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# Swiss banks fight secrecy challenge

FEW people in conservative, capitalist Switzerland believe that a Social Democrat campaign to curb banking secrecy here has any hope of becoming law.

But the banks themselves are taking no chances. The Socialist "initiative" is to be put to a nationwide vote on May 20, and the banks have mounted a determined drive to ensure that the secrecy *status quo* is maintained.

The Socialists want to improve the Swiss image abroad and quash the popular belief, readily fuelled by films and novels, that every Swiss bank is a storehouse of ill-gotten gains or cash smuggled out of poor countries.

The banks argue that taking away their long tradition of secrecy would make them

less competitive and damage the entire Swiss economy, where banking plays a significant role.

Banks employ around 96,000 of the 2.5 million strong work force and contribute 20

per cent to the Government's total tax revenues.

Under current legislation, it is illegal here for Swiss banks to disclose account details when foreign authorities investigate tax or

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# *...reporting from Berne*

currency offences. The Socialists want the law changed.

The banks are pushing their role as honest broker. A recent publication from the Union Bank of Switzerland displayed a cartoon of a jailed criminal complaining that the details of his numbered account had been given away by the bank.

It was to make the point that in Switzerland criminals are not above the law, and even a secret numbered account is no protection against legal investigation.

That view is viable as far as it goes. But what is criminal abroad is not always a crime here.

In cases of simple tax evasion, as opposed to tax fraud involving forgery, banks are under no obligation to pass on information to investigators.

In fact they would face heavy penalties even if they tried.

A joint declaration from the three largest Swiss banks has also appealed against the initiative on humanitarian grounds.

The provisions of the banking law and the criminal code were "life preservers" for those who escaped Nazi terror and for countless thousands of political refugees in Eastern Europe after World War Two, it said.

Under the laws, drawn up in the 1930s to counter Nazi probes, bankers who breach secrecy face six months in prison or a fine of about Sfr 60,000. Instigating a breach, or giving away secrets by mistake, is also punishable with a fine.

Rudolph Strahm, central secretary of the Social Democrat party and a leading exponent of the initiative, says the reform aims to stem the influx of foreign capital into Switzerland and help fight international tax evasion.

A flood of capital here in the 1970s which was escaping foreign exchange rules elsewhere was a starting point for the initiative.

The inflows boosted the franc, Swiss exports became expensive and jobs were threatened.

That – combined with a scandal at one of Switzerland's big three banks, Credit Suisse, when funds at its Chiasso branch were hived off illegally into private investments in

neighbouring Italy – spurred the Socialists into action.

The banks have already had to cede many of their privileges because of international criticism.

Bilateral treaties have been signed with the US, allowing assistance to authorities in cases of organised crime, usually a euphemism for the stashing away of Mafia funds.

Only recently the Swiss drafted a law banning insider trading here after American protests that Swiss bank clients were using privileged information when trading securities on US markets.

These moves have taken the steam out of the Socialist campaign, and the party suffered a setback in the latest parliamentary elections which showed a clear shift to the right.

But leading bankers are taking every opportunity to defend secrecy when they speak in public, stressing the economic importance of the banks and rejecting the claims of the left about how much "dubious" finance is actually here.

Credit Suisse says that "flight capital" into Switzerland does exist, but totals only some 10 per cent of the figure claimed by the Left.

★ ★ ★

IN another nationwide poll on May 20, the electorate will vote on another party's proposal to ban virtually all land sales to foreigners.

The right-wing National Campaign party says the ban is necessary, to prevent "the sell-out of the Swiss homeland".

The party says its campaign is intended in particular to stop land being used for speculation or investment.

Sales to foreigners of property and land in Switzerland fell by 20 per cent last year – mainly because of the general economic recession and of tighter restrictions already introduced by the government.

★ ★ ★

IT sounds like a meteorological mix-up. But singing for Switzerland at this month's



Rainy Day

Eurovision Song Contest were a group called Rainy Day, with a number entitled "What Colour is Sunshine?"

The Swiss group were competing in Luxembourg against entries from 30 other countries.

Initiated by Switzerland, the contest was first held in 1956 in Lugano – and attracted just seven entries. The Swiss won that year, but have never won since.

Incredible though it may seem – particularly to today's younger generation – the contest in those days was a radio event. Millions of European families still didn't have even black and white television.

Colour TV was still a distant dream – comparable, as one veteran TV producer told me

**Turn to Page 6**

# Colin Farmer

## From Page 5

recently, to man walking on the moon.

★ ★ ★

THE narrow streets of Basle, Switzerland's second largest city, had to cope with at least one car less recently after a Swiss psychiatrist took apart his Renault in the latest protest against pollution.

Dense crowds on the historic market square watched Dr Roland Matter and six friends dismantle the car piece by piece and then sell the parts to bystanders as souvenirs.

Also for sale were crippled pine trees said to be victims of acid rain and exhaust emissions.

Dr Matter, who is a psychiatrist at a clinic for children, said the "burial" of his five-year-old car – in perfect running condition – was intended as a warning signal in a "national emergency".

He vowed to rely exclusively on public transport and urged others to follow his example.

Forests in many parts of Switzerland are seriously affected by pollution, according to official reports.

Recent polls suggest that concern over the

"dying forests" is the issue foremost on Swiss minds.

Some public transport companies are even reducing fares to encourage use of buses, trams and trains.

Environmentalists have come up with anti-pollution proposals which include car-free Sundays, reviving a project defeated in a nationwide referendum by a relatively narrow margin in 1978.

Switzerland, with a population of 6.3 million, has more than 2.5 million registered passenger cars. In addition, 50 million foreign-licensed tourist cars cross into the country every year.

## Football League tables up to and including April 6

'A' Division		Pl	W	D	L	Gls	Pts	'B' Division		Pl	W	D	L	Gls	Pts	
Team	Season							Winterthur	Lugano							
Zurich Grasshoppers	21	13	5	3	42	22	31			19	9	7	3	37	32	25
Geneva Servette	21	13	4	4	48	23	30			19	7	10	2	38	23	24
Neuchâtel Xamax	21	12	6	3	42	18	30									
St. Gallen	21	12	6	3	43	30	30									
Sion	21	12	4	5	49	30	28									
Wettingen	21	9	5	7	32	28	23									
Lausanne	21	9	3	9	33	27	21									
Chaux-de-Fonds	21	8	5	8	38	34	21									
Berne Young Boys	21	7	6	8	29	24	20									
Zurich	21	7	5	9	29	33	19									
Lucerne	21	8	3	10	25	33	19									
Vevey	21	7	3	11	32	45	17									
Aarau	21	5	6	10	32	35	16									
Basel	21	6	4	11	33	45	16									
Chiasso	21	4	0	17	16	56	8									
Bellinzona	21	2	3	16	15	55	7									

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