

# TranState Working Papers

EXPANDING THE  
WELFARE STATE AFTER  
THE GOLDEN AGE:  
THE CASE OF SWITZERLAND

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Universität Bremen • University of Bremen  
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Staatlichkeit im Wandel • Transformations of the State  
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## **Expanding the Welfare State after the Golden Age: The Case of Switzerland**

### **ABSTRACT**

This paper analyses whether Switzerland has still expanded its social programmes after the end of the so-called golden age. Quantitative evidence points to this trend and analysing reforms in pensions, health insurance, unemployment insurance and family policy reinforces this conclusion, with the most important elements being the creation of mandatory unemployment and health insurance as well as occupational benefits within the Swiss pension scheme. Swiss family policy was clearly enhanced during the last 30 years, as were means-tested supplementary benefits for low income pensioners. Still Switzerland witnessed cutbacks, too, the best examples of which are the higher retirement age for women in both the first (state) and second (occupational) pillar of old age protection, substantial benefit reductions in unemployment insurance and higher co-payments in health insurance. All things considered, qualitative analysis however supports the notion of welfare state expansion in Switzerland since the mid-1970s and clearly contradicts the “race to the bottom” approach. But expenditure growth does not only reflect an enhancement of social protection but also socioeconomic factors, mainly low economic growth rates during the period under scrutiny and a higher number of benefit recipients (mainly in unemployment insurance and pensions).

## **CONTENTS**

I. INTRODUCTION.....	1
II. STARTING POINT: THE SWISS WELFARE STATE AT THE END OF THE GOLDEN AGE .....	2
III. EXPANDING THE SWISS WELFARE STATE? .....	4
1. Quantitative evidence .....	4
2. Qualitative evidence: welfare state reforms .....	5
2.1. Unemployment insurance .....	6
2.2. Health insurance .....	12
2.3. Family policy .....	17
2.4. Pensions .....	21
3. Comparative perspective .....	28
4. Conclusion .....	29
IV. REFERENCES.....	32
APPENDIX .....	36
BIOGRAPHICAL NOTE .....	40

## **Expanding the Welfare State after the Golden Age: The Case of Switzerland**

### **I. INTRODUCTION\***

It is generally acknowledged that modern welfare states have left the so-called golden age (Flora 1986). Since the mid-1970s, endogenous pressures (e.g. rising unemployment, increasing public debt, changing demographics) as well as exogenous ones (especially increased international competition) are seen as putting the welfare state under heavy strain. However, the comparative welfare state literature shows less unity with regard to the overall direction of welfare state reforms under these changed circumstances. A pessimistic line of reasoning expects these pressures to result in a “race to the bottom” of modern welfare states (e.g. Narr/Schubert 1994; Altvater/Mahnkopf 1999; Tanzi 2002). According to these scholars, social standards will decline and welfare states converge towards a liberal or residual model, basically providing means-tested benefits. Others suggest that these exogenous and endogenous pressures might even further welfare state expansion by creating new social risks not covered by existing social programmes, like for example new social groups prone to poverty (e.g. Bonoli 2005). As least as contended as the impact of increased problem pressure on welfare state development is the role of politics and institutions under this changed environment of the welfare state. First of all, do they still matter for social-policy making or has the market become the main driving force? And if they matter what mechanisms are at work? Does for example a dense institutional structure with many veto players (Tsebelis 2002) as in Switzerland make welfare state change less likely than a high degree of concentration of political power? And do left parties - traditionally weak in Switzerland - still leave a clear imprint on the welfare state?

This paper will analyse welfare state development in Switzerland since the mid-1970s. Since social expenditure data suggests that Switzerland – in contrast to most other western welfare states – has still expanded its welfare state, it clearly represents an interesting case to look at. Therefore, this paper will look at reforms in the core programmes of the Swiss welfare state and compare them with regard to their scope and direction (expansion versus retrenchment). By expansion, this paper mainly understands increased coverage, higher benefits and the creation of new programmes to cover new social risks. Has the Swiss welfare state really witnessed an expansion as suggested by expenditure data and if so, is there a uniform trend of expansion across all these programmes, or did some experience retrenchment instead?

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\* I would like to thank Peter Starke, Claire Fayon, Herbert Obinger and two anonymous reviewers for comments on this paper.

This paper will analyse federal welfare state development in Switzerland, that is, policy reforms in the fields of pensions, health, unemployment insurance and family policy. Starting with a short overview over the Swiss political system and the basic structure of the Swiss welfare state at the end of the golden age, this paper then presents recent developments in total social expenditure and programme-related expenditure. The final, more extensive section will portray welfare state reforms between 1975 and 2005 in the aforementioned fields. As it is not unusual that reforms fail in referenda, brief descriptions of such unsuccessful revisions will also be presented and contrasted with the successful ones. The same applies to people's initiatives, whereby citizens can propose constitutional amendments, but their chance of success is much lower than for governmental and parliamentary proposals. Although some attempts will be made at *explaining* the direction of recent welfare state developments in Switzerland, the main focus will be on a *description* of changes since 1975.

## **II. STARTING POINT: THE SWISS WELFARE STATE AT THE END OF THE GOLDEN AGE**

The Swiss political system is characterised by a strong fragmentation of power, so that a large number of actors is involved in decision-making. The resulting necessity for compromises makes lopsided measures unlikely. One reason is strong federalism. Cantonal influence on the federal level comes through three main channels: the upper chamber of parliament, the constitutional right to be heard in the pre-parliamentary consultation process and the fact that constitutional change demands the majority of popular votes in a majority of cantons as well as a majority of votes in the whole country. Trade unions and business organisations also have the right to be heard in the pre-parliamentary decision-making process. The Swiss federal government (Federal Council) is a collegial body where the four major parties (Liberals, Christian Democrats, Social Democrats and the conservative Swiss People's Party) are represented with a share unchanged<sup>1</sup> since 1959. Several instruments of direct democracy enable citizens to overrule any major decision on the federal level: A referendum is compulsory for all amendments to the constitution; through the optional referendum, the people can challenge parliamentary bills or decrees; and with the people's initiative, citizens may seek a decision on an amendment to the constitution.<sup>2</sup> Although Switzerland knows legislative competencies

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<sup>1</sup> The elections of 2003 provoked the first modification of the so-called "magic formula" when as a result of changed electoral support the Christian Democrats lost one seat to the conservative Swiss People's Party.

<sup>2</sup> Since 2003, a new type of initiative exists in Switzerland, where parliament decides whether to translate the proposal (or the parliamentary counter-proposal) into a legislative or constitutional amendment. It has not been used yet.

on all three political levels (Federation, cantons and municipalities), most of the social policy legislation is decided on the federal level.

At the end of the golden age, Switzerland disposed of a rather lean system of social protection, especially when compared to its neighbouring countries. Only two social insurances were universal, i.e. covering the entire resident population. These were *old age and survivors' insurance* (AHV) as well as disability insurance. Old age and survivors' insurance was based on a pay-as-you-go system with parity contributions of employees and employers as well as state-subsidies. Benefits and contributions were earnings-related and there was no ceiling for contributions while benefits varied between a floor and a ceiling. Within these limits, benefit levels depended on the contribution record (Bonoli/Gay-des-Combes 2002: 5). Between its creation in 1946 and the mid-1970s, old-age and survivors' insurance had experienced eight reforms, all directed at enhancing benefits (for details see Obinger 1998b: 43). Although the scheme had always aimed at covering the basic needs of retirees, only in 1972 benefits had been finally adapted to the postulated aim (Lengwiler 2003: 42; for details see Obinger 1998b: 43). Since 1965 means-tested *supplementary benefits* (EL) supported pensioners on low income, benefits which also applied to disability insurance. Financing was entirely based on taxes. *Health care insurance* was voluntary with public subsidies to (mostly private) health funds and only regulated by a framework law stating minimum benefits. The insurance was based on a pay-as-you go system with individual flat-rate premiums depending on age at entry and gender but unrelated to income. In 1964, a revised system of public subsidies to health funds and important cost sharing<sup>3</sup> had been introduced (European Observatory on Health Care Systems 2000: 7). Except for this modification, Swiss health insurance had remained largely unchanged since its creation in 1911 (Obinger 1998b: 40) and was still in sharp contrast to many social insurance systems in Europe as it was designed largely along the lines of private insurance (e.g. flat-rate premiums according to age, gender and health as well as private insurance companies). Though increasing problem pressure had put a more encompassing revision on the federal agenda as early as the mid-1960s, several reform attempts had failed (for details see Wyss/Lorenz 2000: 206). The design of *unemployment insurance* much resembled the one of health insurance: It also was voluntary,<sup>4</sup> based on federal subsidies to private, parity and public unemployment funds as well as only employees' contributions and regulated only by a framework law on minimum standards. By virtue of voluntary in-

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<sup>3</sup> Cost sharing consists of co-payments – a proportional payment of the bill the suppliers present to the insurance company – and the franchise payment, a fixed amount insured have to pay before the health fund's obligation begins (Theurl 1999: 348).

<sup>4</sup> In both programmes, cantons were entitled to declare it mandatory for parts of or the whole cantonal population.

