

CHRISTOPHE FARQUET

## Tax Avoidance, Collective Resistance, and International Negotiations: Foreign Tax Refusal by Swiss Banks and Industries Between the Two World Wars

From legal avoidance to tax strikes, and from outright fraud to tax revolt, taxes have long inspired numerous forms of individual and collective resistance. In fact, systems of taxation have always represented an area of contention between market economies and states, whereas the distribution of the tax burden has often ignited intense social conflicts.<sup>1</sup>

Considering the near ubiquity of tax resistance, it is paradoxical that so few historical studies have examined the tax-refusal practices used by multinational firms that represent the driving force behind the current globalization of finance. Although business leaders' influence on the tax legislation development during the twentieth century has been well documented,<sup>2</sup> the most cited tax resistance strategies typically amount to a list of legal and illegal techniques for optimizing taxation. Studies of tax havens are replete with descriptions of tax-avoidance schemes whose sophistication is matched only by governments' powerlessness to counter them.<sup>3</sup> In effect, the literature gives the impression that, unlike wage-earners and the middle class, international investors have never needed to engage in collective, overt approaches to counteract taxation.<sup>4</sup>

This article questions this assertion by analyzing the responses of Swiss business leaders to the rise of modern systems of direct taxation after World War I. During this period, according to Gabriel Ardant, a pioneer of financial

---

THE JOURNAL OF POLICY HISTORY, Vol. 25, No. 3, 2013.

© Donald Critchlow and Cambridge University Press 2013

doi:10.1017/S0898030613000146

sociology, the levying of direct taxes on capital and profits faced powerful “reactions against egalitarian taxation” that arose throughout Europe.<sup>5</sup> Encouraged by elites’ prevailing resistance to taxation, tax-dodging became the norm. The scarce statistical data available suggest widespread tax avoidance and evasion during the interwar period. Belgian authorities, for example, estimated that two-thirds of the incomes from movable capital eluded fraudulently the progressive income tax between 1919 and 1924,<sup>6</sup> while, according to the French tax administration, this proportion varied from around 40 percent to 70 percent in France during the interwar years.<sup>7</sup> Although theoretical rates of direct taxation in the 1920s and 1930s were significantly higher than before World War I, it was through tax practices that the very rich were partly able to preserve their wealth and profit margins.

Even though tax historians have long acknowledged the enormous extent of interwar tax resistance,<sup>8</sup> the actual mechanisms of capital tax refusal are still poorly understood. This article tries to address this gap by exposing the diversity of strategies of resistance used by Swiss banks and industries to the taxation of wealth and profits. These strategies extended beyond traditional methods of hiding taxable assets in three major ways. First, at the end of the war, Swiss business leaders colluded in their response to European countries’ new systems of deductions on foreign investment. The umbrella organizations of Swiss banks and industries, which were particularly powerful compared to other countries,<sup>9</sup> coordinated their members’ actions against taxation. The creation of country-specific committees to defend foreign investments and the establishment of self-regulatory practices enabled them to arbitrate between opportunities for collective protest against foreign taxes and alternatives for tax evasion or avoidance. This explicit interweaving of grouped challenges to taxes and individual tax fraud, within a shared nexus of fiscal resistance that involved industrial and financial firms, sheds new light on international fiscal competition practices.

Second, the peculiar feature of international taxation enabled these business leaders to rely on the assistance of Swiss federal administration. In fact, the government placed its bureaucratic and consular networks at the service of banking and industrial interests, a “commercialization of the state” that is typical of tax havens<sup>10</sup> but which, in the case of Switzerland, includes the remarkable characteristic of protecting the expatriation of assets while also creating legal systems that favor the importation of capital. During the interwar period, Switzerland became the destination of choice for European capital seeking to evade taxation, much of which was subsequently re-exported

toward external markets.<sup>11</sup> Through initiatives against foreign taxation that benefited Swiss-held exported capital, the administration's efforts were meant to ensure that Switzerland remained an attractive financial center by protecting the external side of this "turntable business" of European assets.<sup>12</sup> This common front between the Swiss government and business interests therefore represents a noteworthy strategy for defending a tax haven in the field of international relations.

Third, the bilateral double-taxation agreements signed by Switzerland to regulate the taxation of exported assets served also to guarantee Swiss investors' methods of tax avoidance, particularly in establishing retroactive reassessments that remained outside parliamentary control. Instead of functioning as a means of normalizing fiscal relationships between countries, international law became another weapon for holders of Swiss assets when tax avoidance and collective tax resistance were ineffective. This use of the law is perhaps the clearest illustration of the obstructionist power of industrial and financial interests in taxation issues. Even more radical than simply enabling them to avoid taxes or to refuse to obey tax laws, it made it possible for them to supplant the legislation altogether by substituting supranational rules. The meaning conferred to double-taxation agreements in this article contrasts with the existing historical literature. Indeed, most studies have tended to take these agreements at face value and describe them as more or less effective methods of either encouraging foreign investment, reducing tax conflicts, or regulating tax evasion through intergovernmental collaboration.<sup>13</sup>

Clearly, this study does not provide a full overview of Swiss international fiscal policy during the interwar period. In order to better illustrate the malleability of tax-refusal strategies, the article focuses instead on two key episodes in Swiss investors' collective resistance to foreign taxation. I first describe their refusal to honor taxes on assets immediately following World War I, when banks responded to new source-based tax-withholding policies on portfolio investments abroad. Their reaction nevertheless failed due to the threat of ties being established between their fiscal claims on Swiss exported assets and the foreign countries' requirement of countermeasures in terms of the control of capital imported into Switzerland.

Second, I study a later period of tension in international fiscal relations during the Great Depression, when neighboring countries tightened their control of accounting manipulations by Swiss multinational industrial firms. The resulting pressure drove the Swiss government and business to engage in a collective counteroffensive involving intensive lobbying of foreign governments and the establishment of double-taxation agreements.

The article is primarily based on research in the archival records of Swiss government and business associations. Because of the high degree of cohesiveness among Swiss firms articulated by business associations and the powerful ties between these organizations and the Swiss administration, these records offer rich insights into corporate tax-avoidance practices. Similar records in German, British, French, and Belgian archives are more opaque on these issues. Yet, despite the relative transparency of Swiss archives, illegal tax evasion by Swiss companies remains largely underdocumented and therefore difficult to describe systematically. A reliable quantitative estimate of the scale of these phenomena would therefore require consulting the tax records of the firms themselves. However, and this is consistent with their attitude toward interwar taxation, my requests for access to these business records most of the time met with firm refusal.

