



**WILCO**

Welfare innovations  
at the local level  
in favour of cohesion

## Local welfare in Switzerland Housing, Employment and Child care

Nathalie Kakpo and Sandro Cattacin  
University of Geneva (Switzerland)

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## 1. STRUCTURE AND DEVELOPMENT OF THE WELFARE STATE

The Swiss welfare has a strong categorical orientation in its social security system, whereas the access to the majority of the specific social policies is based on means testing. Moreover, the organisation of the Swiss welfare is based on a large network of private non profit and state controlled agencies at different territorial levels (local, regional or cantonal, and federal). Due to the liberal and catholic founders of the modern Swiss Confederation, a very significant feature is subsidiarity meaning that initiatives from civil society are largely encouraged rather than the state ones. In general, when a problem is raising in the public arena, non-profit organisations in civil society propose programs and once they are implemented, they receive public funding. According to the principle of subsidiarity, the first funds generally come from the local government and when the program or project is proved to be working, it may spread out and be subsidised at the cantonal or at the federal levels.

Within the state organisation, policies that are not managed by the state are headed by the subsidiary levels (cantons and cities) which may govern in a quite autonomous way in education, healthcare and social policies (Bauman *et al.* 2006). Cantons and cities are used to delegation: in a matter of housing and child care, for instance, private foundations and associations are partly in charge of the production and the management of the welfare policies. The Swiss welfare mix is therefore characterised by a cohabitation between state agencies and civil society organisations and less by for-profits.

The Swiss welfare state experienced a late development with respect to other European countries: the Swiss state limited social benefits for a long time when in other countries, they were greatly expanded (Cattacin 2006). In the 1970s and the 1980s, Switzerland started to develop the welfare system whereas most of the European countries decided to cut social expenses at this time. As a whole, the main types of social insurances were introduced in Switzerland later than the average of the OECD countries: accidents insurance in 1918 in the Swiss confederation against 1905 for the average OECD countries, unemployment insurance in 1978 (definitively in 1982) against 1929, old age pension in 1946 whereas the average year of other countries was 1917 (Bertozzi and Bonoli 2003).<sup>1</sup>

The Swiss welfare was born with industrialisation in the second part of the nineteenth century. Diverse participants such as social reformists, working-class activists and the *bourgeoisie* contributed to the raising of a social agenda at the federal level. In 1874, the latter promoted laws on the work of children and the protection of workers. In 1890, the first article on social insurance enabled the Confederation to implement a fund for health and accidents (*caisse-maladie et accidents*). The principle of subsidiarity was already at work since the federal State underlined that this social insurance would take into account the existing emergency funds (*caisses de secours*) and that the affiliation was not compulsory.

From 1914 to 1945, one of the main features was that most of the intermediary organisations started to cooperate with the State rather than taking a stand in a conflictual way. Unions prioritised negotiation rather than strikes and also, the social democrats distanced from the Communist party which became then a marginal political force. What was implemented at this time was a mixed welfare with different participants and a pattern of consensual regulation. The 1950s and the 1960s witnessed a development of state funding within a general frame characterised by a lack of innovation. In other

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<sup>1</sup> Concerning health, the obligatory scheme is even more recent: only in 1996, Switzerland introduced an obligatory system.

words, economic wealth enabled massive state subsidies in health insurance, universities and old age pension but there was no coherent welfare system with significant global projects and new tools in order to improve the welfare. In the middle of the 1970s, Switzerland witnessed a renewal of social policies mainly through popular initiatives easily to formulate in the direct democratic Swiss political system. Initiatives from the left-wing political parties meant social innovations: initiatives such as the forty hours working week, a better protection of workers and more holidays for them were rejected but they contributed to raise different new issues and ways to improve and extend the welfare.

The economic crisis in 1974 and 1975 was a turning point in the development of the Swiss welfare state. In fact, the lack of a diversified welfare state obliged Switzerland, in a period in which other countries cut social policies expenditures, to improve its social security system with in particular two measures: the introduction of an obligatory unemployment insurance scheme and the enlargement of the pension scheme with a system of compulsory saving. The spreading of neoconservative programs at the beginning of the 1980s in the USA and in Europe, according to which "more market and less state" is a way of regenerating civil society, also took place in Switzerland: it has had as consequence that the growing of the welfare schemes did not bring out an important growing of the state.

Since the end of the 1980s, welfare systems face major challenges, like globalisation, new poverty<sup>2</sup>, and ageing societies. In Switzerland, these challenges have had less impact than in other countries. The economy was already and largely export and globally oriented - like other "small states in world markets" (Katzenstein 1985). To act against new forms of poverty and marginalisation, Switzerland reinforced the logic of subsidiarity through policies enabling organisations to act against exclusion (Bütschi and Cattacin 1995). In the same - liberal - vein, elements of personal responsibility were reinforced or introduced inside the social security system (like workfare programmes; Cattacin *et al.* 2002). Finally, concerning ageing issues, Switzerland is, to a large extent, compensating the low fertility rates with migration.

### 1.1. Degree of centralisation

It may be helpful to sketch first the Swiss federalism. The official name of Switzerland is *Swiss Confederation*. Switzerland is a federal state since 1848 and this federation is comprised of three political levels: the Confederation, the canton and the city. There are four official languages: German, French, Italian and Romanche. The Confederation has three kinds of powers: executive with the federal council, legislative with the federal assembly and the legal/judicial one with the relatively weak federal court - all instances are not independent and submitted, in case of an initiative, to majority voting. Switzerland is comprised of 26 cantons having the status of federated states. Cantons have their own constitution, parliament and government. The sharing of competences between the Confederation and cantons is implemented by the federal constitution. Certain areas are strictly headed by the canton such as the police, taxation system, education, hospitals. However, the cantonal governance has to abide by the federal law. Cities are the basic level of the Swiss political organisation and have their own competencies in several areas.

This federalism has a strong impact on the shaping of the welfare system. The federal level guarantees social protection to the whole population including large social insurances (retirement, unemployment, health, accidents and disability). Compulsory affiliation, the list of health expenses refunded are guaranteed by the federal power. However, cantons

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<sup>2</sup> New poverty indicates that targeted audiences become diverse and that the welfare system has to deal with the heterogeneity of needs and problems such as new migrations and poor workers.

are largely involved in the financing and the implementation of social policies and we may speak about a cooperative federalism (Bertozzi and Bonoli 2003). Finally, certain programs such as social assistance or the family policies are entirely provided at the local or cantonal level.

