

1.2. Social and Economic Structure

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1 An Uneasy Couple

The relationship between societies and their economies has been interpreted in many different ways in social and political thought. This relationship is so fundamental to understanding what goes on within a society that it was chosen as the title for the major work of Max Weber (1921), the founder of modern German sociology. Is the economy only one of many sectors of social life, subject to the same patterns as other parts of society (Parsons 1951; Luhmann 1984)? Or is it rather the underlying centre of power that moves the other parts of society, even if this is not always clearly recognizable (Marx 1867)? Is the logic of the *homo oeconomicus* so compelling that even areas as far removed from economics as the family and religious life are best understood using the tools of the economic sciences (Becker 1981)? Or, by contrast, do economic and non-economic processes and structures interpenetrate to such a degree that economic activity is always embedded in non-economic structures; and, conversely, does the logic of economics, especially individual or collective cost-benefit analysis, have a role to play in other spheres of life as well (Granovetter 1992)? Results from social and cultural anthropology (Polanyi 1957) and economic history (Braudel 1979; Wallerstein 1976) show that the relationship between economics and society is not constant. The more complex the structure of a society, and the more decentralized its structures of political power, the more an economy will "liberate" itself from its societal basis. The more these structural requirements are fulfilled, the more strongly an economy will develop a momentum of its own and ultimately shape the dynamics of the whole of society—or at least threaten to do so. It is difficult to deny that such a dominance of only one of many forms of social intercourse is problematic in more than one respect.

Together with this diagnostic question, we must also ask about the appropriate scientific strategy and the relevance of the various specialized sciences—is it sociology or economics that can best help us understand society? According to one polemical saying, economics deals with how people make decisions, while sociology is concerned with why they have no choice in the first place. When read against its polemic grain, this saying actually highlights the complementarity of these different perspectives. This is particularly relevant in a situation in which the relationship between national economies and national polities, which has remained relatively stable and balanced for decades, is shaken by an acceleration of economic globalization. With globalization, increasingly large parts of the population realize that the enormous difference in mobility between territorially bound political structures and de-

territorialized markets and corporations creates a power imbalance between economic and political actors. This in turn threatens to hollow out political democracy to a previously unknown extent (Antille/Bürgenmeier/Flückiger 1997). Within this new context, the attitudes of disillusioned citizens will no longer be "they'll do what they want anyway" but rather "why care about voting if the really important decisions are taken elsewhere".

For a long time, social and economic developments in Switzerland appear to have progressed more gradually and to have been less concentrated than in other Western countries. The process of industrialization itself did not set in late—on the contrary, not many European countries experienced an "industrialization before industrialization" that went as far as it did in Switzerland—but it progressed less abruptly. The same can be said of the 20th Century, above all because Switzerland was only marginally, and not militarily, involved in the two World Wars. Did this reduce the ability of Switzerland's economic and social structures to adapt to changing international conditions because production structures and styles remained intact, while elsewhere it was necessary to rebuild new and therefore more modern structures? Or did the relatively high standard of living in Switzerland make it possible, especially through the importation of foreign labour, to protect entire sectors from international competition and its inherent pressure to innovate? Or is Switzerland today suffering from a surplus of democracy, because too many interest groups, institutions and political subsystems participate in important decisions, and are able to block necessary changes at a time when the pie to be divided is no longer growing, thus turning most strategic choices into zero-sum games with winners and losers (Borner/Brunetti 1990)?

Only very few of these questions can be answered in a satisfactory manner in the present chapter—in part because the relevant research is underdeveloped. This is also the reason why the basic features and trends discussed below represent a sample that depends on the choice of the observer.¹ The authors list those features which they consider the most influential in the present as well as in the long term.

2 Economic Structure

Basic features

In important respects, the structure of the Swiss economy has not only developed differently from that of its neighbours but it also differs from the conception many Swiss have of it. Switzerland, as opposed to most other European countries, experienced a phase of proto-industrialization, especially in the 18th Century, which meant that many regions engaged in forms of serial production of high-value products (textiles, watches) even before the actual industrial revolution (Bergier 1983). In contrast to the early phases of industrialization in England, Germany, France and other countries, which led to the creation of large new industrial cities and regions, large-scale mass production hardly developed in Switzerland, restricted as it was to those regions which produced the natural resources it required. Early industrial development in Switzerland was decentralized, partly “pushed” by the resistance of the powerful guilds in the cities (who prohibited urban industrialization), and partly “pulled” by the relative abundance of water power and cheap manpower in the rural areas. Thus, industrial production often developed quite far from the large cities (such as in the canton of Glarus and in the Jura mountains). This production was largely oriented toward the export market, whether to Europe or to the colonies (whereas Switzerland was not involved in colonial military activities and their costs). Textiles were the leading product until the inter-War period of the 20th Century.² In the most important sectors (above all, textiles and watches), Swiss industry was able very early on to secure a disproportionately strong position on international markets. In the 20th Century, the strong foreign orientation of the Swiss economy was also manifest in other sectors, such as the banking and insurance industries, as well as in the area of direct investment, where Swiss capital has been an international heavyweight for decades. This is also the reason why, on the international stage, the Swiss economy has an importance that goes far beyond what would be commensurate with the size of the country and its population, even though in absolute terms it is much more modest than that of the large nations in the world market.³

