Europe, but are afforded less attention in most other regions. Because international institutions have become weaker, Europe suffers numerous setbacks in its attempts to find solutions to problems concerning commodity supply and resources, the environment and climate.

## Switzerland 2025: global fragmentation / regional integration

Switzerland is preparing to join the EU, which following thorough institutional reform and for lack of alternatives is becoming increasingly attractive as a key economic and political partner. For a long time, there was much political controversy over whether the advantages drawn from being involved in the EU political decision-making process would be able to counter-balance the loss of sovereignty. With EU membership on the horizon, pressure on Swiss institutions to reform has risen

significantly. The conflict between direct democracy and EU law has not been fully resolved. The legal and administrative gap between EU and Swiss institutions is great. Many cantons find it difficult to accept integration into the EU, fearing that they will gradually become politically marginalised and degraded to executive authorities, whilst the Confederation enjoys real power. With the political agenda dominated by European issues, local and regional concerns are in danger of being neglected.

The Swiss economy has benefitted to a large extent from the move towards integration in Europe, although this has resulted in two opposing trends; whilst certain sectors have come under pressure due to the complete opening of the European market, others have benefitted from the move away from global markets. In general, the Swiss economy is now well anchored in the EU, and banks and the financial centre are subject to EU regulations. Quite unexpectedly, this has strengthened rather than weakened the Swiss financial system. Zurich and London are Europe's financial centres, with Zurich leading in terms of expertise and innovation. At the same time, Switzerland has boosted development in new sectors (renewable energies/green technology), although there will not be great demand for these for another few decades. Switzerland is focussing on renewable energies both for economic reasons and because of the perceived damage being done to the environment. It is expected that the energy sector in particular will benefit from complete integration in Europe, as this increases the importance of Switzerland's position as energy transmission hub and central source of hydroelectric power. However, the first energy bottlenecks are occurring in Switzerland and Europe.

Swiss values are increasingly resembling those of Europe. A European identity is spreading in Switzerland; young Swiss people in particular see themselves as European and express this by being more mobile within Europe. Other sections of society complain of a loss of familiar close borders to them their identity. At the same time, non-Europeans find themselves increasingly ostracised.

The birth rate is stable thanks to progressive family policies which support a healthy work-life balance and involve considerable tax reductions for couples with children. Life expectancy continues to rise due to advances in medicine and care, and the issue of solidarity between the generations gap is becoming increasingly acute.

Forthcoming EU membership leads to large changes, particularly in infrastructure. Infrastructure networks which were originally built for specific purposes have grown into a complex, cross-border system due to technological advances; this brings opportunities in the form of increased efficiency, but also risks in the form of greater dependencies and vulnerability. There is no longer anything to prevent the complete incorporation of the Swiss infrastructure into the European one (energy, road and rail transport, air traffic etc.). All remaining barriers to the European markets and networks have been removed. As a result, the pressure on the electricity, gas, rail transport and post and telecommunications sectors to liberalise has increased; this will result in job redundancies and increased centralisation of services. The main railway networks which are of importance for national and European rail transport are being expanded, whilst management of the regional networks is decentralised.

Switzerland continues to be built over at a considerable rate, which in turn leads to increased pressure on infrastructure networks. The cost of operating and maintaining these networks has increased exponentially. There is considerable debate about how resources can be fairly distributed in order to finance infrastructure on the one hand and meet growing health and social services costs on the other



# Overview of future opportunities

Global integration / Regional integration



Global integration / Regional fragmentation



Global fragmentation / Regional fragmentation



Global fragmentation / Regional integration



Politics	<ul style="list-style-type: none"> <li>“Good offices” niche profile</li> <li>Numerous partners in political dialogue</li> <li>Influence in international organisations (thanks to EEA membership)</li> <li>Metropolitan areas Zurich, Basel, Lake Geneva area more influential</li> </ul>	<ul style="list-style-type: none"> <li>Politics of opportunity: Bilateral foreign policy and foreign economic policy allows Switzerland scope to act and show initiative</li> <li>Changing partners: Diversification of dependency risks</li> <li>Fragmentation of EU reduces tensions between EU supporters and EU critics</li> <li>Switzerland makes active contribution to European regional stability, thus increasing international standing</li> </ul>	<ul style="list-style-type: none"> <li>Traditional inter-state politics increases scope for political action</li> <li>Neutrality, good offices</li> <li>Communes gain in influence</li> <li>Decentralised structures, able to react in a flexible way</li> <li>Active engagement against protectionism with like-minded partners</li> </ul>	<ul style="list-style-type: none"> <li>Equal political voice in the EU</li> <li>High level of regional stability and security</li> </ul>
Economy	<ul style="list-style-type: none"> <li>Niche profile in production of skills- and capital-intensive products and services</li> <li>Free-trade agreements across globe</li> <li>Locational advantages: High living standard / sustainability / good infrastructure / public transport</li> <li>Switzerland is strong centre of education (attractive place to study) and innovation</li> </ul>	<ul style="list-style-type: none"> <li>Specific economic sectors and capital attracted to Switzerland thanks to stable political institutions</li> <li>New and growing sales markets</li> <li>Strong financial centre of international renown</li> <li>Tourism sector benefits from growing Asian middle class</li> </ul>	<ul style="list-style-type: none"> <li>Local products benefit from special import, export and transit conditions for goods; quota systems</li> <li>Bespoke economic partnerships created (tailored to Switzerland’s specific needs)</li> <li>“Swiss Made” as sign of quality</li> </ul>	<ul style="list-style-type: none"> <li>EU market access, in particular for Switzerland’s finance industry</li> <li>EU’s economic position on global stage beneficial for Switzerland</li> <li>Stable price levels for Swiss export goods</li> <li>Switzerland strong centre of education in Europe; research and education strengthened</li> </ul>
Society	<ul style="list-style-type: none"> <li>Global networks increasingly complex</li> <li>High education standards and mobility</li> <li>Increasingly competitive behaviour, high levels of social mobility</li> <li>Public prepared to engage in voluntary work (solidarity as a value in this world)</li> <li>Considerable diversity in population seen as a chance for innovation</li> </ul>	<ul style="list-style-type: none"> <li>Comparative advantage over Europe: immigration of highly qualified workers reduces shortages in skilled workforce</li> <li>Considerable cultural capital in Switzerland</li> <li>Opportunity to redistribute and/or clarify tasks between Confederation and cantons</li> <li>Optimisation of tariff systems (medical insurers)</li> <li>State involvement in public health system</li> </ul>	<ul style="list-style-type: none"> <li>Return to more intellectual and creative social discourse</li> <li>Networking within civil society</li> <li>Conscious efforts to uphold multilingualism strengthens cohesion in society</li> <li>Care work has better status (linked to development towards gender equality)</li> <li>Pressure to adapt and increasing isolation in society make people more prepared to adapt quickly</li> </ul>	<ul style="list-style-type: none"> <li>Identification across European regions, regional identities strengthen society and culture</li> <li>Much movement within Europe in education and health sectors</li> <li>Greater cohesion in and with Europe</li> <li>Immigration to Europe (labour market remains buoyant)</li> </ul>
Environment / Infrastructure	<ul style="list-style-type: none"> <li>Functioning environmental regime thanks to climate control measures</li> <li>Increased market opportunities in fields of nanotechnology / environment technologies / renewable energies</li> <li>Infrastructure: Increases in efficiency and efficacy in economic and ecological terms</li> <li>Swiss metropolitan areas confirmed as economic hubs of international importance</li> </ul>	<ul style="list-style-type: none"> <li>Promising environmental technologies for export to Asia</li> <li>High level of technological development and well developed Swiss infrastructure mean comparative advantages for Switzerland as a technology, research and economic centre</li> <li>Less pressure to expand infrastructure</li> </ul>	<ul style="list-style-type: none"> <li>Less mobility and global economic crisis reduce pressure on environment and infrastructure</li> <li>Increasing appreciation of natural world, increased awareness of environmental themes</li> <li>Reduced pressure on infrastructure</li> </ul>	<ul style="list-style-type: none"> <li>EU important player in environment</li> <li>Greater metropolisation and urbanisation</li> <li>Switzerland closely involved in EU infrastructure projects and trans-European networks</li> </ul>

