

The management of family wealth

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The families of the *Daig* accumulated wealth over generations and developed practices for its management and transmission. Their wealth was invested in several forms: the family business, which required capital for its operations; real estate, in particular the town houses in the old city and country estates in the surrounding region; rents secured on land and houses; loans to other merchants and to public bodies; and, increasingly in the eighteenth century, foreign securities, above all the public debt of France, the Netherlands, England, Austria and other states.¹

The transmission of wealth was governed by the law of inheritance of Basel, which provided for the equal division of the estate among the children. The nobility of many European countries practised primogeniture or entailed estates to keep the family property together, whereas the Basel families divided their wealth at each generation. This practice had consequences. It prevented the accumulation of huge fortunes in a single line and spread wealth among the members of the family. It required each generation to rebuild the fortune through its own work. And it created a demand for arrangements that allowed the family to keep its business together despite the division of ownership: partnerships among siblings, the buying out of heirs who did not participate in the business, and the use of the family business as a common asset.

The prohibition of entails remains part of Swiss law. The Swiss Civil Code prohibits the creation of new family fideicommissa, the entails that tied family property to a line of succession, and limits family foundations to purposes of education, support and similar family needs.² This restriction, which reflects the egalitarian tradition of the Swiss cities, has led Swiss families to use other instruments for the long-term structuring of their wealth, among them foreign trusts and foundations, which Part E examines. The question whether Swiss law should introduce its own trust, which has been discussed for years and which the Federal Council proposed

in draft legislation, is in part a question of whether the Swiss tradition of equal division and the prohibition of entails should be relaxed.³

The families of the *Daig* also practised a form of collective wealth management that anticipated the modern family office. The senior members of a family advised the younger, managed the assets of widows and minors, and coordinated the investments of the family. Guardianships, which the city authorities supervised, placed the property of orphans and incapacitated persons under the administration of relatives or trusted citizens. The management of other people's wealth was thus a familiar activity in the Basel elite long before private banking became a profession.

1 Notes

1. On the investment of Basel patrician wealth in the eighteenth century (family business, real estate, rents, foreign public debt), see the literature on the economic history of Basel. To be verified. ↩
2. Art. 335 para. 2 Swiss Civil Code (SR 210) prohibits the creation of family fideicommissa (Familienfideikommiss); Art. 335 para. 1 limits family foundations to defined purposes (costs of education, provision, support of family members). To be verified. ↩
3. On the draft legislation for the introduction of a Swiss trust into the Code of Obligations (consultation 2022, dispatch and parliamentary treatment thereafter), see the publications of the Federal Office of Justice. Current status to be verified. ↩

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