Table 1 - The sharing of competences between the Confederation and the cantons

Program	Type of program	Legislation	Financing	Implementation
Retirement pension (AVS)	Universal insurance	Federal	FC	F/C
Retirement saving scheme	Social Insurance	Federal	P	F
Disability Insurance	Universal insurance	Federal	FC	F/C
Unemployment Insurance	Social insurance	Federal		F/C
Accidents Insurance	Social insurance	Federal	P	F
Health Insurance	cover Social Insurance with universalistic elements for poor people (means tested)	Federal	P/F/C	FC
Family benefits	Social insurance	Federal cantonal	and FC	FC
Maternity	Social insurance	Federal	P	F
Unemployment assistance	Depending on resources	Cantonal	C	C
Social assistance	Depending on resources	Cantonal and local	C	C

F: Federal, C: Cantonal, P: Individual contributions, FC: shared competence.  
Source: adapted from Bonoli and Bertozzi 2003.

Not only there is a large sharing of competencies between the cantonal and the federal levels, but also cantons develop their own social policies in certain areas. Social assistance at the cantonal level is imposed by the Confederation but cantons can choose types of programs and the level of benefits. Also, cantons develop specific policies regarding the reintegration of unemployed people: in the first half of the 1990s, unemployment increased in Switzerland and several cantons implemented programs of unemployment *assistance*, this dimension being absent at the federal level. The canton of Geneva put in place a Minimum Cantonal Income in 1994 which was inspired by the French RMI. In other cases, policies for reintegration were implemented at the city level. In the Canton of Berne, policies for the reintegration of unemployed people were missing at the cantonal level and the city of Bern implemented a specific program called "work rather than assistance" (*Arbeit statt Fürsorge*) offering activities in the private sector or in non profit-organisations to unemployed people for 12 months (Giraud 2006).

Autonomy of cantons means an heterogeneity of measures, types of implementations and levels of benefits and it may create inequalities between people according to the canton where they live. Cantons such as Glaris, Nidwald and Schwyz have for example a poorly developed cantonal welfare (Giraud 2006). Nevertheless, federalism and autonomy of

cantons also mean that territorial units have the possibility for developing innovative policies in accordance with local traditions and needs.

## 1.2. Trends

One of the trends that cross-cut different fields is related to the territorial organisation of the Swiss welfare system. The fragmentation of territories with a high number of towns, cities and cantons developing their own welfare system contrasts with the fact that social problems are shaped by a global context. Therefore, policy-makers face problems and situations that have been built in other cantons. In the context of federalism, a social assistance regime more generous in some cantons may attract people from other parts of the Confederation meaning additional financial costs for certain territories. The need for a more horizontal management and cooperation - between big cities and between cantons - is emphasised by different researches (Cattacin 1996; Leresche 1998).

Another trend is related to the raising voices of the cities: policy-makers at the city level underscore that they should contribute in a more significant way to the shaping of policies as they are the first interlocutors of local populations. They have claimed for an institutionalisation of the dialogue between cities and the Confederation and for a status of active observer in the Conference of the Cantonal Heads of Public Assistance (*Conférence des Directeurs cantonaux de l'Assistance Publique*).

## 2. THE FIELD OF HOUSING

### 2.1. Demand and supply

Ownership is largely in the minority in Switzerland as only 34.6% of people live in their own dwellings. Private rented housing is very well developed representing more than 60% of the Swiss population, especially in big cities such as Zurich, Geneva, Basel or Lausanne. The low rate of home ownership has to be qualified however as it tends to increase since the 1990s and also the rate varies according to the type of household: families with children are more numerous to own their house than the households without any children. Around 50% of households with children own their dwelling.

Social housing does not really exist in Switzerland but we find there subsidised dwellings. There are mainly three types of subsidised dwellings: HBM for very low income households, HLM for modest families and HM with socially mixed populations. Most of the times, the State does not own dwellings and supports tenants. In the canton of Geneva, in December 2010, there were a little bit more than 19 000 social dwellings: 6 207 HBM, 11 018 HLM and 2 101 HM. 5 400 are located in the city of Geneva.

#### *Who are eligible for social housing?*

People eligible for subsidised housing are mainly modest populations but not only very low-income populations. We also find the highest fraction of the working-class population in social housing. Different criteria contribute to limit access to social housing. For instance, in the canton of Geneva, criteria are:

- being a resident in the city for at least two years;
- an income base in the canton;
- paying taxes in the canton.

The rate of occupation is also limited. For instance, three people cannot access a dwelling that comprises more than five bedrooms. There are also income limits.

#### *Shortages / surpluses in (social) housing*

Statistics show that there is a shortage of social housing. For instance, in the Canton of Geneva, the shortage is currently estimated to 2 500 to 3 000 missing dwellings. The relationship between the number of requests and available flats has increased in the last ten years.

#### *Support for low-income tenants*

The state sector does not own a large number of dwellings. The state strategy consists in supporting cooperatives and public foundations (*Fondations d'utilité publique*) that build and manage social housing. There are mostly two types of support for low income tenants. The first one is called "*l'aide à la pierre*" enabling to support owners or property developers in order that they can build housing and offer lower rents. The "*aide à la pierre*" may be:

- subsidies for housing building or regeneration;
- real estate loans lower than the market rate;
- provision of lands by the city councils.

When this kind of public support is granted, the State controls the price of the rent for twenty years and also the owner has to offer housing to certain type of populations according to their income.

There are also direct financial supports to low income tenants (*les aides à la personne*) but they are not developed in Switzerland except in the Canton of Geneva. Direct supports to tenants start from the idea that the rent should not be over 25% of the household income. The support is the difference between the real rent and what is affordable for the household.

To sum up, "*l'aide à la pierre*" aims to rise the supply of housing for low income populations and the second type of help supports the demand and is directly given to low income households.

#### *The main sources of finance for housing construction*

In 2010, Switzerland comprised four millions of dwellings distributed in 1.5 million of buildings (Federal Office of Statistics). The private "project ownership" is largely in the majority. According to the National Census in 2000, dwellings (partly) funded by the state sector represent 11% of the housing market and amongst them, 5% are built by cooperatives.

#### *What are the homelessness rates?*

There are no official statistics about the homelessness rate in Switzerland and also, most of the sociological studies are focused on precarity, housing conditions and poverty rather than on homeless people.

