

Zurich and Geneva: two Reformed economies compared — overview and summary

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Anyone who works in Swiss finance for long enough learns to hear two dialects of the same language. In Zurich the conversation tends to turn on balance sheets, capital requirements, insurance risk, listed equities and the large institutions whose head offices line the Bahnhofstrasse and the Mythenquai. In Geneva it turns more readily on families, mandates, discretion, trade flows and the international organisations that make the city a diplomatic capital. Both cities are Reformed in their historical identity. Each has monuments to its reformers, the Zwingli statue by the Wasserkirche and the Reformation Wall in the Parc des Bastions. Both are also regularly invoked, in popular writing and occasionally in scholarship, as proof that Protestantism and finance belong together. This chapter asks what that shared Reformed inheritance actually consisted of, where the two cities diverged, and why the financial centres that grew out of them came to look so different.

The chapter also serves as a bridge between two books. While the companion volume, *Genève, place financière internationale*, traces the history of Geneva as a financial centre from the medieval fairs to the present, this book does the same for Zurich. Chapters B.I to B.III have described the Zurich Reformation under Huldrych Zwingli, the Almosenordnung of 1525 and the public welfare system that grew from it, and the ethics of interest and wealth in the writings of Zwingli and Heinrich Bullinger. Chapter B.V will describe the arrival of the Protestant refugees from Locarno in 1555 and the beginnings of the Zurich silk industry. The present chapter stands between them and looks sideways, to Geneva, in order to see Zurich more clearly. It covers the two Reformations and their constitutional settings, the doctrinal alliance sealed in the Consensus Tigurinus of 1549 and the Second Helvetic Confession of 1566, and the two systems of moral discipline. It then turns to Calvin's teaching on interest and Geneva's legislation on it, the institutions of welfare, the refugees and

the networks they brought, and finally the long paths that led from the sixteenth century to the two financial centres of today.

The comparison matters for the practitioner as much as for the historian. The Swiss financial centre is governed by one federal law and one supervisory authority, yet its two largest centres differ in their client base, their business models and their self-image. Much of that difference is explained by nineteenth- and twentieth-century developments, which Parts C and D of this book treat in detail. Some of it, however, reaches back to the sixteenth century: to the size and shape of each city's territory, to its language and its neighbours, to the social composition of its ruling class, and to the kinds of people who sought refuge within its walls. Several of the connections drawn in this chapter are interpretations and are marked as such. The argument of the chapter is a modest one: two Reformed cities made different institutional choices under different pressures, choices which left traces that are still visible.

1 Conclusion

Zurich and Geneva adopted the Reformation within a dozen years of each other. Their churches became, through the Consensus Tigurinus of 1549 and the Second Helvetic Confession of 1566, members of one Reformed family. They shared a theology that legitimised moderate interest under the control of charity, equity and the law of the magistrate, as well as a concern for the moral discipline of their citizens. Both also turned the property of the old church into public welfare institutions. On the question of interest the two cities were close in substance: Zwingli and Bullinger in Zurich, and Calvin in Geneva, arrived at comparable positions, while both city governments fixed moderate legal maximum rates. Calvin's letter of 1545 won the greater fame. Geneva, a besieged city that had to borrow at interest from its first days of independence, gave his teaching an immediate practical setting.

The differences lay in the institutions and the circumstances. Zurich's Reformation was decided by an established guild republic with a large rural territory, which exercised moral discipline through the courts and mandates of the state. Geneva's Reformation was part of a struggle for independence by a small city without territory. There, discipline was exercised by a Consistory which claimed, and after 1555 secured, a measure of autonomy from the magistrate. Geneva opened its gates to thousands of refugees, created a private fund for their relief, and allowed the wealthiest and most useful of them to join its ruling class. Zurich received refugees in

smaller numbers and more cautiously. Geneva looked to France, Zurich to German-speaking Europe and the Confederation.

These differences shaped the long paths of the two financial centres. Geneva became the city of the Banque protestante, of lending to the French crown, of the *rentes viagères* and the “thirty maidens”, and later of the private banks that manage international family wealth, of commodity trading and of the international organisations. Zurich became the city of the textile merchants, of Leu & Co., of Escher’s Kreditanstalt, of insurance and reinsurance and of the Swiss capital market. The two paths are not the necessary consequences of sixteenth-century choices, since much depended on later events. The sixteenth century nonetheless set the starting conditions: two Reformed cities with a shared ethic of money, different constitutions, different neighbours and different populations. Today they share a federal law, a supervisor and a reputation while continuing to embody two distinct ways of being a Swiss financial centre.

2 In five sentences

1. Zurich (1523–1525) and Geneva (1535–1536) adopted the Reformation through decisions of their councils, after which the Consensus Tigurinus of 1549 and the Second Helvetic Confession of 1566 made their churches one Reformed family.
2. Zwingli and Bullinger in Zurich and Calvin in Geneva, above all in his letter of 1545, accepted moderate interest under the rule of equity and charity, with both city governments fixing legal maximum rates of about five per cent, later raised in Geneva to one in fifteen.
3. Zurich exercised moral discipline through the state’s marriage court and moral mandates, while Geneva’s Consistory of pastors and elders won control of excommunication in 1555, a difference that reflected Zurich’s guild republic and Geneva’s new, embattled and refugee-shaped polity.
4. Geneva, small, French-speaking and without a hinterland, developed into a centre of international private finance tied to France after absorbing thousands of refugees who brought printing, silk, capital and networks, whereas Zurich, a German-speaking guild city with a large territory, developed later into a centre of industrial, railway, insurance and capital-market finance.

Zurich and Geneva

5. Today the two centres differ in profile (private wealth, commodities and international organisations in Geneva as against large institutions, insurance and capital markets in Zurich), yet they share federal law, FINMA and a common reputation whose roots reach back to the Reformed discipline of the sixteenth century.

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