Trading Art: The Evolution of the World Art Market Since 1967 and How Switzerland Became a Major Player

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Abstract

This paper examines the evolution since 1967 of the world art market shares held by the leading countries (the United States, the United Kingdom, France, Germany, Switzerland, Japan and China) and then analyses the factors that allowed one of these countries, Switzerland, to gain a disproportionately strong position in the world market for cultural goods. It breaks new ground in historiography by creating solid long-term statistical series, thus helping to advance research in a field that attracts abundant media attention but is still largely unexplored by scholars.

Introduction

Today's world art market is astoundingly large, with worldwide sales regularly setting new records – $68 billion in 2014 – and art works traded at spiralling prices.[1] Six national players – the United States, the United Kingdom, China, Switzerland, France and Germany – are engaged in hot competition at the top of this global market. This raises two questions. How did the global art market develop? And how have the market shares of the main countries evolve over the past decades?

[1] See "Investing in Art. A Study in Red and Black", in *The Economist*, April 4-10th 2015; also, "Contemporary Art Market 2014. The Artprice Annual Report", available at: http://imgpublic.artprice.com/pdf/artprice-contemporary-2013-2014-en.pdf (consulted 5 Oct. 2015).

The history of the art market in the twentieth century has elicited relatively little scholarly interest apart from the important matters of the value and prices of art works and, more specifically, the return on investment in this market.[2] While there are numerous studies of the history of particular national art markets in the nineteenth and twentieth centuries, perhaps the best-known being that of Raymonde Moulin,[3] most of these are not scholarly works and were written by journalists or market participants.[4] Other studies examine certain phases of the history of the art market, notably the Second World War and the question of looted art.[5] There is, however, hardly any reliable scholarly research on the evolution of different national shares in the world art market or on the determinants of the development of a particular national market.

This study contributes to the literature on two fundamentally innovative levels. First, it sets out to determine the relative roles that the leading countries have played in the global art market since the 1960s. It finds that for the last 50 years the market has been highly concentrated, with a handful of dominant players, including, surprisingly, a small country, Switzerland, and now China. Second, it focuses on the case of Switzerland and its disproportionately large position in the world art market. Why has Switzerland risen to such prominence rather than such comparable countries as the Netherlands, Belgium or Sweden? This article will discuss the different factors that explain Switzerland's remarkable position over the course of more than a century. To date, the market participants and the few scholars that have addressed this question have generally focused on specific tax advantages offered by the Swiss market. This article

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[2] See especially Baumol, *Unnatural*; Frey and Pommerehne, *Muses*; Grampp, *Pricing*; Ginsburgh et al. (eds.), *Handbook*; Lindenberg and Osterlinck, *Art Collections*; Gerlis, *Art*.
[3] See Moulin, *Le marché de la peinture*.
[4] See especially Watson, *From Manet*; Herchenröder, *Die neuen Kunstmärkte*; Granet and Lamour, *Grands*; Adam, *Big Bucks*.
[5] See especially Lynn, *The Rape of Europa*; Kurz, *Raubkunst*; Petropoulos, *The Faustian Bargain*; Tisa Francini et al., *Fluchtgut*.

will show that political and historical factors are also significant: the two world wars, especially World War I, Swiss neutrality, the backing of a powerful financial centre, and the evolution of taste among art collectors and institutions.

The present article thus sheds light on the under-researched question of the evolution of the leading national players' roles in the world art market, using both quantitative and qualitative sources. With a close analysis of customs statistics and other relevant quantitative data, it presents, for the first time, the different national markets' shares of the global market. This is supplemented by a detailed examination of contemporary official and legal documents, the international Press, and numerous art market journals and other publications. After a discussion of the available data sources, the article tracks the development of the world art market and of the different countries' shares. It then investigates the various factors responsible for Switzerland's exceptional position in this market. The final section summarizes and concludes.

Available data on the art market

It is startling to find that the studies of the growth of the art market in the last fifty years are mostly based on qualitative observations, not quantitative data. In other words, the data they provide concerning the volume of the world art market or the different countries' shares are deficient, disparate, and not very reliable. The reason for this is that all the market participants and agents, for ultimately very similar motives – first and foremost, the long shadow cast by tax authorities – have a particularly strong concern with discretion. This concern can verge on obsession when it comes to supplying comprehensive and meaningful quantitative data (the trend of the overall amounts of their sales and purchases, regular statistics on their turnover or their profits, etc.).

Any attempt to calculate the volume of the market comes up against this obstacle. The art business "is characterized by a lack of transparency," states Raymonde Moulin.[6] Three English researchers who sought to determine the amount of international art business were obliged to give up for want of "reliable statistics."[7] Setting out to estimate the different countries' shares in this business, an institute specializing in market analysis writes that "data for the global market for art and antiques does not exist," and that "little primary research has been conducted" in this field.[8] Alain Quemin states that "the sales of art are very often surrounded by discretion, and economists specialized in the field are the first to bemoan the lack of transparency typical of the sector. It is often necessary, therefore, to be content with estimates that are more or less reliable and precise."[9]

In order to track the long-term growth in volume of different national art markets, we essentially have two types of sources: auction price data and statistics on foreign trade. The former, generally derived from Artprice or TEFAF art market reports,[10] are of considerably lower quality than the latter for a number of reasons. To begin with, the accessible aggregate data on auction sales do not extend back as far as foreign trade data. In fact, they rarely go back to before the 1990s and, what's more, are discontinuous. Second, compiled in very different ways according to the auction house, cultural property, and country involved, they are highly heterogeneous and lead to estimates that can be extremely far apart, varying from 100 to 400 percent.[11] Third, they generally only take into account the sales of

[6] Moulin, *Le Marché de l'art*, p. 61.
[7] Brodie, Doole and Watson, *Stealing History*, p. 25.
[8] Market Tracking International, *The European*, p. 21.
[9] Quemin, *L'Art*, pp. 96-97.
[10] Artprice is a French company, based in Lyon, specializing in art market information, that publishes annual reports on the global contemporary art market. The European Fine Art Fair (TEFAF) has been organized by the European Fine Arts Foundation in Maastrich, Netherlands since 1988. Since 2000, the European Fine Arts Foundation has commissioned several studies on the global art market, conducted by Market Trading International, Kusin & Company, Market Tracking International, or more recently by the Irish cultural economist Clare McAndrew. From 2010 onward, these annual studies have appeared with the title "TEFAF Art market report". See the TEFAF website www.tefaf.com/ and also Winkleman, *Selling*, Chapter 1.
[11] See, for example, the evaluations of the 2000 TEFAF report, Market Tracking Interna-

"fine art", thus omitting the very important markets in antiques or cultural goods. Because they only regard auctions, they obviously list only a fraction of the total market. This would not be an insurmountable problem if we could arrive at a reliable estimate of that fraction, but the dearth of relevant data and their great disparity mean that this condition is far from being met.[12] For all these reasons, I have not based my paper on the Artprice / TEFAF figures.

Consequently, customs data on imports and exports of cultural property form the foundation of this study, which uses the figures compiled and published by the United Nations in its *International Trade Statistics Yearbook* (volume 2; Classification Number 896). These data focus on the art market in the widest sense, encompassing not only products of the visual arts (paintings, drawings, sculptures, etc.) but also cultural property such as antiques and collectors' items and the products of so-called *art premier* (primitive or tribal art).[13]

While these customs data are the most significant and reliable quantitative tool available for historical term analyses, they are by no means without major shortcomings. For one thing, they do not include operations not declared to customs, above all trade in stolen objects or illegal exports or imports of cultural property, transactions that involve very substantial sums of money: the illegal traffic in cultural property alone is estimated to total several billion dollars a year at global level.[14] Furthermore, customs only list part of the business

tional, *The European*, pp. 12 and 22, and those of Artprice, *2006 Art Market Trends*, Saint-Romain-au-Mont-d'Or, 2006, p. 6.

12 In 1973 a researcher estimated that auctions represented 5 to 10 percent of the international volume of the art market. For the 1990s, studies estimate that share at 20 percent in one case, at more than 50 percent in another. See Meyer, *The Plundered Past*, p. 81; Gaillard, *Le Marché*, p. 30; The European Fine Art Foundation, *The European*, p. 9.

13 For simplicity, the expressions "art market" and "cultural property market" are used synonymously in this article, unless otherwise noted.

