Switzerland:
Historical Dynamics and Contemporary Realities

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Abstract

This paper outlines the historical evolution of the Swiss political system in modern times and describes the main features of its contemporary federalism. In particular, it focuses on how the division of competences and the distribution of power have changed over time, what factors have driven these changes and describes the current situation which derives from them. It draws some lessons from this for the debate on the evolution of the European Union, pointing out both the usefulness of such an exercise and its limitations. It emphasizes the role of historical experiences and of political culture in shaping Swiss federalism and the difficulties, if not the impossibility, of replicating them in the European context.

Introduction

Switzerland as a federal state is a relatively recent creation, dating only from 1848, but it has a long confederal history stretching back to the 14th century and even, if one believes the official rhetoric, to 1291[1]. It is thus seen as the country which more than any other embodies the spirit of the federal idea. Naturally, all those interested in the federal idea and how it can be put into practice look at Switzerland in search of inspiration. This is even truer in the case of those looking at Switzerland as an example of a successful federal state rooted in a pluri-cultural if not pluri-national society. Students and observers of the process of European integration and especially of its 'end-product' – often debated in relation to the idea of federation – figure prominently among the latter. As a contribution to the RIIA conference, looking at potential models for European governance, this paper follows the tradition of comparing Switzerland with other possible federal political systems. It describes the historical evolution and the present reality of Swiss federalism and presents an interpretation of the forces that have shaped it over time and which sustain it today with the aim of drawing lessons for the debate on the European Union. The paper is divided into three sections. Section one outlines the institutional evolution of the Swiss political system in the 19th and 20th centuries emphasizing the reasons why it moved through a series of phases. Section two describes the essential features of today's Swiss federalism, in particular of the division of competences and relationship between the three levels of government. Section three draws some lessons for the debate on the EU and discusses to what extent the comparison between Switzerland and the EU sharpens our understanding of the challenges facing the latter. The concluding section sums up and argues that the EU cannot imitate Switzerland but that it can learn many useful lessons from it.

1   The institutional evolution of the Swiss system

From the 14th century until 1848 Switzerland became a progressively tighter confederation of small states – called cantons.[2] This slow evolution from looser to tighter confederation was interrupted between 1798 and 1815 when the country was invaded and *de facto* ruled by revolutionary France which imposed first a unitary state structure under the name of Helvetic Republic and later a nominal confederation.[3] Although this period is often overlooked in accounts of Swiss political history and generally interpreted as an alien imposition that was immediately rejected by the Swiss, it had a lasting effect on Switzerland's political system. The origins of two of the latter's peculiar features, the referendum and the 'directorial' form of the executive, can be traced to this period.[4] After the fall of Napoleon, the Swiss cantons regained their sovereignty and, via the Federal Treaty of 7 August 1815, re-established a confederation among them on a tighter and more democratic basis than before 1798. This last form of confederation lasted until 1847-48 when, following a brief civil war, it was replaced by the modern federal state. The institutional structure set up by the first federal constitution in 1848 has remained largely unaltered, despite constitutional revisions in 1874 and 1999. As discussed in the next section, however, the distribution of competences and power between the cantonal and federal levels has changed considerably.

Two periods in Swiss political history are thus relevant for our purpose of comparing the European Union to the experiences of a number of federal states. The first one is the last confederal phase between 1815-1847. In this period, the confederation reached its institutional 'maturity' with a more sophisticated institutional structure and wider policy-making remit than had been the case before 1798. The second period is, of course, that of the modern federal state post-1848, especially in the formative half-century after its establishment. The most relevant period in terms of comparative lessons for the EU maybe the confederal one and especially the challenges associated with the 1847-8 transition rather than the later federal state. This assertion assumes that the European Union of today is essentially a confederal political system subject to a number of pressures to become a

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[1] 1 August 1291 is the date on which the swearing of a solemn oath between the three primordial cantons of the Swiss Confederation is traditionally believed to have taken place.
[2] The country is still officially called a 'confederation' in its Latin, French and Italian versions though, importantly, not in German in which it is referred to as *Eidgenossenschaft* (oath fellowship), but it is undoubtedly a federal state.
[3] The Helvetic Republic, under the 1798 constitution, lasted until 1802. The 1803 Federal Constitution, better known as Act of Mediation, set up a half-way system between a confederation and a federation, with France retaining the ultimate authority, which lasted until 1815; see Aubert (1974: 8-16). On the Swiss executive being modelled to that of the Directorial regime in France between 1795-8, see Kriesi (1998: 218-9).
[4] There is some disagreement among scholars on whether direct democracy should be considered a modern or long-standing feature of the Swiss political system. On the one hand, the contemporary instruments of direct democracy were introduced relatively recently (late 19th century as far as the federal level is concerned). On the other hand, many cantons have very long traditions of popular decision-making symbolized by the institution of the *Landsgemeinde* (open-air popular assembly) and, in certain cases, of referring decisions back to communes *ad referendum*.

federal state and, at the same time, very powerful constraints on such a path. The remainder of this section presents an outline of the institutional structure and the political dynamics in the two periods mentioned above.

1.1 The last Confederation: 1815-1847

The last phase of the Swiss confederation was the most institutionally elaborate and mature form of confederation in Swiss history. Despite representing an explicit attempt to 'restore' the pre-1798 order, the 1815 Treaty did accept a number of innovations brought about by the Helvetic Republic, chiefly among them the equal status for all territories as cantons.

The confederation was thus a union of twenty-one[5] small sovereign states – cantons – getting together to, in the words of Article 1 of the 1815 Federal Treaty, 'defend their freedom and independence from any foreign attack as well as preserving internal order and peace'.[6] Some of these newly recognized cantons had a form of semi-colonial status prior to 1798 and only acquired parity with the established cantons under the constitution of the Helvetic Republic. The cantons were *de jure* and, to a large extent, *de facto* independent, sovereign states although some encroachment on their sovereignty was already visible despite the overall confederal nature of the system. The same Article 1 revealingly stipulated that cantonal constitutions were adopted by the supreme authority of each canton but also that they had to 'conform to the principles of the federal treaty', which might imply that the relationship between the cantonal constitutions and the Federal Treaty was not dissimilar to the existing relationship in the EU between the state constitutions and the EU treaty.

