

Chronicle of monetary events

On 1 May the Governing Board, newly appointed by the Federal Council on 26 October 1995, takes up its activity (cf. p. 59).

May

Effective from 27 September 1996, the Swiss National Bank lowers the discount rate by half a percentage point to 1% (cf. p. 32).

September

On 1 October the 20-franc note of the new banknote series is issued (cf. p. 44)

October

On 20 November 1996, the Federal Council passes the message and draft for a new Federal Constitution. The new Article 89 on monetary policy severs the link between the Swiss currency and gold and embodies the independence of the central bank in the Constitution (cf. p. 36f.).

November

The new article reads as follows:

- 1 Monetary matters are the responsibility of the Confederation, which has the sole right to issue coins and bank notes.
- 2 The Swiss National Bank as an independent central bank conducts a monetary policy serving the interests of the country as a whole; it is administered with the cooperation and under the supervision of the Confederation.
- 3 The Swiss National Bank forms adequate currency reserves from its earnings.
- 4 At least two-thirds of the net profit achieved by the Swiss National Bank is distributed to the cantons.

On 28 November 1996, the National Council is the second chamber to approve the Federal Decree concerning the renewal of the Swiss National Bank's exclusive right to issue bank notes for a further period of twenty years; the Council of States had already passed the bill on 16 September 1996 (cf. p. 36).

The Governing Board, by agreement with the Federal Council, decides to continue pursuing, in 1997, the monetary policy course implemented in 1996. It intends to keep the money stock above the target path. As usual, the National Bank retains the option of deviating from its course in the event of serious disruptions in the financial markets (cf. p. 34).

December

Following approval by the Governing Board and the Federal Council, the report of a joint working group of the National Bank and the Federal Department of Finance on the National Bank's investment policy and profit distribution is published on 20 December (cf. p. 41f.).