14 Estimates for the 1990s and 2000-2010 range from SF 1.3 billion to SF 9 billion. See Raschèr, *Dubiose*, p. 175; Brodie, Doole and Watson, *Stealing History*, p. 25; *Rapport d'information déposé par la Délégation de l'Assemblée nationale pour l'Union européenne sur la fiscalité du marché de l'art en Europe et présenté par M. Pierre Lellouche, Député,* recorded on February 27, 2003, Assemblée nationale, 639, p. 43; *Neue Zürcher Zeitung*, July 9, 2013. Most of the estimates are of the order of SF 3-4 billion, equal to between 15 and 25 percent of the volume of recorded international trade in cultural property.

relating to certain kinds of cultural property, notably jewelry, clocks and watches, antique furniture, and ritual and religious objects, so it is difficult to determine whether or not they have been included in the category "art objects". Finally, and most importantly, the figures supplied by the customs authorities obviously do not include domestic transactions on each national market.

Owing to these deficiencies and to one or two more marginal biases,[15] the United Nations customs statistics do not capture the actual total amount of trade in the field of cultural property, but they are significant and reliable nevertheless. Since the revision of the "Standard International Trade Classification" adopted by the United Nations, which reconstructs statistical series going back to 1967, the data are relatively homogeneous. And while the UN data fall short of the real volume attained by each national market and, *a fortiori*, of the actual volume of the world market, they do represent a significant fraction of the latter. For the years between 1993 and 2013, total global imports and exports of cultural property are equal on average to respectively 48.8 and 48.3 percent of the most reliable TEFAF / Artprice figures for the world market, estimated on the basis of auction sales and surveys of art dealers.[16] Lastly, the correlation coefficients between the statistical series relating to international trade and that bearing on the world market are extremely high (0.906 for imports and 0.931 for exports). This indicates that the customs data accurately reflect the variation that each of the national markets experiences in the long term, and consequently suggests – if one accepts the highly plausible hypothesis that they underestimate the actual size of each country's market to more or less the same degree

[15] See Mc Andrew, T*EFAF art market report 2014*, pp. 73 and 133-135.

[16] On the basis of data supplied by Market Tracking International, *The European*, pp. 11 and 22, by The European Fine Art Foundation, *The European*, p. 9, by McAndrew, *Globalisation*, p. 13, and by Mc Andrew, *TEFAF art market report 2014*, p. 20, we estimated the volume of the world market in cultural property (net figures) for the twenty years between 1994 and 2013 for which data are available and compared the results with the amounts of imports and exports of cultural property published by the United Nations for the same twenty years in the *International Trade Statistics Yearbook*, Volume 2.

– that they also accurately portray each country's share in the world art market.[17]

The international art business, 1967-2013

The volume of international trade in cultural property calculated in constant 2013 dollars – that is, after adjusting for inflation – went through five major phases between 1967 (the first year for which we have reliable data) and 2013. The first phase, from the late 1960s to 1985, was one of rapid expansion, with the volume of trade in constant dollars rising from around \$2.5 billion (the average for the years 1967-1969) to \$8.2 billion, or by 6.7 percent a year.[18] During the second half of the 1980s, the market experienced explosive growth, reaching a peak of \$24.8 billion in 1990, with an annual real increase of 24.9 percent. There ensued a sharp decline that lasted until 1996, when the volume of trade fell to 40.9 percent of the 1990 figure, followed by a hesitant rise until 2003 (with an average annual rate of growth of 3.7 percent). From 2004 to 2007 there was a new surge in international trading, which rose at an average annual rate of 16.5 percent but still did not regain the level it had attained in 1990. What is more, this new upswing was shorter than the preceding one; the eruption of the financial and economic crisis in autumn 2007 brought it to an abrupt end. This brings us to the fifth phase, which began with a violent slump – of 36.6 percent from 2007 to 2009 – followed by a very rapid rise. It is unlikely that this rise will endure, for the art market seems increasingly to follow the more and more frequent convulsions that have been shaking world capitalism for four decades.

Graphs 1 and 2 trace the evolution of the different countries' market shares since 1967.[19]

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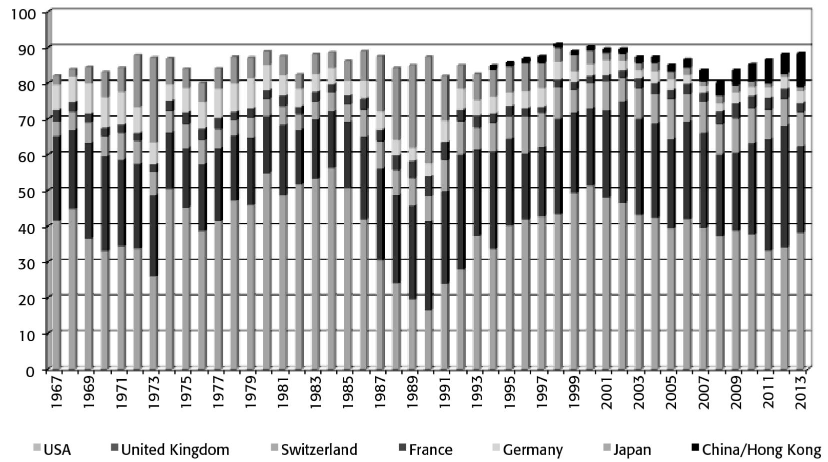
[17] As we will see, this line of reasoning is significantly less applicable in the case of China/Hong Kong.

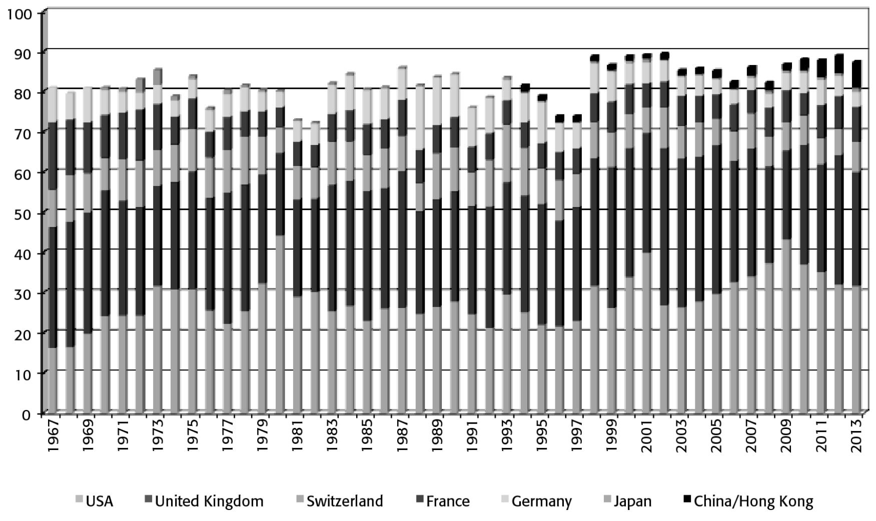
[18] See Tables 1 and 2 in the appendix, which interested readers may consult by contacting the author (Sebastien.Guex@unil.ch). The data have been deflated using the US Consumer Price Index and the average between imports and exports has been taken in order to calculate the yearly volume of world trade.

[19] The data are presented in Tables 1 and 2 in the appendix, which interested readers may consult by contacting the author (Sebastien.Guex@unil.ch).

GRAPH 1[20]
Shares of the main countries in world imports of cultural property 1967-2013 (in percent)



GRAPH 2
Shares of the main countries in world exports of cultural property 1967-2013 (in percent)



[20] In this graph, as in Graph 2, the unallocated residual percentage pertains to the "rest of the world".

