

## **SWITZERLAND Country Summary**

### **Introduction and Overview**

Since, in the spirit of its long-time neutrality, Switzerland has chosen to remain outside of the European Union (EU), it does not appear in comparative data series and studies covering the EU countries. Comparative data on Switzerland is available from its membership in the Organization for Economic Cooperation and Development (OECD) or from Swiss reports.

In Switzerland, family policy follows the principles of federalism and "subsidiarity." Accordingly, the higher, more centralized level of government steps in only when the lower one cannot deal with an issue. Thus, social policy tasks are dealt with by municipalities and private organisations, by the cantons and finally by the federal authorities. As a result, individual measures are often fragmented across different government bodies. Article 116 of the constitution requires federal authorities to account for the needs of families in the execution of their tasks. Aside from this general guideline, the article defines federal legislative competence with respect to family compensation funds, i.e. family allowances and maternity insurance (Fux, Forthcoming).

There are 26 cantons in Switzerland (six of which are half-cantons) and within the cantons there is a rich network of communitarian structures that partly compensate for the weakness in the federal state (Fux, Forthcoming). The cantons are sovereign, not merely administrative subdivisions of a central state. The direct-democracy tradition (initiatives and referendums) offers leverage to pressure groups and cantons and impedes new policy initiatives.

Switzerland's early modernization of family and household structures followed its historically early industrialization and integration into world markets. Swiss demography resembles European averages, but many very traditional family values and attitudes persist. Female labor force participation is constrained by gender barriers. Fux and others interpret all Switzerland's unique, mixed story by referring to the early, advanced Swiss economic development, a strong ethnic-linguistic pluralism (four languages, many foreigners, a unique geographic location), and the cultural division between Catholics and Protestants, rural and urban, Swiss. Others also classify Switzerland with the corporatist polities in which at the national-level peak associations of business and labor negotiate and arrive at agreements along with the federal government to avoid conflict and to protect the country's economic interest through shared economic strategies.

### **Government Agencies**

Federal government agencies have limited supervision of the Swiss social protection (welfare) system and administer segments affecting public employees, and some others. Family allowances administered at the federal level have as yet only been introduced for the agricultural sector and federal employees. A federal maternity insurance scheme, prescribed by the Swiss constitution, has not yet been embodied in the law. The cantons have larger

administrative and considerable supervisory responsibilities. Private companies and funds play major roles.

The Federal Social Insurance Office, under the general supervision of the Department of Interior, collects social insurance contributions and pays pensions out of a decentralized network of cantonal, industrial, and federal equalization funds. Within the Federal Insurance Office, the Centre for Family Issues acts as coordinator within the federal government in all areas concerning the family. The Centre for Family Issues is coordinator in some areas of child welfare and research projects and represents the federal view at parliamentary commissions and colloquies.

The Federal Office on Industry, Economic Development, and Employment approves and supervises cantonal, regional, and occupational unemployment funds but the Federal Social Insurance Office supervises contributions. The cantons have executive responsibilities in family policy and also act in sectors where the Confederation has full jurisdiction under the Constitution. Child and family allowances are administered by numerous public and private allowance funds, supervised by cantonal governments. The principle of subsidiarity (public tasks should fall to local authorities provided they are capable of performing them) is an essential criteria for the distribution of power within the state.

## **Demographic and Other Social Trends**

Switzerland's population is a bit over 7.18 million, of which the under-15s are 16.8 percent, the EU average. Similarly its over-65s proportion, 15.8 percent, slightly lower than the EU proportion (16.4). Compared to European trends, the demographic history is stable: marriage rates lower and divorce rates higher than the European average but cohabitation also somewhat above the average; later ages for childbirth; ages at first marriage are higher than the rest of Europe and still increasing; significant numbers do not marry at all; cohabitation is often followed by marriage at time of childbirth. More than half of all children live in households in which the mother stays at home to care the children and the father is a full-time wage earner.

Its total fertility rate (1998) of 1.41 is typical of the EU (1.47) and low. Switzerland too is seeing a growing proportion (40 percent) of young adults (age 29 and younger) opting to live in consensual unions rather than marry. Its out-of-wedlock birth rate of almost 12 percent is increasing but lower than most EU rates. Of Swiss households, (1996), 28 percent were couples without children, 46 percent couples with children and 6 percent lone parents, compared to an EU rate of 7 percent.

Female labor force participation rates are below Scandinavia, but among the higher rates in the OECD. In 2000, 70.6 percent of women were working compared to the EU and OECD averages of just over 60 percent. However, in 2000, over 80 percent of female employment was part-time. The Swiss labor market is described as extremely gender-segregated and working women are disadvantaged by the lack of child care and other policy supports. Youth unemployment and female unemployment were comparatively low in the late 1990s.

