RECENT CHANGES IN SWISS DEMOCRACY

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Abstract
Swiss politics of the last decade are characterised by profound changes. Despite staying outside the EU, Switzerland is fully exposed to the process of globalisation and Europeanisation. While this process has led to similar economic liberalisation and internationalisation as in the EU countries, it is accompagnied also by some specific problems like the acceleration of immigration. Social cleavages between urban and rural regions, and between capital and labour are deepening, while the crucial question on Switzerland's future relations with the EU rests unresolved. The continuous rise of the conservative nationalist People's Party and a growing polarisation between the political Right and Left put the traditional political culture of accommodation and power sharing at risk.

1. Introduction
Switzerland, in the past, was characterised by an extraordinary political stability. The same four political parties, representing about 70 percent of the electorate, were forming the national government in a grand coalition for almost 50 years. Federalism and direct democracy were substantial veto points that allowed for continuous incremental political change but not more. All together, the institutional elements of power sharing, federalism and direct democracy led to modest growth of the welfare politics and state consumption, and pragmatic choices between economic liberalism and protectionism. In addition, the federation provided for economic equalisation between poor and rich regions of the country, accommodation between the different social strata, and protection of the linguistic minorities (Church 2004, Linder 2010). Switzerland, to a high degree, corresponded to the ideal type of *consensus democracy* which, according to Lijphart (1999), is a "kinder and gentler" system than its counter model of *majoritarian democracy*.

However, the Swiss political system has undergone profound changes in the past two decades. Voter volatility has grown. With the rise of the national conservative SVP (Swiss People's Party), Swiss politics have become polarised; political accommodation and the system of power sharing are at risk. High immigration, and lack of effective instruments to control this process, is one of the permanent political issues that remain salient and deepen social cleavages between labour and capital, and between rural and urban regions. Switzerland is not member of the EU but, adopting good parts of economic legislation from Brussels, follows the path of Europeanisation. The opening of the Swiss market, privatisation and liberalisation have brought much economic innovation but also new inequalities, and the Swiss people rest deeply divided on the question of yes or no joining the EU. At the same time, pressure from the outside is rising. Two recent incidents illustrate a growing vulnerability of Switzerland on the international stage: Under the threats of the OECD and the US, the Swiss are forced to give up the banking secret, and the EU is successfully pressing for the elimination of certain fiscal privileges the Swiss cantons granted to foreign enterprises. While many Swiss welcome clean banking and fairness of international tax regulations, others criticise that the US, in the

fiscal conflict, are not willing to give Switzerland the same rights as it asks from the Swiss. The latter feel that national autonomy is deeply threatened. In the following, I would like to discuss these political changes in-depth. I start with the issue that seems to be the most important single factor of change, namely the process of Europeanisation. Next, I turn to the transformation of the party system. I then describe the changes of power sharing and of other institutional elements, and will finally present an outlook.

2. Europeanisation: a push-and-pull mechanism of political change

In 1992, the Swiss people said no to integration in the EU. In a hotly debated popular vote, the Swiss rejected the European Economic Area (EEA) treaty, which would have permitted the country to join the European market and profit from the full advantages of economic integration without becoming a full member of the EU. In the voting campaign, the opposition vehemently defended the national sovereignty and political neutrality of Switzerland. These slogans did not fail to strike the electorate, and the result was a bitter defeat for the government and the majority of the political elite. Moreover, it left a divided country: the pro-Europeans, willing to go the path of European integration, and the opponents, defending national autonomy and self-government.

Even so, the intense economic relations between the EU and Switzerland led both parties to look for an alternative to institutional integration. It was found by means of bilateral treaties. After lengthy negotiations, the EU and Switzerland agreed on two series of treaties (Bilaterals I and II), which from the Swiss side were accepted by the people in 2000 and 2005. The treaties comprise the domains of agriculture, air and road transportation, research, public procurement, free movement of labour, environment, statistics, taxation of savings, pensions, the Schengen/Dublin agreements on internal security, and some further policies. In all these domains, EU law and regulations apply in Switzerland (Church 2007, Cottier et al. 2010, Mach/Trampusch 2010).