# Overview of future risks

Global integration/ Regional integration



Global integration/ Regional fragmentation



Global fragmentation / Regional fragmentation



Global fragmentation / Regional integration



Politics	<ul style="list-style-type: none"> <li>Political marginalisation and loss of influence due to growing stature of emerging economies</li> <li>Tensions between those who gain and those who lose from globalisation lead to increase in potential for social conflict around the world</li> <li>Political decision-making processes in Switzerland only partially in tune with international challenges</li> <li>Pressure on Switzerland as financial centre</li> <li>Increase in administrative outlay</li> </ul>	<ul style="list-style-type: none"> <li>More financial and human resources required for foreign relations</li> <li>Changing partners: difficult to find partners, greater coordination required for bilateral agreements</li> <li>Marginalisation on international stage, pressure on Switzerland as financial centre</li> <li>Declining revenue from taxes, state has less scope for action</li> <li>Growing public spending ratio and administrative outlay at federal level</li> <li>Solidarity between border regions and neighbouring areas (as counter movement)</li> <li>Higher administrative costs</li> </ul>	<ul style="list-style-type: none"> <li>Frequent attempts at exerting economic and political pressure</li> <li>Business partners unreliable, less security</li> <li>Increased expenditure on security: more spent on preserving internal and external security</li> <li>Increasing debt: cities and cantons risk becoming insolvent</li> <li>Widening gap between public and political elites</li> </ul>	<ul style="list-style-type: none"> <li>Less scope for action at national level</li> <li>Great pressure to standardise</li> <li>Monopolisation of political agenda by Europe, neglect of local and regional considerations</li> <li>Political institutions under great pressure</li> <li>Cantons lose autonomy, more tension between Confederation, cantons and communes</li> <li>Increase in administrative outlay</li> </ul>
Economy	<ul style="list-style-type: none"> <li>Increased competition between locations throughout world</li> <li>Increase in systemic risks</li> <li>Rising energy and commodity prices</li> <li>High expectations abroad of Switzerland as financial centre (taxes, solidarity payments); companies take considerable risks whilst politicians show little interest in regulation</li> <li>Mobile production factors move away: reduction in inland revenue</li> <li>Difficult to secure skilled workers long-term and maintain top position as location for innovation</li> </ul>	<ul style="list-style-type: none"> <li>Poor growth due to fragmentation in Europe</li> <li>Insufficient economic compensation on Asian markets</li> <li>Greater unemployment rates</li> <li>Pressure on wages</li> <li>Difficult to secure skilled workers long-term and maintain top position as location for innovation</li> <li>Considerable pressure to innovate</li> <li>Brain drain abroad – including to South-East Asia</li> </ul>	<ul style="list-style-type: none"> <li>Domestic consumption collapses, chronic economic downturn</li> <li>Export difficulties due to high tariffs (sector-specific)</li> <li>Switzerland loses importance as economic centre; steep decline in tourism</li> </ul>	<ul style="list-style-type: none"> <li>Less scope for shaping economic policy</li> <li>Protectionism and loss of markets outside of Europe (dependency on exports)</li> <li>Higher transfer payments in EU and higher tax burden, loss of competitiveness due to higher interest rates and taxes</li> <li>Structural reforms put certain sectors under pressure; some jobs lost</li> <li>Wage pressure, loss of purchasing power (transfer payments and tax increases), adjustment to EU average standard of living</li> </ul>
Society	<ul style="list-style-type: none"> <li>Social divide: Losers vs. winners in society</li> <li>Declining level of solidarity between generations</li> <li>Loss of shared values and identification with homeland</li> <li>Loss of political, economic and personal freedoms as large blocs become dominant (applies to both state and individuals)</li> <li>Considerable financial pressure on social system and health system</li> <li>Relaxed attitude to data protection</li> </ul>	<ul style="list-style-type: none"> <li>Lack of social and political orientation, loss of social cohesion</li> <li>Growing differences in income</li> <li>Problems in financing social system due to weak growth, increasing health costs</li> <li>Less migration of skilled workers from Asia, deficits in basic research</li> </ul>	<ul style="list-style-type: none"> <li>Strikes, unrest and riots more frequent; "Battle of the sexes" due to growing lack of security</li> <li>Fewer resources available for education</li> <li>Unemployment and trend towards more immigration; increase in xenophobia, human trafficking and smuggling</li> <li>Societal problems (including conflicts between the sexes); more mental illness; single parents and working poor increasingly affected by poverty)</li> </ul>	<ul style="list-style-type: none"> <li>Demographic ageing: issue of solidarity between generations increasingly significant</li> <li>Migration pressure on EU and Switzerland from people from non-EU countries (human trafficking and smuggling, xenophobia, problems of integration)</li> <li>Change in citizens' focus: loss of small-scale system, power transferred to higher level</li> <li>High levels of unemployment in some sectors</li> </ul>
Environment / Infrastructure	<ul style="list-style-type: none"> <li>Imminent shortages in energy, commodity and resource sector worldwide (due to economic growth)</li> <li>Loss of agricultural and construction land; agricultural production, rural and cultural heritage threatened; spread of urban areas</li> </ul>	<ul style="list-style-type: none"> <li>Problems in extracting and procuring natural resources and commodities (especially for energy)</li> <li>No global climate agreement</li> <li>High costs and problems in financing infrastructure and internal and external security (e.g. anti-</li> </ul>	<ul style="list-style-type: none"> <li>Reduced investment in environmental technologies and sustainability</li> <li>Shortages in energy, commodities and resources more acute due to conflicts in countries of production and protectionist measures</li> </ul>	<ul style="list-style-type: none"> <li>Increase in urban sprawl</li> <li>Growing influence of spreading cross-border conurbations</li> <li>Pressure to adapt to EU requirements in infrastructure policy</li> </ul>

<ul style="list-style-type: none"><li>▪ Increasing dominance of metropolitan areas: Challenge for Switzerland's political system and protection of the environment and resources</li><li>▪ Infrastructure: increased use leads to bottlenecks in capacity</li><li>▪ New systems / infrastructure extremely vulnerable</li></ul>	<ul style="list-style-type: none"><li>▪ espionage)</li><li>▪ Decline in infrastructure in mountain regions and peripheral regions</li></ul>	<ul style="list-style-type: none"><li>▪ Protection of infrastructure physically and technically more difficult</li><li>▪ Environmental politics less relevant</li><li>▪ Difficulties in paying for maintenance of infrastructure</li></ul>	<ul style="list-style-type: none"><li>▪ High and volatile energy and commodity prices due to insecurities and restrictions in global trade</li></ul>
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# Part IV

Challenges facing Switzerland up to 2025

The central strategic challenges facing Switzerland which are described here are based on the main challenges associated with each individual scenario as outlined in the annex. These main challenges comprise:

- a. The effects of the trends outlined in Part II with nuances specific to the given scenario and
- b. Additional challenges identified in the process of drawing up the scenarios

In order to determine the main challenges common to the whole defined future period, the results of each have been compared and common themes and interfaces identified. Similar themes have been organised into clusters, which form the twelve strategic challenges up to 2025.

Overcoming these challenges is a core task of the political strategic leadership process. It involves developing and implementing long-term strategies spanning a range of policy areas in a volatile and insecure environment. In order to meet some of these challenges, it will be necessary to consult with a wide range of experts from the administrative, business, scientific and social fields. The results of the situation and environment analysis will provide the basis for formulating a long-term strategic vision of how these strategic challenges might be surmounted. For some aspects of these challenges partial strategies and planning documents already exist which also provide a reference point.

The overall process has identified the following strategic challenges facing Switzerland in the coming ten to fifteen years, and in some cases, beyond:

By adopting a solid approach to these issues, Switzerland can prepare itself in the best possible way for an uncertain future. As there is some overlap across policy areas, a comprehensive and coherent perspective needs to be adopted in the political planning process which looks beyond individual sectors or isolated cases. The following pages outline the twelve main challenges, showing the links between them and the opportunities and risks they involve. Possible courses of action are also outlined.

<b>Politics</b>	1) Strengthen Switzerland's regional and global position and optimise scope for action
	2) Recognise risks early on and ensure internal and external security
	3) Uphold and improve the state's and institutions' ability to act
<b>Economy</b>	4) Maintain Switzerland's attractiveness as a competitive business location
	5) Secure means to finance state activities
<b>Society</b>	6) Recognise social and cultural tensions early on and strengthen shared values
	7) Anticipate demographic developments; prepare new generation for business, research and part-time public office and ensure foresighted migration and integration policy
	8) Stabilise costs of health system without compromising on quality
<b>Environment / Infrastructure</b>	9) Curb effects of climate change and introduce adaptive measures; secure resources and energy supply long-term
	10) Use opportunities presented by information and communication technologies and reduce vulnerability of infrastructure
	11) Maintain physical infrastructure and ensure sufficient funds are available
	12) Exploit opportunities presented by metropolisation and minimise risks inherent in growing urban sprawl

## 1) Strengthen Switzerland's regional and global position and optimise scope for action

Switzerland is closely integrated into international affairs on a practical and legal level. The future world order will be marked by interstate rivalries and selective cooperation, and this forces Switzerland to set clear priorities. It is difficult to formulate foreign policy which finds acceptance at home. A foreign policy vision is required which creates a profitable balance between integration and preserving the Swiss identity, both in a regional and global context. Advantageous partnerships must be developed in order to minimise the risks of marginalisation. At the same time, Switzerland should exploit the opportunities which cooperating with others creates so that it can increase its own scope for action.

The world is becoming more and more complex. In general, it can be assumed that a shift in power towards Asia and emerging states will take place. This will no doubt lead not only to more intensive cooperation and networking, but also stronger rivalries and increasing confrontation. It may be expected that key western values, standards and guiding principles will no longer dominate. Other standards and ways of interpreting the world will challenge the western model, for instance in terms of desirable economic systems or the protection of private property. This redefining of power relations will also be seen in international organisations and other bodies. Switzerland, as part of the western world, will be directly affected by these developments.

The European Union (EU) will remain Switzerland's main reference point. The extent to which Switzerland benefits or loses from positioning itself on a regional level depends, firstly, on how the EU situation develops, and secondly, on its own political objectives regarding Europe. In terms of EU development, it may be assumed that relations in specific areas (economic, financial, fiscal and legal issues, energy supply, security and foreign policy) will become closer, and that more member states will be accepted into the union. That is to say, current policy will be continued and expanded, although this may not always occur at the same rate. However, the trend may be reversed, for instance if the euro continues to drop in value. It may well become increasingly difficult for Switzerland to defend its specific interests as a non-member state. The growing tendency to find a common transport, energy and ICT policy within the EU will continue, and challenges from beyond EU borders will most likely strengthen this development. Switzerland must make the best possible use of the comparative advantages it enjoys as a transport and energy hub at the heart of Europe by actively participating in the process of Europeanisation. Infrastructure networks – with air traffic at the forefront ("Single European Sky") – are being increasingly Europeanised.