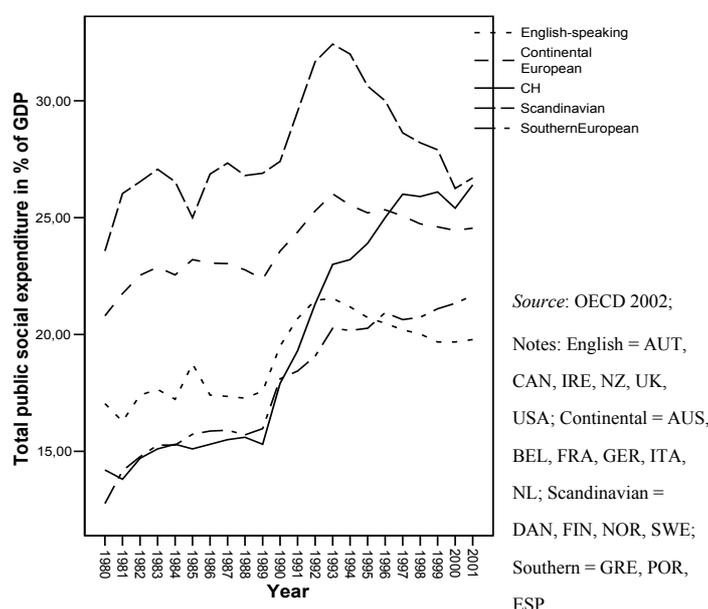
insurance and favourable economic conditions - especially spectacularly low levels of unemployment -, affiliation remained rather modest. Unemployment was primarily kept to a minimum by regulating the labour supply: In times of decreasing demand for labour, restrictive work and residency permit regulations were used to make foreigners leave the labour market while women were discouraged from entering it, for example by lacking infrastructure for child-care (Schmidt 1995; Wicki 2001). *Family policy* can be considered as the “step-child” of the Swiss federal welfare state, with its development marked by both sovereign and parliament preventing an enlargement of federal involvement (Herzig 1995: 181). According to the Swiss constitution, the federal government was only entitled to legislation in the fields of family allowances and maternity insurance (maternity leave, continuous payment of wages). Yet, even in these two domains, legislation was scarce. Among family allowances, apart from federal benefits for small farmers and agricultural employees, various cantonal allowances existed, differing in type, level and conditions for entitlement. Until the mid-1970s, several attempts at broadening the coverage of federal family allowances had failed. The same was true for the creation of a federal maternity insurance, wherefore social protection during maternity was regulated by various uncoordinated laws and with different treatment of women according to their length of employment (for details see BSV 2003: 3). As a consequence, Switzerland was the only EU- or EFTA-country not providing for a maternity insurance (Année Politique Suisse 1994: 241).

### III. EXPANDING THE SWISS WELFARE STATE?

#### 1. Quantitative evidence

Figure 1 illustrates that the development of social public expenditure in Switzerland is

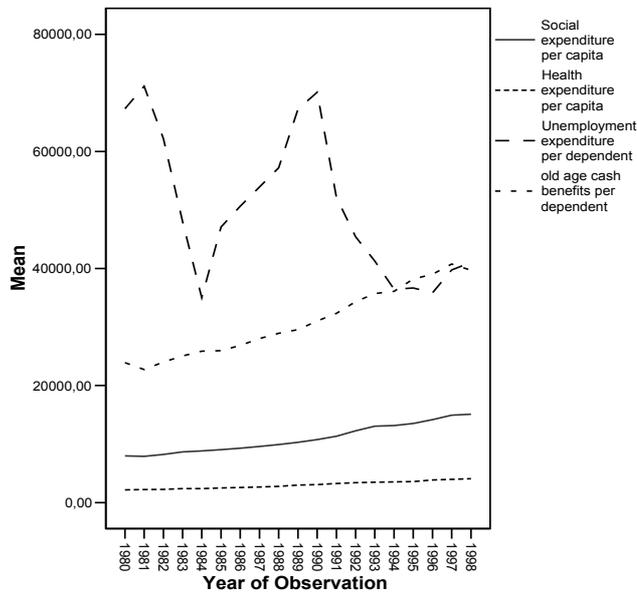
**Figure 1:** *Social spending in Switzerland and three families of nations, 1980-2001*



rather unusual in international comparison after the end of the golden age. Starting with levels comparable to the Southern European countries, Switzerland has witnessed a substantial increase in social spending since the beginning of the 1990s, subsequently catching-up with continental welfare states and even surpassing them at the end of the 1990s. Given that most

countries in the OECD world have imposed retrenchment measures during that period, this huge rise is puzzling and points rather to an expansion of the Swiss welfare state. Measuring Swiss welfare state effort (social expenditure) as a proportion of total public

**Figure 2:** Programme-specific expenditure in Swiss Francs at constant 1995 prices



Source: OECD 2002.

market policy per unemployed was much more volatile as it depends much more on the business cycle. Finally, health expenditure per capita remained rather constant during the period under scrutiny and is definitely not indicative of retrenchment. Unfortunately, data on family expenditure are not available for Switzerland, at least not for the whole period analysed here. Still, the adjustment of expenditure to programme-specific caseloads largely confirms the trend of increasing social expenditure in Switzerland.

## 2. Qualitative evidence: welfare state reforms

While general social expenditure and programme-related expenditure data rather point at an expansion of the Swiss welfare state, it is difficult to deduct the direction of change from expenditure data alone. Generally it is agreed that for a study of social policy change, expenditure data should be supplemented with qualitative analysis since “spending is generally only one of several routes to a given policy objective and because different countries employ quite different mixes of policy instruments to achieve similar policy goals” (Castles 1994: 249). That is why I now turn to a more detailed description of changes in the different social programmes.

expenditure shows a similar picture (see Obinger et al 2005a: 163). Clearly, the Swiss welfare state is not retreating.

When we break down total spending in its programme-related components, the picture gets more nuanced. Social expenditure per capita illustrates a continuous rise of welfare state spending, especially in the 1990s. Real expenditure on old age cash benefits per person aged 65 and over increased steadily, but spending on active and passive labour

## **2.1. Unemployment insurance**

In 1974/75, the repercussions of the first oil shock hit Switzerland. GDP dropped and unemployment figures rose temporarily. The decrease of GDP in 1975 and 1976 was strongest within the OECD but remained relatively brief and already in 1977 growth rates took up (Mach 1999: 30). Unemployment peaked in 1976 with a rate of 0.7 percent of the labour force (see appendix) but very soon Switzerland was back to real full employment, mainly by sending foreign workers home (Obinger 1998a: 83). Although unemployment rates were very modest in international comparison,<sup>5</sup> “the experience 1974-75 made clear to the public, that full employment which existed since the late 1930s, cannot be taken for granted in the future” (Armingeon 1999: 179).

As implicated by the economic background and its perception in Switzerland, reforming voluntary unemployment insurance was a clear priority. Apart from being solely a reaction to the recession of the 1970s, creating a new system of unemployment insurance was supposed to be an adequate precaution to a possible worsening of the labour market in the future (Bundesrat 1975: 1563). More specifically, low coverage and bad distribution of risks – resulting in several funds having financial troubles – became important problems which the federal government wished to tackle (ibid: 1654). Although the number of insured persons had strongly increased in 1974, unemployment insurance in 1975 covered only about 32 percent of total wage earners (Année Politique Suisse 1975: 127-128). Bad distribution of risks primarily resulted from the financial independence of funds as well as funds recruiting by branches or regions (ibid: 128). To tackle these problems, the federal government first of all proposed mandatory insurance, which in turn required an amendment of the constitution since until then the federal government was not entitled to create such insurance.<sup>6</sup> The draft provided for mandatory insurance for all employees, which, for the first time, was to be financed not only through employees’ (as before) but also through employers’ contributions. Also, it brought in some active measures. It found the support of the majority of political actors and interest groups and was accepted by the people in a mandatory popular vote in 1976, necessary for constitutional amendments. Replacing voluntary with mandatory unemployment insurance constituted a crucial modification of the Swiss welfare state. Yet, because of unemployment steadily rising, the constitutional revision had already been preceded by several urgency measures, for example prolonging the period of benefit receipt (for details see Année Politique Suisse 1975: 127). Constitutional change re-

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<sup>5</sup> Compared to other OECD-countries, the Swiss unemployment rate had been the lowest in the 1970s (and 1980s) (Armingeon 1999: 179).

<sup>6</sup> Every federal legislative competency has to be explicitly named in the Swiss constitution (Art. 3 Federal Constitution).

sulted in an interim arrangement which was transferred into ordinary legislation in 1982.<sup>7</sup> In addition to what the interim arrangement brought about, the law included measures such as compensation in case of employers' insolvency. The law also provided for a stepwise reduction of benefits after a certain period of time (degression), except for some recipients like elderly unemployed (Obinger 1998b: 82). Put simply, it "combines tight controls with relatively generous benefits" (Obinger et al 2005b: 283).

During the 1980s, unemployment insurance was further modified, both by means of legislative amendment and by ordinances. Unemployed persons benefited from a slackening of mandatory control exigencies and of measures relative to holidays. Employers, on the other hand, profited from higher compensations in case of reduced hours. A minor legal revision primarily modified compensations in case of reduced hours and adverse weather as well as benefit degression (for details see *Année Politique Suisse* 1990: 229).

In 1991 Switzerland was again hit by a recession, which distinguishes itself from the economic crises of the 1970s and 1980s by both its greater length and impact. Economic development stagnated at an average growth rate of 1.1 percent per year. This was followed by budgetary crisis at all three political levels (federal, cantonal and municipal). Federal debts more than doubled (*Année Politique Suisse* 1998: 152). As a consequence, financial reorganisation became one political priority of the 1990s (as well as of the 2000s), which resulted in several saving measures as well as constitutional amendments aiming at balancing the federal budget (see for example Armingeon 2003; Bonoli/Gay-des-Combes 2002; Obinger 1998b). Again, unemployment rose sharply and reached a record high for the whole period since World War II in 1997<sup>8</sup> with 4.1 (5.2 according to the Swiss definition) of the labour force. Crucial to the big rise of unemployment in the 1990s was the fact that the traditional way of regulating labour supply had become less effective because of the introduction of mandatory insurance, the rising number of foreigners with permanent residency permits and modified employment patterns of women (Schmidt 1995). Finally, the expansion of unemployment insurance provided a further incentive for dismissals during the recession, whereby costs were externalised at the disadvantage of unemployment insurance (Obinger 1998b: 86).

Against the background of the recession, increasing outlays and stagnating revenues soon created a deficit in the unemployment insurance compensation fund. As a result, "the scheme was unable to meet its liabilities and had to borrow funds from the general

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<sup>7</sup> Since unemployment had again been rising since 1981, another set of urgency measures had by then also been adopted, anticipating some of the new regulations and entitling the federal government to increase the maximum income subject to contributions (for details see *Année Politique Suisse* 1982: 135).

<sup>8</sup> Unemployment levels were however still low by international standards (Flückiger 1998: 370).

government budget” (Bonoli 1997: 122). In the 1990s, mandatory unemployment insurance was subject to several reforms, all raising contributions.