Formal bilateralism does not, however, portray the full picture of relations between Switzerland and the EU. Through unilateral initiatives, the Swiss government seeked to develop its relations with the EU for further access to its markets. The most important element of this strategy is the internal harmonisation of Swiss commercial law with EC law and policies. It has become a general procedure in which every piece of economic legislation is checked for its Euro-compatibility. This leads to the transposition of EU law into Swiss law and is known as *autonomer Nachvollzug* (autonomous adaptation). Under this label, the Swiss government has unilaterally introduced the "country of origin" principle (Cassis de Dijon), which means that products admitted on the markets of EU countries have access to the Swiss market without the need for further regulation. Finally, Switzerland contributes to the EU-Cohesion Fund with 100 Million Francs annually for a period of ten years (Freiburghaus 2009).

These bilateral and unilateral strategies have led to a substantial integration of the Swiss economy into the European market. In wide economic domains, Brussel's acquis communautaire applies in Switzerland. Some say that Switzerland is adapting to Brussels policies more than the average EU-members. Comparing to ordinary EU members, however, we find a substantial difference: Switzerland stays away from formal participation in the EU-institutions and consequently has no influence in the EU decision-making. Therefore, on could summarize this process as *Europeanisation without institutionalisation* (Sciarini 2004, Alfonso 2010, Linder 2010).

Let us ask, now, about the consequences of Swiss Europeanisation.

In substance, the political agenda of Brussels is one of market liberalisation, market harmonisation, and privatisation. This agenda has profoundly changed Swiss economy, which traditionally was protecting domestic industries. Europeanisation, similar to globalisation, has its winners and losers. On the winners' side, we find export industries like pharmaceutics and

technology, or global service industries. They have better access to the European market, and at the same time were able to become more competitive. On the list of the losers, we notice not only agriculture but many craft industries, formerly producing for the domestic market, which have disappeared because they were no longer competitive with foreign competitors. This process of modernisation infers new conflict, and some of the old cleavages take new dimensions and heat up. An instructive example is immigration. Immigration is an old and controversial issue since the 1960's, when Swiss enterprises started to hire low qualified workforce from abroad. Social integration of immigrants and their families were not the concern of the enterprises, and official policies were not adequate for a long time. Thus, the rising number of foreigners- today more than 22 percent of the population living in Switzerland-, economic side-costs of immigration and social integration as well as fears of the undermining of own cultural roots constituted a heritage of unsettled political conflict. Yet the agreement of free movement of persons with the EU of 2005 has brought this issue into a new dimension: it opens the Swiss market of 7.8 million people to the market of the 27 EU countries with 500 million people, and indeed, some 100'000 persons now migrate every year to Switzerland. This is an immigration rate of 1.5 percent of the population, the highest in Europe and a higher rate than the one of classical immigration countries like Canada and Australia (Linder 2011). No wonder that this issue is politically more salient than ever. Together with other policies of market liberalisation, Europeanisation leads to a new social divide, comprising the unskilled working class and the "old" middle class (Kriesi and Trechsel 2008: 95).

The question is why Europeanisation, despite conflict, has taken up much more momentum than one would expect from a consensus system which, in the past, was not known for fast innovation. A first explanation is pressure from the outside. EU and Switzerland have common economic interests, which allowed bilateral negotiation. But, naturally, the negotiation situation is asymmetric, which means the Bern has to concede more concessions than Brussels. The Swiss government made this experience during negotiations, as it had little influence in the agenda nor in conflicts on the concrete issues. With regard to issues of fiscal legislation and the banking secret, I already mentioned that Switzerland is under pressure not only from certain EU countries but also from the US. The bourgeois majority, which had successfully defended the banking secret and fiscal privileges for foreign investments against the political Left, now has to give in.
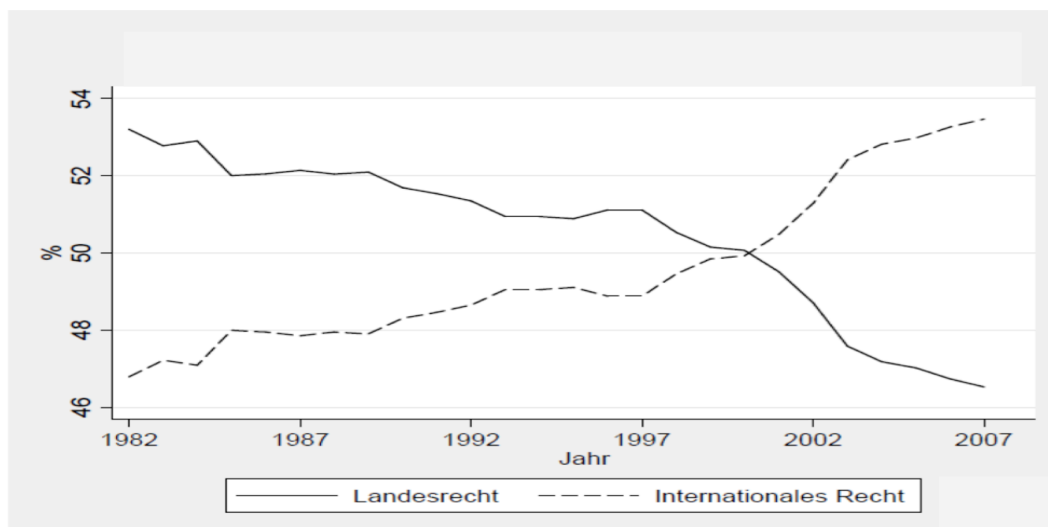
Europeanisation, however, is not only the result of a push mechanism, the pressure from the outside. On the contrary, it relies also on a pull mechanism. Parts of the export industries have similar agenda of liberalisation as the EU. With tailwind from Brussels, they have acquired more influence in Bern, and better chances to overcome domestic resistance from protected industries such as agriculture. Thus, Europeanisation is partly homemade (Mach 2003, Trampusch 2010).

