

The shadow side of the portfolio: colonial entanglements and the archive

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For most of the twentieth century the history of Leu & Co. was written by the bank itself, in the jubilee volumes of Julius Landmann (1905) and Theo Keller (1955).¹ Landmann was a serious economist: educated at Bern, head of the statistical bureau of the Swiss National Bank from 1907 to 1910, and later professor of political economy at Basel, where colleagues called him “the last cameralist” because of his interest in public administration.² His monograph remains the fundamental account of the *Zinskommission*. The later literature observes, however, that both jubilee volumes, while noting the riskiness of some investments, passed over their connection with the Atlantic slave economy.³

The subject was raised publicly in the first decade of the present century. In August 2007 the city council of Zurich submitted to the municipal parliament a report on “The City of Zurich and slavery – connections and relations”, which drew on Landmann, on Herbert Lüthy’s study of Protestant banking in France and on the work of the historian Hans Conrad Peyer. The report noted that the commission held shares in the French *Compagnie des Indes*, that in 1760 it participated, alongside Genevan investors, in a loan to Denmark connected with the Danish islands in the Caribbean, that in 1768 it granted a loan of 20,000 thaler secured on plantation mortgages on St. Croix, and that in 1771 it took part in plantation business on the same island.⁴ In December of the same year the historian Hans Fässler wrote to the chairman of Credit Suisse Group, Walter Kielholz. His complaint was that the bank’s central corporate archive had in August 2007 refused independent historians access to the records of the commission for the period 1755 to 1798, invoking banking secrecy for accounts that had been, in his view, semi-public.⁵

The dispute ended in 2011, when Credit Suisse transferred the records of the commission for 1755 to 1798 to the Staatsarchiv of the canton of Zurich

in a formal act.⁶ Saller, who consulted the material after 2016, reported that the digitised ledgers contain obvious redactions, black bars over individual entries and sometimes half pages, especially in the accounts of the period after 1798. He interpreted them as following an implicit rule that the records of the public or semi-public commission before 1798 could be disclosed, whereas those of the private bank thereafter remained confidential.⁷ The episode is a small illustration of a tension that runs through the history of the Zurich financial centre: between the legitimate confidentiality of client relationships and the public interest in the historical record of institutions that acted with public authority.

The most careful assessment to date is contained in the report prepared in 2020 by Marcel Brengard, Frank Schubert and Lukas Zürcher of the University of Zurich for the presidential department of the city. The authors confirm that the commission's portfolio included shares in the French *Compagnie des Indes*, but they add a significant qualification: during the period in which Swiss investors can be shown to have participated, the company did not conduct slave voyages. Their findings on Denmark are more serious. Danish lending by the commission began in 1757 and regular purchases continued until 1798. In 1760 the commission bought Danish royal obligations worth 20,000 French écus, and about twenty Zurich families and institutions, among them members of the Escher and Fries families and the Fraumünster foundation, bought another 20,000 écus. The commission accepted plantation mortgage bonds from St. Croix as security and invested in 1767 in shares of the Danish Asiatic Company under the direction of the Basel merchant Reinhard Iselin. It also granted credits to Iselin's Copenhagen firm and to the royal trade agent Johann Jakob Frölich, and advanced funds to the brothers John and David Brown, Scottish-Danish merchants active in the Caribbean trade. In 1768 and 1772 it extended credit to the Amsterdam firm of Jacob Ambrosius Pool, which held plantation shares on the Berbice river in Guiana.⁸

Reinhard Iselin was the central figure of this network. A Basel merchant established in Copenhagen, he managed the Danish investments of the commission and enjoyed, in the words of the commission's correspondence as paraphrased by Saller, high standing and trust.⁹ Through him the savings of Zurich guardians and guilds flowed into the finances of a colonial monarchy whose West Indian islands were worked by enslaved Africans. The 2020 report concludes that the city of Zurich and its inhabitants supported slavery and the Atlantic slave trade financially in the eighteenth century, through the South Sea shares of the treasury and through the Danish business of the commission. It arrives at a minimum figure of 37,572 enslaved persons whose deportation can be connected with

documented Zurich investments, a figure the authors expressly describe as a lower bound.¹⁰

These findings must be placed in proportion. The colonial investments formed one component of a portfolio dominated by European sovereign and municipal debt. The commission's managers did not choose them because of any particular interest in the plantation economy. They chose them because Danish royal paper and mortgages on productive estates offered yields and security that fitted the mandate. That is exactly the point that makes the episode relevant for the present. An investor that lends to states and diversified intermediaries inherits the activities of its counterparties, whether it inquires into them or not. The modern public investor answers this problem with exclusion policies and stewardship principles. The Swiss National Bank, for example, does not invest in companies that seriously violate fundamental human rights, systematically cause severe environmental damage or produce internationally condemned weapons.¹¹ The Zinskommission knew no such policies. The modern debate about its portfolio is best understood as part of the long process by which public investors have learned that the source of a return is part of its risk.

1 Notes

1. HLS, Baumann, "Bank Leu", cited above, bibliography: Theo Keller, Leu & Co, 1755–1955. Denkschrift zum 200jährigen Bestehen der Aktiengesellschaft Leu & Co Zürich, 1955. Landmann's volume is Leu & Co. 1755–1905. Ein Beitrag zur Geschichte der öffentlichen und privaten Kreditorganisation, Zurich: Art. Institut Orell Füssli, 1905, 410 pp., according to the bibliographical description at <https://www.eosbooks.ch/produkt/landmann-julius-leu-co-1755-1905/>. ↩
2. Walter Braeuer, "Landmann, Julius", in Neue Deutsche Biographie 13 (1982), p. 503, online at <https://www.deutsche-biographie.de/sfz47733.html>. ↩
3. Saller, Ein kurze Geschichte der Bank Leu, cited above. ↩
4. Stadtrat von Zürich, report GR Nr. 2007/486, "Die Stadt Zürich und die Sklaverei – Verbindungen und Beziehungen", 20 August 2007, https://archiv.louverture.ch/KAMPA/KRITIKEN/ber_ziegler_kuhn.pdf. The report cites Landmann (1905), Lüthy (1959), Peyer (1968), Jung (2005) and David, Etemad and Schaufelbuehl (2005). ↩
5. Fässler, letter to Kielholz, 10 December 2007, cited above. ↩

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6. Saller, “Schwarze Flecken: Die Bank Leu, Teil eins”, cited above. Saller gives the archival reference as W II 21 in the Staatsarchiv Zürich and notes that the account ledgers are available on CD. ↩
7. Saller, Ein kurze Geschichte der Bank Leu, cited above, with the formulation “Vor 1798 war Leu staatlich oder halbstaatlich und damit öffentlich geworden, nachher privat”. ↩
8. Brengard, Schubert and Zürcher, report of 2 September 2020, cited above, p. 19 and note 104 (on the Compagnie des Indes) and pp. 20–21 and note 106 (on the Danish and Dutch business). ↩
9. Saller, “Rathausobligationen: Die Bank Leu, Teil drei”, cited above. ↩
10. Brengard, Schubert and Zürcher, report of 2 September 2020, cited above, pp. 22 and 24–25; on the report’s general conclusion, infoclio.ch, “Forschungsbericht: Zürichs Verstrickungen in die Sklaverei und den Sklavenhandel”, <https://www.infoclio.ch/de/forschungsbericht-z%C3%BCrichs-verstrickungen-die-sklaverei-und-den-sklavenhandel>. ↩
11. Swiss National Bank, “Why does the SNB hold billions worth of assets and how does it manage these assets?”, <https://www.snb.ch/en/snb-explained/investment-policy>. ↩

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