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The creation of the Swiss franc

THE CREATION OF THE SWISS FRANC

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Swiss National Museum, Switzerland

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Up to 1848 Switzerland was a loose league of 22 cantons, each with its own constitution and government. Each canton also had its own coins and currency.

Minting has a long tradition in Switzerland. Over 2,000 years ago the Celts minted the first coins in the territory of present-day Switzerland. The Romans did not mint in Switzerland; they brought their coins with them. In the Middle Ages, the minting of coins was initially a royal privilege. The Frankish kings had coins struck in their name in various places. From the 11th to the 15th centuries, the kings conferred the right to mint on numerous ecclesiastical and secular lords, and also on cities.

In the sixteenth century, in the area of present-day Switzerland alone there were 22 lords with the right of coinage and six different currency areas. In addition to Swiss coins, numerous foreign coins were also in circulation. The smaller towns did a profitable business with the striking of small coins of base metal whose actual value was considerably less than their declared value. The larger cites, such as Zurich, Basle or Bern, on the other hand, took account of the needs of commerce and minted coins of stable value. However, the wide variety of coins and currencies considerably impeded economic links. At the federal Diets the coinage confusion was, it is true, lamented, but attempts at a coinage system came to nothing. This situation remained for the most part unchanged until the mid-19th century.

An attempt at standardising the monetary system took place during the Helvetic Republic between 1798 and 1803, when a uniform monetary system was created under French supervision and the right to coin was transferred to the central government. The Helvetic Republic came to an end in March 1803 with a popular revolt. The following Mediation Constitution gave the right of coinage back to the cantons.

The growing nationalistic movements all over Europe in the first half of the 19th century made it evident that a stronger form of union was needed if Switzerland was to keep its political

independence. A revision of the constitution was worked out and accepted by 1848. With the establishment of the modem Swiss Confederation in 1848, a central government was formed. Foreign affairs and the military were now the exclusive affair of the federal government. Customs ceased to be levied between the cantons and Switzerland became a unified economic area. Standardisation of coinage, weights and measurement was striven for. A uniform Swiss economic area was one of the prerequisites for the expanding industry.

The Constitution of 1848 assigned the right of coinage to the federal government and forbade the cantons to mint their own coins. What was initially left open however, was the question of the standard of coinage. Under discussion were the south German *gulden,* which eastern Switzerland took as its guideline, and the French franc which was preferred in western Switzerland. After heated discussions in parliament, the federal government decided on the French standard of coinage. Between 1850 and 1852, the innumerable regionally and locally valid coins were replaced by the Swiss franc.

However, Switzerland was unable to satisfy the demand for coins for commercial purposes. From 1865 until the First World War, together with France, Belgium, Italy and Greece, it formed what was known as the "Latin Monetary Union". According to the Union's treaty, the gold and silver coins of these countries were able to circulate freely in the member countries. It was only after the First World War that the Swiss franc became the sole, officially recognised legal tender in Switzerland.