## **Social Protection**

The public sector in Switzerland collects 34.4 percent of GDP in taxes (1999), compared to a European average of 41.6 percent and the OECD average of 37.3 percent. It is heavier on personal income taxes and easier on corporate taxes than the European averages. Similarly employee social security contributions are above European averages and employer contributions lower. Government revenue and expenditures as a proportion of the GDP are below typical European patterns in prosperous states.

As a modern and affluent society, Switzerland has developed the major income and tax supports featured in welfare state social protection systems. Indeed, it led with a first child labor law (1815 in Zurich) and in protecting working conditions for pregnant women and allowing them an 8-week maternity leave (1877). As early as 1912, federal family law respected different family traditions, equality between spouses, and the rights of children, whether born in or out of wedlock. However, traditional family structures, subsidiarity principles, and cantonal rights and roles have left the country underdeveloped with regard to several major family policy regimes. Whereas there were early maternity benefits tied to medical care, there were no parental leaves. Child care was seriously underdeveloped. Women were long second-class actors in the labor force, so that arrangements to mesh work and family life lagged. Despite an interest in moving forward, the slow and difficult direct-democracy process has constrained growth and uniform application of family benefits and maternal rights throughout the country.

Historically, Switzerland's public sector social expenditures as a percentage of GDP have been below the OECD average, not surprising given the tendency for this government to claim less of the GDP than the OECD average. However, social expenditure does have a strong place in what government does do. Pensions and disability benefits are areas in which shares of social expenditures are comparatively high for Switzerland (looking at OECD averages).

By contrast, Switzerland's combined public expenditures on family allowances, maternity and other family benefits was 5.1 percent of total social spending, compared to a European average of 6.5. The per child expenditure was below the European average according to a Gornick and Meyers study (2002).

Using the relative measure (50 percent of median income), Switzerland's child poverty is 6.3 percent, the 10th lowest rate in a group of 25 industrialized nations; the comparable elderly rate is 1.8 percent. The poverty rate for children in lone-mother families is 21.2 and in two-parent families, 4.8.

## **Child, Youth and Family Policy Regimes**

### Maternity, Paternity, Parental, and Family Leaves

According to Fux (Forthcoming) fertility decline and economic crisis in the late 1920s initiated a discussion of the economic protection of the family, followed by the introduction of a "family article" in the federal constitution. Under this article the federal government was authorized to introduce national statutory family allowances and to support family housing. "It received an explicit mandate to establish maternity insurance." Although Switzerland led Europe in covering women with its Factory Law of 1877, it had not yet established federal maternity insurance. Maternity insurance benefits are part of several uncoordinated laws: on-kind maternity benefits are covered by compulsory sickness insurance; labor laws regulate the length of leave and in some cases, the circumstances under which a mother is eligible for maternity leave benefits, job-protection during maternity leave is stipulated under labor legislation; and cantonal laws specify the level and nature of maternity benefits.

National legislation on parental leave has been a political issue since 1945. A 1984 initiative (government financing of maternity costs, introduction of parental leave, improved legal protection against dismissal because of pregnancy) was rejected by a substantial majority. The main argument was about costs. Another (1987) plebiscite defeated efforts to introduce maternity insurance within the framework of federal health insurance legislation.

For some time, therefore, childbearing was mostly covered by private health insurance, but government did pay for prenatal checkups and confinement hospital costs. Collective bargaining The Clearinghouse on International Clearinghouse on Child, Youth, and Family Policy at Columbia University agreements, various labor laws, health insurance laws, etc. did protect employed women against dismissal during pregnancy and for 16 weeks after childbirth. Most received at least part of their pay during this period. Federal and canton employees had different leave protections and private sector variations were considerable. There are 11 cantons that have enacted means-tested maternity benefits.

Maternity leave protection is governed by legislative acts at federal, cantonal and municipal (commune) levels, the system lacks uniformity, is unfair and contains numerous loopholes. Labour legislation forbids mothers from working during the eight weeks after childbirth, yet it is not linked to paid maternity leave. Both pregnant women and those continuing to breast feed are further covered by other protective measures: pregnant women, for example, they are forbidden to do night work from eight weeks before their due date. Continuation of salary payment is not guaranteed during the period when pregnant women are legally barred from working. This is particularly true in those sectors for which no collective working convention (CCT) has been negotiated, for example, the hotel and catering business and hairdressers. Payment of salaries for those on enforced leave depends on the length of time worked and on the sector of activity.