#### **SWISS BANKS' ABORTED REACTION AGAINST TAXES ON ASSETS AFTER WORLD WAR I**

World War I marked the end of fiscal liberalism in international relations.<sup>14</sup> The growing financial needs to fund the war and postwar reconstruction efforts led to the complete revision of methods of taxing foreign capital. This enlargement of the tax base was achieved mainly by means of source-based tax withholding on imported investments. Substantial increases in most income tax rates on wealth and profits were also implemented during the same period. In France, for example, the schedular tax on securities tripled from a prewar rate of 4 percent to 12 percent in 1924.<sup>15</sup> This increase in the tax burden was even higher in other countries, such as Germany and Austria, where tax deductions were based not only on income but also on wealth itself.<sup>16</sup> Finally, verification and recovery practices were considerably tightened. Importantly, the increasing power of European states led to varying degrees of limitations on bank secrecy in larger countries.<sup>17</sup> This new fiscal environment was in stark contrast to the situation in Switzerland, a neutral country that had been spared monetary problems while maintaining conservative governments that perpetuated the free-market fiscal practices typical of the pre-1914 era. In contrast to its neighboring countries, Switzerland widely respected the principle of residence-based taxation. At the same time, the country's federalist structure and high level of institutional decentralization ensured that the taxation of investors tended to be lenient, as cantons competed with one another to offer lower taxes, and as the enforcement of tax policies ultimately fell to understaffed local authorities.<sup>18</sup>

It was within this hiatus between Swiss and foreign experiences that Swiss bankers' reaction against foreign fiscal reforms was born. Beginning at the end of the war, bankers articulated their fierce criticisms of both the tax rates and taxation practices of neighboring countries through the Swiss Bankers Association (SBA), while also denying foreign states' right to levy taxes on expatriated Swiss assets. Founded in 1912, the SBA functioned simultaneously as a lobby for banking interests, a self-regulatory body for the financial industry, and a professional organization.<sup>19</sup> With the end of the war, however, defending foreign investment occupied an ever-increasing share of the organization's activities; between 1919 and 1924, approximately three-fourths of the meeting minutes of its two principal decision-making committees show that matters of international taxation were on their agendas.<sup>20</sup> The association's focus on foreign taxation is largely attributable to the social makeup of its more important committees, which were dominated by large commercial and private banking firms heavily involved in wealth management and foreign investments.<sup>21</sup>

Between the end of the war and 1924, the SBA expanded its efforts to alleviate the tax burden on Swiss financial institutions and investments abroad. Country-specific defense committees were formed that each comprised an average of six bankers, with a mission of providing support for extraterritorial Swiss banking operations. Although their activities extended beyond fiscal issues, several of these committees were initially organized in response to new European taxes.<sup>22</sup> They focused on two kinds of initiatives intended to ease the tax burden on the expatriated assets of Swiss financial institutions. On one hand, their members, primarily top financiers, conducted intense lobbying efforts abroad to influence fiscal legislation and its interpretation by local bureaucracies. To this end, the SBA arranged meetings with ministers, highly placed civil servants, and legislators, while also enjoying the support of local business groups<sup>23</sup> and attempting to collaborate with third-countries' associations in filing joint appeals.<sup>24</sup> On the other hand, a system of self-regulation was put in place to coordinate the position of Swiss banks toward foreign fiscal administrative procedures. By circulating letters among its members, the SBA was able to coordinate tax avoidance and evasion practices so that they did not draw the attention of authorities. For instance, beginning in 1917, the committee responsible for U.S. tax issues unsuccessfully appealed to the American administration to rescind the requirement that foreign banks should report clients' American holdings. As a consequence, in 1920, the SBA issued a recommendation to Swiss banks not to submit further declarations of funds that the controlling bodies were not able to reach.<sup>25</sup>

The SBA was also energetically supported by the Swiss state. Administrative collaboration with business leaders had intensified during the war, even if it originated and became institutionalized at the close of the nineteenth century, a development that was enhanced by close social ties between civil servants and business representatives. The Swiss state apparatus, however, paled in comparison with the situation prevailing in warring countries. Thus, the cooperation between business and government was more indicative of the Swiss administration's allegiance to business circles than of any increase in state power.<sup>26</sup> Put differently, after the increase in state interventionism associated with World War I, institutional stabilization in continental Europe was achieved through the integration of business circles into corporatist decision-making structures during the 1920s, while it assumed a markedly more liberal character in Switzerland.<sup>27</sup> In terms of international taxation, this subordination of the state bureaucracy to financial interests was extraordinary blatant. The Swiss Division of Foreign Affairs (DFA) provided strong support for Swiss investors abroad, particularly through its consular network. Embassies constantly used their access to foreign political channels to benefit bankers. Conversely, on the initiative of the banking industry, high-level civil servants themselves were integrated in key SBA committees, in effect participating in the self-regulation of tax avoidance without contradicting the association's lines. The postwar defense committees should thus be understood as much as an effort to coordinate banking interests as an expression of the will, explicitly stated by the SBA, to use para-statal regulation as a means of retaining control over the protection of Swiss investments abroad by the Confederation.<sup>28</sup> When bankers needed grants to support their defense committees in the early 1920s, they made remarkably their requests to the Swiss National Bank, a semiprivate institution, instead of to the government.<sup>29</sup>

As another indication of the virulence of Swiss opposition to foreign taxes, sharp rhetoric was deployed to justify the various initiatives undertaken by Swiss bankers. It is noteworthy that, against the contemporary backdrop of revolutionary crisis and the radicalization of workers' movements, the vocabulary used by Swiss financial circles to discredit recent trends in European fiscal policies referred to violations of private property. For example, the SBA described Italian plans to establish a levy on capital in 1920 as "extortion attempts."<sup>30</sup> In the same year, the association denounced the "confiscation of wealth" by the German equivalent of the Italian taxation scheme, known as the *Reichsnotopfer* (Imperial emergency levy).<sup>31</sup> Such rhetorical flourishes were enhanced by allusions to attacks on territorial Swiss sovereignty provoked, according to bankers, by the taxation of exported assets belonging to Swiss

residents. The SBA characterized these attempts to tax assets in 1919 as “unauthorized interference” by European fiscal bureaucracies.<sup>32</sup> Clearly, similar efforts by other countries to modernize their tax systems after World War I were portrayed in Switzerland as anomalous expressions of prevailing socialist and bellicose mentalities by which the far healthier Swiss government was fortunately unaffected.