Against the backdrop of financial crisis, and the reputed success of the Asian model (linking politics and industrial conglomerates), the market economy system is coming increasingly under fire. The importance accorded to human rights and democracy on the one hand and non-western ideas on the other is an issue which is being intensively discussed by the main economic powers.

Switzerland is able to take on a niche role in the field of international cooperation and development work, exercising its voice in selected committees when it is able to contribute expertise or on a material level. Global and regional political stalemates are an opportunity for Switzerland to act as mediator, and depending on the issue at hand, to find solutions and build up networks with a changing range of partners. However, at the same time Switzerland is at risk of further losing influence on the international stage and of being exposed to pressure from individual states or international organisations. Efforts to introduce more international regulation and Switzerland's growing lack of influence and equal say abroad threaten to reduce Switzerland's freedom of action even further.

It will become clear over the coming few years whether the western powers and emerging economies of China, India and Brazil will engage in a zero-sum competition for diminishing resources, markets, power and alliances or if they succeed in improving international cooperation in order to tackle global development issues and ensure stability, security and prosperity in a networked world. Switzerland can contribute to this atmosphere of cooperation by promoting robust development and environmental policies, assuming an active and far-sighted role and acting strategically. It should pursue coherent policies which are compatible with sustainable development. Swiss development work should not try to reduce poverty in a given partner country when at the same time Switzerland's policies in other areas create poverty in that very country. Any decisions made, particularly in the fields of agriculture, the environment, business and finance, trade, migration, security, energy and science and technology must take account of development issues.

This includes effective climate agreements with non-OECD countries. Development policy can help to strengthen the political, economic and societal players in poorer countries which aim to modernise in a sustainable manner.

## 2) Recognise risks early on and ensure internal and external security

**Characteristic of the current security situation is a shift away from obvious threats towards transnational risks. Technical and social systems are becoming more vulnerable, not least due to asymmetrical conflict constellations. This vulnerability also poses a challenge outside of the immediate political sphere, as the 2008 financial crisis clearly demonstrated. The financial resources required to bail out the banks pushed many states to the limits of their capabilities. Being able to recognise risks early on and forming a secure security network at home and abroad is becoming more important if the State is to have a security strategy capable of dealing with the threats. Despite the risks, in this changed environment there are also opportunities for Switzerland to establish a confident foreign and security policy which allows the country to protect its interests effectively.**

It is very unlikely that there will be any classical military threats (wars) against Switzerland in the foreseeable future. The internal situation in Europe and the free use of foreign security services such as an anti-missile shield contribute greatly to Switzerland's security situation. Increasingly there are political opportunities to cooperate with like-minded and similarly affected partners to have a stabilizing effect on the transnational security situation. The most immediate risks arise from the collapse of weak states and global security risks in a crisis area spanning from Africa through the Near and Middle East, the Caucasus and Central Asia to South West Asia. This zone of instability is the site of numerous civil conflicts resulting from complex political, social and economic weaknesses and in which governments and civil society confront each other. The consequences of such conflicts can be felt throughout the world (immigration, organised crime, commodities prices). These civil conflicts are being increasingly eclipsed by transnational violence which can spread across borders in the form of global security risks such as extremism, organised crime, terrorism and the proliferation of weapons of mass destruction.

The regionalisation of political power, a counter-movement to globalisation leading to new forms of regional cooperation and integration, poses new challenges for Switzerland's international positioning – especially in terms of security. There is ever sharper competition for natural resources, which has an effect on the security of supply of essential raw commodities globally. There will continue to be political pressure on Switzerland at the interface between security and the economy, where imbalances between the country's economic and political influence can be most clearly felt. Switzerland needs to consider what position it needs to adopt in foreign policy and security matters in order to best protect its interests.

Technical and societal systems are becoming increasingly vulnerable as a result of technological and economic developments, political factors, population structures, environmental influences, resource dependency and critical infrastructure. Individual events can have a snowball effect, generating larger crises. The pace of change and globalisation increase the degree of vulnerability; this, however, can be attenuated by increasing resistance and the ability to regenerate on a technical and social level. Essentially, it is necessary to develop preventive, repressive and accompanying measures to combat terrorism, economic crimes and organised crime in the context of protecting the national interest and providing mutual assistance to other countries. This applies to government authorities and buildings as well as persons and buildings which require protection under international agreements. Furthermore, cooperation with partners in Switzerland and abroad needs to be intensified in the fields of policing and prosecution.

Good offices should be expanded and international cooperation strengthened both with the EU and other countries with a focus on reducing poverty, sustainable (economic) development and global challenges such as climate change, immigration and food security in developing and transition countries. Humanitarian and technical cooperation with fragile states should also be expanded in order to strengthen local systems of governance and help create stable institutions.

The threat of digital attacks from cyberspace is of particular significance in this context. There are huge opportunities for misusing cyberspace for criminal, intelligence or military purposes. The spectrum of cyber attacks is broad, spanning from everyday, relatively harmless vandalism to espionage and terrorist attacks with potentially devastating consequences. Highly developed countries such as Switzerland are particularly vulnerable to such attacks, since they are highly dependent on digital data networks and their infrastructure. If, as a result of targeted attacks in cyberspace, these networks do not function properly or not at all, or if access is limited or interrupted, this could have severe con-



sequences for the functioning of the State, economy and society. The State must therefore take action to protect itself against such attacks and to minimise their possible effects.

As a result of the financial and economic crisis of 2008, state intervention on a historical level was necessary to stabilise the financial system and rescue individual financial institutions in the USA and practically all European countries, including Switzerland. The difficulties experienced by one particular major Swiss bank with a strong presence in the USA clearly showed that the whole financial system can be threatened. The risk can be so great that the State is practically forced to intervene. The rescue package for banks can, however, involve unacceptably high risks for the taxpayer, as was seen in Iceland, Ireland and to a lesser extent in the UK and the USA. A state's ability to act can be severely restricted for many years as the result of such rescue operations; in an extreme case, Switzerland might find itself in a financially unsustainable position. For this reason, long-term measures for containing the systemic risks of the major banks are required.

### 3) Uphold and improve the state's and institutions' ability to act

**Existing institutions' ability to adapt is put to the test by both domestic and external developments. The growing pressure on political and state institutions to reform means there is a need for a long term strategic vision to increase the ability of these institutions to act strategically. There is an opportunity for institutional reform in this climate of tension between necessary flexibility and inherited structures, at the same time avoiding the risk of placing excessive demands on these institutions.**

The international environment is dynamic and complex. As a result, the main players in politics, the economy and society must remain flexible and as forward-thinking as possible. There are growing demands on states and its institutions. The state has to take into account individual and societal interests, coordinate a growing number of people involved in state affairs, act consistently and communicate effectively with the public.

The challenges posed by the state's decreasing ability to act and the growing ineffectiveness of the political system are likely to grow. Issues, structures and processes become increasingly complex, and at the same time, there is less scope for political action. Laws are in effect for an ever shorter period of time, there is more regulation and fierce objection to cuts in services regarded by the state as non-essential. There are many reasons for these difficulties. The influence of international developments on Switzerland's scope of action is increasing, as is the interrelatedness of domestic and foreign policy and of politics and business due to professional lobbying; levels of mobility are rising and individualisation within society is becoming stronger; state expenditure is rising and becoming increasingly difficult to finance; there is pressure from the media, activism and reforms at any cost, which are part of the political game in an information society. It will not be possible to keep the increase in state expenditure in line with economic growth; this makes a systematic review of the form and volume of federal services necessary.

Growing internationalisation is increasing the pressure on Swiss institutions to reform. The influence of international organisations (EU, UN) and important partner states can be felt; Switzerland is adopting new legal standards, recognises and applies international standards, continues to extend bilateral agreements and participates in international partnerships. The way in which the political system operates must take account of these developments and adapt accordingly.

The Swiss political system itself poses significant challenges. In recent years, the dominant attitude in both state and society has been mainly reactionary. Challenges are rarely anticipated. In order to find long-term, effective solutions to current and future problems, the departments of the federal administration need to develop a joint outlook and responsibilities should be clearly defined. At the same time, Switzerland's ability to act is influenced by the country's deep-rooted political culture (federalism, official sovereignty, neutrality etc.).

One response to external pressure could be to strengthen existing state early-warning structures and competences. These should be linked to a wide-ranging strategy development process which reflects the interests of business, science and society, thus making it possible to set clear political priorities. There is also need for reform in crisis management; there is room for improvement in the ability of the relevant committees to take decisive action and form networks as well as in their learning processes. The administration's ability to pursue target-oriented strategies also needs improving. In order to address challenges inherent in the system, the role of the State needs to be reassessed, and the cantons and wider public should be involved in the reassessment process. Federal government, cantons and communes must work more closely together if the effectiveness and efficiency of the federal system is to be preserved in the face of international influences. This applies, for example, to cultural, health and education policies or to the social insurance system. The Confederation should encourage this cooperation and at the same time adopt the role of coordinator and supervisor. The restructuring of regional public administrative bodies should continue (more mergers of communes and possibly even of cantons), as small-scale authorities are unable to bear growing social and infrastructure costs. Particular attention will have to be paid to further improving cooperation in conurbations, upon which the country's economic prosperity will largely depend.