These dynamics of push and pull not only explain the high momentum of European integration; they also go along with changes of the internal balance of influence and political power. Agriculture, crafts and small business of the domestic market are not only economic losers; these once powerful associations have considerably lost political influence and veto power.

Last but not least, Europeanisation leads to institutional change. Decision making on the highly internationalised economic policy is prepared and shaped by the executive and the high levels of diplomacy. Parliament cannot take an active part in negotiations and finds itself in a reduced role of ratifying international treaties. Considering the fact that today, more than 54 percent of all federal legislation has become introduced international law (see figure 1, below), the loss of influence of parliament is considerable. The same is true for the cantons and for the interest groups of domestic economy. Their veto points in the shaping of economic

policies are devaluated. We therefore observe a concentration of power in the hands of the executive.

Figure 1: Proportions of domestic and international law issued by the Swiss federal authorities

Source: Linder/Huembelin/Sutter 2009: 40.

This is in contrast to domestic politics like public health or national infrastructure. Here, the traditional method of power sharing of the government with many actors being consulted for reaching a large consensus is still in force. One can speak, therefore, of two speeds of decision-making: a slower pace in domestic affairs, muddling through , incremental innovation, and a faster pace in internationalised policies, reaching for higher innovation, but bypassing many of the veto positions of domestic policies (Fischer 2003, Mach 2006, Papadopoulos 2008).

3. Changes in the party system

Table 1 (below) gives an overview of the changes of electoral strength in the party system. The Swiss People's Party (PP), once the smallest of the four governmental parties, more than doubled its electorate and has become the leading political force. Its success is due to several factors. PP was opposed to the EEA treaty in 1992; its victory in the popular vote against the rest of the political elite was the beginning of its success story. It profiled itself as a new conservative Right, persistently mobilising against European integration, immigration, against a growing welfare State, and defending the ideas of national sovereignty, independence and neutrality. Under its charismatic and authoritarian leader Christoph Blocher, it dominated the political agenda, organised voting campaigns and elections professionally, attacked not only the Left but also the bourgeois parties, refused parliamentary compromise and did not shy away from personal slander and blunt populism. It absorbed the electorate of small protest parties of the Right, but the success of the PP was also at the cost of the centre parties (Kriesi et al. 2005). Despite the fusion of Liberals and Radicals, the "grand old party" of FDP saw its electorate shrinking, a fate which the party shared with the Christian Democrats, the traditional party of Catholics. On the left side of the political spectrum, the alliance of Social Democrats (SD) and Greens (GP) were able to consolidate their electoral strength, although at a lower level than in most European countries.

Table 1: Electoral Change and the Distribution of seats in the bicameral legislature, 1991 and 2011

Party	Votes (percent)		Seats in National Council		Seats in Council of States	
	1991	2011	1991	2011	1991	2011
Governmental Parties						
Radical Democrats (RD)	20.9	15.1	44	30	18	11
Christian Democrats (CD)	17.8	12.3	35	28	16	13
People's Party (PP)	11.8	26.6	25	54	4	5
Social Democrats (SD)	19.0	18.7	42	46	3	11
Bourgeois Democrats (BD)	-	5.4	-	9	-	1
Total	*69.5*	*78.1*	*146*	*167*	*41*	
Non governmental parties						
Green party (GP)	6.4	8.4	14	15		2
Green Liberals (GL)	-	5.4	-	12		2
Liberals	3.0	-	10	-	3	
Alternative Left	4.0	0.5	4	-		
Others	17.1	7.6	26	6	2	1
Total	*30.5*	*21.9*	*54*	*33*	*5*	*5*

