
The Income of Families

Switzerland is characterized by a comparatively high standard of living, a high income level, and comparatively few poor people. Ever since World War II, household income has grown, even if—on the macroeconomic level—Switzerland was hit harder by the oil crises of the 1970s and the recession of the 1980s. Income differentials between household types are relatively small. By contrast, income and particularly asset inequalities are more accentuated than in most other OECD countries.

The structure of expenditure displays a certain modernization in consumption behaviours. Expenditures for taxes and (social) insurance have remained at a relatively constant and, in comparative perspective, low level since the 1950s.

Taxation in Switzerland is characterized by the fact that beside the federal state also the cantons and the municipalities are entitled to impose taxes. In general, federal taxes are markedly lower than those of cantons and municipalities. Tax policy has a broad spectrum of means to ease the burden of families' child-related costs. However, these features show only minor redistributive effects. In quantitative terms, the total redistributive impact of tax policies is about the same as that of child allowances. Over time, only a slight increase in tax policy incentives favouring families can be observed.

The Swiss system of family allowances shows a confusing heterogeneity of features. Religious and linguistic differences are the most important factors in explaining variations in the amount and administration of family allowances. Although family allowances constitute the most important element in the entire family policy system, the total amount of expenditure is comparable to that of the poorer Southern European countries. Up to now, only about one-third of all family allowances are administered or directly provided by federal or cantonal governments; the rest is the responsibility of private associations (such as professional or business organizations), although minimum provisions are defined by law for the entire country. The complexity of the system is a major reason for the limited availability of valid data that would allow comparative research.

As concerns cash benefits in social security, the old-age pension scheme, the invalidity pension scheme, accident insurance, military insurance, and unemployment insurance do recognize certain demands of families. The occupati-

onal pension scheme and health insurance, by contrast, are a matter of individual contracting. Therefore there are frequently no particular family-related benefits.

PATTERNS OF INCOME AND EXPENDITURE:
HIGH LEVEL OF WEALTH, FEW POOR, BUT HIGH INCOME INEQUITIES

Few representative data are available on income and expenditure of households in Switzerland. Annual surveys conducted since 1950 by the Federal Office for Industry, Trades, and Labour (BIGA) and since 1987 by the Federal Statistics Office (FSO) cover only dependent employees, or less than two-thirds of all private households; the self-employed, farmers, retired people, and others are not taken into account. Data deriving from these sources are furthermore based on a comparatively small sample (480 households in 1987) and are biased in such a way that one- and two-person households are underrepresented (FSO, *Haushalt-rechnungen*, 1988: 8). The first national household expenditure survey to provide information comparable with other European countries was conducted in 1990,¹ but only part of the results have been made available. Due to the scarcity of data, it is impossible to determine developments in income differentiated by household types or socio-economic groups over time.

Switzerland experienced extraordinary economic growth during the post-war period. Though a landlocked country lacking in natural resources, it was rapidly integrated into the world economy, ranking 17th among all industrial nations, 11th in trade, and third among international financial markets. This economic success was not least determined by the fact that manufacturing was not destroyed during World War II and that large capital stocks allowed rapid development of foreign trade. Also the import of cheap factors of production (manpower, capital, and semi-finished products), the concentration on high-quality production and services, and little state intervention (e.g. attractive fiscal policies) based on neo-liberal doctrine undoubtedly had an impact on economic growth until the 1970s. By contrast, the neglected modernization of industry, dependencies related to the strong foreign trade orientation of the Swiss economy, and the arrears in the development of state and welfare policies left Switzerland more vulnerable to the oil crises and recession in the 1970s (Mesmer, Favez, and Broggini, 1986: 827ff.; Linder, 1979: 205).

Patterns of household income reflect this macroeconomic trajectory. Both total and disposable income grew for all households more or less continuously during the post-war period. Growth rates increased in particular during the 1960s, while the oil crisis in 1973 and the recession of 1981 led to stagnation. After that, income indicators again increased, as did disposable household income per capita, though at a lower rate.

TABLE 15. Household income by type of household, Switzerland 1975-86^a

Household type	Income of					Total in- come (in Sfr)	Work in- come (as % of total income)	Savings ^b	Coeffi- cient of equiva- lence
	first earner	second earner	children	other in- come	in %				
Single	90.8	—	—	9.2	100	52,375	90.9	5,161	0.73
Lone parents	79.3	—	0.5	20.2	100	52,375	80.1	2,351	1.37
Couples without children	75.6	16.0	—	8.4	100	77,989	91.6	10,162	1.00
Couples with one child	86.4	5.2	0.5	7.9	100	70,081	92.1	4,436	1.24
two children	87.8	3.9	0.4	7.9	100	72,156	92.1	4,026	1.43
three and more	87.4	3.2	0.7	8.7	100	78,068	91.3	5,479	1.60
<i>All households</i>	<i>85.2</i>	<i>6.0</i>	<i>0.4</i>	<i>8.4</i>	<i>100</i>	<i>71,335</i>	<i>91.6</i>	<i>5,481</i>	

^a Indexed means 1975-86 in Sfr, 1986 = 100, based on household survey data.

^b Savings = income minus expenditures in Sfr.

Sources: J. Deiss, in: Fleiner-Gerster, Gilliland, and Lüscher 1991: 266; Deiss et al., 1988: 55, and computations by Beat Fux.

Table 15 summarizes the results of an in-depth study on the costs of children during the 1970s and 1980s. The authors analysed the income and expenditures of household types by calculating coefficients of equivalence.² The coefficient of equivalence indicates the proportional income a certain household type would need in order to spend—compared with a childless couple (referential category)—an equal proportion of its household budget for expenditures on necessities (i.e. food, clothing, housing, heating, and insurance). This measure allows the costs of children to be quantified.

The most important income is that of the first (mostly male) earner. A significant contribution to household income by a second earner is found only among childless couples. The earnings of children are rather marginal in all categories. Other income sources fluctuate between 8 and 9%, except lone parents who frequently depend on alimony. Income totals are highest among couples with three or more children (not least because of the higher ages of the first earners) as well as among childless couples. By contrast, the income of singles (frequently younger people) and lone parents is lower. Particularly childless couples, often dual

earners, are able save a significant proportion of their income, while the difference between income and expenditures is smallest among lone parents.

The coefficient of equivalence (ce) summarizes the income situation, showing firstly that the financial burden rises with the number of children. A first child reduces the average household income by 1/4 (ce: 1.24), the second child by 1/5 (ce: 1.43), and the third child by 1/6 (ce: 1.60). In addition to family size, the age of the children also has a significant impact: the ce (one-child families) increases from 1.24 to 1.33 if the child is older than 16. The costs of children are generally higher in urban and German-speaking areas. Furthermore, the presence of children makes it more difficult for families to buy their own house or apartment. Of interest are furthermore the findings related to female labour force participation. The coefficients of equivalence become smaller if the income component of the female earner is less than 10% compared to the first earner. By contrast, the increasing expenditures for child care and other services erode these coefficients (couple with one child: 1.47; with two children: 1.75, and with three or more children: 1.95) if the income component of employed women exceeds 10% of the income of first earners. In other words: progressive expenditures for necessities make it rather unattractive for mothers to earn a significant proportion of the total household income (Deiss et al., 1988; Deiss, 1991).

Another study that gives more detailed insight into the overall economic situation of the Swiss population including income, assets, and poverty risk has been conducted by the economist Brigitte Buhmann (1988) and is based on a representative sample of tax register records for 1978, 1980, and 1982. Disposable income in Table 16 means the total income (from work, assets, transfers, and other sources) of a household minus direct taxes. The equivalence income controls for household size.³ Net household assets take into account mortgages and debts. The Gini coefficient (0 = perfect equality in the income distribution; 1 = perfect inequality) measures the the degree of income and asset inequality within each group.

Households of married couples have the highest incomes, and particularly the income of dual-earner families is comparatively equally distributed. Disposable income is smallest and most unequally distributed among widowed persons, in particular among widowed men. Although unmarried and divorced men are better off than divorced women, these differences are statistically not significant.

In terms of the equivalence income, the differences between various subgroups are relatively small. Again, married couples with two earners have the most comfortable income situation, followed by singles and divorced men. Widowed people as well as divorced women have the lowest equivalence incomes. If disposable income increases with household size, the relation is inverse, if equivalence income is taken into account. The household perspective (disposable incomes) shows a more unequal distribution for singles and married

couples, while in the person-related perspective (equivalence income), income of divorced and widowed people is more unequally distributed.