#### 4) **Maintain Switzerland's attractiveness as a competitive business location**

**Switzerland is a global business location. In order to secure its future international competitiveness, the country requires a long-term strategic vision which makes use of the limited opportunities to shape events abroad and concentrates on improving education, research and innovative ability within its own borders. However, in view of the rising number of important economic players, Switzerland needs to minimise the risks of becoming marginalised in multilateral business organisations. At the same time, it needs to make the most of opportunities to create a niche profile with skills- and capital-intensive products and services, as well as developing new and growing sales markets.**

In the coming 10 to 15 years, it can be generally assumed that international competition will become more intense. At the same time, Switzerland's influence on the direction and development of global economic affairs will remain small, or is likely to weaken further. Because of this, the ability to react quickly and flexibly to changes in the global environment remains key to maintaining a healthy economy.

The importance of bilateral free trade agreements is likely to increase. Switzerland will continue to have a vital interest in maintaining unhindered access to all growth markets in the world, although the European single market and the European economic context remains very closely linked to the Swiss economy. Switzerland's innovative ability and competitiveness is primarily due to the dynamism of its three metropolitan areas, Zurich, Basel and the Lake Geneva region. Priority needs to be given to promoting these regions on an international level. It is important to improve the running of these economic regions, which often encompass several cantons and communes. A good urban policy must ensure that infrastructure and other conditions are created effectively and efficiently so that the conurbations can prosper. In order to ensure other regions are not neglected, their position in relation to the metropolitan areas must be redefined and links with these urban areas created. Furthermore, a foreign economic policy is required that is marked by an all-round openness and remains as flexible and adaptive as possible in changing circumstances.

In 2011, Switzerland's economy is thriving compared to many other countries. Key factors in this success are political stability, the legal system and security, an attractive fiscal system with moderate taxation, flexible labour laws and a high standard of living. The effects of the financial and economic crises have also shown that financial policy is of great importance to the country's overall economic stability and position as an attractive business location. However, Switzerland should not rest on its laurels as a result.

Constant efforts need to be made to maintain and increase the competitiveness of Swiss companies, make Switzerland even more attractive as a business location to foreign companies, and finally, ensure the stability of the Swiss financial sector. As the country is too small to cover all industrial and scientific fields, a focussed economic policy strategy is required which concentrates on existing key expertise and potential in areas which will be important in the future. Education and research are essential factors in maintaining economic innovative strength. In this, it is important to establish what kind of knowledge and what kind of education are necessary to maintain this competitiveness and how the transfer of knowledge and technology between universities and the world of business can be improved. In the economic sector, the results of research and scientific transfer must be sufficiently protected so that Switzerland benefit from them economically. This necessitates close cooperation between the fields of politics, business and science. It is essential for Switzerland to maintain the proper functioning of its infrastructure systems for transport, energy and communication, success factors which are of increasing importance in a globalised and technology-based economy. There is also a need to reform financial policy on an institutional level (e.g. standardised social security regulations) if Switzerland is to remain attractive as a business location and retain its ability to act.

As rising prices and security of supply of energy and commodities are likely to pose a huge economic and political challenge in the coming years, it will be necessary to continue to increase efficiency in commodity and energy use to prevent Switzerland becoming too vulnerable. This is also linked with climate issues and the need to reduce greenhouse gas emissions. At the same time, cleantech offers the country the opportunity to develop in a new economic direction, and in Switzerland the conditions for such a development are ideal.

In view of likely demographic trends and the growing dearth of specialists in many sectors, favourable conditions must also be created so that as large a proportion as possible of the population can be active in the labour market. This

presupposes progressive immigration and integration policies and new working models which allow the older generation to work longer and make it easier for parents to work, for instance in the form of childcare provision for school-age and pre-school children or more family-friendly working conditions. The skills and potential of women and people from an immigrant background need to be mobilised and education in the sciences kept at a high level. Models need to be developed and incentives created to encourage further training in specific vocational fields.

The older generation's (over 70s') knowledge and expertise should also be exploited to a greater extent.

## 5) Secure means to finance state activities

**The structural balance in the federal budget is not secure long-term. Rising costs should be expected in future. In order to meet strategic challenges in all areas of security, education, research, culture, innovation, infrastructure, health and social services, a vision is required as to how to prevent a rise in public spending. At the same time, it is important to invest the right amounts in the right places and to take sufficient preventive measures so that future generations do not have to bear unnecessary financial burdens.**

Switzerland will face the huge challenge of growing financial demands in an increasing number of political areas in the coming years. The structure of the Swiss population will change dramatically. Over the next 20 years the baby-boomers will reach retirement age. At the same time, the birth rate has dropped radically and life-expectancy continues to rise. This change in the demographic structure also has consequences for public finances. The old age pension system, health and long-term care are the areas most affected financially by such changes. Analyses show that state expenditure in these three areas could rise by up to five percentage points of gross domestic product by 2050. There are also problems with financing the transport network (rail and road). Because of increasing mobility – which is also the result of the considerable growth in population – higher traffic volumes and ageing transport networks, up to CHF 160 billion needs to be invested by 2030. This means increasing annual expenditure by a third compared with today. There is also a growing need for more technologically sophisticated and therefore more expensive infrastructure in the field of research; education requires the best resources and more expensive tools if it is to justify its leading position; the infrastructure generates greater marginal costs. In the light of all this, Switzerland cannot avoid the fact that a redistribution of resources will have to take place.

In order to stabilise federal finances long-term, a brake must be put on the continuing rise in spending. Structural reforms are required across the board in the area of state expenditure. Suggestions and ideas for funding in each subsector are just as important as a long-term view of monetary policy in general. A long-term outlook for public finances is therefore taken and made public at regular intervals. However, there is no medium-term view reaching beyond the four-year financial planning period.

At the same time there is a need to reform the taxation system, which generates revenue to finance state expenditure. The system should be as efficient as possible and designed to encourage economic growth. The following developments are taking place in fiscal competition: more competition within Switzerland and with other countries; more pressure on the public spending ratio; questioning of the level of public spending; more public money spent on public infrastructure (which can attract mobile capital) and current expenditure, which is of interest to the owners of mobile factors (culture, education, public security, local environmental protection).

In reaction to these developments, it can be expected that there will be increasing political pressure to restrict the system of competition on a national and international level. As a consequence, Switzerland will have to reduce the differences in the tax burden between the cantons or standardise tax rates at a higher level. Swiss tax and financial legislation will have to be adapted in many areas, in particular in the area of company taxation, which is linked to the issue of location competitiveness. A balance needs to be found between the specific nature of the Swiss situation and international demands. Switzerland remains attractive in an international comparison. Its system of taxation contributes to the country's prosperity but is under pressure to generate enough revenue to fund the State. In order to meet the challenges, in particular in the areas of research and education, new financial and organisational models (e.g. public-private partnerships) and new funding concepts (e.g. part-privatisation, student fees linked to a system of loans) need to be developed.

As sources of energy and commodities continue to become more scarce and climate problems more acute, financial policies will also have to help to find solutions to these key global challenges; experience has shown that fiscal instruments can make an effective and efficient contribution in this respect.

## 6) Recognise social and cultural tensions early on and strengthen awareness of shared values

**Switzerland will increasingly have to face challenges in the areas of social integration, demographic developments and cultural diversity. In order to cope with the social tension arising from this, a long-term vision is required which allows for discussion about identity and value systems and creates opportunities to counter-balance the fragmentation of society with its associated conflicts, setting the path towards successful integration for the whole of society. This vision will have to demonstrate the opportunities that a pluralistic society presents and placate the fears which an ever more rapidly changing demography gives rise to. Ensuring that society is well educated and people are able to think and act independently is one of the most important prerequisites in achieving this aim.**

Far-reaching socio-economic and socio-demographic changes are forcing Switzerland to confront new value systems. A range of developments in the economy and society are giving rise to new forms of lifestyle and may lead to greater inequality; this will inevitably create more socio-economic and ideologically motivated tension in Swiss society. This may prove to be a real test for social cohesion. Examples of this are unequal pay, increasing levels of poverty and rising health and social insurance costs. Other developments which might threaten social cohesion are an ageing population, cultural pluralism and the fears which this gives rise to, consequences of legal and illegal immigration, growing individualism, changes in family structures, spiritual and religious tensions and the greater importance of large urban areas compared with peripheral regions.

Just as there are wide-ranging reasons for these changes in society, so there are many different ways of counteracting growing social tension. Given the ageing population, greater solidarity is required between the older and younger generations and new labour models are needed so that, for example, older people can remain in work for longer and the younger generation can have greater flexibility in combining a career and family. Equally urgent are the reform the welfare state and new structures to include skilled workers (in particular women and immigrants) in the labour market. Furthermore, there needs to be a clear immigration and integration policy for the whole of society, as well as effective protection of human rights and success in the fight against crime, in particular targeting human trafficking, xenophobia and the rise of extreme ideologies. An education system which emphasises democratic values and skills is of key importance in this respect.