## **2.2. Structure of the administration**

#### *The distribution of responsibilities between European / national / regional / local governments in managing housing*

The state support to enable households to access housing is a constitutional mission: "the Confederation and the cantons are involved, besides individual responsibility and private initiative, in enabling all households to access a dwelling that is affordable and provides correct housing conditions". The articles 108 and 109 of the Federal constitution argue that "the Confederation has to protect tenants from excessive rents" and also the text defines the general frame and guidelines in which the Federal state and the cantons act.

The federal level put in place in 1990 a legislation called the "*Droit du bail*" defining the rights and duties of tenants especially regarding the price of rents. Tenants are protected from excessive rents and their rights when leaving their dwellings are emphasised. The "*Droit du bail*" is essential in Switzerland where tenants are in the majority. In 2003, the federal parliament adopted the Federal Law on Housing (LOG) aiming at encouraging dwellings with moderate rents: the Confederation offers loans without interest rates and deposits for bank loans. This law also encourages access to private housing. However, direct supports to low income households are not present in the 2003 Federal Law on Housing and cantons are in charge of implementing specific supports regarding this issue.

*How autonomous are the public and/or non-profit organisations providing social rented housing in relation to governments?*

In a matter of social housing, cooperatives have a key-role in Switzerland. One dwelling out of twenty belongs to a cooperative. In Zurich, for instance, around 19% of dwellings are owned and managed by cooperatives that maintain prices under the market rate. A partnership between a cooperative and the local government often starts with the mapping of a need (housing for young adults, for elderly for instance): cooperatives work on a proposal and advises the city council concerning the building of dwellings. The latter is then supported by the city and the canton.

Autonomy of cooperatives is significant as we witness the principle of delegation according to which there is a co-production of housing shared between the cooperative and the local government. Cooperatives are also in charge of the management and maintenance of buildings. However, this autonomy is limited because the city government controls prices and contributes to the selection of tenants in a significant way.

*What are trends in terms of (de)centralisation in this field?*

The trend of decentralisation is strong as cities are mainly in charge of housing.

### **2.3. Housing in relation to social exclusion**

*Are social exclusion and poverty concentrated in particular segments of the housing market?*

Social exclusion and poverty are concentrated both in the private rented sector and the state-subsidised housing. Property owning is much less developed in Switzerland than in any other European country and we find there scarce cases of poor home owners. In general, it can be said that spatial segregation is limited in Swiss cities - or, as Joye *et al.* (1996) pointed out, that segregation is more an individual phenomenon, than a collective or territorial one.

*Is there a spatial concentration of low-income housing and problem in specific areas (e.g. estates on the edge of town where many social problems are concentrated?)*

We do not find in Switzerland a wide concentration of social housing in certain areas as in other European countries. Subsidised housing is quite scattered in urban areas. It seems that the relatively small size of Swiss cities prevents the forming of specialised and homogeneous areas.

*Is there ethnic concentration / segregation in housing?*

At the spatial level, Swiss big cities match the pattern of the diffusion of populations of immigrant background: most studies have showed that immigrants and their children mainly live close to the native populations.

However, segregation has tended to increase since the 1970s (Wanner 2004). Also, even though the degree of ethnic segregation is low, Turkish populations and people coming from the former Yugoslavia are more concentrated in similar areas than the other populations (Haug 2003:103). Thus, in the city of Basel, we find a high concentration of populations coming from Turkey in an area called Kleinbasel.

Moreover, at the housing level, we find specific patterns of immigrants' housing conditions (Schaerer, Baranzini 2008).

- Swiss people live in comparatively larger dwellings in terms of number of rooms and surface per person than foreigners do.
- The occupancy rate is higher for foreigners.
- Relatively more Swiss live in publicly owned building and less in privately owned ones (Schaerer and Baranzini 2008).
- Foreigners are on average more exposed to a slightly higher daily road noise than the natives.

Foreigners as a whole live in worse housing conditions than Swiss natives and this finding is not only related to the socio-economic status. Indeed, Swiss people with a low level of education (considered as a proxy of the socio economic status) also have better housing conditions than those of immigrants. Finally, as a whole, foreigners generally pay housing more than Swiss people do (Schaerer *et al.* 2008). This is especially the case of foreigners with a low level of education who pay on average a higher monthly rent than the Swiss with a similar rate of educational attainment: 5.8 more in Zurich and even 6.5 more in Geneva. These trends suggest that foreigners and especially those coming from non-European countries face ethnic-based discriminations in the housing market.

*Are there indications of stigma attached to specific types of housing? (e.g. discrimination against tenants from social housing estates)*

There is no specific stigma attached to social housing. The latter does not suffer from decay and we find as a whole a high quality of housing. Also, in subsidised housing, we do not only see poor and unemployed populations but also the higher fractions of the working-class populations and even the lower middle-class groups. The weak level of decay may also be related to the fact that tenants living in dwellings owned by cooperatives are members of the cooperative and receive partnership shares. This membership is likely to develop a responsible attitude towards the housing and its environment.

## 2.4. Recent developments

*What are the key issues currently debated in this field, at the national level? (e.g. housing as a tool for social investment and urban regeneration, risks of ownership, privatisation or reduction of social housing stock)*

*What are the perceived effects of the recent financial crisis on the housing field? (e.g. on investment, affordability, shifts between segments of the housing markets)*

*Are there striking new local innovations /movements with national appeal? (e.g. flagship projects, sustainability movement)*

One of the current debates is about the density of housing in important Swiss cities and more especially about the low rate of owners in city centres. As we have seen, Switzerland is a country of tenants. Ownership only represents one dwelling out of three. Due to the high prices in city centres, owners buy dwellings in the peri-urban areas. This peri urban spreading is criticised for environmental, social and economic reasons (Rérat *et al.* 2008). Starting from that, the Confederation aims to develop another territorial policy: urbanisation within cities, renewal of urban wastelands, a higher density of the urban fabric. In addition, cities want to make their territories more attractive for wealthy households. They are involved in the building of more dwellings as we witness in Zurich, Basel and Lausanne. Cities and the Confederation policies show convergent aims (an higher

urban density of housing) but for different reasons. Policies for a higher urban density show first outcomes: after having lost many residents between 1970 and 2000, Swiss big cities see the number of inhabitants increasing again since 2000. These new residents are mainly wealthy households but at the moment, we do not observe a displacement of other socio-economic groups (Rérat *et al. ibid.*) as many studies about gentrification in other European cities highlighted.

