

## **ELECTION BRIEFING No.17 THE SWISS FEDERAL ELECTIONS OF 19 OCTOBER 2003**

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### **Key points:**

- Europe was a minor theme in the campaign but it, and the results, were affected by the growing doubts about European integration, and this seems likely to continue.
- This was because the Swiss People's Party made further dramatic gains, eating into the support of the Radicals and Christian Democrats, the mainstream moderate centre right parties.
- The results have considerable, if uncertain, implications for Switzerland's relations with the EU, especially in policy related matters.

Switzerland is one of only three sizeable West European states outside the European Union. It is often taken as being wholly opposed to European integration but in fact it is very divided and uncertain about its position. The result of the events of 2003 has been to accentuate these divisions and uncertainties<sup>1</sup>. This is because the ultra stable party balance of the past has been overturned by the emergence of the 'go it alone' and Euro-sceptic People's Party (SVP/UDC) as the largest and most influential political force. Its strength and aggressive style also helped it to overturn the conventions of 40 years of governmental stability and help bring about a sharp shift to the right in the government's composition. In principle this should mean explosive changes in relations with the EU as part of a wider concern about Switzerland's international engagement. However, the SVP/UDC is still far from being a majority party and may not be able to escape from the constraints of the system. So the future remains both uncertain and unstable. Further change is the only thing which can confidently be predicted. The old system is at an end but neither the Swiss nor the Union can be sure about what will replace it.

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<sup>1</sup> See Clive Church, The Swiss Elections of October 2003: Two Steps to System Change? *West European Politics* 27/3: 518-34 and Paolo Dardanelli, The Parliamentary and Executive Elections in Switzerland, 2003. *Electoral Studies* 24/1: 123-9 for concise analyses of the 2003 elections.

## **1 Europe: the Background**

The 2003 campaign was influenced by a polarisation trend that had been going on for most of the 1990s. This polarisation is two-fold, between the left and the right on traditional economic and social issues but also, increasingly, on the degree of openness/isolation of the country, which has, of course, important implications for relations between Switzerland and the EU. To a large extent, however, the European issue had gone on the backburner although technical negotiations were continuing. In the 1970s and 1980s Swiss relations with Europe had been based both on the 1972 agreement on free trade in goods and on a whole raft of technical collaboration conventions. Membership was not on the agenda. However, the limitations of this approach began to become clear as the EC began to expand in several directions. Then the end of the Cold War called Switzerland's overall international stance into question. This led to an attempt to re-orientate the country's neutrality, military provision and European relations. The latter saw the Swiss first negotiating entry into the European Economic Area (EEA) and then seeking EU membership in May 1992. However, the confusion caused by this new application and also by the admitted weaknesses of the EEA meant that the government lost the referendum on EEA entry on 6 December 1992. Faced in the face of a resurgent opposition led by the pressure group 'Action for an Independent and Neutral Switzerland' (AUNS/ASIN). Thereafter the government had no alternative but to freeze its application for membership.

The nature of the vote, which showed a marked language divide, raised real fears about national cohesion. This has remained an underlying worry and helps explain why there is so much little government enthusiasm for pushing the European issue. In fact the government chose to embark on what proved to be a long and fraught process of negotiating bilateral deals to help fill gaps left by exclusion from the EEA. These were not finally signed until late 1999 and were endorsed by two to one in May 2000. Even so they did not finally come into effect until 1 June 2002.

Before then, however, things had changed with the refusal of pro-Europeans in the New Swiss European Movement (NEB/NOMES) to withdraw its "Yes to Europe" initiative calling for the immediate opening of accession talks. The government then found itself forced to urge a 'no' vote because it recognised that the time was not right, even though it maintained that entry was still its long-term objective. Although it got its way when the idea was crushingly rejected in March 2001, the vote was misinterpreted as a decision in principle against EU entry as such. Hence it encouraged the internal opposition to Europe while dismaying both supporters and outside observers. As a result a declining number of people were willing to consider entry and the question was put on the back burner by both government and supportive parties.

Thus, when the election campaign started in the winter of 2002-3, although the SVP made its anti-EU stance fairly clear, other parties preserved a more than discreet silence on the matter. They rallied behind the second round of bilateral negotiations on which the Swiss embarked in the summer of 2001, leaving the question of membership for examination nominally to the next legislative period, starting in 2004. The new negotiations covered such left over topics as trade in processed agricultural products, environmental matters, media questions, research, services, statistics and taxation of EU staff pensions. There were also some new issues. The EU wanted talks on customs fraud and taxes on savings while the Swiss wanted agreements

on asylum, judicial cooperation and migration, which meant Swiss entry into the Dublin and Schengen conventions.

