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Local government and metropolitan regions in Switzerland

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Section 1: Introductory overview of the country¹

Switzerland is a *small and heterogeneous country*. Its population amounts to about 7.5 million inhabitants (2006) on a territory of 41,000 square kilometers. The country has a very high population density² and its culture is characterized by the diversity of its geography,³ four different languages and two religious denominations. The culture in the mountainous area of Switzerland is not the same as the culture in the lowlands, there are significant differences between the language areas as well as between the Roman Catholic and the Protestant regions.

Agglomerations and metropolitan regions in Switzerland are small, too. The federal office of statistics counts 50 agglomerations. The largest agglomeration is Zurich with 1.1 million inhabitants, followed by Basle (493,000 inhabitants on Swiss territory) and Geneva (486,000 inhabitants on Swiss territory). Among the smallest agglomerations are St. Moritz and Interlaken with 14,000 and 22,000 inhabitants respectively. About 73 percent of the Swiss population live in agglomerations. The federal office of statistics names five metropolitan regions: Zurich, Basle, Geneva-Lausanne, Bern and Ticino, with a total of between 510,000 and 1.7 million inhabitants.

The most widespread *language* is Swiss German, which is spoken by 63.7 percent of the population. French is spoken in the western part of the country, the "Suisse Romande", by 20.4 percent of the population. Some 6.5 percent speak Italian, mainly in the Ticino and in 4 southern valleys of the canton Graubünden. And Rumantsch is also spoken in the canton of Graubünden by 0.5 percent of the total Swiss population.⁴ Language rights are enshrined in the Swiss constitution. German, French, Italian and Rhaeto-Rumantsch all have the status of national languages, but only the first three are official languages.⁵

Even if the churches are no longer relevant in many people's lives, both *Roman Catholicism and Protestantism have played a key role* in shaping modern Switzerland and the way Swiss people see themselves.⁶ The 2000 national census showed that the Roman Catholic and the mainstream Protestant church had lost in both absolute terms (the number of members) and relative terms (their share of the

¹ For easily accessible and or more detailed information about Switzerland see <http://www.ch.ch/index.html?lang=en> .

² Population density amounts to about 240 people per square km (606 per square mile) of the productive area (in 2000). In the agglomerations, which cover about 20% of the total surface area, the density is 590 per square km (1528 per square mile).

³ The most important parts are the large mountainous areas called the Alps, the Jura and the Plateau, where most of the population lives.

⁴ The about 20 per cent foreigners resident in Switzerland have brought with them their own languages, which taken as a whole now outnumber both Rumantsch and Italian. The 2000 census showed that speakers of Serbian/Croatian were the largest foreign language group, with 1.4% of the population. English was the main language for 1%.

⁵ Nevertheless, Rumantsch is used in official communications with Rumantsch speakers, who in turn have the right to use their native language in addressing the central authorities.

⁶ Membership of Christian churches has shrunk in recent years. In a wide ranging poll of Swiss attitudes taken in 2000, only 16% of Swiss people said religion was "very important" to them, ranking far below their families, their jobs, sport or culture. Another survey published the same year showed the number of regular church goers had dropped by 10% in 10 years.

total population.). In 2000 41.8 percent of the population were Roman Catholics, 35.3 percent Protestants and 4.3 percent adhered to Islam.

Switzerland can doubtlessly be considered a *prosperous country* offering its citizens a high standard of living. Although the growth of per capita income has been weak and considerably below the OECD average for a number of years, Switzerland has still one of the highest per capita rates of the Gross Domestic Product in the world. The tax burden is comparatively low despite the above average increase of the country's ratio of government expenditures to the gross national product in recent years. And the rate of unemployment is usually lower than in the neighbouring countries. In the last few years the rate varied between three and four percent.

Switzerland's *economy is based on a well-qualified labour force* performing highly skilled work. The main areas include microtechnology, hi-tech, biotechnology and pharmaceuticals, as well as banking and insurance know-how. Most businesses, however, are small or medium-sized. In 2001, more than 99% of enterprises had fewer than 250 full-time workers, employing about two-thirds of the total work force. About 88% were micro-enterprises, with fewer than 10 employees: they provided more than a quarter of all jobs.⁷

Since taxation is relatively low it is not astonishing that the Swiss *spend a lot on insurance*, including compulsory health insurance, which alone accounts for over 4% of their expenditure. Another 5% is spent on private insurance. *Housing is expensive* and most people live in rented accommodation. In 2000 only 34.6% of homes were owner-occupied. This is by far the lowest rate of owner occupiers in Europe. Food and clothing accounts for an ever smaller proportion of household budgets, dropping from 16% in 1992 to 12% in 1998 to just fewer than 11% in 2004.

Switzerland's *existence as a modern federal state dates back to 1848*. The Federal Constitution protects the rights of individuals and citizen participation in public affairs, divides the powers between the Confederation and the cantons and defines federal jurisdictions. Under the Federal Constitution, there are three main governing bodies: the Federal Assembly (or Parliament), the Federal Council (or government) and the Federal Court.

The *power to legislate* is delegated to the *two Chambers of Parliament*. The Council of States (Chamber of cantons) has 46 canton representatives (two from each of the 20 cantons and one from each of the six half-cantons). The strongest parties in the Council of States are the Christian Democrats (CVP) with 15 seats and the Radical Democrats (FDP) with 14 seats. The National Council (the People's Chamber) consists of 200 members who are elected under a system of proportional representation. The number of seats of the cantons varies according to their population: the canton of Zurich, for example, has 34 seats, the canton of Glarus only one. The strongest party in the National Council is the Swiss People's Party (SVP) with 55 seats (26.6 % of the vote in 2003), followed by the Social Democrats (SP) with 52 seats (23.3 % of the vote in 2003). Both houses, the Council of States and the National Council, have equal powers in all respects, including the right to introduce legislation. Members of both houses serve for 4 years.

The top *executive body* and collective Head of State is the *Federal Council*, a body of seven members each of which is also responsible for a special ministry. Although the constitution expects the Assembly to elect and supervise the members of the Council for a four-year mandate, the latter (and its administration) has gradually assumed a pre-eminent role in directing the legislative process as well as executing federal laws. The President of the Confederation is elected from among the seven federal councillors and assumes special representative functions for a one-year term. From 1959 to December 2003,

⁷ The largest company is Nestlé, the biggest food company in the world. It has around 250,000 employees, more than 97% of them outside Switzerland. Banks like UBS or Credit Suisse belong to the world's biggest banks.

the *four major parties were represented in the Federal Council* according to a "magic formula", proportional to their representation in federal parliament: 2 Radical Democrats (FDP), 2 Christian Democrats (CVP), 2 from the Social Democrats (SPS), and 1 from the Swiss People's Party (SVP). This traditional distribution of seats, however, is not backed up by any law, and in the 2003 elections to the Federal Council the CVP lost their second seat to the SVP, which became the strongest party in Switzerland's legislative the same year.

In addition to the right to vote in elections Swiss citizens have *far-reaching direct democratic rights* which allow them to control government and parliament. Direct democracy as it is seen by most of the citizens is more than merely an instrument to participate in policy making. It is a fundamental concept of the state which is based on the sovereignty of its citizens, and a statement against extending further competences to the authorities. By means of referenda, citizens entitled to vote may challenge parliamentary decisions after they have been taken. Federal laws, generally binding decisions of the Confederation and international treaties of indefinite duration are subject to an optional referendum. If 50,000 signatures are collected within one hundred days a ballot has to be organized. A majority of citizens can then turn down the proposal of the authorities. No minimal rate of participation is needed. If the proposal consists of an amendment of the constitution the referendum and hence a ballot is compulsory and together with the majority of citizens a majority of cantons also has to accept the proposal. An initiative to amend the constitution can be put forward by the citizens, parties or interest groups. In order to do so they have to collect 100,000 signatures within 18 months. To accept an initiative the double majority of the people and the cantons is again needed.

