

Lyon, a royal creation

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The rivalry between Geneva and Lyon did not begin with Louis XI. It was rooted in the determination of the kings of France to endow their kingdom with a great fair centre capable of capturing the commercial flows that passed through foreign cities. The Lyonnais had only been attached to the crown in 1312. In 1420, the Dauphin Charles, the future Charles VII, granted the city the privilege of holding two free fairs a year and extended to the French and foreign merchants attending them the privileges formerly enjoyed by the fairs of Champagne and Brie.¹

Lyon had considerable assets. The city lies at the confluence of the Rhône and the Saône, at the crossroads of the routes linking the Mediterranean to northern France, Italy to the Atlantic and Switzerland to the Iberian peninsula. It enjoyed the support of a powerful sovereign, who could grant it extensive fiscal and legal privileges. It opened onto a vast domestic market, that of the kingdom of France, whose merchants formed a natural clientele. It also attracted Italian merchants, Florentines in particular, who saw in it a privileged access to the French market.

The first decades were nevertheless difficult. The Lyon fairs struggled to establish themselves against Geneva, whose reputation was settled and whose network of correspondents was dense. Charles VII supported them by adding a third fair to those he had granted as Dauphin, since the Lyon archives note that in 1462 Louis XI confirmed the three fairs founded by his father.² But privileges were not enough to divert established commercial flows. Merchants had their habits, their hosts, their correspondents and their settlement dates. As long as Geneva worked well, they had little reason to change.

This inertia of flows is a fundamental fact of the economics of financial centres. An established centre benefits from network effects: the more merchants it brings together, the more attractive it becomes to new merchants, since each finds there more counterparties, more liquidity and

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more information. A new centre has to overcome this advantage. It can do so by offering markedly better conditions, or by benefiting from an outside intervention that weakens the established centre. Louis XI would choose to combine the two.

1 Notes

1. Article “Foire de Lyon”, Wikipédia (fr) (accessed September 2026). ↩
2. Archives municipales de Lyon, “Quatre foires annuelles pour Lyon”, archives-lyon.fr (accessed September 2026). ↩

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