The 1993 urgent federal decree<sup>9</sup> combined increased social protection with savings, necessary in the face of the bad financial situation of unemployment insurance. More specifically, it brought about a longer entitlement period on the one hand, and on the other hand, a reduction of the replacement rate (from 80 to 70 percent of insured income, except for persons with dependent children or on very low income as well as disabled persons), incentives for temporary employment of unemployed persons as well as a stricter definition of “adequate work” – now jobs with lower wages than insurance benefits were adequate. Despite opposition from both sides of the political spectrum, parliament voted this rather balanced reform and it even survived an optional referendum, launched by the left Party of Labour, targeting first and foremost at the lower compensation rate and the new definition of adequate work.

The fact that the urgent federal decree was limited until the end of 1995 gave the authorities time to prepare a more encompassing reform. The governmental proposal remained in the line of the 1993 federal decree as it seemed able to generate a certain consensus (Bonoli 1999: 67). Here, the governmental draft kept the lower compensation rate as well as the tighter definition of “adequate work”. The most important new elements were the strengthening of benefit degression as well as the taking into account of upbringing for the calculation of the contribution period and a longer period of benefit receipt. But since the governmental proposal was met with vehement critics of labour unions and employers, finding a compromise in parliament proved to be extremely difficult and the revision was much delayed.

As a consequence, parliament voted another urgent federal decree which anticipated some regulations of the proposed revision. Amongst other things, this decree provided that contributions exceeding 2 percent of income were earmarked for reducing the insurance’s debts and a new general waiting period (differentiated according to income).

Reaching a compromise for the general revision of unemployment insurance was much harder but an agreement was finally reached in two steps: First, by including the social partners and secondly by accommodating cantonal interests. While the Council of States – being the first chamber to work on the proposal<sup>10</sup> – accepted the governmental

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<sup>9</sup> These laws come into affect immediately after their parliamentary adoption and therefore cannot be delayed by optional referendum. Still, they have to be temporarily limited. If they are planned to be effective for more than one year, a special referendum applies: In case such a referendum is launched and successful, the decree expires after one year (Linder 1999: 247).

<sup>10</sup> Governmental proposals are first assigned to one chamber of parliament (“Erstrat”). The presidents of both chambers agree on the assignment. If the drafts of both chambers differ after the first treatment, the navette-procedure

draft with only minor modifications, the whole revision process took a new turn in the National Council. Here, the responsible committee set up a working group as it feared that the tense political atmosphere, especially referendum threats from capital and labour, might endanger the whole revision project (Giriens/Stauffer 1999: 117). This working group, which consisted of representatives of capital and labour as well as the federal administration, was able to find a new compromise (Bonoli 1999: 67), based on the concept of active labour market policies: While labour unions accepted some retrenchment in passive unemployment insurance, employers accepted active labour market policy (Armingeon 2003: 182) and higher contributions<sup>11</sup>. The idea was to reduce entitlements to “normal” allowances (except for the elderly), while “special allowances” should only be granted to unemployed persons in training courses, employment programmes, getting self-employed etc. By deciding that participation in active labour market programmes would no longer be considered as a working period, the maximum period of benefit receipt was de facto limited to two years (for details see Bonoli 1999: 68). Before, benefits could be drawn almost indefinitely in case of participation in such programmes. The reintegration places for active labour market policies should be provided by cantons which should at the same time create regional employment agencies to replace municipal ones. Social partners and the federal administration also agreed on a less strict definition of “adequate work” and on an abandonment of benefit degeneration (Giriens/Stauffer 1999: 138). The whole proposal as well as modifications made by its committee - especially the creation of a general waiting period as claimed by the political right - was broadly accepted by the National Council. However, after having accommodated social partners’ opposition, in the Council of States debates now primarily focused on cantonal issues: The number of active labour market places to be offered by cantons, financial compensation in case they offer less and the issue of cantonal non-repayable loans to unemployment insurance. But finally in 1995, cantonal non-repayable loans were abandoned and “cantons accepted that they were to provide a large number of jobs in the context of the active policy, in return for reduced contributions to the unemployment insurance fund and for more flexibility with regard to the absolute number of jobs” (Armingeon 2003: 182). Overall, the shift to active labour market policies was a major transformation of Swiss unemployment insurance. Although a cantonal

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(“Differenzbereinigungsverfahren”) begins, where the draft is again treated (maximum twice) by both chambers of parliament. If differences pertain after three rounds, the conciliation conference (“Einigungskonferenz”) – composed of members of both chambers’ responsible committees – tries to find a compromise which then has to be approved by both chambers.

<sup>11</sup> Apart from generally higher contributions, a new “solidarity contribution” on higher incomes was created but temporarily limited until the insurance’s debt with the government was repaid.

labour union section as well as some unemployment committees tried to attack the revision by referendum, they were not able to collect enough signatures to enforce a popular vote.

While higher contributions allowed the insurance deficit to be absorbed, the increase of expenses provoked by the measures of active labour market policies brought yet again the budget in the red (Bonoli 1999: 68). Within the scope of measures for the re-organisation of the federal budget, another urgent federal decree was voted by parliament in 1996, basically focusing on expenditure cuts (e.g. through lower benefits, stricter definition of adequate work). Optional referendum was launched by a local committee for the unemployed, mainly arguing that the federal government was aiming at the wrong target by focusing on the unemployed instead of fighting unemployment (Wisler/Marquis/Bergman 1997: 17). The result of the popular vote was very narrow, with 50.8 percent of voters rejecting the decree.

Alternative ways to reduce the insurance deficit were settled at informal round table talks with the participation of social partners in 1998. Participants decided that the third income percentage for unemployment insurance – levied since 1996 and supposed to amortise the insurance’s debt – should be levied until 2003. They also agreed on a second solidarity contribution on higher incomes, to heighten the maximum insured income and to make some specific benefit cutbacks (for details see *Année Politique Suisse* 1998: 272).

Already in 1997, the economy started to recover and unemployment levels were falling (see appendix). Based primarily on a rather good economic situation as well as on several saving measures, the situation of the federal budget was getting better and better at the end of the 1990s and the beginning of the new millennium.<sup>12</sup> Still, from 2001 onwards, unemployment was rising again and in 2002, the federal deficit was again higher than in 2001 (*Année Politique Suisse* 2002: 119). As a consequence, more savings as well as expenditure containment programmes were, and still are, on the political agenda.<sup>13</sup>

In 2000, a “mini” technical revision of unemployment insurance was voted by both chambers of parliament. But since the measures for reducing the debts of unemployment insurance – increased contributions to 3 percent and the additional solidarity contributions on high incomes -- expired at the end of 2003 and the insurance had been in the black since 1999 (BSV 2002: 203), a more encompassing revision was put on the

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<sup>12</sup> For details see [http://www.efd.admin.ch/d/dok/faktenblaetter/efd-schwerpunkte/101\\_auslege\\_finanzpol.htm](http://www.efd.admin.ch/d/dok/faktenblaetter/efd-schwerpunkte/101_auslege_finanzpol.htm), 19.04.2005.

<sup>13</sup> For details see [http://www.efd.admin.ch/d/dok/faktenblaetter/efd-schwerpunkte/101\\_auslege\\_finanzpol.htm](http://www.efd.admin.ch/d/dok/faktenblaetter/efd-schwerpunkte/101_auslege_finanzpol.htm), 19.04.2005 and *Année Politique Suisse* (2003: 136-139).

federal agenda. The governmental draft of 2001 aimed at securing financing in the long-run and at rendering the insurance less dependent on the business cycle (Année Politique Suisse 2000: 233). The federal government proposed a general contribution reduction but insisted on maintaining one of the two solidarity contributions on higher incomes. With regard to benefits, the minimum contribution period was doubled — partly because of parallel bilateral agreements with the EU<sup>14</sup> on the free movement of labour — and the maximum entitlement period was reduced, except for elderly employees and recipients of disability and accident insurance pensions. In order to retain a balanced insurance budget over a business cycle, financing of regional employment agencies and active labour market measures was to be modified (for details see Année Politique Suisse 2000: 233; Bonoli/Gay-des-Combes 2002: 35). In contrast to other regulations, the proposals on the solidarity contribution and the reduction of the maximum entitlement period incited vehement attacks from the social partners. In 2002, the two chambers of parliament finally reached a compromise. As to the debated solidarity contribution, a decision was made to abolish it for the time being, but then to oblige the federal government to levy it in case the unemployment insurance fund was facing a debt above 5 billion Francs (Année Politique Suisse 2002: 227). To accommodate left and labour unions' opposition to the proposed reduction of the entitlement period — already threatening with a referendum — the cantons were allowed to raise it temporarily for cantons or regions with high unemployment. However, a cantonal financial participation at 20 percent and a stronger temporal limitation of the period of prolonged benefit receipt had been decided. On the initiative of the Federation for the Protection of the Unemployed (ADC)<sup>15</sup>, a referendum was launched by the most important trade union organisations, which refused benefit cutbacks. The voting campaign was not very fierce since positions had been clearly taken on the left-right scale and since the proposal was overshadowed by a much more polarising people's initiative “against the misuse of asylum” being voted on the same day (ibid.). In the popular vote, the revision was accepted by 56.1 percent of voters.

On the whole, we find several reforms in unemployment insurance during the period under scrutiny, the two most important clearly being the creation of mandatory insur-

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<sup>14</sup> Switzerland has concluded two bilateral agreements with the EU. The first (on the free movement of labour, research, public markets, technical trade barriers, transports and agriculture) was accepted by the people in 2000; the second (on the integration into the treaties of Schengen and Dublin) was accepted in June 2005. In 2005 as well, the people accepted on an extension of the agreement on the free movement of labour to the new EU-member states.

<sup>15</sup> This advocacy group — residing in the canton of Neuchâtel — had already initiated the successful referendum against the restrictive revision of unemployment insurance in 1997.

ance in 1976 and the enhancement of active labour market policies in 1995. The direction of reforms shows a mixed picture. Generally, reforms have been balanced, combining restrictive with expansive measures. On the one hand, coverage was broadly expanded and upbringing periods were taken into account for the calculation of the contribution period. On the other hand, replacement rates were reduced and depend now on social criteria such as disability. Still, they remain generous in international comparison. Targeting was further strengthened as the duration of benefits was reduced, though also tied to social criteria such as age or disability. During the crisis of the 1990s, contributions had been steadily raised but they were lowered again when the economic situation relaxed at the beginning of the new millennium. The only clear retrenchment has failed in the popular vote in 1997.

