

The Politics of Switzerland

Continuity and Change
in a Consensus Democracy

HANSPETER KRIESI

ALEXANDER H. TRECHSEL



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3 | *Federalism*

3.1 The gradual consolidation

We now turn to federalism, yet another fundamental institution that underpins the Swiss political system. As discussed in chapter 1, Switzerland's modern federal state was created in 1848 following the two consecutive collapses of the former Confederation. Similar to the transition from the Articles of Confederation to the Federal Constitution of the United States in 1787, the transition from the Confederation to the federal state in Switzerland was revolutionary in the sense that it abolished the unanimity principle and replaced it by a system of qualified majority for amending the supreme law. In both cases, this 'federalist deficit' – the unanimity principle for constitutional change – could therefore be overcome (Trechsel 2005). However, in 1848, the federal level of government in the newly created state was extremely weak, as the cantons were able to preserve significant parts of their power. According to Stepan (1999), Switzerland – together with the United States and Australia – fits into the category of 'coming together' federalism, where the creation of the federal state is based on a largely voluntary agreement. The creation of the Swiss federal state is based on the logic of relatively autonomous units that 'come together to pool their sovereignty while retaining their individual identities' (Stepan 1999: 23).

The constitutional design for altering the interlevel distribution of power is, in the Swiss case, particularly favourable to the *status quo*. First, the residual power lies with the cantons, i.e. competences that are not explicitly delegated to the federal level remain at the subnational level.¹ Any attempt to centralize a competence, new or old, has to pass the hurdle of a formal revision of the Federal Constitution. Second, and as we shall see in further detail in chapter 4, amending the Federal Constitution requires a referendum in which both a cantonal and

¹ Article 3 Federal Constitution.

electoral majority need to be attained for the amendment to succeed (double majority).

This particular set-up very effectively delayed, if not overtly hindered, centralizing efforts in many policy fields. Nonetheless, the federal level of government was able to gradually acquire new competences. To start with, a unified economic area was created in 1848 with, among other measures, the abolition of intercantonal tariffs, centralized postal services and a federal monopoly on the Swiss currency. During the second half of the nineteenth century, the federal government acquired authority over the telegraph system and competence to legislate in matters concerning the railways while receiving new competences in the domains of penal and civil law. Later, in 1947 and 1978, the federal government was also given additional tools to define macro-economic policies. Despite this slow but steady centralization of competences aiming at the establishment of a national economic area, cantonal prerogatives remain strong. For example, cantons are free to choose their own budgetary and fiscal policies.

Compared to most European experiences, the development of social security mechanisms at the federal level was slow. Every innovation in the sphere of social security had to run the gauntlet of the referendum, regularly unleashing conflicts between centralizers and anti-centralizers. As a result, the majority of these innovations date from the post-World War II period. In addition to its late implementation, the Swiss social security system 'was and remains highly devolved' (McKay 2001: 110). The second half of the twentieth century also saw the emergence of federal competences concerning the protection against new risks for citizens and the environment, such as civil protection, protection of the environment in general, consumer protection, data protection and so on. Finally, in the more recent past, the federal level was given competences over infrastructures, namely in the fields of telecommunications, public highways and railways, nuclear energy and scientific research.

This creeping centralization of competences was accompanied by an extension of federal instruments in the fiscal realm. During the nineteenth century, the federal government had to rely on very limited resources. These resources mainly came from customs duties, profits generated by the postal services and cantonal contributions. It is only from the end of World War I that this situation progressively improved. New federal taxes on tobacco, beer, income and capital as well as

the predecessor of the value-added tax (VAT) regime were introduced. Again, however, this process was cautious and lengthy. For instance, VAT² did not replace the former tax on the turnover of goods until 1993, and then only after three attempts that were rejected at the polls (Armingeon 2004: 664). Also, federal direct taxation and the VAT regime are limited in time, requiring periodic renewal by the people and the cantons.³