Another debate, especially touchy in the Geneva region, is about the low rate of available dwellings. The rate of vacancy, extremely low, is estimated at 0.23% of the housing stock. It seems that there is a gap between a solid economic growth of the city that welcomes a great number of new workers each year and the low number of built dwellings. The outcomes are: very high prices, especially in the city centre, number of households that cannot afford housing and increasing social tensions about this issue with political consequences. Another outcome is a very low residential mobility of households. The 2008 crisis that meant a rise of unemployment and additional problems in a matter of housing.

### 3. THE FIELD OF EMPLOYMENT

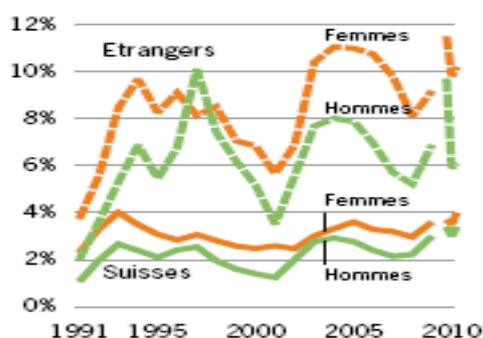
#### 3.1. Demand and supply

*The employment/unemployment, part time/full time, and temporary work rates (by gender, age, ethnicity)*

The working population with a job (*actifs occupés*) represents 58% of the total population but the rate of employment greatly varies according to the sex. Men represent 56% of this working population and women 44%; this rate has greatly increased since the 1990's. Foreigners represent 27% of the working population with a job. They are particularly present in the secondary sector where they represent 37% of workers whereas they only represent 25% of the people working in the tertiary sector. 2/3 of the foreign working population come from European countries.

The rate of unemployment is low in Switzerland and represents 3.4% of the working population. However, there are differences according to the cantons. The rate of unemployment in the Canton of Geneva is the highest in the country with a percentage of 6.4%. Also, the unemployment varies according to the sex and the nationality. Women and above all foreigners are more likely to be unemployed as the following figure shows.

Figure 1 - Employment rate by sex and nationality (1991-2010)



Source: Federal Office for Statistics

As we see, foreign women are the most disadvantaged in the labour market.

Part-time jobs have tended to increase in the last two decades. In 2009, 34% of the working population with a job had a part time job whereas this rate was only 12% in the 1970s. The large majority of part-time workers are women (79%) and part-time jobs are mostly concentrated in the tertiary sector (9 jobs out of 10).

Table 2 - Rate of activity, 2010, in thousands and percentages

	In thousands			In %		
	Total	Men	Women	Total	Men	Women
Full time (90% and more)	2836	2021	816	65.8	86.2	41.5
Part-time I (50% - 89%)	844	197	647	19.6	8.4	32.9
Part-time II (< 50%)	630	127	503	14.6	5.4	25.6
Total	4310	2345	1966	100.0	100.0	100.0

Source: Federal Office for Statistics 2010.

86% of men have a full time job whereas it is only the case of 41.5% of women. Moreover, women are five times more likely to have a part-time job (with a rate of activity under 50%) than men. Part-time employment is therefore a gendered type of work and we face an unequal pattern of involvement in the labour market.

*Is unemployment concentrated in a particular sector? (e.g. industry, agriculture, public services)*

Unemployment is particularly represented in sectors such as construction, trade activities as well as in the hotel and restaurant sector.

*What is the (estimated) size of informal labour market? (e.g. the amount of unsecured workers)*

There are no estimations of the amount of unsecured workers. However, according to experts, the informal economic activity represents around 9.5% of the Swiss GDP, this percentage was 3.2 in the 1970's. The federal government has implemented a specific program to discourage the informal labour market. Employers who employ people illegally are excluded from public appeals for tenders for a time and their names are publicly exposed (for instance in official websites).

*Differences in the legal positions of part-time or temporary workers compared to permanent full-time workers? (e.g. less restricted dismissal procedures, lower social benefits)*

Non-professional accidents (outside the working place) are not covered by the compulsory accidents insurance for people who work less than eight hours a week. These workers have to ask their health insurance office for a specific program. Moreover, people earning less than 19,890 francs (15,000 euros) per year have a specific treatment regarding the pension income, they do not have to pay contributions monthly but the retirement pension is likely to be (very) weak.

### **3.2. Structure of the administration**

*What are the main policies to combat unemployment (e.g. re-integration, contract regulation, activation) and what is the distribution of responsibilities between national/regional/local governments or the European Union with regard to those policies?*

The economic crisis in Switzerland at the beginning of the 1990s marked a turning point for employment policies. In the 1980s, employment policies were mainly passive and implemented at the local and regional level. In 1995, the reform of the federal unemployment insurance meant a shift to policies focused on activation of people with a logic of reciprocity in which a non-cooperative attitude from unemployed people is penalised. In order to remain in the unemployment insurance system, people must be active (job experience, training, subsidised job), activate their networks and develop their own "employability". Switzerland followed the recommendations of the OECD program "Making work pay". The 1995 Federal Law on Unemployment has also meant a control of unemployed people: those who are insufficiently active in job seeking or training may see their allowance suspended. However, the logic of reciprocity has been interpreted and implemented in diverse ways in Swiss cantons: it has been viewed as a mean to avoid abuses in some regions whereas in other cantons, it has been perceived as a tool to make reintegration in the labour market easier.

Table 3 - Implementation of the Federal Law on Unemployment according to the cantons

		Reintegration into the labour market	
		High	Low
Control	High	<b>Maximalist implementation</b> Basel (urban part) Grisons Lucerne Soleure Grisons Schwyz <b>Bern</b>	<b>Partial implementation focused on control</b> Uri Obwald Nidwald
	Low	<b>Partial implementation focused on reintegration</b> Jura Valais Tessin Fribourg Vaud	<b>Minimalist implementation</b> Appenzell Geneva Neuchatel Zurich

Source: Giraud 2006

*What are the roles/responsibilities of profit/non-profit organisations? (e.g. financial contribution of employers to social security, re-integration services, training programmes, voluntary work for the unemployed).*

The ORP (regional office for integration of people into the labour market) is in charge of unemployed and helps them to reintegrate the labour market. ORP depend on the Federal Secretary of Economy (SECO) and we witness therefore a process of devolution. There are 130 agencies spread in the country. However, ORP are highly criticised for their weak positive outcomes and the current movement shows that private agencies may be invited to be in charge of the reintegration of unemployed people into the labour market.