Swiss interventions regarding the French taxation system are symptomatic of this vigorous tax refusal campaign, which involved private firms, business associations, and state administration. They also hint at the obstacles that would soon be encountered by Swiss collective resistance efforts. Beginning in 1921, a small group of banks complained to the federal government about an increase in taxes on their business in France.<sup>33</sup> Without ever acknowledging the legal validity of the banks’ arguments, the Confederation approved a diplomatic offensive on their behalf. The doctrine adopted by the Ministry of Foreign Affairs was described in a letter to the finance minister, Jean-Marie Musy, in 1922, affirming that “it goes without saying that if we could find an expedient way of protecting Swiss business from the burden of foreign taxes . . . we would reserve a complete right to use it.”<sup>34</sup>

But in a remarkable turn of events, the SBA itself asked the Swiss administration to curb these initiatives. This was motivated by two reasons. First, only four banking firms were targeted by the charges, while many other banks were successfully concealing their own activities on French territory. In declining to apply pressure on the French government, the SBA was seeking to “avoid attracting the attention of the tax authorities of this country to the fact that it might have the possibility of submitting . . . all Swiss firms engaged in operations in France to taxation.”<sup>35</sup> In other words, the organization believed that inconspicuous methods of systematic tax avoidance and evasion were preferable to overt group action. The majority of Swiss banks did ultimately manage to avoid French taxes in the 1920s by using “straw men” to provide cover for their business on French territory.<sup>36</sup>

The second reason for the failure of this move against French taxation was more fundamental in terms of Swiss international fiscal policy: the absolute primacy of bank secrecy in Swiss financial circles.<sup>37</sup> In fact, French tax authorities intended not only to compel Swiss bankers to fulfill their tax obligations to France, but they also used the issue as a weapon to force Swiss firms to disclose information about their French clientele in exchange for revising their tax obligations.<sup>38</sup> These requirements threatened to rattle the confidence of French fortunes in Switzerland’s reliability as a tax refuge, where they had sought shelter *en masse* since the war.<sup>39</sup> For Swiss financiers, a handful of

fiscal disagreements did not warrant throwing oil on the already very hot political fire of the flight of French assets, especially in the midst of a currency crisis that involved the French franc since the end the war.

This issue of controlling the flight of foreign capital to Switzerland gradually contaminated every foreign fiscal initiative undertaken by the SBA. At the same time that these disagreements with France were emerging, several other European governments also tried to initiate official negotiations for bilateral double-taxation agreements with Switzerland, which were then referred to the League of Nations in 1923. These initiatives were intended to normalize international fiscal relations through a system that would facilitate the determining of the tax base and promote collaboration between national governments in combating tax evasion. The SBA initially backed Swiss participation in expanding international fiscal law because of the potential of a reduction in their overall tax burden.<sup>40</sup> As soon as the question of tax evasion was raised, however, the association changed tack, and in 1921 it vetoed the signature of bilateral agreements by Switzerland. The following year, the SBA also strongly expressed formal opposition to international commitments related to tax evasion to the Swiss representative of the League of Nations.<sup>41</sup> The association's intransigence was not without cost, however, and these moves by Swiss financiers to protect their expatriated assets faced opposition from foreign governments, who preferred formal negotiations for resolving fiscal disagreements. In 1921, for example, Austria and Germany refused to remove without negotiations the taxes on the vast numbers of mortgages originating in their countries but held by Swiss banks.<sup>42</sup> And, as regards France, the beginning of debates at the League of Nations in 1923 finally convinced the SBA and the federal government to permanently muzzle their tax protests in order to avoid aggravating French threats to focus the debate in the League of Nations on the question of Swiss bank secrecy.<sup>43</sup>

Because it was weakened by Swiss bankers' opposition to attempts at international fiscal regulation in the early 1920s, pressure on foreign powers ultimately yielded few results. It appears that it was primarily through individual methods of tax avoidance and evasion—albeit partially supervised by the SBA and the federal administration, and to an extent that is impossible to determine—that Swiss investors managed to escape the new taxes and fiscal procedures implemented after the war. Nevertheless, whereas currency devaluations in the former warring countries of continental Europe accelerated beginning in 1922, the costs of Swiss disengagement from bilateral negotiations on double taxation dropped rapidly. Amid a general return to bourgeois order in Europe after the political turbulence of the immediate

postwar period,<sup>44</sup> conservative governments increasingly tended to favor measures to attract foreign investment in order to mitigate the effects of currency depreciation, to the ultimate detriment of their fiscal requirements. This factor became decisive, and the taxation problems of Swiss banks diminished as monetary stabilization and rightist tendencies spread throughout the decade. One striking illustration of these changes in Swiss fiscal relations occurred when the Fascists took power in Italy. In its 1923 annual report, the SBA dryly observed “with satisfaction” that “the multiple complaints [... addressed] to different Italian ministries due to measures directed at foreign assets have henceforth become unnecessary.”<sup>45</sup>

#### LEGAL PROCEEDINGS AGAINST SWISS MULTINATIONAL INDUSTRIAL FIRMS AND NEGOTIATIONS ABOUT DOUBLE-TAXATION AGREEMENTS DURING THE GREAT DEPRESSION

Immediately after the problems of Swiss banks lessened in the mid-1920s, new conflicts over taxes percolated. Legal proceedings began to focus on the taxation of foreign firms held by large Swiss industrial groups. To defend themselves against the accounting manipulations that multinationals used in order to repatriate the profits of their foreign-based subsidiaries—ranging from inflated transfer costs, abusive uses of licensing agreements, and the overbilling of advertizing costs—every European tax administration gradually armed itself with increased authority to conduct fiscal reassessments. For this purpose, tax assessors tended to question the legal independence of subsidiaries and to calculate their taxes based on a percentage of the total activities of their parent multinational firms. In tandem with these efforts, the list of entities subject to taxes on profits was extended to include not only subsidiaries and branches but also agents and warehouses. Swiss firms, which preferred to submit their international profits to the gentler tax practices of Swiss cantons than to the rigors of foreign tax authorities, were unable, however, to escape this latter tightening of the fiscal screw. Conflicts over taxation methods, which had been embryonic by comparison until 1928, subsequently proliferated due to countries’ increasing needs for budgetary revenues during the Great Depression.

