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Economy

**Swiss People's Party's Christoph Blocher Takes Swipe at SNB's Franc Policy; Vice president of Switzerland's biggest party says costly policy was doomed to fail**

By **John Reville**

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ZURICH—One of Switzerland's most controversial and influential politicians has criticized his country's central bank for trying to limit the strength of the Swiss franc, a costly policy he said that was destined to fail.

Christoph **Blocher**, vice president of Switzerland's biggest party, the right-wing Swiss People's Party took a swipe at the Swiss National Bank in a wide-ranging interview that also covered the potential exit of Britain from the European Union and the rise of Donald Trump in the U.S. presidential race.

Mr. **Blocher**, a billionaire industrialist who bankrolled the party and made it into the strongest force in Swiss politics, said foreign currency purchases by the SNB wouldn't work, especially with the franc still seen as a haven investment in troubled economic times.

"The SNB should leave the currency alone," said the 75-year-old former head of the justice department, who has dominated the Swiss political landscape for the last 20 years even though he isn't in the current government.

"They cannot fight against the world. They should only react to the big problems, but not try to manage the currency."

The critique is unlikely to alter Swiss monetary policy. Officials are fighting a strong Swiss franc that has the potential to [hurt Switzerland's export-dependent economy](#) and further intensify deflationary pressures

Still, the comments by Mr. **Blocher** underscore frustration in parts of Europe over the radical steps central banks have taken since the financial crisis. German finance minister Wolfgang Schäuble [recently called on governments](#) to press their central banks to slowly withdraw easy-money policies.

"Although the SNB does not have to worry too much about public pressure, when influential figures like Mr. **Blocher** criticize it, that can undermine the long-term standing of the SNB," said Joachim Blatter, professor at the University of Lucerne.

In addition to foreign currency purchases to limit the franc's gains, the SNB has maintained a minus 0.75% rate on bank deposits above a certain threshold stored at the SNB. The policies are designed to make the franc—which the SNB describes as "significantly overvalued"—less appealing to foreign investors. While banks have largely shielded retail depositors from negative rates, savers are seeing little if any interest on their savings.

Last year, the bank [posted a record loss](#) of 23 billion francs (\$21.4 billion), due mainly to a fall in the value of its large foreign currency positions. In January 2015 the SNB scrapped a ceiling it had imposed on the franc's value for over three years. The move caused the franc to soar, eroding the value of foreign-currency assets on the SNB's balance sheet.

Further currency inventions carried more risk of big losses, Mr. **Blocher** said. Ralf Wiedenmann, analyst at Bank Vontobel estimates that the SNB has bought nearly 18 billion francs worth of foreign currencies so far this year, based on the SNB's balance sheet and sight deposits data. Still, the franc has risen against the euro since early February. The euro fetched 1.0884 Tuesday morning in Europe.

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"The exporters are finding it hard, but despite the problems with the currency, the Swiss economy is doing well," Mr. **Blocher** said. Gross domestic product grew 0.9% last year, after 1.9% growth in 2014.

However, negative interest rates "reduce the value for the savers in a country where people save for the bad times," Mr. **Blocher** said. "The value of pensions is in danger too, it is quite a problem."

The SNB declined to comment on Mr. **Blocher's** comments.

Looking outside Switzerland, Mr. **Blocher** said the U.K.'s referendum in June on whether to stay in the European Union highlighted that [many Europeans are unhappy with the EU](#), particularly its policy on immigration.

"Switzerland is not a member of the EU and for that we can thank direct democracy," said Mr. **Blocher**, whose anti-immigrant and anti-European rhetoric has sparked controversy in Switzerland. "People have voted against it clearly each time they have been asked."

The U.S. elections this year are another source of global uncertainty, amid the rise of Donald Trump in the Republican nomination contest. Mr. **Blocher** played down Mr. Trump's controversial comments about immigration, saying they were mainly for effect and to raise the issues, and he would behave differently if elected.

"I remember before Reagan was elected and everyone was saying he was just a film star and an idiot," said Mr. **Blocher**. "But he was the best president I have seen."

Write to **John Revill** at [john.revill@wsj.com](mailto:john.revill@wsj.com)

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