3.2 Cantonal autonomy vis-à-vis the federal level

Despite the creeping centralization of competences as well as the extension of federal taxation, the Swiss cantons continued to retain a large degree of autonomy vis-à-vis the federal authorities. Twenty-six political systems, functionally analogous though different in structure, coexist with the federal level. The model is one of a segmented differentiation of the political system, based on territorial criteria (Nüssli 1985: 93ff.). Following Aubert (1983: 211), the autonomy of the cantons manifests itself in five ways:

1. *The constitutional autonomy of the cantons is explicitly guaranteed (article 47, Federal Constitution).* This does not imply, however, that the cantonal landscape must remain static. As the creation in 1979 of the twenty-sixth canton – Jura – proved, the system provides for a certain flexibility, although the overall stability of the territorial boundaries is very strong.

2. *Cantons can organize themselves autonomously.* Each canton has its own constitution and its own set of popular rights. Each defines its political, administrative and judiciary authorities and their respective functions, and has a certain leeway in the definition of its electorate. Furthermore, each chooses its own schooling system, its own fiscal system and so on. Cantons are obliged to obtain a federal guarantee for their constitutions. This, in turn, obliges each canton to have a written constitution that must respect a certain number of criteria, such as the obligation to organize itself according to democratic principles. The Federal Constitution also requires the cantons to submit their constitutions – and any further amendments – to the approval of their

² At the time of writing, the maximum VAT rate was 7.6 per cent, a very low rate by international standards.

³ In a federal referendum vote on 28 November 2004, 73.8 per cent of the voters and all but one canton accepted a minor modification and prolongation of this system until 2020.

respective electorates. Moreover, the cantonal electorate must be given the possibility to initiate constitutional change through the instrument of the popular initiative (see Auer *et al.* 2006: 63ff.).⁴

The cantons can freely choose the form of their government within the limits set by the Federal Constitution. The so-called *Landsgemeinde*, a citizens' assembly, has been abolished or replaced by modern parliaments in all but two cantons (Glarus and Appenzell Inner Rhodes, where citizens' assemblies and parliaments coexist). The number of deputies in cantonal parliaments varies from 55 (Obwalden) to 200 (Berne, Vaud and Argovia), generally following the pattern of 'the less populated and the more socially homogeneous a canton, the lower the number of seats' (Auer and Delley 1986: 98). The composition of cantonal governments varies as well (between 5 and 7 members) and so do the structures of cantonal administrations and the judiciary (see Germann and Weis 1995 for details).

Finally, cantons are free to define their electorates. Therefore, active and passive voting rights for women have been introduced at different moments in time depending on the cantonal legislation. Also, in two cantons (Neuchâtel and Jura), denizens have certain voting rights if they fulfil a number of criteria (e.g. length of residence). Finally, in 2007 the canton of Glarus lowered the age for active voting rights at the communal and cantonal levels to 16. This was a first in Switzerland, setting off debates for similar reductions of the voting age in a number of cantons (Zurich, Berne, Grisons) and at the federal level.

3. *Cantons freely choose their political authorities.* The federal government cannot interfere in the selection of cantonal authorities nor can it impose a certain electoral system as long as the cantons conform to the democratic standards set out by the Federal Constitution (see above).

4. *Cantonal legislation is not politically controlled by the federal authorities.* Cantonal legislation has to conform to federal law. However, within the constraints of federal law, the cantons are free to legislate as they please.

5. *The autonomy of the cantons is closely linked to article 3 of the Federal Constitution,* which reserves the residual competences to the cantonal level. One should add that cantons dispose of their own financial resources, complemented by federal transfers.

⁴ For further details on direct democracy at the cantonal level, refer to chapter 4 in this volume.

3.3 Federal dependency at the cantonal level

Compared to most federal systems, the autonomy of the Swiss cantons vis-à-vis the federal level of government is rather significant. By contrast, the autonomy of the federal level in relation to the cantonal level is quite limited, as cantons, together with the people, constitute the two fundamental organs on which the federal state is based (article 1 of the Federal Constitution; see also Auer *et al.* 2006: 25). The cantons play an active role during the formulation and decision stages of the federal legislative process (see chapter 8 for details). Two major institutions enable the cantons to co-decide on federal legislation: the Council of States (i.e. the Upper House of the Federal Parliament) and the cantonal majority for certain types of referendum votes.