Decentralized industrialization led to a certain stabilization of the rural population in the regions concerned and slowed migration to the cities. However, “decentralized” in this context should not be misunderstood as territorially expansive. Early industrialization, with its specific organization in the form of the « cottage industry », influenced eastern Switzerland, Basle and its environs and the Jura, but not central Switzerland, the Bernese Mittelland, or the cantons of Grisons, Valais and Ticino. The *Sonderbund* war of 1847 was not least a revolt of the poor rural Catholic cantons against the rich industrialized Protestant cities, whose openness to the world and to change was seen by the agricultural world and its elites as threatening rather than as promising.

In rural areas, poverty was widespread well into the 19th Century, and industrial development presumably benefited from it. It was above all for economic reasons that, for centuries, Switzerland was a European emigration state *par excellence* as well as a source of mercenaries. The Swiss migration statistics show that immigration exceeded emigration only after 1880.

Poverty was primarily a rural phenomenon; until the second half of the 20th Century, the real poor in Switzerland were the mountain farmers.⁴ In 1880, only 21 percent of workers were employed in the industrial sector, and only half of these in factories; the rest worked in cottage industries, which minimized infrastructure costs for producers. It was only at the end of the 19th Century, under pressure from the increasingly powerful unions and in light of the new factory laws, that the general situation of the workers was improved.⁵ Only in the second half of the 19th Century did workers' pay begin to exceed subsistence levels and only then did the norm prevail that a worker's pay should nourish his whole family (more or less in parallel with the prohibition of children's and mothers' employment).

The early and decentralized introduction of industrial production probably contributed decisively to the fact that the "revolution" remained technological and never became socio-political. The radical political change that had led to the toppling of the *ancien régime* at the end of the 18th century was only possible due to the military intervention of the Napoleonic army; a half-century was then necessary until a new, stable political structure was established (i.e., with the Constitution of 1848). This structure included strong elements of federalism, which remained important despite the enormous dynamism brought on by the creation of a unitary, national economic space (through abolition of internal tariffs and of cantonal currencies). For instance, many firms that operated across cantonal boundaries retained organizational structures according to cantons, as did political systems, schools, churches and unions; cantonal economies were consolidated by the cantonal banks (*Kantonalbanken*). Cantonal regulations containing market limitations still contribute to a territorial *de facto* segmentation of the internal market.

This particular path to industrialization brought about many of the characteristics that typify the economic structure of Switzerland to this day:

- relatively complex and extensive regional economic areas, which survive remarkably well, despite a growing focus on the export market;
- a large number of mid- to small-sized urban centres, notwithstanding strong agglomeration patterns around a few urban cores;⁶

- highly developed industrial production, with a main focus on specialized and high value-added products;⁷
- the important role of widespread vocational training, especially in the form of a dual system of apprenticeship as well as on middle and higher levels;⁸
- a strong base of small- to mid-sized companies, which still today make up a surprisingly high percentage of firms, despite the long-term decline in self-employment well into the 1980s (which, however, has been reversed since then) and despite the strong presence of large firms and big business;⁹ and
- a traditionally strong and still-increasing orientation towards export markets.¹⁰

Recent developments have been characterized above all by two important changes. First, there has been a strong increase in *tertiarisation* since the 1970s. This is only partially reflected in the statistics, which show an increasing expansion of the service sector, since this transformation also took place within the industrial sector itself (witness the increasing importance of strategic, planning, administrative, and research and development functions at the headquarters of large Swiss industrial companies and the simultaneous tendency to relocate less qualified production or routine activities abroad).¹¹

With regard to employment, the strong development of the service sector more than compensated for the simultaneous, though largely relative, decline of the industrial sector. For this reason, the relative de-industrialization of the Swiss economy generally did not lead to a net loss of jobs. Only between 1973 and 1976, and again at the beginning of the 1990s, did the absolute number of jobs in industry drop more than the simultaneous increase in the tertiary.

Second, recent developments have been influenced by the trend towards *rationalization*, which characterized the 1980s. This process was driven by the computerization of production and offices—leading to increasing automation—as well as by the massive wave of corporate mergers beginning in the mid-1980s. Since this, in turn, caused considerable adjustment problems, the effects of rationalization were often delayed. Amplified by other factors that will not be discussed here, these effects apparently contributed directly to the crisis-like recession that swept the Swiss economic and social landscape during the 1990s. This led to a level of unemployment as well as a deficit of the social welfare institutions and of public finances that the country had not seen since the world economic crisis of 1929-33. The ensuing financial problems have not yet been resolved, which is politically all the more problematic as Switzerland's economic growth has been lower than that of her neighbours during the last 10 years (Bonoli 2004).