A number of things are required if all members of society are to be successfully integrated and social cohesion maintained: a high level of general education, ongoing further training, clear and coordinated measures to improve education standards among people who are disadvantaged because of their gender, culture, an immigrant background, or for economic and social reasons, and an education system which is readily accessible to people with special needs. This cohesion should be reinforced by the values expressed in the Federal Constitution (e.g. equality of opportunity, lack of discrimination) and based on the high quality and accessible education system to be found in Switzerland (Art. 61a Cst.). This investment is of central importance to individual and overall economic competitiveness, and to encourage the integration of the immigrant population and strengthen a shared identity. This area in particular should be given special attention in future. The population is split over the idea of what Switzerland's identity actually is. This can be seen most clearly in people's attitude to other nations; here there is a potential for huge internal barriers to form.

A long-term vision and an integration policy which addresses the needs of the individual and of society as a whole are absolutely essential in view of rapid social, political and economic change in an increasingly diversified and, in some instances, anxious society. There is a need to examine the nature of our shared values within a framework of democratic agreement and negotiation procedures. Shared values create an identity for the people of the country and also for representatives of the State. They create trust between the citizens and the State, foster integration and social cohesion, help to strengthen cultural identity and enable Switzerland to position itself both politically and economically in an internationally competitive environment. Due attention should be paid to creating a high quality education system on all levels, which is accessible to all those who want to make use of it and which encourages learning from childhood up until an advanced age. Educators in both the general and vocational education systems should receive an equal degree of recognition in society and at an international level.

**7) Anticipate demographic developments; prepare new generation for business, research and part-time public office and ensure foresighted immigration and integration policy**

**Demographic developments, i.e. the change in the size and structure of the Swiss and the global population, have an effect on a wide range of policy areas. Of particular significance are an ageing population and regular and irregular immigration and the challenges it brings. Opportunities lie in the economic field; competition is increasing throughout the world for young workers in all sectors, especially among qualified workers. And at the top end of the scale, in particular in areas such as research and education, there is fierce competition. Because the younger generation is having to work harder, its capacity for part-time public office is of course reduced.**

In Switzerland it is unclear whether and to what extent the population will increase; integration, both regular and irregular, will have a decisive influence here. However, it is clear that the population is getting older and those in work are having to support an increasing number of pensioners, a trend which cannot be balanced out by greater numbers of women joining the workforce. These developments have an effect on many policy sectors, in particular on employment policy (flexible working hours, older workers, education and training), immigration policy (e.g. integration in the labour market), family policy (childcare), health policy (health costs, care) and social policy (social insurance).

A more decisive factor for immigration into Switzerland is primarily economic development; for this reason, this is always taken as the basis for prognoses. Furthermore, crises and conflicts in countries around the world may lead to more migration, which may also affect Switzerland. Regular immigration levels continue to rise. The ageing population, particularly during a period of strong economic development, creates a dearth of highly qualified workers and qualified specialists (for example, in the health and care professions, in schools and universities and in the Information Technology sector). This is particularly so in top professions; competition for the best of the young generation of workers in research and the education sector is becoming fiercer, and requires Switzerland to increase its investment in these areas in order to become more attractive.

Irregular immigration will also continue as a result of considerable differences in living standards between rich and poor nations; however, voluntary and forced repatriation will probably keep levels stable. Finally, it can be expected that the number of asylum seekers will remain high, although this can fluctuate considerably and unpredictably.

The opportunities and challenges posed by an ageing population create new incentives to renew the contract between the generations, overhaul the welfare state and stabilise and control growing health costs, at the same time ensuring that quality is not jeopardised. New sectors are being created in the economy, and there is a new generation of retired consumers with considerable spending power. Migration can also create positive economic impulses. Firstly, it can fill the gaps which are appearing due to a growing dearth of qualified personnel in a range of economic sectors; secondly, it opens up opportunities for Swiss people to work in foreign labour markets. Furthermore, it creates positive economic effects in the immigrants' countries of origin, where remittances create greater financial opportunities.

At the same time, population growth is leading to greater environmental damage and accentuating negative trends in energy use and climate change. An ageing population results in rising health and social insurance costs, with the risk of ever greater pressure on the welfare state, a decrease in generational solidarity and a further rise in public debt. What is more, irregular and illegal immigration is often associated with criminal activity and criminal structures – organised crime, illegal employment, human trafficking and xenophobic attacks. Neither is regular immigration unproblematic – poorly qualified family members may join immigrants in Switzerland, there may be integration difficulties or an increase in xenophobia. The country's inhabitants may feel increasingly insecure, political positions become more radicalised and political decisions (e.g. on asylum policy) more sensationalised. Human trafficking as a part of illegal immigration is one of the crimes, along with drug and arms trafficking, with which criminal organisations and networks earn the most money. The growth of human trafficking networks on the Swiss prostitution scene is also leading to higher levels of crime in other areas. Networked crime and organised crime operate internationally and so must be combated on a cross-border level. The pursuit of international human trafficking networks in Switzerland is part of this. In order to make the fight against illegal immigration effective, it is not sufficient simply to make Switzerland as unattractive as possible as a destination or place to seek asylum. The country must create the institutional conditions so that such crimes can be successfully pursued. Policy-makers must also ensure that behaviour which does not im-

prove the situation of the people in their country of origin, or even makes it worse, is unacceptable. This also means that Switzerland should not support potentates and their regimes, for instance by allowing them to stash funds embezzled in their own countries in Switzerland.

Policy areas which are not currently affected by the issue of immigrant integration can be involved to a greater extent. An example of this is cultural policy. Measures to promote multilingualism – in parenting, education, professions etc. – must be developed. Cultural events and activities should be made more accessible, as these can help create common values and a feeling of belonging to civil society. Cultural activities must address all age groups (in particular children and older people) and all groups in society (immigrants, Swiss, people with disabilities, people with low socioeconomic status etc.).



## 8) Stabilise costs of health system without compromising on quality

**The health sector is undergoing considerable change. The reasons for this development are the growing demand for better quality and more widespread health services, and rapid advances in the medical and technical fields. Rising costs continue to pose the greatest challenge. However, a greater awareness of health issues and globalisation of the health sector also create economic opportunities.**

Health is becoming a huge issue all over the world. The demands on the health system and its services are rising. Health is increasingly seen as a consumer good. Beyond EU borders, health markets are showing signs of globalisation (migration of health workers, patient mobility, nascent opening of service markets, radical changes in the pharmaceutical industry due to the role of emerging economies and developing countries). This development brings with it huge opportunities. People increasingly want to seize new opportunities to improve, maintain or regain their degree of health. Whilst life expectancy and mortality rates testify to the fact that the health of the Swiss population has never been so good as in recent years, rates of chronic illnesses are nevertheless on the rise. The reasons for this lie in improved medical and technical opportunities which lead to a shift from lethal to chronic illnesses, and also behavioural factors such as obesity, tobacco consumption, alcohol abuse and mental problems (e.g. as a result of higher work levels). Changes in care provision needs and the shift in age structures in the population place huge demands on education and training of health staff at university and non-university level.

Costs in the health sector in general and medical insurance costs will continue to rise. It is therefore important to introduce further reforms which more accurately address the needs of the changing society, and which ensure efficiency, competition and quality in the health system. In particular, all those factors should be eliminated which encourage the expansion of medical services which are not really justified by additional needs of an ageing society. Furthermore, health services should be affordable for all sections of society. Over the coming years, it will therefore become increasingly necessary to address the issue of priorities in medical services. The question arises as to which medical treatments should be covered by compulsory health insurance and so paid for by all members of society, and which should be privately paid for. The financing issue does not only lead to disagreement between the various interest groups involved, but also makes it necessary to clarify which levels of state are responsible for which tasks. These changes, along with the increasing importance of outpatient care, lead to a greater flexibility in interdisciplinary cooperation, networking and integration between service providers. Modern communication technologies must also be increasingly used.

Health care still focuses too much on curative medicine. In future, more emphasis should be put on preventing illness and promoting health. Nutrition and exercise play an essential role in this. In particular, walking and cycling in our daily lives need to be made more attractive and residential areas designed in such a way that non-motorised traffic becomes a viable alternative to motorised traffic.

In view of the increasing levels of global mobility, internationally coordinated approaches to prevent and contain epidemics are also required. Health also poses a challenge in terms of development policies; development objectives are also health objectives. There is also the issue of how the useful effects of health workers' mobility across national borders can be distributed more evenly (prevention of a brain drain). In the care sector, greater attention should be paid to illegal work and human trafficking in future. Furthermore, developing countries are now demanding lower prices or in some cases the removal of patent protection for essential medicines.

**9) Curb effects of climate change and introduce adaptive measures; secure resources and energy supply long-term**

**Climate change will continue, although there is huge uncertainty to what extent. It can be assumed that commodity prices will become increasingly volatile and the battle for resources more intense in a globally competitive environment. Overall, Switzerland is in a good position to cope with the challenges this situation brings, provided the right action is taken in advance and has a legally binding effect. A sustainable commitment to climate issues and renewable energies will create considerable opportunities, in particular for the economy.**

Large states are attempting more frequently to obtain direct access to commodities and resources in other countries. In response, countries with considerable mineral and resource wealth are increasing state control over these resources in order to be able to promote their political interests both in a domestic context and abroad. In view of the global dependence on commodities and resources, this creates a huge potential for conflict. Furthermore, resource scarcity could contribute to a slowdown in the rate of globalisation and thus to less growth in the global economy. It encourages protectionist tendencies and makes it more difficult to continue to liberalise global trade, makes it harder to make long-term economic plans and leads to increasingly fluctuating prices and a growing financial burden on consumers.