The structure of the Federal Parliament is based on the model of *perfect bicameralism*, with both chambers, the *National Council* and the *Council of States*, having equal rights. Chosen in 1848, this solution constituted a compromise for resolving the most salient problem in the process leading to the adoption of the first Federal Constitution (Kölz 1992: 554f.). Today, the representation of the people is assured by the 200 deputies within the *National Council*. Since the federal elections of 1919, National Councillors are elected according to the system of proportional representation, with the cantons forming the electoral constituencies. This means that the number of seats for each canton corresponds to the size of its population, except for the fact that even the smallest cantons obtain at least one MP in the National Council. The cantons are represented by the 46 members of the *Council of States*. Each canton has two seats, with the exception of the former ‘half-cantons’⁵ (Obwalden, Nidwalden, Basle-City, Basle-Country, Appenzell Inner Rhodes and Appenzell Outer Rhodes) which have only one seat (see also chapter 5). It is worth noting that the representation of the cantons in the Council of States is imperfect. Unlike the German *Bundesrat*, the Swiss Council of States is not composed of delegates of the subnational entities. While in Germany the governments of the *Länder* are directly represented in the *Bundesrat*, the Swiss cantons

⁵ With the adoption of the new Federal Constitution in 1999, the six former ‘half-cantons’ have become ‘cantons’ (see also Auer *et al.* 2006: 330). It is only with regard to their representation in the Council of States and their weight in the calculus of the cantonal majority in referendums that they differ.

merely serve as electoral constituencies for the popular election of the members of the Council of States. Therefore, the latter represent their respective electorates rather than the interests of the canton (see also Lüthi 1993; Kriesi 1998a: 60).⁶

The cantonal level of government also plays a major role in the direct-democratic realm above all when a *double majority* is required for certain referendum votes (see chapter 4). In such referendums, every canton has one vote (which corresponds to the popular majority in each canton), with the six former half-cantons having only half a vote. Cantonal and popular majorities rarely collide, but with the ‘inflation of votes requiring a double majority’ (Germann 1994: 138f.), together with the increasing demographic disparities between large and small cantons (Vatter 2007a: 84), the rate of collisions or quasi-collisions has drastically increased over the past three decades. More recently, a number of models have been proposed to reform or even abolish the cantonal majority in direct-democratic decision-making processes (Germann 1975; Hess and Trechsel 1993; Vatter and Sager 1996). So far, none of these models has been adopted.

The Federal Constitution grants cantons a set of further instruments for directly participating in the elaboration of federal legislation. Similar to the right of any MP to launch a parliamentary initiative, any canton can at any time initiate a legislative process through its right to present the Federal Parliament with a petition (*Standesinitiative*, article 160 al. 1 Federal Constitution). Nonetheless, and despite the fact that cantonal petitions have been used more frequently since the 1970s (see Linder 1999: 142), the study by Sciarini *et al.* (2002: 12) shows that only 1 per cent of all bills between 1995 and 1999 resulted from such an initiative.

Furthermore, eight cantons can launch a referendum procedure against a federal law (article 141 al. 1 Federal Constitution – see also chapter 4). Since its introduction in 1874, this instrument has been used only once: in 2003, coordinated by the Conference of Cantonal Governments (CCG), eleven cantons – in conjunction with a popular demand for a referendum signed by 57,000 citizens – made use of this procedure. The target of this referendum was a package of fiscal

⁶ Note that roll-call voting in the Council of States is exceptional and since 1947 was called for successfully only on four occasions, thus preventing us from empirically testing this claim (see also Von Wyss 2003).

reforms that was, in the end, rejected by two-thirds of voters on 16 May 2004 (see chapter 9).

