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# Governing the COVID-19 Crisis and its Repercussions in Switzerland – University Practice Connect

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## Governing the COVID-19 Crisis and its Repercussions in Switzerland

By Urs Geiser  
May 29, 2020

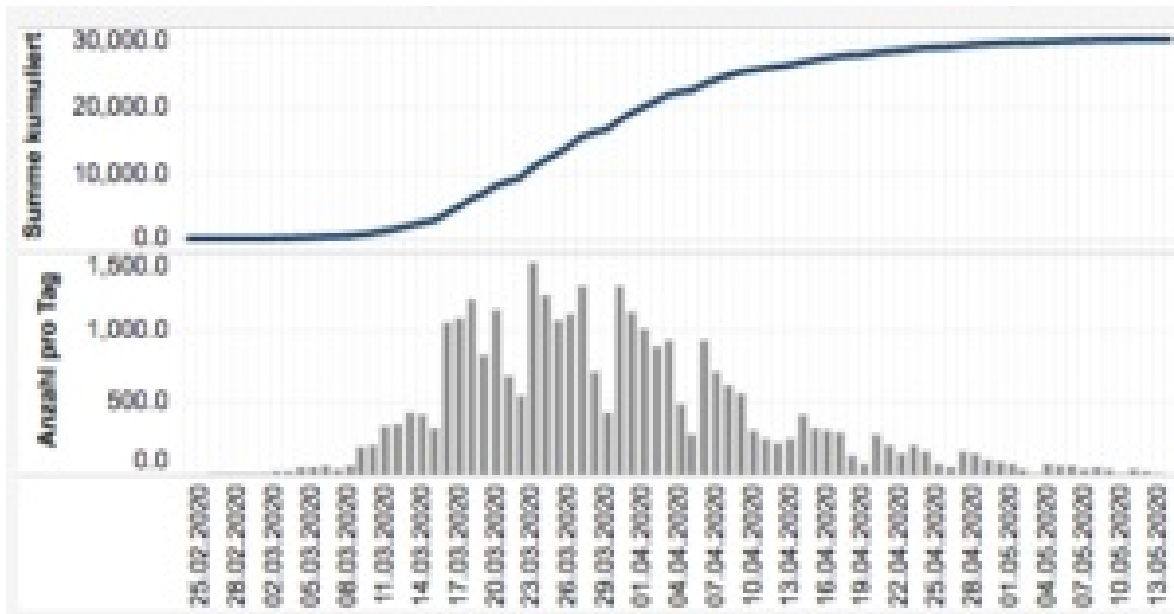
### Introduction

The first COVID-19 case was detected in Switzerland on February 25, 2020, in the southern region of Ticino which borders Italy. From then on, the virus spread throughout the country, with the Ticino, the Waadt region and Geneva (bordering France) becoming the hotspots.

