

Ending Your Working Life with Dignity

The fear of unemployment is symptomatic of the decline of the middle class, which is anxious about its financial independence and social status.

Jean Christophe Schwaab

It is a paradox that the biggest fear among the population of Switzerland, a country with a flourishing economy, is unemployment. On the one hand, this is a reflection of just how important work is for the Swiss. At the same time, however, it isn't just about the determination of individual Swiss citizens to provide for themselves and their families; it's also about making a contribution to the prosperity of the nation.

However, the fear of unemployment – and the fact that this fear is so persistent – shows that unemployment is not seen as a temporary evil, from which one can quickly recover. Instead, it is a fear of long-term unemployment and the loss of financial independence and social status. It is symptomatic of the questions that the middle class is asking itself. It sees how its own situation is deteriorating while a small number of wealthy people profit most from economic growth.

More and more unemployed people find it difficult to get back to work within the officially designated period and eventually find themselves accepting less challenging work at a reduced salary. This work is often not appropriate to their skill set or qualifications. Some are even obliged to turn their back on the primary labor market and apply for welfare. For these employees, this period without work is not an obstacle that can simply be overcome but is instead the end of their working life.

Meager Opportunities for Older Workers

Of course, most unemployed people find their way back into work and experience the same level of satisfaction at work and receive the same salary as before. However, they are all afraid that losing their job may mean compulsory retraining. These fears are only exacerbated by unemployment insurance, which does not enable real professional reorientation and instead encourages people to take the first "acceptable" job that comes along, even if it falls short of their actual expectations. This "acceptability" threshold falls as the period of unemployment increases.

These fears are felt in particular by employees over the age of 50 because they know that their chances of finding a new job are poor, no matter how well qualified or highly motivated they are. In many cases, they will be forced to end their working life in "side jobs" which are often precarious and not appropriate to their qualifications or experience. The salary drop is permanent because the employee's pension savings will also be reduced. Early retirement costs them dear. The least fortunate among them will have to apply for welfare and will then be obliged to cash in their pillar 2 pension savings, spend the proceeds, and in some cases sell their home. That's certainly not how most people would wish to end their working life.

What Politicians Can Do

What can politicians do to make sure that all working people are able to end their working life with dignity? On the one hand, employability needs to be reinforced throughout each individual's working life. Ongoing education and retraining must be made available to all workers, regardless of their age, role, or employer. Unemployment insurance has a role to play here and must take its lead from the Danish model. This model enables real retraining, even if unemployed people who start out to acquire new skills will require long-term support to do so. That could also be a solution to the skills shortage problem.

Social security should also be better at covering the risk that people may be unable to find a new position because they are too old. It could therefore make sense for bridging pensions to be extended, for example. They would enable older employees to end their career with dignity without having to fall back on welfare. This system is already making a positive impact in Canton Vaud.

The way that Pillar 2 is financed also requires rethinking. We have to find a way of ensuring that individuals are no longer principally dependent on contributions made in the final years of their working life to build up adequate retirement assets.

Finally, employers will also have to accept that they have a social responsibility toward older employees. If there were to be an increase in terminations without reasonable justification, it would be appropriate to introduce statutory employment protection for employees over the age of 50.

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Our Balanced, Far-Sighted Politics Is Crumbling

The secret of Switzerland's success is its dynamic labor market. We must not throw away this trump card by imposing restrictive regulations.

Valentin Vogt

Unemployment is the biggest concern for Swiss citizens. However, the fact that this issue came out top in last year's Credit Suisse Worry Barometer has caused little surprise. Ever since 2003, unemployment has always been the key issue, eclipsing other topics such as migration, social systems, or Switzerland's bilateral relationship with the EU. In 2014, 51% of respondents – significantly more than in the previous year – rated unemployment as one of Switzerland's five most pressing problems.

In my view, the fact that unemployment was perceived as a greater concern this year than in previous years is not directly related to the current situation in the labor market. Instead it is the prospects for the future in general that are worrying the Swiss. The global economic environment remains extremely hard to read. With the exception of the US and Germany, economic trends tend to look negative. In addition, the outcome of the negotiations between Switzerland and the EU on the implementation of the mass immigration initiative remains unclear. It must be assumed that the Swiss labor market – the heart of our economy – will be adversely affected.

Dynamism: The Secret of Our Success

The pre-eminence of unemployment in the list of concerns in recent years also points out just how important work is in people's lives. Of course, the income generated by gainful employment is a key aspect. But it's about more than just that. In Switzerland in particular, an individual's work and career are a vital part of his or her identity. When you lose your job, you also lose part of your identity. Unemployment can also lead to social isolation, which can be associated in turn with health risks. Unemployment therefore means much more than just losing one's salary. It can bring the whole meaning of one's life into question.

With an unemployment rate of 3.2% and a youth unemployment rate of 3.6% (as at August 2015), Switzerland has fared much better than many other countries in the current economic headwinds. This success is based on the flexibility of the Swiss labor market. The balanced nature of Swiss politics in earlier years ensured that only essential regulations were imposed and that the dynamism of the labor market remained largely unimpaired. This dynamism is the secret of Switzerland's success. Every year around 550,000 people (i.e. 2,500 people per working day on average) start a new job. Of these, approximately 300,000 take up a new position with their current employer or switch to a new employer.

These impressive figures show that leaving a job – whether voluntarily or not – generally does not mean that your working life is over. Good labor market policy does not therefore simply mean preserving the status quo. Instead, good labor market policy encourages the economy to adjust to structural changes. The dynamism of the Swiss labor market is therefore an expression of its ability to adapt rapidly to changed circumstances.

If the Worry Barometer in 2014 indicates that unemployment is perceived as a much greater problem now than in previous years, this could be interpreted as a concern that labor market dynamism is weakening. At heart, of course, this is a criticism of current political viewpoints.

Hazardous Regulation

These concerns are in fact well justified. Quotas, preferential treatment for Swiss nationals, and salary police are just some of the ideas that have found their way into our political discourse in recent times. These terms are the expression of political initiatives which would needlessly shackle the labor market. Anyone who has followed the political debate in recent years has seen attempts from all sides to impose far-reaching and dangerous regulations on the labor market. This must give us all pause for thought when we see that such regulations could pose a vital threat to our dynamic labor market, one of Switzerland's trump cards.

Growing concerns about unemployment are also an expression of more profound misgivings that today's politicians have lost some of the prudence, balance, and far-sightedness of their predecessors. It needs to be said loud and clear that these misgivings are more than justified.

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