

The return of immigration quotas could severely challenge Switzerland's relationship with the European Union

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On Sunday, Switzerland will hold a referendum on creating immigration quotas for all foreign nationals, including those from the European Union. [Alexandre Afonso](#) assesses the politics behind the proposal, which has been driven largely by the Swiss People's Party. He writes that if the 'yes' campaign is successful, implementing immigration quotas would present a serious problem for Switzerland's relationship with the EU.



On 9 February, Swiss citizens will vote on a popular initiative “[against mass immigration](#)” spearheaded by the right-wing Swiss People's Party. The initiative put to the vote proposes to introduce global immigration quotas applying to all foreign nationals entering Switzerland: asylum seekers, labour migrants and family members of established migrants included.

At the moment, Switzerland does not limit immigration from EU countries by virtue of a bilateral agreement on free movement with the European Union. Switzerland is also a member of the Schengen area, and has adhered to the Dublin convention on asylum. By contrast, non-EU migration is severely limited. In this context, a “yes” vote on Sunday is believed to pose a number of serious problems for its economy and relationship with the European Union: immigrants represent about a quarter of the Swiss workforce, and the invalidation of the agreement on free movement could potentially make [all the other agreements](#) between Switzerland and the EU (notably on the taxation of savings) void.

Switzerland's system of direct democracy implies that any political group willing to amend the constitution can call for a popular vote if it manages to gather 100,000 signatures of citizens with voting rights. Along similar lines, any law passed in parliament can be challenged in a popular referendum by gathering 50,000 signatures.

This system has already constituted a major stumbling block for [Switzerland's relationship with the European Union](#) in the past. In December 1992, a tight majority of 50.2 per cent of voters refused Switzerland's attempt to join the European Economic Area, making way for a long and painful process of bilateral negotiations with EU countries. As Switzerland's economy relies heavily on exports towards EU countries as well as financial services, it simply could not afford to be left out of the common EU market. Since then, the Swiss government has managed to conclude a number of bilateral agreements which essentially sought to make up for all the points concluded in the EEA agreement and secure access to the EU's single market. A major challenge of this negotiation process has been to ensure that bilateral agreement could be supported by popular majorities in referendums.

One of the most important – and problematic – questions in this respect has been the free movement of workers. Employers and business interests were keen on gaining access to EU workers, while the Swiss People's Party, a



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Eurosceptic party comparable to UKIP, opposed any sort of labour market opening. Domestic support for these measures, notably from social democrats and trade unions, was achieved through [compensating them with a reinforcement of the collective bargaining and labour inspection framework](#). So far, this process has made it possible to obtain majorities for free movement and its extension to new countries in spite of the stark opposition of the Swiss People's party, who has been able to mobilise support way beyond its own electoral base.

Since it opened its labour market to the EU in the early 2000s, however, immigration to Switzerland has increased tremendously, particularly from neighbouring Germany, Italy and France, but also crisis-hit Portugal due to persisting wage differentials and the remarkable resilience of the Swiss economy. In fact, immigration can be considered a major factor in explaining this resilience in spite of the crisis in the Eurozone, as the boost in domestic consumption generated by immigration growth [compensated](#) to some extent for the difficulties of the export sector penalised by the appreciation of the Swiss franc. At the same time, the increase in immigration has exerted pressure on the housing market, particularly in Zurich and the Lake Geneva region, and cases of EU workers undercutting wages on Swiss construction sites raised concerns about a "race to the bottom" in wage standards.

In this context, the Swiss People's party has been capitalising on creeping popular discontent and fears in spite of a broadly positive economic situation. The party already managed to convince majorities of voters in popular votes in the past, for instance about a minaret ban in 2009 and the deportation of foreign criminals in 2010. The 9 February vote, however, could have much more important consequences. It would de facto invalidate not only the bilateral agreement on free movement, but also the whole existing set of bilateral agreements between Switzerland and the EU, which are all legally tied together (the so called "guillotine clause").

This would make Switzerland's position extremely difficult at a time when EU countries have already become less accommodating in recent years. Since the crisis, cash-strapped countries, and particularly the [US](#), have adopted a much less lenient stance towards Switzerland regarding banking secrecy and tax evasion in particular.

So far, polls have tended to give an advantage to the "no" vote, but the "yes" campaign seems to have gained ground in recent weeks. This is perhaps a consequence of the ambiguous games played by the "moderate" parties of the centre-right. On the one hand, the Liberals and Christian-Democrats have always defended the principle of free movement with the EU as an issue of prime importance for their allies in business. On the other hand, as both parties have lost a large share of voters to the SVP and its anti-immigration rhetoric, they have progressively adopted an ever harsher stance on immigration issues, notably on access to citizenship and asylum policy.

As a whole, this has tended to emphasise the idea that immigration in general is a large problem, and the differentiation between "good" EU immigration and "bad" non-EU immigration that these parties promote does not seem to come across clearly among voters. Indeed, it has become very [difficult](#) for them to reconcile their strong links with business interests who heavily depend on migration from EU countries, and their voters are increasingly tempted by the SVP.

Moreover, a return of immigration quotas would be very unlikely to contain the growth of immigration in light of [previous experiences](#). Immigration quotas were in place in Switzerland between the early 1960s and the 2000s, and they largely failed to contain the growth of the migrant population during this period, besides introducing some negative selection biases which have been heavily criticised by economists.

First, a global immigration quota would be difficult to implement while respecting international law, as asylum or family reunion are guaranteed by international agreements. Accordingly, the share of migration flows which could be controlled through quotas tended to shrink over the long term as family reunification expanded. Now, it would be difficult to imagine that EU countries would accept Switzerland limiting family reunification for EU citizens, as it did in the 1950s and 1960s in its guestworker programmes.

Second, since a quota system implies that government officials – rather than the market – decide on the allocation of work permits, migrants were channelled to economic sectors such as agriculture, tourism or construction, whose

employers were the most effective at lobbying federal and cantonal bureaucracies. This has been believed to create a strong low-skill bias in immigration selection. By contrast, the introduction of free movement has coincided with an increase in the average skill level of migrants over the last 20 years.

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