Source: Federal Office of Statistics

The rise of the People's Party had consequences for the entire party system and its functioning. For decades, PP, RD and CD had practiced an informal coalition against Social Democrats and Greens. This centre-right coalition was strong enough to control the political agenda and to dominate the much smaller Left/Green coalition. Now, when the PP more and more refused a common bourgeois compromise, attacked its centrist partner and won elections at the latter's cost, the bourgeois coalition disintegrated or even fell apart. This rupture was particularly the case in elections. In elections held on a proportional system, like those of the National Council, the PP fully converted its growing electorate into a bigger number of seats. This, however, was not the case in elections based on the majority system, like those to the Upper House of Parliament and to cantonal governments. Radicals and Christian denied any support to the PP's candidates, with the result that the PP, with almost 30 percent of the votes in 2011, rests with a representation of 10 percent only in the Council of States. This contrasts with the situation of the political Left. Social Democrats, despite a stagnating electorate, profited from the disintegration of the bourgeois block and almost quadrupled their representation in the Upper House.

The new parties, Bourgeois Democrats and the Green Liberals are the product of succession from the PP and the Greens. Leaders of both disagreed with the extreme positions of their mother parties, split off and are looking for a moderate electorate in the centre. Thus, the last elections were confirming the trend of a transformation of the party system: The formerly *bipolar system tends to a tri-polar configuration* with the camps of the Conservative Right, the Centre and of the Green/Left.

The rise of the Conservative Right had important consequences for the *composition of the Federal Council,* the federal executive. The seven members of the Council are elected by the Assembly of the two Houses of parliament. The distribution of seats of the Council follows the principle of proportionality, which means that the four governmental parties are represented according to their electoral power. From 1959 to 2003, the Council was composed of two Radicals, Christian-Democrats and Socialists, and one member of the PP.

Consequently, when it became the biggest party, the PP got a second seat at the costs of the Christian Democrats. It was party leader Christoph Blocher who took this seat, but four years later, a Center/Left group succeeded in the removal of Blocher from office and elected a less controversial member of the PP. The PP, perceived this as kind of a declaration of war. The two PP members of the Federal Council were excluded from the party. Even though, they stayed in office and were the co-founders of the already mentioned Bourgeois Party. This scission led to the ironic situation that the biggest party was no longer represented in the government while two members of the Federal Council were representatives of a party that never had participated in an election. This situation was partly due to the PP's party's own manoeuvres. Even so, it meant a deep crisis of the *Konkordanz* (consensus government). The crisis was partly resolved in the following years. One of the BP Councillors resigned in 2008, and the vacant place was filled with a PP representative. When the entire Federal Council stood for elections for a new four-year period in 2011 however, the Centre/Left coalition barred the PP from obtaining a second seat. Thus, the Swiss government in is no longer elected on a consensual basis, and its composition does not correspond to the principles of proportionality.

4. Growing Polarisation- the end of consensus politics?

The PP, striving for a hegemonial position in Swiss politics, was consequent in its strategy. It consistently followed its programme of a new, conservative and nationalist Right. Its faction in Parliament systematically attacked governmental politics of European integration, reforms of the army, international engagements for collective security, liberal civil and penal law. It fought against growing social welfare, immigration and for restrictive regulations for asylum seekers. Aside its provocative style, and populist campaigns it had a good instinct for new issues, influencing the political and media agenda as well. The PP systematically took up the concerns of the losers of globalisation, and used discontent of citizens in its referenda campaigns. It had success with popular initiatives in highly emotional issues, as interdicting the construction of minarets or with long-life detention of criminals certain categories of criminals. The successes of these popular initiatives were not only a blow to liberals but let rise doubts about their compatibility with international law. The propositions of the PP were the exact opposite of the Left and the Greens and to a good part too extreme for the political Centre. Thus, one observed a growing polarisation in Swiss politics.

This polarisation, though, is more than a framing of the medias and the political elites. In a longitudinal study, we have analysed the polarisation of the Swiss voters in more than 500 referenda and popular initiatives from 1874-2006 (Linder/Zürcher/Bolliger 2008). Using historical accounts of the issue and on statistical data of every vote, we looked for the polarisation of the voters along the classical cleavages of Lipset and Rokkan (1967). Figures 2a-2d show the development of these cleavages.