We can make a general observation at once. International trade in cultural property is highly concentrated: until recently, five or six countries — all of them among the most economically developed of the planet — controlled some 80 percent of the total. The customs statistics thus confirm a judgment found in nearly all commentaries and research on the world art market. As Alain Quemin writes in the conclusion of his study: "Even if certain artistic events are repeated around the world, this has not led to any shift in the most important zones or even any real sharing between center and periphery […]. Both the market and the institutional recognition of artists remain in the hands of the wealthiest countries […], in which are concentrated most of the auction sales, the biggest fairs, and the most influential galleries. In all of these areas, the countries of the periphery are notable by their absence."[21]

As for imports, Graph 1 shows that the United States was the leader: during the 1967-2013 period, its weighted average share of total imports rose to 38.5 percent.[22] Its dominant position only briefly weakened in the second half of the 1980s, when Japanese buyers, encouraged by the sharp rise of the yen and the Japanese stock market boom, embarked upon a frenetic race to acquire art, to the point that they overtook the Americans by the end of the decade.[23] Trailing the United States but far ahead of the others was the United Kingdom, whose weighted average share came to 25 percent. Switzerland and Japan ranked third and fourth, with average shares of 8.1 and 5.6 percent, respectively. However, Japan owed its position to a huge volume of imports over a span of only eight years, 1972-1973 and, especially, 1986-1991. During the remainder of the period, its share remained at about 3 percent. On the other hand, Switzerland's share was fairly stable, though with a slight upward trend from the mid-

[21] Quemin, *L'Art*, p. 226.
[22] The share for the period 1967-2013, like those presented below, is weighted to take account of the variation in the overall amount of art imports and exports during the period.
[23] See in particular Herchenröder, *Die neuen*, pp. 25-30 and 40.

1980s on. Germany (West Germany until the beginning of the 1990s) and France bring up the rear, the former with an average share of 3.6 percent but trending somewhat downward, the latter with a fairly stable share of 3 percent. Finally, let us note the appearance of a new player, China, comprising the market of continental China and the Hong Kong market. China/Hong Kong's share in imports of cultural property was marginal until the beginning of the 2000s, rarely exceeding 1 percent, but it has grown swiftly and steadily over the last ten years: China/Hong Kong's weighted average share of the world imports of cultural property is 7.2 percent for the period 2011-2013. We will return to the Chinese case below.

Turning to cultural property exports, Graph 2 shows that two markets vied for first place: the United States, with a weighted average of 30.8 percent over the period 1967-2013, and the United Kingdom, with 29.7 percent. Their respective proportions varied to only a relatively limited extent. At most, we might say that the United States' share rose rapidly at the end of the 1960s, before stabilizing from 1973-1974 onwards. Next, but well behind, comes a trio led by Switzerland, whose share was remarkably stable throughout the period and averaged 8.5 percent, followed by Germany and France, with 7.1 and 5.9 percent respectively. In the case of France, there was a striking decline in its relative importance from the late 1960s – in 1967-1969 its average share was 14.1 percent – until the mid-1970s, after which its share of art exports stabilized at around 6 percent. These statistics bear out the findings of investigations that point to the weakening of France and the powerful assertiveness of the United States on the world art market during the 1960s and 70s.[24] Graph 2 also shows that Japan played an insignificant part in exports of cultural property, and it confirms the emergence of the Chinese market. As a matter of fact, China/Hong Kong's share of world exports of cultural property has surged in the last few years, although this take-off came after that of imports (it only began in 2010) and

[24] See Bernier, *L'Art*, pp. 239-241; Hoog, *Le Marché*, pp. 38-39; Moulin, *L'artiste*, p. 168, and *Le marché de l'art*, p. 75.

has been less rapid (China / Hong Kong's average share for the years 2011-2013 was 5 percent).

In short, if we trust the customs statistics, the United States clearly dominated the world art market for almost a half century, with an average share of a more than one-third, significantly outstripping the United Kingdom, which managed to hold onto well over a quarter. Ranking at a considerable distance behind these two colossi are Switzerland, Germany and France, with relatively similar shares of around 4 to 8 percent. Japan forms a case apart: while it figured prominently as an outlet market, thanks to exceptional bursts of buying, it played a marginal role in exports of cultural property.

Let us now analyze the Chinese case. Customs statistics show that in little more than a decade China / Hong Kong transformed itself into a major player in the world art market. This transformation is all the more noteworthy in that China is the first country of the periphery to do so. Is this transformation permanent? The example of Japan should counsel caution, although the emergence of the Chinese market appears to rest on sounder foundations than those of the Japanese market.[25] Unlike Japan, China / Hong Kong will probably play a substantial role in exports of cultural property as well. The reasons for this are Hong Kong's position as a hub, and the rise – but will it last? – of Chinese artists' international reputation. More importantly, international trade statistics underestimate the weight of the Chinese market to a much greater extent than is the case for other countries, since the vast majority of transactions are domestic. So not only is China / Hong Kong's share in the world market significantly larger than international trade data indicate, but the emergence of this new player is also supported by a particularly vigorous national market. On the other hand, the China / Hong Kong market's rapid expansion is also fueled by the massive use made of it for tax

[25] On the Chinese market, see Granet and Lamour, *Grands*, pp. 273-297; Mc Andrew, *TEFAF art market report 2014*, pp. 20-45 and 118-145; *The International New York Times*, March 16, 2015.

evasion and money laundering. It is doubtful that this can continue at its present level forever.[26]

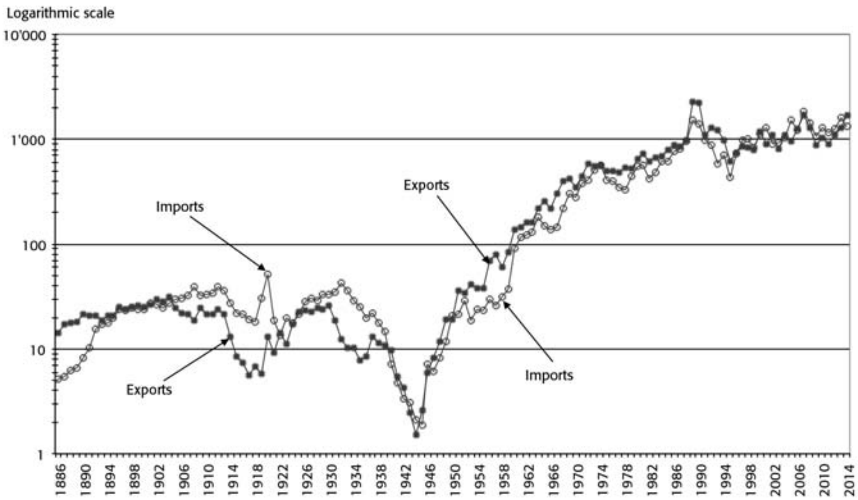
The art market in Switzerland, 1886-2014

Switzerland's pivotal position in international trade in cultural goods has been underscored by numerous players, agents and observers of the world art market.[27] Scholars have reached the same conclusion,[28] but their comments and studies are generally not based on statistical data.[29] The quantitative analysis presented above confirms Switzerland's leading role since 1967. In order to analyze the evolution of the Swiss art business from the end of the nineteenth century to the present, we must now consider additional data. Thanks to the statistics compiled by the Swiss Customs Administration, it is possible to reconstruct a fairly homogeneous statistical series of Swiss exports and imports of cultural property since 1886. The main advantage of statistics covering such a long period is that they enable us to discern trends and continuities, but also breaks or reorientations, and thus to arrive at a periodization – the basis of all reflection in history – of the evolution of the art market in Switzerland over the years in question.

Graph 3 allows us to identify four main phases in the history of the Swiss market. In the years from 1886 to World War I, exports and imports both experienced overall growth, but by considerably different magnitudes. Exports grew at a very slow pace until the be-

[26] See *Le Temps*, October 8, 2015.
[27] For instance, The European Fine Art Foundation, *The European*, p. 31; the director of the contemporary art fair Art Basel, *L'Hebdo*, March 16, 2006, p. 54; and Andrea Raschèr, "UNESCO expert for the protection of cultural property", in *Neue Zürcher Zeitung*, October 22, 2014.
[28] See Moulin, *De la valeur*, pp. 266-80; *L'Artiste*, pp. 233-34; *Le Marché de l'art*, pp. 98-99 and 114 ; Hoog, *Le Marché*, p. 92; Watson, *From Manet*, p. XVI; Quemin, *L'Art*, p. 173; Benhamou et al., "Les Galeries", p. 11.
[29] A notable exception is the article by Guex, *Le marché suisse*, but it stays at a somewhat general level of analysis.

