



Written by [Alex Newman](#) on November 28, 2011

EU Threatens Tiny Switzerland Over Low Taxes

The Swiss government has been in discussions with EU bosses for over a year regarding Switzerland's non-compliance with the "EU Code of Conduct for Business Taxation." The EU's goal, [according](#) to the Swiss Broadcasting Corporation, is to eliminate what the supranational regime in Brussels calls "harmful tax practices" — low taxes which attract capital, businesses, jobs, and workers away from the crumbling European super-state.



But the EU tax regime does not apply to Switzerland, Swiss authorities insist. The nation has a long history of avoiding foreign entanglements, and despite immense pressure, it has steadily resisted calls to submit to regional authorities and continental "integration" schemes.

In Switzerland, cantonal governments close to voters set their own tax policies. The resulting competition between the more than two dozen cantons fosters a business-friendly environment of low taxes, minimal government interference, and widespread prosperity. That is one important reason why international businesses flock to Switzerland in droves.

The Swiss model works so well that even as the EU and its single euro currency face a crisis of monumental proportions and possible economic implosion, Switzerland's economy is doing just fine. Its GDP per capita is about double the EU's, while its unemployment rate is around half.

The Swiss government also consistently posts budget surpluses as its bloated EU neighbors drown in debt and seek bailouts. In fact, Switzerland is even helping to fund the handouts for profligate European regimes. And its economy is the most competitive in the world, according to the [global competitiveness index](#).

With a [heavily armed](#) population of less than eight million, Switzerland has maintained its sovereignty and independence through two world wars raging on all sides and the more recent erection of the EU, which now completely surrounds the tiny alpine nation. With a decentralized system of government, the Swiss have also been able to largely [preserve their liberty](#) despite constant European pressure.

But Brussels — ruling over half of a billion people so far — is not giving up yet. A recent EU report [threatened](#) that if "satisfactory" progress is not made on ending Switzerland's low tax rates within the next six months, unspecified "alternative measures" will have to be considered. And according to EU diplomats cited by the Swiss News Agency, "retaliation measures" might be in the cards.

"Just who do these unelected oiks think they are? Bullying a sovereign state outside of the EU to comply with 'their' greedy tax practices. What they really mean is, as a centrally planned soviet-style economy, the EU cannot cope with competition," said Ian Parker-Joseph, the former leader of the UK Libertarian



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Party. “This is what happens when democracy meets an authoritarian dictatorship, and all the more reason to resist such unreasonable demands.... But something tells me that the oiks in Brussels won’t be around for too much longer to put pressure on anyone.”

Incredibly, EU bosses claim to consider low corporate tax rates a form of subsidies. And if the Swiss refuse to comply with European demands, the punishment could be devastating — especially because Switzerland depends so heavily on international trade.

“One day Brussels will certainly make Bern give in. Switzerland will either have to implement the code of conduct or make concessions,” Geneva University political scientist René Schwok [told](#) the Swiss Info news agency. “It will be forced to find a solution. For example, it might lower taxation for Swiss firms and raise it for foreign companies.”

Indeed, Switzerland has been working to maintain friendly relations with European governments. It recently signed treaties with the UK and Germany promising to hand over tax revenues purportedly owed to the two governments — but not the names of clients.

But the European Commission [reacted with outrage](#) at the treaties. Because the two governments negotiated without the EU and sidestepped several of its demands, the supranational regime is threatening to sue them in the European “Court of Justice.”

National rulers are adding to the pressure on Switzerland. French President Nicolas Sarkozy, for example, viciously railed against Switzerland recently for refusing to help France track down alleged tax evaders, threatening to make the tiny country into an international pariah if it did not cooperate.

“We do not want any more tax havens,” Sarkozy [roared](#) at reporters earlier this month, citing Switzerland and Lichtenstein. “The message is very clear: countries which persist in being tax havens will be ostracized by the international community.”

And tax-funded pro-tax lobbyists and propagandists joined in the condemnation, too. “It may be a welcome step for the EU if France is prepared to use its political muscle against Switzerland,” [said](#) Markus Meinzer of the [taxpayer-financed](#) “Tax Justice Network,” which opposes financial privacy.

The EU has also repeatedly demanded that Switzerland automatically accept the growing avalanche of European “laws” promulgated from Brussels in exchange for being able to trade freely with the bloc. So far, however, the Swiss have not given in to the bullying.

Switzerland’s strongest political party, the center-right Swiss People’s Party (SVP), continues to take a hard line against the [perpetually growing EU apparatus](#) and its efforts to infringe on the small nation’s sovereignty. The population overwhelmingly opposes foreign entanglements as well.

The EU [defines terrorism](#) as offenses that may “seriously damage a country or an international organization where committed with the aim of: seriously intimidating a population; or unduly compelling a Government or international organization to perform or abstain from performing any act; or seriously destabilizing or destroying the fundamental political, constitutional, economic or social structures of a country or an international organization.” EU critics have pointed out that the supranational regime’s bullying tactics fit several elements of the definition almost exactly.

Of course, the EU is not the only ailing powerhouse to bully the Swiss. Last year, the U.S. government was terrorizing the nation about its banking and tax laws, too. And the Organization for Economic Cooperation and Development (OECD) — which has essentially become a “cartel” for bloated welfare regimes — also consistently targets Switzerland’s economic liberty.



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Some critics [said](#) the EU was using Switzerland as a scapegoat for its own self-made economic crisis. Others lambasted European leaders for terrorizing the tiny country instead of fixing the EU's own problems — possibly by using the Swiss model that seems to work so well for Switzerland.

Photo: Swiss flag

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