Regulation

Too many rules ruin the game

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At a glance

- Swiss companies must currently comply with over 36,000 regulatory requirements—about 12,000 more than 20 years ago.
- Excessive regulation hinders innovation, growth, and competitiveness.
- If you want excellence, you must trust companies and give them enough leeway for innovation and entrepreneurship.

Switzerland is in World Cup fever. Even though they didn't manage to beat Argentina, the Swiss national team thrilled the fans. It's the first time since 1954 that they've reached the quarterfinals of a World Cup. The matches at the World Cup have also shown what it takes to make the game attractive. It requires a few clear rules. Without these rules, there would be no fair contest and no sporting competition. At the same time, soccer thrives on creativity, spontaneity, and the courage to take unexpected risks. If there are too many rules, such plays are nipped in the bud. If the rules are interpreted too strictly, the game loses its appeal.

Too many rules are holding back the Swiss economy

It is precisely this balance between regulations and freedom that is also needed in the business sector. Companies depend on clear rules of the game. They need legal certainty and a reliable regulatory framework. However, the more numerous, complex, and detailed the regulations become, the more they restrict companies' room to maneuver. According to the new Regulatory Burden Monitoring report by the State Secretariat for Economic Affairs (SECO), companies must now comply with over 36,000 obligations. That is 12,000 more obligations than 20 years ago. Added to this are cantonal regulations, ordinances, directives, and reporting requirements. These figures are undoubtedly evidence that the regulatory framework for the business sector has become unbalanced. Anyone who still takes a risk all too often receives a warning. And just as with VAR in soccer, every move in the business world is being monitored with ever-greater precision. Where common sense used to suffice, additional evidence, documentation, and checks are now often required. Why should companies still venture into uncharted territory if they risk being called back the moment they even come close to being offside?

Why the Number of Rules Is Constantly Increasing

Not every game situation can be regulated in advance, and not every decision will be made correctly. In soccer, we have to accept that there will be mistakes. In politics, we find this increasingly difficult. Instead of accepting mistakes and residual risks, we often respond with new regulations. Two factors in particular contribute to this trend:

- In soccer, poor or unclear rules often lead to new rules. For example, the interpretation of the handball rule is constantly being adjusted. But what is intended to provide clarity often makes the rule even more complicated. Something similar happens in politics. If a regulation is worded unclearly or has unintended consequences, the response is often not simplification but additional regulation, which makes the rules even more complex.
- In soccer, it's not uncommon for a single play to be debated for days after the game. After a wrong call, there is regular discussion about whether new guidelines are needed to prevent similar situations in the future. It's no different in politics. If misconduct occurs in an individual case, calls for a new regulation are quick to follow. The new rule is intended to prevent such isolated incidents in the future. The result is a web of regulations, controls, and administrative obligations that has grown ever denser over the years.

What Switzerland Can Learn from Soccer

Switzerland owes its prosperity not to a particularly dense regulatory framework, but to the innovative strength of its companies. Politicians and government officials should therefore not respond to every new challenge with additional regulations. Just as a soccer game does not improve by constantly introducing new rules, a business location does not become more successful through ever-increasing regulation. If you want top performance, you have to trust the players and give them the freedom they need.

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