Tendencies of development

Four tendencies of development are particularly salient:

- *continuing tertiarization;*
- *continuous growth in productivity;*
- increasing discrepancies in the development of high- and low-productivity industries, in the industrial as well as the service sector. This tendency is closely linked to the process of globalization, and in part to the unequal growth rates of the (dynamic) export market, on the one hand, and the (rather stagnant) domestic market, on the other; and
- the partial *relocation abroad* of Swiss firms.¹²

As a consequence of the diverging development of domestic and export markets, national economic policy-making is confronted by increasingly contradictory demands. The domestic economy naturally favours a more protectionist policy, while the export economy prefers a liberal one. Moreover, in the wake of progressive globalization, the "integration gap" between the Swiss economy, which is strongly integrated (domestically as well as internationally), and Swiss policy-making, which lacks internal as well as external integration, is widening (see Gabriel/Rybach in this volume).

Further, since the 1980s, the maximization of "shareholder value" has become an increasingly important objective in management and investor circles. Consequently, productivity gains are no longer divided more or less equally between capital and labour (through wage increases, reductions in work time, or job safety measures), but are increasingly passed on to investors. We shall return to this issue later.

3 Social structure

Basic features

The most important and consequential feature of a social structure is social stratification—that is, the system of the most important social inequalities. The bulk of our attention will be devoted to this issue. However, some preliminary remarks on two other basic dimensions of social differentiation are in order: the organization of social processes into institutionally separated

sectors (sectoral differentiation) and at different systemic levels (systemic differentiation). Here too, the choice of topics covered is necessarily selective.

Levels of social organization

The discussion of federalism has already touched on the dimension of systemic differentiation, which is particularly pronounced in Switzerland (see Vatter in this volume). Even today, despite the opening of the country in the 19th Century and globalization in the latter half of the 20th Century, the cantons remain semi-autonomous micro-societies in several respects. Structural and cultural differences (particularly differences in wealth) between the cantons persist, which are only partially compensated for by the financial compensation schemes of the Federation (see Germann, as well as Schenkel/Serdült in this volume). Further, the autonomy of the municipalities is vigorously defended, especially against merger projects and demands for inter-municipality financial compensation schemes. There are, however, signs of fatigue, such as the difficulty small municipalities have in filling their usually honorary official posts and in dealing with the long-lasting and complex problems that cross municipal or cantonal borders (see Geser in this volume). With few exceptions, social structures are “territorialized”, i.e., they are bound to a particular territory, which is both reflected in, and influenced by, the organization of political life into "concentric circles" (i.e., the federal, cantonal and municipal levels). However, there is increasing evidence in many regions that the administrative political division of territory no longer reflects the socio-economic one, including the national borders in the regions around Geneva, Basle and Lugano/Chiasso; the spatial distribution of commuter flows is clear evidence of this phenomenon (Schuler *et al.* 1997).

Institutional sectors: separate and connected

Institutional sectors refer to the conventional division of society into large social aggregates, such as the educational system, the economy, the family, the political system, the church, the health care system, the justice and correctional systems, the armed forces, and so on. It is obvious that there is a certain functional division of labour between these sectors: in various ways, they each produce and distribute a specific (material, organizational or symbolic-cultural) social good. This is a form of structural division of labour, not between persons, but rather between societal sectors, which, as a consequence of their specialization, are to a certain extent complementary. We illustrate this articulation from the perspective of individual life courses

Adults regularly participate in several of these fields at once. They occupy a position within their respective internal structures, are confronted with their different rules, demands and constraints, and are rewarded according to the logic of each individual system. In the course of life, these institutional "participations" evolve in a socially regulated manner; in part they follow one after the other, albeit with temporary overlap in some cases. This spontaneously invokes the sequence: family of origin → school → work life/family → retirement. However, not everyone will follow this pattern without interruption, since not all adults establish a family and remain family members during a continuous and lengthy period of their adult life. The same can be said of the world of employment: a phase of working activity may be followed by a period of renewed education or training.¹³ Nevertheless, there is something like a linear pattern which is reflected in most curricula (see also Perrig-Chiello 2004).

However, the typical sequence of participatory profiles of men and women differ considerably. Despite a certain pluralization of ways of life, in Switzerland, a relatively traditional family organization continues to predominate, implying that women's professional activities are subordinate to their role in the family. The opposite is true for men: their professional role takes precedence over their family role.¹⁴ The frequent interruptions to women's careers, mainly after marriage or the birth of a first or second child, are a direct result of this; similar interruptions to a man's career are practically non-existent (except in the case of some Scandinavian countries with gender-independent legislation on parenting). Thus, for women, family life competes with their professional career, whereas for men, the former tends to support the latter (Widmer *et al.* 2003).