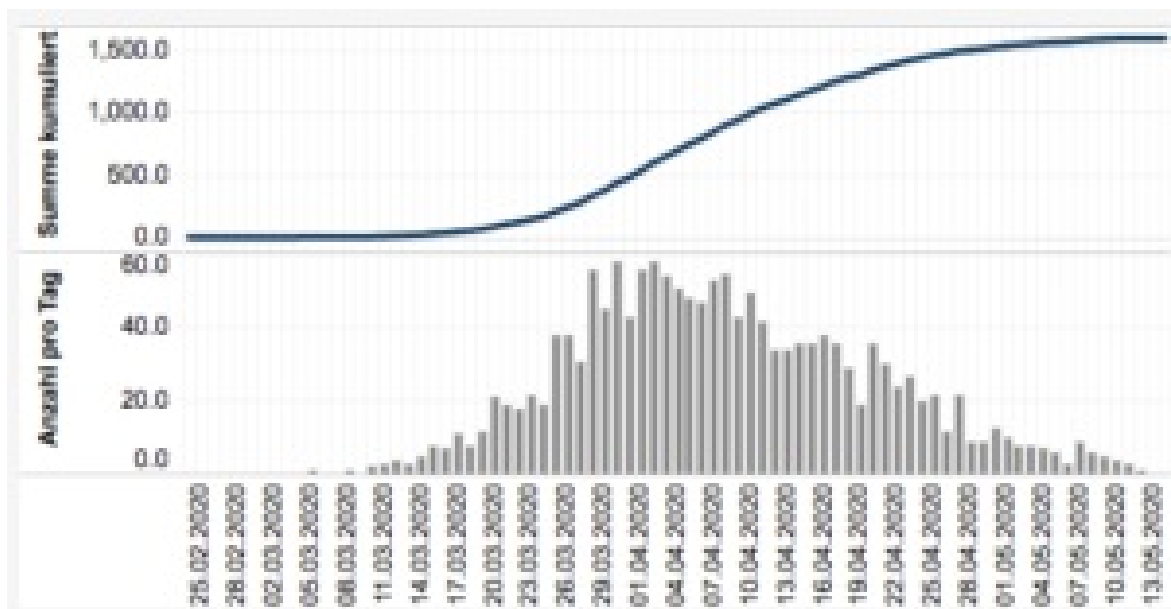
The peak of reported cases based on testing was reached around March 24 (Table 1). Since then, the numbers decreased. The number of deaths related to the virus peaked around early April (Table 2). Roughly 42% of the dead were women, 58% male. People above 65 years of age are at higher risk of dying from the coronavirus (Table 3). By the second half of May, the curve flattened, and measures that limited social life and economic activities were gradually been relaxed. But the risk of a ‘second wave’ looms large.

In general, Switzerland followed the same pattern in handling the COVID-19 epidemic as most other countries – strengthening the healthcare system, preventing the virus from spreading, and providing economic support packages to the actors most affected by these measures. However, the practices of defining, implementing, enforcing and adapting these measures may have differed from other places, and this is mainly due to the structure of the Swiss economy, its particular political system, and the nature of citizens’ trust in the state. Therefore, a few hints at this broader context are given in the following.

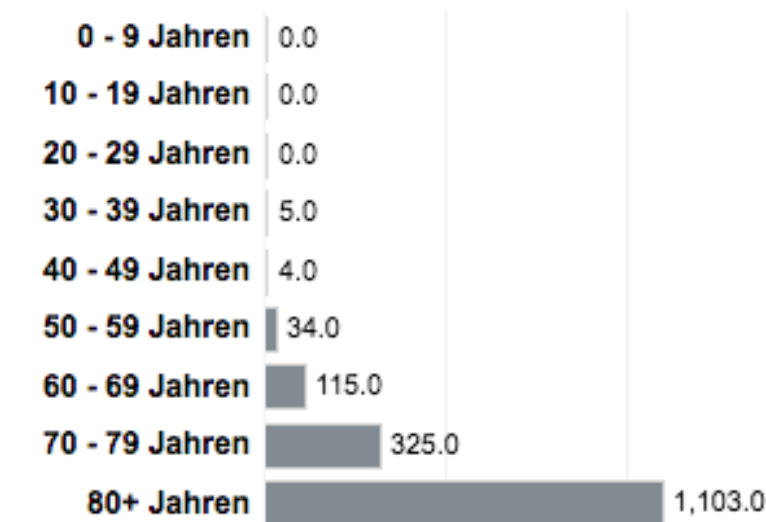
### Table 1: Confirmed COVID-19 infections (by day, and cumulative)



**Table 2: Confirmed COVID-19 deaths (by day, and cumulative)**



**Table 3: Distribution of deaths related to COVID-19 by age groups (up to May 13, 2020)**



Source of Tables 1 to 3: Swiss Federal Office of Public Health. The data cover Switzerland and the Principality of Liechtenstein with its 38,000 residents.

## **Switzerland's socio-economic context**

With about 40,000 sq km, Switzerland is a small country, comparable, say, to Kerala. The country has a resident population of 8.6 million (much less than Mumbai City), consisting of 75% Swiss nationals and 25% foreign nationals having annual or long-term resident permits.

If we look at the employment pattern, 76% of the workforce (people above 15 years of age) are employed in the service sector, 21% in industries, and only about 3% in the primary sector (mainly agriculture). Overall, roughly 13% are self-employed, while 87% are employed. Switzerland has a large number of small and medium enterprises (SMEs) as well as a range of big companies.

