

# Poverty in Switzerland : "There's a lack of political will to fight poverty"

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**"There's a lack of political will to fight poverty."** Whether the number of poor in Switzerland is a million or a mere 600,000, poverty is increasing every year and is becoming a growing problem for the country. In an interview with the "Swiss Review", Walter Schmid, President of the Swiss Conference for Social Welfare, explained how poverty should be fought on a political level. Interview by Heinz Eckert

*"Swiss Review": The figures published by Caritas were quite alarming: Are there really a million poor people in Switzerland?*

Walter Schmid: It's impossible to provide a precise mathematical definition of what poor means in Switzerland. I think one million is too high; that figure also includes recipients of supplementary benefits who, while they may live simple lives, are not actually poor. 600,000 is a much more realistic number. But the figures aren't really all that important. The question of whether there are 500,000 or one million is secondary. What matters is that poverty has become a topical subject in this country.

*How are these figures calculated?*

Generally you take a country's average income and divide it in half. Anybody earning this amount or less is classified as poor. Using this calculation we arrive at a minimum of CHF 2,500 for a single individual to live above the poverty line and CHF 4,500 for a family of four.

*Is it suspected that a large number of cases go unreported?*

Since social services are regulated very differently from canton to canton, it's extremely difficult to come up with a statistical assessment of the whole country. Not only that, but there has not been any great interest in a statistical survey of poverty at a federal level in a long time. That's about to change. Welfare statistics are due to be published sometime this year. And as far as the unreported cases are concerned, the assumption is that around 40 percent of potential welfare recipients are not claiming benefits and trying to keep themselves afloat without public assistance.

*Is this a particularly Swiss phenomenon?*

It could be that the Swiss have a greater fear of going to the welfare office than people in other countries. That, however, also has some-



Walter Schmid, President of the Swiss Conference for Social Welfare

thing to do with the fact that welfare services are controlled by the municipalities and that each trip to the welfare office – especially in rural areas – is subject to strong social pressures. The number of welfare recipients under a nationwide social security system would probably be higher, which is why the number of unreported cases is probably larger here than it is elsewhere.

*Is poverty still considered shameful in Switzerland?*

Being poor in a country as affluent as Switzerland is pretty stigmatising. Being poor in a country with more poverty is easier since the poor there can talk about their fate with so many others. Here, poverty is still equated with personal failure, an attitude that is also making it difficult to combat. The fact is that most people did not become poor through any fault of their own.

*How has the definition of poverty changed as a result of economic development?*

80 years ago, poverty in Switzerland was still defined based on caloric requirements, i.e. it was determined how many calories a person needed every day to survive. Nowadays, however, basic needs include a telephone and possibly even a washing machine. In America, with its great distances, that even includes a car. Basic needs differ from country to country and from society to society. What hasn't changed, however, is that poverty is equated with living a very simple life.

*How has poverty developed in Switzerland?*

The topology of poverty depends greatly on how a society deals with it. Until World War II, poverty among the elderly was a big problem both here and in other countries. Since the introduction of old age and survivors' insurance (AHV) and the supplementary benefits in particular, we have, to a great extent, been able to eliminate old-age poverty in Switzerland. AHV and the supplementary benefits currently prevent hundreds of thousands of people from slipping into poverty in their old age. Thus, even elderly people without money can spend their twilight years in a nursing home that could potentially cost CHF 7,000 a month. Those are huge socio-political achievements that are hopefully here to stay.

*Today's poverty is caused by unemployment. What can be done to fight it?*

The real question is: How can a country deal with the possibility that thousands of people of working age might no longer be able to find gainful employment and be unable to provide for themselves financially? One thing is certain: the tools we currently have at our disposal are insufficient for resolving this problem. The government, for example, isn't allowed to interfere with wage structures or provide any jobs that might compete with commercial businesses.

*Is there a lack of socio-political commitment in Switzerland?*

There's a lack of political will to fight poverty. We may have a great many social institutions but each of these is regarded individually and the aim of most changes is usually to cut expenses or maintain current levels of assistance. Nobody asks, however, whether the measures taken as a whole are actually suitable for fighting poverty and establishing some sort of social balance. And that's precisely the ques-



tion that we should be focusing on. Let's look at an example: The objective of disability insurance is not only to pay a pension to people who are disabled, it should also be integrated into a work process wherever possible. Discussions nearly always revolve around whether more or less money should be involved. Hardly a word is mentioned about the socio-political objectives that this money should achieve.

