

## Nationalisation and the Gotthard treaty of 1909

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The nationalisation of the main Swiss railways, approved in the popular vote of 20 February 1898, is treated in Chapter D.I. The Gotthard presented a special case because of the treaty of 1869. The Confederation took over the other main-line companies in the first years of the twentieth century. The Gotthard came last, not least because Germany and Italy had a stake in the line. On 26 February 1904 the Federal Council announced that it would repurchase the Gotthard concessions under the contractual provisions. On 1 May 1909 the Federal Railways took over the whole infrastructure with all operating assets, rights and obligations.<sup>1</sup>

The financial settlement with the shareholders took two more years. By a settlement of 10 June 1911 the repurchase compensation was fixed at 200,840,000 francs.<sup>2</sup> Of this sum 117.09 million francs took the form of the assumption of the company's secured debts, and 83.75 million francs was paid to the shareholders in 4 per cent bonds of the Federal Railways, after which the company was liquidated.<sup>3</sup> By the end of April 1909 the total capital invested in the line had reached 300.5 million francs, of which 265.8 million had gone into the railway infrastructure and 27.6 million into rolling stock.<sup>4</sup> The shareholders of 1871 who held on to the end thus received their capital back in federal bonds, after decades of dividends. The Swiss state, which had contributed relatively little to the construction, acquired the most valuable railway in the country.

The repurchase raised a question of international law. Swiss authorities considered the purchase of the Gotthard a sovereign right that did not depend on the subsidising states. Germany and Italy, officially informed of the decision in 1904, replied jointly only on 11 February 1909. They maintained that the repurchase required their prior consent, because the subsidies of 1869 and 1878 had been granted to a private company on the basis of the treaty and entitled them to a share in the profits of the line. A conference of delegates of the three governments met from 24 March to 20

April 1909 and produced the Gotthard convention signed on 13 October 1909. In exchange for giving up their participation in capital and profits, Berlin and Rome obtained tariff advantages equivalent to a most-favoured-nation treatment on the whole Swiss federal railway network for transit traffic.<sup>5</sup>

The treaty provoked one of the fiercest foreign-policy controversies in the history of the federal state. Critics saw it as a limitation of Swiss sovereignty, because it bound the Federal Railways to tariff concessions for foreign traffic without a time limit. A petition signed by 116,000 citizens was submitted to the Federal Assembly. After the National Council and the Council of States had nevertheless approved the treaty in April 1913, a committee in Vaud launched a popular initiative to subject treaties of indefinite duration or of more than fifteen years to the optional referendum. The initiative was delayed by the war. In 1921 the people and the cantons adopted the new constitutional provision by a large majority. It survives today in article 141 of the Federal Constitution of 1999.<sup>6</sup> The Swiss National Library summarises the same chain of events: the treaty of 1909 was perceived as a restriction of sovereignty and led to the referendum initiative on state treaties.<sup>7</sup>

For the history of the financial centre, the Gotthard treaty controversy has a precise meaning. It shows that the public subsidies of 1869 had created a lasting claim of foreign states on a Swiss asset, a claim that survived the change of ownership and had to be bought out with tariff concessions. The structure that had made the financing possible in 1869 became a constraint on Swiss policy forty years later. The Gotthard convention remains in force, and during the Second World War Switzerland's official transit policy rested on its article 3 and on article 7 of the Hague Convention of 1907.<sup>8</sup> The transit of goods between Germany and Italy through the Gotthard during that war, which included the coal trains agreed in 1941, belongs to Part F of this book.<sup>9</sup> Here it is enough to note that the financing decisions of 1869 continued to shape Swiss foreign relations until the middle of the twentieth century.

## 1 Notes

1. Wikipedia (German), "Gotthardbahn-Gesellschaft" (see above), on the announcement of 26 February 1904 and the takeover on 1 May 1909; Röhl, *Enzyklopädie des Eisenbahnwesens*, "Gotthardbahn" (see above), confirms the transfer of the network lines to the Confederation on 1 May 1909. ↩

2. Röll, Enzyklopädie des Eisenbahnwesens, “Gotthardbahn” (see above).  
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3. Wikipedia (German), “Gotthardbahn-Gesellschaft” (see above). ↩
4. Röll, Enzyklopädie des Eisenbahnwesens, “Gotthardbahn” (see above).  
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5. HLS, “Convention du Gothard” (Gérard Benz), French version,  
<https://hls-dhs-dss.ch/fr/articles/017251/>. ↩
6. HLS, “Convention du Gothard” (Benz), French version (see above),  
with reference to Felix Bosshard, Der Gotthardvertrag von 1909 (1973).  
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7. Swiss National Library, “Der Eisenbahntunnel von 1882” (see above).  
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8. HLS, “Convention du Gothard” (Benz), French version (see above).  
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9. Dodis, “Diplomatie auf Schienen” (see above), on the arrangement of  
1941 for daily coal trains through Switzerland to Italy. ↩

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