

Calvin, Geneva and public debt

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The question of credit concerned private individuals and, just as much, the young Republic of Geneva, which itself had to borrow to finance its defence, repay its allies and cope with food shortages. The archives show that the city resorted to loans from allied towns and from private individuals, and that it constituted annuities in favour of its creditors.¹ Chapter III of Part A recalled that in the previous century the city had already had to borrow 3,500 écus from the Medici bank in Lyon to make up a sum owed to the Confederates.²

Calvin's doctrine applies to these public loans as well. The magistrate who borrows commits the community, which he must do prudently, for just causes, and he must honour the commitments made. Fidelity to the financial commitments of the state falls under the same requirement of truthfulness as a merchant's fidelity to his word. A state that does not pay its debts betrays its creditors and ruins its credit, which deprives it of resources for the future.

This requirement had considerable practical significance for a small republic. Geneva could not impose its will on its creditors, nor rely on military power to obtain favourable terms. Its capacity to borrow rested on its reputation for punctuality and on the soundness of its institutions. The budgetary prudence of the Geneva authorities, often noted by historians, can be understood in the light of this constraint.³

Geneva's relationship with public debt would take on another dimension in the seventeenth and eighteenth centuries, when Geneva capitalists became major lenders to foreign states, in particular to the French monarchy. Part C will show the profits and the risks of this specialisation, which would culminate with the life annuity loans of the 1770s and 1780s and end, for many, in losses during the Revolution.

The contemporary financial centre remains marked by this history. The stability of Swiss public finances, framed at federal level by the debt brake mechanism enshrined in the Constitution (Art. 126 Cst.), contributes to confidence in the franc and in the country's institutions. Geneva's wealth managers, who invest for their clients in the bonds of states throughout the world, for their part perpetuate a tradition of sovereign credit analysis whose roots go back several centuries.

1 Notes

1. Archives d'État de Genève (Geneva State Archives), online exhibition, "Emprunts et revenus" (ge.ch/archives): the treaty of 1536 obliged Geneva to repay Bern more than 20,000 gold écus before Christmas 1536, in respect of the war of 1530 and diplomatic expenses; the Seigneurie met this by confiscating ecclesiastical property and the property of the banished (around 10,600 gold écus in 1536), through fines and burgher admission fees (1,700 écus) and through a local loan at 6% secured on real property, which raised 4,400 écus from 300 persons in seven months and was repaid in eight years; subsequent loans were contracted mainly from Basel creditors. ↩
2. Archives d'État de Genève, page "Troubles politiques à Genève au XVIIIe siècle", archives-etat-ge.ch (accessed September 2026). ↩
3. Archives d'État de Genève, online exhibition, "Emprunts et revenus" (ge.ch/archives): after the extinction of the debt to Bern in 1537, the "trésor de l'Arche" was maintained to finance the fortifications; the debt, contracted mainly in Basel, peaked at 36,500 écus in 1546, interest alone absorbing 29% of annual revenue, and it was only in 1551 that the authorities set about "se desbaler", that is, reducing the debt. ↩

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