*Why is this kind of comprehensive commitment missing? Isn't there enough pressure yet?*

The regulatory framework of our extremely free market economy makes it very difficult to achieve certain socio-political objectives. We have an extremely difficult time finding ways to put people with limited abilities to work in such a way that is beneficial and profitable for both society and the economy. And that's what the problem boils down to. Politics is stuck in the ideological quagmire of not being allowed to impose additional conditions on industry and, on the other hand, not being able to permit the government to compete against free enterprise. But that's not all. There's international competition to consider, as well. You can't even start any kind of experimentation in this area without running the risk of jobs being shifted abroad. That leaves very little room for manoeuvre when it comes to domestic social policy.

*If poverty continues to grow, then it will certainly become a political problem as well, won't it?*

This has been repeatedly predicted by certain groups who maintain that, at some point, the situation will explode. I don't think it will. Switzerland is so rich that this explosion just isn't going to happen. Even in poor countries like Romania, poverty doesn't lead to revolution and what we've got here is still far removed from the situation there.

*To what extent are people to blame for their own poverty?*

That's a multi-faceted question. In our society, consumerism is a status symbol that tempts young people, in particular, to build up debt. On the other hand, it's easy for these young people to get into debt. Many of them are so far into debt that they will never be in a position to pay it all off. People also frequently get into debt with a view to avoiding the need for welfare assistance. These debts, however, endanger their social networks as well since people who have borrowed money from family and friends avoid all contact with them. The result is a complete loss of social stability. This is why it's so important to work with these young people, in particular, and repeatedly point out the dangers associated with increasing indebtedness. While simpler small loans

may not be to blame, they accelerate poverty's emergence.

*Is Switzerland's poverty a problem or a normal phenomenon?*

Of course poverty is a problem for Switzerland, particularly because it keeps growing. And while it may not be growing as quickly as was the case over the past few years, more and more people are still falling into this category every year despite increasing affluence. While the rich are earning more and more money, the bedrock of poverty continues to grow. The divide between the rich and the poor keeps on widening, pressure shifts from the top to the bottom and there is a growing trend toward exclusion.

*And is the shrinking job market coupled with rising corporate profits to blame?*

One important cause certainly lies in the lack of jobs. Another factor, however, is that we don't have a family policy in place that is capable of counteracting this. We need a family policy that helps families with small and very small incomes to raise and educate their children. In Switzerland, the lion's share of public expenditures goes toward old-age benefits. Other countries do just the opposite and invest more in their family policy.

*What is our social policy suffering from?*

Politics is caught up in a way of thinking that makes it nearly impossible to rethink. Take the debate on whether to raise the retirement age, for example. How will that help? As long as there's no way to meaningfully deploy older

people in the workforce, not at all. The first step would have to be to implement sensible employment models.

*What are your socio-political priorities? What really has to be tackled first and what measures have to be implemented?*

The introduction of supplementary benefits for low-income families would take top priority. There, just a little money would have a huge positive impact. There shouldn't be any attempt to get to the bottom of all the mistakes the recipients made, however. Instead, the focus should be on helping them so that their children can be raised properly. Another change should come in the area of education benefits, which are presently very low, in order to boost these children's chances of a successful career. The next step would be to create more job opportunities not only for young people, but older people, as well. Finally, supplementary benefits should be introduced for the working poor whose wages leave them below the subsistence level.

*Why is it so difficult for these demands to be implemented?*

Our country is not the only one to suffer from an intellectual straightjacket, particularly when it comes to economic and social policy. The laws governing our economic regulations are viewed as God-given rules. In reality, however, they are simply one possible way to configure our economic and social life. This one-dimensional way of thinking prevents the development of progressive, modern and effective solutions to many urgent problems.

#### **CARITAS: ONE MILLION POOR PEOPLE**

■ The number of poor reported by Caritas at the beginning of the year caused quite a stir. According to Caritas, there are one million poor people in Switzerland. Caritas arrived at this projection based on the poverty guidelines set by the Swiss Conference for Social Welfare (SKOS) and figures provided by the Swiss Federal Statistical Office which estimates (based on the number of working poor households in 2003) that around 230,000 children are affected by poverty. According to Caritas, 600,000 people between the ages of 19 and 64

are poor and for pensioners the number is 200,000. When children, pensioners and all those in between are counted together we arrive at the estimated figure of one million poor people. More details will be available this year when the Swiss Federal Statistical Office publishes its first comprehensive figures regarding welfare recipients throughout all of Switzerland. Ec.

#### **TASKS PERFORMED BY SKOS**

■ SKOS started out as the „Conference on Poverty Relief“ in 1905. That forum then developed into the „Swiss Conference for Public Welfare“ which issued its first „Guide-

lines for Providing Welfare Support“ in the sixties. Among experts these quickly became an authoritative standard for developing and calculating social welfare. As a professional association, SKOS depends on the experience and active participation by people working in the area of social welfare. For this reason, people from community and municipal authorities make up a vital portion of its membership and one of the association's current cornerstones is providing opportunities for their further development. SKOS guidelines help establish uniform practices in how social welfare is handled throughout Switzerland.