

Capital flows into Geneva

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The capital that flowed into Geneva during this period came from a variety of sources. A significant share came from France, where political crises, tax increases and, at certain periods, exchange controls prompted taxpayers to place assets in Switzerland. The arrival of the left in power in 1981 and the nationalisations that followed thus triggered movements of capital abroad.¹ Italy also supplied considerable flows, often through the financial centres of Ticino, but also through Geneva.

Other flows came from Latin America, where inflation, devaluations and political instability drove elites to place their wealth in dollars with foreign banks. The Middle East, enriched by oil, became a major source of capital from the 1970s onwards. Lebanese, Iranian, Egyptian, Saudi and Gulf families entrusted their assets to Geneva banks, often through bankers who came from those regions and had settled in Geneva.

Africa likewise supplied capital, coming from entrepreneurs, traders and political leaders of the newly independent countries. Part of these assets was of legitimate origin, while another part stemmed from corruption and the misappropriation of public funds. Part I will devote a chapter to the assets of politically exposed persons and to the restitution of illicit assets.

These flows had varied motivations. Some clients sought protection against real risks: war, persecution, confiscation, monetary collapse. Others sought to shield their income and wealth from taxation in their own country. Others still sought to conceal the criminal origin of their funds. Geneva's banks, protected by banking secrecy, long accepted these assets without systematically distinguishing between these motivations, which exposed the financial centre to growing criticism.

Caution. The capital that made the prosperity of Geneva wealth management after 1945 had very diverse origins and motivations. Legitimate protection against instability coexisted with tax evasion and, in

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some cases, with the harbouring of assets of criminal origin or derived from corruption. The reforms undertaken from 1977 onwards were intended to distinguish between these situations.

1 Notes

1. On the flight of French capital after the presidential election of 10 May 1981, in fear of the announced nationalisations, see the retrospective by Europe 1 (europe1.fr): in the weeks following the vote, customs officers seized, among other things, some 9 million francs hidden in three cars at the Swiss border. ↩

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