As can be seen from the first two figures 2a and 2b, the cleavages Protestant versus Catholics and German versus French Speakers (the Swiss interpretation of Lipset/Rokan's Centre vs. Periphery conflict line) have cooled out in the long run. Their historic culminating points date back to the early 20th century and have never reached them since. This corresponds well to Lijpharts theory, which proposes power sharing and consensus democracy to be particularly capable of overcoming multicultural conflict. Looking at the two other cleavages however, we notice a picture quite different. We observe a sharp increase of polarisation both in the socio-economic cleavages of Rural vs. Urban and Capital vs. Labour (Figures 2c and 2d). Moreover, we note that the social divide between voters in the urban and rural regions was never as deep as it is today.

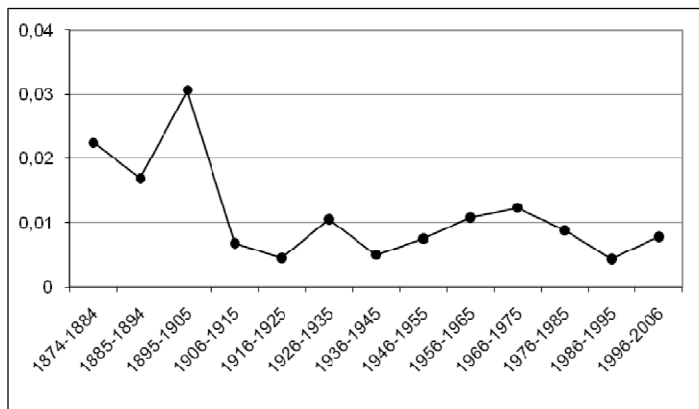*Figures 2a-2d: Polarisation of the Swiss electorate, 1874-2006*
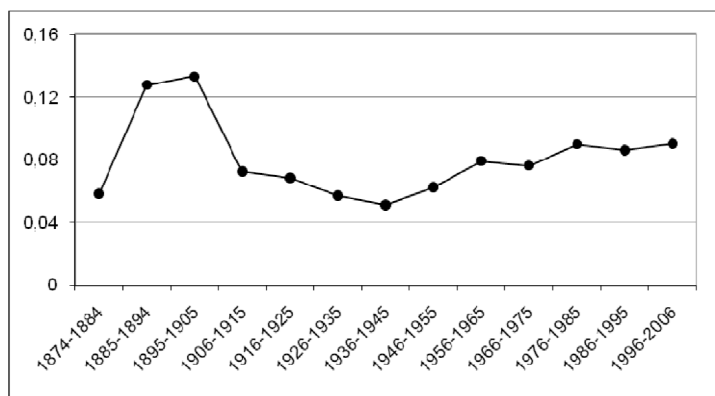

Fig. 2a Catholics versus Protestants

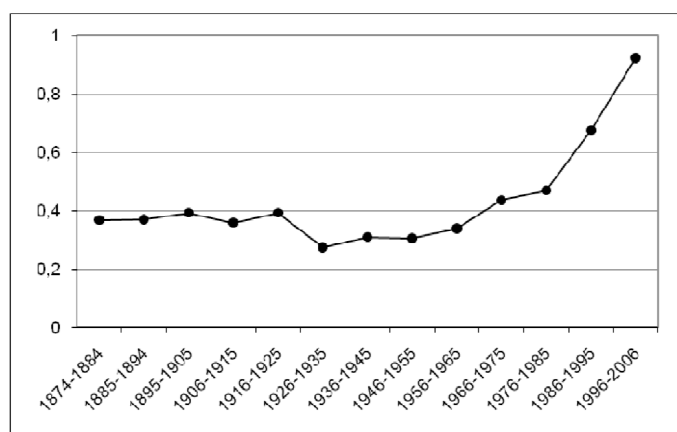Fig. 2b German vs. French Speakers
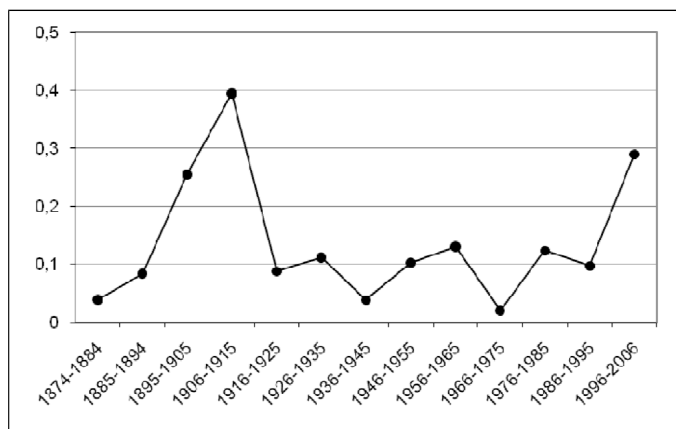