There is considerable evidence that this "asymmetric complementarity" between the life paths of women and men is strongly influenced by the institutional environment of the family. Many institutions and organizations involved in the regulation of everyday life—be it through the forms of participation mentioned above (e.g., the school), or through exchange relationships between customers or clients (e.g., businesses or public offices)—are based on what are often only tacit preconceptions of "normal" behaviour, such as the predominant form of living in families whose adult members are not all full-time employed. This is particularly evident when taking into account the only partially adjusted rhythms followed by different social institutions, such as the normal working hours of the active population, children's school hours, which usually vary between different levels, and the opening hours of businesses and public services. Only in a complementarily organized family is an adult member sufficiently available to bridge these

asynchronicities so that all members are able to coordinate their activities without too much friction. This complementarity is regularly and traditionally linked to gender and includes male dominance. It results in a hardly visible but nonetheless strongly felt institutional pressure to live in couples organized in a complementary way. Of course, not all people automatically succumb to this pressure. However, they do sense that any other way of life is in many ways more laborious, i.e., more “costly”. This explains why, despite some variations, relatively traditional, gender-specific modes of common life continue to persist. Further, it shows that the normative assumptions underpinning societal institutions have an important stabilizing effect on gender inequalities within the family.

This view of a society’s institutional structure from the perspective of the individual’s life course shows that the manifold links between the sectors—here at the level of individuals’ integration into society—are at least as important as the internal characteristics of the sectors. Another such link will be discussed in the final section using the example of the political system and its relationship with the other sectors of society. Such links are established in response to various stimuli and challenges. In the case of the relationship between the economy and the political system, the acceleration of economic globalization seems to be the most important factor. The changing relationship between the educational system and the professional world over the last twenty to thirty years is different again. The educational system expanded considerably in the 1960s, leading to increasing numbers of students in higher levels of (vocational and general) training. Various studies have shown that this has led to an “elevator effect”, through which the entire educational hierarchy has been shifted upwards. However, this expansion did not, as some expected, lead to a democratization of entry to higher levels of education. In other words, the percentage of children from the lower strata of society obtaining higher degrees did not significantly increase. Moreover, at the exit level, it did not lead to an expansion of the middle and higher levels of the hierarchy within the working sector. Instead, the consequence was a devaluation of higher degrees: today, more certified qualifications are necessary for the same posts than thirty years ago. Obviously, this expansion of education, whose desirability is not questioned here, followed a different logic than did the changes in the economic structure. Neither has had a significant influence on the reproduction of social inequalities.

Social stratification

These reflections lead us directly to the topic of social stratification and its dynamics. There is a close relationship between the aforementioned social sectors and social stratification, i.e., the system of social inequalities. All of these sectors are themselves hierarchically organized, and many of them are also components of the professional world.¹⁵ Therefore, in research on social status of individuals and families, education, professional status and income remain the three most important factors. The educational system is where qualifications relevant to professional life are obtained, and most adults' incomes are determined in large part, if not entirely, by their employment status. Therefore, profession is arguably the most important stratifying factor although, on average, only about half of the population is professionally active. The majority of those who do not exercise a profession live under social conditions that are either determined by the professional activity of a member of their family (children, non-employed wives) or by their own former status (the retired, the unemployed, the hospitalized).

So far, there is no evidence of changes towards less inequality. On the contrary, as already mentioned, the differences in education between the social strata in Switzerland remain pronounced, regardless of the expansion of education. Despite management doctrines to the contrary, such as the "flattening-out of hierarchies", and the slightly higher number of middle-management posts in large companies, the professional pyramid remains steep, and the gap in income and wealth is widening. Overall, inequalities in education, professional status, income and wealth remain the most important components of social stratification as well as those with the greatest consequences for individuals' ways of life. This fact contrasts sharply with the numerous reforms the complex educational system of Switzerland has undergone since the 1960s (Labhart Report 1964) with a view to reducing the inequalities of access to higher education, under the slogan of a better "actualization of the country's talent potential". This kind of inequality has indeed been reduced with respect to two dimensions: women have largely caught up with men, and students in peripheral areas have caught up with those from more central ones. However, class differences of the access to higher educational levels have largely remained (Levy *et al.* 1997). This is but another indication of the resilience in structures of inequality and flies in the face of the ideological vision of the "achieving society".