GRAPH 3[30]
Total Swiss imports and exports of cultural property 1886-2014
(millions of constant 1990 Swiss Francs)



ginning of the twentieth century, and then tended to stagnate, so their real rate of increase for the period as a whole was feeble: 1.5 percent a year on average. Imports, instead, grew much more rapidly, even if we disregard the first six years (1886-1891), when there was in all likelihood a data-recording problem at customs. From 1892 to World War I, imports increased at an average annual rate of 4.1 percent. It is difficult to explain the variations in the two aggregates. Perhaps the weak growth in exports reflects the measures taken by the Swiss government at the end of the nineteenth century to combat "the selling off of the national heritage,"[31] in particular the adoption in 1886 of the Federal Decree for the Preservation and Acquisition of National Antiquities and the founding in the 1890s of several large cantonal museums and the Swiss National Museum.[32]

[30] The data are presented in Table 3 of the appendix, which interested readers may consult by contacting the author (Sebastien.Guex@unil.ch).
[31] Jaccard, "Der Kunst- und Kulturgütermarkt", p. 165.
[32] See Lafontant Vallotton, *Entre*, pp. 163-169.

And perhaps the rapid increase in imports can be ascribed to the growing interest for modern art – notably for the impressionists – that arose in Switzerland at the turn of the century.[33] Whatever the truth of the matter, the much faster growth in imports resulted in their surpassing the volume of exports from 1905 on.

As can be seen in Graph 3, the First World War ushered in a second phase, which lasted until the end of the Second World War and was characterized by much wider and more uneven fluctuations. The onset of hostilities in 1914 led to a collapse of exports, which diminished, in constant Swiss francs, by almost two thirds during the conflict itself and only experienced a hesitant recovery after 1918. The war had a very different impact on imports, which also declined during the conflict, though much more moderately, and then boomed in the immediate postwar years, tripling between 1918 and 1920, when they exceeded their prewar volume by approximately 60 percent, reaching a level that would not be seen again until four decades later, in 1960.

There are many causes of this divergent development, and we will return to the question. But we can already point to the importance of the monetary factor: the currencies of Switzerland's neighbors collapsed between 1914 and the postwar period, which hampered Swiss exports but greatly stimulated purchases. But the surge in imports was short-lived: Swiss purchases abroad fell in 1921, then stagnated until 1924, chiefly because of the short but brutal economic recession that hit Switzerland, along with much of Europe, during these years.

The Great Depression of the 1930s had effects that were very similar to those of World War I. As Graph 3 shows, sales of cultural property abroad slumped by two-thirds between 1930 and 1936, before recording a modest, brief recovery following the 30 percent devaluation of the Swiss franc in September 1936. Meanwhile, imports continued to rise, and though they subsequently declined, they did

[33] See Gloor, *Von Böcklin*, pp. 100-196.

so slightly more slowly than exports. This disparity no doubt had to do with the delayed impact of the economic crisis on Switzerland compared with most of the other industrialized countries. On the other hand, Swiss collectors and dealers probably took advantage once again of the strength of the Swiss franc – the pound sterling was devalued by 30 percent in September 1931 – to make interesting acquisitions.

By contrast, World War II had similar consequences for imports and exports, accelerating their decline to anemic levels. Account must also be taken of the fact that transactions that were secret and/or illegal, and therefore not listed by the customs authorities, soared to exceptionally high peaks during the war years.[34]

The end of World War II ushered in the third period, which lasted until the turn of the 1990s and saw swift and fairly constant growth of the Swiss art business. After a period of ultra-rapid catching up (1945-1949) during which imports and exports returned to their prewar levels, both aggregates continued to expand at the very high average annual rate of 11 percent between 1950 and 1985, before recording another acceleration – exports in particular – from 1986 to 1990 (an increase of 21 percent a year). The period from 1945 to 1990 was "the golden age" of the Swiss art market.

The end of the brief boom in the second half of the 1980s announced the fourth phase, marked by stops and starts in Swiss commerce in cultural property. Brief take-offs and violent declines alternated rapidly. Overall, the market expanded very slowly: if one compares the average value of imports and exports for the years between 2010 and 2014 with that of the years 1985-1989, the annual growth, in real terms, was only 0.8 percent.

Graph 3 reveals an interesting phenomenon that confirms, from another angle, our periodization of the evolution of the Swiss art market. Throughout the second phase, i.e. from World War I to the outbreak of World War II, imports of cultural goods always exceeded

[34] See Tisa Francini et al., *Fluchtgut*.

exports, with one exception (1922). The difference between the two aggregates was especially large during two sub-periods. From 1914 to 1921 and from 1931 to 1936, the combined volume of imports exceeded that of exports by, respectively, 31.8 and 20.2 million Swiss francs of the day for a total of some 50 million Swiss francs, a very considerable sum in view of the relatively advantageous price of many top-quality *objets d'ar*t in those years.

With the end of World War II, the ratios are inverted: exports were regularly and significantly higher than imports during the forty-five years from 1946 to 1990, with only three exceptions, and the overall balance in favor of exports reached the substantial sum of almost 5 billion Swiss francs (at 1990 purchasing power). By contrast, during the fourth phase, beginning in 1991, the ratios balanced out: up to 2014 imports and exports of cultural property alternated in leadership, and for the moment no clear tendency seems to have emerged.

Before attempting to interpret this phenomenon, it is also useful to examine another variable that points in the same direction. Graph 4 displays the ratio between the average value (per kilos) of paintings (framed and unframed) exported by the Swiss market and the average value of those imported.[35]

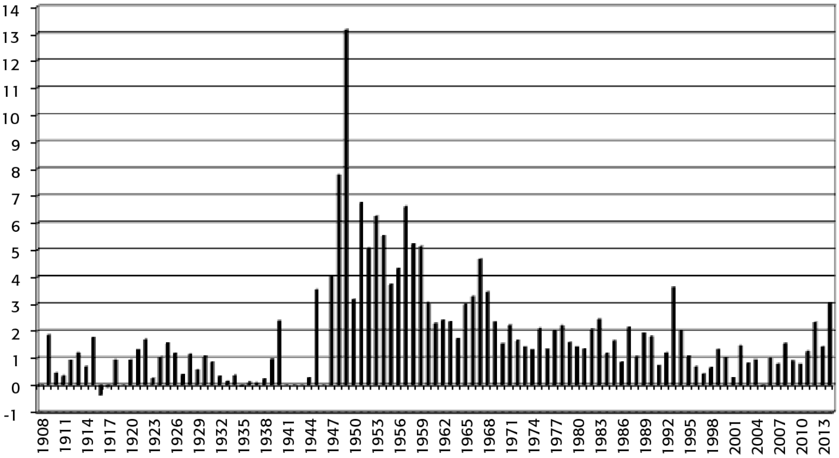
Examining this graph, we find that during the second phase of the history of the Swiss art market the difference in value between paintings exported and paintings imported was relatively small: between 1914 and 1938 the price of a painting sold abroad was on weighted average 72 percent higher than that of one purchased abroad. During the period marked by the First World War, the average value of imported works exceeded that of exported works on several occasions (1916-1917 and 1919). A very similar phenomenon occurred during the 1930s.

During the third phase, however, a very different situation prevailed. From 1947 (we have no data for 1946) to 1990 the weighted

[35] Data are only available from 1908 onwards and could not be reconstructed for 1941-1943 and 1946.

GRAPH 4[36]

Ratio between the average value of paintings exported from and the average value of paintings imported in Switzerland 1908-2014



average difference between the price of works sold abroad and those imported was considerably greater: three times greater (and as much as five times greater between 1947 and the end of the 1960s). If we take the average price of paintings as expressed in constant francs, the difference between the two phases is extremely clear: compared with 1914-1938, in 1947-1990 the weighted average price (per 10 kilos) of imported works rose from 5,450 to 28,990 Swiss francs (at the 1990 purchasing power), i.e. by a factor of five, while the weighted average price of exported paintings rose from 9,490 to 87,410 Swiss francs, i.e. by a factor of nine.

The divergent evolution of these variables during the years from the end of World War II to 1990 compared with the preceding period – a systematically higher volume of exports; a jump in the difference between the value of exports and imports – cannot be explained by the post-war emergence of a significant number of Swiss artists, or of artists established in Switzerland, whose output

[36] The data are presented in Table 4 in the appendix, which interested readers may consult by contacting the author (Sebastien.Guex@unil.ch).

was snapped up abroad. No such development occurred, and the quoted values of works by Swiss artists remained rather modest until the 1980s or even the 90s. The explanation must be sought elsewhere. The general run of variables described so far allows us to frame two strong hypotheses in this respect.