The institutional structure of the Confederation was very light in comparison with that of today's EU and was centred on a Diet made up of representatives of each canton. Cantons were on an equal position with each other, each having one vote regardless of their population or their contribution to the confederal treasury[7]. Cantonal representatives to the Diet were delegates of their respective cantonal governments and voted upon the latter's instructions. The Diet would normally meet annually, in July, in the capital of the so-called 'managing canton' (*Vorort*) whose own chief magistrate would be in the chair. When the Diet was not sitting, the general administration of the Confederation was entrusted, on a rotating biennial basis, to the 'managing cantons' – Zurich, Berne and Lucerne. The managing canton would also host the skeletal confederal administration – confederal chancellery – appointed by the Diet. The Diet would normally vote on the basis of a simple majority, with the exception of very important decisions – such as military matters – for which a three-quarters 'qualified majority' was required.

In the tradition of previous confederations, this last one was also primarily concerned with defence and security, both external and internal. At the heart of the Confederation was a mutual defence guarantee set out in Article 4 of the Federal Treaty. There was no standing

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[5] Twenty-two from 1833 when canton Basle split into two half-cantons, see below.
[6] See Kölz (1992-6: 193).

confederal army hence the defence of the confederation was provided by the cantonal contingents directed in time of war by a confederal command. However, the confederation was also concerned with economic matters. It notably had the responsibility to conduct the external trade policy and to sign commercial treaties. The confederation would also set a common external tariff that would be collected by the border cantons and paid into the confederal treasury annually. This external revenue was the only independent source of income for the confederation which had to rely for the rest on cantonal contributions, though a 'national' debt accruing to the Confederation was recognized.

Already, the constitutional framework of the Confederation placed significant constraints on the autonomy, if not the sovereignty, of the cantons. In addition to the constitutional 'compatibility clause' mentioned above, the Treaty also prevented cantons from concluding alliances with each other that were deemed to be in conflict with its norms or were detrimental to the rights of the other cantons and from doing likewise through agreements with foreign states. On the other hand, despite the emphasis on equality symbolized by the elevation of all territories to a cantonal status as declared in Art. 7, there were no provisions for confederal citizenship, with the result that citizens had rights only within their own canton and were considered 'foreigners' in all other cantons. Moreover, if the balance of power between the central level and the cantons might appear rather unfavourable to the latter for a confederal order, the lack of enforcement power on the part of the central level meant that the cantons often ignored the Diet's decisions.[8]

To conclude this briefest of outlines of the institutional structure of the last Swiss confederation, it is important to stress that cantons which signed the Federal Treaty in August 1815 could plausibly be described as sovereign states but not as nation states in the contemporary sense of the term. This is because, even if they were determined to defend their autonomy vis-à-vis encroachment from the centre, they accepted that a sense of Swiss national identity was already present, partially as a result of the impact of French revolutionary ideas and the experience of the Helvetic Republic. This sense of Swiss nationhood was explicitly mentioned in the last article of the Treaty, which makes reference to the 'common fatherland' of the cantons and was also revealed by the proliferation of 'national' associations in the 1810s and 1820s.[9]

1.2   From Confederation to Federation

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[7] The latter varied from 1,184 francs from canton Uri to 91,695 francs from canton Berne at the time of the signing of the Federal Treaty, see Kölz p.194.
[8] See Aubert (1974: 18)
[9] See Kölz (1992-6: 202) and Aubert (1974: 19).

The confederation established by the 1815 Federal Treaty was an explicit attempt to go back in time, to the old ways of the Swiss tradition and to forget the revolutionary period. However, many of the forces unleashed by the revolution could not be kept at bay and they put increased pressure on the institutional structure of the last confederation as it entered the 1830s and 1840s. Most of these forces were part of broader European trends from which Switzerland could not isolate itself. Two, in particular, proved themselves crucial in the light of later events.

The first one was the rise of the liberal movement, with its demands for greater equality, more citizen participation, clearer limits on government and, especially, more competences for the central level and a stronger institutional infrastructure to carry them out. From about 1830 onwards, this movement led to wide-ranging constitutional reforms in a number of 'progressive' cantons which adopted new constitutions, which they submitted to popular approval in a referendum.[10] If in some cantons these reforms were achieved more or less peacefully, in others it was not so: in some extreme cases the confrontation between liberal and conservative forces led to bloodshed; in canton Basle it even led to the secession of the countryside to form a new half-canton in 1833.[11] Moreover, this atmosphere of confrontation generated inter-cantonal defensive pacts on both sides which would spell trouble for later events. The second force was the increasing pressure towards the creation of a unified economic space driven by the economic actors of the rapidly industrializing urban cantons.[12]

The reform movement inevitably spilled over – or, more accurately, up – from the cantonal to the confederal level, in the shape of the Liberal members of the Diet exercising pressure on their Conservative counterparts for a reform of the Federal Treaty in a more centralist direction. A project along those lines in 1832-3 failed to gather enough consensus, with the progressive cantons finding it too timid and the conservative ones too radical. The failure of the moderate reforms had the effect of emboldening the radical wing of the Liberal movement which intensified its campaigns for radical democratic and federal reforms. The forces of liberalism and radicalism on the one hand and of Catholic conservatism on the other hand balanced each other out, with about ten or so cantons on each side, and the delicate equilibrium at the confederal level could suddenly be altered by revolutions and counter-revolutions in some cantons, most notably that in Lucerne, which overthrew the liberal government there in 1841. These background trends were further exacerbated in the late 1840s by several disputes that touched on delicate issues such as the presence of religious orders in the Catholic cantons.

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[10] See Aubert (1974: 20). As far as the cantonal level is concerned the modern form of direct democracy dates from this period.
[11] Called Basel-Landschaft; on the circumstances of the secession see Church (1983: 57-69).

In this climate, the Catholic cantons felt threatened by the mounting radical tide and in December 1845 signed a pact of mutual support known as the *Sonderbund*. Under the terms of the Federal Treaty such pacts were illegal and the existence of the *Sonderbund* was at first kept secret. The pact became public in June 1846, triggering an immediate request by the liberal cantons for its annulment. At that time, however, the liberals and radicals did not control a majority at the Diet. They achieved such a majority a year later after the cantonal elections in St Gallen and the Diet, meeting in July 1847, decided to dissolve the *Sonderbund*, to expel the Jesuits and to revise the Treaty in a more centralist direction. These decisions triggered a month-long civil war which ended in the defeat of the conservative, Catholic cantons of central Switzerland and in the triumph of the radical forces[13].

