

The nationalisation of the railways

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The private railway companies did not fulfil the expectations of the Swiss public. Their lines were built where profits were expected, their tariffs were high, their financial situation was often precarious and their control by foreign investors raised concerns. Some of the companies were involved in speculative manoeuvres that harmed small shareholders. In the 1890s, a movement for the nationalisation of the railways gained strength. In a referendum in 1898, the Swiss people approved the purchase of the main railway companies by the Confederation. Four years later, in 1902, the Swiss Federal Railways, SBB, began operations.¹ The Swiss Central Railway was among the companies taken over.

The nationalisation required the Confederation to buy the shares of the railway companies, at prices negotiated or fixed by the federal court, and to assume their debts. The Confederation financed the purchase by issuing federal railway bonds, which the banks placed with investors. For the Basel banks, the nationalisation meant the end of their railway business and the receipt of large sums in compensation, which they had to reinvest. For the shareholders of the Central Railway, many of them Basel families, it meant the conversion of their railway shares into cash or federal bonds.

The nationalisation of the railways is an early example of a choice that Swiss politics has faced repeatedly: whether infrastructure of national importance should be in private or public hands. The Swiss answer has varied by sector. Railways, postal services and electricity grids are largely in public ownership, while telecommunications were partly privatised. Banks are mostly private, with the exception of the cantonal banks. The debate continues in each new sector. What the experience of the railways shows is that public ownership can follow a period of private construction when private operation fails to satisfy public needs.

1 Notes

1. On the nationalisation of the Swiss main railways, approved by referendum on 20 February 1898, and the start of operations of the Swiss Federal Railways (SBB) on 1 January 1902, see HLS, article "Schweizerische Bundesbahnen". To be verified. ↩

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