

Confession, exile and the economy of credit

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Part B was the counterpart to the Geneva volume's part on Calvin. Ticino did not become Protestant. On 3 March 1555 a little over a hundred members of the Reformed community of Locarno left their town, crossed the San Bernardino pass and reached Zurich in May, after the twelve ruling cantons had obliged them to recant or emigrate (Chapter B.I).¹ The episode showed what a minority without political protection could lose. It showed equally how quickly people, skills and part of their capital move to a jurisdiction that offers them security. In Zurich, families such as the Orelli and the Muralt began as traders with Lombardy, worked within the putting-out system of the silk industry and obtained full citizenship only in 1679 (Chapter B.II).² Their capital formed part of the accumulation that later flowed into Leu & Co., founded in 1755 as a public bank and later described as the oldest bank in Switzerland.³

The Catholic majority that stayed lived in a different economy of credit. Carlo Borromeo, archbishop of Milan, reformed the parishes of the Ambrosian valleys by visitation, decree and inventory as their ordinary, while in the Comasque parishes, which belonged to the province of Aquileia, he acted through the bishops of Como, papal commissions and his collaborators. He founded the Collegio Elvetico in Milan in 1579 (Chapter B.III).⁴ Canon law did not prohibit credit. It controlled its form, approving the *Monti di Pietà*, regulating the *censo* (annuity charged on fruitful land) and condemning fictitious exchange. In the Italian bailiwicks credit flowed through *censi*, *livelli* (long leases), confraternities and benefices, so that the Church became the largest institutional lender of the valleys. Redeemable annuities were the general instrument of credit across the Confederation, with rates that fell from about seven to five per cent in the late Middle Ages.⁵ Chapter B.III concluded that the Catholic culture of confession, supervised endowment and discretion is reflected in modern professional secrecy and limited, in current Catholic teaching, by the condemnation of tax evasion.

1 The young canton and its first banks

Part C covered the long nineteenth century. On 15 February 1798 the volunteers and townspeople of Lugano repelled a Cisalpine attempt to seize the town and chose to remain Swiss under the motto *Liberi e Svizzeri*. The Act of Mediation of 19 February 1803 then joined the eight former bailiwicks in the Canton of Ticino (Chapter C.I).⁶ The new canton had to invent a public administration, courts, a system of taxation and a law of property. Its politics produced revolutions, counter-revolutions and five federal interventions before proportional representation in 1891 and 1892 brought a settlement. Chapter C.I argued that this long exercise in state-building is the legal infrastructure on which the financial centre still rests.

The same chapter traced the codification that gave the future financial centre its private law. The cantonal codes of 1816 (penal law and criminal procedure), 1821 (civil procedure) and 1837 (the *Codice civile*) prepared the ground for the federal Code of Obligations of 1881 and the Civil Code of 1907, in force since 1912, while the land registry, the notarial system and the law of neighbours remained cantonal tasks. The Federal Constitution of 1848 took away the canton's customs, tolls and posts and forced it to introduce a direct tax on income and wealth in 1855, which remains the basis of its fiscal sovereignty. Banks in Lugano still lend against land registered under the law of 1912, and fiduciaries and lawyers still work within federal codes written in three equally authentic languages, one of them Italian. The predictability that capital requires was thus a product of the nineteenth century, achieved only after the political violence of the decades before 1892 had been contained.

Chapter C.II showed how the canton became the first refuge of the Italian Risorgimento. Exiles printed in Lugano and Capolago what censorship forbade in Italy, and money for the national cause crossed the border through Ticino. Austria answered the expulsion of the Capuchins and the Milanese rising of 1853 with a blockade and the expulsion of more than 6,000 Ticinese from Lombardy.⁷ The Austrian sequestration of the exiles' property in 1853 taught Lombard families that assets at home could be seized for political reasons and that assets abroad could not.⁸ Chapter C.III then followed the Gotthard railway, financed under the convention of 1869 with CHF 85 million of state subsidies and CHF 102 million of private capital, which opened to through traffic in 1882 and turned Bellinzona into a railway town, Chiasso into a customs and forwarding town and Lugano into a tourist resort.⁹ The first Ticinese banks grew on these foundations and failed on them. Chapter C.IV counted eight banks with a combined balance sheet of about CHF 145 million in 1910, deposits that exceeded what

the local economy could use, and loans to hotels, funiculars and railways whose promoters sat on the banks' own boards.¹⁰ In January 1914 the Credito Ticinese, the Banca Cantonale Ticinese and the Banca Popolare Ticinese failed with losses to savers in the canton of more than CHF 30 million.¹¹ The Banca dello Stato del Cantone Ticino, opened in 1915 with the full guarantee of the State, was the canton's answer. Its guarantee is today expressly permitted by Article 3a of the Banking Act.¹²