Like earlier fiscal conflicts that had implicated bankers, these disagreements triggered a collective response that was jointly orchestrated by the federal administration and the Swiss Federation of Trade and Industry. Formed in 1870 and composed of a constellation of roughly one hundred associations at the end of the 1930s, the federation was the most important umbrella business

organization in Switzerland and one of the most powerful political forces in the country at the time. Its steering committee (or *Vorort*, the term often used to designate the whole federation) was dominated by captains of the big export industries,<sup>46</sup> and protesting international taxation quite logically became one of their rallying cries, just as it had for the SBA following World War I.<sup>47</sup> One parameter had changed between 1927 and 1931, however. Business leaders gradually accepted the bilateral conventions on double taxation, an explicit objective of which was to set rules for taxing the profits of transnational companies.<sup>48</sup> Prior to World War II, four conventions that offered fiscal advantages to the foreign establishments of Swiss companies were negotiated with important economic partners such as Austria (1927), Great Britain (1931–32), Germany (1931–34), and France (1937–39).<sup>49</sup>

Two factors caused this turning point in Swiss international fiscal policy. First, unlike banking operations, industrial activities were more difficult to conceal and less mobile and therefore could not so easily avoid the scrutiny of tax authorities. Once a firm was subjected to a reassessment of its taxable profits, there was always the threat that every other multinational firm could become the target of a similar procedure. Furthermore, the short-lived drop in international pressure on Switzerland concerning tax evasion between 1927 and 1931 inspired the SBA to support the opening of discussions with foreign countries: as long as the double-taxation agreements were not linked with international measures against tax evasion, the conventions were also attractive for the banks because they could lead to tax reductions on their foreign investments.

Nevertheless, even if double-taxation conventions were in theory favorable to Swiss investors, the passage of international fiscal legislation presented significant challenges. The position of federal negotiators was weakened by the generosity of the Swiss administration in terms of taxes on imported capital. From a strictly fiscal perspective, the negotiators held few bargaining chips during international discussions in order to extract better conditions for Swiss foreign subsidiaries. As the director of the DFA explained retrospectively in 1937, “foreign countries find no advantage in negotiating double-taxation agreements with Switzerland.”<sup>50</sup> In addition, the *Vorort* itself had backed the SBA veto in the early 1920s on the issue of international collaboration against tax evasion.<sup>51</sup> This common front among business interests became a significant handicap during the latter half of the 1930s because most governments again submitted the conclusion of double-taxation agreements to the *sine qua non* condition of an implementation of assistance against tax evasion.<sup>52</sup> In taking this position, Swiss industrialists—which were socially

very close to banking circles<sup>53</sup>—revealed the value that they attached to the attractiveness of the Swiss finance, which offered them the availability of ample liquidity at low interest rates. This choice also reveals their preference for a certain level of overtaxation on their foreign subsidiaries over abandoning the advantageous opacity that stemmed from a lack of cooperation among national tax administrations.<sup>54</sup> In any event, this dogma was shaken—without being reversed—during the Franco-Swiss negotiations between 1935 and 1937 because of the crucial issue that the signature of a double-taxation agreement with France represented for Swiss industry.<sup>55</sup>

As a result of these problems, the possibility of arbitrating fiscal conflicts using international law served only as a last resort for Swiss business executives. Actions conducted by the DFA and the Vorort with foreign finance ministries were invariably first initiated through consular channels. By settling isolated, occasionally very minor disputes, their aim was to prevent the imposition of back taxes on a Swiss company, which could become the object of a judicial decision that could later be applied legally to other firms.<sup>56</sup> In addition to consular maneuvers, high officials of the DFA also attempted to prevent legal disputes from surfacing and supported without hesitation tax-avoidance operations by firms that appealed to them in order to protect their affairs in international markets.<sup>57</sup> More aggressive measures also included frequent references to the possibility of reprisals against foreign investments in Switzerland. Although these threats were never carried out to avoid poisoning international fiscal relations,<sup>58</sup> the announcement of a possible withdrawal of Swiss investments did prove effective in Eastern debtor nations.<sup>59</sup>

Relations with Italy offer a startling insight into the strategies that were used to short-circuit foreign fiscal litigation. Between 1927 and 1930, the DFA was called upon to intervene concerning legal charges against Swiss firms operating in Italy. Swiss diplomats were hesitant to intervene with the Italian fiscal authorities, given the complexity and sensitiveness of the cases. In fact, according to a memo from the Swiss consulate in Genoa, there was reason to think that one of the largest Swiss trading companies of the time had explicitly created its Italian subsidiary “with the purpose of defrauding the tax administration.”<sup>60</sup> Faithful to its doctrine, the DFA refused to abandon the case, and responded by using a new tactic that was later applied in other countries. Without apparently going to the trouble of consulting the SBA and the Vorort, Swiss diplomats offered to open negotiations with Italy for a bilateral double-taxation agreement with the idea of requesting as a precondition that all current legal proceedings be abandoned.<sup>61</sup> The plan was successful, and the

indicted firms saw their tax bills reduced by the Italian finance ministry.<sup>62</sup> Pending negotiations on double taxation were soon abandoned due to the lack of interest in such an agreement.<sup>63</sup>

Similar initiatives were taken throughout the 1930s, and in 1933 the Vorort noted with satisfaction that “only very isolated complaints . . . have been filed concerning difficulties in relations with Italy.”<sup>64</sup> Better still, three years later, the Swiss legation in Rome was able to legally consolidate the fiscal status of Swiss businessmen. Because a Florentine company primarily backed by Swiss capital had recently defended itself in court against an attempt by Italian tax authorities to raise its taxes, the DFA pressed its legation in Rome to intervene with the Italian finance minister, Paolo Thaon di Revel, to avoid an appeal against this ruling.<sup>65</sup> By confirming the initial verdict, the Swiss minister, Paul Ruegger, was attempting to obtain “a precedent which would form a future guarantee for Swiss capital invested in Italy.”<sup>66</sup> And, in November 1936, di Revel and Ruegger, who had “a friendly relationship,” co-authored a note to the administration recommending that the affair be dropped.<sup>67</sup> The incompatibility of the Italian and Swiss tax systems had certainly impeded the conclusion of an agreement, but this kind of gentlemen’s diplomacy also explains why Swiss business leaders did not seriously consider the idea of regulating fiscal relationships via an international agreement between the two countries until the 1930s, despite the presence of many Swiss subsidiaries in Italy.<sup>68</sup> It was not until 1940, after the Fascist government had levied new taxes, that the Vorort officially asked for a bilateral agreement with Italy.<sup>69</sup>

In reality, once discussions of double taxation were launched, the agreements themselves offered attractive opportunities for tax avoidance that extended beyond the advantages of regularizing future fiscal relations. Swiss business interests took advantage of international discussions to retroactively avoid being subjected to foreign taxes by using a system similar to that established with Italy in 1928. The negotiations of the double-taxation agreements reached by Switzerland with Great Britain, Germany, and France originated in an accumulation of tax disputes, and initial discussions allowed them to request the suspension of ongoing administrative and legal cases that were quietly dropped once the agreements were ratified.<sup>70</sup> The guarantee of retroactivity that was stipulated by each of these three agreements was a major goal for Swiss negotiators. In France, the tax arrears of the largest Swiss multinationals had reached several million francs by 1937, a substantial tab that was cancelled when the Franco-Swiss treaty was ratified.<sup>71</sup> Behind the normalization of fiscal relations through international law, certain practices were concealed that clearly were little different from the actions taken in

Switzerland to escape from foreign taxes after the war. The fact that negotiations carried the official seal of approval paradoxically encouraged the cancellation of certain fiscal proceedings following negotiations that were largely exempt from parliamentary verification.

