



Tourism, Hotel Industry and Banking Development: The Case of the Lake Geneva Region at the Beginning of the Twentieth Century

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Long underestimated in relation to industry and financial sector, the importance of tourism sector to Switzerland's economic development is now better acknowledged (Püntener 1994; Humair 2011a; Tissot 2021). On the eve of the First World War (1911/1913), the added value generated by the hotel industry was almost equivalent to that of the metal and machinery industry and 60% higher than that of the prestigious Swiss watchmaking industry (Ritzmann-Blickenstorfer 1996, 866–867). Between 1900 and 1913, the hotel industry's share of gross domestic product averaged 3.5%, higher than the 2.5% of the banking sector.¹ However, these figures were just the tip of the iceberg, as tourism

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had numerous spillover effects on other economic sectors. Let's only mention the improvement in framework conditions through the construction of technical networks, the stimulation of consumption through the purchasing power imported by tourists and the orders to industry and construction resulting from the building of tourist infrastructures (Humair 2011b).

Until now, historiography has done very little to investigate another contribution made by the tourism sector to the Swiss economy, namely the impetus given to the development of the financial centre, which took off at the turn of the twentieth century (Mazbouri 2005). In fact, a genuine synergy between the development of tourism and the expansion of banking was established during the nineteenth century, and significantly strengthened during the Belle Époque. On the one hand, the banks provided, on favourable terms, the huge amount of capital necessary for the Swiss model of tourism to flourish, based on luxury and high-tech infrastructures. On the other hand, tourism stimulated banking business in different ways. Firstly, the physical presence of thousands of wealthy tourists facilitated the establishment of business relations with European elites; in the long term, the most important effect was the influx of foreign capital into Switzerland, which served as the raw material for wealth management, a niche that is still at the heart of Swiss banking today (Mazbouri et al. 2021). Secondly, the arrival of foreign tourists led to a large influx of foreign currency, which benefited the financial centre in two ways: by improving the balance of payments, which strengthened the Swiss franc, and by generating considerable foreign exchange activity. Thirdly, the tourism infrastructure offered a huge investment field for Swiss banks, generating very attractive profit rates.

The main purpose of this chapter is to analyse the spillover effects of tourism on banking development and to highlight their importance at the beginning of the twentieth century. The study will focus on one of Switzerland's six main tourist regions, the Lake Geneva region. Spanning Switzerland and France, this area was then home to four major tourism centres in Geneva, Lausanne, Vevey/Montreux and Evian-les-Bains. Geneva was also the third largest financial centre in Switzerland, behind Zurich and Basel. While Geneva's private banks have achieved international renown (Perroux 2006), those in Lausanne and Vevey are less well known. Yet they played a central role in the financing of tourism in the early twentieth century, not only at regional level, but also at national and even international level (Humair and Chiarelli 2021). The

analysis will be based on the results of a research project devoted to the development of tourism in the Lake Geneva region (Humair et al. 2014) and particularly on the Biolemano biographical database, which can be consulted on the Internet (Biolemano 2021). Including almost 1800 people active in tourism between 1852 and 1914, this computer tool has enabled a detailed and global analysis of the actors involved in the regional tourism system (Humair and Chiarelli 2023).

The contribution will be divided into four parts. The first will highlight the importance of banking issues linked to the development of tourism, as well as the massive involvement of bankers in regional tourism companies. The second part will analyse the chronological and spatial evolution of investments made by regional bankers in other Swiss and foreign tourist regions. The case of the bank Ch. Masson et Cie in Lausanne will provide an insight into the significance of this phenomenon. The third part will narrow the focus by studying the investments made in Chamonix. Between 1875 and 1914, at least four limited companies founded with Swiss capital contributed to the development of the French station. Finally, the fourth part will attempt to measure the scale of investments made outside the Lake Geneva region by analysing the quotations of exogenous tourism companies on the Lausanne stock exchange.

