

# Swiss referendum against “rip-offs”

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2 March 2013

On Sunday, voters in Switzerland will decide on a so-called referendum “against rip-offs”, which was launched seven years ago by businessman Thomas Minder.

The aim of the referendum is to limit the exorbitant salaries of managers of banks and large corporations. The initiative is justified by referring to the “protection of the economy, private property and shareholders.” If the referendum passes, Switzerland would have one of the most restrictive laws governing the salaries of top bankers and managers in the world.

Through a constitutional amendment, severance pay (“golden parachutes”), signing bonuses (“golden hellos”) and other special remuneration for the directors of listed companies would be prohibited. Shareholders general meetings would have to re-elect the boards of directors annually and determine their remuneration and that of senior management.

Pension funds representatives would be required to vote at the general meetings in the interests of their policyholders. Organisational and proxy voting would be banned, with shareholders expected to vote over the Internet. Violations of these provisions would be punishable by imprisonment of up to three years, and fines of up to six years’ compensation.

The “rip-off” initiative is exclusively geared towards the rights of shareholders, i.e., strengthening the control exercised by the owners of capital over the boardroom. The rights and incomes of blue- and white-collar workers are not involved.

Thomas Minder, who sparked the initiative, represents the interests of small- and medium-sized entrepreneurs who have been crushed under the wheels of big business in the wake of the economic crisis and are suffering from sluggish bank lending.

Minder’s company Trybol had produced cosmetics for Swissair, suffering heavy financial losses when the airline went bankrupt in 2001. Shortly before the

bankruptcy, when it became known that the Swissair chief was to receive a golden parachute worth several years’ salary and totalling 12.5 million Swiss francs (€10.21 million), Minder reacted with indignation and started the anti-rip-off initiative.

Meanwhile Minder, who entered the Council of States (upper house of parliament) for the Schaffhausen canton in 2011 as an independent, has joined the ultra-right Swiss People’s Party (SVP). The SVP’s leading figure Christoph Blocher, a billionaire entrepreneur, rejects the rip-off initiative.

Notwithstanding Minder’s right-wing political orientation, the initiative “against rip-offs” is gaining broad support. According to some surveys, up to two thirds will vote yes. The initiative has obviously struck a chord among the 8 million Swiss inhabitants, whose economic and political life is dominated by a handful of big banks and corporations.

The total assets of the banking giant UBS are more than twice as high as the gross domestic product of Switzerland. In 2008, the government rescued UBS with 6 billion francs (€4.9 billion) in taxpayer money to prevent a collapse, while the National Bank received \$54 billion (€41.4 billion) to guarantee its rotten bonds. The hole this caused in the public purse has since been filled by imposing cuts in unemployment benefits, health care, education and pensions.

After 2008, although UBS dismissed more than 10,000 employees, the following year its leadership again approved bonuses running into the billions.

The remuneration of other senior Swiss executives has shot up uncontrollably after the crisis of 2008. For example, Daniel Vasella, the outgoing chair of the pharmaceutical company Novartis, has pocketed nearly 400 million francs (€326.6 million) in 17 years. On his retirement, he was to receive a further 72 million francs (€58 million), which he eventually declined due to a storm of public indignation.

In many large companies, senior managers earn hundreds of times as much as ordinary workers. In 2011, Novartis CEO Vasella received about €10 million; Ernst Tanner of Lindt & Sprüngli pocketed €9 million; Peter Brabeck of Nestlé, €6.5 million; Urs Rohner of Crédit Suisse, €5.6 million; and Franz Humer of Roche, €4,5 million (according to the *Neue Zürcher Zeitung*, February 23, 2013). At the same time, jobs are being cut at almost all these companies.

The unions and the Swiss social democrats support these conditions. On the eve of World War II, the unions signed a peace accord in which they voluntarily abstained from strikes, and to which they mainly adhere to this day. Since 1959, the Social Democratic Party (SP) has sat together with the three major bourgeois parties in the Bundesrat, the seven-member government, and helped organize the rescue of UBS.

For this reason, the initiative against “rip-offs” originated from a right-wing, medium-sized entrepreneur and shareholder representative. However, this is not preventing prominent SP politicians from attaching themselves to the campaign. For example, the SP National Councillor Susanne Leutenegger-Oberholzer wants to “throw a spanner in the works of the rip-off merchants with a ‘yes’ vote”.

In an interview with the newspaper WOZ, SP President Christian Levrat argued, “The vote gives the people the opportunity to send a signal.” In response to the objection by WOZ that “It does not help employees at all if the money flows to shareholders rather than top managers,” Levrat said, “Real help is only if their wages rise. But they will gain a sense of justice when the wage gap closes a bit.”

In addition to the Social Democratic Party of Switzerland (SP), the Greens and the Evangelical People’s Party, others calling for a “yes” vote include the trade union Unia, a section of the Swiss People’s Party (SVP) and the Christian Democratic People’s Party (CVP). Other organizations, including some unions, reject the initiative with the argument that it will damage “the workplace of Switzerland”.

Opponents of the initiative align themselves with the arguments of the big business confederation Economiesuisse, which has spent 8 million francs on an advertising campaign against the initiative. On the other hand, proponents have only invested 200,000 francs. Recently this business association was in the

news because it paid students to write letters for publication against the rip-off initiative under false names.

The rip-off initiative was originally filed in October 2006, and declared valid in December 2008 by the Federal Assembly. The government and both houses of parliament then delayed matters for more than four years, pushing the date of the referendum back as far as possible. In this time there have been 11 parliamentary debates concerning the initiative.

The two houses of parliament submitted a counter-proposal to prevent adoption of the initiative. The text of this counter-proposal is formulated far more weakly than the referendum text, and will take effect automatically if this is rejected. Instead of a constitutional amendment, the parliamentary proposal merely amounts to a change in the law, which can be reversed by parliament without much effort.

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