Although with the approach of World War II the DFA and Swiss businesses more frequently confronted opposition to their maneuvers from foreign governments, this second wave of fiscal resistance from Swiss multinational firms yielded significant successes. The ratification of double-taxation treaties—despite Swiss negotiators’ unfavorable position from a fiscal point of view—offers obvious confirmation of this. The negotiations show two common traits among most Swiss antitax tactics in the interwar period. First, the agreements revealed the lenience that most European finance ministries exhibited toward Swiss interests. Their consent was decisive in the highly unorthodox retroactive tax schemes that were agreed upon in the margins of the official ratification process. The docility of the upper levels of the French administration was often referred to by Swiss negotiators, for example, in remarks made about the general secretary of the French finance ministry in 1937. This one was apparently “motivated by the highest regard” for Swiss interests.<sup>72</sup> The same was true of the ministerial adviser of the German *Reichsfinanzministerium* responsible for international tax policy. After having exhibited his “broad understanding” by withdrawing certain legal complaints during German-Swiss negotiations,<sup>73</sup> near the end of the 1930s the official entered into a range of informal agreements that softened judicial rulings on tax disputes with Swiss businesses.<sup>74</sup>

Second, double-taxation negotiations confirmed the extent to which the taxation of Swiss investors was advantageously shaped by the attractiveness of the Swiss capital market to foreign governments. The impulse to harshly tax exported capital was constantly countered by the necessity of promoting Swiss investment in the countries concerned. The signature of double-taxation agreements that did not include measures to prevent tax evasion by Swiss capital represents a significant indication of this propensity to accommodate the Swiss tax haven. This tendency also translated into pressure on their governments by domestic economic groups to grant tax relief for Swiss loans. In Austria, for example, this apparently overriding goal illustrated by “repeated interventions by representatives of [Austrian] industry” culminated in a convention with Switzerland.<sup>75</sup> Similarly, the power of the Swiss financial market could express itself by granting funds directly to states. By far more decisive for Swiss multinational firms, the treaty with France was signed and ratified because of the approval of substantial loans to the French state, combined

with an operation to corrupt the French negotiators that was jointly organized by the Vorort and the SBA.<sup>76</sup>

## CONCLUSION

During the interwar period, Swiss business elites conducted a systematic campaign to avoid paying foreign taxes. Their umbrella organizations and the federal administration channeled Swiss firms' resistance to taxation by resorting to a variety of strategies that included lobbying foreign governments, creating self-regulatory practices, and using the consular network, as well as signing retroactive double-taxation agreements. Further, such steps were part of a complex strategic game that simultaneously sought to preserve individual tax-avoidance opportunities and to thwart international measures to control the capital flight. From a heuristic point of view, the interest in considering these diverse practices as part of a common phenomenon of tax resistance lies in the fact that this angle shows their collective and conflictual nature. It entails foregrounding the power struggles centered on the taxation of capital and profits that can mobilize groups of investors. One important contribution of this perspective is to call into question the pseudo-argument that the multinationals are so overwhelmed by competition that they are forced to elude their tax obligations by using tax-avoidance methods that are so sophisticated that they cannot be stopped. This illusion does not take into account either the convergence of their interests or their capacity to influence tax assessments directly.

Two questions that have remained implicit in this article will serve as its conclusion, while also indicating possible directions for future research. First, the extent to which the Swiss case constitutes an exception needs to be determined. The restraint shown by every government in negotiating double-taxation agreements between the wars suggests that investors in other countries resorted to similar informal methods and techniques to those used by Swiss business leaders and their government in order to reduce their tax burdens.<sup>77</sup> It must be acknowledged, however, that on many occasions the remarkable stridency of the Swiss reaction was noticed by the Swiss administration, particularly immediately after World War I.<sup>78</sup> The orientation of the Swiss financial market toward international tax evasion, the high degree of organization among top business leaders in Switzerland, and the close relationship between the administration and economic interests are factors that encourage a strong policy in order to fight foreign taxes. The case of Great Britain suggests a significant contrast with Switzerland, for example. The Board of Inland

Revenue, which enjoys greater autonomy from business associations than its Swiss counterpart, tightly controlled British international fiscal policy and, out of fear of being compelled to make concessions relating to taxation of assets imported into Great Britain, was reluctant during the Great Depression to engage in a vigorous defense of British firms with respect to foreign taxes.<sup>79</sup>

A second, somewhat parallel issue that merits further investigation is the singularity of the interwar period in terms of international tax-resistance practices. Powerful reactions to tax increases following World War I are symptomatic of the clashes between social groups and the questioning of democratic principles during the period that probably yielded a dizzying proliferation of tax-avoidance behaviors. This phenomenon was further aggravated by the concentration of power in the hands of a small elite that prevailed in underdeveloped tax bureaucracies, themselves disinclined to apply more innovative reforms concerning tax deductions on capital and profits.<sup>80</sup> It is nevertheless clear that because of their position in the world economy, international investors were also able to defend their fiscal interests after World War II, using practices that extended beyond financial schemes and applying pressure on governments to lower theoretical tax rates. In other words, the time has come for detailed, concrete study of the squeaky wheels that drive what is modestly called international fiscal competition.

*University of Lausanne*

## NOTES

1. See, among others, John L. Campbell, “The State and Fiscal Sociology,” *Annual Review of Sociology* 19 (1993): 163–85.

2. Classical studies on the history of twentieth-century taxation deal with this subject. For the United States, see Cathie Jo Martin, “American Business and the Taxing State: Alliances for Growth in the Postwar Period,” in *Funding the Modern American State, 1941–1995: The Rise and Fall of the Era of Easy Finance*, ed. W. Elliot Brownlee (Cambridge, 1996), 353–406. For Germany, see Peter-Christian Witt, *Die Finanzpolitik des Deutschen Reiches von 1903 bis 1913* (Lübeck and Hamburg, 1970), 63–74, 114–32, 304–11. For Great Britain, see Martin J. Daunton, *Just Taxes: The Politics of Taxation in Britain, 1914–1979* (Cambridge, 2002), 83–94, 196–212. For France, see Frédéric Tristram, “Le rôle des groupes de pression dans l’élaboration de la loi fiscale de 1948 à la fin des années soixante,” in *Les groupes de pression dans la vie politique contemporaine en France et aux Etats-Unis de 1820 à nos jours*, ed. Jean Garrigues (Rennes, 2002), 207–18. Daunton and Tristram are more skeptical about the influence of business circles on British and French taxation.