Special arrangements may be provided within the collective working conventions. For the first year in service, a minimum of three weeks' paid leave is mandatory. The length of paid leave

rises in proportion to the length of employment, reaching sixteen weeks in many CCTs (Federal Department of Home Affairs, 2002).

Despite four referendums to enact federal maternity insurance, the most recent attempt in 1999 was rejected by 1 (Forthcoming) cantons and 61 percent of the voters. Efforts continue to exist to strengthen maternity leave protection and benefits at the federal level, but have been unsuccessful to date (Federal Department of Home Affairs, 2002).

#### Early Childhood Education and Care (ECEC)

Child care in Switzerland is almost totally the responsibility of the cantons and compared to other European countries, it remains underdeveloped (Fux, Forthcoming). The institutions most commonly providing child care services, such as nurseries, day-care centers and kindergartens) are typically private organizations and subsidized by the state. Nor has the school system kept up with changing family lifestyles and parental work schedules. Employed mothers with children are expected to find individual solutions, relying on private care providers, relatives, and friends to fill the gaps in institutionalized child care. Child-care provision and facilities vary greatly across the country, especially among the three language regions and between urban and rural areas.

There are a few morning-to-evening childcare centres in Switzerland, particularly in German-speaking Switzerland. According to recent surveys, only 2.1 percent of children aged infancy to 14 years are in morning-to-evening childcare places in German-speaking Switzerland and 6.8 percent in French-speaking Switzerland. In the canton of Ticino, where there is wider public provision of morning-to-evening nursery schools, one-third of all children age 14 and under are enrolled (Conference of European Ministers, 1999).

The Swiss Parliament is at present debating a proposal to expand child care facilities through a 10 years federal expansion incentive program.

#### Family and Child Allowances

Switzerland has a comparatively high standard of living, a high income level, and comparatively little poverty. Relative to other European countries, its personal income taxes and social insurance contributions are low and have been for decades. In contrast, the Swiss family allowance system, the core of the country's family policy, has expenditure levels comparable to Europe's poor countries and its grants are modest. The size of allowances (and indeed the system of administration) is varied along religious and linguistic dimensions.

Although there it is acknowledged that parents and the society should share the costs of rearing children, family allowances are viewed as a supplement to family income. Federal law does not define the allowances. Each canton has its own legislation, so that a variety of regulations exist, with different forms and levels of benefits, and varying conditions of entitlement. Only one-third of the allowances are administered or provided by federal or cantonal governments, the remainder by professional or business organizations, even though minimum provisions for the country are defined by law. Comparative data are inevitably limited.

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Under the federal program and most cantonal programs children under age 16 are eligible for the allowances, as are students to age 25. Disabled youths are covered to 18 or 20. Allowances in the mountain regions tend to be higher, as are allowances for third and subsequent children. Many cantons have birth allowances and some replace family allowances with higher vocational training allowances. Some have marriage grants.

In general, entitlement is linked to the occupational situation of the parents. Employees are entitled to family allowances without exception; the self-employed are entitled to them in certain cantons and under certain conditions in nine cantons. People not gainfully employed are entitled to them only in exceptional situations (in the cantons of Valais, Fribourg, Geneva and Jura) (Federal Social Insurance Office, Switzerland, 2002). Federal authorities administer family allowances to small farmers, agricultural employees, and federal employees. Cantons administer family allowances to salaried employees, cantonal and municipal employees, self-employed (non-agricultural profession); and to those not gainfully employed. There are also numerous private insurance funds that administer employment-related family allowances. There have been several unsuccessful attempts to introduce uniform allowances across Switzerland.

Transportation legislation provides free transport for children under age 6 on public and private accommodations and half-fare for those 6-16. Most services also offer reduced family fare.

#### Child and Family Tax Benefits

The federal state, cantons, and municipalities impose taxes; and the federal taxes are the lowest. Despite numerous tax provisions to ease the burdens of the family's child-related costs, their totality shows no more redistributive impact than that from child allowances. In general, total impact of taxes and allowances is such that family help with child-related costs increases with family size and decreases as family income rises (Federal Social Insurance Office, 2002).

Various tax provisions are aimed at abolishing inequities between types of families. The family is the unit of taxation, and the principle is neutrality among family types. There is consideration of lone parents and of dependent children. There are extreme cantonal differences, however, constituting 2 (Forthcoming) systems. Some have child tax credits, some have progressively higher child tax deductions by the number of children, and some cantons allow child care expenses to be treated as earnings-related expenses that are income deductible. The income tax systems include church taxes.

One of issues with regard to the current tax system is that married couples with two incomes are at a disadvantage compared to unmarried couples living together on two incomes. Another area of contention is that child-rearing costs, such as child care, are not tax deductible.