Crystallization of inequalities

Are these central inequalities (above all in education, professional status and income) correlated, or do they exist independently of one another? To use a technical term, this is the question of the

degree of « crystallization » of social stratification. High crystallization implies a strong congruence between the different criteria of inequality, i.e., when most individuals are positioned similarly (low/middle/high) according to each criterion. Low or no crystallization means that all conceivable combinations of positions are possible. There is reason to believe that the degree of crystallization has fallen during the course of the 20th Century in all Western societies, particularly when seen in broad historical perspective.¹⁶ Available empirical evidence in Switzerland points in the same direction, at least up until the 1970s (Buchmann 1991; Lamprecht/Graf 1991). Since then, the tendency appears to be toward a certain re-crystallization (Levy *et al.* 1997). Further, the congruence of positions in the lower and higher strata is noticeably stronger than in the middle strata, which comprises the majority of the population. To simplify, one could say that a strong crystallization of inequalities is a prerequisite for a class-based structure, whereas mid-range or low crystallization, as in Switzerland, can co-exist with strongly unequal social stratification, which nonetheless leaves room for great diversity of profiles (Bergman *et al.* 2002).

The question of the crystallization of inequalities is thus not just empty theorizing. The oft-discussed individualization of today's world and the pluralization of ways of life are closely related to declining levels of crystallization. The same is true of a society's openness to upward mobility of the individual, the relative invisibility of social stratification as such (or at least the underestimation of its extent), and finally the loosening of the link between social status and political orientation on the right-to-left scale. As long as social stratification is not seen as a multi-dimensional phenomenon (as here), but rather as having a unitary and homogenous dimension, the latter development will be misinterpreted as a sign that social stratification has lost its political relevance.¹⁷

Social mobility

The system of social inequalities should not only be analyzed in a static perspective. It becomes even clearer when the upward and downward movements of individuals within the system are examined. Summarized briefly, the Swiss mobility regime, inasmuch as it has been studied, is Janus-faced. While high rates of mobility do exist, this mobility serves mainly to further the intergenerational reproduction of inequality. In other words, many members of the younger generations, after having experienced some upward mobility, find themselves in the same social situation as that of their family of origin, because their occupational entry level is below the level

acquired by their parents (Joye *et al.* 2003). It seems that a considerable part of the young enter the labour market below the level of their parents; hence, a substantial part of their upward mobility is nothing more than “catch-up mobility”. School education appears to be the main regulatory factor, more so than the possession or non-possession of means of production.¹⁸ Moreover, education determines—to a great extent, although not entirely—how far it is possible to move up or down from a given position.

Social mobility is not the only aspect where processes of reproduction and stabilizers of social inequality can be shown to have a considerable impact. The choice of spouses and friends is also strongly influenced by stratification and to a large extent follows the principle of association among social equals (homogamy and homosociality). Despite the undeniable degree of openness—as evidenced by a certain degree of mobility and an only medium level of crystallization of inequalities—strong forces are nevertheless at work that reinforce not only structures of inequality, but also a clear continuity of social status across generations.

Discrimination on the basis of gender and nationality

Two large segments of the population suffer discrimination under the Swiss stratification and mobility regime: women and (male as well as female) foreigners. Neither group enjoys the same status condition and possibilities of upward mobility as their respective counterparts—men and Swiss citizens of either sex. Women as well as foreigners are concentrated in certain labour markets, both must be more qualified than their male or Swiss competitors to reach higher professional levels, and both tend to be paid less. Finally, the relative discrimination against women is even worse than that suffered by foreigners (see, *inter alia*, Levy *et al.* 1997; Bühlmann *et al.* 1997).

The reasons for this unequal treatment are complex and seem to overlap only partially; they cannot be dealt with in detail here. We will, however, mention one example of a particularly paradoxical structural effect which concerns the entry of men and women into professional life. Girls have been able, over the past few decades, to close the gap separating them from boys as far as educational and vocational training is concerned. Nevertheless, professions and professional choices remain strongly gender-specific, leading to an unequal treatment of the sexes in the working world. This is a remarkable example of a transformation of formal equality into inequality in terms of opportunities in real life. Young men and women formally go through the same vocational training and leave it with formally equal certificates. In the course of their

apprenticeships they have, however, largely been "pre-selected" into gender-specific professions and later enter the corresponding labour markets. Since these labour markets themselves are stratified, i.e., since many typically female activities rank lower in the occupational hierarchy than typically male activities, the originally "horizontal" pre-selection during training results in a "vertical" hierarchy in practice, with all of its attendant consequences (working conditions, opportunities for promotion, pay). This is an example of "gendered occupational structures", i.e., of a highly institutionalized process of reproduction of gender inequalities that is largely independent of the concrete choices of, and negotiations between, individuals.

With regard to foreigners, one must first note their legal status, which clearly delimits their civil rights, such as the freedom of professional choice, the free choice of place of residence, the right to unlimited residence, and major political rights. In a sense, the main legal statuses for foreigners, especially if compared to full citizenship, represent an officially sanctioned hierarchy of civil statuses. To begin at the very bottom, unregistered aliens ("illegals") can claim hardly any civil rights, and any attempt to safeguard even their human rights jeopardizes their stay, which makes them extremely vulnerable to blackmail. Cross-border commuters can only choose employment within the legally prescribed frontier zone and must maintain their domicile on the other side of the border (and are, for that reason, not included in Swiss population statistics). Holders of a yearlong permit have more liberties and are not required to leave the country to have their permits renewed. Permanent residents, who are exempt from the obligations applicable to the other categories, have been definitely accepted, and yet they still do not enjoy full political rights (although there are a few cantonal exceptions); full political rights are reserved to Swiss nationals. Thus, it is not very surprising that the opportunities for upward mobility of foreigners are also related to their legal status (Levy *et al.* 1997) and that there is a series of further forms of discrimination against them (Fibbi and Wanner 2004).