## **2.2. Health insurance**

Already since the mid-1960s, reforming voluntary health insurance had been an important issue, but all attempts had failed (for details see Wyss/Lorenz 2000: 206). Reform was considered necessary, mainly because of ever increasing health costs, deficits run by health funds and the fact “that solidarity in health insurance had been gradually on the wane” (Maarse/Paulus 2003: 603). Since premiums were related to risk (gender and age at entry) in the enrolment procedure and insurance companies could even reject applicants (Armingeon 2003: 175) so-called bad risks could not easily change funds. What’s more, public subsidies did not increase solidarity for they were granted to the health funds, thereby benefiting all insured (Maarse/Paulus 2003: 604).

Like other social programmes, health insurance was affected by the recession of the 1970s. Back then, as a consequence of the federal budget deficit, the federal government massively reduced its contributions to health insurance (*Année Politique Suisse* 1983: 141). Since several cantonal laws tied their own health insurance subsidies to federal ones, funds lost even more revenues (*Année Politique Suisse* 1989: 208). But since health costs rose at the same time, funds passed them onto the insured via higher premiums. At the same time, the federal government heightened co-payments.

A reform attempt was made in the 1980s with the aim of containing costs in the health sector and creating a universal maternity insurance.<sup>16</sup> The governmental draft of 1981, to this effect, was designed as an indirect counter-proposal to a feminist people’s initiative for maternity insurance launched in the 1970s (see below). The final parliamentary solution tried to create a consensus by deciding important savings in health insurance (e.g. higher co-payments) and the creation of maternity insurance benefiting all mothers as well as higher state subsidies to health funds (*Année Politique Suisse* 1987: 199-201). Two referendum committees attacked the proposal. First, the Swiss

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<sup>16</sup> As early as 1945, the Swiss constitution put the federal government in charge of creating a maternity insurance.

Federation of Trade criticised the creation of maternity insurance, while the second committee predominantly consisted of physicians and persons in charge of private hospitals, fearing too much supervision of patients and physicians by health funds and the federal government (ibid: 201). Although the revision had been supported by the government and most parties, the sovereign clearly rejected it with 71.3 percent of votes. It was generally agreed that maternity insurance was crucial for the rejection (VOX 1987: 19).

Parliament still voted a temporarily limited federal decree in the 1980s which again increased federal subsidies to health funds. On this basis, the government was able to pass several minor reforms by the way of ordinances. This is how – among other measures – the federal government shifted its subsidies to the older generation, restricted the premium difference between the highest and lowest premiums within a fixed region and further extended co-payments – which had already been heightened in 1986 (Année Politique Suisse 1990: 226).

The ill-fated revision of health insurance had been paralleled by two equally unsuccessful people's initiatives. The first – launched by the Swiss Concordat of Health Funds – had claimed higher state-subsidies, the second – put forward by Social Democrats together with the Swiss Federation of Trade Unions – had proposed more radical changes such as a substitution of flat-rate premiums with income-related ones, new employers' premiums, mandatory health insurance and higher state subsidies.

When at the beginning of 1991 health funds threatened to raise premiums by on average 20 percent, the federal government decided that it was time to fight the permanent increase in health costs and the problem of different treatment of different risk groups in premiums, full mobility etc. Since an encompassing revision was thought as being a rather lengthy process, the federal government first acted through several temporary limited urgent federal decrees – as in unemployment insurance in the 1990s (see above). While the measures the federal government proposed to increase solidarity (e.g. higher federal subsidies to cantons to be used for premium reductions for low incomes, prohibition of authorisation for new health funds, and a risk compensation system between health funds) were generally accepted in parliament, cost containment proved to be a much more problematic issue. The proposed (temporary) limitation of tariffs and prices for treatments, hospital stays and drugs in particular as well as of premiums was heavily debated. The final parliamentary compromise was a rather technical one: The proposal was split and the regulations on tariffs, prices and premiums were limited to one year, after which the federal government was to present a new draft, this time more in accordance with cantonal interests. In 1992, the federal government presented this draft. It accommodated cantonal critics and relaxed limits on tariffs and prices in the hospital domain but (temporarily) froze tariffs and prices for the ambulant domain. The proposal

was however crucially altered in parliament. Most important were the creation of a general co-payment for hospital treatments<sup>17</sup> and the addition of exceptions as to when tariffs are frozen in the ambulant domain. The decree was limited to the end of 1994, where an encompassing revision of health insurance was supposed to be accomplished. Because of the new co-payment for hospital treatments, a committee headed by the left Party of Labour launched a referendum. But since it found only the support of the right-wing Lega di Ticino, the revision's acceptance by more than 80 percent of voters in the popular vote was no surprise.

Federal decrees were paralleled by work on a more encompassing reform of health insurance, again aiming at cost containment and more solidarity. The idea was also to adapt coverage of health insurance to the changing needs of the population (Bonoli 1997: 116) via a moderate benefit enhancement. This revision clearly was the most important and radical change to health insurance in the period under scrutiny. A draft was presented by the federal government in 1991. It transferred most parts of the parallel federal decrees (e.g. higher federal subsidies for premium reductions to be supplemented with cantonal subsidies, abolition of discrimination based on gender, hospital co-payment) to ordinary legislation and added important new elements. Most important was the creation of mandatory insurance - including benefits in kind but not sick pay - for the resident population. Other central aspects were full mobility in basic insurance (without restriction, waiting time or financial loss), equal premiums in basic insurance – thereby abolishing all premium differences based on gender, age at entry or health condition – and a prolongation of the (modified) risk equalisation between health funds. This compensation system – in combination with the obligation to contract (Theurl 1999: 351) - was “intended to rule out competition in terms of risk selection and instead to promote competition in efficiency and degree of customer choice” (Bonoli 1997: 117). The draft also provided federal global budgeting and benefits in basic insurance were harmonised and expanded<sup>18</sup> (Gerlinger 2003: 17). For further cost containment, alternative insurance models (like HMOs) and measures on hospital planning<sup>19</sup> were put forward. Parliamentary decision-making proved to be a complicated and lengthy process and in the end the conference of conciliation had to be set up between both chambers. Remaining problematic issues were: measures on premium reductions (especially

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<sup>17</sup> Not applying to children, chronically ill persons and women in childbed.

<sup>18</sup> One of the most important additions to the benefit package is the “cover for services provided in nursing homes and by home nursing organisations (Spitex services)” (European Observatory on Health Care Systems 2000: 57). Additionally, hospital cost coverage was no longer temporarily limited.

<sup>19</sup> Cantons were obliged to develop hospital lists that name which hospitals will be reimbursed by health funds (Wyss/Lorenz 2000: 106).

the share of cantons in financing), federal global budgeting (only for the hospital or also for the ambulant domain) and whether the compensation between health funds was to be temporarily limited. The conference followed the Council of States on most points; an agreement was reached which then found large parliamentary support. As a consequence, cantons were to afford 50 percent of federal subsidies for premium reductions (to take up the whole federal subsidy), global budgeting was again limited to the hospital domain and compensation between funds was only to take place for ten years. One last achievement for the National Council was to push through a new premium for general health promotion and prevention. In 1994 four referendum committees – consisting of health funds and physicians – collected enough signatures for popular vote to take place. Opponents argued that the law was regulating too much, was too strongly oriented towards orthodox medicine, not competitive enough and too expensive for the public purse as well as for the insured (*Année Politique Suisse* 1994: 224). The revision – supported by all governmental parties apart from the Swiss People’s Party – was accepted with a bare majority of about 52 percent of votes. Although about 98 percent of the population had been covered by health insurance (benefits in kind) before (*European Observatory on Health Care Systems* 2000: 77), the “former option for the well-to-do to opt out was abolished by making health insurance mandatory to each Swiss citizen” (*Maarse/Paulus* 2003: 606). Equally important was that now all health funds have the obligation to contract (and without reservations). Finally, premiums can no longer vary according to age or gender. As a consequence of these modifications, Swiss health insurance has slightly moved away from private to social insurance.

Quite contrary to what had been intended, health costs did not decrease after the revision of 1994 and instead rose further, as did premiums (for details see Gerlinger 2003: 27-28). Additionally, federal government had again raised co-payments in 1997. Preceded by heated debates, another (less encompassing) revision of health insurance became effective in 2001. One essential feature of the revision was that the federal government became entitled to make the authorisation of (new) physicians and other non-medical providers -- in the ambulant domain and at the expense of mandatory health insurance – for a limited period dependent on demand. Again, federal subsidies for premium reductions were increased and premiums were lowered for those aged between 18 and 25. For further cost containment, the federal government enacted or modified several ordinances, e.g. obligation to consult a physician of trust before certain treatments and increased control of drug prices (*Année Politique Suisse* 2002: 223).

Parallel to a more encompassing revision<sup>20</sup> – which primarily focused on premium reductions, hospital funding<sup>21</sup> and an abolition of the obligation to contract in the ambu-

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<sup>20</sup> For details see *Année Politique Suisse* (2002: 225; 2003: 239-240).

lant domain but finally failed in parliament in 2003– the federal government enacted in 2002 an urgent (and retroactive) federal decree on the financial participation of cantons in the hospital domain. It was a response to decisions of the Federal Insurance Court (EVK) which stated that cantons had to participate in the financing of mandatory benefits in subsidised or public hospitals also for patients with supplementary insurances, a responsibility the cantons had denied until then. Against the parliamentary compromise – a stepwise introduction of full cantonal participation -- one health fund launched an (unsuccessful) referendum to have full cantonal participation implemented immediately. For lack of a more encompassing revision another federal decree had to be enacted in 2003, aiming at securing the continuous payment of (again higher) federal subsidies to cantons for the reduction of premiums (Année Politique Suisse 2003: 237). In the same year by the way of an ordinance, the federal government expanded mandatory and optional co-payments. Another change obliged health funds to take over the factual costs for care (in nursing homes and at home) in basic insurance instead of just subsidising these benefits (ibid: 207).<sup>22</sup>

However, an encompassing revision was still seen as absolutely necessary. In 2004, the federal government presented a first reform package. It proposed to prolong the risk compensation system between health funds, a freeze of tariffs for care, and a prolongation of the urgent federal decree on hospital financing and the introduction of an insurance card. Another aspect to be dealt with by parliament was again the obligation to contract.<sup>23</sup> On the whole, the draft was mainly about prolonging expiring regulations. The Council of States followed the governmental proposal on all the main points and, because the debated abolition of the obligation to contract was not ripe for decision yet, supplemented it with the maintenance of the authorisation stop for new providers (ibid.). Here, the National Council followed the upper chamber of parliament and in the same year, the rather uncontroversial and unproblematic proposal was voted by parliament without a referendum being launched.