The latter set up a constitutional commission entrusted with a 'revision' of the Treaty but, as it turned out, it ended up drafting a constitution for a federal state thereby radically changing the nature of the Swiss political system. In June 1848 the new constitution was endorsed by the Diet, with 13 votes in favour and 9 against or abstentions. Subsequently, the new constitution was ratified by popular referendum in all but one of the cantons, with 13½ votes in favour and 6½ against. In September the last Diet gathered to promulgate the new constitution and establish the new federal state, although, strictly speaking, the procedures by which the new constitution was being adopted were illegal under the terms of the Federal Treaty in force. The cantons defeated in the civil war voted against the new constitution both at the Diet and in the ratification process but ultimately accepted the outcome and participated in the subsequent election for the new federal parliament. The new parliament gathered for the first time in Berne – the permanent capital – in November 1848.

1.3 The 1848 settlement

The 1848 constitution represented a compromise settlement between the vision of the radicals and the need to keep the old *Sonderbund* cantons on board. It set up a federal state in which the cantons retained ample autonomy in many areas of policy-making under the 'residual powers' clause of Art. 3. In formal constitutional terms, the shift from a confederation of states to a federal state was far from unambiguous. On the one hand, the first article of the constitution cited as the constituting body of the new state 'the peoples of the twenty-two sovereign cantons', with no mention of a single Swiss *demos*. Moreover, no explicit supremacy clause of federal law over cantonal law was written into the constitution.[14] On the other hand, the preamble made explicit reference to the 'unity, force and honour of

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[12] See Fahrni (1984: 46-70)
[13] See Remak (1993).
[14] This only appeared in the revised constitution of 1874.

the Swiss nation' and Art. 3 clearly stated that cantons were sovereign only insofar their sovereignty was not limited by the federal constitution which, of course, really meant that they had lost their sovereignty.[15] As was the case in the past, however, the political practice was different from the letter of the constitution and pointed to a clear shift of power towards the central level. Despite an initial challenge to the legality of the new constitution by three members of the defeated *Sonderbund* – Uri and the two half-cantons[16] of Nidwald and Obwald – direct defiance of the principle of federal sovereignty in the formative period of the new state was very rare and there is substantial evidence that the principle was widely accepted by cantonal authorities, despite their insistence on describing their cantons as 'sovereign states'.[17]

The change between the pre- and post-1848 constitutional order was not much more dramatic in terms of policy-making competences conferred to the federal level although, as explained below, these were explicitly spelt out in the constitution and made subject to the procedure for constitutional revision. There was still no single, standing federal army, no direct federal taxation and no unified civil and criminal legal codes[18]. The clearest innovations were in the field of the management of the economy and citizenship rights. In the former, the constitution established a single economic and monetary space with the federal authorities in charge of its enforcement. Any discrimination in inter-cantonal trade was abolished, the federal competence in external trade confirmed and a single currency set up. As regards the latter, the constitution established a Swiss citizenship giving citizens the ability to exercise their rights throughout the federation regardless of their canton of residence.[19]

The crucial difference from the previous constitutional order was arguably in the institutional framework of the system. Whereas under the 1815 Federal Treaty the only real confederal institution was the non-permanent Diet, the 1848 Constitution set up an

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[15] There is a tendency in political science scholarship to use the term sovereignty in a loose way to mean policy-making autonomy rather than in its legal sense of ultimate, supreme power. We believe the latter is the correct meaning of the word and we deplore the former use as misleading. On the cantons being no longer sovereign, see Aubert (1974: 29-30; 81). Incidentally, the supremacy of the federal constitution over the cantonal constitutions also meant that the latter had to have, under Art. 6b, a republican nature. This could have been a problem for canton Neuchâtel, long a Prussian principality, had it not had its own republican revolution in 1848, see Aubert (1974: 33-4) and Luck (1985: 309-4). See also art. 28 of the German constitution and art. IV, section 4 of the US constitution for similar provisions.

[16] On the status of half-cantons, see Hughes (1970 [1954]: 3-4).

[17] See Friedman Goldstein (2001: 99-140).

[18] Which are, of course, crucially important in a civil law system such as Switzerland.

[19] Interestingly, Swiss citizenship remained dependent on cantonal citizenship in a very similar manner in which EU citizenship is dependent on state citizenship – Art. 42 stated 'Everyone who is a citizen of a canton is a Swiss citizen.' Incidentally, the same article also forbade the exercise of political rights in more than one canton, unlike in today's EU where this is possible [e.g. an Italian citizen resident in the UK can vote for all elections and referendums in Italy as well as for local and European elections in the UK].

elaborated set of federal institutions – partially modelled on the US system – with a bi-cameral Federal Assembly, a seven-member executive called Federal Council and a Federal Tribunal. The Federal Assembly was made up of a directly elected lower chamber, National Council, and an upper chamber of cantonal representatives, Council of States, in which each canton was represented by two members, irrespective of its population[20]. Each chamber had exactly the same power, thus giving cantons a strong influence in federal decision-making. Even more importantly, from the cantons' point of view, was the fact that the granting of new policy-making competences to the federal level would only be possible on the basis of a constitutional revision and the latter was made dependent on an endorsement in a referendum by a majority of the people *and* of the cantons.

Wide cantonal autonomy in policy-making, equal representation at the federal level, perfect bicameralism and a cantonal majority for constitutional revisions thus represented a formidable set of guarantees to the cantons – especially, it goes without saying, those on the losing side of the 1847-8 confrontation – that the minority would not be trampled on in the new federal state. This probably goes a long way towards explaining the acceptance of the new order and the remarkable stability of the modern Swiss political system. Despite two constitutional revisions, in 1874 and 1999, today's institutional framework is still essentially the one set up in 1848.

1.4   The evolution of Swiss federalism since 1848

If the 1848 settlement represented a delicate compromise achieved between the desires of the liberal and radical majority and the fears of the conservative minority, it could not for long resist the pressures from the former. As seen above, the new federal state was still extraordinarily decentralized, with limited competences exercised at the central level. The pressures that had led to the transformation of the confederation into a federal state were now pushing in the direction of a greater centralization of the latter. The main drive was the desire to harmonize regulations across cantons, especially of weights and measures and of the legal codes, in order to facilitate economic activity on a country-wide basis. After a failed attempt in 1872, a wide-ranging constitutional revision was approved in 1874 giving more power to the central level, notably on matters of defence, private law, transport and the environment.

As noted above, the 1874 revision left the institutional structure largely unchanged, with the significant exception of a strengthening of the powers and independence of the Federal Tribunal. The most significant innovation of the new constitution was the introduction of an optional referendum for ordinary legislation, whereby 30,000 citizens could challenge

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[20] These representatives, however, were no longer delegates of cantonal governments but were

any law passed by the Federal Assembly, adding to the mandatory referendum for constitutional revisions. Even more important in this respect was the introduction, in 1891, of the constitutional initiative. These instruments became the pillars of the system of direct democracy that has profoundly shaped the Swiss political system. In particular, as discussed in more detail below, direct democracy has played a crucial role in constraining the centralizing tendency of the political dynamics and thus preserved some of the peculiar features of Swiss federalism.