## **2 Europe: party positions and the campaign**

In 2003 Europe was an issue which had limited resonance with the public. It ranked fifth in the list of concerns in one poll but well behind the first four, including asylum, the key concern, the economic situation, health and then social security. Nonetheless Europe did figure in the manifestoes of most parties, largely expressing uneasiness about relations with the EU. However, such concerns were very often part of a broader concern with Swiss relations with the outside the world rather than being the single-minded obsession with Europe found in the UK. Many on the right wing claimed that they stood for a Switzerland which was economically open, politically free and independent. They therefore rejected any kind of international liaison which might lead to interference with Swiss democracy or impose policy stances at odds with Swiss norms. This was often directed not just against bodies such as NATO or the EU but also to what was seen as great power imperialism. Hence in the case of the one regionalist party in Fribourg this meant supporting a Swiss exit from the UN and in that of the Swiss Democrats (SD/DS), a strong anti-Americanism.

This was true not only of bodies like the Freedom Party and the *Lega dei Ticinesi* (LdT) but also of religious minority parties like the Protestant fundamentalist Confederates Democratic Union (EDU/UDF), the ultra conservative Catholic People's Party (KVP/PCC) and, to a lesser extent, the more moderate Protestant Evangelical People's Party (EVP/PEV). Some of these saw Europe as a godless creation while others saw it as centralizing and oppressive. There were also reservations on the far left. The Trotskyite Solidarity movement saw it as the work of the European bourgeoisie whereas the Communists were more concerned with the G8 and saw the UN as the way to curb wars of aggression. The Greens also focussed on the army and the need for a true peace policy.

In the centre, the Christian Democrats, who had briefly been quite pro-European in the mid 1990s, said very little about the EU. Their concerns centred on foreigners and especially those from outside the EU. They called for both more integration and more resistance to abuse. The Radicals' position was more pragmatic since they were very aware of the need for more coordination of foreign, migration and social integration policies if the country was to feel more secure. At home this could be helped by the creation of a Homeland Security department. Abroad it should involve more activity in the OSCE and the UN.

Where the EU was concerned cooperation with the member states collectively was necessary if abuses of asylum were to be dealt with. Equally, the new bilaterals would serve Swiss interests in other fields provided no real sovereignty was sacrificed. They were reluctantly willing to support both the extension of the free movement agreements to the candidate countries and the process of enlargement itself. Nonetheless, neither they nor, especially, the Christian Democrats made much of the issue. This was partly because they felt it exposed them to attack by the SVP and partly because it showed up ambiguities in their own position. So they tried to avoid the subject. Indeed the then Radical leader, Christiane Langenberger, complained that she felt under pressure not to talk about Europe in order not to damage her party's electoral prospects.

### 3 The Results

Whatever the role of this somewhat subdued and subordinate debate on Europe, the right-wing Swiss People's party emerged as the clear victor in the elections to the National Council with the gain of more than four percentage points in the popular vote and eleven seats compared with 1999. For the first time, the party succeeded in making inroads in the French-speaking part of the country which had hitherto been almost a no-go area. The left also did well, with marginal gains for the Socialists and more substantial ones for the Greens. The main losers were the parties of the centre right, the Christian Democrats and, especially, the Radicals who saw their electorate significantly eroded. In the elections for the upper house, however, the centrist parties benefited from the moderating effects of the two-round majoritarian system and managed to maintain their majority in the house. The large gains by the SVP had far-reaching effects on the composition of the seven-member executive, the Federal Council, where the party balance that had been in place since 1959 was altered by the allocation of a second seat to the People's party at the expense of the Christian Democrats.

#### ELECTIONS TO THE NATIONAL COUNCIL, 1995-2003

	1995		1999		2003	
	Seats	%	Seats	%	Seats	%
Communists (PdA/PST)	3	1.2	2	1.0	2	0.9
Alternative Left (AVF)	2	1.5	1	0.3	1	0.5
Greens (GPS/PES)	8	5	9	5.0	13	7.6
Social Democrats (SPS/PS)	54	21.8	51	22.4	52	23.4
Christian Socials (CSP/PSC)	1	0.3	1	0.4	1	0.4
Landesring (LdU/AdI)	3	1.8	1	0.7	N/A	N/A
Evangelicals (EVP/PPE)	2	1.8	3	1.8	3	2.3
Christian Democrats (CVP/PDC)	34	16.8	35	15.9	28	14.3
Radicals (FDP/PRD)	45	20.2	43	19.9	36	17.3
Old Liberals (LPS/PLS)	7	2.7	6	2.3	4	2.2
Peoples' Party (SVP/UDC)	29	14.9	44	22.5	55	26.7
Confederates (EDU/UDF)	1	1.3	1	1.3	2	1.3
Freedom Party (FPS/PSL)	7	4.0	0	0.9	0	0.2
Lega dei Ticinesi (LdT)	1	0.9	2	0.9	1	0.4
Swiss Democrats (SD/DS)	3	3.1	1	1.8	1	1
Others	0	2.7	0	2.9	0	1.5
	200	100%	200	100%	200	100%

#### 4 The Implications for Switzerland/EU relations

As the SVP campaigned on formally ruling out membership, on ending talks on Schengen entry and on postponing talks on extending free movement *sine die*, its success in the elections could spell real problems. While the government maintained that the election results would not change the Swiss position, leading figures in the SVP and AUNS took a very different view. Having to reconcile the SVP's views on Europe with those of the Socialists inside the cabinet would make government very difficult. Given the ambiguities of FDP and CVP stances, moreover, the SVP is likely to weigh ever more heavily given its size and its emphatic policy. So membership has certainly not been brought nearer. Already, the 'Europe' discourse in Switzerland is much more focused on the ongoing negotiations than on the question of membership. However, on 15 December the National Council rejected by 116-61 an SVP call to withdraw the membership application and three weeks later the country signed a new Research Agreement with the EU which makes Switzerland an associate, opening the way to full Swiss participation in future Framework programmes.