Another revision focused on premium reductions for low incomes. This was a crucial issue as factual premium reductions differed importantly between cantons as it was their decision how much of the federal subsidy they wanted to use and supplement with can-

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<sup>21</sup> This issue is crucial because cantons act as financiers of public hospitals but their share in financing has been decreasing since the beginning of the 1990s, burdening health insurance and resulting in higher premiums (BSV 2000).

<sup>22</sup> For further minor modifications see <http://www.admin.ch/ch/d/as/2003/3249.pdf>, <http://www.admin.ch/ch/d/as/2004/3437.pdf>, <http://www.admin.ch/ch/d/as/2004/5075.pdf> and <http://www.admin.ch/ch/d/as/2004/5401.pdf>, all 04.05.2005.

<sup>23</sup> For details see [http://www.parlament.ch/afs/data/d/rb/d\\_rb\\_20040031.htm](http://www.parlament.ch/afs/data/d/rb/d_rb_20040031.htm), 04.05.2005.

tonal contributions. According to the proposal of the Council of States – finally accepted by the National Council in 2004 -- cantons have to reduce premiums for children and adolescents in training by at least 50 percent for families with low and medium incomes. The competency to set the income limits rests with the cantons.<sup>24</sup> Additional costs are to a large extent to be covered by the federal government.

At the moment, drafts on (higher) co-payments, the obligation to contract and a new financing system for long-term care are either treated by parliament or prepared by the federal government.

Like the 1990s the new millennium witnessed a number of unsuccessful people's initiative in health insurance. Two people's initiatives had been launched by the retail distributor Denner. The first had proposed to decrease health costs by restricting mandatory insurance to hospital costs, the second had aimed at lower drug prices by proposing that funds reimbursed only the cheapest drugs and that drugs registered in countries adjacent to Switzerland should be automatically registered there as well (European Observatory on Health Care Systems 2000: 74). A Social Democratic initiative had proposed to raise value-added tax in favour of health insurance and to replace per capita premiums by premiums related to income and real assets (Année Politique Suisse 2000: 229). Several other initiatives on health insurance were launched but are still pending in 2005.

To sum up, one can say that Swiss health insurance has experienced important changes during the period under scrutiny. On the expansive side, what stands out is the creation of mandatory insurance (benefits in kind) with full mobility, benefit enhancement, the substitution of general public subsidies with (higher) targeted subsidies to low-income groups and the abolition of premiums depending on gender, age at entry or state of health. On the other hand, co-payments – already high in international comparison – were further raised and rebates for optional (higher) co-payments reduced.

### ***2.3. Family policy***

Changes in federal family policy – although being an issue in the 1970s, 1980s and 1990s – have mainly taken place at the beginning of the new millennium. In contrast to health – and old age and survivors' insurance (see below) – family policy did not witness a reduction of federal subsidies. Still, there was not that much to cut back. The second half of the 1970s only witnessed a minor revision of federal family allowances in agriculture – increased coverage and income limits entitling to benefits (Année Politique Suisse 1979: 139) – as well as an (unsuccessful) people's initiative for the creation of maternity insurance covering all treatment costs during motherhood. It had been launched by a feminist organisation and only found the support of Social Democ-

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<sup>24</sup> For details see [http://www.parlament.ch/afs/data/d/rb/d\\_rb\\_20040033.htm](http://www.parlament.ch/afs/data/d/rb/d_rb_20040033.htm), 04.05.2005.

rats and parties of the extreme left. The proposed paternity leave easily served as a pretext for opposition (*Année Politique Suisse* 1984: 145). In 1984, more than 80 percent of voters rejected it, the main reasons being general opposition against the content or the initiators as well as opposition against parental leave (*VOX* 1984: 21). Like the 1970s, the 1980s saw a minor revision of federal family allowances in agriculture, bringing about a general benefit enhancement and a transfer of the competency for future benefit adjustment to the federal government (for details see *Année Politique Suisse* 1985: 151) as well as a tax reform which heightened child deductions (for details see *Année Politique Suisse* 1987: 213). In contrast, attempts to create a harmonising regulation on cantonal family allowances failed. The federal government did present a draft that proposed such allowance for every child, i.e. independent of the parents' professional status, and which it essentially based on a corresponding cantonal initiative (Lucerne). The draft met with strong opposition from most cantons, parties and all employers' organisations. Finally, both chambers of parliament dismissed the initiative.<sup>25</sup>

After another failure of maternity insurance as part of health insurance in 1987 (see above), the topic was put on the federal agenda again by a cantonal initiative (Genève) which had been voted by both chambers of parliament and which claimed the rapid introduction of maternity insurance independent of health insurance. The final governmental draft of 1997 included maternity insurance for all mothers. Reactions were rather mixed with especially bourgeois parties and employers attacking the proposal. Financing was the most problematic issue. Finally, parliament decided that funding was first to come from the important reserves of the existing Income Compensation System scheme for military service.<sup>26</sup> Later on, value-added tax was to be modestly heightened. Parliament also decided to postpone the mandatory popular vote on increased value-added tax – necessary since it demanded constitutional change -- until 2000/2001 where popular votes were supposed to take place on the financing of old age and survivors' as well as disability insurance. As had been announced during parliamentary debates, the conservative Swiss People's Party's youth organisation launched a referendum. Since the people were not able to vote on higher value-added tax before the insurance's creation, it was attacked as a social insurance "on tick" (*Année Politique Suisse* 1999: 271). Another important argument was the extra cost for the public purse, resulting from the additional tax financed basic benefit for low income mothers (*NZZ* 18.01.1999, cited from: Bonoli/Gay-des-Combes 2002: 26). The clear-cut popular rejection was even more surprising for support had been very strong among the political class of the

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<sup>25</sup> Unlike people's initiatives, cantonal initiatives do not entail a popular vote when they are rejected by parliament.

<sup>26</sup> Supporters of this funding proposal argued on the basis of equity principles as women had paid contributions to the Income Compensation scheme since its creation but were not entitled to its benefits.

French-speaking part of Switzerland and more and more employers realised that the proposed insurance would rather disburden them as it would replace existing compensation regulations in collective labour agreements and labour law (Kriesi et al 1999: 34; *Année Politique Suisse* 1998: 271; 1999: 279).

Nonetheless, the issue of maternity insurance was very soon on the federal agenda again. While the federal government had proposed a revision of labour law,<sup>27</sup> individual members of all four governmental parties launched a parliamentary initiative in 2001 which provided a maternity insurance for employed mothers only, with a replacement rate of 80 percent of former income during a leave period of 14 weeks. For financing, the Income Compensation scheme for military service was to be expanded, meaning financing by employers and employees. With its focus on employed mothers only, it was much more moderate than the 1999 version. It found strong approval inside and outside parliament, even among prior opponents of maternity insurance like the Federation of Trade<sup>28</sup> or employers. As a consequence, the federal government dropped its own proposal for a maternity insurance as part of labour law. In 2003, the initiative's proposal was accepted by both chambers of parliament. Almost as could have been expected, a cross-party committee headed by the conservative Swiss People's Party launched a referendum. According to the Swiss People's Party, the constitutional obligation to create a federal maternity insurance was already fulfilled by benefits of health insurance, and a further expansion of Swiss social insurances would be irresponsible with regard to the financial situation of other branches of social provision, especially old age and disability insurance. And additionally there was the fear of higher contributions in the future. Nonetheless, the proposal was accepted by a narrow majority of voters in 2004 and Switzerland finally got a maternity insurance, although a rather modest one. In contrast to the unsuccessful proposal of 1999, this one had also found the support of voters in small and middle-sized cities in the German-speaking part of Switzerland, where a change of tendency had taken place, thereby allowing the adoption of maternity insurance (Allenspach/Kopp/Milic 2004: 35).

After the cantonal initiative (Lucerne) for a federal regulation of family allowances had failed in the 1980s, the topic was brought again on the federal agenda by a Social Democratic parliamentary initiative at the beginning of the 1990s. Based on the initiative, the responsible committee of the National Council developed a draft. The pivotal idea was the creation of a universal (and relatively generous) child allowances. However, opponents outweighed supporters of the proposal (Jaggi 2000: 212). One argument of the opponents was that cantonal regulations were satisfying and that cantons were

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<sup>27</sup> Maternity pay imposed on employers for a period of eight to twelve weeks (Bonoli/Gay-des-Combes 2002: 27).

<sup>28</sup> In fact, its director was among the initiators of the parliamentary initiative.

generally more apt to deal with issues of family policy (Stalder 1996: 261). As a consequence, the committee developed a more moderate proposal: a framework law, setting minimum standards but leaving cantonal competencies for family allowances largely untouched (Jaggi 2000: 211). Benefits were also to be granted to self-employed and non-employed parents (the latter case only happening in a few cantons), but cantons would only have to grant them up to an income limit they set themselves. The (again modified) draft is at the moment being discussed in parliament, while an alternative people's initiative – launched by the labour union Travail.Suisse in 2003 for universal and more generous federal family allowances (Année Politique Suisse 2003: 252) – has not been decided on by the people yet. It should be noted that its high costs make a rejection rather likely.

Apart from family allowances, other family policy proposals are on the federal agenda but so far have not been decided on either. In 2001, two parliamentary initiatives for supplementary benefits for low income families were voted by the National Council. These benefits are supposed to fight family poverty (Année Politique Suisse 2001: 209). The National Council is currently developing a corresponding draft to be presented in 2005.