This slow but persistent centralizing tendency was clearly displayed with regard to the harmonization of legal codes. An 1898 constitutional revision paved the way for the adoption of a single civil code in 1907 and a single penal code in 1937. After WWI, and even more so after WWII, the same centralizing dynamic was on display in the progressive creation of a welfare state, with more and more power conferred to the central level. This trend was reflected in the fact that the 1874 constitution was amended more than one hundred times over the course of the following century.[21] Some of the most conservative cantons, such as Uri, have consistently voted against all full, and most partial, revisions of the constitution since 1848 but have nonetheless never questioned – after the very initial challenge – the legitimacy of the system. Interestingly, and probably not unrelated, official nation-building after 1848 was centred on the 'myths' (such as the 1291 oath and the William Tell legend) of primordial Switzerland of the so-called Forest Cantons, in other words the small, rural, conservative, Catholic cantons who fought and lost a civil war to prevent a unified state from seeing the light of day.[22]

From before the establishment of the federal state until the 1970s, a slow but unambiguous process of centralization thus took place in the Swiss federal system. It was, moreover, a process that gathered momentum over time, with a decline in the number of defeats to constitutional amendments from the end of the 19th century onwards[23]. However, it is important to nuance this statement by placing it in the context of three very important elements. First, the Swiss federal state started from a situation of extreme decentralization more commonly associated with confederations than with federations. The power shift that has occurred over time can then partially be explained by the very low initial level of centralization. Secondly, centralization has largely been confined to legislation while policy implementation has been left to the cantons and the communes. Hence, for example, while legal codes have been harmonized, the organization of the judicial system is still in the

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elected by cantonal parliaments. They are now directly elected.
[21] See Church (2003: ch 3)
[22] The Swiss national day, 1 August commemorates the 1291 pact rather than any date related to the foundation of the federal state. It was first celebrated in 1891; the William Tell monument in Altdorf, Uri was erected in 1895.
[23] See Aubert (1974: 86).

hands of the cantons. Thirdly, centralization in the Swiss system, though significant, has not gone as far as it has done in other federal states with the result that Switzerland is still the most decentralized of the main federations.[24]

As already mentioned, the process of centralization over time has been driven by three main forces: the desire to facilitate economic activity by creating a single economic space governed by harmonized regulation, the desire to grant citizens equality of rights in the political and social spheres, which has translated into the strengthening of Swiss citizenship and the building of a welfare state, and a strong nationalist ethos in the Radical Party. In political terms, the forces driving this process forward were thus what could be broadly defined as the 'left', which meant in the 19th century the liberal-democratic movement embodied by the Radical Party and in the 20th century the latter allied, to a certain extent, with the socialist movement. The forces resisting it were essentially the conservative, Catholic party primarily rooted in German-speaking, central Switzerland and the liberal-free market forces of French-speaking Switzerland.

Beyond this fairly conventional positioning of the political forces on the issue of relative distribution of power between the federal and the cantonal level, however, centralization was also constrained in Switzerland by a number of factors more peculiar to the Swiss political system and culture. The first and most obvious one is the presence of strong cantonal identities rooted in history and normally associated with linguistic and religious traits. Although these identities are subordinate to an overall sense of Swiss nationhood, they make cantonal governments and, importantly, their populations – who have the final say on constitutional amendments – wary of seeing policy-making competences drift away to the federal institutions in Berne. Secondly, centralization has been restrained by the quintessentially Swiss belief that 'local' is always preferable in principle to 'distant' and thus that policy-making should be conducted, as much as practical, at the lowest possible level. It is in essence the spirit of the much-debated principle of subsidiarity, even though the principle is not explicitly spelled out in the constitution.[25] The lowest possible decision-making level in Switzerland is, of course, that of the people as embodied in the modern institutions of direct democracy and in the tradition of the *Landsgemeinde* or popular citizen assemblies.[26]

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[24] See McKay (2001: 142).

[25] It is often stated that 'residual powers' clauses such as those of art. 3 of the Swiss constitution, art. 30 of the German constitution, the 10th amendment to the US constitution etc. represent a formulation of the principle of subsidiarity. However, this is incorrect as they only state a presumption in favour of the cantons, *Länder* and states vis-à-vis the federal level not a *general* presumption in favour of the lowest level of government which, in all these cases, would be the commune or municipality; see Art. 1 of the EU Treaty.

[26] For an enthusiastic, journalistic account of the Swiss belief in the wisdom of the people, see Fossedal (2001). After having been abolished in a number of cantons, only two cantonal *Landsgemeinden* survive (in Appenzell-Inner-Rhoden and Glarus).

This leads us to the last, but by no means least, factor that has constrained centralization in the Swiss federal system: the constitutional framework. This framework has a double aspect. On the one hand, as seen above, federal competences must have an explicit constitutional basis, hence each new transfer of competence requires an amendment to the constitution. Furthermore, any such amendment must pass the ultimate test of the mandatory referendum with double popular and cantonal majorities. Many constitutional amendments have foundered in the face of popular opposition. Taken together, these factors peculiar to the Swiss system have posed a formidable obstacle to the process of centralization; nonetheless the latter has been significant. A last point worth emphasizing is that relative centralization of legislation and regulation over time and the maintenance of decentralized policy implementation has brought about a wholesale blurring of the division of competences between the two levels of government, thus undermining the original vision of the founding fathers of the federal state.

2   Contemporary Swiss federalism

Two general points should be made about Swiss federalism. First, it is not a fixed quantity but an evolving matter marked by constitutional change and political dynamics. Secondly, its contemporary form and its functioning are not just a matter of institutional mechanics and of formal division of powers. They are also intimately linked to political culture in a much more organic and behavioural form. More generally, federalism is still very vigorous both in its 'institutional' and 'cultural' forms and is still very much at the heart of the Swiss political systems. If anything, the 1999 constitution has reinforced it by, for example, making for the first time explicit reference to the role of the communes in Art. 50. It is worth also emphasizing that in Swiss political discourse, federalism implies decentralization so that if someone says s/he a federalist, s/he means being pro-cantons and anti-Berne. Needless to say, this understanding of federalism contrasts sharply with that prevailing in the discourse on the EU, especially in Eurosceptical quarters.