The new government has so far steered a cautious line. Hence on 28 January 2004 it announced that, during the present legislature, it would neither withdraw nor reactivate the application for membership. It argued that the conditions for the latter did not exist. This implied that, despite earlier statements to the contrary, it would not produce a promised report on the principle and effects of entry, due by 2007. However there may have been second thoughts on this.

There are four major policy issues presently unresolved between the two sides which could be affected by the election results. The first concerns the extension of free movement to the new EU states. There have been four rounds of talks so far but they have not proved easy. The Swiss want a gradual transition whereas, understandably, the EU wants to see new members enjoy the same facilities as the existing states. It has suggested that there should be a safeguard arrangement in case complete opening - which will not happen in any case till after 2005 - proves destabilising. Yet, although the evidence so far shows that rather than the feared influx of EU workers there has been an outflow of Swiss to the EU since the deal was signed, the Swiss negotiators have been very cautious. This is not merely because the SVP disapproves but the Swiss Trade Union Confederation (SGB/USS), the largest union, also fears social dumping.

The other issues are related to the second round of bilateral talks. Generally these seem to have gone well and questions like the environment and the media have been agreed. There was some hope that the other non-contentious items can be resolved by the end of 2003. Unfortunately, as has become clear, two of the issues are extremely controversial so that the talks ran into the sand in the late autumn. In the end a deal was done in the summer of 2004 and the agreement was signed in October, however the SVP has threatened to veto them. Any resulting referendum challenge would take place in summer 2005.

One controversial issue is taxation of foreign savings. The EU has long worried about monies leaving banks in some of its states to find shelter in more confidential and less rapacious coffers whether inside the Union or outside, including in Switzerland and demands full disclosure of the accounts held by its nationals in these shelters. For the Swiss this threatens the sacrosanct principle of banking secrecy and is unacceptable. However because of Austria and Luxembourg, the Union has agreed to accept the imposition of a steep withholding tax,

proceeds of which would be paid to the home states of foreign depositors. A deal to this effect was ratified on 4 June 2003. However, there is doubt if the deal will stick, leading Swiss banks to tell the government that it should be in no hurry to legislate. If it fails then the demand for disclosure – pushed by the UK to avoid tax harmonization – would again threaten banking secrecy, encouraging the SVP to constitutionalise it. This would certainly worsen relations with the Union even if the Swiss are doing more on customs fraud.

Secondly there are many problems about entry to Schengen and Dublin conventions. The first convention would give the Swiss entry to EU information systems and would make it easier for them to monitor migration and deal with illegal entrants. But it also means a border free area and this the SVP will not countenance. The latter wants to strengthen border controls and does not trust the EU's system of internal police checks. So discussion on what legal assistance the Swiss would give the Union has not made much progress, thus helping to stall talks in general. The second convention would allow Switzerland to apply the same rules about where applications for asylum are treated as the EU, thus helping to eliminate unfair pressure on the country. Despite the right's misgivings, leading centrist ministers have insisted that there will be no change in the search for pragmatic progress. Growing business support for Schengen entry and the awareness that without a deal on migration it will be harder for the country to adjust its asylum policy in the way the right would want, have somewhat tilted the balance. Business is very supportive but the nationalist right is vehemently opposed and this is the most likely element of the deal to be defeated.

Finally, there is the question of the Swiss financial contribution to the wider Europe. Because its economy will benefit from enlargement, Switzerland has been asked to provide CHF 200m (€131m) to the EU's cohesion and solidarity funds. Especially given the present budgetary crisis, this is strongly resisted by the SVP. So, while the EU is aware of the need to show respect for the Swiss political system and give it time, it can only go so far in this direction. There are some clear braking points which it will be hard to avoid if the SVP influence on, the already cautious, government policy grows as many expect.

## **Conclusions**

While the elections have not so far resolved the fundamental ambiguities of Swiss relations with Europe, the crunch has yet to come. Indeed it has been further delayed. Yet the issue remains potentially explosive. The results of the two sets of elections have fundamentally altered the balance of forces in Switzerland both generally and on Europe, deepening Swiss divisions. Exactly how this will work out in practice is hard to say at the moment. However, given the newfound instability of the Swiss political system, all kinds of changes are possible. Some of them may come in 2005.

*This is the latest in a series of election and referendum briefings produced by the European Parties Elections and Referendums Network (EPERN). Based in the Sussex European Institute, EPERN is an international network of scholars that was originally established as the Opposing Europe Research Network (OERN) in June 2000 to chart the divisions over Europe that exist within party systems. In August 2003 it was re-launched as EPERN to reflect a widening of its objectives to consider the broader impact of the European issue on the domestic politics of EU member and candidate states. The Network retains an*

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