Cantons and municipalities form important pillars of the Swiss political system. Under the 1999 constitution, cantons hold all powers not specifically delegated to the federation, and there are similar rules as far as the relation between municipalities and cantons are concerned. Today, the country is divided into 26 cantons⁸ and 2737 municipalities⁹. 17 of the 26 cantons are monolingual German-speaking. Four cantons are French-speaking: Geneva, Jura, Neuchâtel and Vaud. Three cantons are bilingual: in Bern, Fribourg and Valais both French and German are spoken. The canton of Graubünden is trilingual with German, Italian and Rumantsch. There are also a few bilingual municipalities, mainly bigger cities in bilingual cantons like Biel or Fribourg. The size of the cantons and the number of municipalities within a canton, as well as the size of the municipalities within and between cantons, vary considerably. The smallest canton, the canton of Appenzell-Innerrhoden has only about 15,000 inhabitants, while the largest canton, the canton of Zurich, has 1.3 million inhabitants. The canton of Basle-Stadt consists of only three municipalities whereas the canton of Berne is split up into 398 municipalities. Cantons and municipalities have their own political institutions, and there are considerable differences between them at both levels. Each canton and each municipality has its executive, which is in general directly elected by the citizens. Like the government at national level, almost all executive bodies combine members from different parties. Cantons and the bigger municipalities (for more details see next section) have an elected parliament, and cantons as well as municipalities employ various forms of direct democracy.

Given the finely meshed political structure of the country, the agglomerations and metropolitan regions have rather *complex internal territorial and political subdivisions*. The 50 agglomerations consist of almost 1,000 municipalities. Parts of an agglomeration or metropolitan region may be in different cantons or even in other countries. The agglomeration of Zurich extends into the cantons of Aargau and Schwyz, and the metropolitan area of Basle reaches into France and Germany. This, of course, does not make co-operation any easier: Not only do the different countries insist on their sovereignty but the cantons and the municipalities also claim autonomy.

⁸ In 1978 the Jura, which formerly belonged to the canton of Bern became the 26th canton.

⁹ The Municipalities are called *Gemeinden* in German, *communes* in French and *comuni* in Italian. In 1850 Switzerland counted 3203 municipalities.

Section 2: History, structures and institutions of local government

The term local government¹⁰ in Switzerland usually refers to the municipalities, the governmental level which is closest to the people.¹¹ The entire territory consists of municipalities, there is no territory falling directly under state rule, and there is no special constituent status attributed to cities. In addition to the so-called political municipalities which are - despite significant differences as far as their tasks and their competences are concerned - considered equal within a canton, there also a few single-purpose authorities, at least in some of the cantons. Six cantons still have "school municipalities"¹² which do not necessarily have to coincide with the political municipalities. There are still a few "municipalities for social security and care for the poor" to be found, even though they lost their importance long ago, and the Catholic and the Protestant church are also organised as municipalities ("Kirchgemeinden") in most parts of the country.¹³ However, for quite a few years now the remaining single-purpose municipalities have been integrated into the political municipalities.¹⁴ An equal loss of influence also happened to the traditional forms of municipalities uniting the old established citizens, although in some cantons they still play an important role when it comes to deciding whether Swiss citizenship is given to an immigrant from another country.

For a better understanding of the importance of local government it proves helpful to take a quick glance at the *history of the country*. The symmetric federalism and relatively autonomous municipalities offering far-reaching political rights to citizens were not given to the country from the very beginning. They had to be struggled for and were brought about with foreign help. It is arguable that they helped build a nation state in such a heterogeneous and culturally divided society.

By the end of the 18th century the 13 "old" cantons, which emerged from the original pact of three mountain cantons fighting for freedom and independence, had formed a feudal regime of privileges, exploiting the resources and people of the newly acquired regions (Linder 1994: 5), the later new cantons, and in the municipalities political rights were reserved for a small elite of old-established citizens. Hence, when the troops of the French Revolution invaded Switzerland with the promise of democracy they were at least partly welcome. Although France failed to unite the cantons in a centralised Helvetic Republic, which would have left very little autonomy to the cantons and the municipalities, France was eventually successful in breaking the privileges of the old cantons and bringing about equal rights in local matters for all Swiss citizens living in the municipality. With the so-called "Mediation Act" of 1803 Napoleon restored the autonomy of the cantons and in 1815 the Swiss returned to the old system, to a confederation of now 25 independent cantons considering themselves sovereign states and held together by a treaty guaranteeing collective security and mutual assistance.¹⁵ In the decades following 1815, however, there was not only an increasing demand for more democracy in some of the cantons but there was also an internal polarisation between the Radicals from the Protestant and more industrialized ar-

¹⁰ The term *government* is sometimes misleading for observers of Switzerland. Government ("Regierung") is – following the principle of separation of power – used for the executive.

¹¹ In a broader attempt to define local government one could also refer to all territorially linked structures beyond the cantonal level. Some of the bigger cantons (like Zurich or Berne) are divided into counties ("Bezirke"), and some cities (like Zurich) into districts ("Kreise"). These subdivisions are, however, of lesser importance compared to the municipalities and are left aside here.

¹² Viz. the cantons of Zürich, Nidwalden, Glarus, Appenzell-Innerrhoden, St. Gallen and Thurgau (see Ladner 1991: 29).

¹³ In the French-speaking cantons Vaud, Neuchâtel, Genève and Jura, as well as in the German-speaking Basle-Land there are no "church municipalities" (see Ladner 1991: 29).

¹⁴ This trend away from single-purpose authorities takes place despite the contradictory claims of some economists (see for example Eichenberger 1998, 2002).

¹⁵ Common decisions were reached in a conference of canton delegates bound by the instructions of the cantonal governments.

eas, who were in favour of a more centralized nation state, and the Conservatives, mainly from the Catholic and rural areas, who insisted that the decisions in the conference of delegates should be taken unanimously (Linder 1994: 6).

After a short civil war ("Sonderbundskrieg") in 1848, which was lost by the Conservatives, the loose confederation of cantons became a federation of cantons, a *federal nation state*.¹⁶ Two thirds of the cantons accepted the new constitution in 1848 and agreed to a national executive authority and a parliament. The cantons were forced to give up some of their rights. However, in order to ensure the acceptance of the Conservatives as well as the acceptance from the cultural minorities in the French- and Italian-speaking areas federalism seemed to be the only solution and the competences of central state authorities remained rather limited. The privileges of the old-established citizens within the municipalities remained untouched until 1874, when the revised constitution finally granted the right to vote on local affairs to every Swiss citizen regardless whether she or he had always lived in the municipality or moved into the municipality from another part of Switzerland.

An outstanding structural characteristic of local government is *the small size of many of the municipalities*. More than half of them have less than 1,000 inhabitants (see Table 1). However, only very few people live in such small municipalities. About 90 percent of the population live in municipalities with more than 1,000 inhabitants (see Swiss Federal Statistical Office 2000). The size of the municipalities varies considerably; the largest municipality, the City of Zurich, has about 360,000 inhabitants, while there are some very small municipalities with less than one hundred inhabitants. Formally all municipalities are regarded as equal. In reality, however, their resources, the range of their services and the problems they face vary considerably. The number of people working for the City of Zurich outnumbers the population of some of the smallest cantons.