Net household assets vary strongly with marital status and household size, and assets are very unequally distributed in all groups. Nevertheless, married couples, widowed persons, and two-person households have more capital at their disposal mainly because of age-specific accumulation of wealth. The higher value for single women is an effect of the frequency distribution and is not statistically significant.

A closer analysis of the development of household-related incomes (Buhmann, 1988: 165ff.) shows that nominal incomes continuously increased between 1974 and 1982. Deflated figures, however, show a slight decrease between 1980 and 1982. A recently published study (Leu, Burri, and Priester, 1997) showed that the equivalence income increased from 38,560 Sfr in 1982 to 42,260 Sfr in 1992 (deflated figures 1992 = 100). During the same period, income inequality also increased (Gini related to the equivalence income: 1982: .269; 1992: .286). According to this study the structures of income differentials (different household types) did not show major changes.

In international comparative perspective, incomes and assets of Swiss households remain at a very high level (among the highest of the OECD countries). Even the oil crises and recession of the 1970s and 1980s brought no changes in this respect. Incomes and assets, however, are more unequally distributed than in those countries with highly-developed welfare systems (e.g. Sweden and Norway; Buhmann, 1988: 166ff.). In 1992, only Ireland, Italy, the USA, and the UK (out of a sample of 17 countries) showed greater income inequalities (Leu, Burri, and Priester, 1997: 346–50).

Table 16 also provides information on poverty. Broken down by gender and marital status, the risk of relative poverty is markedly lower among households of married couples, especially dual-earner families. Compared with them, all other groups experience poverty significantly more often. Nevertheless more than every second poor person is a married couple, due to the fact that households with married couples are the most common type (70% of the total population). The highest risk of poverty is to be found among widowed men and divorced women. Among those with relatively low incomes, conditions are worst for divorced women, widowed men, and single women. As to household sizes, one-person households as well as four-person households are overrepresented in the poverty population. The difference between group-specific income and poverty is highest among three-person households. Also large families (7+ persons) more often face poverty, although in quantitative terms this group is comparatively small. Furthermore, the risk of poverty depends on age: it is lower among people aged 30 to 60, but higher among younger and retired people. Between 1982 and 1992, there was no increase in relative poverty, and the distribution of poor in

various household types remained surprisingly robust (Leu, Burri, and Priester, 1997: 148). Again, the incidence of poverty is lower than in most other OECD countries, as Buhmann showed for 1982.

Average household income of employees by household size does not show any major differences with regard to sources: work income (first and second earner) is by far the most important, at about 93%; income from capital and rents is fairly marginal (about 1%). The proportion decreases in larger households. The proportion of transfer income fluctuates around 6% independent of household size (FSO, *Verbrauchserhebung 1990, 1992*: 55f.). According to a survey conducted by Leu et al. in 1992 (Leu, Burri, and Priester, 1997: 363), the income (before taxes) of all private households is composed as follows: 74.7% work income (without all contributions to social insurance), 8.9% income from assets, 16% from public and private transfers, and 0.4% from other sources.

In considering the expenditures of employees, it is important to keep in mind the scarcity of data: it is not possible to break down average data by household or family types for the years before 1990, and the small sample sizes of the expenditure surveys cover employees only and exclude the self-employed as well as the elderly population. The available data, however, show a relatively continuous transformation in the structure of expenditure: while in 1950 people spent more than half of their income on food and housing, in the 1960s and early 1970s expenditures for food dropped sharply, falling to about 12% in 1990 compared to 32% in the 1950s. Expenditures for housing remained constant at slightly more than 20% and have figured as the main component in private expenditure ever since 1975. The share for clothing sank by half during the period under observation. By contrast, expenditures for transport and communication, culture and leisure, and private insurance and taxes increased, with expenditures for transport, communication, and taxes growing the most.

Although the proportion of the household budget spent on taxes grew in the early 1970s, it remains comparatively low and significantly lower than expenditures for private insurance. Expenditures for health remained fairly constant at a low level.

Table 17 shows expenditures broken down by household size.⁴ With an increasing number of persons per household, the share of expenditures for food, clothing, and culture and leisure increases, while the share of the budget used for transport and communication and for miscellaneous purposes decreases. With regard to housing expenditures, the table documents a u-shaped differential: for different reasons, both one-person and large households have higher housing expenses. By contrast, the proportion of the household budget used for private insurance is highest among medium-sized families.

TABLE 17. Average annual consumption by household size, Switzerland 1990 (% distributions)

	Household size						All households
	1	2	3	4	5	6+	
<i>Proportion of total monthly expenditures for...</i>							
Food	9.8	12.1	12.7	14.6	15.4	16.6	12.7
Clothing	4.5	4.7	4.9	5.3	5.6	4.9	4.9
Housing	24.6	20.9	22.4	22.5	22.8	24.2	22.3
Health	3.2	3.4	3.2	3.1	3.2	3.8	3.3
Transport/communication	9.7	9.0	9.2	8.4	7.5	7.1	8.8
Leisure	6.5	6.2	6.5	6.9	7.2	7.8	6.6
Miscellaneous	12.1	11.5	9.9	9.6	8.4	6.9	10.6
<i>Total consumption</i>	<i>70.4</i>	<i>67.7</i>	<i>68.8</i>	<i>70.3</i>	<i>70.1</i>	<i>71.4</i>	<i>69.1</i>
Taxes	12.0	13.5	11.8	11.0	12.0	10.9	12.3
Insurance	13.9	16.0	17.2	17.0	16.1	15.6	16.1
Donations and private transfers	3.7	2.8	2.3	1.7	1.8	2.1	2.5
<i>Total</i>	<i>100.0</i>	<i>100.0</i>	<i>100.0</i>	<i>100.0</i>	<i>100.0</i>	<i>100.0</i>	<i>100.0</i>
<i>Total (in Sfr)</i>	<i>3,872</i>	<i>6,380</i>	<i>7,390</i>	<i>7,678</i>	<i>7,784</i>	<i>8,027</i>	<i>6,219</i>
<i>Proportion of total monthly consumption expenditure for...^a</i>							
Food	13.9	17.9	18.5	20.8	22.0	23.2	18.4
Clothing	6.4	6.9	7.1	7.5	8.0	6.9	7.1
Housing	34.9	30.9	32.6	32.0	32.5	33.9	32.3
Health	4.5	5.0	4.7	4.4	4.6	5.3	4.8
Transport/communication	13.8	13.3	13.4	11.9	10.7	9.9	12.7
Leisure	9.2	9.2	9.4	9.8	10.3	10.9	9.6
Miscellaneous	17.2	17.0	14.4	13.7	12.0	9.7	15.3
<i>Total</i>	<i>100.0</i>	<i>100.0</i>	<i>100.0</i>	<i>100.0</i>	<i>100.0</i>	<i>100.0</i>	<i>100.0</i>
<i>% distribution of households</i>	<i>25.2</i>	<i>36.4</i>	<i>14.0</i>	<i>16.2</i>	<i>6.1</i>	<i>2.2</i>	<i>100.0</i>

^a Total monthly expenditures minus expenditures for taxes, insurances, donations, and private transfers.

Source: FSO: *Verbrauchserhebung* 1990, and computations by B. Fux.

The 1990 survey makes it possible to break down private expenditure by socio-economic group, language region, and household size. Among socio-economic groups, with the exception of farmers and retired people, a rather homogeneous structure can be found. For farmers, however, the present distribution of expenditure is quite similar to that of the average population in the 1950s. They use a much higher share of their income for food, and comparatively less for housing

and energy, transport and communication, and miscellaneous purposes. Again, the share for taxes is lower among this segment due to the fact that many agricultural enterprises are comparatively small, particularly in the Alpine region. Retired people spend more money on health, donations, and private transfers, while their expenditures for insurance are much lower. As to the linguistic regions, only minor differences in the structure of private expenditure can be observed.

FAMILIES AND TAXATION:
THE HELVETIC FISCAL HUBBUB

Neither the federal government nor the cantons have any legal authority to provide tax reliefs or deductions with the explicit aim of supporting families or motivating familial behaviour. Most of the tax instruments discussed in this section aim to abolish inequalities either between families (married or not) and single persons, or between single- and dual-earner families.