In comparison to the German system of federalism, often presented as the one most similar to the Swiss version, Braun (2003: 67f.) stresses that the cantonal governments, despite their role in the federal policy formulation process, do not represent veto players to the same degree as the German *Länder*. One could argue, however, that the Swiss system allows cantons to become serious veto players as soon as they *coordinate* their action. The recent referendum of the cantons on a fiscal reform, refused by the people on 16 May 2004, serves as an illustration of such a coordinated veto action.

3.4 Cooperative federalism

As we have seen, cantons have a large say in federal policy making. Furthermore, with respect to the implementation of federal public policies, the role of the cantons is of utmost importance. This holds first of all with regard to the enforcement of federal law, as the Swiss cantons are in charge of administering justice, most notably in the areas of civil and penal law. The federal courts only intervene on appeal. More generally, unlike the US model of ‘dual federalism’ (Wheare 1946), where each level of government has a number of competences resulting in policies implemented at the same level (i.e. at the federal and state levels respectively), the Swiss model corresponds to the ‘cooperative type’ of federalism (Elazar 1962). In cooperative federal arrangements, policies can be formulated at the federal level but are implemented at the subnational entities of the state. Generally speaking, European federal states, as well as the EU, belong to this type of federalism, which stresses a ‘division of labour’ and the functional relationships between the levels of government (Braun 2000: 4).

Thus, in Switzerland, the implementation of federal policies has traditionally been delegated to the cantons.⁷ Although the federal government maintains a predominant position in the drafting of legislation, from constitutional provisions to federal laws, directives and other types of legal acts, in the concrete application of these legal

⁷ Note that this is not always the case: Kissling-Näf and Wälti (2007: 565–71) distinguish between two additional modes of implementation – see chapter 6 for details.

Table 3.1 *Expenditures for public policies (percentage 1998)*

Policy fields	Federal government	Cantons	Communes	Proportion of overall federal expenditures
International relations	100	0	0	2
National defence	93	5	5	5
Public finances and taxation	78	42	34	7
National economy	74	56	11	5
Transport	64	40	21	11
Social security	52	44	23	21
Justice and police	7	70	27	5
Education	14	64	42	18
Health	1	63	48	12
General administration	19	39	45	6
Culture and leisure	13	32	58	3
Environment and regional development planning	15	29	75	4
Total expenditures	39	48	33	100

Source: Wälti (2003: 98).

regulations – i.e. policy implementation – the cantons play a vital role. In the great majority of policy domains, the federal level is dependent on the cooperation of the cantons and, to a lesser extent, on the communal administrations for the implementation of the centrally designed programmes.

For various policy domains, table 3.1 shows the distribution of public expenditures over the three levels of government. Only in the fields of international relations and national defence does the federal government regulate the implementation process on a (nearly) exclusive basis. All other policy fields are characterized by a strong degree of cooperation between the different levels of government, although the federal level tends to dominate in the fields of public finances and taxation, the national economy, transport and social security. By contrast, the cantons play a dominant role in the fields of justice and police, education and health, while the ‘third layer’ of government, the nearly 3,000

municipalities, dominates the areas of general administration, culture and leisure as well as the protection of the environment and regional development planning.

The high level of cooperation in the accomplishment of public tasks has created, over time, a very complex web of financial flows and organizational coordination among levels of government. The question of whether this web leads to a higher degree of centralization or whether, on the contrary, it has a decentralizing effect, is a matter of much dispute. We believe that both tendencies can be observed, but with significant variation across policy fields (Vatter 2007b: 217). Overall, however, recent studies show that the traditional perception of Switzerland's public sector as one that is characterized by a relatively low level of centralization is not entirely accurate.

