

# Politics : higher VAT to shore up invalidity insurance?

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## Couchepin stands down with a mixed record

Pascal Couchepin will stand down at the end of October after eleven years in national government. The Free Democratic Liberals and the Christian Democrats are vying to provide his successor. The election will be held on 16 September 2009. By René Lenzin

Pascal Couchepin turned 67 in April, reaching the age at which he said he would retire in 2003. Now the Free Democrat Federal Councillor from Valais actually is standing down. On the last day of the summer session, he announced that he would retire on 31 October. Couchepin told the media that he wanted to attempt to win the vote on invalidity insurance (see below) and to get urgent measures to reduce healthcare costs through Parliament before his departure.

After being elected to national government on 11 March 1998, Couchepin was the head of the Federal Department of Economic Affairs from 1 April 1998 to the end of 2002. He then moved to the more diverse and much more complex Federal Department of Home Affairs. At the same time, he became Minister of Social Affairs, Health and Education. He achieved less in these positions than he intended to when he changed department. Following the rejection of the

11th revision of old-age and survivors' insurance by the people in May 2004, no other reform project capable of gaining majority support was achieved for this social institution. Most of Couchepin's reform proposals in healthcare were also blocked or failed owing to opposition from various interest groups.

On the plus side, Couchepin's achievements include the 5th invalidity insurance revision, producing significant impetus for the integration of disabled people into the employment market. If the people and cantons approve the increase in VAT to shore up invalidity insurance on 27 September, Couchepin will be able to claim much of the credit for restructuring this insurance system that is chronically short of money. In his area of responsibility, he can also claim credit for taking various measures – including unpopular ones – to control escalating health insurance costs.

## Higher VAT to shore up invalidity insurance?

On 27 September 2009, the Swiss people and cantons will vote on the restructuring of invalidity insurance and on abandoning the introduction of the general popular initiative. By René Lenzin

The number of new pensioners has been reduced for the first time in many years thanks to the fourth and fifth revision of invalidity insurance (IV). The annual IV deficits nevertheless still run into billions. The mountain of debt now stands at over CHF 10 billion. After the Swiss people rejected an increase in VAT to shore up the old-age and survivors' insurance (AHV) and invalidity insurance (IV) funds in May 2004, the Federal Council and Parliament are now taking a fresh approach. They are proposing a 0.4% increase in the 7.6% rate of VAT for seven years. This would generate annual income of CHF 1.1 billion for IV.

IV would also be taken out of the AHV fund. It would be allocated CHF five billion as start-up capital. To ensure the sustainable restructuring of this social institution, the Federal Council has also undertaken to propose a sixth revision of invalidity insurance with cost reduction measures by the end of 2010. The original aim was to bring the higher tax into force at the beginning of 2010 following approval by the people and cantons. However, in the wake of the economic crisis, the Federal Council and Parliament have resolved, as a spontaneous exercise, not to bring the increase into effect until a year later. All parties support this proposal with

## Battle-hardened in Valais

Before entering national government, Couchepin worked as an independent lawyer. From 1968 he was a member of the executive of Martigny, and from 1984 to 1998 President of this commune of his birth. In 1979, the people of Valais voted him into the National Council for the first time. He was President of the Free Democratic Party parliamentary group from 1989 to 1996. Couchepin is married with three grown-up children. Representing a minority group in Christian Democrat-dominated Valais, full-blooded politician was used to fighting with no holds barred. However, his inclination towards provocation faded into the background as he was essentially a classical Swiss consensus politician, who ultimately strove for compromise solutions capable of winning majority support.

On 16 September, the Federal Assembly will elect Couchepin's successor. The Free Democratic Liberals have strengthened their claim on the vacant Federal Council seat. However, they will not win it without a fight. The Christian Democrats want to regain a second seat in government, which they lost in 2003. When this edition went to press, it was not clear which parties would stand in the election or which candidates they would put forward.

the exception of the Swiss People's Party (SVP). The National Council has approved it by 126 votes to 58, and the Council of States by 39 votes to 2.

In February 2003, the people and the cantons voted in favour of a new democratic instrument, the general popular initiative. This provided for the opportunity to present issues in the form of general suggestions. Following approval by the people, the Federal Council and Parliament would decide how to implement the issue. However, they have now come to the conclusion that this instrument is too complicated in practice and are therefore proposing its abandonment. The National Council has backed this step by 178 votes to 1, and the Council of States by 42 votes to 0.