

The Left Party's "upright position has led to some of the most saver-hostile moves that have been seen for a long time", writes Johan Tidestad, head of Swedish online broker Nordnet.



Johan Tidestad, head of online broker Nordnet in Sweden

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Lars Ohly [leader of the Left Party] has found new drive in the Swedish election campaign and is saying what he actually thinks. Perhaps he is frustrated by the lack of common line from the Red-Green co-operative block [the Social Democrats, the Left Party and the Green Party] and feels the need to brand and clarify his position. This upright position has led to some of the most saver-hostile moves that have been seen for a long time.

The first proposal is to impose tax on share ownership. The background to this is the Red-Green intention to introduce a type of property tax if they win the Swedish general election this coming September. However, the three parties have failed to agree on the form of the tax. Ohly's own proposal, which was mentioned in an interview with a news agency a few weeks ago, is to impose tax on stock trading and on actual holdings. A number of objections can be raised against this proposal.

A first and rather obvious observation is that we already have a, not insignificant, tax on shares. For all the gains made on stock trading we pay 30 percent tax, and dividends from companies are taxed at the same rate.

Secondly - about 2.2 million people in Sweden directly own shares. Share investment is a social movement. It goes without saying that not all these people are wealthy. Part of this large group of share owners is the shares-savings club "Vargen" (The Wolf) - 10 old friends who each save 500 kronor (€52) every month and meet four times a year to discuss their placements. Then there is Cecilia who has shares in H&M, where she works, worth 20,000 kronor (€2,083). And there is Bertil, who bought a small stock portfolio for his grandchildren. Affluent? Hardly.

'The Left Party is savers' enemy number one'

Written by Johan Tidestad

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Furthermore, growth in the value of shares is not a given. Ten years ago, in late June 2000, the Swedish stock exchange (OMXSPI) stood 13-14 percent higher than it does today, and the last decade has not been a good time to own shares. Owning shares will not automatically lead to riches, and is associated with a risk of losing money. For people who do take the risk, the possibility of making money is, of course, a big drive, but I would suggest that "general interest" is as great a motive. For many people, share ownership is a hobby, comparable to sport, music or any other leisure activity.

There are many more arguments - Swedish shareholders would be at a disadvantage over shareholders abroad under Ohly's prospective tax model. The availability of venture capital would decrease, dampening entrepreneurship, and companies would seek listings in other markets if they would have difficulty attracting Swedish shareholders. The proposal is similar to introducing a tax on having money, no matter how much or little you have - spend money and avoid taxes, save to accumulate a buffer and you have to pay for it!

In connection with the start of Almedalen Week [an annual political get-together on the Baltic island of Gotland], Ohly continues his crusade against Swedish savers by saying, "Not one single tax-krona should go to company dividends." This proposal is so crazy that you barely know how to deal with it. The realisation of this move would result in the State no longer being able to purchase services from private companies. One could then ask who would sell trucks to the Vägverket (Swedish Road Administration); who would cook food for school children and who would produce the medicines that hospitals need. Not private companies, because they would perhaps make a profit and distribute those profits to their shareholders. Or does he simply want to prohibit dividends and force companies to sit on big balances? It seems superfluous to illustrate the impact this proposal would have on companies and the general public. Either Ohly advocates the nationalisation of all means of production and a shift towards a centrally planned economy, or he simply does not know what he's talking about. I do not know which option seems less palatable.

In Lars Ohly's world all those who own shares or invest in funds are seen to be wealthy. And everyone who receives a dividend from a company that has sold a product or service to the State is disloyal and is feathering their nest at the taxpayers' expense. But reality is so far from this that Lars Ohly's proposals not only appear poorly judged but remarkably misguided, and uncover a huge lack of understanding of private saving in Sweden. But I appreciate the clarity.

Johan Tidestad,

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[Nordnet](#) is the leading online broker in the Nordic region. The company has about 310,000 active accounts in Sweden, Norway, Denmark, Finland, Germany and Luxembourg.