Most working arrangements are in the formal sector, regulated through legal contracts, and linked to social security schemes. The informal sector is limited to 'illegal' employment of low-paid workers most often on construction sites or as household aids. The category of migrant labour exists as well, but is rather small and highly heterogeneous, including highly qualified IT specialists from India as well as unskilled workers (e.g. on construction sites and restaurants). The unemployment rate, according to the International Labour Organization (ILO) definition, is around 4.5% (pre-corona).

In general, the Swiss economy is strong, and highly integrated internationally, be it through high-tech industries, commodity trading, banking or insurances. Key markets are the European Union, but also China and the US. The Swiss economy is also characterised as a 'knowledge economy', based on highly skilled personnel. Around 45% of the employed persons have a degree from tertiary education. This, and the central importance of the service sector, indicate that IT-based work is widespread.

Living standards are high, and Switzerland regularly tops the list of countries with the highest average incomes. There are, though, income differences, as there is a considerable number of people in the low-income categories who often struggle to make ends meet. Low-income jobs are found in groceries, supermarkets, delivery services, cleaning services, and care staff. Poverty, as such, is a rare phenomenon in Switzerland compared to South Asia, because the minimum subsistence level for Swiss nationals is secured through state support (foreign residents depending on social welfare can lose their resident permit after some time, which is subject to on-going critical debates).

The social security systems for Swiss nationals are elaborate and consist of old-age, survivors' and invalidity insurance, income compensation allowances in case of military service and in case of maternity, unemployment insurance, and family allowances. Basic health insurance is compulsory, but not an insurance to cover the payment of salaries during illness or accidents. Therefore, many enterprises arrange such insurances on their own; however, smaller SMEs find this difficult.

## **The Swiss governance system**

As everywhere, the state plays a central role in handling the COVID-19 crisis. The structure of this 'state', though, needs to be understood. Switzerland has a federal democratic political system with three tiers, the communes (2300 in all; comparable to India's Panchayats), the cantons (26 in total; comparable to the Indian states), and the federal government at the central level. Each of these institutions has elected legislative bodies (usually parliaments) to represent the *de jure* sovereign, i.e. the people (Swiss nationals).

Important are also the many specialised parliamentary commissions and expert committees (e.g. regarding social issues, economy, health, the judiciary, etc.) that are attached in an advisory function to each of these legislative bodies. The executives at each level consist of an elected multi-party council, and the corresponding administrative apparatus. The Federal Council, for example, is made up of seven members from the four main political parties.

The cantons have important legislative and executive responsibilities, for example, regarding the health system, education, or the police. The cantons can delegate certain responsibilities to the communes. As a consequence, many spheres of public interest can be regulated differently from canton to canton.

The non-governmental (or civil society) sector also plays a very important role in the political process. This includes associations of employees and of employers, usually organised along economic sectors – trade unions, associations of specific industries such as construction company owners, the farmers' association(s), the restaurant owners' association, and even the association of hairdressers or the association(s) of the children day-care centres. Many of these are skilled in lobbying with parliamentarians or media, while others have little influence.

In sum, the Swiss 'state' is a complex network of entities at different scales, and it is closely interwoven with the 'civil society' consisting of associations that represent particular interests. Indeed, one speciality of Swiss politics is the continuous attempt to struggle and bargain for compromises on disputed issues, using an array of institutionalised, as well as informal, mechanisms of mediation. Crucial mechanisms are formalised consultation processes, and the right to launch popular referendums in order to support or challenge the outcomes of negotiations. There are even rules and regulations that define the number of lobbyists allowed into the corridors of the federal parliament. As a consequence, decision-making can be a very lengthy process.

Having discussed the contextual conditions that the COVID-19 virus met when arriving in Switzerland, the next sections address this crisis in more detail.

