

Dependence on Italy

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Lugano's dependence on Italy is the most constant fact of its history, and Part D showed that its rise was driven by Italian conditions. The Italian economic miracle created the savings, Italian politics gave them a reason to leave, Italian exchange control made their export an offence and the absence of Swiss assistance in currency and tax matters let them stay. The end of secrecy was equally Italian in its timing. Each amnesty was timed to exploit a Swiss concession or an international deadline, and each Swiss concession was sought in exchange for relief on matters important to Ticino, from the Italian black lists to the taxation of the *frontalieri* (Chapter E.II).

The dependence extends beyond banking. The trading houses sell steel, coal and energy to Italian industry. The Fashion Valley was built on Italian production districts and Italian workers. The independent asset managers and fiduciaries serve Italian families whose residence, succession and taxes are governed by Italian law. Even Plan B, the programme designed to give Lugano a role independent of the border, meets the European and Italian rules as soon as it addresses clients across it (Chapter I.II). The relationship is asymmetric. Lombardy's gross domestic product is more than ten times that of Ticino, and Ticino's prosperity depends on serving its neighbour without being absorbed by it (Part H). Policy can diversify the client base and the business lines, but it cannot change the geography. A Lugano strategy that ignores Italy fails, and a strategy that depends on Italian goodwill alone is fragile.

1 Law as the currency of a financial centre

A financial centre trades in many things, but what it sells in the end is the reliability of its law. The money of Lugano's clients could be held in many places. They chose Lugano because Swiss law protected their property, their privacy and their contracts, and because Swiss courts would enforce

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those rights. This book has traced that legal infrastructure from its foundations. The young canton built courts, codes and a land registry between 1803 and 1912, and the federal codes of 1881 and 1912 gave it a uniform private law (Chapter C.I). The Banking Act of 1934 protected confidentiality by criminal law (Chapter D.I). The double taxation convention of 1976, the Lugano Convention, the agreement on mutual assistance of 1998 and the agreement on crossborder workers of 2020 regulate the relationship with Italy (Part H).

Italian is part of that infrastructure. Because the Italian version of every federal enactment is equally binding, Lugano can offer Italian clients a complete body of Swiss law in their own language, with case law and a federal criminal court that work in Italian when the case begins in Ticino (Chapters J.I and J.II). The same equality imposes a discipline. Swiss Italian legal language takes its concepts from Swiss federal law, so that identical words often carry different meanings on the two sides of the border (Chapter J.III). Law is the currency of the centre only as long as it is read correctly. A suretyship drafted on the Italian model may be void under Swiss law, and a contract of succession valid in Ticino may be void in Italy.

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