*Trends in terms of (de)centralisation in this field?*

The current trend is a heavier responsibility of cities concerning unemployed people especially those who cannot receive unemployment allowance anymore (after 18 months). The Confederation proposed in 2010 a revision of the Federal Law on Unemployment that diminishes the duration of allowance. Once they cannot receive allowance any longer, unemployed people may get cantonal and city social assistance. Cities highly criticise the revision because it means additional expenditures and they claim for a more important duration of unemployment allowance.

The debate is very touchy in the city of Geneva because the canton wants to abolish the Cantonal Minimum Income for Social Assistance implemented in 1994. Both the federal and cantonal decisions mean that the city may be soon the most important supplier of social assistance for people who are unemployed for more than 18 months. Decisions and

measures are however still in debate with referendums launched about this issue (see the part about current debates).

### 3.3. Access to the labour market

*Are long term unemployment and temporary work concentrated in specific gender, age or ethnic groups?*

Long term unemployment refers to a period over 12 months. It varies a lot according to the cantons. In 2007, long term unemployment represented 33% of unemployed people in the canton of Geneva, 13.6 % in the Zurich canton and only 10% in the Appenzel canton. Long term unemployment is primarily significant amongst foreigners and especially those who do not come from European countries and are low-qualified, and amongst people who are more than fifty years old.

*Are there indications that labour market discrimination of women, elderly or ethnic minorities occurs? (e.g. unequal distribution of wages)*

Second generations whose parents come from non-European countries such as Albania, Turkey face discriminations hampering their access to the labour market and this is especially the case in the German-speaking part of Switzerland (Fibbi 2010). Ethnic-based discriminations take place even though people that have good degrees and a high school achievement. At the beginning of 2000, a survey investigated the Swiss population asking "when a Swiss and a foreigner apply for a similar job, one should choose the Swiss applicant": 60% of people investigated agreed with this statement whereas 29% replied negatively (Fibbi 2010).

*Is there a spatial concentration of unemployment in areas? (e.g. high unemployment in neighbourhoods with high criminality rates)*

We observe a concentration of unemployment at the regional level insofar as unemployment is more significant in the French-speaking part of Switzerland and in the Tessin than in the German-speaking part of the country. This general picture should be qualified however as German-speaking big cities such as Basel and Zurich also witness a rate of unemployment more significant than the average national rate.

### 3.4. Recent developments

*What are the key issues currently debated in this field, at the national level? (e.g. contract flexibility, the disappearance of low-skilled labour)*

One of the key-debate is about the sharing of responsibilities between the three federal levels (Confederation, canton and city) concerning unemployed people whose unemployment allowance comes to the end after 18 months. Once unemployed people cannot receive allowance any longer, they are transferred to social assistance managed and funded by the canton and the city. The debate is about the duration of unemployment allowance. The recent revision of the Federal law in 2010 has meant a reduction of the maximum period for unemployment allowance; cities have rejected this faster transfer of unemployed people to social assistance and emphasise the additional spendings that the revision of the federal law means. We have to mention that the German-speaking Switzerland, where the unemployment rate is very low, approved this revision whereas the French-speaking part with a higher unemployment voted against.

The trend is towards a greater responsibility/charge for cities. In the canton of Geneva, for instance, the Cantonal government decided that the Cantonal Minimum Income for Social assistance (for unemployed people without unemployment allowance) will be abolished. Therefore, the only and the last support remaining is social assistance managed at the city level. Cities highly criticise this growing transfer of unemployed people at the city level and the social/financial costs it means.

*What are the perceived effects of the recent financial crisis on the labour market? (e.g. expected high unemployment rates in specific sectors/social groups, introduction of new social policies or cutbacks in expenditure)*

The financial crisis has meant a rise in unemployment but this has been much more the case in the French-speaking and the Italian-speaking Switzerland (Tessin) whereas the rate of unemployment has been lower in the German-speaking one. Unemployment has been particularly significant among foreigners coming from non-European countries and people over 50 years old.

## 4. THE FIELD OF CHILD CARE

### 4.1. Demand and supply

*How is responsibility for child care historically shared between the family and other providers?*

In Switzerland, for a very long time, family and family life, and especially education of children, were considered as part of the private life in which state intervention was not welcome. The three K "*Kinder, Küche und Kirche*" (Child, Kitchen and Church) as well family policies based on a male breadwinner model in which men work and women stay at home to raise children were at the core of this preference for education of children within the family circle. This pattern is still potent in the German-speaking part of Switzerland but this is much less the case in the French-speaking region where women have a high rate of working activity.

Different factors have contributed to launch a significant debate about child care in the last years: the first one is a general frame about gender equality going with specific programs to encourage female professional activity and a better equality concerning the participation in the labour market. The female working rate in Switzerland is one of the most important in the European countries but we also note that women are heavily over represented in part-time jobs (one of the most important rate in Europe). Therefore, the issue of child care facilities has been raised in order to improve female working activity. Moreover, Switzerland is characterised by a low rate of fertility for twenty years (between 1.3 and 1.5 children per woman). The issue of women who do not have any children and seem to choose career rather than family life has been also mentioned in the debate about the weak number of child care facilities.

To sum up, birth-rate arguments and those related to gender equality contribute to renew the debate about child care. However, the ambiguity of attitudes in a matter of education of children is still relevant in Switzerland and this is especially the case in the German-speaking Switzerland. A survey about whether female working activity means that children suffer shows that 46% of men and 33% of women answer positively. But also, when we ask both sex whether professional activity means self-dependence, 60% of men and almost 65% of women answer yes. We see therefore the coexistence of contradictory attitudes but also, "the three K pattern" has significantly changed over the last three decades.

*What are the proportions of different types of service providers? (formal and informal, public and private, for-profit and not-for-profit)*

To begin with, we may have a look at the different child care service providers. There are formal structures:

- Crèches and nurseries that are, most of the times, private or semi-private institutions subsidised by the cantons, cities and to a lesser extent the Confederation.
- The "*école enfantine*" (nursery school) welcoming children from four to six years old, just before compulsory education starting at the age of six. This "*école enfantine*" is not compulsory but there are current reforms to make it compulsory in the next years (cf. Harnos, Intercantonal Agreement about Harmonisation of Compulsory Education). The *école enfantine* is a public facility and free.