Public finances in Switzerland are characterized by the sovereignty of the cantons, which have authority to impose taxes on income, assets, and inheritance, among others. The constitution of 1848 delegated authority to the federal state solely for indirect taxes (customs duties). During the First World War a federal non-recurring war tax (*Kriegssteuer*) was introduced and extended until 1935 based on extraordinary powers given to the federal government (*Finanznotrecht*); during World War II, a separate 'defence tax' (*Wehropfer*) was in force, substituting for the wealth tax. More detailed information can be found in Seligman's concise description of the history of the Swiss tax system (Seligman, 1970: 355–63).

In its present form federal taxation has existed since 1941. This so-called defence tax (*Wehrsteuer*), renamed direct federal tax (*direkte Bundessteuer*) in 1981, has been periodically revised.

The direct federal tax and most cantonal tax systems use the family as the unit of taxation, mostly with family defined on the basis of marriage. The total income of both spouses and their children constitutes taxable income. Only legally-separated or divorced spouses are entitled to separate assessment. A federal tax on wealth (included in the direct federal tax) was abolished in 1959, when tax reliefs for married, divorced, and widowed persons came into force. Tax allowances for employed married women were introduced in 1973. Intrafamilial transfers or services are neither taxable nor do they entitle the household to special deductions. Rates of tax on household income are progressive within a legally-fixed frame (ranging from 0.01%–11.5%). The income of singles and married persons is taxed at different rates.

Cantons are free to impose any taxes which are not exclusively a matter of the federal state. In other words: there are 26 different cantonal tax laws. In addition to the cantons, municipalities may also impose taxes. These are regulated either by cantonal law or by municipal directives. Normally, taxes imposed by municipalities are defined as a percentage of the cantonal tax. It is up to each municipality to fix this percentage.

Although federal legislation effective in 1993 was intended to harmonize taxation, cantonal tax laws continue to differ widely both in their basic features and in the tax burden they create. The autonomy of the cantons (and the derivative authority of the municipalities) has led to further problems, such as major differences in tax burdens and legal procedures, and the lack of statistical information (Linder et al., 1978: 576).

The aim of Swiss tax policy is tax neutrality, rather than promoting families in a particular way. On the federal level, inequalities between married and single persons resulting from the addition of the income of all family members and the progressive taxes are balanced in various ways: the direct income tax provides cumulative reliefs for married persons (1959 to 1988), (dependent) children, and other persons in care (since 1941); for insurance premiums, interest from savings accounts (since 1941), the income of employed married women (since 1973), and for lone parents (since 1983). From 1941 to 1958, 1975 to 1982, and since 1990, singles and married people have had different tax exempt minima (Bundesamt für Sozialversicherungen, 1978: 163ff.; Arbeitsgruppe Familienbericht, 1982: 111ff.; Grossenbacher, 1987: 167).

Cantonal tax laws provide a wide variety of procedures to adjust inequalities between different fiscal units (e.g. families, singles, single- and dual-earners, etc.): different tax rates for singles and married persons, fixed deductions from income, deductions as a percentage of fiscal income, and/or deductions as a percentage of the tax burden. In addition, there are also particular procedures for rebalancing the tax burdens of one- and two-earner families: fixed deductions from fiscal income, deductions as a percentage of fiscal income, or a mixed procedure (Basle Model). Since cantons often switch between these features, it is impossible to provide an exhaustive summary of cantonal differences in tax policy, or to give satisfying explanations for cantonal trends. The heterogeneity in this area is based on historical and economic grounds.

TABLE 18 Development of federal tax-rates, exempt minima, and deductions, direct federal tax on income^a, Switzerland 1941-98

Period	Tax rates on income		Tax exempt minima		Tax allowances				
	min. %	max. %	single persons	married persons	per child/supported person	married persons	em- ployed married women	lone- parents	for insu- rance pre- miums/sa- ving in- terests
1941/42	0.400	6.500	8628	12943	1726	—	—	—	1726 ^b
1943/44	0.400	9.750	7717	11575	1929	—	—	—	1929 ^b
1945/46	0.400	9.750	7605	11408	1901	—	—	—	1901 ^b
1947/48	0.400	9.750	7191	10787	1798	—	—	—	1798 ^b
1949/50	0.400	9.750	10809 ^c	14412 ^c	1802	—	—	—	1802
1951/52	0.400	9.750	13693 ^c	17116 ^c	1712	—	—	—	1712
1953/54	0.400	9.750	13564 ^c	16955 ^c	1695	—	—	—	1695
1955/56	0.400	9.750 ^d	13285 ^c	16607 ^c	1661	—	—	—	1661
1957/58	0.400	9.750 ^d	12813 ^c	16016 ^c	1602	—	—	—	1602
1959/60	0.166	8.000	19030	19030	1586	4758	—	—	1586
1961/62	0.166	8.000	18165	18165	1514	4541	—	—	1514
1963/64	0.228	7.200 ^e	18911	18911	1411	4234	—	—	1411
1965/66	0.198	7.200 ^e	20221	20221	2626	5252	—	—	1313
1967/68	0.198	7.200 ^e	18769	18769	2437	4875	—	—	1219
1969/70	0.198	7.200 ^e	17776	17776	2309	4617	—	—	1154
1971/72	0.208	9.025 ^f	19983	19983	2060	4120	—	—	1030
1973/74	0.226	10.450 ^g	16969	16969	2099	4373	3499	—	3499
1975/76	0.226	11.500 ^h	15068	15844	1864	3883	3107	—	3107
1977/78	0.226	11.500 ^h	14672	15429	1815	3782	3025	—	3025
1979/80	0.226	11.500 ^h	13808	14519	1708	3559	2847	—	2847
1981/82	0.226	11.500 ^h	12366	13003	1530	3187	2550	—	2550
1983/84	0.214	11.500 ⁱ	12591	12591	2376	4751	4751	3564	3564 ^j
1985/86	0.214	11.500 ⁱ	12632	12632	2481	4850	4850	3609	3609 ^k
1987/88	0.214	11.500 ⁱ	12291	12291	2414	4719	4719	3512	2195 ^{l,m}
1989/90	0.010	11.500	12623	20526	4105	— ⁿ 5131 ^o	3592	2258	2258 ^{p,q}
1991/92 ^r	0.010	11.500	12900	21300	4300	— ⁿ 5400 ^s	3700	2300	2300 ^{t,u}
1993/94 ^t	0.010	11.500	14000	23300	4700	— ⁿ 5900 ^v	4200	2600	2600 ^{u,w}
1995/96 ^t	0.010	11.500	14000	23300	4700	— ⁿ 5900 ^v	— ⁿ	2600	2600 ^{u,w,x}
1997/98 ^t	0.010	11.500	14900	25100	5100	— ⁿ 6400 ^y	— ⁿ	2800	2800 ^{x,z,aa}

(Notes Tab. 18)

^a Deflated figures (consumer prizes, Index year = 1990); ^b For units with fiscal income < 10'000.-; ^c Including inflation deductions; ^d Rebates on annual taxes taken into consideration: 40% on incomes <500.-, 25% on incomes 501.- to 2000.-, and, 10% on incomes > 2000.-; ^e Rebates on annual taxes taken into consideration: 10% on all incomes; ^f Rebates on annual taxes taken into consideration: 25% on incomes <100.-, 15% on incomes 101.- to 500.-, and 5% on incomes >500.-; ^g Increase of income taxes by 10%; ^h Rebates on annual taxes for married persons taken into consideration: 20% on incomes <200.-, 10% on incomes 201.- to 400.-, and 5% on incomes 401.- to 600.-; ⁱ Rebates on annual taxes taken into consideration: 30% on incomes < 100.-, 20% on incomes 101.- to 400.-, and 10% on incomes 400.- to 900.-; ^j 2970.- Sfr. for Singles, divorced or widowed persons; ^k 3045.- Sfr. for Singles, divorced or widowed persons; ^l 1097.- Sfr. for Singles, divorced or widowed persons; ^m additional allowance of 439.- Sfr. per child; ⁿ Included in tariff; ^o 20% of the lower income, minimum = 2000.- maximum = 5000.-; ^p 1129.- Sfr. for Singles, divorced or widowed persons; ^q additional allowance of 411.- Sfr. per child; ^r not deflated; ^s 20% of the lower income, minimum = 2100.- maximum = 5400.-; ^t 1200.- Sfr. for single, divorced, or widowed persons; ^u additional allowance of 500.- Sfr. per child; ^v 20% of the lower income, minimum = 2400.- maximum = 5900.-; ^w 1300.- Sfr. for Singles, divorced or widowed persons; ^x special regulation for persons without private pensions (BVG); ^y maximum; ^z 1400.- Sfr. for Singles, divorced or widowed persons; ^{aa} additional allowance of 600.- Sfr. per child.