3.5 Assessing Swiss federalism

The literature on federalism highlights numerous pros and cons of federal arrangements as compared to more unitary models of government. In the Swiss context, Aubert (1983) mentions five major advantages of federalism:

1. Swiss federalism *is assumed to protect minorities*. Lijphart (1977) most prominently argues that power-sharing structures in consociational countries (including in federal systems) may enhance conflict resolution (see also Christin and Hug 2003). It is true that, unlike other federations, the modern Swiss federal state has not been subject to disruptions such as ethnic violence, overt repression of minorities, etc. Traditionally, religious and linguistic cleavages were accommodated by federalist mechanisms. However, demographic changes and a marked process of secularization tend to dilute the ability of the federalist system to ensure the protection of minorities. For instance, while Catholic minorities in the mid nineteenth century were territorially concentrated in a number of religiously homogeneous cantons, the current distribution of Protestant and Catholic citizens is more equal across cantonal boundaries. With the de-territorialization of religious minorities, the formal institutions and mechanisms of Swiss federalism cannot offer the same degree of protection any more. The same applies for other minorities, including political ones such as women, homosexuals, elderly citizens, handicapped citizens, etc., for which federalism never offered protection in the first place. As Bächtiger

and Steiner (2004) argue, federalism is only one factor among several that led to the relatively successful management of conflicts in the Swiss multicultural context: informal aspects of the fundamental institutions as well as the identification of the actors with the latter need to be taken into account in order to understand this overall favourable outcome.

2. Swiss federalism *brings citizens closer to the political authorities*. According to this argument, federalism, through the multiplication of political authorities at the subnational level, allows citizens more immediate access to administrative authorities and improves their chances to get involved in politics, e.g. to be elected. Critics believe, however, that such improved access only works in very small territorial units (Kappeler 1996). Moreover, one could add that even in very centralized states, a local level of government exists, offering similar forms of ‘immediate’ access to politics. In other words, federalism may not provide – in and of itself – a fundamentally closer relationship between citizens and politics. As we shall see in the next chapter, it is above all direct democracy at all three levels of the state which brings people closer to politics in the Swiss model. And it is indisputable that the federal structure, combined with the large autonomy of the subnational units with respect to the centre, allowed for innovation, multiplication and the spread of institutions of direct democracy.

3. Swiss federalism *diffuses power*. According to this argument, federalism enables a more flexible, better-adapted implementation of federal policies at the cantonal level and functions as a brake on centralizing trends. However, the fundamental problem in Switzerland is not excessive political centralization but rather a lack thereof, above all for reasons related to the efficiency of policy implementation. Here, both the size of the subnational units as well as their socio-economic heterogeneity is of utmost importance. Zurich, the largest canton, accounts for 17 per cent of the Swiss population and has over eighty times more inhabitants than the smallest canton, Appenzell Inner Rhodes (Federal Statistical Office 2003). In comparison, this ratio places Switzerland among the most heterogeneous federal states in terms of size of population: California, the largest jurisdiction of the US, is more than seventy times larger than the smallest, Wyoming. In Germany, North Rhine-Westphalia is twenty-seven times larger than the *Land* Bremen. In Austria, the *Land* Niederösterreich is only six times more populated

than the Burgenland. Only the EU has a larger ratio than Switzerland, with Germany having more than 200 times the population of Malta.

Of course, the size of the administrative apparatus of a canton is linked to its size in terms of inhabitants. Whereas in 2001 the canton of Zurich employed over 20,000 persons, the canton of Appenzell Inner Rhodes counted 136 employees (IDHEAP/BADAC 2004). Other important discrepancies exist with regard to the economic capacities of cantons. The index of financial capacity, established by the Federal Department of Economic Affairs (2003), shows a value of 227 for the canton of Zug compared to a value of 30 for the canton of Valais.