Given the small size of many of the Swiss municipalities, it is not astonishing that the claim for *amalgamations of municipalities* has entered the reform agenda. Large scale amalgamations, however, are not as simple as that, since it is not in the realm of the Federal state to force municipalities to amalgamate. Not even the cantons have the possibility to carry out territorial reforms without the consent of the citizens.¹⁷ Projects for amalgamations have to come from the bottom, from the municipalities themselves.

After a long period during which hardly any amalgamations took place - apart from the incorporation of municipalities around big cities (like for example in Zurich) - mergers of municipalities have become more frequent in recent times. Between 1848 and 1960 the *number of municipalities* declined from 3202 to 3095. Since 1990 almost three hundred municipalities have disappeared and their number has declined from 3021 to 2737 in 2006. It is not only the very smallest municipalities which try to grow by amalgamating with other small municipalities next door, but it is also bigger municipalities and cities (like Luzern, Lugano or Rapperswil) or whole valleys or regions which try to raise their performance and become more competitive through amalgamations. One of the big obstacles to surmount is the different tax levels in the municipalities. Citizens rarely accept amalgamating with another municipality if this means paying more tax. Here it is quite often the cantons which step in and help to keep the lower tax level by providing subsidies. Another quite rational argument against amalgamation is the loss of voting power. Since Swiss citizens decide on quite a lot of matters directly, it makes a difference whether you are asked to vote in a small municipality or whether you are hugely outnumbered by the citizens living in another part of the newly created municipality.

¹⁶ The official name "Swiss Confederation" is somehow misleading since it is more than a confederation of cantons.

¹⁷ Note, however, that there have been occasions where the Federal authorities eventually backed cantonal attempts to merge municipalities like for example Ausserbinn in the canton of Valais. In the canton of Ticino Bignasco, Aquila, Sala Capriasca and Dongio were forced to merge with other municipalities.

Table 1 Size of Municipalities in Switzerland

Size of municipality	Number	Number in percent	Percentage of total population
Up to 249	428	15.4	0.8
250-499	438	15.8	2.2
500-999	550	19.8	5.4
1000-1999	535	19.3	10.3
2000-4999	515	18.6	21.9
5000-9999	188	6.8	17.7
10000-19999	90	3.2	17.0
20000-49999	23	0.8	9.3
50000-99999	3	0.1	3.0
100000 and more	5	0.2	12.5
All municipalities	2775	100	100

Size and Number of Municipalities as per 31/12/2004, total population: 7,415,102

For metropolitan areas (or agglomerations which is more appropriate for the Swiss situation due to their small size) the differences between the tax burdens and the problems of the different voting power become more salient. Since the state structure with its three levels and the big number of units for the small size of the territory is rather complex, there has been a great reluctance to add another political level by creating regional or metropolitan areas with elected representatives. However, coordination and co-operation in areas like urban public transport and planning become more and more important and in 2001 federal authorities launched a strategy for the agglomerations which was meant to focus federal politics on the problems of the agglomerations, to improve co-operation in the vertical and horizontal dimensions and to promote the integration of Swiss cities into the network of European cities.¹⁸ First steps to address the new challenges have been put forward with the introduction of regional or agglomeration conferences, as for example in the canton of Berne. The municipalities are represented by their mayors and there are ballots across all the municipalities belonging to the area. Depending on the size of the municipalities different weights are given to the mayors and their municipalities.

Instead of amalgamations many of the Swiss municipalities have chosen another strategy. There have always been various forms of *intermunicipal co-operation*. The classic form of co-operation is an administrative union ('Zweckverband'), an association under public law. In recent years, however, municipalities have increasingly cooperated on the grounds of private law, which offers them more flexibility. In 1998 at least half of all municipalities worked together with at least one other municipality in areas such as schools, medical care, care for the elderly, refuse disposal, water supply, sewage treatment, and civil service. In areas such as support for the unemployed, civil service, fire brigade and medical care, co-operation has been particularly intensified within the years before (Ladner et al. 2000). Our latest survey in 2005 revealed a further increase in co-operation. Civil Service has become the domain where four out of five municipalities cooperate, followed by medical care, schools, fire brigade and sewage treatment.

Section 3: Constitutional recognition of local government

It is not until recently that Swiss municipalities have been explicitly mentioned in the Federal constitution. Before, municipalities were merely creatures of statutes at the discretion of the cantons which all

¹⁸ See: <http://www.are.admin.ch/themen/agglomeration/00561/index.html?lang=de>

have a constitution of their own. Some of the cantonal constitutions enumerate all the municipalities whereas others guarantee their right of existence. Not all municipalities are treated equally with respect to their competences. This, however, is not due to an unequal treatment by the Confederation, but rather by differences between cantons. The capital, the city of Berne, has no prominent position and representatives of the municipalities are not guaranteed institutionalized access to Federal authorities.

Since 1st January 2000 the new article 50 of the Federal constitution states that the *municipalities are autonomous* and that the Confederation has to consider possible effects of its activities on the municipalities, the cities and the metropolitan regions, as well as on the mountainous areas. The effects of this article are still open to debate. The lobby organisations of the municipalities and cities consider the article a reason to get in touch with federal authorities directly whereas the cantons fear that they are bypassed in important issues. Given the strong position of the municipalities within the cantons at present, it cannot be said that the new article has changed much. It has rather recorded the entrenched status of the municipalities. Nevertheless, in some policy fields, such as integration of foreigners and asylum seekers, where regulation is in the realm of the Confederation and execution in the realm of the cities, the article may shorten the distances.

Art. 50 of the Federal Constitution of the Swiss Confederation of April 18, 1999

- 1 The autonomy of the Municipalities is guaranteed within the limits fixed by the cantonal law.
- 2 In its activity, the Confederation shall take into account the possible consequences for the Municipalities.
- 3 In particular, it shall take into account the special situation of cities, agglomerations, and mountainous regions.

The *leading principles* of the constitutional recognition are *subsidiarity and municipal autonomy*. Both emphasize the importance of local government in Switzerland. Under the notion of subsidiarity, all activities not explicitly assigned to higher political levels remain within the scope of municipal authorities. Basic pillars of the local autonomy are substantial freedom in determining the organisation of their political systems within terms set by cantonal legislation (see Ladner 1991), far-reaching competencies to fulfil their tasks and provide goods and services, and - especially salient - their fiscal autonomy. Municipalities are largely autonomous in the administration and the control of municipal finances, and they have the competence to fix the rate of the local tax on income and property, which amounts to more than a third of the total tax paid by the citizens. In fiscal terms, municipalities thus appear as an equal player alongside the cantons and the Confederation.

Fiscal autonomy together with direct democracy are also strong arguments for making local government *accountable to the citizens*. Citizens cannot only decide on proposals and projects of their local authorities but they also have to provide the necessary resources, knowing well that expensive projects will lead to an increase of the tax rate. The other side of the coin is that it can be difficult to finance projects which serve minorities only.

On one hand, the two guiding principles subsidiarity and local autonomy have become strengthened in recent years by stating them more explicitly in the course of constitutional revisions; on the other hand, however, the constitutions now also anticipate possible interventions of the higher level to increase co-operation between the lower units and to coordinate and ensure comparable services. In order to combine these two opposing intentions the solution seems to be a conceptual *differentiation between strat-*

egy and operation: the strategic responsibility for joint services is accorded to the higher political level whereas an operative autonomy is granted to the lower one.