Sources: Federal Statistical Office, *Vierzig Jahre Steuern*, Bern 1974: 156; Federal Statistical Office, *Eidgenössische Wehrstatistik (Statistik der n-ten Periode)*, Bern var. years, Federal Statistical Office, *Direkte Bundessteuer. Statistik der Veranlagungsperiode*, Bern var. years. Federal fiscal administration: *Fiskaleinnahmen des Bundes*, Bern 1997.

The development of federal family-related tax reliefs is documented in Table 18. The figures for tax-exempt minima and the various reliefs have been deflated by the 1990 consumer price index. The range of tax rates, relatively constant until the late 1950s, has been successively expanded during the last three decades. A major increase in the minimum tax-free income of singles and married persons occurred in 1959. This increase took place at the same time the wealth tax was abolished and does not indicate a real family policy dimension. Since then, the tax-exempt minima for singles and married persons have remained in fairly constant proportion. Additional reliefs—particularly those for employed married women—helped correct fiscal discrimination against married two-earner families in particular. Also tax reliefs for children and other dependents show only a slight increase up to 1989. The family policy component in the federal taxation system remains minimal. However, the introduction of allowances for lone parents in 1983 and the increased tax-exempt minima for married persons improved the situation of families in recent times, even if at the same time allowances for married persons have been abolished.

TABLE 19. Cantonal tax reliefs (in Sfr) for children, Switzerland 1940–1995

Indicator	1940 ^a	1950 ^b	1960 ^c	1970 ^c	1973 ^d	1995 ^e
<i>Deductions from taxable income</i>						
Modus	400	500	500	1000	1200	3000
Median	300	400	500	700	1000	2300
Minimum	100	200	250	500	500	2300
Maximum	800	1000	1000	1200	1800	6000
Proportion (min. max.)	8.0	5.0	4.0	2.4	3.6	2.6
Modus in % of GDP/c		12.0	7.2	6.9	5.9	5.9
Number of cantons ^f	19	18	17	20	24	23
<i>Tax credits</i>						
Modus	–	12	20	30	–	–
Median	6	16	18	30	–	–
Minimum	2	12	8	17.5	30	400
Maximum	14	20	24.5	35	30	400
Number of cantons ^g	2	5	9	5	1	1

^a Seven cantons (LU, SZ, FR, SO, SG, VD, NE) provide progressive child deductions; in two cantons (BE, BL) child deductions are means-tested; in two cantons (AR, GR) family deductions depend on the number of children; in GE there are degressive deductions dependent on income; in IR there are different tax-exempt thresholds depending on the number of children.

^b Seven cantons (LU, SZ, FR, SO, SG, VD, NE) provide progressive child deductions; in BL there are degressive deductions depending on income; in AR there are family deductions depending on the number of children; in GE there are degressive deductions depending on income.

^c Seven cantons (LU, SZ, FR, SO, SG, VD, NE) provide progressive child deductions; in FR there is an additional tax rebate for children.

^d Seven cantons (LU, SZ, FR, SO, SG, VD, NE) provide progressive child deductions.

^e Seven cantons (LU, SZ, FR, SO, SG, VD, NE) provide progressive child deductions; in 5 cantons there are progressive deductions; the canton VD provides a family quotient; in GE there are degressive deductions depending on income.

^f In addition, deduction from taxable income are also provided by the federal taxes ('Wehrsteuer'/'indirekte Bundessteuer').

^g The canton SG provides deduction in per cent of the tax amount.

Sources: FSO (Eidg. Steuerverwaltung), Vierzig Jahre Steuern, Bern 1974, and computations by Beat Fux.

Table 19 displays major trends in the tax treatment of children in the cantonal tax laws. The great majority of cantons entitles parents to tax allowances for children. However, the features vary greatly, and cantons have often switched between different features. Seen over time, the net allowances for children have increased. However, seen in relation to GDP per capita, the development remains relatively constant (higher values for 1950 and 1960 are mainly due to outliers (canton Geneva)). The same is true of the proportions between minimum and maximum child allowances. A smaller sample of cantons (n = 1 to 9) entitles parents to tax credits. There is no clear pattern that would explain whether a canton

was choosing this option. Again, the quantitative development is highly correlated with economic growth and indicates no marked increase in family-related transfers.

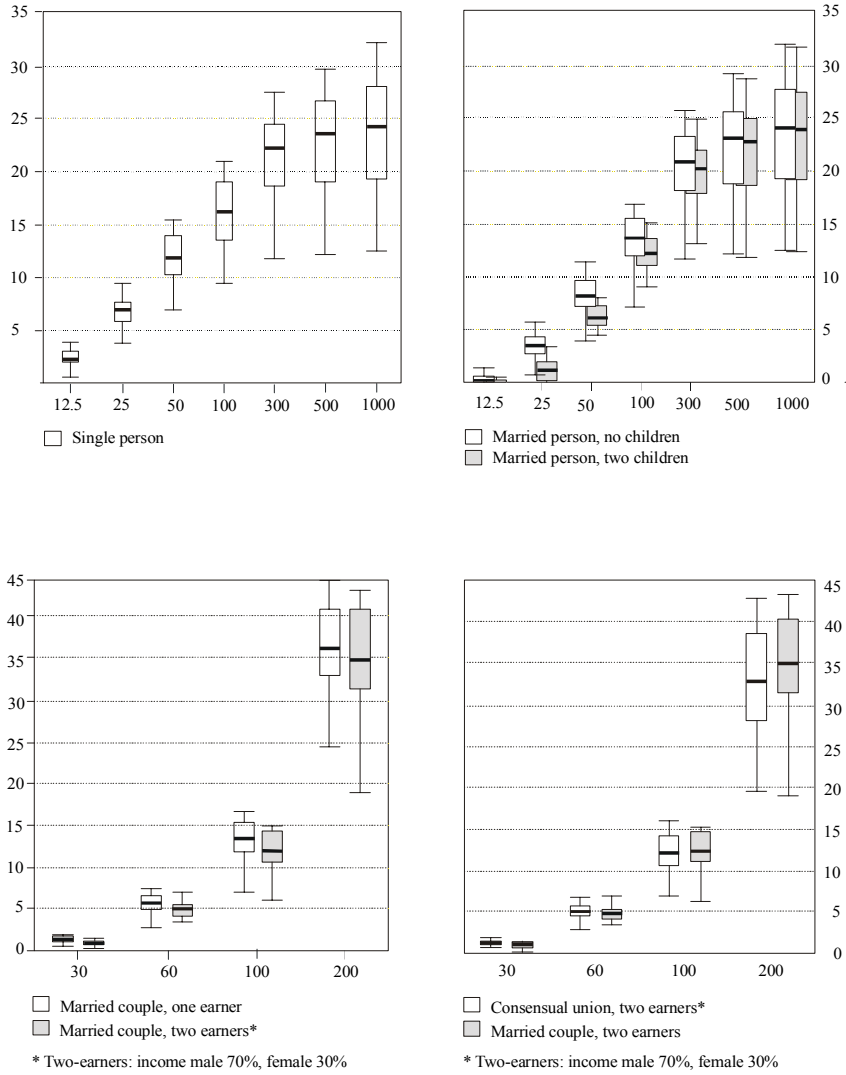
Some cantons (eight cantons in 1973, nine in 1995) provide tax allowances for children which are progressive by parity, an obviously pro-natalist feature. In 1973, these deductions varied between 500 and 1,400 Sfr for the first child, up to 4,000–10,900 Sfr for the seventh child. In 1995, corresponding figures take into account the reduction in the average size of families and differentiate only between children of parity one, two, and three or more. The range of these figures decreased and varies between 2,600 and 4,200 Sfr for first births, and 3,500 to 4,400 Sfr for children of parity three or higher. Catholic and French-speaking cantons predominate among those providing parity-progressive child deductions. Yet there is no perfect correlation with the group of cantons providing higher family allowances (see below).

Although tax policy is more interested in abolishing fiscal inequalities than in promoting family interests, one can assume that there is at least a slight family policy dimension behind the heterogeneity of cantonal taxation systems.