At heart, Swiss federalism is concerned with giving as much autonomy as possible to local communities and letting the differences between them coexist peacefully and harmoniously. Moreover, beyond the formal institutional arrangements, it is a way of working and thinking, rooted in an organic, bottom-up conception of the state and shaped by history. In such a context, informal institutions and procedures are prominent as much as, if not sometimes more than, formal ones. As far as the latter are concerned, Swiss federalism has grown into a form of co-operative federalism where there is a functional division of competences between the federation and the cantons – legislation largely produced centrally, implementation largely done regionally or locally – rather than a dualistic

separation. The principle of loyal co-operation between levels of government – the so-called *Bundestreue* obligation – is very much central to its working and is reflected in the tax system which is also shared both vertically and horizontally. Finally, it is important to point out that because of its depth and width in Swiss society, federalism has become a key component of Swiss national identity, which is based on 'constitutional patriotism' rather than, of course, on shared ethnicity or culture[27].

This 'mythical' role also probably accounts for a certain anachronism in the official terminology applied to Swiss federalism, with the state, as mentioned above, still officially called a confederation and many cantons, as discussed below, still describing themselves as independent, sovereign states. The rest of this section explores these aspects by looking at actors, constitutional provisions, formal and informal rules and procedures, and, finally, at its problems and wider applicability of Swiss federalism. It will conclude that Swiss federalism is more complex and behaviourally determined than is commonly realized, partly because of direct democracy, and that this raises questions about the degree of transferability of the Swiss experience.

2.1 Actors

There are three institutional actors in Swiss federalism: the federation, the cantons and the communes. It is essential to emphasize the communes for, unlike in other federal systems, they play a very crucial role in Switzerland. All three levels of government have specific constitutional tasks though their nature and extent naturally vary.

The cantons appear to be, in more than one way, still the central actors. Not only are they the crucial middle level between the federation and the communes, they are also the building blocks of the state. Constitutionally, they are the only actors free to determine their own policy-making role within the limits of the federal constitution though, *de facto*, this freedom has been progressively reduced by the process of centralization discussed above. Moreover, as already mentioned, they are the main agencies of public policy implementation in the country and thus the principal 'face' of the political system vis-à-vis the citizens.

The 26 cantons and half-cantons vary greatly in size, both geographical and in terms of population, in their political influence and in the length of time they have been in the Swiss (con-)federation though all have the same rights under the federal constitution.[28] So called half-cantons, the result of splits of whole cantons at critical historical junctures, are almost *de facto* full cantons and have the same rights save for just one seat in the Council of States

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[27] Although it could be argued that a belief in the political values of Switzerland and pride in its institutions constitute a *cultural* element shared by all Swiss, see Church (2003).
[28] In the official Swiss usage, cantons are listed in ascending order by the date they joined the confederation/federation, save for the three 'managing cantons' under the 1815-1848 confederation, which are listed first.

and half the weight in calculating the cantonal majority in constitutional referendums; the 1999 constitution further plays down the distinction between the two. Cantons, as mentioned above, still tend to perceive themselves, at least in their official discourse, as independent and sovereign. Indeed, they do retain vestigial elements of statehood including a concept of cantonal *demos* and citizenship, full taxation power and a 'residual powers' clause. In a nutshell, they are probably more autonomous, more organic and more 'self-conscious' than regional units in other federal systems.[29] Partly because of their historical independence and 'precedence' vis-à-vis the federal state, cantons are also more inclined to act as individual units rather than collectively as a 'cantonal lobby'. Historically, they have preferred to retain their policy-making autonomy rather than ceding it to the central level in exchange for a significant stake in federal decision-making, though, in some areas, they have inevitably been forced to do so. Cantons are now very fully integrated into federal decision-making. Not only are they represented in one chamber of the perfectly bi-cameral Federal Assembly, they are also fully involved in pre-parliamentary consultations on draft legislation, a crucial agenda-setting phase in the Swiss law-making process[30].

The federation is, of course, a very important actor, though, strictly speaking, its status is ambiguous. On the one hand, the federal constitution implies that the 'Confederation' – i.e. the federation – is the whole Swiss political system, including cantons and communes. Elsewhere, on the other hand, it refers to the 'Confederation' as the federal level of government – essentially the federal institutions – as distinct, if not sometimes opposed, to the cantons and the communes. For our purposes it is probably safe to assume the latter understanding though it is worth bearing in mind the tension between the two conceptualizations[31]. This is even more so, given that one key component of the 'Confederation', in the language of the constitution and, in a very real sense, through direct democracy is the Swiss people who cannot be subsumed into the federal institutions. The latter, as mentioned above, are still very much those set up in 1848 and revised in 1874 with the only significant exception that members of the Council of States are now directly elected rather than being chosen by the cantonal parliaments[32].

As already emphasized, communes are very important actors in the system. There are several types of communes, but the one we are concerned with here is the so-called

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[29] We prefer the term 'region' to that of 'state' when referring to sub-central units of a federal system – which take different names in different countries e.g. cantons, *Länder*, provinces, states and indeed regions – as it avoids the conceptual confusion generated by the fact that the federal state itself is a 'state'. As Aubert (1974: 81) put it: "L'Etat fédéral ou fédératif (*Bundesstaat*) est un Etat souverain, composé d'Etats qui ont cessé de l'être".

[30] See Church (2003: Ch 14).

[31] There is arguably a similar tension in the European discourse between the conceptualization of the EU as the whole political system including states, regions etc. and identifying it with 'Brussels'.

[32] Note that the electoral rules for the Council of States are a cantonal rather than a federal competence, see art. 150 of the constitution.

'political commune' which is comparable to its namesake in Germany, France and Italy though it does not have an exact equivalent in English local government.[33] The almost 3000 communes carry out a great deal of policy implementation, directly raise a significant amount of taxation to finance it and, importantly, are the agencies granting citizenship. Uniquely among federal states, Swiss citizenship depends on cantonal citizenship which in turn depends on citizenship of a commune. In order to become a Swiss citizen, in other words, one must first of all gain citizenship of a commune upon which the other levels of citizenship would then follow. It is tempting to see communes as miniature cantons and there are certainly many similarities between the two. However, it is worth pointing out that cantons are not themselves 'federal' so do not accord communes the status the federation accords to them. Nonetheless, many cantons make explicit reference to the communes in their constitutions and treat them with a great deal of respect, unlike the cavalier way in which local government is treated in some other systems. Since the 1999 revision, communes have also gained recognition in the federal constitution and the federal institutions are now formally required to take them into account when formulating public policy.

