

Lyon against Geneva: the end of the fairs and the anatomy of a financial centre in crisis — overview and summary

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In 1462, a King of France decided that his merchants would no longer go to Geneva. Within a few years, the city lost a large part of the traffic that had made its prosperity. The episode is often told as an anecdote of regional history. It deserves better. It constitutes one of the first documented examples of an economic war waged by a state against a foreign trading centre, with instruments that reappear, under other names, in contemporary economic policy: prohibitions on trade, privileges granted to a rival centre, sanctions against those who break the rules, legal protection offered to foreign merchants who agree to move. This chapter retraces that confrontation, analyses its causes and consequences, and proposes a framework for analysing crises of financial centres that will serve as a reference in the remainder of the book.

1 In five sentences

1. From 1462 onwards, Louis XI waged an economic war against Geneva which combined a prohibition on attending its fairs, a prohibition on transit through the kingdom and effective sanctions against those who disobeyed.
2. At the same time, the letters patent of 8 March 1463 endowed Lyon with four fairs of fifteen days each, royal safeguard, exemption from the droit d'aubaine and a specialised commercial jurisdiction.
3. The decline of the Geneva fairs resulted from a combination of causes: the royal decision, competition from other centres, the contraction of the luxury trade, the Burgundian Wars and the upheavals of the Reformation.
4. The intervention of the Swiss cantons in favour of Geneva, motivated by their commercial interests, inaugurated a relationship that would

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lead to the city's independence and, much later, to its entry into the Confederation.

5. The episode makes it possible to identify six dimensions for analysing financial-centre crises — sovereignty, regulatory arbitrage, network effects, concentration, alliances, reinvention — which also shed light on the contemporary challenges facing the Geneva financial centre.

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