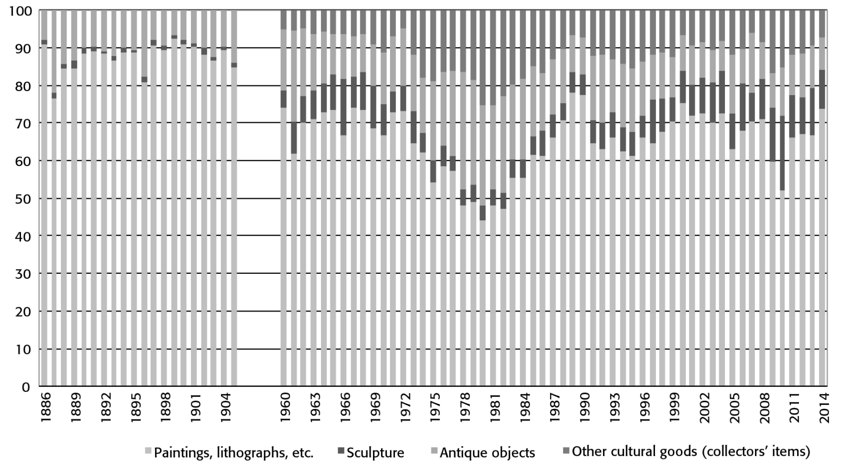
First, it appears that World War I, the profound crisis of the 1930s, and World War II engendered or, better, stimulated a process that had already begun a few years earlier: the accumulation in Switzerland of a considerable stock of top-quality international artworks acquired at relatively low prices. This "primitive accumulation" probably underpinned the sudden and sustained expansion of the Swiss market after 1946 by enabling Swiss dealers and collectors to sell part of their previously acquired stock at a considerable profit. But if the expansion of the art market in Switzerland after World War II was robust enough to enable it to compete with those of much more powerful countries, this was also due to its success in occupying in the long term – and this is our second hypothesis – a particular position as a "hub" for cultural property at the international level. The conquest of this position had partly to do with the phenomenon of "primitive accumulation" and dates back to the same phase, the one beginning with the Great War.[37]

Before we expand on this question, it is necessary to analyze the composition of the Swiss art trade in greater detail. Thanks to the statistics published by Swiss customs, it is possible, for a certain number of years at least, to break down the aggregate "imports" and "exports" of cultural goods into four categories. The first comprises paintings, lithographs, drawings, prints, etc.; the second, sculpture and similar artworks; the third, antique objects more than a hundred years old; and the fourth, other cultural goods, including collectors' items such as coins and postage stamps. It is necessary to underline that the last category includes, to some extent, old art jewelry and watchmaking products. Graph 5 shows that substantial changes oc-

[37] See Tisa Francini et al., *Fluchtgut*, p. 310; Jaccard, "Der Kunst- und Kulturgütermarkt", p. 172.

curred in the internal composition of the Swiss art business between 1886 and 2014, if we are to judge from the only available data that extend that far back in time, those on exports.

Graph 5[38]
Shares of different categories in the total Swiss exports of cultural property 1886-2014 (in percent)

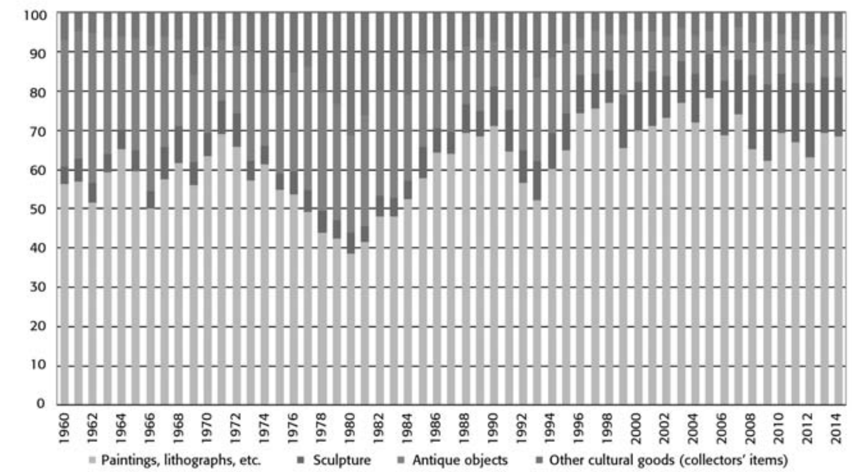


While during the years 1886-1905 the weighted average shares of sculptures and antiques were 1.2 and 11 percent, respectively, and that of other cultural goods is likely to have been low (we do not possess data for those years), between 1960 and 2014 their weighted average shares were 8.6 percent (sculptures), 13.4 percent (antiques), and 11.4 percent (other cultural goods).

Within imports, as Graph 6 shows, we also find a high proportion of antiques (13.4 percent on a weighted average), sculptures (11.7 percent), and other cultural goods (8.2 percent) between 1960 and 2014. The considerable weight of these categories is further evidence of the fact that the Swiss market functioned, at least starting in the 1960s, as an international hub.

[38] The data are presented in Table 3 in the appendix, which interested readers may consult by contacting the author (Sebastien.Guex@unil.ch).

Graph 6[39]
Shares of different categories in the total Swiss imports of cultural property 1960-2014 (in percent)



World War I and the evolution of the art market in Switzerland

We have seen that the period stretching from World War I to World War II was crucial in laying the foundations for the impressive rise of the Swiss art market after 1946, endowing it with a significant "primitive accumulation" of quality works and a position as a hub in the international trade in cultural goods. Here we must linger a moment on the role played by the First World War, both because of its importance – Paul-André Jaccard uses the word "take-off"[40] in connection with it – and because the period of the 1930s and World War II has already been studied in greater depth.[41]

It is difficult to determine precisely when a market in modern art came into being in Switzerland. For a long time Switzerland did not follow in the footsteps of some European countries where, dur-

[39] The data are presented in Table 3 in the appendix which can be consulted by contacting the author (Sebastien.Guex@unil.ch).
[40] Jaccard, *Le take-off*, p. 81. See also "Kunsthandelsverband der Schweiz", *50 Jahre*, p. I.
[41] See in particular Tisa Francini et al., *Fluchtgut*.

ing the last third of the nineteenth century, a new kind of gallery developed, that of the dealer-entrepreneur, in which major exhibitions of modern art were mounted. Still, during the decade that preceded the Great War a timid step was taken in that direction.[42] A dozen or so galleries of this new type were created in the main Swiss cities, most of them promoting recent, indeed contemporary, art. The same period saw the advent and growth of exhibitions devoted to modern art. In 1908 Zurich hosted Switzerland's first show of paintings not devoted to a particular country, region, or era, but to representatives of a specific aesthetic movement, namely impressionism and post-impressionism. The Zurich show set a precedent, and, from 1908 to 1912, and only in Swiss-German cities, a dozen similar exhibitions were held. The same decade brought the creation of numerous cultural intermediaries, such as the Association des musées suisses, the annual journal *Jahrbuch schweizerischer Art und Kunst*, the *Blätter für Schweizer Kunstpflege und Kunstleben*, and the art magazine *Die Alpen*. This blossoming attested not only to the formation of a genuine art market, but also to another striking phenomenon: the shift – hesitant as yet, but probably earlier than in Great Britain or in France – of many important Swiss-German collectors of academic art, particularly of the German school, towards a taste for modern French art.[43]

The conflict that set Europe and part of the world ablaze for four long years and brought violent political upheaval in its wake gave a boost to this two-fold development by favoring the appearance in Switzerland of a combination, perhaps unique at the time, of three factors.

First, between 1914 and 1923 the currencies of Switzerland's neighbors collapsed: the French franc lost almost 70 percent of its

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[42] On what follows, see Gloor, *Von Böcklin*, pp. 69-70 and 100-196; Röösli Zingg, *Schweizerdämmung*, pp. 48-56; Schweiger, *Das Kunstinteresse*, pp. 57-68; Volkart, *Richard Kisling*, pp. 19-31 and 176-181; Jaccard, "Der Kunst- und Kulturgütermarkt", pp. 167-169.