Fig. 2c: Urban vs. Rural

Fig. 2d: Capital vs. Labour

It would certainly be erroneous to see the rise of the two socio-economic cleavages as a direct and only result of globalisation and Europeanisation, the more as we had no possibility to analyse two of the "modern" cleavages perceptible in Swiss society, which concern the economy/ecology conflict and the divide between national openness/closeness. Even so, we note that political polarisation is not just a political staging of the elites but has its correspondence in a rising societal and economic divide.

Under these circumstances, one has to ask if power sharing is still possible. Indeed, in the two years "crisis" of a Swiss government without the People's party, many politicians and journalists were announcing the end of the long-standing *Konkordanz*. What can we say from a political science view?

First, I take a look at the *culture of power sharing and consociationalism*. This culture requires mutual respect amongst the political elites, the ability to listen to other positions, the willingness to negotiate for a compromise and to defend the common political decision in front of one's own clientele. Baechtiger (2005) compared deliberative behaviour of legislatures in consensus and majoritarian systems. Comparing parliament committees of the US, Germany and Switzerland, he found that power sharing indeed makes a difference of political culture because deliberative quality of the discourse was lower in the majoritarian settings of the US and Germany. The members of the Swiss Committees were reported to be more respectful to each other, more responding to the arguments of the opposite side, and making more propositions of compromise. The bad news on Swiss power sharing however is that not all parties practiced these virtues of power sharing politics to the same degree: The representatives of the two pole parties, the PP and the SP, scored significantly lower on the quality items of deliberative discourse. Against the background of these empirical findings, concerns about the loss of the culture of power sharing seem to be justified. Moreover, the critics deploring that polarisation goes hand in hand with a loss of consensus culture have a good point.

Let us turn now from parliamentary deliberation to *parliamentary decision-making*. Political analysis of the years 1996-2005 (Schwarz/Linder 2006) shows some surprising results. In contrast to intuitive guesses, the PP could not transform its electoral success in into a higher influence in the National Council. On the contrary, the defeat rate of its propositions in the proceedings in plenary sessions rose and became comparable to the one of the Social Democrats. This partly corresponded the PP's own strategy of hardened uncompromisingness. At the same time, however, this strategy strengthened the position of Radicals and Christian Democrats despite their electoral loss: In a tri-polar setting the two centre parties alternately formed coalitions with the pole parties of the Left and the Right and were playing the lead in parliamentary politics.

Consequently*, turning coalitions* between the governmental parties seem to be more frequent than decades ago. From an institutional point of view, this point is essential. If within a grand coalition it is the same actor in all decisions who is minorised, power sharing does not work. This produces the situation of an eternal majority who, in the sense of Karl Deutsch (1967), "can afford not to learn". In Swiss power sharing, this was exactly the case in the 1980, when the bourgeois block systematically minorised the Green/Left minorities in financial and economic affairs. In contrast, turning coalitions make power sharing of a grand coalition work for several reasons: One, the decision is open and innovation is possible. Two, turning coalitions stimulate respect between politicians because the adverse party in the decision of today can be its supporter in another issue tomorrow. Under these conditions, three, cross compensations and compromise become more likely. From this view, one can argue that the transformation of the bi-polar system in the direction of a three-polar constellation has substantial advantages for power sharing. From this point of view one could conclude that despite polarisation the *Konkordanz* is working better than decades ago.

Even so, the three-polar system is asymmetric. In important issues, political differences between Centre and Right are much smaller than those opposing the entire bourgeois block and the Left-Green camp. A Centre-Right coalition, having a comfortable majority in both chambers, could therefore easily abandon power sharing and pass to majoritarian politics. The question is why they do not do so. The answer lies in institutional particularities. Swiss parliamentary factions, in contrast to their Dutch colleagues for instance, do not have a free choice between a consensus or majoritarian regime. The reason is that in the most important parliamentary decisions, the people have the last word. Every constitutional amendment is subject of an obligatory referendums, and against any new piece of law, the people can call a referendum. Under these conditions, simple majority decisions of parliament run high risks of being defeated in a popular vote. In order to minimise this risk, parliament tries to find large majorities. Direct democracy, therefore, pushes political parties to co-operate and to find, in the ideal case, a large consensus among all relevant political forces. This is the reason why, despite polarisation, all political parties affirm to stick to the principles of *Konkordanz-Politik*. In a way, the Swiss parliament is the prisoner of direct democracy: It cannot escape practising power sharing without cutting the people's rights of direct democracy (Linder 2010).