3. For a historical perspective, see Sol Picciotto, "Offshore: The State as Legal Fiction," in *Offshore Finance Centres and Tax Havens: The Rise of Global Capital*, ed. Mark P. Hampton and Jason P. Abbott (London, 1999), 43–79; Ronen Palan, "Tax Havens and the Commercialization of State Sovereignty," *International Organization* 56, no. 1 (2002): 151–76; Ronen Palan, Richard Murphy, and Christian Chavagneux, *Tax Havens: How Globalization Really Works* (Ithaca, 2010). For examples of tax avoidance by multinational companies, see Joel Slemrod, "The Economics of Corporate Tax Selfishness," *National Tax Journal* 57, no. 4 (2004): 877–99.

4. On collective actions against taxation, see, for example, David Lowery and Lee Sigelman, "Understanding the Tax Revolt: Eight Explanations," *American Political Science Review* 75, no. 4 (1981): 963–74; David T. Beito, *Taxpayers in Revolt: Tax Resistance During the Great Depression* (Chapel Hill, 1989); David F. Burg, *A World History of Tax Rebellions: An Encyclopedia of Tax Rebels, Revolts, and Riots from Antiquity to the Present* (New York, 2004); Isaac W. Martin, *The Permanent Tax Revolt: How the Property Tax Transformed American Politics* (Stanford, 2008).

5. Gabriel Ardant, *Histoire de l'impôt. Livre 2: Du XVIIIe au XXIe siècle* (Paris, 1972), 493.

6. Report by Charles Clavier, director of the Belgian direct tax administration, 1925, Archives générales du Royaume de Belgique in Brussels, T 122, no. 601.

7. Christophe Farquet, "Le marché de l'évasion fiscale dans l'entre-deux-guerres," *L'Economie politique* 54 (2012): 99.

8. This idea is present in a number of studies. For the United States, see Joseph J. Thorndike, "'The Unfair Advantage of the Few': The New Deal Origins of 'Soak the Rich' Taxation," in *The New Fiscal Sociology: Taxation in Comparative and Historical Perspective*, ed. Isaac W. Martin, Ajay K. Mehrotra, and Monica Prasad (Cambridge, 2009), 29–47. For France, see Pierre-Cyrille Hautcoeur and Pierre Sicsic, "Threat of a Capital Levy, Expected Devaluation, and Interest Rates in France During the Interwar Period," *European Review of Economic History* 3, no. 1 (1999): 38–41. For Germany, see Peter-Christian Witt, "Tax Policies, Tax Assessment, and Inflation: Towards a Sociology of Public Finances in the German Inflation, 1914–1923," in *Wealth and Taxation in Central Europe: The History and Sociology of Public Finance*, ed. Peter-Christian Witt (Leamington Spa, 1987), 137–60.

9. On the influence of these associations, see Erich Gruner, "Der Einfluss der schweizerischen Wirtschaftsverbände auf das Gefüge des liberalen Staates," *Revue suisse d'histoire* 6, no. 3 (1956): 315–68; André Mach, "Interest Groups," in *Handbook of Swiss Politics*, ed. Ulrich Klöti et al., 2nd ed. (Zurich, 2007), 359–80; Pierre Eichenberger and André Mach, "Organized Capital and Coordinated Market Economy," in *Switzerland in Europe: Continuity and Change in the Swiss Political Economy*, ed. Christine Trampusch and André Mach (London, 2011), 63–81.

10. Palan, "Tax Havens and the Commercialization of State Sovereignty."

11. Marc Perrenoud et al., *La place financière et les banques suisses à l'époque du national-socialisme: Les relations des grandes banques avec l'Allemagne (1931–1946)* (Lausanne and Zurich, 2002), 44–71; Malik Mazbouri and Marc Perrenoud, "Banques suisses et guerres mondiales," in *Economie de guerre et guerres économiques*, ed. Valentin Groebner, Sébastien Guex, and Jakob Tanner (Zurich, 2008), 233–53.

12. Hansjörg Siegenthaler, "Switzerland 1920–1970," in *The Fontana Economic History of Europe: Contemporaries Economies*, vol. 2, ed. Carlo M. Cipolla (London, 1976), 566.

13. For the history of the international tax law, see Sol Picciotto, *International Business Taxation: A Study in the Internationalization of Business Regulation* (London, 1992). Very few historical studies on double taxation are based on archives. See Michael J. Graetz and Michael M. O'Hear, "The 'Original Intent' of U.S. International Taxation," *Duke Law Journal* 46, no. 5 (1997): 1021–109; John F. Avery Jones, "The History of the United Kingdom's First Comprehensive Double Taxation Agreement," *British Tax Review* 3 (2007): 211–54. For double-taxation agreements signed by Switzerland during the interwar period, see Sébastien Guex, "Relations commerciales entre l'Allemagne et la Suisse: Histoire d'une rupture, 1930–1932," in *Switzerland and the Great Powers, 1914–1945: Economic Relations with the United States, Great Britain, Germany, and France*, ed. Sébastien Guex (Geneva, 1999), 281–86; Christophe Farquet, "Le secret bancaire en cause à la Société des Nations (1922–1925)," *Traverse* 1 (2009): 102–15; Janick Marina Schaufelbuehl, *La France et la Suisse ou la force du petit: Evasion fiscale, relations commerciales et financières (1940–1954)* (Paris, 2009), 316–30.

14. On the financial turning point after World War I, see Charles P. Kindleberger, *A Financial History of Western Europe*, 2nd ed. (New York, 1993), 283–352.

15. Hautcoeur and Sicsic, "Threat of Capital Levy," 39.

16. Barry Eichengreen, "The Capital Levy in Theory and Practice," in *Public Debt Management: Theory and History*, ed. Rudiger Dornbusch and Mario Draghi (Cambridge, 1990), 202–13.

17. Siegfried Sichtermann, *Bankgeheimnis und Bankauskunft* (Frankfurt, 1957), 39–81, 301–29.

18. Sébastien Guex, *L'argent de l'Etat: Parcours des finances publiques au XXe siècle* (Lausanne, 1998), 101–28; Monique Ceni, "Guerre, impôts fédéraux directs et fédéralisme d'exécution," in *Economie de guerre et guerres économiques*, ed. Valentin Groebner, Sébastien Guex, and Jakob Tanner (Zurich, 2008), 177–95; Christophe Farquet, "The Rise of the Swiss Tax Haven in the Interwar Period: An International Comparison," EHES Working papers 27 (2012).