While decisions still have to be taken with regard to federal family allowances and supplementary benefits for low income families, a Social Democratic parliamentary initiative for temporarily limited federal subsidies for the creation of new day care facilities was successful. It is based on a new federal support competency in family policy (Art. 116 paragraph 1 Federal Constitution), resulting in its turn from an encompassing constitutional revision in the 1990s (for details see EDI 2004: 113-114). Since pre-school and elementary school facilities are regulated at the cantonal and municipal level, the federal government only provides a global credit of 200 million Francs until 2006. However, in the face of the problematic federal budget, federal subsidies are lower and provided for a shorter period than proposed by the initiative. An attempt to massively reduce federal subsidies and to end the programme earlier than scheduled could be fended off by the political left together with the Christian Democrats (for details see Année Politique Suisse 2003: 253).

A tax reform – which amongst other things aimed at disburdening families via higher deductions for children and new day care deductions for working parents – failed in an optional referendum in 2004. The referendum had been launched by left and green parties as well as by eleven cantons with the so-called cantonal referendum.<sup>29</sup> Other aspects

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<sup>29</sup> This was the first time in the Swiss history that the cantonal referendum was launched against a parliamentary proposal. Through the cantonal referendum, eight cantons can enforce a popular vote on a parliamentary law or decree.

of the encompassing reform package – such as proprietary tax or the stamp duty – had been at least equally contended as those on families but opposition against measures on the taxation of families was mainly based on its perception as benefiting the rich (Engeli 2004: 25).

Overall, federal family policy is a field of clear expansion, although starting from a level of social protection quite low in international comparison. The most important change was undoubtedly the creation of a (modest) maternity insurance, followed by the federal subsidies for new child care facilities. Federal family allowances in agriculture, too, have been enhanced during the period under scrutiny.

#### **2.4. Pensions**

Against the background of the federal deficit – a problem as early as the 1960s – and its aggravation in the recession of the 1970s, parliament in 1975 accepted a temporarily limited governmental proposal to reduce federal subsidies to universal *old age and survivors' insurance* (AHV). Also benefits were modestly raised to make up for price increases. The reduction of federal subsidies resulted in the first deficit of the AHV compensation fund (Année Politique Suisse 1976: 132), which led to another revision. The governmental reform objective was twofold: financial consolidation both by increasing certain revenues (primarily new contributions for employed pensioners, higher contributions for the self-employed) and by reducing some outlays (especially by raising women's entitlement age for the couples' pensions and the supplementary pensions for spouses) as well as the maintenance of benefit value by a new indexation mechanism which kept pensions in line with a mixed index of price and wage developments. The reform also included a stepwise rise of federal subsidies, which were to reach their former level in 1982. Although the proposal was not uncontroversial, both chambers of parliament did not want to endanger its compromise character and voted it with only minor modifications. The first referendum ever against a revision of public old age and survivors' insurance was launched by the most conservative wing of the political right, opposing nearly every aspect of the revision, apart from those reducing outlays. Still in 1978, the revision was accepted by two out of three citizens in the popular vote, with the most important argument for those voting in favour being the financial recovery of the AHV (VOX 1978: 7). In contrast, a people's initiative which had been launched by the extreme left and asked for a lower retirement age was rejected on the same day. An analogous left initiative - proposing a retirement age of 62 for men and 60 for women - was rejected by the people in 1988 after having found only the support of some small left parties.

In the 1990s, the public pension scheme was subject to the most important revision of the period under scrutiny. Making the AHV more women-friendly – the main points of critique were the connection of benefits with civil status (mainly through the so-

called couples' pensions<sup>30</sup>) and the lack of provision for informal care – had been on the political agenda since the end of the 1970s. Proposals therefore focused on a reform of the status of women in the AHV as well as on a flexible retirement age. The revision was supposed to remain cost-neutral (no increase of contributions or public subsidies). However, governmental proposals were strongly debated on from the start. In the face of important political polarisation, the revision could not be realised in the 1980s (*Année Politique Suisse* 1985: 9). Finally, in 1990 the federal government presented a modified reform proposal, no longer aiming at a cost-neutral reform as this requirement seemed to block progress towards real gender equality (Bonoli/Gay-des-Combes 2002: 13). With regard to the latter, the draft proposed punctual ameliorations for women and a new widower's pension for those with underage children. Early retirement was proposed with a corresponding benefit decrease. Finally, benefits should rise for beneficiaries with low income thanks to a new pension formula. The main way of financing expansive measures was to raise the contributions for the self-employed. Disappointment of women's organisations and progressive groups was important, as the draft was seen as only putting forward "the minimum requirements needed in order to comply with the constitutional article on gender equality" (Bonoli 1997: 119-120). While the Council of States accepted the proposal without important modifications, things did not go that smoothly in the National Council. In the face of dissatisfaction with the governmental proposal, regarding mainly the equal treatment of men and women, the lower chamber's committee set up a board which was to develop a splitting-model and credits for care and upbringing. With regard to uncontested measures (e.g. new pension formula, separate payment of couples' pensions, amelioration of the situation of divorced women, higher federal subsidies) both chambers of parliament agreed to pre-draw them in a federal decree which became effective in 1993. In the same year, the National Council voted the second and more important part of the revision, based on the board's proposals. The main points were a splitting of couples' pensions entitlements (thereby abolishing the couples' pensions), contribution credits for informal care and a widowers' pension for those with underage children. Conversely, the right-of centre parliamentary majority had been able to push through a stepwise rise in women's retirement age to 64 (Bonoli 1997: 121; Bonoli/Gay-des-Combes 2002: 14) which then was a crucial issue in the Council of States. In 1994, a parliamentary compromise was eventually reached on the basis of the National Council's proposal. The final law also overtook nearly all measures of the preceding federal decree and allowed early retirement, but with a proportional benefit decrease. The biggest labour unions decided to launch a referendum, as

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<sup>30</sup> Pensions for couples were calculated on the basis of the husband's contribution record, unless the wife was entitled to a higher benefit (Obinger et al 2005: 288).

the rise in women's retirement age was in complete opposition with their claim for a general lowering of retirement ages (Bonoli 1999: 66). The situation was problematic for labour unions, left parties and women's organisations since in Switzerland referenda can only decide between the adoption and the rejection of a law, and cannot modify its content. On the one hand, these groups clearly opposed a higher retirement age for women, and on the other hand they had been fighting for more gender equality in the AHV for a long time. Consequently, labour unions supplemented their referendum with a people's initiative "for the revision without a raise in the retirement age". In spite of the referendum, the revision was accepted by about 60 percent of voters in 1995: a stronger approval than had been expected (*Année Politique Suisse* 1995: 245). In contrast, the people's initiative failed in 1998. Another people's initiative – launched by Social Democrats and the Swiss Federation of Trade Unions – had already been dismissed in 1995. The main idea had been to enable public pensions to really secure subsistence of retirees, also lower retirement age was put forward by the initiative. As with the last two people's initiatives for lower retirement age (1978 and 1988, see above), financial objections had been crucial for the initiative's failure (Serdült 1995: 15).

The combination of the federal budget deficit with about 800 million Francs additional costs resulting from the revision of the 1990s (Obinger 1998b: 78) also made old age and survivors' insurance a target of saving measures. In 1994, parliament accepted a reduction of federal subsidies to AHV by 0.5 percentage points. Further saving measures were turned down (*ibid*: 52). In 1995, barely noticed by the public, the revised law on federal taxes became effective which amongst other things made AHV-benefits entirely taxable instead of only 80 percent of the benefit, as before (*Année Politique Suisse* 1995: 245). Additionally, in 1996 parliament allowed the federal government to skip the yearly supplementary federal contribution as scheduled by the 1994 revision until 2002. This contribution had been created in order to compensate the surplus costs resulting from the creation of a more flexible retirement age. However the possibility to retire early was not to be affected (*Année Politique Suisse* 1996: 256).

Apart from savings measures, the government also sought to increase revenues for the AHV. A mobilisation of an additional percentage of value-added tax for AHV - accepted by the people in 1993 - was proposed by the federal government in 1997 and soon voted by parliament. And in 1998, parliament voted a law on taxes on gambling houses, and had these new taxes flow into the AHV compensation fund (*Année Politique Suisse* 1998: 115). Finally, the federal government decided that parts of the scheduled cantonal contributions to the reorganisation of federal finances (500 million Francs in total) were to take the form of higher subsidies to the AHV (*ibid*: 156-157).

Already since 1994 the federal government had been preparing another encompassing revision of old age and survivors' insurance which was to focus on its financial con-

solidation in the long-run and on flexible retirement age. Compared to its predecessors, the final parliamentary compromise of 2003 was rather restrictive, especially for women who were supposed to bear the main burden for the financial consolidation of the AHV (lower widows' benefits and higher retirement age). Social Democrats together with several labour unions decided to launch a referendum, arguing amongst other things that the cutbacks disadvantaged women, although the main reason for the referendum was that the bourgeois parliamentary majority had dropped the regulations favouring lower incomes in early retirement (*Année Politique Suisse* 2003: 228). Although preceding opinion polls had hinted at a failure of the revision in the popular vote, the extent and homogeneity of rejection was nonetheless impressive (for details see *NZZ Online*, 17.05.2004). This is the first time a revision of the public pension scheme has been rejected by the people.

Another increase of value-added tax on behalf of AHV - presented in a separate draft and subject to mandatory referendum since it demanded constitutional change - was also clearly defeated at the polls. It had been strongly opposed by Liberals and Conservatives, business and employers' associations, who all feared negative consequences for the Swiss economy (Engeli 2004: 18).

After retrenching old age pensions via a general revision had failed, the public scheme was still subject to cutbacks owing to general saving measures. In 2003, the special federal contribution for flexible retirement age – part of the revision of 1994 – was abolished and the contribution made for 2003 was compensated by a reduction of federal subsidies to the AHV for 2005 and 2006 (*Année Politique Suisse* 2003: 225).

Another governmental proposal – taking up important elements of the ill-fated revision of 2003 but supplementing it with an early retirement benefit – has not yet been treated by parliament (for details see *BSV* 2005).