Section 4: Governance role of local government

To describe the functions and the power of local government in Switzerland a distinction has to be made between tasks which are allocated to the municipalities by legislation of higher political levels and those which fall in the competences of the municipalities themselves. For the latter, at least, they have a general residual competence and the range of their activities depends largely on their resources and the demands of the citizens. All activities which are not explicitly allocated to the higher political levels fall into the realm of the municipalities. For the former better repeat what the former refers to, which have constantly increased in the last years, there are no differences made between the municipalities, but given their size differences, it is obvious that not all municipalities can do the same.

Characteristic for Swiss cooperative federalism is a *relatively weak central state*. The share of central government's expenditures amounts to a little more than 30 percent (2004: 31.7 %), leaving a little more than 68 per cent to the cantons and the municipalities. The bigger part with a little more than 40 percent is spent by the cantons and a little more than 25 percent by the municipalities. These shares have remained stable over the last twenty years, especially where the cantons are concerned. The federal government has increased its part by about 5 per cent to the detriment of the municipalities (see Bchsler et al. 2004: 140).

Federal government is – not astonishingly – responsible for foreign relations, national defence and the national economy. These three domains together cover about 15 percent of the total public spending. More important in terms of expenditures are social security and traffic, where federal government is also responsible for the biggest part of the expenditures. "Social security" is also the domain with the biggest increase in the last fifteen years. Looking at the domains of the local level it becomes obvious that unlike unitary states where quite important domains are in the realm of local government important domains fall into the realm of the intermediate layer. The cantons are responsible for more than half of the expenditures in the two important domains "health" and "education". The municipalities are the most important actors in the domains "environment and planning" and "culture and leisure". Looking at the expenditures of the *cantons* only, the most important services are education, social security and public health with 25 %, 19 % and 18 % of the cantonal expenditures (see table 2). The most important expenditures of the *municipalities* are very similar to those of the cantons: education, public health and social security with 22 %, 21 % and 16 % of the municipal expenditures.

Table 2: Public expenditures: cantons* and municipalities** (1990 and 2004)

	Cantons		Municipalities	
	2004	1990	2004	1990
Administration, of which	4.9	5.4	8.5	9.5
- general administration	3.8	3.9	5.6	6.0
Security, of which	8.3	9.5	5.2	6.3
- police	3.7	4.1	2.0	2.0
- justice	1.7	1.5	0.1	0.1
- fire brigade	0.1	0.1	1.2	1.2
Education, of which	25.1	26.8	21.6	22.1
- basic schools	8.7	10.6	17.1	17.1
- professional schools	4.3	4.5	0.9	2.3
- universities	6.6	4.7	0.0	0.0
Culture and leisure	2.1	2.3	5.6	6.6
Public health, of which	18.2	17.6	20.7	16.0
- hospitals	13.9	12.9	14.7	12.9
- medical homes	0.7	0.9	4.6	1.7
- psychiatric hospitals	2.4	2.8	0.3	0.2
Social security, of which	19.0	11.7	15.8	11.1
- insurance age	1.7	1.4	0.5	0.5
- insurance disabled	2.1	1.2	0.4	0.3
- insurance illness	4.7	1.2	0.9	0.3
- insurance others	3.8	3.3	2.6	1.8
- homes for elderly people	0.1	0.4	2.3	3.0
- social assistance	4.7	2.6	7.1	3.5
Traffic, of which	9.1	11.2	7.1	8.7
- national roads	3.6	4.2	0.0	0.0
- cantonal roads	3.0	4.2	0.3	0.5
- municipal roads	0.2	0.4	5.5	6.5
- regional traffic	2.3	2.0	1.3	1.5
Environment, of which	2.0	2.9	8.0	9.2
- water supply	0.1	0.1	0.7	0.6
- sewage disposal	0.6	1.2	3.4	4.2
- waste disposal	0.2	0.3	2.1	1.9
Economy, of which	5.9	6.2	1.5	3.4
- agriculture	4.4	3.6	0.2	1.2
- woods	0.6	1.5	0.7	1.7
Finances and tax	5.4	6.2	5.9	7.1
Total (%)	100.0	100.0	99.9	100.0
Total (billions of Swiss francs)	68.9	41.1	44.3	30.2

* Without transfers (double imputations) cantons-cantons ; ** without transfers (double imputations) municipalities-municipalities

Source: Öffentliche Finanzen der Schweiz 2004. Bern, 2006: Eidgenössische Finanzverwaltung. p. 48-49, 82-83, own calculations

The cantons have independent control over their education systems and social services, leading to different curricula and different services between the cantons. Each canton has its own police force and even some laws differ from one canton to another. The specific activities of the municipalities include administration and control of the municipal finances, assessing the tax rate, administration of social

security and public health (hospitals), care for the elderly (including construction of homes for the elderly), provision of education, waste treatment, electricity, water, gas, and local roads. Municipalities are also in charge of local cultural affairs, the appointment of municipal executive and administrative authorities and they decide municipality citizenship requirements. Here again, however, there are differences between the cantons.

Since the implementation of policies is commonly delegated to the lower political level *transfers between the different levels* are quite common as a means of political steering and equalization. The Confederation only uses one third of its total expenditures for its own purposes whereas two thirds are transfer payments (Buschor et al. 1996: 5), most of them in favour of the cantons and some of them in favour of the municipalities. About two thirds of the transfers to the cantons have been transfers for special purposes. Since 2000 there has been a shift towards free transfers for the first time (Serdült/Schenkel 2006: 559). Transfers from the cantons to the municipalities are less frequent. Nevertheless, one fourth of the expenditures of the cantons are transfers to the municipalities (Buschor et al. 1996:5).

Joint involvement across different levels leads to interwoven policy structures which become difficult to handle ("Politikverflechtung", Scharpf 1978). In domains like roads, energy or social assistance none of the levels takes a strong lead, in domains like education, police, public health and social assistance, cantons and municipalities are equally involved. It is increasingly complained about and – as we shall see later on – has become subject to reforms that when regulation, financing and implementation of a policy do not coincide the system becomes suboptimal.

Since the federal level in Switzerland is rather weak, the federal administration is small, too. There are no federal civil servants becoming active at cantonal or local level, and the same is true for cantonal civil servants and local affairs. The part of *persons employed by the municipalities* amounts to about 34 percent of the total public work force, with 47 employed by the cantons. In the last few decades it has been the cantonal level which has increased its share to the detriment of the national level, whereas the share of the municipal level has remained relatively stable. In absolute figures the number of public employees has decreased, in terms of the total figures as well as at the national and the municipal levels, which is not only due to cuts but also to outsourcing (for example telecommunications, infrastructure and supply services). The growing importance of the health and educational sectors which are in the realm of the cantons, has not only led to an increase of the share of the cantons but also to an increase in absolute figures.

In accordance with the federalist division of power Swiss municipalities enjoy a remarkable degree of freedom with regard to their *political organisation*. The political organisation of a municipality is not governed by national but by cantonal legislation. There are 26 different cantonal laws telling the municipalities how to set up and organize their political institutions. This has led to a number of distinct political systems throughout the country (Ladner 1991). However, there are quite a few common characteristics as far as their executives, their administration and their legislative bodies are concerned.

Basically there are two different types of local political systems to be found. Some municipalities reflect a division of power in the sense of Montesquieu, at least as far as the executive and the legislative bodies are concerned, and *have a municipal parliament* representing the citizens, which is usually elected in a PR system. Others have a *municipal assembly of the citizens*, which covers at least partly the legislative function, and which represents a form of direct democracy in the tradition of Rousseau and the ancient Greeks. The competences of parliament and assembly are very similar. They have both a control and an input function and decide on all important projects and proposals which are not in the realm of the executive or the citizens at the polls. Typical concerns of parliament or assembly are municipal projects of particular importance and with financial consequences above a certain sum of money, minor changes of municipal decrees and regulations, and the acceptance of the municipal account, the budget and the tax rate.

