

Refugee capital and the culture of discretion

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The refugees who came to Basel with their wealth had good reasons to be discreet. They had fled from rulers who had confiscated or threatened to confiscate their property, often after transferring their assets abroad secretly before their flight. Their relatives who remained in their home countries might be exposed to reprisals if the extent of the refugees' wealth became known. And the refugees themselves, as newcomers in a city that viewed them with a mixture of sympathy and suspicion, had an interest in not attracting envy by displaying their wealth.

This situation reinforced the culture of discretion that the Reformation had encouraged through its sumptuary laws. The refugee families of Basel, like those of Geneva, learned to keep their wealth out of sight, to conduct their business through trusted relatives and correspondents, and to avoid unnecessary disclosure of their affairs. This discretion became part of the culture of the Basel merchant elite, which transmitted it to the private banks that emerged from its ranks.

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The discretion of the refugee families was also a form of protection against the fiscal and political claims of their former rulers. A Huguenot merchant in Basel who had assets in France had an interest in hiding them from the French crown, which confiscated the property of emigrants. The protection of refugee assets against confiscation by hostile governments was one of the original functions of Swiss discretion. It would reappear in the twentieth century, when Swiss banks received the assets of persons fleeing Nazi Germany, the Soviet sphere and other regimes. The same discretion, however, also protected assets whose owners wished to hide them from legitimate claims. Seen in this light, the history of Swiss banking secrecy is the history of the tension between these two functions. Part E examines how this tension was resolved in the early twenty-first century.

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