Disruptions in fossil fuel supplies affect the whole country, from heating homes to traffic and industrial processes. It will therefore be extremely important for Switzerland to secure its energy supply by domestic means – such as increasing efficiency, diversifying energy production and ensuring sufficient domestic production – as well as by having an appropriate foreign policy on energy. Tensions may also arise concerning other non-renewable raw materials which cannot be easily substituted. The global demand for metals and agricultural goods is rising, whilst supply is limited. Estimates of available raw material reserves are often uncertain. In general, however, it can be assumed that prices will rise and become more volatile.

In more vulnerable regions of the world natural resources which are essential to life are under increasing threat. Food crises, water shortages, flooding, more frequent droughts and migration precipitated by crises may give rise to new potential for conflict. Different attitudes regarding the use and distribution of resources and commodities may in future lead to greater disagreements in society, perhaps even violent extremism. In Switzerland, land is the scarce and non-renewable resource which requires greater attention in the face of urban sprawl, and agricultural land must be used to the full.

Closely linked to the issue of energy, commodities and resource supply is the issue of climate change. Energy scenarios suggest that energy use will continue to rise. The rate of climate change in Switzerland has increased over the last few decades, and is now at twice the level of the global average, a trend which will continue. There are likely to be more heat waves, heavier precipitation, more frequent flooding and more landslides. Despite existing efforts to reduce emissions, further action is required to reduce the effects of climate change on health, natural disasters, biodiversity, water management, agriculture and tourism. It is therefore probable that more money will have to be spent on natural disaster prevention and rescue measures in the event of extreme events. Sluggish economic growth may mean a reduction in tax revenue and climate-related political decisions may result in changes in sources of revenue.

The fact of climate change and the growing scarcity of commodities and resources does raise awareness of environmental problems and the need for sustainable development, encouraging the more efficient use of resources. However, a rise in living standards, still heavily dependent on fossil fuel consumption, is becoming increasingly difficult to sustain. This is not so much because fossil fuel sources are becoming exhausted – scarcely a problem in the case of coal – but because of greenhouse gas emissions, which are produced in large amounts when coal is burnt. Against this background, education, innovation and technology and science partnerships are becoming increasingly important.

As information and communication technologies play a greater role both from an economic and an environmental point of view, targeted action for 'green ICT' will become more necessary.

It is in Switzerland's interest for there to be a targeted, legally binding and international fight against global warming and the country therefore supports global climate agreements to this end. It cooperates bilaterally with key states in

the areas of scientific exchange and technology transfer, as drastic action is required to make the future climate-compatible. The world must rapidly convert to using renewable energy sources and ways must be found of making the urbanisation process and growing mobility throughout the world as green as possible.

## 10) Use opportunities presented by information and communication technologies and reduce vulnerability of infrastructure

**Advances in technology drive many of the developments in society, science and politics. New technological developments can increase the efficiency and effectiveness of economic and political processes and open up opportunities in numerous policy areas. However, the risks of technological advances are evident in the growing vulnerability of many infrastructure networks.**

Advances in technology have an effect on a wide range of policy areas and in many cases form a link between trends, either strengthening or weakening them. Technological developments and their effects can be seen most clearly in the increasingly important field of information and communication technologies (ICT). It is unlikely that this rapid development will come to a halt soon, thanks to continuing technological innovation and the next generation of much more powerful transmission and connection networks. On the one hand, expanding networks create the possibility of economic and environmental efficiency gains; on the other hand, society is becoming increasingly dependent on ever more complex and therefore increasingly vulnerable ICT systems and networks.

Besides these technological aspects, further consequences of developments in ICT can be observed. Firstly, the ecological – modern computer systems consume huge amounts of power. Secondly, the economic – the uncoupling of ICT infrastructures from the user interface; new value-added chains; changes in consumption and shopping habits and the growth of ‘virtualised’ working patterns. Thirdly, the political – new forms of participation in politics and administration (e-government, campaigns). Then legal – automated data exchange between legal registers (e-justice) and respecting data integrity, data and privacy protection. The developments also have an effect in the area of education policy; it is necessary to train people to use the new technologies and media. Finally, there consequences for society – new forms of social interaction in virtual networks and changes in the use of media.

New technological developments can increase the efficiency and effectiveness of economic and political processes. For example, the spread of IT and electronic networking in administration makes information more rapidly and widely available and so leads to shorter response times and greater customer friendliness. Infrastructure can also become more efficient and effective from an economic and ecological point of view, for example with the greater use of green technologies. In Switzerland, the high degree of technology and well developed infrastructure means the country can continue to develop its comparative advantages and strengthen its position as a technology, research and business location (‘cleantech economy’).

The drawbacks of the spread of technology can be seen in the greater vulnerability of many infrastructure networks, which are increasingly dominated by ICT and reliant on a constant power supply. It is therefore essential in a society so heavily dependent on technological processes to have a secure supply of power. In society, the threat of information overload and of internet criminality is increasing, and there is a growing risk that those who do not have the know-how necessary to use the new forms of communication will find themselves pushed aside or even excluded from society. Furthermore, issues concerning copyright and data protection need to be addressed more closely.

## 11) **Maintain physical infrastructure and ensure sufficient funds are available**

**Infrastructure in every respect plays a central role in making Switzerland an attractive business location and in providing links between decentralised populated areas. Pressure on this infrastructure will increase due to population growth and differentiation in economic and social processes, leading to substantial bottlenecks. Investing the necessary amount and in time to maintain this infrastructure will continue to post the greatest challenge. Well-maintained infrastructure, however, provides many opportunities for the economy, the environment and society.**

Transport and infrastructure policies are very important in linking Switzerland's decentralised populated areas and will continue to play a key role in the expansion and strengthening of urban areas. They also provide a vital basis for the full range of economic and social processes and in particular for Switzerland's prosperity and competitiveness. Technological development also relies on high quality networks and infrastructure. However, population growth and differentiation in economic and social processes will put increasing pressure on this infrastructure. The existing transport, energy and communication networks are being used intensively, and the capacity of the transport and energy systems is beginning to prove inadequate. As a result, physical installations experience greater wear, and therefore need to be renewed at ever shorter intervals; there is also an instability in the networks as reserve capacity disappears (no redundancy). Additional investment is therefore needed to maintain infrastructure and some targeted investment required to expand power and transport networks in particular in order to ensure their proper functioning. Isolated additions to the transport networks should be the exception – however, they may give rise to ideological and violent controversy.

There is a risk of less money being made available for investment in infrastructure as a proportion of overall state spending. This is due to demographic changes which lead to a relative increase in public spending on consumption via social transfers, and a shift in funding priorities towards education. Above all, it affects transport systems which are largely financed by the state; other infrastructure systems financed by the users or charges are affected to a lesser extent. In the interests of preserving the attractiveness of Switzerland's position, this pressure to reduce investment in infrastructure should be countered. In order to be able to finance adequate maintenance of the networks and ensure that bottlenecks can be avoided, alternative sources of funding need to be found, such as direct financing by the users (mobility pricing). Originally built for a specific function, as a result of technological advances infrastructure networks are converging into a complex system based on reciprocal dependencies, both within and between sectors. The spread of information and communication technologies (ICT) within the transport and energy networks encourages this trend in particular. Finally, national infrastructure networks are spreading beyond national borders as international markets become more integrated and technical standards harmonised. This convergence brings both opportunities (efficiency gains) and risks (greater dependence and vulnerability). The networks require coordination across sectors and on an international level, and there must be a well-coordinated regulatory framework.

**12) Exploit opportunities presented by metropolisation and minimise risks inherent in growing urban sprawl**

**Characteristic of Swiss spatial development is the phenomenon of metropolisation. Supportive transport and infrastructure policies have strengthened Switzerland's traditional decentralised population patterns. On the one hand, easily accessible, well integrated business areas create great opportunities; on the other hand, there is loss of natural environment, bottlenecks in infrastructure and an imbalance between regions (peripheral regions and urban centres).**

In Switzerland's regional and global context metropolitan areas rather than states are increasingly finding themselves in competition with each other. In this tendency the idea of the functional region can be seen, a concept which replaces the traditional administrative area as the most logical solution in spatial organisation. Also characteristic of Swiss spatial development is the phenomenon of metropolisation. Switzerland's innovative and competitive strength is to a large extent attributable to the dynamism of its three metropolitan areas, Zurich, Basel and the Lake Geneva region. In the south of the country, Lugano has assumed a special position as a satellite of Milan on Swiss soil. The good distribution of growth areas across the country ensures that all language regions have a relatively evenly sized slice of the economic cake. This spatio-economic development is in tune with spatial policy objectives for polycentric spatial development only to a limited extent, being characterised by the growing dominance of just a few large centres, functional specialisations and concentrations, the spread of dispersed settlements and ever-greater commuting distances.

The 'Rail 2000' railway network development consciously placed an emphasis not on linking the highest-ranking centres as quickly as possible, but on expanding rail networks between all the larger and medium-sized centres in Switzerland, similar to a suburban rail system. The ongoing expansion of the national road network made an even greater contribution to creating country-wide transport links. This resulted in a well-integrated economic area with excellent accessibility. About eighty per cent of the Swiss population can reach a major urban centre within less than an hour.