- Child care structures created by firms or big organisations offering services to their employees. There are sometimes partnerships between the local government and firms to enable these private child care services to welcome local children whose parents are not employed in organisations.

Besides formal service providers, we also take into account semi formal child care providers: "*les mamans de jour*" (nursery assistants) welcoming children everyday and who may be considered as a semi-institutionalised child care supplier as it is managed by foundations and associations at the city level. In the canton of Geneva, nursery assistants receive an official training.

Finally, there are informal child care providers such as close family, baby sitters and pair girls. In Switzerland, grand-parents have a long tradition of childcaring.

In a matter of child care as in other areas of social life, we find again the principle of subsidiarity meaning that civil society is largely encouraged to develop initiatives to meet populations' needs. Then, associations and foundations may receive public funds to support their activities and projects. Most of child care providers are therefore private or semi private. Only the "*école enfantine*" is a free public facility for all children.

Experts underscore that it is challenging to present a complete overview of the proportion of child care service providers in Switzerland for two reasons: first of all, there is no uniform definition of institutional child care service providers as the latter greatly varies according to the cantons. Also, the federalism makes very different the systems of fundings and legal rules in a matter of child care. However, academic and official data underscore a few outcomes with respect to the proportion of child care service providers:

- The nursery school for children between 4 and 6 years old is diversely developed in Switzerland. Certain cantons offer one year and other two years. Around 86% of children go to the "*école enfantine*" one year at least. It means that the nursery school does not cover the need of child care before the age of 4 years old and also the coverage varies from canton to canton. A child may go to the *école enfantine* from the age of five years old only. However, systems are converging through the Harmos (Intercantonal Agreement about Harmonisation of Compulsory Education).
- Studies emphasise the low number of formal structures such as crèches, nurseries and other child care centres welcoming children under four years old, knowing that compulsory education starts at six years old. In Switzerland as a whole, there were 2.8 crèches for 1000 children in 2008. However, this number is twice more important than in 1985. There are great differences between cantons. The cantons of Geneva and Zurich have the most important child care coverage with 7.2 and 5.6 structures for 1000 children. Reversly, cantons located in the central Switzerland have a very low coverage with in average 1 structure for 1000 children.
- This low coverage contrasts with the high number of families who use extra-family care at least one day a week. The OFS (Federal Office for Statistics) report about families showed that in 2008, *50% of couples with a child under 4 years old and 71.4% of single-parent families have used an extra family care for their children.* The close family, and more especially grandparents, play a key role in the child care coverage for families needing only one day per week. 59% of families needing one day per week of child care appeal the close family and especially grandparents. When the need of child care is more than one day, role of child care formal structures increases but grandparents and to a lesser extent baby-sitters are still very significant, especially in the German-speaking Switzerland. To sum up, the more the need of days increases, the more the need of child care formal structures

rises and also, when children are under four years, the close family is primarily used as a child care supplier.

*What are the local demands for child care services (diversification of services: individual/collective; full-time/part-time; daily/occasional; in/out-home; formal/informal) and have there been significant changes in demand over the past ten years? Are there shortages?*

The important role of close family does not mean a low demand of child care formal services. To the contrary, many parents would like to use formal institutions but the price and the long waiting lists mean that many parents cannot use formal child care as they wish (Office for National Statistics, report on families 2008).

In 2005, a research team funded by the Swiss Confederation explored the preschool child care needs and showed that the half of the households with children under four years old would opt for formal structures (either "crèches" or "nurseries") for two days a week at least. There is consequently a need of formal structures offering a part-time coverage out of home. Also families ask a collective coverage rather than an individual one. Most of families reckon that crèches are the ideal child care service.

Researchers showed that the half of the need is not covered by the current supply, with 50,000 missing places. The Federal initiative launched in 2001 to increase the number of places meant an increase of the supply but it seems that it has become more important in places where the supply was already amongst the most important such as the urban cantons (+ 14% in the canton of Geneva, + 15 % in the Vaud Canton, + 24.8 in Zurich).

*What are the age boundaries for child care and (how) are these related to the organisation of the supply of child care services?*

Crèches and nurseries welcome children since the age of six months until the beginning of the "école enfantine". The latter welcomes children from four to six years old, before compulsory education.

*Who is eligible to receive child care support and how is the support organised? (subsidies to parents, employers or providers, tax relief, voucher). Please also relate this to arrangements for parental leave and child allowances.*

The lack of supply and the private or semi private characteristics of formal structures such as "crèches" or "garderies" means a selection of children to a certain extent. Children living in the city/town are prioritised. Also, children whose both parents have a job are also favoured as well as those coming from single-parent families.

Support to child care goes primarily to structures welcoming children rather than to families. However, single-parent families using child care services may benefit from a reduction of income tax in the canton of Geneva. If the child is under 12 years old and if the parent has a job, reduction in tax income is 3,100 euros per year and per child.

Support to structures rather than to families is currently discussed. In 2008, the city of Lucerne decided to offer vouchers to parents using child care services. The amount depends on the parents' income and the number of working hours. The Lucerne initiative was launched in 2009 and will be evaluated in 2011 as a possible good practise for other cities. Subsidising the demand rather than the offer is therefore at stake. We have however to mention that child care vouchers in Lucerne are only for parents with a job. Unemployed people are excluded from this system.

## 4.2. Structure of the administration

*What is the distribution of responsibilities between national/regional/local governments/EU in managing child care? (Funding, regulations, permits)*

Cities have a key role in financing child care services. They offer the most significant support concerning management/running of structures. Most of the times, costs are shared between parents and cities. In certain cities, prices depend on parental income. Therefore, cities are in charge of completing the difference between costs of running and money brought by parents. In other cities, money involved by cities is less important and prices paid by parents are consequently more significant.

The cantonal level also matters with respect to financing: cantonal laws define the sharing of spendings between cities/towns, cantons and parents. The French-speaking cantons such as Vaud, Geneva, Valais, Neuchâtel have implemented laws encouraging creation of new places in cities/towns: cantons also contribute to the funding of structures through employee's wages. Cantons also coordinate child care providers. However, cantonal support varies according to cantons.

