

Money and public finance under successive regimes

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Between 1798 and 1848 Zurich lived under five monetary regimes in rapid succession. Until 1798 the city-state struck its own coins according to the gulden system of southern Germany, holding its accumulated surpluses in coin in the Grossmünster vault and investing them through Leu & Co. From 1799 to 1803 the Helvetic Republic claimed a monopoly of coinage and introduced a franc of ten batzen and one hundred rappen, struck at Bern, Basel and Solothurn, which never replaced the cantonal coins in circulation. The Mediation restored the right of coinage to the cantons, subject to a uniform standard that the Diet never effectively enforced. The result was, in the words of one numismatic account, monetary chaos.¹ The Federal Treaty of 1815 left coinage entirely to the cantons. In 1825 six cantons, Aargau, Basel, Bern, Fribourg, Solothurn and Vaud, concluded a concordat on a common franc standard. Zurich was not among them and remained attached to its gulden.²

In practice the currency of daily life in Zurich was a mixture of Zurich gulden and batzen, coins of other cantons, French écus and five-franc pieces, South German gulden and kreuzer, and Brabant thalers, whose values in relation to one another were fixed by official tariffs and by the market.³ The numismatic history of Zurich records that several currencies circulated side by side in the city into the nineteenth century and that the first banknotes appeared only in 1837.⁴ For merchants and bankers, the plurality of currencies was both a burden and an opportunity. It raised transaction costs and required constant calculation. At the same time, it made money-changing and the settlement of payments in different currencies a profitable specialism that trained Zurich's merchant bankers in the handling of exchange rates, a skill that would later serve them in international business. The end of this plurality came with the federal Coinage Act of 1850, which is treated in Chapter C.IV.

Public finance followed a similar path from rupture to reconstruction. The old republic had financed itself from tithes, ground rents, customs and fees as well as from the income of its accumulated capital, without direct taxation of its citizens. The Helvetic Republic tried to replace these revenues with modern taxes and failed. After 1803 the canton had to rebuild its finances with what remained: the property transferred to it in the liquidation of 1803, the tithes and ground rents that continued to be paid or were gradually redeemed, indirect taxes and fees. Every redemption of a tithe converted a perpetual income into a capital sum that the state, the church funds or the private owner then had to invest. The slow transformation of the public balance sheet from land-based charges into financial assets was one of the quiet forces that increased the supply of investable capital in the canton in the first half of the nineteenth century. The major public investments of the canton, in railways and in the cantonal bank, belong to the period covered in Part D.

1 Notes

1. Numis-Post, “Helvetische Republik” (see above), on the restoration of cantonal coinage rights in 1803 and the resulting confusion. ↩
2. HLS, “Münzvereine und Münzkonkordate” (see above), which lists the six members of the 1825 concordat and describes the cantonal concordats as largely ineffective. ↩
3. Wikipedia (English), “Swiss franc”, https://en.wikipedia.org/wiki/Swiss_franc, section on the history before 1850, which describes cantonal currencies based on the livre tournois in the west and the South German gulden in the central and eastern cantons, existing mostly as small change, and records that foreign coins such as French francs and Kronenthaler were more widely recognised as currency throughout Switzerland. ↩
4. Kampmann, “Die Zürcher und ihr Geld, Teil 2” (see above). ↩

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