

Interest bans, negative commissions and the banknote limit

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The statutory measures of the 1960s began with the federal decree of 1964 on combating inflation through measures in the money, capital and credit markets, which entered into force on 17 March 1964 as an emergency decree. It extended an agreement of 1962, by which the Swiss National Bank and the main banks had tried to brake the inflow of capital from abroad, to all institutional investors such as insurance companies, pension funds and investment funds, restricted the inflow of foreign money into the capital market and introduced credit ceilings for financial institutions. The decree was confirmed by popular vote on 28 February 1965 with 57.7 per cent of the votes and the approval of 18.5 of the 22 cantons.¹

The collapse of the Bretton Woods system in August 1971 brought a new wave of speculative money into the franc. A gentlemen's agreement concluded in August 1971 prohibited the payment of interest on franc liabilities to foreigners with maturities of less than six months from 16 August 1971 and on all maturities from 23 August, and the leading banks limited their purchases of dollars. In its message of 8 September 1971 the Federal Council asked Parliament for the power to take extraordinary measures, including negative interest on foreign deposits.² The Federal Decree of 8 October 1971 on the protection of the currency gave it that power. It was confirmed by the people on 4 June 1972 with 87.7 per cent of the votes, on a turnout of 26.7 per cent, the lowest ever recorded in a federal vote until then.³

Under the new powers the authorities imposed from July 1972 a commission of 2 per cent per quarter on increases in foreign deposits in Swiss francs, which amounted to a negative interest rate of about 8 per cent a year.⁴ The measures were relaxed and tightened several times. In 1978, at the height of the franc's appreciation, the Swiss National Bank once more imposed negative interest on foreign deposits for a little over half a year, a

measure that applied only to the balances of foreign investors.⁵ The Ordinance of 14 April 1976 on the import of foreign banknotes limited the import of foreign notes without authorization of the National Bank to CHF 20,000 per person and quarter, a rule that the Federal Court upheld in 1978 against a bank employee who had exchanged Italian lire for a smuggler (above).⁶

Date Measure 23 March Lex von Moos: authorization for land purchases by foreigners 1961 1964 Federal decree on money and capital markets: no interest on foreign deposits 28 Feb. 1965 Decree confirmed by popular vote (57.7 per cent) Aug. 1971 Gentlemen's agreement: no interest on foreign franc deposits 8 Oct. 1971 Federal Decree on the protection of the currency 4 June 1972 Decree confirmed by popular vote (87.7 per cent) 26 June Lex Celio: ban on foreign investment in Swiss real estate 1972 July 1972 Commission of 2 per cent per quarter on new foreign deposits 1 Feb. 1974 Lex Furgler: stricter land rules 14 April Foreign banknotes: import limit CHF 20,000 per quarter 1976 1978 Negative interest on foreign deposits reintroduced

1 Notes

1. Swissvotes, vote no. 209 of 28 February 1965, <https://swissvotes.ch/vote/209.00> (federal decree on combating inflation through measures in the money, capital and credit markets; 57.72 per cent yes; 18.5 of 22 cantons), and short description, <https://swissvotes.ch/vote/209.00/kurzbeschreibung-de.pdf> (agreement of the National Bank with the main banks to brake the inflow of capital from abroad; extension to "alle institutionellen Anleger"; restriction of "den Zufluss ausländischer Gelder auf den Kapitalmarkt"; credit ceilings; entry into force on 17 March 1964). ↩
2. Federal Council, Message of 8 September 1971 on the protection of the currency, BBl 1971 II 837, <https://swissvotes.ch/vote/230.00/botschaft-de.pdf>. ↩
3. Swissvotes, vote no. 230 of 4 June 1972, short description, <https://swissvotes.ch/vote/230.00/kurzbeschreibung-de.pdf> (87.7 per cent yes; turnout 26.7 per cent, the lowest of all federal votes); the decree is the Federal Decree of 8 October 1971 on the protection of the currency, SR 941.11, as cited in BGE 104 IV 270 (as above). ↩
4. Wikipedia (German), "Negativzins", <https://de.wikipedia.org/wiki/Negativzins> ("Ende Juni 1972 führte eine 'Kommission' Negativzinsen von 2 % je Quartal auf seitdem zugeflossene Bankguthaben bei Schweizer Banken ... ein"; Ordinance

of 5 July 1972). Used as a last resort; the article gives no source for this passage. ↩

5. Daniel R. Witschi and Rui M. Ramires, "Negativzinspolitik der SNB", Das Geld-Magazin (private.ch), Q2 2019, https://www.private.ch/media/docs/private/2019/02/de/014_Negativzinspolitik-der-SNB.pdf ("Schon 1978 hatte die SNB erstmals Negativzinsen auf Bankeinlagen verfügt, damals allerdings nur auf Guthaben ausländischer Anleger und lediglich für etwas mehr als ein halbes Jahr"). ↩
6. BGE 104 IV 270 (as above). ↩

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