To illustrate the composition of individual tax burdens on income (and wealth) by the three tax authorities (*Steuerhoheiten*): a Protestant single person living in the city of Zurich and earning an annual income of 100,000 Sfr in 1990 owed the federal government (*direkte Bundessteuer*) 4,014 Sfr, the canton of Zurich (*Staatssteuer*) 6,701 Sfr (tax rate = 108% of the standard tax), the municipality of Zurich (*Gemeindesteuer*) 7,322 Sfr (tax rate = 118%), and the Protestant Church (*Kirchensteuer*) 683 Sfr (tax rate = 11%). Of his total tax bill, 21% went to the federal government, 36% to the canton, 39% to the community of Zurich, and 4% to the Protestant Church. A Protestant married person with two children living in the same community earning the same income of 100,000 Sfr in 1990 owed the federal government 2,176 Sfr, the canton 4,498 Sfr, the community of Zurich 4,915 Sfr, and the Protestant Church 458 Sfr. Thus in this case, 18% went to the federal state, 37% to the canton, 40% to the community of Zurich, and 4% to the Church. These relations vary not only by income and family situation but also by place of residence (canton and municipality).

Figure 9 illustrates the variations in tax burdens (cantonal, municipal, and church taxes) between the capitals of the 26 cantons for selected income situations and family types. The graphs do not include variations among municipalities, which are even greater. The range of tax owed markedly increases with the total taxable household income. Further, differences between single persons, married childless couples, and married couples with two children are in most cases smaller than the corresponding intercantonal variations.

FIGURE 9. Box-plots of cantonal variations of tax loads for different family types, by taxable income, Switzerland 1990 (in %, income groups in 1,000 Sfr.)



Source: Federal Fiscal Administration (var. years), *Steuerbelastung in der Schweiz. Kantonshauptorte*, BFS, Bern

The box plots in Figure 9 also show that tax policy in practice follows the aim of providing tax equality between singles and families. There are no significant differences in tax burdens between single- and dual-earner families (independent

of the division of paid work), nor between dual-earner families and cohabiting couples.

Table 20 illustrates that tax policy in combination with child allowances has minor redistributive effects. In general, one can state that help with the burden of child-related costs increases with family size. The amount of relief effected by tax measures is about equal to that of child allowances. Total relief decreases in proportion to a household's fiscal income. There was no marked increase in the total of tax reliefs and child allowances between 1980 and 1994 (see also Spycher et al., 1995). However, drastic regional differences exist which cannot be explained by single variables. Of course, a canton's economic base and its expenditures for infrastructure are of major importance (e.g. Zurich or Berne compared with the wealthy communities of Zug or Stans). Furthermore, cultural and religious factors explain certain family-related differences. To conclude, one can say that redistributive effects to the advantage of families in general are less significant than interregional differences.

TABLE 20. Combined amount of tax savings and child allowances (according to cantonal law) of married persons with children compared to single persons in selected cantonal capitals, Switzerland 1980 (in Sfr)

Cantonal capital	Married person with ... children and gross income of Sfr 25,000			Married person with ... children and gross income of Sfr 50,000		
	0	2	4	0	2	4
Zurich	704	2,854	4,940	1976	4,606	7,140
Berne	680	2,894	5,076	1223	3,641	6,009
Stans	192	2,355	4,710	399	2,764	5,288
Zug	456	3,228	5,785	1015	4,262	7,386
Fribourg	317	2,567	5,235	605	3,180	6,188
Chur	322	2,485	4,581	676	3,218	5,689
Sitten	227	3,029	6,860	630	3,832	8,201
Geneva ¹	1036	3,759	6,713	2002	5,105	8,518

¹ Supposed are 2 children below age 10 respectively 2 children below age 10 and 2 children above age 10.

Source: Arbeitsgruppe Familienbericht (ed.): *Familienpolitik in der Schweiz*, Bern 1982: 124.

FAMILY BENEFITS:
A JUNGLE OF COMPLEXITY

Due to the federalist organization of the country and the predominance of the concept of subsidiarity (the historical role of subnational units and para-state organizations), many of the most important institutions come under the authority of the cantons, the municipalities, or even private organizations and associations. The system of family allowances therefore resembles a jungle of unsystematic complexity.

History and Development of Family Allowances

The major steps in the history and development of Swiss family allowances are documented in Appendix I. The experience of World War I and the accompanying economic crises opened the discussion of public support for families. Two traditions have undoubtedly had a great impact on developments in Switzerland: first, the French tradition of paternalism, that is, private associations and self-help institutions started by social Catholic entrepreneurs. This tradition was strongly based on the social policy theories and corresponding proposals of the French sociologist F. Le Play (see Schultheis, 1988; Fux, 1994). Second, the reception of Pope Pius XI's social encyclicals (especially his 'Quadragesimo anno' in 1931) by the moderate trade unions. Thus, the first steps in implementing family allowances were taken in the French-speaking cantons that partially copied corresponding attempts in France and Belgium. The Catholic cantons were also more conscious of the demand for public support for the family.

The implementation of family allowances started during World War I and took place on three levels: first, business owners offered family allowances to their employees (e.g. the tobacco manufactory Burrus SA in Boncourt); implemented during the war, these were later abolished in most cases. Second, the federal administration and some cantonal administrations provided family allowances for their employees. Third, and some years later, the first family compensation funds (*Familienausgleichskassen*) appeared, initiated by business owners or professional associations. These institutions have persisted up to the present and have hampered attempts to transform family allowance regulations into a universal, publicly-provided system. Private enterprises can be freed from the cantonal family allowance laws as long as their contributions are equivalent to those provided by cantonal law (in 1990, about 14% of the total amount of family allowances was distributed by enterprises exempted from cantonal law, or by offices of private enterprises, see Table 22). The compensation funds (at the national, regi-

onal, or cantonal levels) often act as powerful interest groups. Employees in the communal, cantonal, and federal administration receive their child allowances from separate compensation funds. A federal system of child allowances exists only for agricultural workers and employees in the first sector as well as for people without gainful employment.

After the family article was adopted by the constitution in 1945, the cantons began implementing family allowance laws, with most of them enacted between 1955 and 1965 (see Synopsis 3). The forerunners in this respect were clearly the French-speaking and the Catholic cantons, as Synopsis 3 also illustrates that these two determinants partly overlap (Fribourg, Valais). Cantons that introduced family allowances comparatively late (BE, GL, SO, BL, SH, AR, AG, TG) are predominantly Protestant or mixed and mostly highly industrialized. Since their introduction, family allowances have undergone some revisions in most of the cantons, tending toward fewer restrictions on allowance recipients. Whereas early legislation often contained restrictions on a certain maximum number of children, today no canton excludes the first or second child from receiving allowances, and Catholic cantons tend to provide allowances that are progressive by children's parity.

Family allowances are in principle governed and defined by cantonal law. Because allowances are normally funded exclusively by employers' contributions, however, employers maintain a certain control over the administration of allowances. Larger companies do not have to pay allowances through private or public compensation funds, but may pay them directly to their employees, a practice which is fairly widespread in the German-speaking regions. Other companies use professional funds or are organized in regional or national associations. All other employers have to distribute family allowances through cantonal family compensation funds (*Familienausgleichskassen*) which are co-ordinated by a central administration. Public servants in the federal, cantonal, or communal administration have separate organizations. The same is true for the employees of international organizations.

Making cantonal allowances more uniform has long been under discussion. Despite the recommendations of official commissions charged with studying the issue, differences among the various interests involved have prevented any reform of the system.

Family Allowance Provisions

The following six types of allowances are of major importance:

- regular child allowances;
- educational allowances;
- birth grants;
- child allowances for self-employed farmers and agricultural workers;
- additional household allowances for self-employed farmers and agricultural workers; and
- additional allowances such as marriage grants, available depending on occupation and canton of residence.

Regular child allowance provisions differ widely between cantons with regard to the benefit amount and the age of children entitled to provisions. Furthermore, regular child allowances may be means-tested or may vary by age, parity, and/or educational status of the child. While all children of Swiss citizens are entitled to allowances independent of whether they were born to a married couple or are step-, adopted, or foster children, in some cantons employed foreigners whose children are living in their country of origin may be eligible only for reduced allowances and/or subject to different age limits. In most cases, only dependent employees are entitled to cantonal child allowances. In those cantons where the self-employed also receive child allowances, these are income-tested.

