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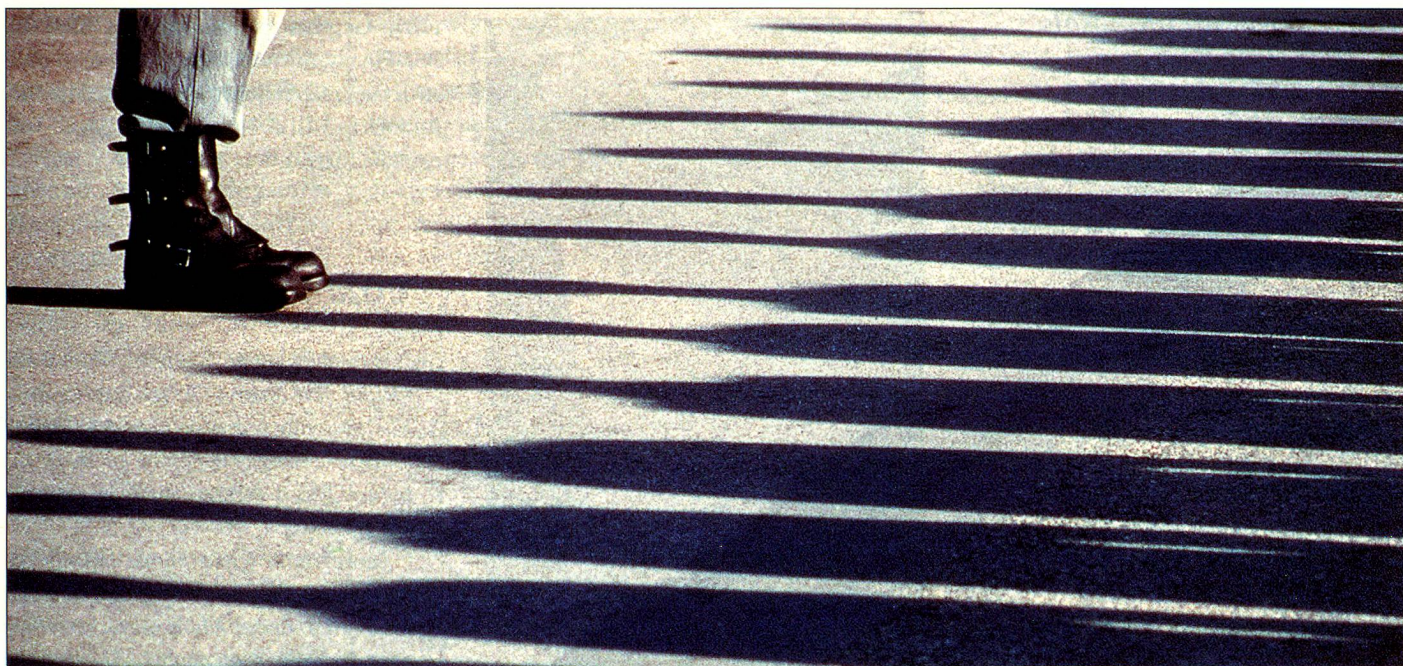
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# All round savings drive



Patrick Dutoit/Strates

The military remains a party-political bone of contention between the Left and Right.

BY PABLO CRIVELLI

*Four popular initiatives as well as a referendum are up for vote, all centred on the subject of cost-cutting. The Federal Council has decided not to present any counter-proposals to the popular initiatives.*

**THE POPULAR INITIATIVE** “for lower hospital costs” calls for the obligatory health insurance to be restricted to hospitalisation cases only. In future we would need to take out a private insurance to cover illnesses which require no hospitalisation. According to the recommendation, patients would not have to pay a cent towards hospital costs provided the daily rate is fixed at no more than CHF 250.

After studying the arguments, both houses of parliament rejected the proposal out of hand. The general opinion is that, were

this proposal to pass into law, it would have unacceptable social and fiscal consequences. Ultimately, non-hospital costs would be transferred to the insured. But who could afford a private insurance to cover these costs? Certainly not the elderly or chronically ill, argues the Federal Council. And those who cannot afford a visit to the doctor would be forced to turn to welfare.

Opponents of this initiative believe the new law would not even achieve the intended savings, since there is an inherent risk that Spitex (care nursing) services would be charged to hospitals, thus placing an additional load on their costs. As a result, the government would be forced to increase subsidies to the cantons in order to cover the obligatory health insurance deficit; added to this, it would be impossible for the cantons to avoid imposing extra taxes on their citizens. The parliamentary majority therefore believes that this initiative undermines a basic pillar of the Swiss social security system: solidarity.