REGIONAL TOURISM DEVELOPMENT AND BANKING ACTIVITIES

By way of preamble, it is necessary to emphasize the long-standing relationship between tourism and banking in the Lake Geneva region. It dates back to at least the beginning of the nineteenth century, when the end of the Napoleonic Wars led to a large-scale return of English tourists to the Continent. The Lake Geneva region served then as a gateway to the Bernese Oberland, to Italy through the Simplon, as well as to the glaciers of Chamonix (Heafford 2006). As a hub for these flows of travellers, Geneva profited in various ways. In particular, the local bankers developed what they called the ‘foreigners’ trade’. The memoirs of the Hentsch family testify to the importance of this business: “In 1805, Henri Hentsch bought [...] the property of Sécheron, on the Lake of Geneva [...]. It was both a family property and a means of receiving noble foreigners who were or would become the bank’s clients. The foreigners’ trade became the main activity in Geneva of Henri Hentsch & Co” (Hentsch n.d., 36). In order to attract and retain this clientele, the bankers offered numerous

services to foreign tourists, such as renting accommodation, transferring funds and exchanging foreign currencies. They also provided them with a range of recreational activities. These relationships formed the foundation on which a wealth management business developed, which was also stimulated by tax measures that encouraged the establishment of foreign annuitants and the influx of foreign capital. As early as 1816, the canton of Geneva granted a privilege to foreigners who settled in the canton: they were exempt from wealth tax provided they did not carry out any professional activity (Guex 2022, 360). The same applied in the canton of Vaud from 1862 (Ballenegger 2023, 60–63).

At the beginning of the twentieth century, the influx of capital intensified as a result of the tourism boom and the various competitive advantages that the Lake Geneva banking centre then enjoyed. Firstly, changes in European tax laws made the region a haven for capitalists. The president of the Société pour le développement de Lausanne, the organisation responsible for promoting tourism, confirmed this status in the following terms: “Every country has the industry it can have and deserves. Our main industry consists in doing the honours of this beautiful country where people come from everywhere to live in peace, sheltered from winds, fogs and taxes, or simply to rest, at the age when one has pensions” (Société pour le développement de Lausanne 1912, 11). This fiscal attractiveness was further enhanced by the relative security of investing in a neutral country. Switzerland was seen as a haven of peace in a world preparing for war. As one financial expert noted, intense relations then developed between the banks of Lake Geneva region and foreign guests: “Lausanne [...] attracts to it a crowd of rentiers, either Swiss or foreign, especially English [...]. Confident in the seriousness of canton Vaud’s [banking] companies, they in return encourage their loans. [...] These institutions invest all their efforts in securing a devoted clientele by providing safe and advantageous investment facilities” (Mayor 1914, 63). The influx of foreign tourists stimulated another lucrative banking activity: the exchange of imported currencies. The volume of transactions is impossible to quantify, but a rough estimate can be made by calculating the sums spent by foreign tourists in the region. In 1913, they amounted to around 40 million francs per year, or 5 billion euros today²; most of this sum was probably exchanged in the banks of the Lake Geneva region.

In addition to wealth management and foreign currencies exchange, the development of tourism in the region also offered huge potential for

banks wishing to invest their customers' deposits.³ Building the infrastructure needed to run a tourism system required massive investment. And indeed, in the hotel industry, around 70% of the sums committed were requested from the capital market (Egger 1935, 126–127). Between 1900 and 1914, the average annual investment in the hotel industry in Lake Geneva region was 7.6 million francs, the equivalent of today's 1.5 billion euros. In 1914, the stock of capital in the hotel industry in Geneva, Lausanne, Vevey/Montreux and Evian-les-Bains can be estimated at 175 million francs and that of the rest of the region at 45 million. If we add to this the capital invested in the transport companies dedicated to tourism, in the technical energy and communications networks and in the infrastructure used for entertainment, we probably reach a figure approaching the debt of the Swiss Confederation in 1914, i.e. 282 million francs or 35.6 billion euros today.