Which form a municipality chooses depends on its size and on its cultural background. Bigger municipalities and almost all cities have a *parliament*. But parliaments are also more widespread in the French-speaking cantons.¹⁹ Given the smallness of the Swiss municipalities and the larger number of municipalities in the German-speaking part, less than 20 percent of municipalities have a local parliament (see Ladner 1991: 81 ff.). Nevertheless, some municipalities with well above 10.000 inhabitants have a local assembly.²⁰ The division of power prohibits the mayor and the other members of the executive from being at the same time members of the local parliament. Given the multi-party character of Swiss politics, work within the parliament is based on a commission or committee system, in which all the parties are represented.

The *municipal assembly* is a genuine form of direct democracy. It is a gathering of all citizens entitled to vote in the municipality, taking place three or four times a year. In these gatherings binding decisions are made on changes of municipal rules, on public policies and public spending. Everyone is entitled to have a say, and the decisions are made – unless a secret vote is requested – by a show of hands. Despite the decisional power of the municipal assembly the rate of electoral participation is rather low. The average rate of participation in municipalities with fewer than 250 inhabitants is about 30 per cent of these citizens entitled to vote. This figure steadily falls as the size of the municipality increases. In municipalities in the size bracket 10.000 to 20.000 inhabitants the average rate of participation is below 5 per cent (see Ladner 2002: 823). The main reason for such a low turnout is the demanding character of this form of deliberation.

The *local executive* usually has between three and seven members from different parties and is directly elected by the citizens in a majority system.²¹ Most of the executive members do their job on a voluntary basis (“Milizsystem”). Only in the biggest cities and in very few cantons fulltime executive are more frequent. The mayor too, is directly elected by the citizens. For the executive it quite makes a difference whether it faces a local parliament or a municipal assembly. The local executive enjoys more freedom when it has to deal with a municipal assembly. But sometimes, the decisions of the citizens may be unpredictable, depending for example on the people turning up at the assembly. In municipalities with a local parliament, the executive has to deal with parties and party politics. This means that there is a more open political debate and the positions of the different actors are known in advance. Nevertheless, it would be wrong to believe that the parliament is effectively able to control and steer local politics. The gaps in political knowledge and understanding between the members of parliament and the members of the executive make such a task very difficult.

Regardless of whether they have a parliament or an assembly, Swiss municipalities also have other forms of *direct democracy like referendums and initiatives*, which affect the functioning of the local executive and the local parliament (Ladner 1999, 2002). In municipalities with a parliament, direct democracy is directed against decisions of executive and parliament, in municipalities with an assembly, direct democracy addresses the executive as well as decisions of the assembly.

¹⁹ In the German-speaking part of Switzerland municipalities with 8,000 to 10,000 inhabitants and more have a parliament, whereas in the French and Italian-speaking municipalities this might also be the case in much smaller municipalities. In the cantons of Geneva and Neuchâtel all municipalities have a parliament, even those with fewer than 1,000 inhabitants.

²⁰ This is especially true for the canton of Zurich, where about half of the municipalities between 10,000 and 20,000 inhabitants have a municipal assembly.

²¹ Only about 28 percent of the municipalities use PR to elect the executive, and a few municipalities have bigger executives (see Ladner 1991).

Section 5: Financing the governance role of local government

Swiss municipalities – as already mentioned – enjoy a far-reaching *fiscal sovereignty*. They are allowed to have their own fortune or might be in debt. And they finance their activities themselves - at least those which fall into their own realm and are not subsidized by higher levels - through tax, fees and charges. Therefore they have to establish a local book-keeping which has to abide by the cantonal prescriptions. They also have to prepare a budget, which they have to submit to the local parliament, the assembly or sometimes directly to the citizens. The financial control is exercised first by municipal committees and secondly by the cantonal administration, which supervises the book-keeping. If the municipalities abuse their liberties, the canton steps in. This, however, rarely happens.

To cover their expenses *municipalities levy taxes*. Within a quite broad margin usually fixed by the canton, they set the rate of the local tax on income and property. Swiss citizens thus pay tax at all three levels of state. Local taxes amount to a little more than one third of the total individual taxation and are paid directly to the municipality; a little more than one third is paid directly to the canton and a little less than 30 percent goes to the federal state. The exact amounts an individual has to pay to the three levels depend, of course, on his or her income, because the progression of the federal tax rate differs from the ones in the municipalities and the cantons.

A result of the far-reaching fiscal autonomy are the huge *differences in terms of tax* an individual has to pay depending also on the municipality and on the canton he or she lives in. A father of three children earning 200,000 Swiss francs a year and living in the City of Zurich has to pay 12,000 francs to the municipalities whereas in the neighbouring municipality of Zollikon he would only have to pay 7,200 francs. And, living in the canton of Zurich, he additionally has to pay 10,000 francs income tax to the canton. If he were to move to the canton of Jura, he would have to pay 20,000 francs whereas in the canton of Schwyz it would only be 6,500 francs.²²

Direct taxes on income and property provide *the biggest part of the revenue of the municipalities*, as well as of the cantonal level with 38 and 35 percent respectively (see table 2). The second most important source of revenues for municipalities is fees and charges with almost 30 percent followed by transfers from the canton (17 %) or other municipalities (4 %). Transfers without any specific purposes are relatively low (4 %).

The structural differences between the municipalities – and more specifically the lacking possibilities of some municipalities to generate sufficient tax income – make sophisticated *systems to balance inequalities* necessary. On one hand there are transfers from richer to poorer municipalities, on the other hand the cantons allot more money to the less affluent municipalities. The functioning of these systems, which were often based on the financial situation of the municipalities and directly linked to special activities, has been heavily criticized in recent years, and most of the cantons are – as we shall see – about to reform them.

In general, however, the *financial situation of the municipalities* is, apart from some exceptions, much better than the one of the Confederation or the majority of the cantons. In 2007 the estimated total debt of the public sector amounts to about 224 billion Swiss francs (about 49 percent of the gross domestic product). This is about 16 percent of the total public debt. The share of the cantons with 28 percent is higher and the most important part with 56 percent derives from the Federal level.²³ In the light of these figures it is not astonishing that there is a tendency of the higher political levels to make the lower ones pay more for public services.

²² For calculations see <http://www.estv.admin.ch/data/sd/d/index.htm?berechnungen/inhalt.htm> .

²³ See: <http://www.efv.admin.ch>.

Table 2: Revenue structure of the Confederation, the cantons and the municipalities (2004)

Revenue	Confederation	Cantons	Municipalities
Taxes, out of which	92.1	49.4	48.2
- Income and property tax	35.4	35.1	38.4
- Direct federal tax	24.3		
- Excise duty	51.6		
- Value-added tax	36.4		
Fees and charges	3.8	15.7	28.6
Transfers without special purposes	0.0	7.2	4.1
Transfers and reimbursements	0.1	22.3	17.0
- Confederation		13.6	0.0
- Cantons		1.8	12.2
- Municipalities		5.8	3.9
Total revenue in billions of Swiss francs	48.6	64.8	43.4

Source: Öffentliche Finanzen der Schweiz 2004. Bern, 2006: Eidgenössische Finanzverwaltung. p.24-25, 46-47, 80-81, own calculations

Section 6: Supervision of the local government by other orders of government

Local government is supervised by the canton. This *supervision* includes the decisions of the citizens and the activities of the local authorities. In domains which fall into the realm of the municipalities themselves, supervision is restricted to the lawfulness of the municipalities' activities; in domains which do not fall into the autonomy of the municipalities, supervision includes also the appropriateness of activities.