5. Outlook

The future of the bilateral way

We have seen that Switzerland, without being member of the EU, adopts EU economic law to a large degree (Mach/Trampusch 2010). The government and most political parties consider the bilateral way as a great success. And indeed, Switzerland has well developed under the conditons of "integration without membership". According to OECD statistics, its per capita revenue is still one of the highest. Swiss economy has remained internationally competitive, and its unemployment rate is still one of the lowest. The Swiss still profit from a high quality of public services but pay lower taxes, and public dept is modest.

This bright picture is darkened by the negative consequences of globalisation and Europeanisation already mentioned. The People's Party realises that- despite Switzerland's staying away from EU membership- national sovereignty and autonomy are shrinking and can be less maintained than expected. The most important question, however, is the future of the bilateral way. The Government regularly declares its firm will to stick to this strategy and is looking for a third package of *Bilaterals*. Brussels, however, is less eager to do so. As a precondition for future bilaterals, the EU insists on an institutional arrangement by which all treaties concluded are subject to unilateral modifications according to the development of the

acquis communautaire. From a Swiss point of view, this unilateral imposition is against the principle of *pacta sunt servanda,* and the government, with regard to modification of content of the treaties, wants to be involved. Thus, the perspectives of a third package of bilateral treaties are all but bright. Even worse for Switzerland, its government has to take into consideration the long-term strategy of the EU, which consists of an ongoing interest to impose its market rules in the neighbouring regions as much as possible (Lavenex 2008). The government cannot exclude that one day, the EU asks Switzerland for acceptance of its entire *acquis communautaire*. If so, the bilateral way would really reveal as a dead end (Freiburghaus 2008), and come to the materialisation of the worst case: accepting all EU regulations without having a say in Brussels. It would be natural, then, that the government proposes Switzerland to become a member of the EU. But all surveys show that such a proposition would fail in a popular vote. Today's scenario of the end of the bilateral way rather stimulates EU opponents to seek for further isolation. For the moment, the PP launches a popular initiative for restrictions on the free movement- a proposition which Brussels would most certainly not accept. Given the further pressure in issues like banking and fiscal regulations, the Swiss government is in need to seek for alternatives to the bilaterals. Yet so far, it has not proposed third solutions to non-splendid isolation and integration without membership. As an alternative, one could imagine Switzerland joining Norway, Iceland and the Principality of Liechtenstein in the European Economic Area (EEA) treaty. EU policies, also, could change. Brussels is under the paradoxical situation that on one hand side, it gets requests for membership it is reluctant to accept (like the case for Turkey, for instance), and that on the other side it is confronted with candidates welcome as net payers like Switzerland but not willing to join. Thus, the EU may reconsider its strict distinction between members and non-members, which would open other ways of institutional association or integration. Anyway, as long as Switzerland's vital question of its future with the EU is only discussed but not decided, the country's position in the international community rests highly vulnerable (Linder 2010).

The institutions

Consensus democracy: In his comparative study of OECD-countries on power sharing, Vatter (2008) concludes that Switzerland has become somewhat less consensual. Looking closer at our case, we see why and how this has happened. Pressure from the outside and restructuring of the economy driven by Europeanisation have led to fast politico-economic innovation not seen before, but also to higher salience of old cleavages and the rise of new social divides. In the process of internationalisation, old veto positions and the role of parliament have weakened while the influence of the government and export-oriented economic interests have become stronger. Internationalised economic policy therefore does less rely on negotiation and compromise carried by all sides. This also means a higher potential of unresolved conflict. But, for the reasons we have explained: it is unlikely that power sharing would disappear without further electoral change.

The executive: The last decade has seen a Federal Council who was no longer elected on a consensual base, and for the moment, it its composition does no longer correspond to the principle of proportional representation of the biggest parties. More important, elections to the Federal Council have become unpredictable. Thus, the proverbial political stability of the Swiss government has somewhat lessened. This, however, is also a chance. As elections to the Federal Council become more salient, participation in elections to the Swiss parliament becomes more attractive to citizens, too. Indeed, the last elections have seen more people going to the polls, a healthy sign as Swiss voter turnout is still lower than in any other European democracy. There are signs however, that the Federal Council, as a collegiate body,

is not perfectly able to cope with its rising tasks. With only seven members and without the prerogatives of a prime minister, it is over-challenged especially in practicing a coherent policy in foreign affairs. All projects of governmental reform however have failed so far. For the moment, a popular initiative of the PP calls for a major change in the direction of a presidential system: It wants that the Federal Council be no longer nominated by parliament but elected by the people. Even though the popular initiative may fail, it could give new momentum to governmental reforms.

