

Swiss referendum to decide on inheritance tax

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On Sunday, June 14, Switzerland will hold a referendum on introducing an inheritance tax at federal level. Direct descendants receiving bequests over 2 million francs and gifts of more than 20,000 francs a year will be taxed at 20 percent.

In the past, inheritance tax was levied by the cantons (local governments), but in recent years, this tax has been abolished in most cantons for direct descendants.

The referendum ballot, entitled “Million-inheritances for our AHV [state pension scheme],” seeks to change this without jeopardising the middle class. It anticipates an exemption limit for small and medium-sized businesses and for farms, although this limit is not explicitly defined in the text. The initiators of the referendum have proposed that the limit, which would be set by parliament, could be up to 50 million francs.

As a result, well over 90 percent of the population would not be affected by the inheritance tax, and only those with very large fortunes would be charged at a rate of 20 percent. Nevertheless, this tax would provide considerable receipts. Two-thirds of the proceeds are to be used for financing the public pension system (AHV), and one-third would flow to the cantons.

The referendum initiative was launched by several members of the Social Democratic Party (SP) around Hans Kissling, former head of the Statistical Office of the Canton of Zurich and author of *Wealth Without Benefits: The Feudalisation of Switzerland* (2008).

Kissling has been warning of the social consequences of social polarisation for years. His book contains detailed information on the distribution of wealth in Switzerland, and particularly regarding extreme and growing inequality, which, as the author explains, undermines the democratic structures of society. He argued that a return to feudal relations was threatened because a tiny layer of the super-rich, without democratic legitimacy, increasingly dominated both the economy and politics.

Undoubtedly, the issue of inheritance tax hits a nerve in society because Swiss society is extremely unequal. As the “2015 Distribution Report” by the Swiss Federation of Trade Unions (SGB) shows on the basis of statistics, the top 10 percent of the population owns more than the bottom 90 percent. The richest 1 percent of the population owns 40 percent of the country’s total assets, the next 9 percent have 34 percent, and the remaining 90 percent of the population possess only about 26 percent, just a quarter of all assets.

In the last 15 years, the social gulf has continued to widen. In 2011, the very richest, the top tenth of a percent, already had 21.5 percent of total assets, compared with 15 percent in 1990. At the same time, debt is mounting at the lower end of society, and 8 percent of the population are officially regarded as absolutely poor.

If the tax proposal is adopted on Sunday, it would be no more than a drop in the ocean. The introduction of an inheritance tax will not change anything regarding the precarious social situation, because at a rate of 20 percent, it is far too moderate.

Moreover, in addition to inequality in assets, there is a similarly pronounced income inequality. Not least, the rapid concentration of wealth is a result of extremely high incomes derived from capital ownership.

Hans Kissling himself, an old-school social-democratic reformist, is anything but an opponent of capitalism. He defends “free enterprise” and says in an interview with *Swissinfo.ch* (September 2008): “I have emphasised in my book again and again that I am in favour of efficiency-oriented competition. I have no problem if someone becomes very rich through their own economic efforts.”

He thus agrees with the official bourgeois propaganda of a “meritocracy” and conceals the fact that there are millions of blue- and white-collar workers who work

long hours and also extremely hard with no reward.

The inheritance tax would not change anything regarding the property relations that underlie inequality. The cause of social inequality, the capitalist profit system, will not be disturbed by the referendum initiative. This state of affairs is, of course, well known by the originators of the referendum.

With a number of such referendums (inheritance tax, unified health insurance, minimum wage, a limit on top salaries), the SP presents itself as a party that is supposedly committed to the interests of the 99 percent of the population. In reality, these referendums are meant to divert attention from the SP's right-wing policies. The Social Democrats have sat together for more than half a century in bourgeois coalition governments and organised social cuts and military preparations.

SP president Christian Levrat is currently calling for the closer cooperation of the Swiss army with neighbouring NATO countries and for more foreign military missions. SP cabinet ministers Alain Berset and Simonetta Sommaruga, responsible for home affairs, justice and police, lead key ministries tasked with controlling the working class, which is especially important in today's economic crisis: one in four factories has used the recent appreciation of the franc as an opportunity to cut jobs or reduce wages.

The day of the vote, June 14, was chosen strategically because it falls within the pre-election campaign for the upcoming parliamentary elections in October of this year. So the referendum serves as election advertising and a barometer of opinion for the SP.

Opponents of the inheritance tax are deploying enormous resources in order to prevent the adoption of the measure, and have substantially greater means at their disposal than its supporters.

This is an example of how political opinions are influenced by a small minority.

Switzerland's print media is owned by a few super-rich individuals, and the various employers' organisations and numerous think tanks are mobilising in order to influence voting behaviour in the interests of big business. For example, the Swiss employers' association Economiesuisse writes: "Business is united in opposing the reform, and will fight it with all its might."

The majority of voters are expected not to participate

in the referendum: In recent years, turnout was always under 60 percent, and often not even half of all voters participated. Lacking Swiss nationality, a large part of the working class, namely foreign workers who constitute up to 40 percent of the workforce in some industries, have no right to vote.



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