Finally, the Federal program about child care launched in 2003 aims at supporting the creation of new formal child care providers. Between 2003 and 2011, 258 millions of Euros were invested in the existing child care structures to improve number of places or in new structures. For new structures, the subsidy arrives after one year of activity and concerns structures welcoming children 25 hours per week at least. 950 demands were approved between 2003 and 2008 and 330 of them were located in the French-speaking Switzerland where the federal support represented 47% of new places in the preschool child care structures.

To sum up about the financing, we have to mention again the key role of subsidiarity. The city is the most important scale. Cantons and the Confederation only support child care institutions that already receive communal supports.

Concerning regulation and permits, the Federal Law states that structures welcoming children under twelve years old have to obtain an official permit from the city. People welcoming children at their home with a salary have to officially register their activity. Structures and people who are not able to welcome children in good conditions are not allowed to develop their activity (i.e. welcoming more children). As we see, cities/towns are in charge of giving permits. Also, quality of structures is defined by the cantonal law (on the basis of the federal law) and cantonal services control structures every two years.

Last but not least, we have witnessed since 2006 an intercantonal agreement aiming at making more homogenous compulsory education in the Swiss cantons. This agreement has an impact on preschool child care providers. Indeed, a key-point of this agreement is about the beginning of compulsory education at four years old rather than six years old. The Nursery school will become compulsory whereas this is not the case at the moment. Except the UDC party (right-wing) that denounces "a nationalisation of education of children", all the political forces support this agreement. This intercantonal agreement was approved by ten cantons. However, only cantons wishing to take part in this agreement will implement measures. Participation is not a constraint. Cantons participating to the agreement have to implement new rules about compulsory education at four years old by 2015/2016.

*What are the roles/responsibilities of private for profit/non-profit organisations and parents? (Co-production / co-management / co-governance of child welfare services?)*

Switzerland is characterised by a significant tradition of delegation from the local government to civil society. Most of crèches and child care centres are managed by non-profit foundations and associations. They receive public fundings in order to develop their activities once they show that they meet the public criteria with respect to management of structures, quality of facilities, safety norms etc.. In the French-speaking Switzerland, the great majority of crèches and child care centres are subsidised by cities. Public fundings may be for extension of existing structures with new places or creation of new institutions. We witness therefore a *coproduction of child care coverage*. Moreover, foundations and associations also contribute to the regulation and *co-management of child care providers*. For instance, the Foundation Pro Juventute manages the individual child care providers such as the "nursery assistants" in many cities located in the canton of Geneva: the foundation receives calls from parents looking for child care and offers places according to the number of available child care providers. Pro Juventute is also in charge of the training of parents welcoming children. The training is completely funded by the canton and the cities/towns.

What we witness for a few years is the development of partnerships between firms and local governments.

- Some crèches created by firms welcome children of employees but also those living in the city as a whole. Financing of institutions is shared between firms and the city (ex. city of Geneva and Merck, City of Geneva and Crédit Suisse, the city of Vernier and SIG).
- Some subsidised child care services let places to firms for their employees (ex. Procter and Gamble, Crédit Suisse, La Poste, International Organisation for Labour)<sup>3</sup>.

*What are trends in terms of (de)centralisation in this field?*

The first trend is a growing partnership between firms, foundations and local government to extend child care services which are under-developed according to most of participants. This partnership takes place at the city level.

We also witness that cities are more and more in charge of child care services. In the German-speaking Switzerland as in the Canton of Geneva, cities tend to mutualise the offer, the management and the financing of child care services. In 2010, Meyrin and Vernier, located in the canton of Geneva, decided to implement an intercommunal structure to 1) coordinate the demand and the offer 2)organise the training of professionals 3) propose similar fees.

#### **4.3. Access to child care**

*To what extent are vulnerable groups of society (single mothers, unemployed and immigrant parents) free to choose specific child care services? (affordability)*

Studying affordability of child care services needs a first look at prices. In most of cantons, parental contribution depends on income. There is a minimal and a maximal price. In the

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<sup>3</sup> Motion of the Grand conseil to the Conseil d'Etat.

cantons of Berne and Geneva, the lowest price for a full time week with meals is 44 Euros per week and 177 Euros per month for one child.

Certain parents cannot afford child care services even though prices are the lowest possible. For instance, research shows that children of immigrants are underrepresented in child care institutions. It seems that prices hamper certain immigrant parents coming from non- European countries to afford child care services. In addition, unemployed people are not prioritised by child care suppliers; those who are selected first are parents with a job. Single-parent families in which the parent has a job seem to be prioritised (Kovacs 2008) and in the canton of Geneva, many single mothers working and raising children find a crèche or a child care centre. They also have reduction in tax income if they opt for child care services.

More widely, given the low rate of formal child care service providers (despite an improvement in the last years) parents living in the city are prioritised. For instance, in the Canton of Geneva, the main criteria to access subsidised child care services are:

- living in the area where the institution is located;
- living in the city;
- having a job and preferably in the city.

*Are there strong territorial differences in access to child care? Is there a lack of child care services in deprived and/or rural areas? (availability, accessibility)*

There are strong territorial differences in access to child care. First of all, we find the most important coverage in urban cantons such as Vaud, Zurich, Basel, Geneva and to a lesser extent Neuchatel. Less urban cantons located in central Switzerland (Neuwald, Obwald, Uri) have a very low child care coverage with hardly one institution for 1,000 children as well as cantons located in the oriental Switzerland.

*Are there significant differences in terms of the quality of various service providers?(equal opportunities for all children?)*

First of all, Swiss cantons do not offer a similar number of years at the "école enfantine" (nursery school).

Table 4 - Preschool attendance (Nursery school, age 4-6 years old, year 2009-2010)

Cantons	No year	1 year	2 years	Three years
Berne	1-2%	19,00%	80,00%	---
Fribourg	1,00%	80%	19%	0,00%
Genève	3,00%	7%	90%	0,00%
Jura	1%	2%	97%	0,00%
Neuchatel	5,00%	10,00%	85,00%	0,00%
Valais	0 à 0.5%	2 à 3%	97%	0 to 0.5%
Vaud	0.60%	5,00%	91,00%	1.90%

Source: Federal Office for Statistics

In Switzerland, 86% of children attend nursery school one year, at least but cantons offer diverse opportunities to children. The number of years varies: for instance, in the canton of Fribourg, the great majority of children attend one year and only 19% of children two

years. This outcome contrasts with other regions such as Valais or Jura where a two-years-attendance is in the majority. It may be related to the fact that some parents do not want to send their children to school before the age of six years old. But non-attendance also depends on the public offer: for a long time, the canton of Fribourg has only offered one year of *école enfantine* whereas the Tessin, with *La scuola di Infanzia*, has proposed three years for many years. Attendance to "école enfantine" draws therefore diverse opportunities for children: some of them start compulsory education while they are used to socialisation with the others and they are well-prepared for school whereas this is less much the case for certain children.