#### Child Support

A 1978 revision of Swiss family law provided for governmental support at the cantonal level for child maintenance in case of divorce. All cantons adopted advance maintenance schemes involving maximum per child payments, many of which limit payments by recipients'

income. On average, local authorities recouped through collecting 57 percent of what they paid out. The "averages" mask substantial cantonal variations in per child payments, waiting periods (4 cantons), means-testing (6 cantons), consequences of non-payment by the ex-spouse (Fux, Forthcoming).

#### Other Child Conditioned Income Transfers

The benefits under the Swiss social insurance and mandatory occupational pension system have the usual protections for child dependents: 'Dependents' supplements for old age pensions at a generous 40 percent level (children to 18; to 25 if a student); dependents' supplements to permanent disability benefits (similar ages and rate); survivor benefits (similar ages and rate, but 80 percent if both parents deceased); survivor benefits in instances of work injury. There are no specific dependent supplements to unemployment insurance, but benefit amounts are 80 percent of last earnings if the insured has dependents or earned less than a fixed sum, or is disabled. Others receive 0 percent of last earnings.

As of 1998, a pension credit can be claimed for raising children from the first child's birth until the youngest child reaches age 16. The credit takes the form of a national income counting towards an annuity that is not calculated until the annuity is payable. For each year devoted to bringing up children, the income equivalent of three times the minimum old age pension is added (Conference of European Ministers, 1999).

Means-tested social assistance (which has a social service component) is a canton or community program and takes account of the presence of children. There are 11 cantons that have benefits for parents in need that are usually maternity-linked benefits paid over a postnatal period ranging from 6 months to three years depending on the canton. Some cantons require that parent(s) look after a child at least 50 percent of the time spent in paid employment to receive the benefit (Conference of European Ministers, 1999).

This is also the case with unemployment assistance, which follows the exhaustion of entitlement to unemployment insurance benefits. There is a system of pension credits for years spent at home rearing children.

#### Child and Adolescent Health

Children and youth are covered equally with their parents in Switzerland's pluralistic systems of insurance, which are based in a long history of legislation. Medical care coverage is compulsory and the law specifies a comprehensive list of services. Fux (Forthcoming) reports that 97 percent of the population is covered. The child and youth delivery patterns vary by region and community but the health results, reflecting both standard of living and health care, show Switzerland with good child health indicators, among the healthiest countries. Given the complexity of coordinating a national health policy within a federalist complex, Radix, the Swiss Health Foundation, has been given responsibility for national coordination of health information and promotion schemes in schools.

Mortality rates for one to 14 year olds are among the lowest in Europe and the most common causes of death are injuries resulting from domestic accidents (for children age one through four) and road accidents (for four to 14 year olds). According to the National Report on

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Switzerland, Switzerland has the highest suicide rate in Europe among 15-19 year olds (Conference of European Ministers, 1999). It is four times higher for boys than girls. To guard against adolescent health problems, some cantons have established "school multiplier" schemes that conduct peer training among adolescents on preventive, multidisciplinary, suicide prevention, and high-risk health behaviors.

School-Aged Children: Policies and Programs

Again, data are limited. The cantonal system is pluralistic and complex but of good quality. As noted expenditures are relatively high. Compulsory education extends to 15 and 98 percent of the 15 year-olds and 9 percent of the 16s are in school. The rates are also high for the 17s, 18s, 19s, and 20s, but the portion in tertiary education is not high (13 percent compared to 40 for the U.S. in these ages.) Immigrant children lag in all phases of the educational system.

There has been statutory authority since 1902 for an extensive program of federal and cantonal grants for students, including those in vocational and agricultural education. Data for the 1970s show 25 percent of students aided. The federal railways offer substantial discounts for children and their families.

Youth

The Switzerland 1999 Report to a meeting of the Conference of European Ministers Responsible for Family Affairs expresses some concern about adolescents, some 10-30 percent of whom have negative health behavior (alcohol, drug, tobacco use, high-risk sexual behavior, accidents, violence). Major causes of death in the 15-19 group are accidents on the road or during leisure activities, followed by suicides. Switzerland has one of the highest suicide rates in Europe for young people. Some cantons have developed special prevention efforts. Nationally, a determination to help young people "find a place in society" takes the form of efforts to promote various types of participation, which "is a deeply rooted tradition in Swiss political life" (Conference of European Ministers, 1999).

Switzerland was one of the fourteen countries participating in the OECD thematic review, From Initial Education to Working Life—Making Transitions Work. For more detail on the transition to working life in Switzerland, see OECD's Background Report on Switzerland.

**References**

Since Switzerland is not a member of the European Union (EU), it is not included in EU data series and comparative studies. We rely on OECD data series and Swiss single-country reports.

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