The cantons usually have an office within the department of justice or internal affairs which is responsible for the municipalities. This office organizes the control of the municipalities' *public finances* and controls whether the *decrees of the municipalities* agree with the legal framework at higher level. Additionally the canton also provides municipalities with further information necessary for their activities and supports them in their reform endeavours such as the amalgamation with another municipality or the implementation of New Public Management. This support is welcomed by smaller municipalities whereas the cities are either not in need of or do not want any support by the canton.

The *extent of the supervision by the canton* depends on the legal framework which is given to the municipalities, the size of the municipalities and the strength of the canton itself. The bigger the municipalities, the less detailed the cantonal law and the weaker a canton, the bigger the autonomy of the municipalities. In general, the autonomy of the municipalities is smaller in the French-speaking part of Switzerland, whereas in the northeast and in the central mountainous regions the municipalities are more autonomous.

It is against the principles of municipal autonomy and subsidiarity that the cantons exercise a tight rein on the municipalities. There are no ways to dismiss an elected council or to override local laws and decisions on political grounds without a legal or constitutional backing. On rare occasions, for instance if a municipality goes bankrupt or is no longer able to elect municipal authorities, cantonal authorities step

in. In the case of bankruptcy, all financially relevant decisions have to be accepted by the cantonal authorities; in the case of inability to elect municipal authorities, a cantonal commission agent assumes administration of the municipality until a new council is elected.

Section 7: Intergovernmental relations with other orders of government

Since the Confederation has no direct implementing capacity in its domains of competence, implementation of federal policies is left to cantons and municipalities, whereby the cantons act as intermediaries between the Confederation and the municipalities. As a direct consequence of the delegation of implementation to the lower levels the higher levels often *depend on the know-how of the lower levels* which are closer to the problems to be solved. Representatives of the cantons and the municipalities for example are frequently represented in the different groups of experts which are consulted by the national administration. Similarly they are also represented in many of the extra parliamentary commissions (Germann 1981: 62 ff.).

Policy-making in Swiss federalism is thus highly dependent on *co-operation between the three state levels*. Swiss federalism is often described as a typical form of co-operative federalism. Over time, this has led to a high degree of "Politikverflechtung" (Schenkel and Serdült 1999) which is felt as an increasing loss of autonomy by the municipalities. Not only have there been more and more governmental activities delegated to the municipalities, but legal restrictions stemming from higher political levels have also intensified and become more complex. While this has arguably led to an increased dependency on higher levels of government and infringed local autonomy (Geser 1999: 429 f.) some observers claim, however, that in certain areas local executive authorities still retain far-reaching competencies (Klöti et al. 1993: 1).

Not astonishingly for a federal state, the *cantons have a strong influence on national politics*. They play an important role in the processes of policy formulation, decision-making and implementation (see Vatter 2004: 78). The cantons – together with parties and interest groups – take part in the pre-parliamentary consultation procedure ("Vernehmlassungsverfahren").²⁴ During the parliamentary decision-making process, it is the Council of States, where the smaller cantons are over-represented, which can be seen as the core element of the cantonal influence. For constitutional amendments a majority of the cantons is needed. And their responsibility for the implementation allows them to put forward their own programme priorities (Linder 1987: 225).²⁵

The direct *access of the municipalities and the cities to the decisions at federal level* is less formalized and direct intervention of the Confederation in local affairs and even simple contacts between municipalities and the Confederation are rather exceptional. The associations of the Swiss municipalities and the association of the Swiss cities take part in the pre-parliamentary consultation procedure and generally operate as lobby organisations. Especially the cities – with the backing of a new constitutional article – have tried to get more influence in recent times by claiming that their problems (traffic in the metropolitan area, drug abuse, integration of foreigners, asylum seekers) are not duly taken up in federal politics. In general, however, it is still accepted that the municipalities are supposed to address the canton and the cantons the federal state.

²⁴ The process of consultation takes place prior to the formulation of a project for a new law (legislative act and related message). The aim of this process is not only to ensure at an early stage of policy formulation that federal bills are sensibly drafted and easy to implement but also to prevent a possible "optional referendum" ("freiwilliges Referendum").

²⁵ Control and supervision of the implementation is in the hands of the federal state, but limited in scope and difficult to execute. The federal state therefore prefers co-operation to conflicts and rarely makes use of its powers (Kissling/Knoepfel 1992).

In the light of the growing importance of the agglomerations and the lack of policy coordination between the federal, the cantonal and the municipal level the need for improvement has been widely recognized. As a first step, in 2001 the three government levels created the *tripartite Conference of Swiss agglomerations* (Tripartite Agglomerationskonferenz TAK) to promote vertical co-operation in policy fields relevant for metropolitan areas. This conference involves the Confederation, the Conference of Cantonal Governments, the Union of Swiss cities, and the Union of Swiss Municipalities. Given the many shared responsibilities – transport, spatial planning, environment, social welfare, health care, etc. – and the strong impact federal policies have on metropolitan areas, such a permanent forum appears to be very promising. For the first time, the strictly horizontal Swiss federalism has given way to a partnership across all three levels of government. Some observers describe this rather informal way of co-operation in the case of the agglomerations across all three state levels as a first step away from the traditional co-operative federalism towards *multi-level governance* (Kübler/Schenkel/Leresche 2003). Nevertheless, this new development has not affected the traditionally strong position of the cantons. The situation is better described as a co-existence between strong cantons and relatively strong cities, whose (conflictual) relations are mediated by the federal government.²⁶

The *access of the municipalities to the decisions at cantonal level* may vary from one canton to another. In some cantons there are direct democratic means which are reserved for the municipalities (initiatives, referendums of a certain number of municipalities), but the most important way to influence cantonal politics in favour of the municipalities is through elected members in the cantonal parliaments and through interest associations like the cantonal associations of municipalities (although they do not exist in all cantons) or the cantonal associations of mayors or higher municipal administrators.

Political parties are also supposed to play an *important linkage function across state levels*. The Swiss political parties however are rather weak, at least in organisational terms. Federalism splits up the party system in 26 different cantonal party systems, and the smallness of many of the municipalities prevents the parties from being organised at local level all over the country. The strength of the different parties varies across state levels. At the national level the two most important parties are the Swiss people's Party (SVP) and the Social Democrats (SP). In the cantonal parliaments and more especially in the cantonal governments) the Christian Democrats (CVP) and the Radical Party (FDP) are still considerably stronger. This is largely due to the smaller cantons in the mountainous areas, where especially the Christian Democrats and to a minor extent the Radical Party play a more important role. As far as the bigger cities are concerned they nowadays diverge politically not only from most of the cantons but also from many of their surrounding municipalities. In the middle of 2006 the five biggest cities (Zurich, Berne, Basle, Geneva und Lausanne) had a left-wing mayor as well as an executive and a legislative body with left-green majorities whereas the more affluent municipalities around the cities were dominated by right-wing parties.

More important than political parties are the *politicians* themselves who look after the interests of the municipalities. An important role is played here by the constituencies. If they want to be sure to get re-elected they have to be careful not to upset the citizens in their municipality or canton. The typical career of a politician in Switzerland involves moving up the ladder from the municipal to the federal level. A considerable number of politicians not only represent their political party but also their municipality or their canton. Having members of a municipal executive represented in a cantonal parliament or a member of a cantonal government in the federal parliament ("cumul des mandats") is a further way of ensuring the influence of the lower level. This, however, is not accepted equally in all cantons.