Concerning the quality of services, differences are mainly between the types of providers. Generally-speaking, crèches offer a socialisation with other children and early-learning activities with professionals who receive a specific training. Criteria of quality are similar in many cantons: in Berne as in Geneva, we find strict safety norms, a quiet and closed space for babies, a space for children who want to remain alone for a moment. Nursery assistants who are managed and agreed by public foundations welcome children at their home but children go to the local crèche twice a week with the nurse. Children can thus benefit from early-learning activities. Pair girls and childminders cannot offer the same stimulating and collective environment. Local demand shows that parents mainly seek socio-educational facilities for their children.

#### 4.4. Recent developments

*What are the key issues currently debated in this field, at the national level? (e.g. in relation to family policy, child care in relation to demographic decline, social investment in children)*

The topic of gender equality is highly significant in the current debate about child care services. In Switzerland, 79% of part-time jobs are occupied by women. We face a very gendered participation in the labour market. Massive involvement in part-time jobs means that access to high responsibilities in firms, administrations and big organisations is a challenge for women: top jobs require indeed a full participation from employers' viewpoints. Many participants state that development of child care is an indispensable condition to develop more gender equality in the labour market. In Switzerland, public administrations are very pro active about how to combine involvement in the labour market and family life. The debate mobilises funds, many participants and the topic of child care coverage/services is a key issue.

A second characteristic of the debate is the low rate of fertility of women for twenty years, between 1.3 and 1.5 children per woman. In the public arena, questions about women who do not have children in order to develop their career are raising. Actually, a typical female job trajectory that we notice is (highly) qualified women who study and work until 30 years old. Then, they have children and withdraw from the labour market for many years. In order to prioritise their job career, certain women do not have children. The debate about child care is also about how increasing the birth rate.

*What are the perceived effects of the recent financial crisis on the field of child care? (e.g. cuts in funding, diversification vs. standardisation of service providers)*

The financial crisis has led many participants to underscore the child care expenditures. In the canton of Geneva, we have witnessed a debate between those who consider that professionals' wages are too high and hamper the creation of new structures. The Democrat-Christian party tabled motion to revise downwards norms in a matter of

management and reduce the number of employees. Other participants pointed out that the management is an essential quality requirement.

The initiative of child care vouchers in Lucerne also launched an important debate. These vouchers aim at supporting the demand rather than the offer: vouchers imply that the demand will shape the offer in a more significant way. They also mean a greater concurrence between child care services as parents will be more able to choose the service they want. Certain participants disapprove vouchers arguing that they may create a two-tier system with structures welcoming wealthy children and able to develop services whereas other institutions will be less efficient and for low-income parents.

*Are there striking new local innovations/movements with national appeal? (e.g. "new generation services" - parental initiatives, multicultural nurseries, etc.)*

In the French-speaking Switzerland, multicultural dimensions are developed in child care centres. For instance, in the city of Lausanne, the Office for Integration of Immigrants and the local office for child care services have developed together French lessons for parents and their children in order to improve their integration through recreational activities.

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## THE AUTHORS

**Dr Nathalie Kakpo** is a researcher in the department of sociology of the University of Geneva. She got a PhD in sociology about the French second-generations at school, in the labour market and how social trajectories shape Islamic beliefs and practises among the youth. This PhD thesis was turned into a book published by the Presses de Science Po in 2007. Nathalie Kakpo also worked on the French urban riots and she contributed to a book written on the issue and translated into Italian. After her PhD, she carried on with her research in Milan and London working on integration of immigrants into the European labour markets and interethnic cohabitation in urban neighbourhoods.

**Sandro Cattacin** is full professor and Director of the Department of Sociology of Geneva. He studied economic history, political science and political philosophy at the University of Zurich. With an Italian fellowship, he participated in a PhD programme on political and social science at the European University Institute in Florence. After his graduate studies, he started to work as a researcher at the University of Geneva and obtained a position as “Maitre-assistant” in 1992, as executive director of RESOP in 1997, and as “Professeur adjoint” in sociology and political science in April 1999. At the University of Geneva, he has taught on Swiss politics, comparative methods, political theory and social policy topics.

## THE WILCO PROJECT

**Full title:** Welfare innovations at the local level in favour of cohesion

**Acronym:** WILCO

**Duration:** 36 months (2010-2013)

**Project's website:** <http://www.wilcoproject.eu>

### **Project's objective and mission:**

WILCO aims to examine, through cross-national comparative research, how local welfare systems affect social inequalities and how they favour social cohesion, with a special focus on the missing link between innovations at the local level and their successful transfer to and implementation in other settings. The results will be directly connected to the needs of practitioners, through strong interaction with stakeholders and urban policy recommendations. In doing so, we will connect issues of immediate practical relevance with state-of-the-art academic research on how approaches and instruments in local welfare function in practice.

### **Brief description:**

The effort to strengthen social cohesion and lower social inequalities is among Europe's main policy challenges. Local welfare systems are at the forefront of the struggle to address this challenge - and they are far from winning. While the statistics show some positive signs, the overall picture still shows sharp and sometimes rising inequalities, a loss of social cohesion and failing policies of integration.

But, contrary to what is sometimes thought, a lack of bottom-up innovation is not the issue in itself. European cities are teeming with new ideas, initiated by citizens, professionals and policymakers. The problem is, rather, that innovations taking place in the city are not effectively disseminated because they are not sufficiently understood. Many innovations are not picked up, because their relevance is not recognised; others fail after they have been reproduced elsewhere, because they were not suitable to the different conditions, in another city, in another country.

In the framework of WILCO, innovation in cities is explored, not as a disconnected phenomenon, but as an element in a tradition of welfare that is part of particular socio-economic models and the result of specific national and local cultures. Contextualising innovations in local welfare will allow a more effective understanding of how they could work in other cities, for the benefit of other citizens.