Educational allowances are currently offered by about half of the cantons. In most cases these allowances substitute for ordinary child allowances. Again, these provisions differ according to the above-mentioned characteristics. A smaller number of cantons provides birth grants in addition to the ordinary child allowances; these may be means-tested or dependent on a child's parity. According to federal law, self-employed farmers and agricultural workers are entitled to regular child allowances, educational allowances, and birth grants. These allowances depend on the occupation, canton of residence, and location of the farm (*Talgebiet/Berggebiet*). Self-employed farmers and agricultural workers also receive additional monthly household allowances (*Haushaltungszulage*). Various additional measures, such as marriage grants or breastfeeding allowances, may be available to government employees and residents of certain cantons.

Although in general only employees are entitled to family allowances, federal law passed in 1952 provides farmers and agricultural workers with allowances (*Bundesgesetz über die Familienzulagen für landwirtschaftliche Arbeitnehmer und Kleinbauern; FLG*). Since at the beginning only small farmers in the mountain regions were entitled to provisions, the revised law (1962) includes also small farmers in the plains. Nine cantons (1990: LU, UR, SZ, ZG, SH, AR, AI,

SG, GR) provide family allowances also for self-employed up to a certain income threshold. These thresholds vary between 26,000 and 55,000 Sfr and are, in some cantons, dependent on the number of children. Two cantons (VS, JU) provide allowances for unemployed and low-income persons; additional provisions for people who are disabled, widowed, divorced, pregnant, and so on vary from canton to canton.

In all cantons, the relevant age limit for child allowances is higher for children in apprenticeship or education (in most cantons until age 25). Twelve cantons (1990/93)—all of the French-speaking cantons and some of the German-speaking ones—provide educational allowances which substitute for child allowances and are normally higher (between 12% and 100%) than child allowances. Where child allowances are progressive by children's parity, the same is usually true for educational allowances. All French-speaking cantons and many traditionally Catholic areas also provide one-time birth grants, ranging from 600 to 1,300 Sfr in 1993.

In some cantons, part-time employees, part-time employed lone parents, and unemployed people are entitled to receive allowances; the same applies for employees of foreign nationality living in Switzerland. In some cases they receive lower child allowances or are subject to different age limits. Only 13 cantons provide equal provisions for Swiss citizens and foreigners whose children are living in the country of origin. Allowances for adopted children also vary by canton.⁵

Allowances for first-born Swiss children in 1993 varied between 120 and 280 Sfr monthly (Table 21). Nine cantons provide benefits that are progressive dependent on children's parity. In other cantons child allowances are progressive depending on children's age or a child's ability to work.

Despite attempts to harmonize provisions, the range of disparities has remained rather stable. The development of child allowances has followed roughly the same pattern as overall economic growth, and no substantive increase in child allowances can be observed. Both ratios (child allowances relative to GDP/c; child allowances relative to the average monthly household income) fluctuate around a constant level. Minor deviations result from the date of cantonal adjustments. The same is true for educational allowances and birth grants.

TABLE 21. Cantonal family allowances, Switzerland 1950–1993

	1950	1955	1960	1965	1970	1975	1980	1985	1990	1993
<i>Child allowances (regular)</i>										
Minimum (Sfr)	10	10	10	10	20	50	60	80	100	120
Maximum (Sfr)	25	25	35	35	45	75	130	182	160	280
Modus (Sfr)	10	10	10	15	30	50	70	100	120	150
% of household income	0.9	0.7	0.5	0.5	0.6	0.7	0.8	0.8	0.7	0.8
% of GDP per capita	0.2	0.2	0.1	0.2	0.2	0.2	0.3	0.3	0.3	0.3
Cantons providing allowances	6	9	19	25	25	25	25	26	26	26
<i>Child allowances (children in education)</i>										
Minimum (Sfr)	...	...	25	15	60	80	100	100	120	150
Maximum (Sfr)	...	...	...	85	100	120	150	299	224	320
Modus (Sfr)	...	...	—	—	60	90	150	120	120	170
% of household income	...	...	—	—	1.2	1.2	1.6	1.0	0.7	0.9
% of GDP per capita	...	...	—	—	0.4	0.4	0.6	0.3	0.3	0.4
Cantons providing allowances	0	0	1	3	5	5	6	10	13	13
<i>Birth grants</i>										
Minimum (Sfr)	100	100	100	100	100	100	300	200	500	600
Maximum (Sfr)	...	...	175	365	460	500	600	675	750	1300
Modus (Sfr)	...	...	—	—	—	—	300	600	600	600
% of household income	...	...	—	—	—	—	3.2	4.8	3.6	3.1
% of GDP per capita	...	...	—	—	—	—	1.1	1.7	1.3	1.2
Cantons providing grants	1	2	2	3	4	6	9	11	11	11

Sources: Federal Office of Social Insurance, *Die Entwicklung der kantonalen Familienzulagen 1943–1969*, Bern 1968 (mimeo); Federal Office of Social Insurance, *Arten und Ansätze der Familienzulagen*, Bern various years, computations by B. Fux.

Expenditures for Family Allowances

Little information is available on the development of expenditures by the various types of institutions providing family allowances, because of the complexity of the system and the great autonomy of the providers. Surveys from 1937 to 1990 have attempted to give an account of all federal, cantonal, and private organizations. Shown in Table 22, their results, though hardly comparable, help document the development of expenditures and coverage.

TABLE 22. Expenditures on family allowances, Switzerland 1937–1990

	Federal government		Canton		All institutions ^a	
	mill. Sfr	% of GDP	mill. Sfr	% of GDP	mill. Sfr	% of GDP
1937	...	...	...	...	1.1	0.01 ^b
1943	...	...	...	...	18.1	0.15 ^b
1958	...	...	...	...	42.4	0.20
1960	16.9	0.05	19.9	0.05	—	—
1970	50.1	0.06	121.8	0.13	—	—
1983	73.0	0.04	476.1	0.23	2000.0	0.98
1990	109.5	0.03	819.1	0.26	2897.2	0.92

^a Including federal government, canton, public sector, private enterprises, regional funds.

^b As % of NDP.

Source: Federal Office of Social Insurance and computations by B. Fux.

In 1937, at the beginning of the political debates on implementing family protection incentives, 44 companies (mainly in the metal and chemical industries, in watch and paper production, and in the private transport sector, and most located in western Switzerland, in the cantons Vaud, Fribourg, and Geneva) offered allowances to their employees. These companies employed about 17,000 people and provided family allowances for approximately 13,000 beneficiaries in the total amount of 1.1 million Sfr.

In 1943, a second survey counted 101 registered private institutions: 18 national associations of 5,908 employers with 168,509 employees provided allowances for 47,331 beneficiaries; and another 83 institutions on the regional level with 25,567 employers, 77,090 employees, and 18,765 beneficiaries (indicating a great variation in the average size of these institutions). The total amount of allowances was 18.1 million Sfr. Again, the majority of these institutions was located in the French-speaking part of Switzerland; in the canton Vaud alone there were 73 associations which provided allowances for about 40,000 children.

Data from surveys in 1949 and 1958 are incomplete. Information provided by the Federal Office of Social Insurance and dated 1951 speaks of a total of 700 associations that were legally recognized: namely 168 compensation funds (*Ausgleichskassen*) of private enterprises (77 in Vaud, 44 in St Gallen, 31 in Lucerne, 15 in Zurich, and one in Nidwalden). Furthermore, 525 professional and interprofessional associations (mainly located in western Switzerland and in the industrialized and Catholic areas) and 7 organizations (six of them only in Lucerne) for public servants were counted. No information exists regarding the number of employers, employees, nor the total amount of allowances.

The raw data of the 1958 survey have also been lost. All we know is that 178 associations answered the questionnaire. Only 25 of them covered persons from more than one canton. The total number of employees was 138,418 persons and the total amount of allowances 42.4 million Sfr.

The results of the 1983 survey have been published by the Federal Office of Social Insurance (ZAK 1985: 599–604) and were reanalysed by Gilliand and Cuénoud in 1994 (FSO 1994b, *Politique familiale et budget social de la Suisse*: 48ff.). Major differences exist between these two sources due to various methodological problems in the 1985 computations.⁶ The total of allowance expenditures for 1983 is estimated at two billion Sfr spent on 1.4 million children below age 16 and 45,000 children aged 16 to 25. Regarding the regional distribution of allowance associations, the French-speaking areas remained overrepresented although the differences between the linguistic regions had shrunk.

The 1990 survey shows a slight decrease in the number of institutions providing family allowances. The number of cantonal offices remained stable at 25, while the number of regional compensation funds (*Ausgleichskassen*) dropped by over 10% to 209. By contrast, the number of national institutions slightly increased to a total of 621 offices. These three types of institutions provided a total of 1.77 billion Sfr compared to 1.13 billion Sfr in 1983. The overall sum of family allowances based on extrapolations adds up to 2.9 billion Sfr, as shown in Table 23.