In view of such discrepancies it is not surprising that the capacity of the cantons to participate in federal policy formulation and implementation processes varies significantly. The smallest cantons cannot profit from economies of scale and are simply not capable of fully executing some of the federal programmes. Indeed, the volume of certain administrative tasks increases with population size, but other tasks, such as a cantons' participation in federal consultation procedures and the systematic implementation of some of the federal regulations, are independent of the size of a given canton. Federal subsidies, fiscal equalization among cantons, coordination among cantonal ministers and intercantonal treaties (so-called *concordats*) constitute the traditional mechanisms for overcoming these structural problems to which cantonal administrations are exposed. However, in a number of policy domains such mechanisms no longer suffice. Recently, in the fields of health policy, police activities and university education, horizontal cooperation among cantons has intensified. For other tasks, such as the implementation of social security, cantonal pension agencies together with private pension agencies have started to pool their IT resources into large conglomerates (Mänz and Trechsel 2004).

4. Swiss federalism *offers a playground for experimentation*. Compared to the autonomy of the German *Länder*, the autonomy of the cantons in the implementation of federal legislation is much greater (Braun 2003: 72). Numerous studies of public policy implementation in Switzerland have shown that the cantonal variations concerning policy outcomes are therefore quite important. Such variations are often problematic, especially in areas where the absence of harmonization creates perverse effects that may completely distort the initial aims of a federal programme. The study of Delley *et al.* (1982) on regional planning serves as an illustration of this problem. Recent studies stress

the variability of policy outcomes in a number of fields. Battaglini and Giraud (2003) show that the implementation of federal legislation on unemployment varies not only in its extent but also in its orientation. The authors explain this variance in terms of differences in cantonal 'policy styles'. Sager (2003), in his study of the federal programme on alcohol prevention, shows strong variance in cantonal implementation strategies. At the same time, he indicates that 'secondary harmonization processes' (Kissling-Näf and Knoepfel 1992), i.e. vertical and horizontal cooperation mechanisms, can at times reduce the gap in the outcomes. Balthasar (2003), who investigates such secondary harmonization processes with regard to the implementation of the federal law on health insurance, observes that the federal government uses new instruments such as policy evaluations to promote cantonal harmonization in the implementation phase.

Although these studies emphasize the difficulties of harmonizing the implementation of federal policies, one should not underestimate the important potential for experimentation. This potential may at times become visible when the cantons' interest in innovation is promoted by the federal government through, above all, logistic and financial incentives. Recent innovations in the field of electronic voting may serve as an example. Initiated by the Federal Chancellery in 2001, a project for experimentation with e-voting was designed in collaboration with three cantons (Geneva, Zurich and Neuchâtel). This project allowed these cantons, and in particular the canton of Geneva, to test remote voting over the internet in several pilot runs and to gain valuable insights and international attention. Also, with the cantons of Zurich and Neuchâtel developing alternative models of electronic voting, the federal level, as well as the rest of the cantons, can profit directly in terms of knowledge and expertise from the different approaches tested in the pilot cantons. As this example indicates, federalism may provide a true laboratory for policy innovation (see Auer and Trechsel 2001; Trechsel and Mendez 2005; Trechsel 2007a).

5. Federalism *promotes competition among the subunits of the federal state*. Several observers (see for example Moser 1991) stress the need to better exploit the potential for competition offered by federalism. In their view, fiscal competition among cantons is beneficial for the economy because such competition makes it possible to attract new companies and to offer more favourable conditions for emerging businesses. According to Scharpf (1994: 56f.), fiscal competition

Table 3.2 *Pride and importance of federalism for the future of Switzerland*

Pride	%	(n)	Importance	%	(n)
very proud	22.7	(197)	very important	31.5	(273)
quite proud	46.7	(404)	quite important	45.5	(394)
not very proud	21.7	(188)	not very important	17.8	(154)
not proud at all	4.2	(36)	not important at all	2.7	(23)
don't know	4.7	(41)	don't know	2.5	(22)
Total	100.0	(866)	Total	100.0	(866)

Source: Eurobarometer in Switzerland Survey (2001). The data have been reduced to Swiss citizens who are 18 years old or older.

between the regions in the European Union is increasing. However, he also points out that the Swiss cantons can compete efficiently at the international level only if they have a minimal size. Furthermore, fiscal competition between cantons can lead to unwanted effects and even a ruinous 'race to the bottom' in the fiscal domain (Scharpf 1988: 245).