2.2   Division of competences

The division of competences between the three levels of government is primarily regulated through constitutional norms, both federal – as regards the federation/cantons relationship – and cantonal – as regards the canton/communes one. Given the adoption of a new constitution in 1999, the system now operates under slightly different rules from previously. Since these new rules have been in operation for such a short time, it is not possible to evaluate their impact fully. Generally speaking, however, no major changes were introduced in 1999. The federal and cantonal constitutional frameworks mean that each of the three levels operates within legal constraints and has to respect the autonomy and prerogatives of the other levels and to co-operate with them, in the spirit of the *Bundestreue* principle. This said, there is a clear hierarchy of levels. Cantonal constitutions and legislation constrain the communes' margin of manoeuvre while the federal constitution and laws prevail over cantonal laws. Importantly, cantonal acts are subject to judicial review by the Federal Tribunal while federal acts are not and can only be challenged through referendum.

The formal division of competences is less clear-cut than might be expected. It is not fully specified and it operates through several categories – which in turn are not free from ambiguities – namely: fully cantonal, joint and fully federal. The complexity arises from the fact that the joint competences are shared between the two levels in a variety of different

[33] See Church (2003: Ch 8).

ways and from the fact that even within fully federal competences policy implementation is – with some exceptions – left to cantons and communes. In other words, and as already stressed, the division of competences regards essentially the sphere of legislation while policy implementation is overwhelmingly carried out at lower levels. (Appendix 1 gives a more detailed picture of the division.)

By and large, this pattern is mirrored in the fiscal sphere. All three levels have revenue-raising powers and broadly speaking aim at self-financing, although there is a considerable degree of revenue sharing. Reflecting the distribution of tasks in policy implementation, cantons and communes spend more than the federation; indeed, the latter has been granted tax income on a limited temporal basis only and cannot extend this unilaterally. Although not dependent on income from the centre, cantons do get help from the federation through sharing in federal taxes plus receiving grants, refunds and subsidies in compensation for their implementation role and/or investment. This is done through an equalization fund intended to smooth the imbalances in revenues among cantons (see Appendix 2). However, very significant differences persist and the overall financial impact of equalization is much weaker than in other federal systems such as Germany. It is, however, comparable to the EU structural funds in relation to GDP.[34] There is an ongoing debate on how to streamline the equalization system notably on the possibility of turning it into a purely horizontal system of transfers between 'rich' and 'poor' cantons by-passing the federal level[35].

2.3 Institutions and formal procedures

The three levels – and especially cantons and the federation – are knitted together in a co-operative way by a variety of means including:

§ *Constitutional amendments*: cantons have collective veto power over any shift of competences to the federal level because all amendments to the federal constitution are subject to approval by a majority of cantons, as well as of the people, in a mandatory referendum. It does happen that popular and cantonal majorities do not coincide and thus that amendments are not passed: eight such occasions have occurred since 1848.[36]

§ *Political representation*: theoretically this takes place via the Council of States, which, as mentioned above, has equal power with the National Council. With the shift to direct

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[34] See McKay (2001: 115).
[35] See Church (2003: ch 8).
[36] Ibid. (ch 13).

elections, members are now elected on party lines and owe greater loyalty to their party than to their canton. However, cantons also serve as constituencies for elections to the National Council so the cantonal basis of representation is very strong[37]. The role of representation of the cantons is to a certain extent performed by the conferences of cantonal ministers and cantonal presidents, which are the collective voice of the cantons.

§ *Decision and policy-making*: cantons share in this via the upper house of parliament, their constitutionally guaranteed role in the process of pre-parliamentary consultation, by representation in federal bodies such as the Integration Bureau[38] and via federal-cantonal conferences. Under Art. 141 of the federal constitution a request by eight cantons can also trigger a referendum challenge to any federal law. Cantons are thus fully involved in the three key phases of federal law-making in Switzerland: pre-parliamentary, parliamentary and post-parliamentary.

§ *Implementation*: as already mentioned, cantons and communes provide most of the implementation of federal laws and policies and finance them. There is no local federal administration such as exists in the US. There is also a great deal of inter-cantonal co-operation, through conferences of ministers and signing of 'treaties' known as concordats on a range of matters that cantons want to retain as their exclusive competence but on which some degree of harmonization is also deemed desirable. A prominent example of this is horizontal co-operation in education among the francophone cantons.[39]

§ *Judicial*: cantonal courts provide the lower level of the judicial system. Apart from the Federal Tribunal there is no federal judicial system. As seen above, legal codes have now been harmonized at the federal level although the organization of the judicial system is still left to the cantons, with significant differences existing between them. The Federal Tribunal ensures uniform application of federal law and compliance of cantonal acts with the latter but it is not a constitutional court, as it does not have the power to strike down federal acts on grounds of unconstitutionality.

2.4   Informal behaviour and politics

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[37] It could be argued that the only real difference between the National Council and the Council of States is in the lower 'district magnitude' of the latter which favours the centrist parties and under-represents the left and right wings.
[38] A federal body charged with coordination of the policy towards European integration.
[39] See Hega (2000). Inter-cantonal co-operation in Switzerland can be seen as the functional equivalent of what in the EU is now called the 'open method of co-ordination'.

As we pointed out earlier, federalism in Switzerland goes much beyond formal institutions to reach informal behaviour and political culture broadly understood. All Swiss institutions such as parties, trade unions, business associations, voluntary associations etc. are organized in a federal way by bringing together cantonal branches. This depth and spread of federalism as an organizing principle of political life naturally emerges from shared historical experiences and identities and feeds into the political culture which very much values autonomy and bottom-up solutions. The Swiss tend to express this as 'feeling federal'. The way federalism totally pervades Swiss political life is very much in evidence in the democratic process itself, be it representative or direct. Parties that operate at the federal level are in a very real sense federations of cantonal parties with more often then not significant political differences between the latter. The split in the right-wing Swiss People's Party (SVP) between the traditionally conservative Bernese wing and the much more radical Zurich wing is the most emblematic example[40]. There are also subtle and not-so-subtle linkages between cantonal and federal elections with the former – especially in key cantons – often interpreted as bellwethers and preludes to the latter.

Where direct democracy is concerned, federalism is also prominent. Referendums and initiatives, as mentioned above, were historically introduced in cantons from the 1830s onwards before being adopted by the federation. Their use remains wider and their impact on the system deeper at cantonal and communal level than at the federal level. All cantons have the legislative initiative and many have the financial referendum on important items of public expenditure, unlike the federation[41]. Much the same goes for the communal level. Once again, then, the greater part of citizen participation in decision-making in Switzerland – through direct democracy – takes place at the cantonal and communal levels rather than at the federal level. It is also worth stressing that the cumulative impact of direct democracy across the three levels is huge and makes the Swiss system extraordinarily open to citizens' input.

