

Anglo-Swiss Finance ties

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ANGLO-SWISS FINANCE TIES

The following exposé was given by the Swiss Ambassador, Monsieur B. de Fischer, at a luncheon he gave in honour of the Swiss Minister of Finance, Federal Councillor Roger Bonvin. The party took place at the Embassy Residence in Bryanston Square on 19th November, and the guests included the Governor of the Bank of England and the Chancellor of the Exchequer, as well as personalities from the banking and finance business world in the City of London, all connected in some way with Switzerland.

I

May I extend a hearty welcome to you all and say how happy I am that, in spite of your numerous commitments, especially on a Friday, you have found it possible to spend a short time in this house. The simultaneous presence of the Chancellor of the Exchequer, the Governor of the Bank of England and the Head of the Swiss Federal Department of Finance, as well as of many high personalities from the British banking, industrial and press worlds who are linked in one way or another with Switzerland, is a rare event, and I feel I should stress its importance by saying a few words appropriate to the circumstances. I don't think I could do this better than by speaking, with Monsieur Roger Bonvin's permission, of the very old and very pleasant financial relationship existing between our two countries.

As Max Weber and your compatriot R. H. Tawney pointed out in their famous books about capitalism, Protestant ethics and the spirit of capitalism are closely related. In fact, Calvin's high evaluation of work, as a way of serving God, and his positive attitude towards saving and providing loans at interest in order to create new opportunities for work, laid one of the foundations of modern capitalism. This tenet was quickly adopted by bankers in Geneva, who with the years became an important factor in the European economy. But it was mainly through British Puritans that this form of capitalism was diffused all over the world.

As you know, in the course of the religious troubles in France, and especially after St. Bartholomew's Eve and again after the Revocation of the Edict of Nantes, many French Huguenots found asylum in Geneva and became naturalized there. However, that city being small, in a politically exposed situation, and obviously not offering enough scope to all the talented native and refugee bankers, quite a number of them emigrated to London, among other towns, but they always maintained very close family and economic ties with Geneva. Swiss merchants and bankers from other Cantons joined them, so that some thirty Swiss banking houses have operated in London between the sixteenth century and today. One of the most important houses was that belonging to Messrs. Thellusson and Necker, whose descendant in England today is Lord Rendlesham, present at this table. Another big bank was Haldimand's, a firm which, after undergoing various changes, was eventually absorbed by Baring Bros. in 1914.

The principal aim of the Swiss banks in London in the sixteenth, seventeenth and eighteenth centuries was to finance the normal, ever-increasing Anglo-Swiss trade and investment opportunities, including currency exchange. Besides that, they drew the attention of the Swiss to business possibilities in England. So two Cantons, Berne and Zurich, invested considerable amounts in English enterprises, like the East India Company, and were very glad that those sums were safe in England when Bonaparte invaded Switzerland and raised the so-called "war con-

tributions". But, as Herbert Lüthy stresses in his great study of the Geneva banks up to the end of the eighteenth century, the most important role of the Genevise merchant-bankers in London in the eighteenth century was that of being, together with Huguenot bankers, almost the sole financial intermediaries between England and France, whose relations were so often marred by wars, if not between isolationist England and the Continent. This role was thrown into relief when a great number of French aristocrats, afraid of the coming Revolution, asked the Genevise bankers with branches in Paris and London to transfer very large parts of their fortunes to England.

II

After the Napoleonic wars there began a second phase in the history of Swiss bankers in England. Having gained the confidence of the City, having at their disposal extensive financial means, enjoying above all a close and valuable relationship with the international group of Huguenot bankers, having, often, married daughters of governors of the Bank of England, quite a number of sons and grandsons of those Genevise bankers became British citizens and had the honour of being, in their turn, directors and governors of that famous institution. Such outstanding personalities included Peter Gaussen, Peter Thellusson, William Haldimand, James Morris, Sir Augustus Prevost and Samuel Bosanquet.

III

A third phase began with the industrialization of England and with the free trade England and Switzerland both advocated so strongly. Swiss capitalists were given the opportunity to participate in the financing of projects. Moreover, it rapidly became the custom for Swiss capitalists to have English shares in their portfolios. This brought a renewal of Anglo-Swiss financial relations and the foundation of new Swiss banks in London. Among others, the Swiss Bank Corporation opened a branch in London in 1898, and it is very proud to be today almost certainly the largest and one of the oldest foreign banks in the City.

IV

After the two world wars, a fourth period of Anglo-Swiss financial relations began. It had, or still has, four facets. First, Switzerland's intact financial position was able to be of help to the countries which had to reconstruct their economies. Not long afterwards a number of large British firms resorted to the Swiss capital market, and this has continued in different forms right up to the present day. Then there was the fact that the Swiss market for foreign currencies, bank notes and gold had grown in recent years to such an extent that it now takes second place after London, and before New York, for foreign exchange and bank notes, and first place in the world for ordinary dealings in gold. The dealings on the foreign exchange market, which are traditionally on a purely commercial basis without pressure from anywhere, have given birth in British minds to some mythical little beings of whose existence we in Switzerland knew nothing until a short time ago, and who surely don't speak "Schwyzerdütsch". Thirdly, Switzerland has been working in very close conjunction with the Paris Club, designed to help the International Monetary Fund, and has in this capacity been collaborating closely with England in recent times. Finally, British banks themselves began to take more interest in Switzerland: Lloyds Bank opened

branches in Geneva and Zurich, and other City banks established more or less close links in Swiss cities, while young British bankers are beginning to train in Swiss banks, just as quite a number of young Swiss have, over many years, acquired experience in London banks.

So you see that our mutual financial relationship is old and important. It has always been confident and constructive, even at the time of the South Sea Bubble, and there is every reason to believe that this happy state of affairs will persist.

May I therefore take this opportunity to raise my glass to the continuation of our good financial understanding and to the personal health of all those present here, who are contributing to it, directly or indirectly.

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