Obviously, the profitability of capital invested in tourism infrastructure differed from company to company. However, the average dividend paid by hotel companies in the region is a good indicator of their profitability. In the first decade of the twentieth century, the 6% paid was well above the 4% return on mortgage investments. The Société immobilière d'Ouchy, owner of the Beau-Rivage Palace, was an Eldorado for investors, paying a dividend of 30% in 1913. Between 1893 and 1913, the average stock market price of big hotel shares fluctuated between 20 and 50% above their nominal value. With a par value of 250 francs, the Société immobilière d'Ouchy share was quoted at 1436 francs in 1914. The oldest transport companies dedicated to tourism also made considerable profits. Founded in 1881, the company that ran the funicular railway between Territet (Montreux) and Glion distributed dividends of 11–16% between 1903 and 1912. The 250 francs share reached a peak of 925 francs in 1904. Victims of the proliferation of infrastructures at the turn of the century, the companies created later had more difficulty in making their investments profitable.

The interest that bankers had in tourism development was manifested in their massive presence within tourism companies and organizations (Humair and Chiarelli, 2021). This weight in the governance of the tourism system can be revealed and quantified thanks to the Biolemans biographical database.⁴ Developed over the last ten years and available online, it contains information on 1766 people active in regional tourism between 1852 and 1914; the players selected either had a main

professional activity in a hotel or transport company, or held a position as director or executive in the 186 collective actors that were the subject of in-depth research; these were 75 hotel companies, 75 transport companies, 15 entertainment providers, 11 hoteliers' associations and 10 development societies (the forerunners of tourist offices).⁵ Each player file contains five pages of information on family ties, educational background, professional and political activities, sociability and sources of information used. An advanced research mask makes it possible to interrogate all the fields of the file by crossing several search criteria.

Thus, it is possible to identify 238 persons who had a banking activity, i.e. 13% of all the players in the database. Of these 238 bankers, 114 were directors of a hotel limited company, representing 21% of all hotel directors (114/553). Furthermore, 20% of the directors of transport companies with a specific tourist vocation were bankers (52/259), as were 11% of the executives of development societies (37/346). It is therefore no exaggeration to say that bankers were omnipresent in the governance of the tourism system in the Lake Geneva region during the Belle Époque.

ACTORS, CHRONOLOGY AND SPATIALITY OF CAPITAL EXPORTS TO OTHER TOURIST REGIONS

From the mid-nineteenth century onwards, bankers of the Lake Geneva region did more than merely invest in regional tourism. They also exported capital, thereby contributing to the tourism development of other regions in Switzerland and abroad. The two most common types of investment, sometimes working in synergy, were the construction of tourist railways and the building of large luxury hotels. This export of capital was often the result of collaboration with other tourism players involved in the Lake Geneva region, such as hoteliers, railway engineers and doctors.

Thanks to the Biolemano biographical database, it is possible to grasp the scale and spatiality of this trend of expansion of tourist investments. This tool enables us to identify no fewer than 32 bankers from the Lake Geneva region who sat on boards of directors of tourism companies operating outside the region. They held 59 mandates, concentrated in 30 transport and hotel companies. The graph of Fig. 4.1 shows how the 32 bankers and their 59 mandates were distributed between the different banking centres. It underlines that the centre of gravity of the export of capital was not, as expected, in Geneva, but in Lausanne: 16 bankers

from this city occupied 64% of the directorships held outside the Lake Geneva region (38 mandates). Bankers from Vevey and Montreux came next with 19% (11 mandates) and those from Geneva only third with 12% (7 mandates), despite the importance of this financial centre.

The private bank Masson, Chavannes et Cie in Lausanne, which became Ch. Masson et Cie in 1890, was an emblematic example of the importance of tourism investments in the development of numerous Lake Geneva-based establishments. Bioleman enables the identification of seven representatives of this house who held 29 seats on the boards of directors of tourist transport and hotel companies: 12 seats on the boards of enterprises in the Lake Geneva region, 11 seats on the boards of enterprises in the neighbouring regions of the cantons of Vaud and Valais and 6 seats on the boards of enterprises outside Switzerland (France, Monaco and Spain). The bank's founder, Charles Masson (1837–1895), alone held seven directorships. He was particularly active in the field of tourist railways. One of the promoters of Switzerland's first funicular railway between Lausanne and Ouchy, he later presided over the construction of cog railways in Zermatt (Viège-Zermatt), Monaco (Monte-Carlo-La