Developmental parameters

The most important changes in Switzerland's social structure over the latter half of the 20th Century have been those which touch upon the central dimensions of inequality.

- The *expansion of education* has already been mentioned. Even if this has not brought about a general levelling-out of opportunities for mobility, differences in education between the sexes and between regions have nevertheless been reduced. Further, the general level of education of the population has increased.

- While in the *occupational sector*, as described above, important structural changes have taken place, these have had a far smaller effect on the hierarchical dimension than on the qualitative aspects of professional life. These include: higher demands for qualification, a shift away from physical labour towards relational and symbolic-intellectual activities, an intensification of work, and, in part, heightened autonomy and responsibility. Knowledge (including mastery of information technology) has become a central productive force, and thus also a personal resource with particularly strong effects on mobility. It is important not to equate progressing tertiarization simply with a generalized improvement of professional status and an amelioration of working conditions. In Switzerland, as in all highly industrialized and post-industrial countries, alongside the increase in expert positions, the expansion of the service sector has led to the growth of a "service proletariat".
- The *differences of income and fortune* have grown continuously and considerably, and not just as a result of the crisis of the 1990s. A growing lower fringe of the Swiss population is living in poverty.¹⁹ This concerns not only the unemployed but also the "working poor". At the same time, the concentration of wealth in the form of high incomes and large fortunes is increasing, a trend which is strengthened by business policies with redistribution effects (shareholder value), and the increasing importance of the financial as opposed to the real economy.
- The de-crystallization of the past decades appears to be reversing into a *re-crystallization*. This is likely to lead to a recrudescence of classic distributional conflicts linked to inequality (social partnership, political left-to-right dimension). However, there will be some lag in the appearance of these phenomena, as political consciousness does not develop in step with structural transformations.
- The *relationships between institutional sectors* have changed in ways outlined above; these will not be reiterated here.
- Although *regional disparities* (measured, for example, in terms of cantonal GNP per capita), have not developed in a linear fashion, they generally tend to increase, even though the effects of this tendency are mitigated by the small size of the territories concerned and by the general increase in commuter flows (by 1990, half of the working population commuted between home and work, and the trend continues to be rising). While at the regional level a cleavage between core and periphery is clearly discernable,

the development pattern at the communal level is more complex. Urban sub-cores are developing at the fringes of large agglomerations (peri-urbanization), whereas small agglomerations are emerging in rural areas; two-thirds of the population thus already live in urban surroundings. The hardest hit by the process of de-industrialization are the formerly industrialized rural regions, which are facing a difficult economic re-conversion. The feared tendencies of economic and social de-coupling have so far manifested themselves only in peripheral regions; however, they should be analysed more closely than was previously the case. It is thanks to the amelioration of the transport infrastructure that this tendency has not been more pronounced, particularly in large agglomerations. In this context, the centres of poverty have shifted as well. It is mainly a consequence of the federal subsidies for mountain regions that the mountain farmers are no longer living in poverty. Nowadays, the poor are to be found above all in the cities and in the peripheries of the large urban agglomerations, as well as in those regions where industrial or post-industrial conversion is not advancing.

- The trend towards ever-larger territorial groupings around central metropolitan areas is likely to become even stronger. Examples include the Bernese Mittelland and the Lake Geneva basin. These areas increasingly span cantonal and even national borders (Basle, Geneva, Ticino) and are developing into focal points of economic activity. As a consequence, the divergence between socio-economic regions on the one hand, and territorial political rule on the other, will continue to grow.

4 Prospects for development

Many developments of Switzerland's social structure are less uniform, linear and long-term than is commonly assumed. In this sense, it is problematic to simply project trends into the future because they have been documented to date. One need only think, for example, of the expansion of education, against which strong political forces are currently at work.

