

Will the Swiss Vote On Bank Separation?

Switzerland could soon introduce a two-tier banking system, modeled on the 1933 U.S. Glass-Steagall Act, by popular initiative. The Socialist Party (SP) is investigating the possibility of a referendum, and has invited the conservative Swiss People's Party (SVP) to support it.

The initiative was presented in Bern on June 17 by Corrado Pardini, a member of the National Council (parliament), who declared: "The separation of investment and commercial banks takes away the economic risks of the securities trade from the savings and loan business, downsizes the major banks, and deprives them of the undesirable and anti-market government guarantee.

"Separating the banks strengthens customer safety and the efficiency of banks. It supports the workplace with greater credit availability. This secures jobs in industry, commerce, and services. The disengagement of the state from the investment banks eliminates the risk of ruinous bailouts. Then investment banks may go bankrupt without wiping out tens of thousands of entrepreneurs, as has been argued in 2008 with the case of UBS. If their bankruptcy threatens the interna-

tional financial system, the IMF should take care of it."

Pardini's initiative was addressed in parliament on June 19, when a founder of the SVP complained that the SP had backed out at the last debate on the "too-big-to-fail" banks, and therefore the banking separation bill had failed. The SP spokesperson replied that her party has not abandoned the project: "A group led by Mr. Pardini has now introduced a banking initiative that goes in the direction of separating banks. If it is launched under the framework of the SP, you are most welcome to support it."

In Switzerland, referenda are part of the legislative process, and if a referendum passes, it immediately becomes law. It is therefore likely that such financial interests are going to use all means at their disposal to pressure politicians and prevent a referendum from taking place. If the politicians fail, citizens are ready to organize a referendum themselves.

For example, the group Impulswelle has launched a campaign for banking separation and against bail-in of the banks, which prompted a letter from Finance Minister Eveline Widmer-Schlumpf on July 17, defending the government's position. She used the usual incompetent arguments of Glass-Steagall opponents, such as that Lehman Brothers was purely an investment bank, yet its bankruptcy in 2008 triggered the financial crisis.

—*Claudio Celani*