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INTERGOVERNMENTAL CHALLENGES AND ISSUES IN SWITZERLAND

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Most observers today believe that globalization is the primary challenge with which national governments will have to deal as we look ahead into the twenty-first century. Their role often appears weak and limited in dealing with market globalization. Yet it is still to national governments that we look to establish a competitive and stable macroeconomic framework, to make provision for sustainable development and, especially, to provide conditions conducive to the respect of human rights, solidarity and justice or, as you say in Canada, "human security".

Are federations better or worse equipped than other forms of government to meet these challenges? In Switzerland, as in other federations, the answer can be found by re-examining the relationships between the central government and the federated entities, in our case the Confederation and the 26 full or half cantons, and by introducing more productive methods of operation.

It is not surprising, therefore, that in today's Switzerland, intergovernmental relations form the core of two major legislative undertakings:

- the reform of the Federal Constitution; and,
- the new financial equalization system between the Confederation and the cantons.

The reform of the Federal Constitution -- the first stage of which, the "updating" of the 1874 Constitution, was approved by the electorate and the cantons on April 18, 1999 -- has enabled us to renew our federal system. It is scheduled to come into force on January 1, 2000. The reform of financial equalization now underway goes well beyond mere financial implications. Its objective is nothing short of the revitalization of Swiss federalism.

The new Federal Constitution

The revision of the Federal Constitution of 1999 -- the first stage in the reform of our basic charter -- enabled us to bring up to date a constitutional system that had undergone considerable change over 150 years of federal administration, and whose contours were no longer really apparent in the existing Constitution. The new draft Constitution reflects the way Swiss federalism works today and provides us with a very recent snapshot of the Confederation's responsibilities and the way in which our intergovernmental relations function today.

What are the highlights?

First, I should say that the updating of the Constitution -- especially the chapter on relations between the Confederation and the cantons -- is the result of close cooperation between the federal and cantonal governments. This dialogue is a good illustration of the new intergovernmental partnership which we wanted to enshrine in the Constitution at this time.

The principle of the distribution of responsibilities between the Confederation and the cantons has not changed: the Confederation is responsible only for those areas of jurisdiction assigned to it by the Constitution. In accordance with the subsidiarity principle, it is responsible only for those tasks which need to be handled in a uniform manner. As in many federal systems, international relations are the prerogative of the Confederation, while the cantons have residual jurisdiction only in respect of areas within their own jurisdiction.

But the most important aspect in terms of our discussions here is the one which underscores the cooperation and solidarity that are essential to intergovernmental relations. The Constitution emphasizes the partnership between the central and cantonal governments and the imperative for the Confederation to respect the cantons' independence. Both must work together and cooperate among themselves to do a better job of governing. Public administration, once based on a hierarchical principle, is progressively being supplemented by more flexible forms of government.

The cantons also have broad powers of participation in the decision-making process at the federal level. However, these rights -- and this is new -- have been extended to foreign policy decisions. Our intention is to compensate for the erosion of areas of cantonal jurisdiction as a result of the increasing internationalization of public policy.

Furthermore, the Constitution authorizes the cantons (nowadays, however, this is more of an invitation) to conclude intercantonal treaties or to create common institutions with a view to carrying out tasks at the regional level. In a country as fragmented as Switzerland (with its 26 full or half cantons and 3000 municipalities), this article on cooperation between government administrations is of fundamental importance.

Although not yet an in-depth reform, this update of our constitution reflects the significant evolution of recent decades in the field of intergovernmental relations. In particular, it shows the transition from simply assigning responsibilities to an ever-increasing cooperation and consensus-building among partners.

The new financial equalization system

The new financial equalization system -- an ambitious and essential undertaking which needs to go well beyond the reform of outdated financial arrangements -- involves:

- the disentangling of the responsibilities assigned to the Confederation and the cantons;
- the streamlining of financial relations between the Confederation and the cantons;
- the development of new forms of financing and intergovernmental cooperation; and
- improved provision for specific expenses assumed by urban areas which make payments beyond cantonal boundaries.

As there is not enough time today for me to discuss all the arrangements involved here, I will restrict myself to the new forms of cooperation, which are of interest in the context of intergovernmental relations. These new forms of cooperation are also founded on the new spirit of partnership within the federation. Partnership, on the one hand, between the Confederation and the cantons, and, on the other, among the cantons themselves. Our intention is thus to redefine the whole structure of cooperation, both vertically and horizontally.

In concrete terms:

- vertically, with respect to the tasks which have to be carried out jointly by the Confederation and the cantons, the Confederation will give up the right to enact detailed legislation, to provide grants based on expenditure and to institute minute controls. It will focus on the strategic level and will set objectives for the cantons through multi-year program agreements; the cantons will assume operational responsibility. They will receive lump sums with which to achieve the agreed objectives. This new arrangement should guarantee the cantons greater autonomy and efficiency in carrying out federal responsibilities. The option for the Confederation to conclude agreements with the cantons (which does not exist at present) will need to be enshrined in the Federal Constitution.
- horizontally, in fields remaining broadly within the cantons' jurisdiction, intercantonal cooperation, accompanied by compensation based on workload, should ensure that the cantons receive equitable compensation for benefits

provided to their neighbours (such as university education, for example). Two innovations are worth noting here: first, for certain pre-determined tasks, the Confederation may, at the request of the cantons concerned, make intercantonal agreements legally binding or oblige the cantons to abide by them. Second, the cantons may empower intercantonal bodies to pass legislation, provided that such bodies have been established through democratic process. These new forms of cooperation among cantons should prevent centralization.

We are thus witnessing the emergence, on a contractual basis, of new areas of cooperation with variable geometry and new methods of governing using networks based on cooperation and on projects.

This brief introduction to these new instruments should not obscure the fact that there are other forms of institutional cooperation as well in Switzerland - one recent example is the creation of the Conference of cantonal Governments and the Confederal Dialogue -- and there are many instances where informal cooperation takes place between governments, fostered by the tight confines of the country's geography. All these exchanges also contribute broadly to forging the legendary Swiss "consensus".

The new financial equalization initiative is a great opportunity for the necessary renewal of Swiss federalism. Nevertheless, it also gives rise to fears on the part of organizations which depend for the most part on federal funding, particularly in the field of social affairs.

For the cantons as well, the stakes are high: if the project is implemented, they will have more responsibilities and greater autonomy in carrying them out, as well as the discretion to assign financial resources. Should the attempt fail, it will be difficult to reverse the increasing centralization of the public sector and the erosion of the cantons' status.

If this ambitious undertaking is not carried out, debate on structural reforms, be they institutional or territorial, will also become inevitable. The long historical tradition of the Swiss cantons would make this kind of debate all the more difficult.

Draft legislation for the new financial equalization is expected to be introduced in the federal Parliament in 2001. If it passes, the electorate and the cantons could be asked to vote on it in 2002 or 2003.

Conclusion

The two legislative initiatives I have just described are only one illustration of the formidable ability of federal systems to adjust to challenges over time and to changes within society. Federal systems founded on democratic principles,

subsidiarity and cooperation are fortunate to be better equipped than other forms of government to cope with the challenges of globalization, absorb the shocks and then deal with them -- on condition, however, that these systems draw on their own strengths, such as the existence of small entities close to the electorate and its problems, so as better to carry out the task of governing; and also on condition that they are inventive in seeking new forms of cooperation and that they do not have as their only goal the preservation of their own powers. The very complexity which characterizes federations is, in this respect, a measure of their flexibility and creativity.

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