## **Governing the crisis**

Northern Italy had become a COVID-19 hotspot, but still, a huge number of Italians entered the canton of Ticino for work on a daily basis. When the virus entered Ticino on February 25, the Cantonal Council put the hospitals on high alert. Two issues then led

to a strengthening of the influence of the Federal Council:

- As more and more cases were tested positive throughout the country, the office in charge of organising the federal parliamentary affairs (which is controlled by the parliament itself), decided to cancel the on-going session, as well as the meetings of the parliamentary and expert commissions. Similarly, most cantonal parliaments halted their sessions. With this, the sphere of legislature fell dormant.
- It was in 2012 that a Federal Law dealing with epidemics was passed by the federal parliament. With reference to this law, the Federal Council declared a 'specific situation' on February 28, which authorises the Council to declare rules that override the competences of the cantons, because a decentralised political system would be unable to curb a pandemic. The first decision taken under this new legal status was to prohibit, throughout the country, events with more than 1,000 people.

The first confirmed death related to COVID-19 in Switzerland was reported on March 5. The Federal Council launched a huge awareness campaign focusing on regularly washing of hands with soap; social distancing; and a message to 'stay at home, if possible'. Consequently, many private companies, as well as the public administration and tertiary education institutions, allowed 'working from home'. As mentioned above, the Swiss economy is a 'knowledge economy', and therefore, a major part of this economy was capable to continue, more or less, regular operations by switching to work from home when COVID-19 spread.

The 'risk group' of individuals above 65 years of age with specific health problems such as respiratory issues or high blood pressure were advised not to go shopping, and not to 'look after' their grandchildren. This quickly led to the formation of neighbourhood support groups, either based on existing organisations or newly launched by individuals.

Still, some cantons continued to exercise their power. The authorities in the most affected canton of Ticino ordered the closure of theatres and cinemas. The canton of Uri declared a strict stay at home curfew for people over 65 years. Over time, further instances of differences in decision-making between federal and cantonal levels emerged. In most cases, typically Swiss compromises were found, such as allowing the cantons to proceed with their rules for a limited period of time.

As Tables 1 and 2 show, the virus continued to spread. On March 13, the Federal Council ordered the closure of all schools, prohibited events with more than a 100 people, and allowed only 50 people at a time in restaurants and bars. Again, with reference to the Federal Law on epidemics, the Council, then, declared an 'exceptional situation' on March 15, which allowed for even stricter measures. All shops and businesses – except those that were deemed 'essential services' were ordered to close, including restaurants, open markets, recreational places, hairdressers, fitness centres,

and churches. Through complex interactions with neighbouring countries, international borders were closed. Finally, on March 20, the Federal Council prohibited gatherings of more than five persons. All these measures were to be in place up to May 11.

In the following days and weeks, the Swiss Federal Office of Public Health published new confirmed cases and deaths daily. Also, several of the federal and cantonal parliaments' commissions started to meet again (via internet), the media intensified its coverage of the consequences of the measures, and many professional associations came forwards with specific demands and propositions. These efforts led to the Federal Council changing its plan to ease measures by April 27 instead of May 11. Fortunately, the curve started to flatten (see Table 1).

Spring had come to Switzerland, and with gardening and DIY (do it yourself) being something of a national hobby, many were pining for garden centres and home improvement stores to open again. April 27 became a very special day when these stores – along with hairdressers, dentists and non-urgent procedures in hospitals – were allowed to open their doors again while conforming with all necessary safety measures. Following this announcement, stories of hairdressers booked out for months and long queues outside stores made the news on a regular basis.

On May 11, as the curve continued to flatten, all schools, shops and gastronomic establishments were allowed to reopen, again ensuring social distancing and other measures. An interesting aspect from the governance perspective is that the Federal Council ordered this easing of restrictions, but the actual required measures to ensure social distancing etc. were to be designed by those concerned. As a result, many associations, for example, of restaurant owners or hairdressers – came up with a rough plan for their members, which then had to be adapted to each location individually. The public schools too had to design their own strategy and because the related decision-making power lies with the cantons (who, in turn, closely collaborated with the communes and the teachers' associations), the resulting procedures differed in most of the 26 cantons.

The pressure from influential economic associations also made the Federal Council bring forward the date for further relaxations of restrictions. By June 8, institutions of tertiary education, public libraries, museums etc. are expected to re-open. And by June 18, the 'exceptional situation' declared by the Federal Council is to be lifted – however, under the condition that the spread of the virus remains in control.

