

# Paralyzed by Bureaucracy

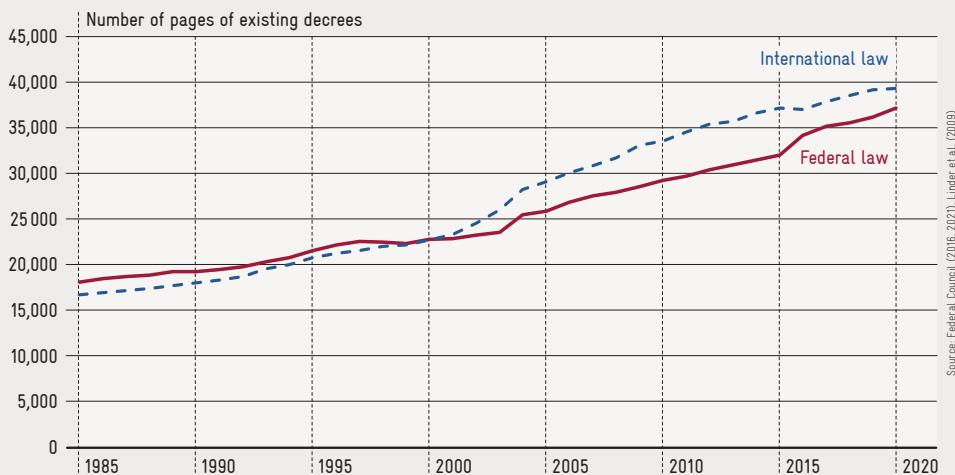
*Excessive regulation stifles innovation, costs a lot of money and tries citizens' patience. This is becoming an increasingly serious issue in Switzerland as well.*

## Situation

Bureaucracy rarely grows from a single decision, but through a multitude of often well-intentioned rules. Over years and decades, this results in a system that becomes increasingly complex – with rising costs for businesses and the public. Even in Switzerland, despite its attractiveness as a business location, growing regulatory density and administrative burdens are increasingly perceived as a strain.

Digitalization does promise relief. But it often does not address the real causes of bureaucracy: existing regulations are merely replicated digitally instead of being simplified, questioned, or redesigned.

## More and more rules



*International and federal laws have both grown considerably over the past decades. The number of pages has more than doubled since the 1980s.*

## Facts

**CHF 30 bn**

According to BSS, the costs of bureaucracy in Switzerland amount to around CHF 30 bn per year in lost economic output. According to the State Secretariat for Economic Affairs, SMEs alone spend more than CHF 6 bn per year on external services to meet regulatory requirements.

### More regulation

Today, the federal government is amending more laws and ordinances than ever before. In the 1960s, around 150 decrees were amended each year; today, that number exceeds 500. In addition, there is an increasing amount of “soft law” – such as circulars, sectoral plans and standards.

### High burden

Despite progress in digitalization, 60 percent of companies consider the administrative regulatory burden to be high. Construction procedures, permits and customs regulations remain particularly burdensome.

### Comprehensive price regulation

More than half of prices in Switzerland are no longer determined solely by supply and demand, but are directly or indirectly influenced by the state – an inglorious top ranking in OECD comparisons.

### Avoidable loss of prosperity

International comparisons show that Switzerland is less efficient in administrative procedures than the best-performing OECD countries (e.g., Denmark, Sweden). Per-capita GDP would be about 5% higher today if Switzerland had reached a similar level of efficiency ten years ago.

## Recommendations

Good regulation is important. But when the sheer volume of rules shifts the focus away from what matters, reform becomes necessary. This reform must address new laws and ordinances on the one hand: **better regulatory impact assessments are needed** – transparent, subject to independent review, and with a clear cost-benefit analysis. On the other hand, existing regulations must

be systematically reviewed. **Ex post evaluations** should show whether regulations achieve their objectives or lead to unintended side effects. If results are inadequate, adjustments or repeals are required. A sensible measure would be an **annual “spring clean,”** during which the federal parliament removes outdated or unnecessary regulations.