19. Sébastien Guex and Malik Mazbouri, "De l'Association des représentants de la banque en Suisse (1912) à l'Association suisse des banquiers (1919): Genèse et fonctions de l'organisation faïtière du secteur bancaire suisse," in *Genèse des organisations patronales en Europe (19e–20e siècles)*, ed. Danièle Fraboulet and Pierre Vernus (Rennes, 2012), 205–25.

20. Minutes of the Committee and the Council of the SBA, 1919–24, Archives of the SBA in Basel (ASBA).

21. In 1920, fifteen of the twenty-three members of the council (legislative power) and five of the nine members of the (executive) committee of the SBA were representatives of large commercial and private banks. See Yves Sancey, *Un capitalisme de Gentlemen: Émergence et consolidation de l'autorégulation bancaire en Suisse et en Angleterre (1914–1940)* (Ph.D. diss., University of Lausanne, 2004), 486–92.

22. Between 1917 and 1920, the following permanent committees were created: Balkan, Mexico, South America, Austria-Hungary, Italy, and Germany. The last three dealt particularly with tax problems. Moreover, an expert commission was also created on American taxation. See VII. *Jahresbericht der Vereinigung von Vertretern des Schweizerischen Bankgewerbes über das Geschäftsjahr vom 1. Juli 1918 bis zum 30. Juni 1919* (Basel, 1919); VIII. *Jahresbericht der Schweizerischen Bankvereinigung über das Geschäftsjahr vom 1. Juli 1919 bis zum 30. Juni 1920* (Basel, 1920). On tax debates in the defense committees, see Minutes of the SBA Committee Germany, 1920–23, ASBA; Minutes of the SBA Committee Italy, 1920–21, Swiss

Federal Archives in Bern (SFA), E 2001 B, 1000/1502, 56. On these committees, see also Marc Perrenoud, *Banquiers et diplomates suisses (1938–1946)* (Lausanne, 2011), 129–38.

23. Minutes of the second meeting of the SBA Committee Germany, 19 February 1920, ASBA; Report of the SBA Committee Italy, 26 July 1920, SFA, E 2001 B, 1000/1509, 8.

24. Some contacts were made, for instance, with French, British, Belgian, and Dutch associations about the American taxes. See letter from the SBA to its members, 18 August 1919, SFA, E 2001 B, 1000/1509, 4.

25. Confidential letter from the SBA to its members, 1 December 1920, SFA, E 2001 C, 1000/1536, 8.

26. On the link between the Swiss state and the associations, see Mach, “Interest groups.” On the cooperation between the SBA and the administration after World War I, see Perrenoud, *Banquiers et diplomates suisses*, 129–76.

27. On the political stabilization and corporatism after World War I, see Charles S. Maier, *Recasting Bourgeois Europe: Stabilization in France, Germany, and Italy in the Decade After World War I* (Princeton, 1975).

28. Minutes of the Council of the SBA, 18 March 1919, ASBA; Minutes of the Committee of the SBA, 1 April 1919, ASBA. On the Swiss para-statal regulation of the banks: Yves Sancey, “Les banques et l’Etat en Suisse: Eléments pour une genèse de la politique bancaire de la Confédération (1914–1927),” *Revue suisse d’histoire* 46, no. 1 (1996): 81–104.

29. Minutes of the Committee of the SBA, 12 February and 1 April 1919, ASBA. The Swiss National Bank agreed to support the defense committees during the first years of the 1920s with an annual amount of 20,000 Swiss francs. See Minutes of the Council of the Swiss National Bank, 25 February 1921, Archives of the Swiss National Bank in Zurich.

30. Letter from the SBA Committee Italy to the DFA, 21 June 1920, SFA, E 2001 B, 1000/1509, 8.

31. VIII. Jahresbericht der Schweizerischen Bankvereinigung, 53.

32. VII. Jahresbericht der Vereinigung von Vertretern des Schweizerischen Bankgewerbes, 25.

33. Letter from the direction of the *Banque populaire suisse* to Giuseppe Motta, Swiss minister of foreign affairs, 22 July 1921; Letter from Robert Julliard, of the *Comptoir d’Escompte de Genève*, to the Federal Political Department (=ministry of foreign affairs), 6 October 1921, SFA, E 2001 B, 1000/1509, 7.

34. Letter from the Federal Political Department to Musy, 28 April 1922, SFA, E 2001 B, 1000/1509, 7.

35. Letter from the SBA to the DFA legal office, 6 April 1922, SFA, E 2001 B, 1000/1509, 7.

36. Notice of a member of the DFA, probably Hans Frölicher, 29 June 1928, SFA, E 2001 C, 1000/1536, 13.

37. On the importance of bank secrecy during the interwar years for the Swiss banking circles, see Sébastien Guex, “The Origins of the Swiss Banking Secrecy Law and Its Repercussions for Swiss Federal Policy,” *Business History Review* 74, no. 2 (2000): 237–66.

38. Letter from the DFA legal office to René de Weck, chargé d’affaires at the Swiss legation in Paris, 25 September 1923, SFA, E 2001 B, 1000/1509, 7.

39. French assets in Switzerland are estimated during the 1930s to have been between 4 and 8 billion Swiss francs. Proportionately to the Swiss GDP, this is the rough equivalent of 200–400 billion euros in 2013. Marc Perrenoud and Rodrigo López, *Aspects des relations financières franco-suisses (1936–1946)* (Lausanne and Zurich, 2002), 30.