2.5   Problems

All this may suggest that the system is wonderful and faultless and it is indeed often over-praised. But although most people would agree that, generally speaking, it works well, there are problems and it is subject to strong centripetal forces which suggest some of its outcomes are not optimal. A list of the most prominent issues would include:

§   *Territorial*: most of the cantons, and especially the half-cantons, are very small by the standard of European regions, some of them extremely so. Appenzell-Inner-Rhoden, to

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[40] See Kriesi (2001).

cite the most glaring case, has an area of 172 square km and a population of 14,500. Due to their limited size, and often irregular borders, they are simply not effective as 'functional' administrative units. There has been a movement towards using larger 'group of cantons' units for statistical purposes but any suggestion of mergers of cantons is, rather predictably, extremely sensitive. Attempts to reunify the two halves of canton Basle and to merge Geneva with Vaud have foundered after lengthy negotiations amid public hostility. Needless to say, what makes the cantons what they are is their historical identities as distinctive '*patries*' rather than administrative 'rationality' so any attempt to restructure the cantonal level of government by appealing to the latter tends to be a political non-starter.

§ *Transparency*: as noted above, the division of competences and of responsibilities has become blurred over time. A recent attempt to disentangle it has had only limited success[42]. This points to the fact that devising a rational and effective 'division of labour' between the different levels of government and, even more so, an equally efficient system of 'fiscal federalism' is far from easy and the experiences of other federal states provide ample demonstration of this[43]. The current system of financial equalization is very difficult to understand but it is equally difficult to reform given the vested interests at play and the tendency by both parts to offload onerous tasks onto the other. Tax competition among cantons is also a delicate issue, difficult to tackle without some form of fiscal harmonization.

§ *Language/new issues*: in the past federalism was an effective way of allowing different communities to live in relative isolation, reducing friction. It is less able to do so now as the media tend to re-enforce the boundaries between linguistic communities, which, with the partial exception of Ticino,[44] do not coincide with cantonal borders. There is no political structure corresponding to the linguistic communities and on certain crucial new issues such as European integration the cleavage between them is perhaps the most salient of all.

§ *Popular support*: though conservatives defend it as a fundamental part of Swiss identity, generally speaking federalism is not as popular as it used to be. Support has fallen from 60 to 40 per cent over the last ten years as criticism of some of its aspects has grown.[45]

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[41] See Kriesi (1998: 90-8).
[42] See Church (2003: ch 14)
[43] See, among others, McKay (2001: ch 8)
[44] Save for small Italian-speaking communities in Graubünden, Ticino *de facto* coincides with Italian-speaking Switzerland.
[45] See Church (2003: Chapter 8)

§   *Conservative bias*: the system tends to be seen from a left-wing point of view as having a conservative bias. By empowering the rural, conservative cantons of primordial Switzerland (*Urschweiz)* and/or contrarians (*Neinsager*) it blocks progressive legislation and encourages social inequality.

§   *Tasks*: it can constrain public policy into allocation of tasks at the wrong level. This can be dramatically exposed in time of emergency such as the Schweizerhalle disaster when a major pollution of the Rhine had to be dealt with by canton Basle-City which clearly lacked the resources to do so. The problems canton Geneva is facing, as we write, in policing the anti-G8 demonstrations is another example.

III   Lessons for the EU

What is the relevance of all this for the EU? To answer this question we need to look at what issues in the EU debate would benefit from the Swiss experience. It seems to us that the debate is essentially three-pronged. First, how to improve the decision-making capacity of the system. Second, how to improve its democratic quality, i.e. its responsiveness to the citizens both in terms of input and of accountability. Third, how to combine these two objectives with the states' desire to retain their sovereignty, or at least wide autonomy, and with the fragility of popular identification with Europe.

In reply to these questions, we would like to raise two general queries first. On the one hand, to which Switzerland should we look as a model? To the contemporary system or to the last confederation? Given the nature of today's EU and the pattern of collective identities in Europe, we should probably look at the 1815-48 confederation as a closer model rather than at today's federal state, while bearing in mind both the factors that led to the end of the confederation and those that shaped the evolution of the post-1848 federal state. This is the line taken by most authorities looking at the comparative question. However, much as the Swiss dislike it, there is also a case for comparing the EU's recent evolution with what happened in Switzerland between 1798 and 1815, if not before.

On the other hand, is there not a fundamental problem about trying to imitate Switzerland? Generally, there are strong arguments against accepting the idea that the transferability of structures from one polity to another is an easy matter. In the Swiss case these apply in spades, because the Swiss system rests on formal institutions as well as on political culture and historical experiences. While institutions may possibly be replicated,

culture and experiences are much more difficult if not impossible to replicate. More specifically, the following points suggest themselves.

§ *Temporal dimension*: the Swiss system has taken shape over a very long period of time. It has been very stable since 1848 but was very conflictual before. The transition from a confederation of states to a federal state took place only after a civil war.[46] Turning the EU into a federal state would imply the explicit renunciation of sovereignty by the states while at present sovereignty is so-called 'pooled' but retained[47]. This seems to indicate that the maturation of the EU system into a tighter confederation and even more so into a federal state would take a long time and that there are serious risks in moving faster, as responses to the draft Constitution seem already to show.

§ *Centralisation dynamics*: the evolution of the Swiss system indicates the existence of a powerful centralising trend – from confederation to federation and from a more to a less decentralised federation. This is likely to be determined by the fact that a federal state is unquestionably a more efficient framework for economic activity and a more efficient decision-maker than a confederation of states as well as, potentially, being a more democratic system[48]. The EU has faced and is still facing similar pressures towards more efficiency and more democracy so the degree of centralisation of the system is highly likely to remain a bone of contention in European politics for a long time.

§ *Competence transfers*: the single most important check on centralization in the Swiss system has been the constitutional framework. This suggests that to restrain centralization, mechanisms for competence transfer are more important than the initial distribution. Constitutions are adopted at specific points in time and have to adapt to change. How they do this is crucial. The EU should take note and devote more attention to such mechanisms than to the starting point.

§ *Institutions and identities*: institutional evolution in 19th century Switzerland went hand in hand with change in collective identities. A federal state was ultimately accepted only because a sense of Swiss nationhood was already there. However, the federal state, in turn, embarked on official nation-building. It is difficult to ascertain the direction of causality between institution-building and collective identities – for example the Helvetic

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[46] It could be argued that the US too became a real federal state only after the 1861-5 civil war. See, among others, Friedman Goldstein (2001: esp. 22-33).