#### More cuts for the army?

The second popular initiative up for vote – “Army and defence cuts – for more peace and jobs for the future (redistribution

initiative)” – calls for army costs to be cut by half within ten years. For the Social Democrats and the Greens who support this initiative, the “Army 95” is still too large. They therefore call for phased cuts in spending on the military to reduce expenditure to CHF 3.1 billion (half the current total) by 2012, and a moratorium on new arms procurement until the targets and financing of the new army are in place.

The initiative proposes investing one third of the resultant savings in additional international peace efforts and the creation of substitute jobs – the talk is of 6000 – by setting up a CHF 1 billion conversion fund. The initiative is strongly opposed by right-wing parties, the more so since it has come at a sensitive time for Adolf Ogi’s department. In recent months one reform proposal after the other has been put forward for the “Army XXI”, all of which promote a reduction in the force. Federal Council Ogi, however, has repeatedly stressed that a leaner force does not necessarily mean lower costs. It is even probable that a smaller but more professional army would cost at least as much as the present army.

In parliament the centre-right loudly accused the left of failing to take into account

savings made over the past few years in this area. In their opinion, further cost-cutting would endanger national security. Furthermore, the Federal Council has stated that, far from being idle over the past ten years, the army has adjusted to the new strategic situation in Europe following the collapse of Communism and has reduced costs as well as headcount. Nevertheless, the status of neutrality demands the upkeep of a credible, state-of-the-art army and must be funded accordingly.

**More flexible retirement age?**

Despite their different wording, two other popular initiatives which are splitting the right and left factions in parliamentary debates share a common objective: a more flexible retirement age, with special emphasis on women. The initiative "for a more flexible AHV – against raising the retirement age for women" launched by the Swiss Association of Commercial Employees, as well as the initiative "for a flexible retirement age from age 62 for women and men" launched by the Greens, were rejected as too costly by the Federal Council and both houses of parliament.

Both recommend that men and women be entitled to a full pension from age 62, provided they no longer are in gainful employment. The initiators believe the advantage of this solution is that a more flexible retirement age would free up jobs for young people, thus relieving the strain on the unemployment fund and disability insurance. However, this argument failed to convince opponents of both initiatives, who were deterred by the additional annual cost of CHF 1.5 billion. In the opinion of the

Federal Council and the parliamentary majority, the continually rising average age of the population, coupled with longer life expectancy, preclude any additional increase in AHV benefits.

Irrespective of the outcome of the vote, the option of early retirement before age 65 is also being examined by the Department of Internal Affairs and is a subject close to the heart of Federal Councillor Ruth Dreifuss. This new option may be incorporated in the upcoming 11th revision of the AHV. But opponents of the Minister of Social Security are already sharpening their knives and even now taking up the offensive, and some leading figures talk of increasing the retirement age.

**No more civil servant status?**

The last topic on which we are called to vote on 26 November involves the new law on federal employees. After the Post Office, another "holy cow" risks being sacrificed on the altar of ongoing globalisation: the status of civil servant, for whom the bell has already tolled in Berne. The Federal Association of Public Administration and Public Works Employees as well as the Swiss Association of Trade Unions joined forces in an attempt to revive a patient already pronounced dead, and succeeded in collecting 84,775 valid signatures within the space of a few months.

Opponents of the reform believe the new law on federal employees would negatively impact employment contract conditions for over 105,000 Federal Administration, Swiss Post Office and Swiss Federal Railways (SBB) staff. The unions argue that, as well as being inadequately protected against redun-

**Federal Referendums**

**26 November 2000**

- Popular initiative of 13 May 1996 "For a more flexible AHV – against raising the retirement age for women"
- Popular initiative of 22 May 1996 "For a flexible retirement age from 62 for women and men"
- Popular initiative of 26 March 1997 "Saving on army and defence spending – for more peace and forward-looking jobs (Redistribution Initiative)"
- Popular initiative of 10 September 1998 "for lower hospital costs"
- Federal Employee Law (BPG) of 24 March 2000

**4 March 2001**


**10 June 2001**

**23 September 2001**

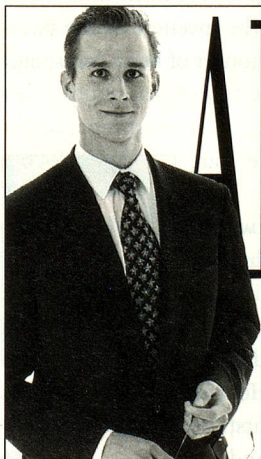
**2 December 2001**

Subjects not yet decided.

dancy, government staff would also be forced to accept a reduction in holiday entitlement since this is now based on the Swiss Code of Obligations.

The new law ushers in a colder wind: fixed minimum wage of CHF 2770, and an increase in the working week up to a maximum 45 hours. The government is therefore endeavouring to allay the fears of its employees by emphasising that the law would offer government staff sufficient protection since they would continue to hold public-law status. 

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