Furthermore, the empirical analysis of the long-term evolution of Switzerland's social structures is still in its infancy (see the topical special issue of the Swiss Journal of Sociology, Levy and Suter 2000, and the two issues of the Social Report with its commented series of social

indicators, Suter 2000, 2004). The basic tendencies, which are unlikely to undergo massive change in the coming years, presumably include the following:

- an intensification of competition for jobs, and thus an increasingly asymmetrical relationship between employer and employee;
- an increase in inequalities, especially of income and fortune;
- connected to this, an intensification of classical distributional conflicts, together with an increase of the well-known non-political correlates of inequality and poverty (various forms of deviant behaviour, such as alcoholism, drug and medication dependency, delinquency and propensity for violence, psychosomatic disorders);
- a strengthening of tendencies towards social closure and defence, in extreme cases increased xenophobia, sexism and racism;
- the pluralization and individualization of ways of life and value systems (this is the most unstable of the discussed changes, particularly if compared to the issue of "materialist" distribution);
- a drifting apart of the demands resulting from the problems of everyday life, on the one hand, and the logic of the institutional structures and processes to which those demands are addressed, on the other;
- an increased imbalance in power between the political and the economic spheres, and thus a decline in legitimacy of the political institutions; and
- as a consequence, a general decline in political steering capacity.

Transformations in the domain of *work* (distribution, organization) deserve particular attention given its central position in modern society. If the current trends continue, it can be expected that precarious working conditions and work under untenable social conditions (these include economically insecure forms of self-employment) will become more widespread. Aside from pushing increasingly large sections of the population (including the middle strata) into a situation of social and economic hardship, this deterioration of living conditions also has consequences for social policy. The *modus operandi* of the largest welfare institutions rests upon normative assumptions about predominant ways of life (i.e., in families) and forms of work (normalized work relationship with full-time and unlimited employment), which do not hold true for increasing numbers of potential beneficiaries. This tendency adds to the problem of financing, which is already being discussed, the danger of a new form of discrimination, generated by the welfare State that threatens the very population segments already endangered by economic

privation. Another crucial element that is not in tune with the actual development is the fact that old-age and unemployment insurance are financed only as a function of human labour instead of depending on the creation of overall added value in the economy.

Alongside the currently debated problem of financing, there is thus also the danger of a new form of discrimination rooted in the welfare State itself. This would further exacerbate the situation of these parts of the population which already suffer from economic discrimination. The financing of pension and unemployment funds exclusively through human labour (as opposed to the total value added of a firm's production) does not at all take current developments into account.

The expansion of short-term and partial employment leads to a rise in the number of "second-rate" employees at the expense of regular staff. Together with the general predominance of short-term over long-term business policies, this could hamper the development of human capital throughout the economy. Studies have shown that firms are very selective in providing further training even for their regular staff. In addition, this is often seen not as a means of raising the level of qualification within the firm, but rather as an individual reward (Bundesamt für Statistik 1995; Levy *et al.* 1997). This trend is particularly disconcerting given that, in comparison to other European countries, Switzerland has hardly institutionalized the principle of lifelong professional learning.

In view of these somewhat gloomy prospects, it is useful to come back to the relationship between the economy and politics, or more generally between politics and other institutional sectors of society. From the perspective of society as a whole, the political system generally occupies a particularly important position. It not only has its own internal logic and structure, which distributes positions, tasks and rewards unequally among potential contenders, but it is also the only social sub-system with formalized decision-making and recruitment processes based on democratic values. Further, decisions reached within the political system do not primarily affect its own, internal functioning, but rather regulate society as a whole. This makes it possible to adopt a perspective on current political problems that goes beyond the common diagnoses. The specific position of the political system within society as a whole makes it the principal target of demands for the resolution of problems, including the improvement of legitimacy deficits, which arise from other parts of society (today, particularly from the economy) and which are not adequately dealt with in those subsystems. Viewed in this way, the Swiss political system suffers less from a surfeit of democracy than from an excess of demands originating in non-

democratically organized parts of society which do not deal with these in a satisfactory manner. Given this situation, it would clearly be problematic to evaluate governmental activity according to purely economic criteria. This would call into question even the relatively "modest" role of the State in ensuring social welfare, despite the fact that Switzerland—together with the United States, Canada and Japan—is among those highly industrialized nations which have the "cheapest" State and a level of social expenditure that is clearly below average up to the 1990s (Gilliand/Rossini 1997); in the meantime, however, these indicators have moved up into the European mean.

These considerations have to be related to an increased tendency to reduce welfare State expenditures with an exclusive view to cost criteria. Such a lopsided perspective cannot do justice to the complex regulatory functions of modern States. This shows up in the diverging postulates and exigencies that increasingly mark the political debate (e.g., if economic voices demand more liberalization on the one hand, but insist on the protection of specific industries on the other, or if they let poverty develop by considering salaries only as cost factors, but at the same time ask for further reductions of welfare-state protection for unemployment, or if the same political circles launch the idea to increase the age threshold for retirement, but increasingly lay off older workers who have next to no chance to find another employment). If politics, including social policy, is used first of all for the maximization of the most powerful particular interests and the reference to the common good is reduced to serving as a marketing argument for that policy, state action begins to lose its integrative function for society as a whole. Switzerland has already begun to pay the price for that, in the form of a spiral of increased conflicts, violence, delinquency and repression.