²⁶ Compared to tendencies elsewhere in Europe, it can be shown that the structure of the state, federalist or not, seems to be a crucial explanatory factor. The affirmation of cities against regional or even national-level institutions seems to be confined to unitary states (e.g. France, United Kingdom), whereas in federal states (e.g. Germany, Belgium), a similar balance between regions and cities can be found (see Kübler/Schenkel/Leresche 2003: 276).

Section 8: Political culture of local governance

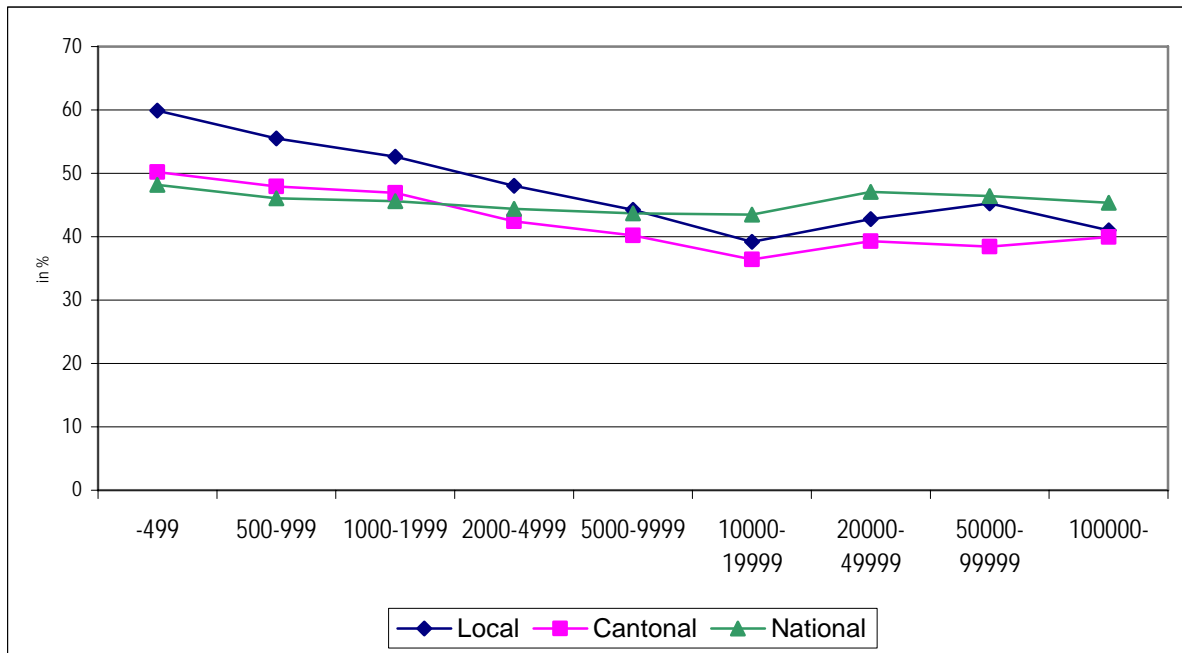
Although local politics is often considered to be more pragmatic, more oriented towards problem-solving and less about ideologies, there is a large number of *political parties* to be found at local level, especially when we consider the small size of most municipalities. More than 60 percent of the municipalities have political parties which are subsections of the national parties. The percentage of municipalities with political parties was even higher twenty years ago. Since then, political parties have been losing their influence at least in the smaller municipalities (Ladner 1999). In these municipalities there has also been an increase of no-party members elected into the local executive. Today, about 30 percent of the members of the local executives do not have a party affiliation.

The principle of power sharing (see Linder 1994, Lijphart 1999) not only applies to the federal government, in which the four biggest parties are represented, but also to the cantonal and local executives. There are hardly any single-party executives and the most important parties are usually represented in the local executive. This might at first sight be surprising, since the majority system for the election of the executive is the rule in most cantons and municipalities. In accordance with the principles of *consociational democracy* ("Konkordanzdemokratie"), however, a "voluntary proportionality" ("freiwilliger Proporz") is practised. The leading party abstains from presenting a full slate of candidates to make room for opposition party candidates. In smaller communities, of course, abstaining from running for all seats is not always voluntary, as it can be difficult to find suitable candidates for each available seat. Running for all seats also carries the danger that some of the same party candidates take votes away from each other and fall behind the candidates of the other parties. And sometimes the parties present fewer candidates to avoid the risk of possible defeat, especially when running against current office-holders. One common strategy for the leading party is to abstain from running for all seats under certain conditions. The smaller parties are offered a number of seats in accordance with their strength. In return they have to bring forward candidates which suit the stronger parties.

The Swiss militia system and the smallness of the political units lead to a *high degree of citizens' involvement in holding public office*. Taking the seats in the local executives and parliament together with the various commissions in the different policy fields, an average of about 50 different political functions per municipality have to be filled by the citizens. In small municipalities, one out of eight or ten citizens holds a public office. This can be seen as a form of social capital. In recent years, however, this high demand to fill offices has increasingly encountered problems on the supply side. The municipalities and more particularly the local political parties, which are the most important recruitment agents for public office holders, find it increasingly difficult to recruit enough qualified candidates. The fact that a municipality has a parliament can, on one hand, make it easier for the parties to recruit candidates among the members of the parliament to run the elections for the local executive. On the other hand, they have to find enough candidates for their seats in the parliament in the first place. According to our survey results, it is most difficult to find enough candidates in the medium-sized municipalities. In the cities, public offices are sufficiently prestigious and, in the case of a seat in the executive, well remunerated. In the very small municipalities these offices are less time-consuming and it is probably more difficult to refuse an invitation if it becomes obvious that there is nobody else to do the job.

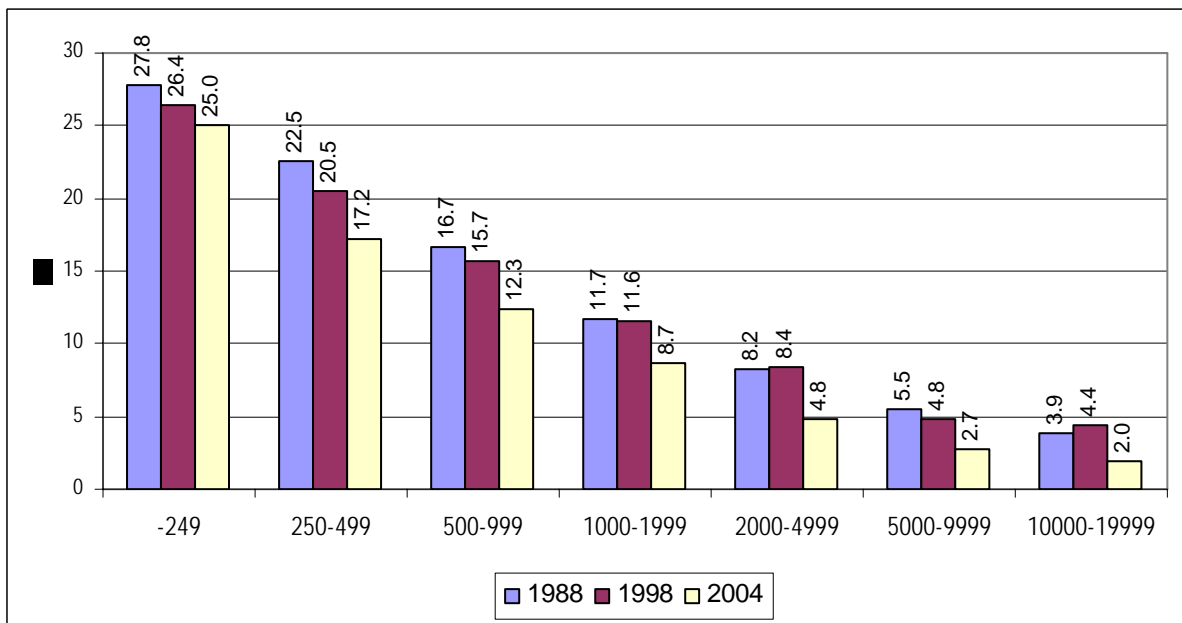
Local elections are by no means second order elections. *Voter's turnout at local elections* happens to be even higher compared to turnout at cantonal and national level, at least in smaller municipalities up to 5000 inhabitants (see figure 1). The decline of turnout in local affairs in bigger municipalities becomes particularly salient when we look at the percentage of people attending a local assembly (see figure 2). In the smallest municipalities about one quarter of the citizens appear in these meetings whereas in the biggest municipalities it is only a few percent.

