

The federal subsidy and the referendum of 19 January 1879

*Dr Alexander Ressos, TEP
Attorney-at-Law (Switzerland), Solicitor (Hong Kong),
Solicitor (England & Wales)*

The Swiss share of CHF 8 million could no longer be raised from the cantons alone. Zurich's voters refused a further cantonal contribution in 1878, and other cantons hesitated.¹ For the first time, the Confederation itself had to pay. Parliament found a majority only by distributing federal money to all regions. The Federal Act of 22 August 1878 on the grant of subsidies for Alpine railways provided CHF 4.5 million to the cantons for the Gotthard, on condition that the cantons raised a further CHF 2 million and the NOB and the SCB CHF 1.5 million each. The act authorized the Federal Council to pay the Canton of Ticino a once-for-all subsidy of CHF 2 million for the completion of the Monte Ceneri line at the same time as the main line. It promised the same amount of CHF 4.5 million each for a future Alpine railway in the east and in the west of the country, and it declared that the Confederation would grant no further subsidies to the Gotthard if the CHF 28 million proved insufficient.²

The act was the first Alpine railway law submitted to the people. More than 37,000 citizens demanded a referendum.³ On 19 January 1879 the voters approved the law with 70.7 per cent. The cantons along the Gotthard line produced large majorities, while Vaud, with only 11 per cent yes, Graubünden and Appenzell Innerrhoden rejected it.⁴ The "Gotthard compromise" had secured the support of liberals and radicals as well as Catholic and Reformed conservatives in most of the country by giving each region a share or a promise. The act of 1878 had reserved federal subsidies of CHF 4.5 million each for an eastern and a western Alpine railway. In the west the Simplon tunnel opened on 19 May 1906 and the Lötschberg line in 1913, while the east waited until the twentieth century.⁵

1 Escher's fall and the new management

The crisis ended Alfred Escher's leadership. He resigned as chairman of the Kreditanstalt in 1877 and as president of the Gotthardbahn-Gesellschaft on 27 July 1878.⁶ His opponents held him responsible for the faulty estimates, and the depression had damaged his reputation as a financier. The breakthrough of the tunnel on 29 February 1880 was celebrated without him, and he declined to attend the opening celebrations of 1882 because of his health. He died on 6 December 1882 in Zurich-Enge, a few months after the opening. Hellweg also left the company after conflicts with the board. In 1879 the engineer Gustave Bridel took over the direction of construction and completed the line according to the existing plans.⁷ The German banks played their part in the rescue. Adolph Salomonsohn, one of the managing partners of the Disconto-Gesellschaft, formed a guarantee consortium that restored the confidence of investors and made the placement of the new bonds possible.⁸ The company itself raised fresh capital through further issues of shares and bonds. By the end of its independent existence its share capital amounted to CHF 50 million and its outstanding 3.5 per cent bonds to more than CHF 100 million.⁹

2 Notes

1. HLS, art. "Gottardo, Ferrovia del" (as above): Zurich's voters rejected additional subsidies in 1878. ↩
2. Bundesgesetz betreffend Gewährung von Subsidien für Alpenbahnen vom 22. August 1878, Art. 1, 3, 4 and 5, text at Swissvotes, <https://swissvotes.ch/vote/20.00/abstimmungstext-de.pdf>. ↩
3. Die Grenzboten (as above), for the more than 37,000 citizens who demanded the referendum. ↩
4. Swissvotes, short description of vote no. 20 (as above), for the result of 70.7 per cent and the cantonal results. ↩
5. Swissvotes, short description of vote no. 20 (as above), on the "Gotthard compromise"; Federal Act of 22 August 1878, text of the vote, <https://swissvotes.ch/vote/20.00/abstimmungstext-de.pdf>, Art. 5; Wikipedia (de), "Simplontunnel", <https://de.wikipedia.org/wiki/Simplontunnel> (used as a last resort): "Am 19. Mai 1906 konnte der Tunnel I dem Betrieb übergeben werden"; HLS, art. "Eisenbahnen" (as above), for the Lötschberg (1913).
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6. HLS, art. "Escher, Alfred" (as above), for the resignations of 1877 and 1878; H. Etter (as above), for the date of 27 July 1878, and HLS (as above) for the events of 1880 to 1882. ↩
7. HLS, art. "Gottardo, Ferrovia del" (as above), on the resignations of Gerwig and Hellwig; Wikipedia (de), "Gotthardbahn" (as above): "übernahm Gustave Bridel 1879 die Bauleitung und stellte die Strecke nach den erstellten Plänen fertig." ↩
8. Müller, Bank und Geschichte no. 43 (as above), on Adolph Salomonsohn (1831–1919) and the guarantee consortium. ↩
9. Handbuch der deutschen Aktiengesellschaften (as above), p. 553, for the share capital of CHF 50 million and the 3.5 per cent priority bonds (CHF 107.09 million in circulation on 30 April 1909). ↩

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