The downside of metropolisation and good accessibility is the burden this places on the natural environment. Residential developments spread at the expense of agricultural land, cause changes to the landscape and a loss of rural diversity, biodiversity and barely touched wilderness areas. In Switzerland, there has so far only been a slight reduction in the rate at which areas of ecological value are disappearing; agricultural land is rapidly being lost and rural areas continue to be built in. Current residential development is unsustainable and the high infrastructure costs per head that it entails also put its economic viability in doubt. Expected population and economic growth in Switzerland will exacerbate this development unless there are more radical spatial development policies encouraging greater residential concentration. An increase in social tension may also be expected (increasing anonymity and social fragmentation) in densely populated areas, which finds release in higher levels of violence and crime.

As a result of regional and global developments, the competitiveness of Switzerland's metropolitan areas should be promoted internationally. In order to avoid creating disadvantages for other regions, the latter must be well linked to the metropolitan areas.

Annex

## Main challenges and courses of action for each scenario

The following tables list the main challenges as well as the appropriate courses of action for each scenario, broken down by the following categories: policy (domestic and foreign), economy, society and environment/Infrastructure.

The findings reflect the views of the administration's internal and external experts they developed using a creative thought process during a number of workshops. Accordingly, these findings do not show the same degree of consolidation as the main report. They can, however, be used as a practical basis for developing further ideas.



## Main challenges and courses of action of the scenario for Global integration / regional integration

Scenario 1	Main challenges	Courses of action
Policy (foreign)	<ul style="list-style-type: none"> <li>▪ Increasing foreign dependence</li> <li>▪ Switzerland's increasing vulnerability to external political and economic pressure</li> <li>▪ Gradual loss of national self-determination</li> <li>▪ The dynamic environment creates the need for even more efficient foreign policy</li> </ul>	<ul style="list-style-type: none"> <li>▪ Bilateral and multilateral cooperation with various states of strategic importance</li> <li>▪ Broad and agile cooperation with non-state players</li> <li>▪ Development of early warning systems for any type of crisis</li> </ul>
Policy (domestic) / public finances	<ul style="list-style-type: none"> <li>▪ Ensuring the ability of the state authorities to create and implement strategies</li> <li>▪ Changes in the responsibilities and the corresponding allocation of tasks across state levels and between the state, the economy and society</li> <li>▪ Rising costs of education, research and infrastructure</li> <li>▪ High financial pressure on social services and the health care system (additionally accentuated by rising costs)</li> <li>▪ Setting priorities and posteriorities</li> <li>▪ Demands on health insurance schemes</li> </ul>	<ul style="list-style-type: none"> <li>▪ Optimisation of the ability to create and implement strategies (based on an early warning system)</li> <li>▪ Clarification, and if necessary adjustment of the allocation of tasks and responsibilities at state levels (the federal government, the cantons and the communes) and between the state, the economy and society</li> <li>▪ Debate on the values, but also on the costs of federalism and democracy</li> <li>▪ Timely development of an effective and systematic redistribution strategy without raising taxes</li> <li>▪ Optimisation of the pricing systems in the health care system</li> <li>▪ Political governance in the field of health care professions</li> <li>▪ Greater emphasis on education, research and innovation policy</li> </ul>
Economy	<ul style="list-style-type: none"> <li>▪ Increased locational competition</li> <li>▪ Increased competition for key resources such as human capital, raw materials and energy</li> </ul>	<ul style="list-style-type: none"> <li>▪ Ensuring competitiveness e.g. through marketing or through the creation of favourable conditions to balance paid and unpaid work</li> <li>▪ Positioning of Switzerland as a leading research, education and innovation laboratory</li> <li>▪ Conscious development of education and research networks ("clusters")</li> <li>▪ Innovative migration, integration and fiscal policy (including the removal of structural obstacles to improve the involvement of women in the workplace)</li> </ul>
Society	<ul style="list-style-type: none"> <li>▪ General increase in the vulnerability of societal: economic, technical and political systemic risks</li> <li>▪ Continued existence of political, idealistic and religious extremism, whose followers sometimes resort to violence</li> <li>▪ Ratio of employed / non-employed persons; young / older people</li> <li>▪ Integration and training of migrant populations</li> <li>▪ Imminent loss of identity and values: How does Switzerland make a difference?</li> <li>▪ Financing the social systems for an ageing population</li> <li>▪ Increase of chronic diseases, in particular dementia, as health-related consequences of demographic developments</li> <li>▪ Epidemic and pandemic risk due to greater global and regional mobility</li> </ul>	<ul style="list-style-type: none"> <li>▪ Early identification and regulation of systemic risks and conflict potential</li> <li>▪ Improving resistance and regenerative abilities of technical systems, but also of society itself; raising the awareness of the population</li> <li>▪ Flexibilisation of retirement age</li> <li>▪ Improved family support (day-care facilities, flexibilisation in the workplace, more part-time job opportunities, also for men)</li> <li>▪ Integration policy for society as a whole as well as forward-looking migration and fiscal policy</li> <li>▪ Broad discussion on values and identity, emphasis on common interests; use of additional areas as a factor in social integration (e.g. culture)</li> <li>▪ Promotion of migration to provide access to higher education or further training outside of the EU as well (e.g. residence and work permits that are unlimited in time)</li> <li>▪ Adjustment of prevention measures and the supply structure to prevent chronic diseases</li> <li>▪ Ensuring protection of the public against pandemics</li> </ul>

Environment / infrastructure	<ul style="list-style-type: none"><li>▪ New situations of conflict and increased migration due to climate change</li><li>▪ Global race for resources, shortage of resources or limited access to resources create tension and conflict</li><li>▪ Maintenance of Switzerland's security of supply; increasing dependence on imports</li><li>▪ Accelerated metropolisation process, urban sprawl and use of land</li><li>▪ Landscape degradation and loss of biodiversity</li><li>▪ Overburdened infrastructure networks: infrastructure maintenance and development</li></ul>	<ul style="list-style-type: none"><li>▪ Support of global climate agreements to combat climate change effectively and globally complemented by bilateral cooperation with key states (issues: exchange of knowledge and technology transfer)</li><li>▪ Strengthening resource management</li><li>▪ Promotion of alternatives to replace fossil fuel-powered growth</li><li>▪ Diversification of energy sources and supply routes</li><li>▪ Improving spatial planning</li><li>▪ Increased efforts towards the conservation of landscape quality and biodiversity</li><li>▪ Intersectoral and international coordination of infrastructure networks and ensuring their maintenance</li></ul>
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## Main challenges and courses of action of the scenario for global integration / regional fragmentation

Scenario 2	Main challenges	Courses of action
Policy (foreign)	<ul style="list-style-type: none"> <li>▪ Even more effective foreign policy (foreign trade, energy, goods and services, etc.)</li> <li>▪ Lack of expert knowledge of Asia; i.e. lack of competencies for relations with Asia and the understanding of different mentalities</li> <li>▪ Active contribution to the regional stability of Europe</li> </ul>	<ul style="list-style-type: none"> <li>▪ Reforms and government consolidation</li> <li>▪ Improving the strategic approach for key dossiers (security, financial market, ERI/education-research-innovation, energy, energy supply, transport issues, financial market issues, market access)</li> <li>▪ Improving the strategic approach for key countries: despite fragmentation, Europe (in particular Germany) may not be neglected</li> <li>▪ Targeted compilation of expert knowledge of Asia in Switzerland</li> <li>▪ Strengthening free trade and education cooperation with Asia</li> <li>▪ Revival and development of EFTA in response to the fragmentation of the EU, strengthening the Council of Europe</li> <li>▪ Development of Switzerland's good offices and cooperation also outside of the EU with a focus on poverty reduction, sustainable economic development and global challenges such as climate change, migration and food security, in developing and transition countries and development of humanitarian technical cooperation with fragile states</li> </ul>
Policy (domestic) / public finances	<ul style="list-style-type: none"> <li>▪ Allocation of tasks between the Confederation and the cantons</li> <li>▪ The Confederation's financial policy</li> <li>▪ Aggressive and proactive promotion of education, research and innovation</li> <li>▪ Funding problems for social welfare due to slow economic growth, increasing health-care costs</li> <li>▪ Demands on the health insurance schemes</li> </ul>	<ul style="list-style-type: none"> <li>▪ Clarification and definition of the allocation of tasks between the Confederation and the cantons</li> <li>▪ Continuous development of the instruments of the rule-based financial policy, in order to steer and balance competition within the federal budget more effectively.</li> <li>▪ Greater emphasis on education, research and innovation policy; targeted support of partnerships between universities and industry</li> <li>▪ Reform of social welfare and federalism: reform of AHV/ALV, removal of structural obstacles to improve the involvement of women in the workplace, further development of federalism</li> <li>▪ Optimisation of the pricing systems in the health care system; political governance in the field of health care professions</li> </ul>
Economy	<ul style="list-style-type: none"> <li>▪ Switzerland's attractiveness as a business location</li> </ul>	<ul style="list-style-type: none"> <li>▪ Boosting Switzerland's competitiveness as a location for business based on better governance structures (internationally compatible financial market regulations, legal security, stock corporation law, prudent financial policy, opportunity for balance of paid and unpaid work)</li> <li>▪ Promotion of education, research and innovation</li> <li>▪ Foresighted migration and integration policy for society as a whole</li> </ul>
Society	<ul style="list-style-type: none"> <li>▪ Surmounting political and social stagnation and easing growing social tension, in particular the gap between financially strong and less strong regions in Switzerland</li> <li>▪ Increase in chronic and mental illnesses</li> <li>▪ Epidemic and pandemic risk due to greater global and regional mobility</li> </ul>	<ul style="list-style-type: none"> <li>▪ Reviewing the courses of action (including in the field of culture), to improve the balance between regions</li> <li>▪ Development of new supply models, reorientation of prevention (pandemics, chronic illnesses)</li> </ul>