3.6 Conclusion: reforming Swiss federalism

As with neutrality, federalism is an institution dear to the Swiss. Recent survey results show that over two-thirds (69.4 per cent) of the Swiss electorate is either very proud or quite proud of federalism (table 3.2). Moreover, with regard to the prospective evaluation of this institution, a large majority (77 per cent) of the Swiss electorate believe that federalism is very important or quite important for the future of the country. But as with neutrality, the current institutions of federalism and their functioning have come under pressure, despite marked institutional attachment. Both external and internal developments challenge Swiss federalism and its prospects for becoming and remaining a modern form of government.

The pressure of internationalization does not affect the *principle* of Swiss federalism. Switzerland's ever-increasing linkages with the EU do not fundamentally interfere with the functioning of federalism. Furthermore, many observers, in addition to the federal government itself (Federal Council 1999a: 319ff.), argue that Swiss federalism would not be weakened if Switzerland were to join the EU. Indeed, other

Table 3.3 *Attachment to the canton*

	%	(n)
strongly attached	33.9	(294)
quite attached	41.9	(363)
not very attached	20.0	(173)
not at all attached	3.9	(34)
don't know	0.2	(2)
Total	100.0	(866)

Source: Eurobarometer in Switzerland Survey (2001). The data have been reduced to Swiss citizens who are 18 years old or older.

federal states belonging to the EU, such as Austria and, in particular, Belgium and Germany (who were both founding members of the Community), have demonstrated that there is no particular conflict between EU membership and the maintenance of a federalist system. On the contrary, as Scharpf (1994) points out, the German *Länder* actually benefit from the introduction of a supranational layer of government, and the greater overall importance of regions resulting from the integration process has been pointed out by Mayntz (1989). Nevertheless, Germann (1994) believes that Swiss federalism would have to be restructured and 're-dimensioned' if Switzerland joined the EU.

Needless to say, re-dimensioning the cantons through the creation of larger entities or 'regions' is nearly impossible in Switzerland, above all because territorial changes must be submitted to the referendum process. The Swiss electorate's attachment to the cantons is still quite strong: three out of four citizens are either strongly or quite attached to their canton (table 3.3). The most recent attempt to change the cantonal landscape was launched by two popular initiatives in the cantons of Geneva and Vaud. The initiative called for a merging of the two cantons, essentially for administrative and financial efficiency reasons. On 2 June 2002, large majorities of voters in both the canton of Geneva (80 per cent) and the canton of Vaud (77 per cent) rejected these initiatives. Earlier attempts to merge cantons, e.g. Basle-City and Basle-Country, were also consistently rejected at the polls.

Despite the reluctance of the electorate to change the territorial boundaries of the cantons, the merging of *communes* has become frequent over the past decade, as a result of which the number

of communes in Switzerland has been significantly reduced (Federal Council 2001: 2312). Conscious that such communal regroupings are not sufficient for 'modernizing' Swiss federalism, the Federal Council launched a vast reform project in the early 1990s. This project is characterized by three principal aims. First, a reform of fiscal equalization mechanisms is envisaged in order to mitigate the current financial distortion among the cantons. Second, the project aims at disentangling the tasks and responsibilities between the federal and cantonal levels of government. Third, new forms of vertical and horizontal cooperation and financial mechanisms are proposed (Federal Council 2001: 2314). The overall outcome of this package, which arguably constitutes the most ambitious and drastic reform proposal in current Swiss politics, is still uncertain. Nonetheless, its principles were recently accepted by both the people (64 per cent) and the cantons (i.e. 23 cantons out of 26) in a referendum vote on 28 November 2004. The transformation of these principles into federal laws will take time and may be further delayed by possible referendums. Despite the uncertainty about the final success of this reform, the first and probably most important step has been taken with the acceptance of the constitutional amendments. The success of this first step shows that Swiss federalism can be reformed in spite of direct democracy in general and the mechanism of the double majority in particular.