

The end of payments to Rome

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The Reformation also ended the financial flows between Basel and Rome. Before 1529, the clergy of Basel paid annates, fees for dispensations and other charges to the papal curia, while the citizens bought indulgences whose proceeds went partly to Rome. The Council of Basel had tried in vain to abolish these payments a century earlier. The Reformation abolished them definitively.

The amounts involved were not enormous for a city of the size of Basel, but the principle was important. The Reformation asserted the fiscal sovereignty of the civic community against the claims of an external authority. The resources of the local church were to be used for local purposes, under the control of the local community. This principle of fiscal sovereignty, which the Swiss cantons asserted against the Pope in the sixteenth century, would later be asserted against the Empire, against France and against other external claims. This constant of Swiss political culture finds its modern expression in the reluctance of Switzerland to accept the fiscal claims of foreign states, which characterised the debate on banking secrecy until the early twenty-first century.

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The end of banking secrecy for foreign clients, which Part E examines, can be read as a reversal of this principle under the pressure of the international community. Switzerland accepted, between 2009 and 2017, that foreign tax authorities should have access to information on the assets of their taxpayers in Swiss banks, through the exchange of information on request and later the automatic exchange of information. The fiscal sovereignty that Basel asserted against Rome in 1529 was thus limited, five centuries later, by the fiscal claims of other sovereigns. The comparison is not exact, since the payments to Rome were claims of a foreign authority on the local community, while the claims of foreign tax authorities concern their own taxpayers. But the tension between local sovereignty and external fiscal claims is a thread that runs through the history of the Swiss financial centre.

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