Nearly half of the total expenditures (47%) are made by private institutions; governmental expenditures add up to a third of the global expenditures (34%), and expenditures for public servants and employees of international organizations make up the remaining 19%.

Looking at the net expenditures of the federal government and the cantonal family allowance offices, one can see a continuous increase over time. Due to the shrinking number of farmers, governmental expenditure as a proportion of GDP has remained rather stable since 1960. In contrast, the net expenditures of the cantonal family allowance offices grew continuously. Looking at the few years for which estimates of the overall expenditures are available, we notice a slight increase. The total amount of expenditures, however, adds up to only 0.9% of GDP in 1990, though if all expenditures related to maternity and the family were included (except for tax deductions), the ratio would increase to 1.1% of GDP (see FSO 1994b, *Politique familiale et budget social de la Suisse*, 1994: 147). This is markedly lower than the European Union average of 1.9% of GDP/c (EU 1990). Switzerland stands approximately on the same level as Italy or Portugal; only Greece and Spain show lower ratios.

TABLE 23. Expenditure on family allowances by institution, Switzerland 1990

	million Sfr	%
Federal government	110	3.8
Public family allowance offices	854	29.5
National cash-offices	520	17.9
Regional (cantonal) cash-offices	450	15.5
Family allowance offices of private enterprises	40	1.4
Enterprises exempted from cantonal law (French part)	5	0.2
Enterprises exempted from cantonal law (German part)	350	12.1
Federal administrative organizations	264	9.1
Cantonal administrative organizations	177	6.1
Communal administrative organizations	100	3.5
Family allowance offices of international organizations	20	0.7
Family allowances for unemployed people	6	0.2
Family allowances for people without gainful employment	0	0.0
Cantonal funds 'Pour la famille'	1	0.0
<i>Total family allowances</i>	<i>2,897</i>	<i>100.0</i>
Administrative costs	87	
<i>Total</i>	<i>2,984</i>	

Source: FSO 1994.

A federal social budget (Table 24) showing the receipts and expenditures of the different branches of the social security system is planned. Up to now it has therefore been extremely difficult to collect data showing nation-wide developments in this area. To conclude, I shall document the relative weight of family allowances within the entire system of social security.

The figures in Table 24 show that family-related policies are relatively marginal within the entire system of social security. Compared with the major components of the social security system (old-age pensions, professional provisions, and health insurance), the total public benefits provided for families figure around one billion Swiss francs, or less than 2% of the Swiss social budget. The total amount of family-related expenditures (including the para-governmental allowances, maintenance advances (38 million Sfr in 1990), and tax deductions (about one billion Sfr in 1990) adds up to about four billion Swiss francs (FSO: *Politique familiale et budget social de la Suisse*, 1994b: 141), or 1.1% of the GDP/c in 1990, as noted above. The table also shows the particular organization of family allowances, since public expenditures in relation to all family allowance expenditures add up to only about 10%.

TABLE 24. The social budget, Switzerland 1985–1995 (% distribution)

	1985		1990		1995	
	% ^a	% ^b	% ^a	% ^b	% ^a	% ^b
<i>Total expenditures (in million Sfr)</i>	<i>(44,869.0)</i>		<i>59,377.0</i>		<i>87,983.0</i>	
Old-age pensions (AHV)	32.6	20.0	30.9	20.0	27.8	19.6
Additional pension benefits (EL to AHV)	1.3	100.0	1.9	100.0	1.8	100.0
Disability insurance (IV)	6.7	50.0	7.0	50.0	7.8	48.1
Additional disability benefits (EL to IV)	0.3	100.0	0.5	100.0	0.7	100.0
Occupational provisions (BV)	26.3 ^c	0.0	26.5	0.0	26.3	0.0
Health insurance (KV)	17.5	17.3	19.0	17.2	18.5	17.2
Accident insurance (UV)	6.7	0.0	7.0	0.0	6.5	0.0
Soldiers' wage claim scheme (EO)	1.6	0.0	1.5	0.0	0.7	0.0
Unemployment insurance (ALV)	1.5	0.0	0.8	0.0	5.6	0.0
Family allowances (FZ)	5.9 ^c	2.3	5.0	3.3	4.5	3.2
Total	100.0		100.0		100.0	

In Brackets: Values not strictly comparable.

^a Related to total expenditures.

^b Public expenditures as a percentage of total expenditures.

^c Figures for 1987.

Sources: Federal Office of Social Insurances(ed.): Schweizerische Sozialversicherungsstatistik 1997. Gesamtrechnung, Hauptergebnisse und Zeitreihen, Berne 1997.

This relative marginality is also reflected in attitudes: while 93% of the population agrees that 'the government is responsible for old-age insurance', only 21% agrees that 'the government should make it possible for a couple to have the number of children it wants'. Even if other aspects of family policy besides the pro-natalist ones (such as making it easier to reconcile work and family obligations, or encouraging female employment) were better received, they still do not enjoy the much higher acceptance of health or housing policy, for example (Fux, 1994: 6).

FAMILY-RELATED CASH BENEFITS IN SOCIAL SECURITY

The Swiss welfare state system grew gradually and reflects the complexity of the political system, with branches that have developed over the course of history and vary widely in their organization, provision of benefits, and funding. The current system is based on a three-pillar concept: compulsory state provisions for

old age (AHV) and invalidity (IV) together with supplementary benefits form a first pillar which is intended to guarantee a minimum existence. A second pillar is the occupational pension scheme, established by occupational organizations through the planned occupational pensions act (BVG). This law called for compulsory membership at particular income levels in order to guarantee, along with the AHV/IV, the continuation of the prior level of living. In conjunction with these two pillars, the third pillar, private insurance and individual savings, was to ensure a continuing standard of living with positive state intervention through suitable fiscal and ownership policies.

The relevant branches of the Swiss welfare system are:

- the federal old-age and survivors' insurance (*Alters- und Hinterlassenenversicherung*, AHV), including supplementary benefits (*Ergänzungsleistungen zur AHV*);
- the invalidity pension scheme (*Invalidenversicherung*, IV) including supplementary benefits (*Ergänzungsleistungen zur IV*);
- the occupational pension scheme (*Berufsvorsorge*, BVG);
- health and accident insurance (*Kranken- und Unfallversicherung*, KUVG; *Unfallversicherung*, UVG);
- accident insurance (Schweizerische Unfallversicherungsanstalt, SUVA);
- unemployment insurance (*Arbeitslosenversicherung*, ALV); and
- military insurance and income compensation scheme for soldiers and members of civil protection (*Militärversicherung*, MV; *Erwerb ersatzordnung*, EO).⁷

Due to the principles of federalism and subsidiarity, manifold interrelations exist between the welfare state on the federal level, the cantons, and private organizations. This might explain the weak role of the federal government as well as the comparatively late development of basic welfare institutions. It also has an impact on family-related aspects within these types of insurance.

In the following I shall discuss the family policy implications of these institutions. However, the division of responsibilities between the federal state, the cantons, and private organizations as well as the lack, once again, of available data make it impossible to draw an exhaustive picture of family-related benefits in the social insurance system.

The old-age and survivors' pension scheme (AHV) is the most important in terms of public expenditures and coverage. This pension scheme was implemented in 1948, after a compulsory old-age pension scheme was rejected by plebiscite in 1931 (*Lex Schulthess*). Since 1948, the legislation of the AHV has been revised ten times, and an eleventh revision is being discussed.

Employees between age 17 and retirement age (men 65, women 62) are liable to contribute 4.2% of their wages to the funding of the scheme. Employers pay an

additional 4.2%. A lower rate (4.2 to 7.8% dependent on income) applies to self-employed whose income exceeds 33,100 Sfr. Employed children under age 17, married women and widows without paying jobs, and apprentices under age 20 do not have to pay contributions. All kinds of family allowances as well as private transfers to relatives are exempt from such contributions. Wage contributions cover about 80% of the costs of the AHV, and the rest is financed by public contributions, mainly from indirect taxes on tobacco and alcohol.

The demands of families are also accounted for in the benefits: married couples are entitled to 150% of the standard pension (*einfache Altersrente*), widows to 80%, children to 40% if one parent is deceased and 60% if both parents are deceased. Spouses who are entitled to a standard pension receive an additional 35% from age 45 to 60 when the couple gets the full pension. Children of retired persons are entitled to 40–60% of the standard pension. Until 1978 minimum and maximum thresholds for the monthly pensions were determined by legislation; since then these amounts have been set by the arithmetic mean of the consumer price and the wage index.

