

# Campaign issues. Part III, Financial policy : from round table to capital gains tax

Autor(en): **Ballanti, Dario**

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Campaign issues (III): Financial policy

# From round table to capital

**On issues of financial policy the classical dividing line continues to lie between the left-green on the one side and the centre-right on the other. Moreover, Liberal Democrats and Christian Democrats appear to be split into two internal camps.**

**A** delicate balance between concessions in the social area, as demanded by the left-green parties, and tax advantages, as postulated by the centre-right parties: this is the difficult task facing Federal Councillor Kasper Villiger, who in every move to reduce the budget deficit has to take into account the concerns of industry as well as those of the working population. Finding a compromise solution is an absolute must, because the fact is that the people have the last say. The embarrassing defeat of the first employment law bill (in December 1996) and the people's rejection of unemployment benefit cuts (in September 1997) moti-

vated the Federal Council to call a series of round-table discussions and negotiate a compromise with key employer and employee representatives.

In view of its importance, financial policy will also be one of the most hotly

*Dario Ballanti*

disputed issues of this year's parliamentary elections, with the party positions already announced during the course of the last winter session. One of the main themes was the 2001 Household Budget, with which the Federal Council aims to reduce the federal deficit to CHF 1 billion by the year 2001. The plan consists of a package of measures with which it is hoped to achieve savings of CHF 3 billion over the next three years: a clearly defined target that is endorsed by the most important political powers in the country as well as by the social partners. Last year participants at the round-table talks were able to come to a compromise on the financial situation.

## Reservations on the left

Although agreement is unanimous that government finances need to be improved, opinions differ widely as to how this is actually to be achieved. The red-green faction has presented around twenty proposed amendments to the compromise solution that was recently agreed to by overwhelming majority. The Social Democrats and Greens have greeted the recovery package without enthusiasm, since once more it is the man in the street that bears the brunt.

Two National Council votes illustrate the Left's dissatisfaction: "Instead of cutting public transportation funding, we should be saving more on the army," suggests union representative Michel Béguelin (SP/VD). This sentiment was echoed by "green" Cécile Bühlmann (LU): "How is it possible to save 400

million francs on refugee spending when this money could be levied from taxes on high-income brackets?"

Among the Social Democratic ranks the loudest critics of the package are representatives from French-speaking Switzerland. Several disgruntled comments were also voiced by parties which were not represented at the round-table talks. National Councillor Verena Grendelmeier of Zurich, of the National Association of Independents (LdU) dismissed the round-table talks as a "secret association". Like the Greens and the Labour Party, the LdU argued in vain for rejection of the financial package.

## Centre-right parties for more radical savings

The centre-right parties took the opposite view. In their opinion the Household Budget had been approved and

*"We should be saving more on the army."*

MICHEL BÉGUELIN, SP

certain circles would like to have seen even greater savings: "This is only a very small step," pronounced SVP President Ueli Maurer, adding, "Refugee policy is out of control and we are still encountering major problems in the social sphere too. Round-table talks won't solve these." State Councillor Christofel Brändli (SVP) of Graubünden stirred up controversy with his motion – rejected by the National Council last December – to cut down on unemployment allowances and to shorten the benefit period.

CVP President Adalbert Durrer, on the other hand, took a positive view of the savings package: "Action has followed words. What is now important is to stick to the recovery path." In a side-swipe at the Left he added that the latter unfairly exploited the debates by using their numerous amendment proposals as an "electoral warm-up round". Jean-

*"Round-table talks won't solve all the problems."*

UELI MAURER, SVP

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## INSURANCE

Parties in brief (III)

Green Party of Switzerland (Greens)

Seats in the National Council: 11 (of which 1 each Grünes Bündnis Bern, Christian Social Party Fribourg and Independents)  
 in Council of States: –  
 President: Ruedi Baumann (BE)  
 Address: Waisenhausplatz 21  
 CH-3011 Berne  
 Tel +41 31 312 66 60,  
 Fax +41 31 312 66 62  
 Internet: www.gruene.ch  
 E-mail: gruene@gruene.ch

