

The Paris affair of 1932

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On 26 October 1932, French police searched the Paris offices of the Basler Handelsbank and seized documents, among them lists of French clients who had deposited assets with the bank in Switzerland without declaring them to the French tax authorities. The affair caused a sensation in France, where the government faced a budget crisis and the left accused the wealthy of evading taxes by hiding their money in Switzerland. Among those named were several French politicians, senators, bishops and industrialists. The French authorities demanded information from Switzerland about French assets in Swiss banks.¹

The Swiss authorities refused to provide the information, arguing that Swiss law did not allow the disclosure of client data to foreign authorities in tax matters. The affair strengthened the conviction in Swiss banking circles that the confidentiality of client relationships needed stronger legal protection, in order to reassure foreign clients and to resist foreign pressure. Historians have shown that the Paris affair was one of the factors that led to the inclusion of a criminal provision on banking secrecy in the Banking Act of 1934.

The Paris affair also contradicts a widespread myth about the origins of Swiss banking secrecy. It has often been claimed that banking secrecy was introduced in 1934 to protect the assets of Jews persecuted by the Nazi regime in Germany. Historical research has shown that this claim has no basis in the legislative history of the Banking Act. The criminal provision on banking secrecy was introduced in the context of the international banking crisis, the French tax affair and the desire of the Swiss banks to protect their foreign business. The protection of persecuted Jews played no role in the debates.² The myth was later used to give banking secrecy a moral justification that its history did not support.

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1 Notes

1. On the Paris affair of the Basler Handelsbank (search of its Paris office on 26/27 October 1932, seizure of lists of French clients, ensuing political scandal in France), see the literature on the history of Swiss banking secrecy (e.g. Sébastien Guex, "The Origins of the Swiss Banking Secrecy Law and Its Repercussions for Swiss Federal Policy", *Business History Review* 74, 2000). To be verified. ↩
2. On the refutation of the claim that Swiss banking secrecy was introduced in 1934 to protect Jewish assets from the Nazi regime, see the literature on the history of Swiss banking secrecy, including Guex, 2000, and the reports of the Independent Commission of Experts. To be verified. ↩

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