Parliament and political parties: We notice that, due to rising volatility, the system of political parties has gone a good part of the way towards a tri-polar setting. And we observe the same phenomenon in parliament, where turning coalitions between the factions of the political Left, the Centre and the Right have become more frequent. Many observers expect this development to continue. But, as the party system is in a transitional phase, the further development of a tri-polar system cannot be taken for granted. The late success of the small centre parties- Bourgeois Party and Liberal Greens- can eventually be swept away in the future. Moreover, the rise of the national-conservative PP, for a long time considered as irresistible, has been stopped last year. The party has lost its image of an unbeatable winner, has damped its aspirations as hegemonial political force and is reconsidering its politics of confrontation. It is therefore not inconceivable that centre parties and the political Right reconcile and co-operate again more than in the past decade. The most important argument for such a turn is that all bourgeois party become aware that the decomposition of their bloc is to the advantage of Greens and Socialists.

Direct democracy: The biggest challenge, however, is direct democracy, which obliges parliament to entrust all its major decisions to a popular vote. Referendums are obligatory for all amendments of the Constitution and important international treaties, and new laws can be challenged by an optional referendum if demanded by 50'000 citizens. Moreover, 100'000 citizens can hand in a popular initiative, asking for an amendment of the constitution. Direct democracy has become a controversial issue for two reasons.

Firstly, there can be *collision of direct democracy with international law*. As already mentioned, lately two popular initiatives came to success against the warning of the government that its regulations were against European human rights. Should the government or the High Court declare these initiatives null and void from the beginning? This is the legal answer of many constitutionalists. Politicians however, doubt that this is the right way to go. The people, they say, is the highest authority and should not be ruled out by professional lawyers, who anyway have differing opinions on many questions of human rights. Doubtful popular initiatives should therefore be voted upon. As a consequence, only the European Court of Strasbourg would have the judicial authority to declare them incompatible with the European Convention of Human Rights.

Even more controversial is the question of *referendums in international affairs*. Pro-Europeans see it as the most important obstacle for Switzerland to become a member of the EU. Indeed, the hurdle seems to be insurmountable. In its federation, a decision for membership requires not only the majority the people, but also of the Cantons. A majority of small, rural cantons are strongly against the EU. This means that in practice, only a two-third majority of the people could win against the strongly blocking rural cantons. Therefore the success of the pro-Europeans is rather unlikely. Those who would like to join the EU represent a minority of about 30 percent of the voters only, and the popularity of the EU would not rise quickly even though the Union may see better times than actually. Some twenty years ago, the political scientist Raimund Germann (1991) proposed to overcome this

dead end from the other side: In a first step eliminate the referendum or at least the requirement of the double majority of the people and the cantons, which would make European integration easier in a second step. Meanwhile it is clear that this way would be even more difficult: For citizens, direct democracy is the most precious element of the Swiss polity, and they would not renounce on them.

Does direct democracy, then, condemn *Switzerland to become more isolated in Europe and more vulnerable in an internationalised world?* Pro-Europeans at least feel so, and in many respects, their fears are justified. As we have seen, there are many signs indicating growing vulnerability and isolation of the country, and many citizens, impressed by economic wealth of the country, my underestimate these risks. Euro-sceptics however, are confident that these risks must and can be taken. Their optimism is based on convictions and values of political culture. Swiss citizens, in their majority, mistrust big government, bureaucracy and centralised power, politics top-down, and judges overruling parliamentary law—but this is exactly what they expect from the EU. They praise self-government and bottom up-politics, which they defend by all means. Right or wrong, they associate the negative effects of globalisation with Brussels: Concentration of politics in the hands of experts and executives, new social hierarchisation by professional cast systems, decision-making top-down, elimination of local markets, destruction of ecology, etc.. Similar critique on the existing EU regime and on globalisation is rising in many parts of Europe. While in EU countries it comes from the margins, in Switzerland it consists of a political majority based on common convictions and values of political culture. And it has direct democracy to express its scepticism against internationalisation in decisions binding the political elites. But we do not know whether these decisions will lead into not so splendid isolation or into promising chances different from those of mainstream globalisation.

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