The Green message:

*"We want to lead Switzerland into the future by way of ecological tax reforms – this is why we have submitted the initiative entitled "Managing energy rather than labour." And we want to open up Switzerland to the outside world – which is why we support the initiatives "Yes to Europe" and are in favour of joining the UNO.*

Freedom Party (FPS)

Seats in the National Council: 5  
 in the Council of States: –  
 President: Jürg Scherrer (BE)  
 Address: PO Box, CH-4622 Egerkingen  
 Tel +41 62 389 00 40  
 Fax +41 62 389 00 45  
 Internet: www.freiheits-partei.ch  
 E-mail: fps@bluewin.ch

The FPS message:

*"The Freedom Party stands for the continuation of the Federation and the upholding of citizens' rights. We support the opening of Switzerland to the rest of the world provided this is done on the basis of mutual respect and acceptance. We are against Switzerland joining the EU."*

Liberal Party of Switzerland (LPS)

Seats in the National Council: 7;  
 in the Council of States: 2  
 President: Jacques-Simon Eggly (GE)  
 Address: Spitalgasse 32, CH-3001 Berne  
 Tel +41 31 311 64 04,  
 Fax +41 31 312 54 74  
 Internet: www.liberal.ch  
 E-mail: info@liberal.ch

The Liberal message:

*"Key focuses of the party manifesto include the renaissance of federalism, a re-evaluation of the role of the State and of subsidies, as well as the continuation of an EU integration policy. Added to this, the LPS has always fought strongly for the political rights of the Fifth Switzerland."*

gains tax

Pierre Bonny (FDP/BE) declared himself quite satisfied: "This was not only about finances but also about a sign of the credibility of government and parliament." The Liberal Party also approved the financial package.

Two factions within the FDP and CVP

While the positions in the left and right camps are clear, two factions have emerged in the centre parties: one on



The round-table discussions contributed to the long-term reduction in government budget deficits. (Photo: Keystone)

Rechsteiner (SP/SG), the new President of the Swiss Trade Union Association, submitted a motion (rejected by the National Council) in favour of taxation on capital gains.

The Left will advocate fair tax levels as part of their electoral platform, while centre-right parties will defend Switzerland's position as an attractive financial centre. "It is not fair that employees are forced to pay their taxes while stock-exchange speculators and millionaires rake in profits without having to pay a cent in taxes," says Remo Gysin (SP/BS) pointedly. Ticino's Liberal Democrat Adriano Cavadini, on the other hand, suspects "a left-wing tax offensive that will destroy jobs in Switzerland," adding that "the Left believes that new taxes are a panacea for all ills. But a

the side of the economy, the other socially conscious. The popular initiative "Home ownership for all", to be presented to the electorate on 7 February this year, has demonstrated this division

*"Action has followed words."*

ADALBERT DURRER, CVP

clearly and fired the opening shots of the election campaign. The left side of the political spectrum was against it, while the SVP was in favour, and the Christian Democrats and Liberal Democrats were internally split. Around twenty FDP members of parliament supported the initiative launched by Toni Dettling (FDP/SZ), encompassing a classic centre-right ideal: billions in tax advantages for home owners. Opinions on the initiative were also divided within the CVP.

Fair taxation versus attractive financial centre

Tax policy looks set to be another hot electoral topic. As an example, Paul

capital gains tax would be much more likely to prove a bonus for foreign financial centres, because that is where investment capital would be diverted." Michael Dreher (Freedom Party/ZH) qualifies this statement: "If we must tax capital gains, then losses should at least be deductible."

In this context FDP State Councillor Dick Marty of the Ticino takes an interesting viewpoint. He believes that the debate on the taxation of stock exchange profits is "a very delicate

*"This was about a sign of the credibility of government and parliament."*

JEAN-PIERRE BONNY, FDP

matter." In his opinion the entire tax system is in need of renewal. "Nowadays work is taxed too highly. It would be more sensible, and also more ecological, to levy a higher tax on consumption," he concludes.