Even though remarkably few counter-trends have been visible to date, this tendency is not inescapable. For example, there are indications that the legitimacy of purely economic logic and of the new investor-friendly corporate strategy is declining. This could provide the stimulus for a re-legitimization of politics, at least when the latter appears as a credible counterweight against the aforementioned trends and their undesirable consequences. Possible strategies to counteract the most marked shifts in power include, at the domestic level, a more focused economic policy; and at the global level, the further development of international, perhaps even global social partnership, which is now only in its infancy, as well as adhesion to the European Union as a more effective political counter-weight to the globalized economy.

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- ¹ For reasons of simplicity, we will abstain from providing detailed references on the facts and analyses commented on below. The presentation is based primarily on the analyses and studies used in Levy *et al.* (1997) and Levy 1997; these works provide detailed references to the literature.
- ² In 1925/27, textiles made up 41.4% of total exports; the strongly expanding machine tool and metal industry were second with 19.5% (Bergier 1983).
- ³ In 1995, direct investment originating in Switzerland thus occupied eighth place in international comparison (World Competitiveness Report 1995, cited in Strahm 1997).
- ⁴ This aspect of mountain society probably only entered into public consciousness through the movie "The Landscapers" ("*Die Landschaftsgärtner*") (Kurt Gloor, 1969).
- ⁵ In the middle of the 19th Century, workers' households spent 60% of their budget on food alone, 20% for rent and 14% for clothing.
- ⁶ The Zurich/Basle/Berne "golden triangle", the Lemanic dipole Lausanne/Geneva, and increasingly the area comprising Locarno/Bellinzona/Lugano/Chiasso in Ticino, which today is a quasi-homogeneous urban zone (Schuler *et al.* 1997).
- ⁷ Only a few OECD countries had a secondary sector share which, when at its apex, equalled that of Switzerland, but Swiss industry has never been based upon classic mass production.
- ⁸ About a third of the young end their initial education with an apprenticeship certificate.
- ⁹ According to the industry census of 2001, in the two major sectors of production and the services, 29.8% of all jobs are located in firms with 100 and more employees, but this category represents only 1.0% of all firms in these two sectors.
- ¹⁰ For decades, the export rate oscillated between 25% and 35% of the gross domestic product (GDP); it rose further in the 1990s. In 1995, the export share of GDP was 35%; the externally earned share of GNP was 42% (Kappel/Landmann 1997). Switzerland's per capita volume of foreign trade, as well as her GDP proportion of exports and imports, are among the highest in international comparison (BFS 2005, 282).
- ¹¹ During the 1980s, estimates of the share of service functions in internationally active industrial firms had already surpassed 50%.
- ¹² During the period 1986-1993, Switzerland thus lost 11.5% of domestic jobs, while the number of local employees of Swiss industrial firms operating abroad rose by 39.9%. The 7.5% increase in employment in the domestic service sector over the same period amounts to a stagnation at a high level (over 1.5 million jobs), while Swiss firms abroad witnessed a 204.8% increase (Kappel/Landmann 1997).
- ¹³ However, Swiss institutions have not yet been systematically prepared for this contingency; much less so, in fact, than is the case in Scandinavia or Germany. Accordingly, such occurrences are less frequent.
- ¹⁴ Contrary to the view prevalent in the media, systematic studies show that—not only in Switzerland—relatively traditional family structures are considerably less diversified than is often assumed (Levy *et al.* 1997; Fux 1997; Baumgartner/Fux 1998).
- ¹⁵ This is the case insofar as the health care system is subject to the same working conditions as any other service sector or the production of goods.
- ¹⁶ Particularly if one begins the comparison with the *Ständestaat* of the *ancien régime* (Kocka 1979).
- ¹⁷ See, e.g., Clark and Lipset (1991) and the scientific debate their work sparked.
- ¹⁸ In this respect, the Swiss mobility regime differs from those found in Anglo-Saxon and Scandinavian countries, and resembles those of Germany and Austria (Western/Wright 1994). Like Switzerland, and in contrast to almost all other industrialized States, Germany and Austria have a strongly structured, partially dualistic system of vocational training.
- ¹⁹ In research as well as in practice, there are manifold criteria for defining poverty. Moreover, the proportion of the population living under the poverty line is not universally the same. Depending on the criterion used (less than 50% of the mean disposable income, or less than 50% of the median personal income, or according to more complex definitions whose quantitative establishment is more difficult) and the region under observation, (individual cities, cantons or all of Switzerland), the estimates for the 1980s are between 5.6% and 24.0% of households (Regamey 1994 provides a summary; see also Sommer/Schütz 1996). Given the disparities between municipalities and cantons, it is not surprising that the national study on poverty undertaken in the early 1990s provides the lowest estimates. This apparently counterintuitive situation (Leu/Burri/Priester 1997) is explained by the fact that local and regional studies focus on contexts in which poverty is an acute problem, whereas the national study covers the entire territory.