Environment / infrastructure	<ul style="list-style-type: none"><li>▪ Increase in environmental pollution due to weakening of the environmental policy</li><li>▪ Procurement and supply problems for energy, raw materials and natural resources</li><li>▪ Urban sprawl and use of land continue to increase, also due to weakening of spatial planning and measures to promote the construction industry</li><li>▪ Rural areas in a difficult situation due to the Confederation's troubled financial situation</li><li>▪ Difficulty of finding funding for infrastructure maintenance due to weak economic development</li></ul>	<ul style="list-style-type: none"><li>▪ Support of global climate agreements to combat climate change effectively and globally complemented by bilateral cooperation with key states (issues: exchange of knowledge and technology transfer)</li><li>▪ Strong focus on domestic supply and promotion of energy efficiency</li><li>▪ Strengthening resource management</li><li>▪ Strategies to maintain the economic viability of rural areas</li><li>▪ Improving spatial planning and development within existing urban areas</li><li>▪ New approaches to infrastructure financing</li></ul>
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## Main challenges and courses of action of the scenario for global fragmentation / regional fragmentation

Scenario 3	Main challenges	Courses of action
Policy (foreign)	<ul style="list-style-type: none"> <li>▪ Providing security and stability</li> <li>▪ Preparation of an arsenal of mediations and retaliatory measures</li> <li>▪ Strengthening the universality of relations</li> <li>▪ Strengthened bilateralism, both in Europe and worldwide, more international collaboration</li> <li>▪ Policy of neutrality</li> </ul>	<ul style="list-style-type: none"> <li>▪ Early recognition of risks relevant to security policy</li> <li>▪ Development of Switzerland's good offices and cooperation also outside of the EU with a focus on poverty reduction, sustainable economic development and global challenges such as climate change, migration and food security, in developing and transition countries and development of humanitarian technical cooperation with fragile states</li> </ul>
Policy (domestic) / public finances	<ul style="list-style-type: none"> <li>▪ The state's minimal ability to act due to excessive financial strain with the simultaneously high demands from the economy and society</li> <li>▪ Provision of an adequate sense of security by the government</li> <li>▪ Securing Switzerland's leading position in research and education policy despite a shift in emphasis</li> </ul>	<ul style="list-style-type: none"> <li>▪ Defending the achievements of the rule-based financial policy (debt brake) against increasing pressure; Extension of this protection (in particular to social insurance) is vital, in order to steer and balance competition within the federal budget more effectively.</li> <li>▪ Strengthening the armed forces and the police as well as trade barriers with the Border Guard / Adjustment of the service models in internal and external security to the development of the armaments industry</li> <li>▪ Guarantee of/emphasis on democratic values by the government</li> <li>▪ Promotion of civil society forces and ensuring their development</li> <li>▪ Bottom-up update of the federal system: promotion of innovation capacities at communal and city level</li> </ul>
Economy	<ul style="list-style-type: none"> <li>▪ Dealing with the international framework conditions that are increasingly affected by the market foreclosure</li> <li>▪ Safeguarding Switzerland's economic competitiveness</li> </ul>	<ul style="list-style-type: none"> <li>▪ General economic development</li> <li>▪ Removing barriers to trade through partnerships with like-minded countries</li> <li>▪ Conclusion of free trade agreements</li> <li>▪ Targeted management of customs security and trade facilitation</li> <li>▪ Securing competitiveness through alternative working models, opportunities for agreement between paid and unpaid work, upgrading of care work, international lobbying for Switzerland, strengthening the Swiss financial centre through the appropriate statutory regulations, promotion of technologies</li> </ul>
Society	<ul style="list-style-type: none"> <li>▪ Threatened national cohesion</li> <li>▪ Integration of the peripheral regions</li> <li>▪ Negative effects of the decrease in wealth and the uncertain future on the state of health and life expectancy of the Swiss population</li> </ul>	<ul style="list-style-type: none"> <li>▪ Promotional measures in the field of culture to support national cohesion; large-scale cohesion-building projects: Landi 2027</li> <li>▪ Promotion and support of multilingualism (Strengthening cohesion within Switzerland)</li> <li>▪ Introduction of general compulsory service as well as care services</li> <li>▪ Proactive immigration and integration policy: focus on qualified labour (men and women); targeted measures against human trafficking and smuggling and against xenophobia</li> <li>▪ Specific focus on and consideration of the relationship between urban centres and peripheral regions</li> <li>▪ political governance in the field of health care professions</li> </ul>
Environment / infrastructure	<ul style="list-style-type: none"> <li>▪ Conflicts over raw materials and resources and protectionist measures accentuate shortages</li> <li>▪ Reduced environmental pollution due to weak economy, but political pressure to weaken environmental policy</li> <li>▪ Less economic pressure towards urban sprawl and use of land, but weak spatial planning policy</li> <li>▪ Difficult economic situation hampers maintenance and energy-saving renovation of building stock</li> <li>▪ Difficulty of finding funding for infrastructure maintenance</li> </ul>	<ul style="list-style-type: none"> <li>▪ Targeted measures to combat climate change through bilateral cooperation with key states (issues: exchange of knowledge and technology transfer)</li> <li>▪ Compliance with norms, standards and international directives in the field of environmental protection</li> <li>▪ Strengthening resource management</li> <li>▪ Improving spatial planning</li> <li>▪ Strategies for dismantling and maintenance of infrastructure</li> </ul>

## Main challenges and courses of action of the scenario for global fragmentation / regional integration

Scenario 4	Main challenges	Courses of action
Policy (foreign)	<ul style="list-style-type: none"> <li>Political stance within the EU</li> <li>National self-determination or a balance between the ability to compromise and national identity</li> </ul>	<ul style="list-style-type: none"> <li>Strengthening the multilateral global institutions (UN, WTO)</li> <li>Capitalising on the (political and economic) opportunities of being an EU member: Active participation in shaping EU foreign policy; active contribution to the EU's setting of priorities</li> <li>Involving as many sectors as possible in market integration, so that they can benefit</li> <li>Raising awareness of the Swiss system in the EU: explanation of the functional Swiss federal system and direct democracy</li> <li>The main focus of the relations with the Europe region is the commitment to common values (human rights, democracy, the rule of law) and to a social market economy</li> <li>Greater focus on poverty reduction, sustainable economic development and global challenges such as climate change, migration and food security, in developing and transition countries and development of humanitarian technical cooperation with fragile states</li> </ul>
Policy (domestic) / public finances	<ul style="list-style-type: none"> <li>Steps towards developing closer ties with the EU</li> <li>Securing Switzerland's leading position in research and education policy despite a shift in emphasis</li> </ul>	<ul style="list-style-type: none"> <li>Acceleration of political convergence between Switzerland and the EU: from a "wait and see" approach to a proactive strategy (institutional reform, information from different stakeholders, positioning as location for business/business hub, privatisation, activation of the gender equality policy, data exchange in the area of social insurance between Switzerland and EU countries)</li> <li>Reform of the framework conditions and convergence at EU level, before EU membership is accomplished</li> <li>Carrying out the reform of political institutions (federalism, direct democracy, merging of cantons into regions) in a timely manner</li> <li>Launching a dialogue at an early stage between the EU/Confederation/cantons/communes/population</li> <li>Activation of the gender equality policy and gender mainstreaming in public policy</li> <li>Selective further development of the instruments of the rule-based financial policy (based on the model of the debt brake)</li> </ul>
Economy	<ul style="list-style-type: none"> <li>Positioning Switzerland as an advanced urban society with a leading position in the fields of technologies, education and renewable resources</li> </ul>	<ul style="list-style-type: none"> <li>Development of a Swiss business hub for international economic exchange in the fields of high/green tech, education, health sciences, pharmaceutical industry</li> <li>Development of Switzerland as a hub for water supply and energy transport and in the balancing energy market (including pump-storage)</li> <li>Making use of the know-how of the generation over 70 and encouraging business to embrace this opportunity</li> </ul>
Society	<ul style="list-style-type: none"> <li>Migration pressure on the EU and on Switzerland of people from non-EU countries (human trafficking and smuggling, xenophobia and integration problems)</li> <li>Intensified fighting in the allocation of funding for the highly stressed infrastructure that needs to be rebuilt and financing of the rising health costs and social costs</li> </ul>	<ul style="list-style-type: none"> <li>Migration partnerships with non-EU countries and integration programmes for society as a whole</li> <li>Swiss contribution to improving the monitoring of external borders</li> <li>Adjustment of the prevention of chronic diseases</li> </ul>
Environment / infrastructure	<ul style="list-style-type: none"> <li>Safeguarding the security of the energy and raw materials supply in the European context</li> <li>Growing importance of the increasingly integrated cross-border urban conurbations</li> <li>Scarcity of land as a result of the unrelenting urban sprawl</li> <li>Political pressure to adjust in the field of infrastructure concerning full integration into the EU</li> <li>Increasing strain on transport infrastructure</li> </ul>	<ul style="list-style-type: none"> <li>Targeted measures to combat climate change through bilateral cooperation with key states (issues: exchange of knowledge and technology transfer)</li> <li>Strengthening resource management</li> <li>Intensification of foreign policy on energy and infrastructure with regard to the EU</li> <li>Improving spatial planning policy at national level and for our European neighbours</li> </ul>



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