

A closing reflection: the long arc of the Zurich financial centre

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A book that has followed the Zurich financial centre over two thousand years may end with a question that no scenario can answer: what, in this long history, has made the difference between the periods in which Zurich flourished and those in which it faltered? The chapters of this book suggest that three inheritances have mattered most. Each of them bears directly on the choices of the coming decade.

The first inheritance is the moral economy of capital that the Reformation left to the city. Zwingli came to the Grossmünster in 1519 as a former papal pensioner who had seen the battlefield of Marignano. From the pulpit he turned his preaching against the foreign pensions that bought Swiss soldiers and Swiss policy. The council banned the pensions, placed the property of the dissolved religious houses in public offices and, with the alms ordinance of 1525, applied it to poor relief, schools and the church. Bullinger, as Chapter B.III has shown, taught that property was stewardship and that a moderate return on money lent for productive purposes was lawful. The legacy of this period is an insistence that capital must serve a purpose, that its origin matters and that its management answers to a public authority. It survives in the five per cent default rate of the Code of Obligations, in the supervision of foundations and in the principle, sharpened by the Bergier Commission, that the origin of assets must be known. The debates of the coming decade on sanctions, on the sustainable finance initiative and on the taxation of inherited wealth are debates within this tradition. A financial centre that forgets it will find, as Zurich found in the Second World War and in the decades of undeclared foreign money, that reputation lost is recovered only slowly and at great cost.

The second inheritance is the consensus of the guild city. The constitution of 1336 divided the council between the Constaffel and the masters of the

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guilds. The successive sworn letters that followed until 1498 built a system of collegial government in which no single person or group could rule for long. The fall of Hans Waldmann in 1489 confirmed a lasting distrust of concentrated power. The guilds regulated admission, training and quality and became substantial lenders of capital. Their modern heirs are the self-regulatory organisations, the codes of the Swiss Bankers Association and the combination of state and private rule-making that has characterised Swiss financial regulation since the due diligence agreement of 1977. The guild city's consensus also lives on in direct democracy, in which every major decision of the coming decade, from the EU package to the financing of pensions, will be made by the voters. The votes of 2024, 2025 and 2026 on pensions, inheritance, immigration and neutrality show that this system tends towards moderation and continuity. It rarely produces rapid reform, but it also rarely allows the financial centre to be captured by a single interest.

The third inheritance is the Escher era. Alfred Escher, born in Zurich in 1819, co-founded the Nordostbahn in 1853 and the Schweizerische Kreditanstalt in 1856, led the Gotthard railway project and sat in the National Council from 1848 until his death in 1882. His concentration of political and economic power provoked the democratic movement, which ended his dominance in Zurich in the late 1860s.¹ The Escher era showed what a single institution could achieve for a city. With the Kreditanstalt, the Polytechnikum and the railways, it gave Zurich the infrastructure of a modern financial centre within a generation. It also showed the dangers of such concentration. The democratic answer was the Zürcher Kantonalbank of 1870, a public bank for the people of the canton, and the dual structure of private and public banks that has marked Zurich ever since.

The present debate about UBS is, in a sense, the fourth act of the Escher story. The Kreditanstalt that Escher founded disappeared in 2023, absorbed by the bank that had grown from the Bankgesellschaft and the Bankverein. Zurich once again depends on one institution whose size exceeds the ordinary scale of its politics. The political system is once again trying to bring that institution under democratic control without destroying what it contributes. Whether the result is a stable settlement, a smaller bank or a departure will determine which of the four scenarios unfolds. The history of the city suggests that the answer will be found through the same combination of consensus, public accountability and moral seriousness about capital that carried it through the crises of the past.

The Geneva volume that preceded this book described a city whose financial centre rests on private wealth, commodities and international organisations. Zurich's centre is larger, more institutional and more closely bound to the fate of a few large companies. Both cities share federal law, the Swiss franc, FINMA and a reputation whose roots reach back to the Reformed discipline of the sixteenth century. In 2035, as in 1535, their prosperity will depend on whether others trust them with their money. That trust has been earned and lost and earned again many times since the Roman customs officers collected their two and a half per cent at the *statio Turicensis*. Zurich has earned it most securely when it has kept capital in the service of purposes that its citizens could defend, when it has distrusted the concentration of power and when it has been willing to reform its institutions before a crisis forced it to do so.

1 Notes

1. HLS, Markus Bürgi, "Escher, Alfred", version of 20 January 2020, <https://hls-dhs-dss.ch/de/articles/003626/2020-01-20/>. ↩

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