

out in 2008, by making a renewal conditional on increased exchange of information on tax matters, the US was able to increase pressure on Liechtenstein.

Pressure alone, however, cannot explain why Liechtenstein and Switzerland responded so differently. Both countries were facing major economic and political problems in the second half of 2008: while Liechtenstein was hoping to renew the QI agreement, from October 2008, Switzerland was faced with the possibility that its biggest bank, UBS, might be criminally indicted by US authorities, which could have led to the bank's collapse (Emmenegger 2017). From a Swiss perspective, UBS is clearly "too big to fail" – the bank's collapse could have disastrous consequences (Bundesgericht 2011). Both countries were equally under great pressure.

Rather than pressure overall, we argue following Katzenstein (1985) that the greatest difference between the countries was the distribution of the pressure. In Liechtenstein, the legal disputes dogging LGT and Liechtensteinische Landesbank (LLB) were considered to be attacks on the entire financial centre. Moreover, the industry as a whole was more dependent on offshore wealth management than its Swiss counterpart. Thus, the banks were quick to find common ground.

In contrast, Switzerland's more heterogeneous financial services industry was deeply divided. Until at least late 2009, there was a widespread perception that UBS' legal troubles did not concern the Swiss financial services industry as a whole. As a result, the Swiss Banking Association, most banks and all but the left-leaning political parties failed to make more than the minimal concessions required to stem international criticism (Steinlin and Trampusch 2012). With little or no representation outside Switzerland, traditional private banks specializing in offshore wealth management in particular showed little willingness to close ranks to support UBS. This uncompromising position was based largely on the erroneous belief that Swiss banks without representation outside Switzerland were perfectly