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## Swiss voters reject wage caps in referendum

By James Shotter in Zürich

Swiss voters have decisively rejected a radical proposal that would have made it illegal for companies to pay any of their staff more than 12 times the wage of their lowest earner.

Executive pay has been a hotly debated topic in Switzerland in recent months, with the country voting in March to ban golden hellos and golden goodbyes, amid popular and political outrage over revelations that [Novartis](#) planned to pay its outgoing chairman, Daniel Vasella, SFr72m (\$79.4m) as part of a non-compete agreement.

In the aftermath of that March vote, some polls had suggested that the traditionally business-friendly country, which is home to five of Europe's 20 best-paid chief executives, might also back the more radical 1:12 initiative. However, in a referendum on Sunday, 65.3 per cent of voters rejected the idea.

David Roth, the head of the youth wing of the Social Democrats, which spearheaded the "yes" campaign, said he was disappointed by the result, but that the party would continue to fight against inequality.

"Although we didn't manage to win, the campaign raised public awareness of the issue, which is an important achievement in itself," he said. "We made fairness the number-one theme this year, and we will continue to fight to change the system."

Business leaders reacted with relief to the rejection of the initiative, which they had argued would put Switzerland's prized competitiveness at risk, as well as knocking a hole in the public finances by reducing tax receipts.

"I am happy with the result," said Hans-Ulrich Bigler, head of the Schweizer Gewerbeverband, a body representing small and medium-sized businesses. "The voters recognised that Switzerland's economic success is based on the social partnership between employers and employees."

Heinz Karrer, the new head of the business lobby Economiesuisse took a similar line, telling Swiss television that voters had "clearly rejected pay being dictated by the state".

However, Deborah Warburton, a partner at executive search consultants Hedley May said that despite the "no" vote, "the question of how to make executive pay fairer is still very much a live issue", noting that the UK had given shareholders a binding say on pay, while France and Germany were considering similar moves.

The debate on fairness is also likely to continue in Switzerland, where two initiatives designed to boost the resources of the less well-off are due to be voted on over the next two years.

One proposes a minimum wage of SFr22 per hour – which equates to a monthly wage of SFr4,000. The other calls for an unconditional income for all adults, regardless of whether or not they are in employment.

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