[43] On the shift in taste of Swiss collectors, see especially Gloor, *Von Böcklin*, pp. 100-154 and 186-196. On parallel developments in France or Great Britain, see Reitlinger, *The Economics*, pp. 170-174; Zeldin, *Goût*, pp. 170-176; Joyeux-Prunel, *Les avant-gardes*, pp. 482-488.

value in relation to the Swiss franc, the Italian lira 75 percent; the German mark and the Austrian crown depreciated by 93 and 99 percent, respectively, between 1914 and 1921, before losing all of their value in 1922 and 1923.[44] This collapse permitted Swiss dealers, collectors, and museums to benefit from relatively favorable prices when acquiring artworks from abroad, and undoubtedly provided a strong incentive to jump at such an exceptional opportunity.[45] Moreover, the monetary collapse and the hyperinflation rampant in the countries bordering on Switzerland forced many collectors, especially in Germany, to sell all or part of their treasures quickly and thus often at cut-rate prices.[46] In addition, from the First World War onwards the Swiss franc became the embodiment of a strong, safe currency. This asset helped make Switzerland very attractive, all the more because it was accompanied by two further advantages: peace and the absence of serious political unrest. Substantial amounts of foreign capital thus took refuge in Switzerland and sought investment there, including in the domain of art. Above all, many wealthy nationals of the neighboring countries – including important collectors – and foreign dealers settled in Switzerland on a more or less long-term basis. These different developments contributed to the internationalization of the Swiss market and to its specialization as a hub.[47]

Second, the main driving forces of industry (machinery, metals, watchmaking, chemicals and pharmaceuticals, and the agribusiness), the banks and Swiss multinational trading companies, from which the two warring camps secured products and services, made huge profits during the war.[48] Some circles among the Swiss haute

[44] See Ritzmann-Blickenstorfer (ed.), *Statistique*, table O22a.
[45] See Frehner, "Kunst", pp. 381-382.
[46] See, for example, Nathan, *Erinnerungen*, pp. 50, 61-62 and 82. Walter Benjamin mentions the phenomenon in his 1926 article "Peace commodity".
[47] See Schweiger, "Das Kunstinteresse", p. 70 and Jaccard, "Der Kunst- und Kulturgütermarkt", p. 170.
[48] See Rossfeld and Straumann (eds), *Der vergessene*, pp. 38, 123-125, 196-199, 205-206 and 312-313.

bourgeoisie suddenly had at their disposal an exceptional influx of financial resources with which to put together sumptuous art collections.

Lastly, Switzerland remained neutral during the war while at the same time being courted by both the Entente and the Central Powers. Neutrality and political stability made it a haven of peace and security in the midst of a Europe first ravaged by war, and then, in 1917, convulsed by revolution and counter-revolution. Against this background, the French intensified their cultural and artistic propaganda in German-speaking Switzerland, in order to combat the powerful influence and admiration that Germany enjoyed in the country, particularly in ruling circles. As part of this campaign, they assisted the organization in the main cities of northern Switzerland – notably Zurich, Basel, and Winterthur – of several major exhibitions of modern French painting, particularly impressionist and post-impressionist.[49] Meanwhile, Switzerland's oasis of calm and relative political freedom attracted many avant-garde artists, themselves often collectors. For all, let us mention the example of Tristan Tzara, who, with others, founded the Cabaret Voltaire in May 1916 in Zurich, participated in putting up the legendary first Dada exhibition, created the equally famous magazine *Dada*, took over a gallery whose opening show was devoted to German expressionism, and promoted and collected primitive art. In short, Zurich became one of the capitals of the avant-garde during World War I.[50]

The two developments referred to above helped to elicit or accelerate a change in taste to modern and even avant-garde art on the part of many Swiss dealers, collectors, and museum directors. This, in any event, was what the influential editor of the leading bourgeois newspaper *Neue Zürcher Zeitung's* "Feuilleton" section, Hans Trog, noted in November 1918 when, describing the boom under way in the Swiss market, he wrote: "And the most satisfying part is that the trade concerned with ancient art does not play the leading role at

[49] See Gloor, *Von Böcklin*, 217-225; *Neue Zürcher Zeitung* of November 24, 1997.
[50] See Hugnet, *L'aventure*, pp. 19-34; Buot, *Tristan*, p. 218.

all. On the contrary, it is the art of our time which is the object of the transactions of art lovers and thus finds its way into people's homes and into museums."[51] The taste for modern painting – above all, for the impressionists, but also for avant-garde art – that a good number of players in the Swiss art market had developed before the war and that was then fanned by the war probably constitutes a key for understanding the later success of this market, for it was precisely these works whose symbolic and market value experienced the greatest increase during the twentieth century.[52] At any rate, this taste seems to have been sufficiently well-established in Switzerland in the 1930s for three contemporary historians to lose no time in describing the country at that time as "a platform for the avant-garde."[53]

The careers of two important collectors – Rudolf Staechelin and Gottlieb Reber – fittingly illustrate what we have said about the role played by World War I in the Swiss trade in cultural goods.

Rudolf Staechelin was born in Basel in 1881.[54] The son of a prominent businessman, he had holdings in many businesses, including Lonza, a company active in electrochemicals and electrometallurgy that reaped extraordinary profits during the war.[55] Staechelin started collecting visual art in 1914, but it was from 1917 to 1921 that he acquired an impressive number of major works – forty-three – by the great masters of modern painting, including seven Renoirs, four Cézannes, four Van Goghs, four Gauguins, three Picassos, two Degas, and an unknown number of Corots, Courbets, Daumiers, Manets, Monets, and Pissarros. This frenzy of buying is explained, in the first instance, by Staechelin's encounter with the exhibition of impressionists and post-impressionists organized in Basel in January 1917 as part of the French propaganda campaign in Switzerland,

[51] Cited in Schweiger, *Das Kunstinteresse*, p. 70.
[52] See Nathan, *Erinnerungen*, p. 8; Reitlinger, *The Economics*, 1961, pp. 228-238; Reitlinger, *The Economics*, 1982, pp. 1-382.
[53] Tisa Francini et al., *Fluchtgut*, p. 197; also see Gloor, *Von Böcklin*, pp. 254-257.
[54] On what follows see Gloor, *Von Böcklin*, pp. 204-206; Müller, *Rudolf Staechelin*, pp. 15-23, 138-149, and Geelhar, "J'ai toujours", pp. 151-168.
[55] See Ruch et al., *Geschäfte*, p. 124.

which led him to pursue art genres that were contemporary or almost but already established. Next, Staechelin saw that the fall in the currencies of neighboring countries created a unique possibility to undertake some exceptional transactions.[56] He thus acquired a first-class Picasso (*Les Deux frères*) from the Galerie Caspari in Munich in June 1917, and two Degas and two Cézannes at the famous Paris auction of the estate of Edgar Degas at the beginning of 1918, purchases made especially attractive by the depreciation of the French franc and the Reichsmark.[57] Finally, profits from the war gave the Basel industrialist substantial supplementary income, whose amount cannot have been far short of about $250,000 in 1917.

Although he assembled a much richer collection than Staechelin's, the figure of Gottlieb Reber remains relatively unknown.[58] Born in Germany in 1880, he quickly amassed a large enough fortune, increased by marriage, to withdraw more or less from active business and devote himself, from 1906, to his passion. Initially Reber was interested mainly in French nineteenth-century painting. He accumulated a collection which has never been completely reconstructed but which included at least seventy first-rate works, including paintings by Corot, Courbet, Daumier, Degas, Gauguin, Manet, Millet, Pissarro, Renoir, Van Gogh and, the jewel in the crown, 29 works by Cézanne, many of them already famous. Having left Munich for Switzerland in 1919 for political reasons, Reber embarked on assembling a new collection centered on cubism and, to a lesser extent, surrealism, but also including antiques and works of primitive art. By 1930 he had added to his old treasures at least 29 Braques, 94 Gris, 23 Légers, 18 Massons and 160 Picassos. The *New York Times'* art correspondent James Johnson Sweeney called him "without any question the most important collector of modern art in Europe today."[59]

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[56] See Geelhar, "J'ai toujours", pp. 159, 161.
[57] De Pury, "L'évolution", p. 188.
[58] On what follows see Kosinski, "G.F. Reber: Collector of Cubism", pp. 519-531; Kropmanns and Fleckner, *Von kontinentaler*, pp. 347-407.
[59] Quoted in Edward Alden Jewell, "Annual Water Color Exhibition, and John Marin", *The New York Times*, November 2, 1930, p. 14.

But the beginning of the 1930s brought increasingly serious financial problems for Reber, obliging him in the years that followed and during World War II to sell a major part of his collection – at least a hundred works – to different Swiss collectors, museums, and dealers. With his acquisitions and sales, as well as with his many loans to museums, Reber helped to nourish and internationalize Switzerland's art market and cultural life and to stimulate the country's taste for modern and avant-garde art.