40. Letter from the SBA to the DFA, 5 February 1920, SFA, E 2001 B, 1000/1509, 4.
41. Minutes of the Council of the SBA, 24 June 1921 and 13 December 1922, ASBA. See also Farquet, “Le secret bancaire en cause,” 103–8.
42. Letter from the DFA legal office to Charles Bourcart, Swiss minister in Vienna, 29 April 1921, SFA, E 2001 B, 1000/1509, 6; Letter from the DFA legal office to the SBA Committee Germany, 6 September 1921, SFA, E 2001 B, 1000/1509, 2.
43. Letter from the SBA to the DFA, 27 October 1923, SFA, E 2001 B, 1000/1509, 7.
44. Maier, *Recasting Bourgeois Europe*, 355–578.
45. *XI. Jahresbericht der Schweizerischen Bankvereinigung über das Geschäftsjahr vom 1. April 1922 bis zum 31 März 1923* (Basel, 1923), 135. On the “fiscal restoration” after 1922 in Italy, see Gianni Marongiu, *La politica fiscale del fascismo* (Lungro di Cosenza, 2005), 91–148.
46. For example, in 1937 the twelve members of the Vorort held twenty-one seats on the boards of the 110 largest Swiss companies. See Thomas David, André Mach, and Frédéric Rebmann, “Les dirigeants de l’Union Suisse du Commerce et de l’Industrie: Des élites au service de la coordination patronale,” paper presented at the tenth Congress of the AFSP in Grenoble, 2009, 10–12.
47. Before 1918, no minutes of the Vorort mentions double-taxation cases. The question was often discussed subsequently, particularly after 1927. See Minutes of Vorort, Archiv für Zeitgeschichte in Zurich (AFZ), 1.5.3.1–1.5.3.11.
48. Letter from the Vorort to Motta, 25 June 1928; Letter from the SBA to the DFA, 23 July 1928, SFA, E 2001 C, 1000/1536, 4. On the use of double-taxation agreements for multinational companies, see Picciotto, *International Business Taxation*.
49. The second date for Great Britain, Germany, and France is the date of the ratification. See Joseph Henggeler and Emma Henggeler, *Das internationale Steuerrecht der Schweiz* (Basel, 1939).
50. Letter from Pierre Bonna, head of the DFA, to Alphonse Dunant, Swiss minister in Paris, 20 April 1937, SFA, E 2001 D, 1000/1555, 15.
51. Letter from the Vorort to Musy, 3 January 1923, AFZ, 1.6.6.3.
52. This prevented Switzerland, for example, from signing an agreement with the United States before World War II. See letter from the Vorort to the Swiss Federation of Trade and Industry members, 22 July 1939, AFZ, 75.2.1.9.
53. Gerhard Schnyder *et al.*, “The Rise and Decline of the Swiss Company Network During the 20th Century,” *Travaux de science politique* 22 (2005).
54. On the opposition of the industries to measures against tax evasion on subsidiaries, see Conference on the Double Tax Agreement with France, 7 January 1935, SFA, E 2001 C, 1000/1536, 15.
55. Schaufelbuehl, *La France et la Suisse*, 320–30.
56. For example, the Swiss administration intervened with France several times between 1924 and 1928 to avoid proceedings against the company *Aluminium Industrie*. See letter from Paul Dinichert, head of the DFA, to Dunant, 6 July 1927, SFA, E 2001 C, 1000/1536, 13.
57. Letter from the DFA legal office to the company *Eisenhut & Cie*, 29 October 1928, SFA, E 2001 C, 1000/1536, 12; Letter from Peter Anton Feldscher, head of the DFA legal office, to the Swiss legation in Prague, 25 June 1935, SFA, E 2001 D, 1000/1555, 11.
58. Notice of the Federal Political Department, 2 June 1926, SFA, E 2001 C, 1000/1536, 13.

59. See, for example, letter from the Swiss consulate in Sofia to Maxime de Stoutz, head of the DFA, 24 July 1933, SFA, E 2001 C, 1000/1536, 12.
60. Letter from the Swiss consulate in Genoa to Georges Wagnière, Swiss minister in Rome, 10 July 1928, SFA, E 2001 D, 1000/1555, 7. The company is *André SA*.
61. Letter from Wagnière to Motta, 22 October 1928, SFA, E 2001 D, 1000/1555, 7; Letter from Dinichert to Hans Blau, director of the Swiss tax administration, 16 April 1929, SFA, E 2001 C, 1000/1536, 19.
62. Letter from *André SA* to the DFA, 1 November 1928, SFA, E 2001 D, 1000/1555, 7; Letter from Blau to Dinichert, 12 June 1930, SFA, E 2001 C, 1000/1536, 19.
63. Letter from Wagnière to Motta, 10 December 1929, SFA, E 2001 D, 1000/1553, 210.
64. Letter from the Vorort to de Stoutz, 10 November 1933, SFA, E 2001 D, 1000/1555, 8.
65. Letter from Bonna to Louis Micheli, chargé d'affaires at the Swiss legation in Rome, 25 September 1936, SFA, E 2001 D, 1000/1555, 8. The company is *Inducap*.
66. Letter from Ruegger to Bonna, 11 November 1936, SFA, E 2001 D, 1000/1555, 8.
67. Confidential letter from Ruegger to Bonna, 26 November 1936, SFA, E 2001 D, 1000/1555, 8.
68. On the Swiss direct investments in Italy, see Dario Gerardi, *La Suisse et l'Italie, 1923–1950: Commerce, finance et réseaux* (Neuchâtel, 2007), 90–104.
69. Letter from the Vorort to the DFA legal office, 18 October 1940, SFA, E 2001 D, 1000/1553, 210.
70. Minutes Sheet of the Inland Revenue, “Switzerland,” 22 March 1929, Public Record Office in Kew, IR 40/7093b; Letter from the Federal Political Department to the Vorort, 18 May 1934, SFA, E 2001 D, 1000/1555, 12; Confidential letter from Blau to Georges Mer, head of the French delegation on double taxation, 13 October 1937, SFA, E 2001 D, 1000/1555, 16.
71. Letter from Motta to Albert Meyer, Swiss minister of finance, 22 October 1937, SFA, E 2001 D, 1000/1555, 16.
72. Letter from Dunant to Bonna, 15 April 1937, SFA, E 2001 D, 1000/1555, 15.
73. Letter from de Stoutz to Frölicher, member of the Swiss legation in Berlin, 16 September 1932, SFA, E 2001 C, 1000/1536, 5.
74. For example, see letter from Dinichert, Swiss minister in Berlin, to Bonna, 4 May 1937, SFA, E 2001 D, 1000/1553, 203.
75. Letter from Maximilian Jäger, Swiss minister in Vienna, to Dinichert, head of the DFA, 18 January 1929, SFA, E 2001 C, 1000/1536, 10.
76. Perrenoud, *Banquiers et diplomates*, 209–26.
77. Approximately sixty general double-taxation agreements were signed during the interwar period. See Mitchell B. Carroll, *Prevention of International Double Taxation and Fiscal Evasion: Two Decades of Progress Under the League of Nations* (Geneva, 1939). There are currently more than three thousand tax agreements in effect. See Thomas Rixen, “Bilateralism or Multilateralism? The Political Economy of Avoiding International Double Taxation,” *European Journal of International Relations* 16, no. 4 (2010): 592.
78. Letter from Wagnière to Felix-Louis Calonder, Swiss minister of foreign affairs, 22 October 1919, SFA, E 2001 B, 1000/1509, 8; Letter from the Federal Political Department to the SBA, 24 March 1920, SFA, E 2001 B, 1000/1509, 4.
79. Farquet, “The Rise of the Swiss Tax Haven.”
80. Witt, “Tax Policies, Tax Assessment, and Inflation”; Frédéric Tristram, “L’administration fiscale et l’impôt sur le revenu dans l’entre-deux-guerres,” *Études et documents* 11 (1999): 211–42.