### **The 'lockdown'**

This brief sketch has shown that from around March 15 to April 27 (or May 11), people living in Switzerland were faced with a series of restrictions in their everyday lives. This time is often referred to as 'lockdown', even though this was never declared by the Federal Council. The notion of 'lockdown' was used in the media and made the rounds in everyday conversations, as a means to compare the situation to both, other countries and times of lesser restrictions. However, the validity of this term is questionable. 'Lockdown' refers to a state-imposed, curfew-like radical restriction of the freedom of

movement, enforced through police or military, and sanctioned by a regime of fines. Cities in northern Italy or Spain faced such lockdown-situations, but not Switzerland.

People in Switzerland were insistently requested to stay at home (through spots in radio, TV, the media, posters in public places) but they were free, legally, to move around. Only the restrictions of not being in groups with more than 5 persons (in total) was an order, as was social distancing, entitling the police to intervene. In most cases, though, the police focused on awareness-raising and mediation.

Indeed, most people in Switzerland seemed to accept what the Federal Council had advised. Road traffic was reduced to a minimum, and public transport (though available but at a reduced frequency) was sparsely used, especially due to the widespread work-from-home, and the risk group refraining from recreational outings. On the other hand, going for short daily walks or bike rides became very popular. The long Easter weekend became a sort of a testing ground. Under normal conditions, many Swiss (and people from northern countries) pack their cars to travel to the southern canton of Ticino, in order to enjoy its Mediterranean-like ambience – resulting in miles and miles of traffic jams. This time, the Federal Council urgently requested the people to not to undertake this journey, but no legal (and thus, enforceable) ban was imposed (except the restriction at the international borders). Interestingly, almost no people embarked on that travel.

For some, the period of ‘lockdown’ became a stressful time. The coordination of household work, home office, caring for the children and caring for the elders placed enormous demands upon the capacities of people. This situation also exposed the still weak arrangements that allow for better coordination of paid work and unpaid family and care work. Many worked from home but were not sure whether their job would survive the crisis. Food stores, pharmacies and other essential shops experienced an enormous run, and internet shopping boomed. At the beginning of the restrictions, many people even started panic shopping. Thus, the employees of these enterprises – often members of the low-income groups – faced high work pressure and a higher risk of infection. It took considerable time until adequate protection measures were in place.

### **The economic sphere**

Many economic activities were directly affected, because enterprises had to close, for example, the restaurant industry, beauty services, airlines, cinemas, cultural places, public markets and non-essential stores. These were mainly the economic sectors that were not able to switch to work-from-home.

Others were affected indirectly. Though work-from-home became widespread and economic activities could continue normally, in principle, travel agencies, the whole tourism sector, the export industry in general (with the exception of the pharmaceutical companies), and thus, a huge array of SMEs started to feel the slowing down of the international economy.

As a result, on March 13, the Federal Council released the first 10 billion Swiss Francs



(CHF) aid package to ease the negative economic consequences of the corona virus. Another 32 billion CHF followed on March 20, and a further 20 billion CHF in early April. Many cantons and even communes launched economic support packages as well.

The key financial aid package at the federal level to support SMEs through credits was jointly elaborated by the Federal Council involving the banking system, influential business associations, and trade unions within a short period of time. In order to make the package available in less than two weeks, it operated through the existing banking system (avoiding the creation of new institutions), with the Federal state guaranteeing the credits. Application procedures were made simple (a one-page form), and first credits were given within days. The credits are interest-free and have a rather long-term repayment schedule. Since the banks know their clients, fraud is difficult.

In order to reduce the risk of layoffs, the existing provision for 'short-time working compensation' was activated. Companies that face problems in securing the continued employment of their employees can apply for this support through the existing unemployment insurance system. This insurance then compensates the companies for the hours that the employees have not been able to work.

Certain economic groups, though, are less influential in the political sphere than others, and their demands were not answered by the authorities. Many of them intensified their lobbying activities under the coronavirus situation. For example, sections of self-employed were not entitled to apply for the above credits. They launched a social media-based signatures campaign for a petition demanding support. In addition, they connected with media and politicians. Finally, they too achieved, within weeks, the entitlement for support.