Like the 1990s, the new millennium has already witnessed the failure of several people's initiative on AHV in a popular vote. Two of them, by employees' associations and by the Greens, aimed at reversing the raise in women's retirement age as decided in 1994 and combined it with other measures for a lower, uniform and more flexible retirement age. Equally unsuccessful was a people's initiative from the conservative Swiss People's Party, wishing to transfer current and future surplus National Bank gold reserves - no longer needed for monetary policy - to the AHV fund.<sup>31</sup>

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<sup>31</sup> The counter-proposal of government and parliament was rejected as well. It had proposed to transfer the proceeds of the surplus gold reserves to a fund, while the fund's returns should be granted in equal shares to the AHV, cantons and a solidarity foundation (for details see Mahnig/Milic 2002).

*Occupational benefits* as a second pillar of old age protection – with the public old age and survivors’ insurance being the first, private provision the third pillar<sup>32</sup> - had already been playing an important role in the Swiss pension scheme before the 1970s.<sup>33</sup> It was even more so from the 1980s: Its legal anchoring in 1985 and especially its mandatory character not only meant an important expansion of the federal state’s role in Swiss social policy – as occupational provision used to depend on the voluntarism of employers - but also a shift from the principle of minimum protection to status preservation. The legal change of the 1980s was based on a constitutional revision from the 1970s, where the so-called three-pillar-model had won over an enlargement of the public old age and survivors’ insurance as favoured by the political left. Constitutional change had been accepted by the people in 1972 while on the same day a challenging people’s initiative of the left Party of Labour for an expansion of the public AHV was defeated. However, developing the implementing legislation proved to be a difficult – and hence lengthy – process. Problematic issues were the primacy of contributions or benefits, the financing system, the treatment of different generations and the adaptation of benefits to the development of prices. In the face of the rather difficult economic situation at the time of governmental and parliamentary debates, bourgeois parties successfully pushed through a more moderate version than promised at the time of the constitutional revision. Mainly by opting for the primacy of contributions, the constitutional aim of 1972 – a continuation of the accustomed standard of living in combination with public old age and survivors’ insurance – was abandoned for the time being (Tschudi 1993: 13). The resulting occupational benefit plan was a fully funded scheme. It was only mandatory for employees above a certain income level and was supplied for by private and public funds. Financing was solely via contributions of employers and employees.

The very complex law on occupational benefits was soon to cause dissatisfaction and implementation problems, making several adaptations necessary. The expansion of full mobility turned out to be the main problem as it was much debated on, and legislators could feel the pressure through a people’s initiative, launched by the Swiss Society of Commercial Clerks (SKV). Parliament in 1993 agreed on full mobility, though with benefits of exit differentiated according to the age of employees and pension funds being allowed to modify the technical interest rate - which is crucial for the calculation of both benefits of exit and entry - by one percent (for details see *Année Politique Suisse*

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<sup>32</sup> Non-compulsory private provision encouraged by tax-concessions (third pillar) has experienced no major modifications throughout the period under scrutiny.

<sup>33</sup> The most important reasons were the late creation of a public pension scheme (1946) and the fact that until the 1970s public old age benefits had not reached their constitutional aim of securing subsistence.

1992: 231-232). Rather satisfied with this final parliamentary proposal, the SKV withdrew its initiative.

Although occupational benefits witnessed no encompassing revision in the 1990s, they were further affected by other reforms. First, as a result of a change in unemployment insurance, recipients of unemployment insurance benefits became insured in occupational benefits against the risks of death and disability, which meant that an important gap in the Swiss social insurance system was finally filled (Obinger 1998b: 91). In order to finance these benefits, parliament had proposed a general reduction of unemployment insurance benefits. Yet, this proposition had failed in the referendum of 1997 (see above). Secondly, part of accumulated capital can now be pre-drawn in order to amortise mortgages for houses and flats, while the other benefits are reduced accordingly.

Parallel to the unsuccessful revision of the public old age and survivors' insurance of 2003 (see above), occupational benefits were revised at the beginning of the new millennium. The main reform objective was to adapt the system to higher life expectancy (Bonoli/Gay-des-Combes 2002: 18). Based on reactions to a first draft, the governmental proposal of 2000 only focused on coordination with the regulations of the parallel revision of the AHV – equal retirement age for men and women (65), a more flexible retirement age and the creation of a widowers' benefit – and the financial consolidation of mandatory insurance. For saving reasons, the minimum conversion rate - used to convert individual savings into annual pensions – was to be reduced, while the initial idea of increased coverage of part-time workers and lower incomes was dropped from the proposal (*Année Politique Suisse* 1999: 273). Unlike the federal government, the responsible committee of the National Council opted for more far-reaching changes by reviving the idea of increased coverage for part-time workers and workers with low income. This, as well as the decrease of the minimum conversion rate, proved to be the most debated proposals, but eventually a parliamentary compromise was reached in 2003. The final (rather balanced) law combined equal retirement age for men and women (65) and a lower minimum conversion rate with a new widowers' benefit and a lower minimum income needed for mandatory insurance.<sup>34</sup>

In 2003, occupational benefits were subject to pure retrenchment when the federal government for the first time lowered the minimum interest rate in mandatory occupational benefits. Although the federal government is legally entitled to do so by the way of ordinances and a lower rate was seen as necessary by most political actors in the face

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<sup>34</sup> Another – rather technical – revision was voted by parliament in 2004. To tackle the serious problem of insurers' underfunding, it expanded the scope of action for insurers and extended the catalogue of possible measures to end underfunding (for details see *Année Politique Suisse* 2003: 230).

of the stock market slump of 2001 and 2002, this sudden and arbitrary move was criticised. What's more, federal government in 2005 increased early retirement age in occupational benefits from 55 to 58 years.

Means-tested *supplementary benefits* for recipients of public old age and survivors' insurance (as well as disability insurance) benefits were subject to reform in the 1980s and 1990s. A first revision reduced federal subsidies to means-tested supplementary benefits in the 1980s (Année Politique Suisse 1984: 29) while all public subsidies to old age and survivors' insurance (and disability insurance) were now to be federal only (ibid.). Since everyday experience as well as research had demonstrated that supplementary benefits rested in many cases far away from their legally fixed objective of covering the costs of living (ibid: 142), the federal government proposed another draft in 1984, focusing on selective benefit enhancement. Put shortly, the rather balanced revision resulted in higher deductions, especially for recipients living in homes, paying high rents and for those cared for at home. But the revision also brought about a stronger asset-testing and a more pronounced accounting for pension fund benefits (Année Politique Suisse 1986: 164).

In 1995, the federal government presented another reform proposal which essentially aimed at ameliorating the situation of pensioners living at home through higher compensations for housing costs. At the same time, waiting periods for foreigners living in Switzerland were to be reduced and pensioners should be more easily informed about their entitlements to supplementary benefits. Even if it was clear that the revision would result in additional costs, reactions were rather positive. Since several cantons had claimed a stronger federal involvement in financing, an important part of the surplus load was granted to the federal government (for details see Année Politique Suisse 1996: 256-257).

Just as the other set of policies presented in this paper, the Swiss pension scheme has experienced important changes during the period under scrutiny. As regarding public *old age and survivors' insurance*, reforms have been balanced. They were expansive, with the splitting of pensions and contribution credits for informal care as well as the new pension formula favouring lower income groups, but also brought cutbacks, important examples of which are the rise in women's retirement age and the reduction of federal subsidies. The creation and the mandatory character of *occupational benefits* constitute an important expansion of the Swiss welfare state. Later on, we do find the same pattern of balanced reforms as in public old age survivors' insurance. Finally, also *supplementary benefits* experienced enhancing and retrenching changes, but generally the trend is rather expansive.

### 3. Comparative perspective

The questions posed in this paper were whether Switzerland is still expanding its social programmes after the so-called golden age and whether the direction of change varies over the core programmes of the welfare state. When we look at social spending, it is obvious that the Swiss welfare state is not retreating. With regard to qualitative evidence, the picture gets more complex. *Family policy* is a field of clear and important expansion, especially through the creation of an entirely new social programme, maternity insurance. Also, federal family allowances in agriculture have been enhanced during the period under scrutiny and the federal government now subsidises child care facilities. No retrenchment has taken place in family policy, but since Switzerland was a clear laggard in this domain there was not much to cut back. Another social programme which expanded during the period under scrutiny is means-tested *supplementary benefits* for low income pensioners of old age and survivors' insurance (as well as disability insurance). For the other welfare state domains, the trend is less clear-cut. In *unemployment insurance*, reforms have been rather balanced, combining restrictive with expansive measures. On the one hand, coverage has been enhanced by making the insurance mandatory for all wage earners and upbringing periods are now taken into account for the calculation of the contribution period. On the other hand, benefits have been reduced for many beneficiaries and contributions have risen steadily during the crisis of the 1990s (but were recently lowered again). The same pattern of reform applies to *health insurance*. What stands out on the expansive side is the creation of mandatory insurance (benefits in kind) with full mobility, the enhancement of benefits to be covered by mandatory insurance, the abolition of premiums depending on gender, age at entry or state of health as well as the substitution of general public subsidies to health funds with (higher) targeted subsidies to low-income groups. In contrast, co-payments – which were already high in international comparison – were further raised during the period under scrutiny. In public *old age and survivors' insurance*, reforms have been balanced as well: While the insurance now knows a splitting of pensions, contribution credits for informal care as well as a new pension formula favouring low-income groups, cutbacks have also taken place. Examples include the higher retirement age for women and a reduction of federal subsidies. The creation and the mandatory character of *occupational benefits* were an important expansion of the Swiss welfare state, by increasing their coverage and benefits. Later on, the already familiar pattern of balanced reforms can be found in occupational benefits as well: equal retirement ages for men and women and a lower minimum conversion rate on the one side, a new widowers' benefit and a lower minimum income needed for mandatory insurance on the other.

On balance Switzerland has clearly expanded its welfare state, thereby catching up with more advanced western welfare states, by increased coverage (unemployment in-

insurance, health insurance and occupational benefits), higher benefits (especially in family allowances, health insurance and supplementary benefits) as well as the creation of new social programmes, such as maternity insurance or federal subsidies for child care. What's more, we even find an expansion of the federal state's role in Swiss social policy – in contrast to devolution of social responsibilities or supranational standard setting - in unemployment and health insurance as well as in occupational benefits.