Essentials. Parts A to C show that the financial centre of Lugano drew on a long prehistory: a borderland that kept accounts in several currencies and relied on notarial credit, three centuries of subjection that taught the value of independent justice, an emigrant economy that managed family wealth across distance, a transit economy that trained brokers, forwarders and smugglers, a Reformed exile that demonstrated the mobility of capital, and a nineteenth-century state-building that produced courts, codes, a land registry and, after the crash of 1914, a State-guaranteed bank. None of these made a financial centre inevitable. Together they explain why Lugano could turn the border into a business when the conditions of the twentieth century made that profitable.

2 Notes

1. See Chapter B.I. Pablo Crivelli, "Duno, Taddeo", HLS, version of 4 August 2004, <https://hls-dhs-dss.ch/de/articles/010112>; Rosanna Janke and Rodolfo Huber, "Locarno (comune)", *Dizionario storico della Svizzera* (DSS), version of 20 December 2022, <https://hls-dhs-dss.ch/it/articles/002108/2022-12-20/> ("il 3.3.1555 oltre un centinaio di Locarnesi lasciarono la città diretta a Zurigo"). ↩
2. See Chapter B.II. Wikipedia, "Orelli family", https://en.wikipedia.org/wiki/Orelli_family (grant of full citizenship rights by the Grand Council in 1679), used in Chapter B.II as a last resort. ↩
3. Jan-Henning Baumann, "Banque Leu", in *Dictionnaire historique de la Suisse* (DHS), version of 3 November 2022, <https://hls-dhs-dss.ch/fr/articles/041661/> ("crée en 1755 à Zurich comme banque publique"), as cited in Chapter B.II. ↩
4. See Chapter B.III, which cites Pablo Crivelli, "Borromeo, Carlo", DSS ("fondando nel 1579 a Milano il Collegio Elvetico, destinato alla formazione del clero sviz. e dotato di 50 borse di studio"). ↩
5. Hans-Jörg Gilomen and Anne-Marie Dubler, "Usura", DSS, version of 18 November 2014, <https://hls-dhs-dss.ch/it/articles/017472/>. ↩

6. See Chapter C.I. City of Lugano, "Corpo Volontari Luganesi", <https://www.lugano.ch/en/la-mia-citta/identita-e-storia/corpo-volontari/>; Noah Businger, "Why is Ticino part of Switzerland?", Swiss National Museum blog, February 2024, <https://blog.nationalmuseum.ch/en/2024/02/why-is-ticino-part-of-switzerland/>. ↩
7. See Chapter C.II. Marianne Bauer, "Royaume lombard-vénitien", DHS, version of 24 March 2011, <https://hls-dhs-dss.ch/fr/articles/006630/2011-03-24/>. ↩
8. Ester De Fort, "La questione dei sequestri austriaci del 1853: echi e reazioni nel regno sardo", *Mélanges de l'École française de Rome – Italie et Méditerranée* 129/2 (2017), 387–398, abstract at <https://iris.unito.it/handle/2318/1659629>, as cited in Chapter C.II. ↩
9. See Chapter C.III. Swissvotes, short description of the vote of 19 January 1879 (vote no. 20), <https://swissvotes.ch/vote/20.00/kurzbeschreibung-de.pdf> (original estimate of CHF 187 million). The division into CHF 85 million of subsidies and CHF 102 million of capital is documented in Chapter C.III. ↩
10. Associazione Bancaria Ticinese, "Cenni storici", <https://www.abti.ch/cenni-storici> ("Le otto banche create raggiungono nel 1910 una cifra di bilancio complessiva di 145.1 milioni di franchi"). ↩
11. Associazione Bancaria Ticinese, "Cenni storici" (above) ("con una perdita di risparmio del Cantone di oltre 30 milioni di franchi"). See Chapter C.IV. ↩
12. Federal Act on Banks and Savings Banks of 8 November 1934 (Banking Act, BankA), SR 952.0, Art. 3a, https://www.fedlex.admin.ch/eli/cc/51/117_121_129/de, as cited in Chapter C.IV. ↩

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