Another example is the day-care centres for children. These have been continuously improved over the last few years to allow parents to pursue professional activities. They are usually run as private undertakings (and thus, usually quite expensive), but their association(s) were not able to advocate for support. They intensified their connections with politicians, and when the federal parliament went in session again (May 4 onwards), they were heard in the assembly, and support was sanctioned against the will of the Federal Council.

Even more political activism was required to support people employed in the cultural or 'creative' sector. They too succeeded in getting support not only from the cantons, but also from the federal level. Other economic sections too are lobbying, including the big companies, such as the Swiss airlines. Some demand that support be linked to making the airlines more sustainable and join in the efforts to mitigate climate change. There are also demands that companies that receive financial support should not be allowed to pay out dividends to their shareholders in 2020.

There are also other forms of economic relief measures. On April 19, the Federal Council ordered a temporary stop for all debt collection procedures. Another effort addresses the rent of offices or shop spaces, being an important cost factor for many micro-SMEs.

A proposal has been launched for the lessor to forego part of the rent, to be partly compensated by the authorities. And finally, we should also mention that the 'lockdown' fostered an enormous wave of creativity and improvisation. Restaurants started take-away services; even small garden centres created websites and arranged pick-up points for their plants (remember, it is spring); farmers that were not able to engage seasonal migrant workers from abroad, launched online calls for local people to come and help; artists offered home-visits to play music; and, the annual Swiss literature festival went online.

Of course, the reduction of economic activities within the country impinges on actors beyond our borders as well. Lower-income migrant workers (often from southern and eastern Europe) usually come to Switzerland during planting or harvesting seasons to work on farms. Due to travel restrictions in their home countries, the absence of means for transport, etc. they could not come and may have faced challenges due to the loss of this income. Shops selling clothes were closed as well (being non-essential services), contributing to the giant fashion chains' cancelling of orders in Pakistan or Bangladesh, which in turn led to the layoff of the workers usually employed in the informal sector (and police firing on protesting workers recently in Karachi). Also, Swiss people not travelling abroad for tourism affects many countries that heavily depend on such tourism (in turn, Indian and Chinese tourists, who have become very important for tourism in Switzerland were not able to visit this season).

In economic terms, first estimates forecast that the Swiss GDP might suffer a loss between 4-11% in 2020 from the corona crisis and the official unemployment rate may slightly rise. And while some fear that the Federal Council offered too much in terms of economic relief, others argue that the Federal budget is strong enough and will not be overloaded by these additional debts. Total pre-corona public debts are estimated at 41% of the GDP, which may go up to 45% after the COVID-19 crisis. However, the actual economic consequences and social costs will only become known with time and will depend on developments in other countries – due to the very high international integration of the Swiss economy illustrated above.

### **Challenges to the healthcare system**

Switzerland has an elaborate, though expensive healthcare system, with guaranteed access for all. Still, COVID-19 posed unexpected challenges, also because it was non-predictable as to how many people would require intensive care, including ventilators.

The canton of Ticino was the first to increase capacities at hospitals, and on March 15, the Federal Council ordered hospitals to get ready for the worst-case scenario by postponing non-urgent operations, for example. Experts lamented the lack of a sufficient number of ventilators, and the authorities rushed to buy them on the increasingly competitive global market. Swiss companies then started to produce such ventilators. Face-masks too were soon out of stock, even though the Federal Council did not advocate for their widespread use. The army was tasked with purchasing such protective material from China and other European countries, leading to conflicts with

Germany and France, who were in a similar situation and, for some time, prohibited sales to Switzerland. For a short period of time, certain medical drugs were short in supply or out of stock, because many are produced in China, and important substances for drugs produced in Switzerland come from India, for example, paracetamol.

During the past few months, the healthcare system in the canton of Ticino came under considerable pressure, while this was not the case for most other cantons in Switzerland. It was even possible to offer intensive care facilities to France. As a matter of fact, many hospitals had little work, as treatments not related to COVID-19 had to be postponed. Debates are now starting on whose responsibility it is to cover the financial losses caused by this.