At a minimum standard of 970 Sfr in 1996, these pensions are rather low, although supplementary benefits were added in 1966. These means-tested supplementary benefits are given to those individuals whose income is below the level of minimum existence. Recipients must apply for supplementary benefits separately. These are provided by the cantons which in turn can be reimbursed by the federal government for 30–70% of their expenditures (depending on the canton's economic situation).

In 1925, the federal government was given the authority to introduce an invalidity pension scheme. Although a certain delay in the introduction of the old-age pension was planned, the invalidity insurance (IV) did not come into force before 1960. Regarding its organization, contributions, and pensions, it is very similar to the old-age insurance. Priority is given to re-integrating beneficiaries into the labour market. One can distinguish between contributions to institutions that are engaged in this field and contributions to individuals in the form of either pensions or daily benefits (*Taggeld*). The benefit amount of pensions is equal to those in the old-age insurance. Daily benefits equal those in the income compensation scheme (see below). The scheme is funded by contributions of employees and independents (1.2% of employee wages, equally divided between employee and employer; the contributions of self-employed amount to 0.754–1.4%, dependent on income). Again, there are means-tested supplementary benefits similar to those granted in the old age pension scheme.

The legal basis for the second pillar, namely the general occupational pensions scheme, was adopted in 1972 (Art. 34^{quater} of the federal constitution). The roots of this type of occupational insurance, however, are to be found in the nineteenth century. In 1941 about 370,000 persons were already participating in mainly pri-

vate organizations. In 1981 there were about 17,700 of these organizations. The government was therefore forced to respect them as it legislated a compulsory occupational pension scheme in 1985. The general occupational insurance scheme is linked to one's employment and has no particular family policy implications, with the exception that widows and children of beneficiaries are entitled to pensions.

The accident insurance (SUVA) was already implemented in the social security system in 1913/15. In contrast to the health insurance, here a federal institution exists, the Schweizerische Unfallversicherungsanstalt (SUVA) located in Lucerne. For a long time, it covered only industrial employees in higher-risk occupations, covering costs of nursing and funerals and providing pensions and compensation for lost wages. These provisions are not dependent on marital status nor the number of children. SUVA covers both work-related and non-work-related injuries and death, with premiums paid by employers (for work-related coverage) and employees (for non-work-related coverage). Benefits are related to income: surviving spouses receive a pension worth 30% of the deceased worker's income; surviving children receive 15% of income in case of death of one parent and 20% in case both parents have died. Since 1984, SUVA has been extended to cover the entire population.

The health insurance scheme (KUVG), which went into effect in 1914, is one of the oldest components of the Swiss social security system. It is based on a constitutional article that was adopted in 1890. Under this scheme, insurance is individual and voluntary and supported by the federal and cantonal governments. The federal legislation only regulates the minimum provisions and the public subsidies to the private insurance companies (in 1993 only 11.8% of total health insurance funding was covered by public funds). In addition to the federal health insurance scheme, some cantons introduced compulsory insurance for low-income groups. Ca. 97% of the population has health insurance coverage.

Maternity provisions are part of the health insurance and cover the costs of childbirth and confinement. However, no maternity insurance scheme has yet been established. Although premiums are individual and are supposed to cover actuarial risks, the health insurance companies may charge reduced premiums for children or youths, although there are no general rules governing this issue.

Unemployment insurance (ALV) was first discussed in the 1880s, and the first public insurance schemes were introduced in Berne and St Gallen in the 1890s. In 1917 the federal government started a fund for unemployed persons and subsidized public and private unemployment insurance providers. In 1951, the constitution granted the federal government the authority to establish unemployment insurance, but this federal law did not come into force until 1984.

All employers and employees must pay into unemployment insurance, each at a rate of 1.5% of wages (1996). The family situation of the insured is taken into

account when paying benefits: unemployed married people and persons providing support for their children, parents, or other relatives receive 80% of previous earnings, while single persons with no dependants receive 70% of previous wages. Insured persons entitled to child allowances receive special benefits. Younger unemployed people enjoy particular protection in that they receive benefits even if they were not previously employed. Due to growing unemployment in the late 1980s and early 1990s, unemployment insurance legislation has been revised frequently.

Because military service is required of all Swiss men between the ages of 20 and 50, military insurance was introduced relatively early, in 1902. It is entirely publicly funded. It covers medical costs and provides benefits for soldiers' families as well, thus health benefits and pensions take into account marital and family status. Health benefits and pensions pay up to 80% of previous earnings for single persons without dependants, 85% of previous earnings for married people, and 90% for married persons with children. Surviving spouses and children are entitled to widows' and orphans' pensions. Benefits are not taxed.

The income compensation scheme (*Erwerbsersatzordnung*) for soldiers and members of the civil protection (*Zivilschutz*), introduced after World War II and revised in 1952, also has a family dimension. Soldiers and members of the civil protection are entitled to household indemnities which are differentiated by marital status and the beneficiary's liability to maintain children (35–75% of previous earnings); to child allowances (11 Sfr per day); and to maintenance provisions for beneficiaries who pay alimony to any other persons. Income compensation is funded by wage contributions and the profits of a compensation fund. Synopsis 4 summarises the family-dimension of the Swiss social security system.

SOCIAL ASSISTANCE

Social assistance (*Sozialhilfe*, which in most laws replaces the old-fashioned term *Sozialfürsorge*) is mainly the responsibility of the communities and the cantons (Gross and Puttner, 1987: 629). Social assistance tends to supplement monetary benefits with advisory and care services (see Chapter 4). Social assistance is means-tested and insofar recognizes additional demands of families. The community of origin was traditionally responsible for a person's welfare benefits (*Heimatprinzip*), but in 1966 the cantons agreed to replace it with the principle of residence (*Wohnsitzprinzip*); since 1979 federal legislation has institutionalized the principle of residence. Social assistance covers unemployment assistance as well as particular prevention programmes (such as those for alcoholism, drug abuse, and AIDS) and is mainly funded by cantonal and municipal tax revenues.

NOTES

¹ This consumer survey (*Verbrauchserhebung 1990*) is based on a sample of 1,994 households who gathered expenditure data during a one-year period and on twelve monthly samples, adding up to a total of 10,177 households.

² In order to compute the coefficient of equivalence one first has to calculate income-consumption functions, or Engel curves [equation 1] for different household types. One gets the coefficient of equivalence [equation 2] if the Engel curve of any particular household type (h) is related to the Engel curve of a reference household type (0) and the equation is solved according to the proportion of incomes.

$$\frac{q}{x} = a - b \cdot \ln\left(\frac{x}{n}\right) + \sum_{j=1}^n c_j n_j + u$$

$$\frac{x(h)}{x(0)} = \left(\frac{n(h)}{n(0)}\right) \cdot \exp\left(\sum_{j=1}^n \left(\frac{c_j}{b}\right) \left(\frac{n_j(h)}{n_j(0)}\right)\right)$$

where: q = expenditures for necessities (here: food, clothing, housing, heating, and insurance)
 x = total household income
 n, n_j = number of household members (or members with a particular characteristics j)
 a, b, c_j = parameters to be estimated
 u = disturbance term

³ Equivalence income = disposable income divided by the weighted (SKöF-scale) household size. Weights according to the SKöF-scale: one-person household = 1.00; two-person household = 1.50; three-person household = 1.89; four-person household = 2.19; five-person household = 2.46.

⁴ Table 20 indicates the distribution of consumption expenditures as well as all private expenditures, since in particular the expenditures for health insurance or professional provisions (*Berufsvorsorge*) depend on individual contracts.

⁵ An extensive list of all these differences can be found in FSO 1994b, *Politique familiale et budget social de la Suisse*: 29–45.

⁶ A total number of 869 (or 887, according to the publication of the Federal Office of Social Insurance) institutions consisting of 25 cantonal offices (only in VS no such institution existed until the present), 233 regional, and 611 national associations which provided a total amount of 1,127,381 Sfr.

⁷ Detailed information on the entire social insurance system as well as on selected branches can be found in Saxer, 1977; Binswanger 1986; Tschudi, 1989; Sommer, 1978; Sommer and Höpflinger, 1989; Schweingruber, 1977; Linder et al., 1988: 655–703; Maurer, 1981.