

What the crisis taught the financial centre

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The long Genevan crisis of the late eighteenth and early nineteenth centuries left lessons that the financial centre of the nineteenth century would absorb.

The first is the value of political stability. Internal conflicts, foreign interventions, revolution and annexation impoverished the city and drove part of its inhabitants and its capital into exile. Membership of the Confederation and Swiss neutrality would give Geneva a stability that became one of the principal arguments of its financial centre. International clients would entrust their assets to Geneva because Switzerland appeared to them to be sheltered from the wars and revolutions that struck its neighbours.

The second is the need for diversification. Fortunes concentrated in French debt were ruined; those that were diversified withstood the shock better. The Genevan bankers of the nineteenth century would draw from this the management principles that made the reputation of the financial centre: prudence, the spreading of risk, international investments.

The third is the importance of institutions. The preservation of the Collège, the Académie and the Hôpital général during the French period, and the creation of the Société économique, made it possible to safeguard the institutional foundation of the Genevan community. The Restoration was able to build on that foundation to reconstruct the State.

The fourth is the role of the diaspora. Genevans settled abroad, in Paris, in London or elsewhere, maintained the networks that would allow the financial centre to revive. Dispersal, a consequence of the crises, became a resource.

The fifth, finally, is the question of political inclusion. The crises of the eighteenth century were fed by the exclusion of the majority of the population from political rights. The nineteenth century would see, in

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Geneva as in Switzerland, the progressive extension of those rights, up to the Radical revolution of 1846 and the Federal Constitution of 1848, which Part D will discuss. A stable financial centre presupposes a politically integrated society.

Lesson	Translation for the financial centre of the nineteenth century and of today
Political stability	membership of the Confederation, neutrality and the rule of law as arguments for the financial centre
Diversification	prudent and international management of wealth
Institutions	continuity of the institutions of education, relief and management of collective assets
Diaspora	international networks as a resource for the financial centre
Political inclusion	extension of political rights and direct democracy as factors of stability

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