The origins of the success of the Swiss art market

From the mercantile point of view, the Swiss art business is a remarkable success story. We have just seen that the First World War was crucial in making it possible, but other factors also contributed.

There is no need to dwell on certain characteristics that are often adduced about Switzerland by the actors themselves or in the literature – the quality of its infrastructure, its favorable geographic position, its savoir-faire, and so forth – whose importance is undeniable but which barely differ from those of the main competing markets. Let us highlight instead a number of factors which individually or, more precisely, in unique combination played a pivotal role: neutrality, the strength of the Swiss franc, internal political stability, liberal legislation, low taxation, complaisant practices, and discretion.

We have already discussed the influence of neutrality and of the currency in connection with World War I. More generally, however, the fact that Switzerland was not directly involved in the two world wars or in the great international crises of the second half of the twentieth century, coupled with the Swiss franc's position as the planet's soundest currency throughout the century, worked to the advantage of the Swiss trade in cultural property. These two factors allowed the business networks woven from Swiss territory to keep functioning without interruption, and they prompted many dealers and/or collectors to settle in Switzerland or to use it as an intermediary. Switzerland's non-membership in the main international organizations or in the European Union has worked in the same way. Ernst Beyeler, a connoisseur of the world art market, has remarked that Switzerland's prominence in it has to be "linked to the neutral situation of Switzerland, which works in favor of business."[60]

Among the elements most conducive to the development of what he calls "the [Swiss] art trade center [*Kunsthandelsplatz*]," or hub position, Christian von Faber-Castell cites the country's "extraordinary political and social stability."[61] Indeed, for more than seventy years, labor relations have been governed by the "Peace Accord" system, thanks to which the country has almost never experienced strikes or social upheaval. And social democracy is integrated within a government composed very largely of so-called bourgeois parties. Both the hegemony of conservative forces and the weakness of the opposition are reflected in legislation and practices particularly favorable to the art market. As an added advantage, the dubious or illicit operations conducted by certain Swiss businessmen have drawn only the mildest of protests at home.

Extremely lax legislation, permitting what appear to be even laxer practices, has been one of the Swiss art market's decisive assets. In 1990 the director of the famous Galerie Koller explained that "… [Switzerland's] very liberal legislation and its extremely unrestricted way of dealing with the art market are unique in the world. In Switzerland, for example, there is no Commission for Museums that controls whether or not you have the right to export an object or a work of art. This open-mindedness is therefore a huge advantage for us."[62] Twelve years later, the director of Art Basel echoed this view. "Switzerland is one of the most attractive countries in Europe for the art market," he declared, because it "has a very liberal and reasonable policy in terms of culture, particularly art, [that is]

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[60] Interview in the *Neue Zürcher Zeitung*, June 14, 1999.
[61] Christian von Faber-Castell, "75 Jahre Verband Schweizerischer Antiquare und Kunsthändler", in *Weltkunst*, 23, 1986, p. 3796.
[62] Quoted in *L'œil. Revue d'art mensuelle*, 418, 05/1990, 78.

more favorable to the art market than many of its neighbors in the European Union."[63] Participants in the market are not the only ones to make this point. The legal expert Catherine Schümperli Younossian attributes "the attraction of Switzerland" to "the extreme laxity of its legislation;"[64] and Elisa Fuchs underscores its "extremely liberal legislation."[65]

With regard to taxation, the Swiss market *qua* international hub has benefited from the fact that Swiss customs duties are levied on imports in proportion to their weight, not their value, and have therefore always been very modest. It has also profited from a value-added tax (VAT) rate that is less than half that of the member countries of the European Union. In more general terms, the market takes advantage of Switzerland's lenient taxation of wealthy foreign residents or foreign-based companies, whether in determining the tax base, in setting the different rates, or even in the different forms of taxation.[66]

The Swiss market also benefits from the non-collection in Switzerland of the droit de suite – the artist's resale right or royalty – in force in some countries (but not in the United States).[67] The reaction within the Greater London Assembly when the resale right was to be introduced in England pursuant to a European Union directive testifies to the advantage for Switzerland of not collecting it. A report issued by that body in January 2006, after noting that "Switzerland is […] one of the United Kingdom's main competitors on the art market," called for pressure to be brought to bear on the European Union for it to negotiate "the introduction of the resale right in Switzerland"[68] and to defer the application of this right until Switzerland implements it.

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[63] Quoted in *Le Journal des arts*, June 14-27, 2002, 5.
[64] Schümperli Younossian, *Commerce*, p. 273.
[65] Fuchs, *Göttinnen*, p. 90.
[66] See Guex, *L'argent*, pp. 112-144 and 148-152.
[67] See Moulin, *Le marché de l'art*, pp. 82-85; *Neue Zürcher Zeitung*, January 14, 2014.
[68] Report of the Economic Development, Culture, Sport and Tourism Committee of the London Assembly, *Going Going Gone? The impact of the droit de suite on London's art market*, January 2006, (https://www.london.gov.uk/sites/default/files/archives/assembly-reports-culture-eu-art-levy.pdf), (consulted April 10, 2015).

Finally, the Swiss market benefits from widespread permissiveness, opacity, and discretion. Not until 2003 did the Swiss Parliament finally ratify the UNESCO Convention of 1970, after almost a hundred other countries had already done so. Until then, if a piece of cultural property stolen or exported illegally from a country had been acquired in good faith in Switzerland, once a period of just five years had passed the original owner or the authorities of the country in question could no longer demand restitution of the property, including with indemnification. Moreover, there was very little chance of obtaining international cooperation from the Swiss authorities for the recovery of stolen or illegally exported cultural property.[69] In 2002, Andrea Raschèr, at that time a senior official at the Swiss Federal Office of Culture, summed up the advantages of the Swiss art market in a striking phrase: "Today, in Switzerland, it's easier to import Greek statues than tomatoes."[70]

The ratification of the UNESCO Convention, with the adoption on 20 June 2003 of the Law on the International Transfer of Cultural Property, certainly reduced the almost unlimited freedom of action that Swiss art dealers had previously enjoyed. The main provision of the new legislation extended the acquisitive prescription time limit to thirty years.[71] But the new restrictions were extremely benign even on paper, and up to now, at any rate, they have been even more so in reality. To begin with, the current legislation only applies to states with which Switzerland signs bilateral agreements. By 2015 Switzerland had concluded such agreements with only seven states (Italy, Peru, Greece, Colombia, Egypt, Cyprus and China).[72] Further, the new measures are shot through with gaps and inadequacies. For

[69] See *Transfert international de biens culturels. Convention de l'Unesco de 1970 et Convention d'Unidroit de 1995. Rapport du groupe de travail*, Berne, 1998, pp. 50-57 and 60-74; Fuchs, *Göttinnen*, pp. 90-93.
[70] Quoted in the *Neue Zürcher Zeitung*, June 18, 2002.
[71] See the Federal Law on the International Transfer of Cultural Property, June 20, 2003, *Recueil officiel des Lois et ordonnances de la Confédération suisse*, Berne, 2005, pp. 1869-1881.
[72] See the Office fédéral de la culture, (http://www.bak.admin.ch/kulturerbe/04371/04377/index.html?lang=fr), (consulted April 10, 2015).

example, the Law on the Transfer of Cultural Property requires Swiss dealers to establish the identity of the people from whom they buy cultural property, but, in concrete terms, it does not oblige them to demand an official document attesting to the identity of their suppliers, let alone to photocopy it (as is done in the hotel business).[73] Finally, to the great relief of many participants in the Swiss art market, enforcement of the UNESCO Convention appears to have buried, or at least postponed, the issue of ratifying a manifestly more binding agreement, the Unidroit Convention of 1995, already signed by more than twenty states.