Figure 1: Participation in local, national and cantonal elections and size of the municipalities (2004)



Source : Local secretary survey 2004

Figure 2: Participation at local assemblies and size of the municipalities (2004)



Source : Local secretary survey 2004

Not astonishingly, local politics in cities differ quite considerably from local politics in smaller municipalities. Apart from the biggest cities a majority of towns above 10,000 inhabitants are dominated by the political right. The Radical Party (FDP), the Christian Democrats (CVP), the Liberal Party (LPS) and the Swiss People's Party (SVP) together hold just above 60 percent of the seats in the executives. Nevertheless, this share has decreased by about five percent within the last twenty years (see BFS 2006) which goes hand in hand with the turn to the left of the biggest cities. Since the representation of women

is higher in left-wing parties, there is also a higher representation of women in the biggest cities compared to smaller towns and municipalities. In 2006 the percentage of women in the executives of the eight cities above 50,000 inhabitants amounted to 34 percent, the one for the parliaments to 37 percent (Städte 2007). Local politics in bigger cities not only differ due to higher media coverage and different prerequisites of the citizens to take part (see Ladner/Bühlmann 2007). And finally, local politicians are in general not dependent on their parties at cantonal or national level. The higher party level is not supposed to interfere in the recruitment process.

Section 9: Local government role in the evolution of the federal system: emerging issues and trends

Since the 1990s there have been serious attempts to *reform local government* in Switzerland.²⁷ The entanglement of tasks and the flow of financial resources between the two layers have been considered to be non-transparent, ineffective and inefficient, violating the “principle of fiscal equivalence”. In almost all cantons there have therefore been more or less serious attempts to review and allocate tasks and resources to the different layers of the state more adequately (see Ladner/Steiner 1998: 24 ff.). Most of these reforms also pursued the idea that transfers to the local level should be given on the basis of the municipalities’ possibilities of raising their own resources and that they should be given in the form of block grants rather than being tied to the provision of specific tasks.

In some instances (like for example in the canton of Berne) the reallocation of tasks led – quite unexpectedly and certainly not desired by the municipalities – to a shift of tax money to the cantonal level. However, this shift cannot be seen as a general loss in municipal autonomy, since the decisional power of the municipalities in the fields which have been transferred to the canton (primary schools, social security and public health) was already very weak. In comparative terms the fiscal autonomy of the Bernese municipalities still remains high.

In general, the principles of subsidiarity and local autonomy are not questioned in the course of these reforms and have been upheld in most of the recent revisions of cantonal constitutions. In the future, however, local autonomy is most likely to be restricted to an “operative autonomy”, whereas strategic responsibilities will increasingly move to higher state levels. Cantonal authorities will tell the municipalities what to do, and the municipalities will decide how they want to do it.

The cantons have also enforced their legal possibilities to make municipalities co-operate more intensively. Despite these possibilities such attempts were hardly ever applied before. The idea that municipalities should work together to provide certain services more efficiently is by no means new. In the history of Swiss municipalities there have always been some forms of co-operation, which is not astonishing if we consider the smallness of many municipalities. For inter-municipal co-operation in general, it seems obvious that in larger territorial units many services profit from “economies of scales”. But co-operation also raises questions of democratic decision making and control. How can decisions be taken within a union of municipalities of different size if the principle of „one man one vote“ puts smaller municipalities at a disadvantage? How can delegates on the boards of a union of municipalities be controlled democratically and how, in the case of co-operation on the basis of private law, are contracts to be formulated and property rights to be regulated?

Considering the problems of intermunicipal co-operation it is not surprising that amalgamations of municipalities have become part of the reform agenda. However, there is hardly any canton which can

²⁷ For a comprehensive coverage of the problems and the reform activities of the Swiss municipalities see Geser et al. (1994), Ladner et al. (2000), Kübler/Ladner (2003) Ladner/Steiner (2005) and Ladner (2005b).

force municipalities to amalgamate. The only thing cantons can do in this respect is setting incentives and stopping financial equalization efforts which support costly and inefficient structures. An amalgamation of two municipalities needs the support of the majority of citizens in each municipality. Nevertheless, more recently amalgamation projects no longer concern the small municipalities only. There have been several projects where cities have tried to become stronger and more competitive through amalgamation with surrounding municipalities.

Institutionally there is no separate regime for the cities in sight. There are, as we have seen, first steps in this direction: the rather informal co-operation within the tripartite conference of agglomerations and a commitment of the national authorities to improving the situation. In 2001 federal authorities launched a strategy for the agglomerations which should focus federal politics on the problems of the agglomeration, improve co-operation in the vertical and horizontal dimension and promote the integration of Swiss cities into the network of European cities.

Additional complexity arises from the geographical situation. Cities like Geneva and Basle, but also Lugano, Schaffhausen and Kreuzlingen form metropolitan areas or at least agglomerations which reach into other countries. Up to now various form of co-operation and coordination haven't been discussed and quite a few projects have been launched (Leresche 1995), but solutions for joint policies which can be democratically controlled are not easy to find. And since, international developments do not leave cities untouched, there are also attempts to be more present on the international floor.

Basically there are two important challenges to metropolitan governance in Switzerland. If it is true that a country needs cities which belong to the global players and global players have to achieve a certain size, it seems difficult to see how Switzerland will play an important part in future. The most important cities like Zurich (banks, insurances), Geneva (international organisation, banks) and Basle (chemical industry) undoubtedly have their strong domains but they remain very small. If they had to become internationally comparable agglomerations or metropolitan regions their territory would cover most of the country and considerably disturb the internal equilibrium. The second challenge is about bringing together municipalities of different standards of living and with different tax burdens without infringing on their autonomy and the democratic rights of the citizens. If an amalgamation also means a higher tax burden there is no majority to be found. And since Swiss citizens are used to decide directly on many political issues, smaller municipalities are always reluctant to join a bigger one in which they face an overwhelming majority. Co-operation within an agglomeration cannot take place without leaving the citizens their direct democratic rights, but one person one vote hardly seems attractive for smaller units.

First steps to address these challenges have been taken with the idea of regional conferences, as for example in the canton of Berne. The municipalities are represented by their mayors and there are ballots across all municipalities belonging to the region. According to the size of the municipalities there are different weights given to the mayors and municipalities. If federal states are less likely to have dominant cities and are generally more inclined to find solutions when it comes to integrating culturally, economically and socially different areas on democratic grounds and for mutual benefits, who else than federal states will be able to show the way towards good metropolitan governance?

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