

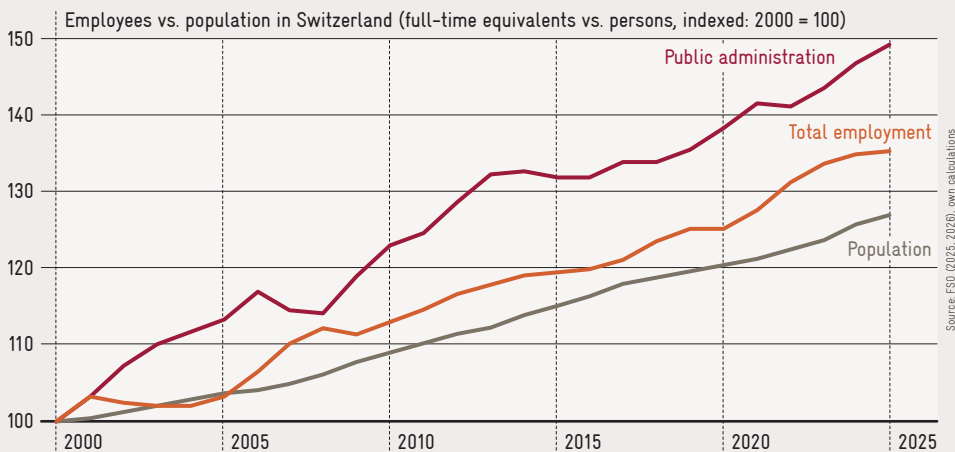
The Ever-Expanding Public Administration

Policymakers seek to provide more security and support. In doing so, they are driving employment growth in the public sector that has for years clearly outpaced that of the private sector. The consequences are far-reaching.

Situation

The expansion of public administration follows a clear logic: the more security and support are demanded from the government, the more regulation is required. Implementing this regulation requires more personnel. And this personnel, in turn, identifies new areas for support and funding. The result is a vicious circle with significant implications. Rising personnel costs are putting pressure on public finances and, through taxation, on the private sector. Meanwhile, the competition between the public and private sectors for qualified workers is intensifying.

Public administration is growing disproportionately



Since 2000, public administration has grown by 49%, outpacing both total employment growth (+35%) and population growth (+26%).

Facts

4%

More than 180,000 employees (full-time equivalents) currently work in public administration in the narrow sense, which corresponds to around 4% of the workforce. Including additional public employees such as teachers, the share rises to 10%. If one also includes state-related employment (publicly funded or regulated), the total amounts to around one million people (23%).

High wages

Between 2017 and 2022, the Swiss Institute for Economic Policy estimated the public-sector wage premium for comparable qualifications at 11.7% at the federal level, 5.4% at the cantonal level, and 4.5% at the municipal level.

Rising costs

Across all levels of government, total personnel expenditures have increased significantly faster than population growth. On a per capita and inflation-adjusted basis, Switzerland now spends over 10% more on administrative personnel than in 2010.

High administrative quality

Swiss public administration performs well in international quality comparisons. In the World Bank's Worldwide Governance Indicators, Switzerland consistently ranks among the top countries.

Untapped efficiency potential

The consulting firm PwC estimates that the cantons alone could save 13.8 billion Swiss francs annually while maintaining the same level of performance if they aligned with best practices. This corresponds to 10% of their total expenditures.

Recommendations

To curb the growth of public administration without undermining government performance, reforms are needed on two fronts: First, **efficiency**: External benchmarking at three-year intervals would create transparency regarding wages and performance. In addition, an institutional cap on administrative expansion and personnel

costs would encourage greater efficiency. Second, **effectiveness**: Regular regulatory reviews would ensure an effective framework and tackle administrative growth at its root. For example, a dedicated "spring cleaning" week in parliament could be organized to repeal laws whose costs outweigh their benefits.