The Swiss art market also benefits from many free ports on Swiss soil, notably those of Geneva, Basel and Zurich.[74] The basic function of a free port or free zone is to allow traders to buy merchandise abroad, import it, sell it, and re-export it – all this without paying customs duties or VAT. So these zones are crucial to the Swiss art market's position as an international hub. In contrast with the practice in other European countries (including Great Britain, Germany, and France), until May 1, 2007 – when the new Federal Law on the customs entered into force – individuals and companies importing, stocking and re-exporting goods in the free ports of Switzerland were not obliged to keep precise inventories allowing the customs authorities to identify the goods in question and to track their movements. For good measure, customs surveillance was and still is extremely lax. A 2010 inquiry shows that the controls by the customs officers in the Geneva free port were not more frequent than they had been before the new customs law, because the customs administration had "fewer and fewer employees".[75]

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[73] See the decree implementing the Law on the Transfer of Cultural Property, April 13, 2005, *Recueil officiel des Lois et ordonnances de la Confédération suisse*, Berne, 2005, 1889; *Neue Zürcher Zeitung*, May 7-8, 2005.

[74] See Berger, *Les ports-francs*, pp. 327-353; *The Antiques Trade Gazette* of September 28, 2009; Willemin, *Le port franc*; Contrôle fédéral des Finances, *Ports francs et entrepôts douaniers ouverts. Evaluation des autorisations et des activités de contrôle*, Berne: Contrôle fédéral des Finances, January 28, 2014, (http://www.efk.admin.ch/index.php?option=com_content&view=article&id=184&Itemid=179&lang=fr, (consulted April 10, 2015); Roth, *Wir betreten*, pp. 139-161.

[75] *Le Courrier*, June 12, 2010.

Added to this is the fact that the users of free ports have enjoyed an environment conducive to discretion and opacity. In 1993, a legal study directed by Professor Pierre Lalive found that the "attraction" of the free ports of Switzerland derived from "their discretion" and the fact that they "are subject to relatively weak customs control."[76] In August 1995, Thomas Seydoux, head of the arts advisory board of Schroders Bank in Geneva, interviewed by a major Swiss daily, had this to say about the Geneva free port: "It is invaluable in the carrying out of our work because it is totally reliable, discreet [...]. Schroders Bank can, with complete confidentiality, examine the works of art in its own showroom, in the presence of its client. Even our forwarding agents do not know the names of our clients, which, as in the complete range of our services, are encoded."[77] Ten years later, in 2006, a journalist specializing in Switzerland's role in the international trade in valuables called the free port of Geneva "a safe haven steeped in total discretion."[78]

While it is impossible to estimate the number of transactions that take place in the free ports of Switzerland, it is beyond doubt that, as the main historical study of the matter asserts, they have played "a central role in Switzerland's accession to the status of a world power in terms of the art market."[79] In 1988 an observer of the economic life of Geneva described the city's free port as "the equivalent of Ali Baba's cave, richer than you can imagine, more sumptuous than the best-endowed art museum on the planet, overflowing with jewels, precious stones, carpets (of which there are 7,000 square meters), and collectors' items, a veritable center of the international trade in precious objects."[80]

Thus, the attractiveness of the Swiss art market has been enhanced by discretion cultivated in the shadow of banking se-

[76] Berger, *Les ports-francs*, pp. 343 and 350.
[77] *Le Journal de Genève*, August 17, 1995.
[78] *Le Courrier*, July 6, 2006.
[79] Willemin, *Le port franc*, p. 247.
[80] *Dossiers publics, périodique de documentation genevoise*, September-October 1988, 33.

crecy.[81] In the above-mentioned interview, Thomas Seydoux called the role of banking secrecy "paramount": "To sell a painting we have to be discreet. Banking secrecy provides extra protection for our clients by guaranteeing that their identity will never be revealed. We can act on the art market while totally preserving the anonymity of the buyer and seller."[82]

The exceptional permissiveness, opacity, and discretion that the Swiss market has enjoyed allow it to occupy a prominent place in the illegal international trade in cultural property. Most of the studies on this underground commerce highlight Switzerland's central position. "Switzerland has been turned into a privileged stamping ground for dubious transactions on the international art market," wrote Elisa Fuchs in 1992. Switzerland "didn't only launder flight capital but also stolen and smuggled cultural property."[83] In 2000, three British experts on the illicit art trade caustically remarked: "In fact, the label 'property of a Swiss gentleman' is considered by some to be a euphemism for 'illicit material.'"[84]

To conclude: the Swiss financial center and the art market

Neutrality, political stability, leniency on the part of the tax authorities, highly permissive legislation, discretion, and banking secrecy – the factors reviewed above coincide closely with the mechanisms that have underpinned the strength of the Swiss franc and the prodigious development of the Swiss financial center in the twentieth century.[85] Such a close relationship does not come about

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[81] See Alicia Vielle, "Le marché de l'art en Suisse, une place de taille pour un petit pays", *Le Journal des arts*, 138, December 7-20, 2001, 28.
[82] *Journal de Genève*, August 17, 1995.
[83] Fuchs, *Göttinnen*, p. 88.
[84] Brodie, Doole and Watson, *Stealing History*, 33. See also Flutsch and Fontannaz, *Le pillage*, pp. 147-160; *Le Journal de Genève*, August 17, 1995; *The International Herald Tribune*, February 26, 2004; *Le Temps*, October 17 and November 24, 2003, and February 26 and July 16, 2004; the *Neue Zürcher Zeitung*, May 29–30 and June 15, 2004, and September 8-9, 2007.
[85] See Mazbouri et al., *Finanzplatz Schweiz*.

by accident. And, in fact, the rise of the Swiss financial center and that of the Swiss art market have been mutually reinforcing.

Switzerland has become an international financial center since the First World War by occupying a special position within the international division of the money trade – as a hub for capital on a world scale, and as a manager of the movable property of the dominant classes of all countries. The sums involved are colossal. Since the end of World War I, the amount of assets managed in Switzerland, a major part of which have come from foreign depositors, have risen to a multiple of gross domestic product (twice or three times as great as GDP in the 1920s and 30s; between five and ten times as great since the 1980s). Switzerland is by far the world leader in holding foreign individuals' offshore wealth, i.e. wealth not administered in the owner's home country: its share of this global market is consistently estimated at around 30 percent.[86]

The formation, conservation, or enlargement of a cultural patrimony based on wealth is one of the key ways for individuals to become or remain part of the bourgeoisie or to raise their status within it. In addition, the art business constitutes one of the forms of sociability characteristic of high society.[87] Consequently, the successful specialization of the Swiss financial center in wealth management, as shown by the enormous amount of assets managed in Switzerland and by the high concentration of wealthy individuals – and thus of potential collectors – residing there, was likely to engender an important center of trade in cultural property in the same territory.[88] The magazine *Artnews* asserts that of the two hundred leading collectors in the world in recent years, about a dozen (6 percent) are

[86] See Conseil fédéral, *Axes stratégiques de la politique suisse en matière de place financière. Rapport en réponse au postulat Graber*, Berne, December 16, 2009, (www.efd.admin.ch/dokumentation/zahlen/00578/01622/index.html?lang=fr), (consulted April 10, 2015).
[87] See for example Corbridge and Thrift, *Money*, p. 21; Moulin, *L'artiste*, pp. 215-233; Pinçon and Pinçon-Charlot, *Grandes fortunes*, pp. 190-241; *Sociologie*, pp. 18-26.
[88] See Watson, *From Manet*, p. 445.

Swiss nationals or residents (the country accounts for 0.1 percent of the world population).[89]

Conversely, the rise of the Swiss art market has represented an asset of ever greater importance for the Swiss financial establishment in securing new clients or retaining old ones. Swiss banks' long-standing interest in the art business testifies to this: besides putting together important collections of their own, many of them have created art advisory services which, as T. Seydoux says, are "complementary to wealth management" inasmuch as "they permit very close contact to be established with their clientele."[90] We can also cite the case of Art Basel, which UBS has backed financially since 1994 and which it values as a means of canvassing wealthy new clients.[91] The Swiss art market and the Swiss financial center are thus intimately related. The fact that a neologism has appeared in the press, politics and the art world, that of "the Swiss financial and art center [*Finanz- und Kunstplatz Schweiz*],"[92] suggests that this proximity is not only rooted in reality but is also beginning to penetrate the way people think.

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[89] See the *Artnews 200 Top Collectors*, (www.artnews.com), (consulted April 10, 2015); *L'Hebdo*, March 16, 2006, p. 54.

[90] *Journal de Genève*, August 17, 1995; see also *The Economist*, November 15, 2003, 75; *Le Temps*, December 13, 2004 and November 26, 2005; *Neue Zürcher Zeitung*, January 8, 2006.

[91] Hässig, *Der UBS-Crash*, p. 175.

[92] *Neue Zürcher Zeitung*, June 12, 2007.

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