[47] Incidentally, in light of the Swiss, German and US constitutions mentioned above, an EU federal state with a republican order – say, a Federal Republic of Europe – would probably imply the abandonment of the monarchical order by its component states, such as the UK, as the latter would conflict with the republican principles set in the federal constitution.

Republic failed institutionally but probably had a deep impact on identities – but it seems clear that the institutional evolution of the EU system should also be matched by identity-building or it will risk losing legitimacy.

§   *Co-operative federalism*: this form of federalism – in which legislation is carried out at the central level and implementation is done at regional or local level – blurs responsibilities and accountability. The EU already displays many features of co-operative federalism, which raises serious questions about making it more comprehensible and responsive to citizens. A more 'dualistic' form of con/federalism might be better adapted to the EU system and to European-wide political culture but it is probably difficult to bring about[49].

§   *'Ideal' distribution of competences*: it is impossible to identify a 'perfect' distribution of competences between federal and state/regional level in a neutral, 'technocratic' way. It is intimately linked to the trade-off between autonomy or freedom on the one hand and equality on the other. More autonomy implies less equality and more equality requires less autonomy. Different positions on the left/right spectrum produce different preferences on the centralization/decentralization spectrum.[50]

§   *Direct democracy*: we cannot fully understand Swiss federalism, or indeed the entire system, without taking into account the role of direct democracy, for without direct democracy the system would operate in a very different way. The question of whether direct democratic instruments could be used on a EU-wide basis is an extremely delicate and difficult one which obviously goes well beyond the scope of this paper[51]. A rather basic point that can be made is that, as pointed out above, direct democracy, in various forms, has very deep roots in Swiss political culture and had operated for a significant length of time at cantonal level before being adopted at the federal level; neither of these elements apply in the EU context.

Conclusions

Switzerland is an extremely interesting example of a con/federal system in both its historical and contemporary dimensions. It can be seen as the near perfect embodiment of the federal idea. But it is also a very peculiar and idiosyncratic political system, in which formal institutions and cultural patterns are closely intertwined. While the EU can certainly draw

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[48] On the 'democratic deficit' inherent in confederations, see Bogdanor's contribution to this series of papers. The claim naturally rests on the existence of a sufficient sense of a *demos* in the population.
[49] See Abromeit (2002).
[50] There also exists a left-wing vision of decentralization as 'bringing government closer to the people'.
[51] For the most recent attempt to tackle this question, see Papadopoulos (2002)

many useful lessons from the Swiss experience it is highly unlikely that it can imitate it. The best way forward would probably be to focus on what pitfalls the EU should avoid in its ongoing development.

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Appendix 1

Division of Competences under the 1999 Federal Constitution

Cantonal	Joint	Federal
	Fully Shared	
Culture (Article 69)	Agriculture (104)	Foreign Policy (54&184)
Policing (52)	Energy (89)	Army & Defence (58-60)
Youth & Sport (68)	Internal Security (57)	Customs (101)
Education (70)	Sustainable Development (73)	Alpine Traffic (84)
Church/State Relations (72)	Economic Life (94)	Provisioning (102)
Cultural & National Heritage (78)	Taxation (128)	Foreigners (121)
Culture (Article 69)	Water Resources (76)	Naturalisation (38)
	Civil & Criminal Law (122-3)	Swiss Abroad (40)
	Political Rights (39)	Armaments (107)
	Social Security (41)	Rail & Air Travel (87)
	Pensions etc (111-112)	Road Taxes (85-86)
		Alcohol (105)
	Federal legislation and cantonal implementation	
	Environmental Protection (74)	Gambling (106)
	Land use planning (75)	Nuclear Power (90)
	Health & Health Insurance (118)	Competition (96)
	Commerce & Industry (94-95)	Public Works (81)
	Footpaths (88)	Economic Policy (103)
	Animal Protect (82)	Consumer Protection (97)
	Road Traffic (83)	Banking (98)
	Civil Defence (61)	Statistics (65)
	Transport (87)	Forests *(77)*
	Company Pensions (113)	Voc. Education (63 & 67)
	Maternity & Family (116)	Monetary Matters (99)
	Accident Insurance (117)	
	Genetic Policy (119-20)	
	Federation only aids	
	Research (64)	
	Training (68)	
	Sport (68)	
	Labour (110)	
	Leasehold (109)	
	Housing (108)	

Source: Church (2003)

Appendix 2

FINANCIAL RELATIONS

a) Financial Shares (2001) in millions of Swiss Francs

	Receipts	Expenditure	Balance	Debt	
Federation	48,818	49,738	-920	105,294	50.7%
Cantons	60,600	61,200	-600	64,262	31.0%
Communes	42,200	42,000	+200	37,900	18.3%
	151,618	152,938	-1320	207,456	100

b) Redistribution (1999) in millions of Swiss Francs

Total cantonal receipts 58,541 – of which 13,455 came from the federation, made up of 13,401 in constitutionally required shares of federal revenues due to the cantons and 10,145 came from general subsidies. The latter included 2,277 for agriculture; 2,110 for social insurance; 2,052 for roads; 1,682 for miscellaneous items; 0,460 for higher education; and 0,252 for various kinds of water resources.

c) Expenditures by Sector (2000) in %

	Federation	Cantons	Communes
Administration	3.4	5	8.5
Agriculture	7.7	4.7	NA
Cantonal share of taxes	8	NA	NA
Culture	1.2	2.1	5.2
Defence	10.4	0.5	0.7
Education	NA	24.7	22.7
Economic development	1.9	1.7	1.8
Environment	1.5	2.4	8.8
Finance and taxes	11.5	6.5	7.5
Foreign relations	4.7	NA	NA
Health	0.4	16.3	18.3
Justice and police	1.1	8	4.5
Research, training and H.E.	7.2	NA	NA
Social welfare	25.5	18	14.8
Traffic	15.4	9.9	7.4

d) Expenditures by Type (2000) in %

		Federation	Cantons	Communes
Recurrent		*86.4*	*77.4*	*86.7*
	Armaments	3.7	NA	NA
	Tax share due to others	11.8	NA	NA
	Grants	45.8	34.5	25.2
	Interest payments	7.2	4	5.5
	Miscellaneous	-	2.1	38.2
	Services	6.9	11.4	20.8
Capital		*13.6*	*12.6*	*13.3*
	Investment	1.5	8.7	12
	Loans	3.5	0.8	0.2
	Other	0.1	0.1	0.1

| Subventions | 8.5 | 3.2 | 1 |