#### **4. Conclusion**

The expansion of the Swiss welfare state after the end of the golden age clearly warrants an explanation, attempts at which will be made here. As the description of Swiss welfare state development has already made clear, institutions and more specifically *direct democracy* have crucially shaped the pattern of reform, in that reform packages combined expansion with cutbacks.

Two instruments of direct democracy – the optional referendum and the people's initiative – were of particular importance. Problem pressure – such as increased unemployment levels, federal deficits, financial problems of the unemployment and pension schemes as well as rising costs and declining solidarity in health insurance – made it necessary for the federal government and parliament to seek legislative solutions that would not straight away be overthrown by *optional referenda*. This meant, therefore, minimising the risk of a referendum by accommodating the interests of the various political actors capable of preventing legislative change. Consequently, most reforms balanced the interests of those arguing for a further expansion of the Swiss welfare state – mainly left parties and labour unions – and of those in favour of retrenchment and of the status quo, among others the Liberals, the conservative Swiss People's Party and employers. Finally, cantonal interests and lobby groups had of course to be taken into account. Revisions which did not meet the logic of consensus-building frequently failed in optional referenda.

*People's initiatives* often put pro-welfare issues on the federal agenda. Although none of the many people's initiatives analysed here was eventually accepted in a popular vote (see also table 4 in the appendix)<sup>35</sup> some have had expansive indirect effects, mainly through governmental or parliamentary counter-proposals which accommodated some of the initiators' interests. One example is the initiative of the Swiss Society of Commercial Clerks on full mobility in occupational benefits, which was withdrawn as the initiators were satisfied with the (indirect) parliamentary counter-proposal. Another one is the modernisation of social insurances, which was furthered by the constitutional article on equal treatment (1981), itself an indirect counter-proposal to a people's initia-

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<sup>35</sup> Still, the chance of success for a people's initiative in Switzerland generally rates at only 10 percent (Linder 1999: 259).

tive. Put simply, while the *optional referendum* seems to have moderated both retrenchment and expansion, the *people's initiative* has to some extent furthered pro-welfare issues.

Pure retrenchment measures were also to be found – such as the reduction of federal subsidies to health and old age and survivors' insurance in the 1970s or the increase of co-payments in health insurance or the reduction of the minimum interest rate in occupational benefits. While the former example is rather difficult to account for – and will therefore have to be analysed in more detail in future research - the latter two cutbacks came through *ordinances*, which are not subject to referendum, and not through ordinary legislation. Still, it would be mislead to conclude there is a loop-hole for easy retrenchment since such exclusive governmental competencies are extremely rare.

*Partisan influence* on Swiss welfare state reforms is rather difficult to disentangle. Since the federal government consists of the four major parties and little is known about its decision-making process, partisan influence has to be looked for in other political arenas. While its impact can be seen while looking at direct democracy – some successful left-wing referenda in defence of the welfare state are examples of that - direct democracy is really the main playing field of other political actors, such as social partners or lobby groups. Partisan effects can also be found in parliament, where the National Council, in some important cases, proved to be much more in favour of expansive policies than the Council of States – e.g. for the enhancement of activation in unemployment insurance and for gender equality in old age and survivors' insurance. The reason might be that in the lower chamber of parliament, left parties are better represented.<sup>36</sup>

Finally, for family policy – the clearest example of welfare state expansion – one crucial factor is the convergence of *aims* between three of the four dominant parties (Social Democrats, Christian Democrats and Liberals) (EDI 2004: 137). While Social and Christian Democrats have for a long time been advocating an expansion of federal family policy, the Liberals have had an ever increasing interest in – mainly - reconciling work and family life. The growing shortage of labour and the strong political resistance against increased immigration in Switzerland were some of the reasons why employers, too, realised the importance of conciliating work and family life (Bonoli/Gay-des-Combes 2002: 28). So while problem pressure clearly provided important incentives for reform, institutions and political parties mattered at least just as much for recent welfare state changes in Switzerland.

Finally, it would be misleading to explain the increase of *social expenditure* in Switzerland by policy-decisions alone. Other important factors are situated on the demand side of the welfare state, especially the changing demographic composition of the Swiss

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<sup>36</sup> For an explanation of the under-representation of left parties in the upper chamber see Linder (1999: 95-96).

population (increasing numbers of citizens aged 65 or over) and rising unemployment. Last but not least, the growth in Swiss social expenditure is in part due simply to the way it is calculated: Economic growth rates – i.e. the change in the denominator of welfare effort – directly affect social expenditure. Therefore, rising social expenditure in Switzerland is partly a result of low economic growth (especially since the 1990s), “i.e. no or weak increases in the denominator” (Armingeon 1998: 107).

Put shortly, quantitative as well as qualitative evidence show that Switzerland has expanded its welfare state after the end of the so-called golden age. With regard to the postulated convergence of modern welfare states towards a residual model Switzerland is not a case in point and thereby adds to the already existing evidence against the “race to the bottom” thesis. The existence of direct democracy has prevented a systematic “race to the bottom” (and is likely to do so in the future). The country has rather caught up to the top, with both expenditure as well as specific designs of social programmes (e.g. mandatory insurances, maternity benefits) resembling more and more those of the “mainstream” Continental and Northern-European welfare states.

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**APPENDIX**

**Table 1:** *Unemployment rates in the period under scrutiny: Switzerland and the OECD compared*

<b>Year</b>	<b>CH</b>	<b>OECD average</b>
1975	0.4	3.8
1976	0.7	4.3
1977	0.4	4.6
1978	0.3	5.0
1979	0.3	4.8
1980	0.2	5.2
1981	0.2	6.4
1982	0.4	7.6
1983	0.9	8.6
1984	1.1	8.5
1985	0.9	8.2
1986	0.8	8.0
1987	0.7	7.7
1988	0.6	7.4
1989	0.5	7.0
1990	0.5	6.8
1991	1.8	7.8
1992	2.8	8.7
1993	3.8	9.7
1994	3.7	9.6
1995	3.3	9.0
1996	3.7	9.0
1997	4.1	8.6
1998	3.4	7.9
1999	2.9	7.2
2000	2.6	6.6
2001	2.5	6.2
2002	3.0	6.5
2003	4.0	6.8

*Note:* Unemployment rates as a percentage of total labour force; Source: OECD (1994; 2004).

**Table 2:** Major legislative changes in the period under scrutiny

<b>Unemployment insurance</b>	
1976	Mandatory insurance, new employers' contributions
1995	Enhanced active labour market policies, benefit reductions (depending on social criteria), upbringing taken into account for the calculation of the contribution period
<b>Health insurance</b>	
1994	Mandatory insurance (benefits in kind) with full mobility, equal premiums, benefit enhancement, (higher) targeted state subsidies to low-income groups, higher co-payments
2004	New system of premium reductions for low and medium income families
<b>Family policy</b>	
2002	Federal subsidies for new child care facilities
2003	New maternity insurance for employed mothers
<b>Pensions</b>	
<i>Old age and survivors' insurance</i>	
1994	Splitting of pensions, provision for informal care, higher women's retirement age, new pension formula favouring lower income groups
<i>Occupational benefits</i>	
1985	Mandatory insurance (above a certain income level)
2003	Equal retirement age for men and women, lower minimum conversion rate, increased coverage
<i>Supplementary benefits</i>	
1997	Higher compensation for housing costs, measures to increase take-up

Note: Own compilation.

**Table 3:** *Optional referenda in the period under scrutiny*

<b>Unemployment insurance</b>		
<i>Year</i>	<i>Opposed measures</i>	<i>Successful</i>
1993	Lower compensation rate, tighter definition of adequate work	
1997	Benefit reductions	X
2002	Higher minimum contribution period, shorter entitlement period for employees below the age of 55	
<b>Health insurance</b>		
<i>Year</i>	<i>Opposed measures</i>	<i>Successful</i>
1987	Creation of a universal maternity insurance, more supervision of patients and physicians	X
1993	New co-payment for hospital treatments	
1994	Increased regulation, favouring of orthodox medicine, insufficient competition and too high costs	
2003	Delayed introduction of full cantonal participation in the financing of mandatory benefits for patients with supplementary insurances	
<b>Family policy</b>		
<i>Year</i>	<i>Opposed measures</i>	<i>Successful</i>
1987	Creation of a universal maternity insurance	X
1999	Creation of a universal maternity insurance	X
2004	Creation of maternity insurance, further expansion of the Swiss welfare state, possibility of higher contributions in the future	
<b>Pensions</b>		
<i>Year</i>	<i>Opposed measures</i>	<i>Successful</i>
1978	New premiums for employed pensioners, higher premiums for the self-employed, the new mixed index for the adaptation of benefits and its corollary, the increase of federal subsidies in the AHV	
1995	Higher retirement age for women in the AHV	
2004	Cutbacks at the disadvantage of women, lack of regulations favouring lower incomes in early retirement in the AHV	X

*Note:* Own compilation.

**Table 4:** *People's initiatives in the period under scrutiny\**

<b>Health insurance</b>	
<i>Year</i>	<i>Proposed measures</i>
1992	Higher state-subsidies, limitation of tariffs for medical treatments
1994	Substitution of flat-rate premiums with income-related ones, employers' premiums, mandatory insurance, higher federal subsidies
2000	Restriction of mandatory insurance to hospital costs
2001	Reimbursement of the cheapest drugs only, parallel imports
2003	Increase of value-added tax for health insurance, substitution of flat-rate premiums with premiums related to income, real assets and family situation
<b>Family policy</b>	
<i>Year</i>	<i>Proposed measures</i>
1984	Maternity insurance covering all treatment costs during motherhood
<b>Pensions</b>	
<i>Year</i>	<i>Proposed measures</i>
1978	Lower retirement age of 60 in the AHV
1988	Lower retirement age of 62 for men and 60 for women in the AHV
1995	Enable AHV to secure subsistence of retirees, flexible retirement age of 62
1998	AHV-revision of 1994 without higher retirement age for women
2000	Two parallel initiatives for lower, uniform and more flexible retirement age in the AHV
2001	Creation of an ecological tax to finance lower retirement age in the AHV
2002	Transfer of current and future surplus National Bank gold reserves to the AHV

*Notes:* Own compilation; no people's initiative has been launched in unemployment insurance. \* No people's initiative has been directly successful, i.e. accepted by the people.

## **BIOGRAPHICAL NOTE**

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