Regarding the tracing of COVID-19 infections, in the initial days of the crisis, each case was traced, in order to identify the person(s) from whom others were infected. However, with the huge increase in positive cases, this was considered as no more practical. With the flattening of the curve towards the end of April, the Federal Council requested the cantons to again start a complete contact tracing. The Council also initiated the development of a contact tracing app to be installed on smartphones. This is presently in the testing stage and should be ready for general use by July. The federal parliament in its sessions from May 4 supported this initiative but agreed that it lacked a clear legislative basis. Therefore, the Council is presently forced to draft such a law, to be discussed and sanctioned by parliament in its next session. The law has to clarify issues such as the prevention of data misuse, the question of who has to pay once people have to be quarantined based on indications provided through the app, etc.

The ‘curve has flattened’, and many restrictions have been lifted, except social distancing. The weather during the weekend of May 16-17 was beautiful, and people enjoyed going out. Most still took care to observe social distancing, but in some urban localities, this was not the case. This triggered an intensive and currently ongoing debate on how to keep the so far meticulous observation of social distancing by the people alive – after all, nobody likes the ‘second wave’.

### **A few final remarks**

This brief overview can provide a quick glance at the complex political, economic and social dynamics triggered by COVID-19 in Switzerland. But in general, I argue that the country was able to tackle the challenge effectively, and in a pragmatic and responsive manner supported by the population that followed the advice of their government.

Above all, this response was made possible by the strong economic position of the country, which is as much the result of the often-mentioned ‘enterprising’ population as of many companies being active in highly specialised, knowledge-based, and often lucrative international businesses. After all, most low-paid industrial labour jobs that earlier existed in Switzerland were transferred abroad long ago, especially to Eastern Europe and South Asia. While these poorly paid jobs have to often operate in unregulated informal economies, the Swiss employment market has become highly specialised and, comparatively, rather protected.

Some of the Swiss companies, though, are also skillful in exploiting the unequal economic relations that characterise the global economy. This dark side of the Swiss economic success may get more critical attention in post-corona times. One example is the 'Responsible Business Initiative', launched some time back, aiming at introducing a binding framework for Swiss companies to protect human rights and the environment in their activities abroad as well. The Swiss voters will decide on this, most likely, towards the end of 2020.

Linked to this are the renewed debates on the pros and cons of Switzerland's enormous dependency on globalisation. The problems of procuring face-masks, the complete dependency on India for paracetamol, and the chances as well as vulnerabilities created by globalisation for SMEs exist. These are not new discussions, but they get a renewed boost – influenced, as usual, by the established ideological positions of the political Left (demanding a new social contract and less globalisation) and (neo)liberals (advocating for continued, though more diversified globalisation).

And within Switzerland, the often poorly paid staff of grocery shops, supermarkets, delivery services, cleaning services and sections of the care staff have already started demanding better working conditions, now that their importance has been established.

The country's strong economic position, and the inequalities related to it, are an important factor, but do not suffice to explain Switzerland's dealing with COVID-19. The country has a very interesting political system that has, so far, been able to mediate diverse interests. I have illustrated this with examples of the interaction and 'checks and balances' between various levels of 'the state' and the role of the various associations. The corona crisis was, and is, testing the capacity of this system under exceptional conditions, and debates have started on how to further secure high democratic principles under such conditions.

Of key importance is also the fact that the administration/bureaucracy – often blamed to be slow – has shown that it can operate in a very effective manner.

Indeed, Swiss citizens are deeply engaged with their state and have a range of opportunities to influence it. This is not to negate that more influential circles tend to have more influence, but there are, in principle, many established procedures to also advocate for the needs of the less influential. This also means that a majority of the Swiss citizens trust in the political system and its decisions. This also relates to the law-enforcing institutions. The police, for example, often advised people to keep social distancing, but rarely issued fines, and there was no lathi-charging. In case fines were given, the media quickly scrutinised these instances – playing its role as 'fourth estate'.

This trust enabled the Federal Council to design a 'lockdown' that was primarily based on people taking personal responsibility. Most people also realized that the Council was responsive to critique. The authorities regularly informed the public, used facts and

figures while clearly stating that decision-making under the exceptional conditions created by COVID-19 is a difficult task. And last but not the least, they talked in a language that could be understood by the common people.

### **AUTHOR**

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