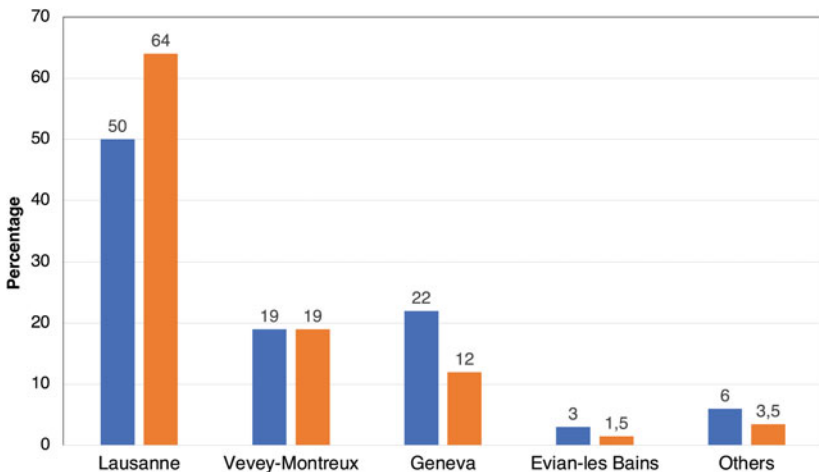


Fig. 4.1 Directorships assumed by Lake Geneva region bankers in other tourist regions: distribution (percent) of the bankers (blue) and mandates (orange) by banking place. Sample: 32 bankers holding 59 directorships in 30 tourist companies (*Source* Bioleman)

Turbie) and Barcelona (Monistrol-Monserrat); he was also the director of the Europe's first electric cog railway on Mont Salève, in the vicinity of Geneva, in France. An associate of the bank until 1890, Julien Chavannes (1841–1914) was chairman of the Société de l'Hôtel Suisse in Lausanne; his involvement in tourism continued at the service of the bank C. Carrard & Cie, which later became Chavannes & Cie (Chiarelli 2017). Charles-Emile Masson (1864–1939) joined the family bank shortly before his father's death and held six directorships; he was one of the promoters of the cog railway from Chamonix to Montenvers (France). An associate of the bank since 1895, Ferdinand Jomini (1862–1935) was the director of five hotel companies, three of which were located outside the Lake Geneva region (Château-d'Oex, Villars-Chesières and Chamonix). A limited partner of Ch. Masson et Cie from 1895, the banker and politician Henri Siber (1831–1905) was a key figure in the development of tourism in the canton of Vaud, where he was the director of four companies; in particular, he chaired the limited company that developed the Lavey-les-Bains thermal resort. In 1901, the bank became a limited partnership with shares and a supervisory board was set up. Adrien Palaz (1863–1930), Charles-Emile Masson's brother-in-law, sat on the board and became its vice-chairman. This internationally renowned electrical engineer was a promoter of numerous tramways and electric railways; in addition to the Tramways Lausannois, he was the director of the tourist railways leading to the Villars-Chesières, Leysin and Gimel stations. Another member of the supervisory board, officer-instructor Charles-Edouard de Meuron (1863–1950), held three mandates in hotel companies outside the Lake Geneva region (Lavey-les-Bains, Château-d'Oex and Chamonix).

The information provided by Biolemano makes it possible to analyse the development of tourism investment outside the Lake Geneva region in both spatial and time dimensions. The results of this exercise are summarized on the map in Fig. 4.2.⁶ It covers the Lake Geneva region and the main investment areas, namely the Chablais region of the canton of Vaud, the canton of Valais, the canton of Berne and the Savoy region in France. More distant investments in Nice, Monaco and Barcelona are indicated by red arrows. Three successive waves of capital exports can be identified, all of them closely linked to the development of the transport system.

The first wave unfolded in synergy with the establishment of a standard gauge railway network in Switzerland between 1850 and 1880. In the early 1860s, the Lake Geneva rail network was gradually connected to neighbouring regions (Gigase 2014). The completion of the line between

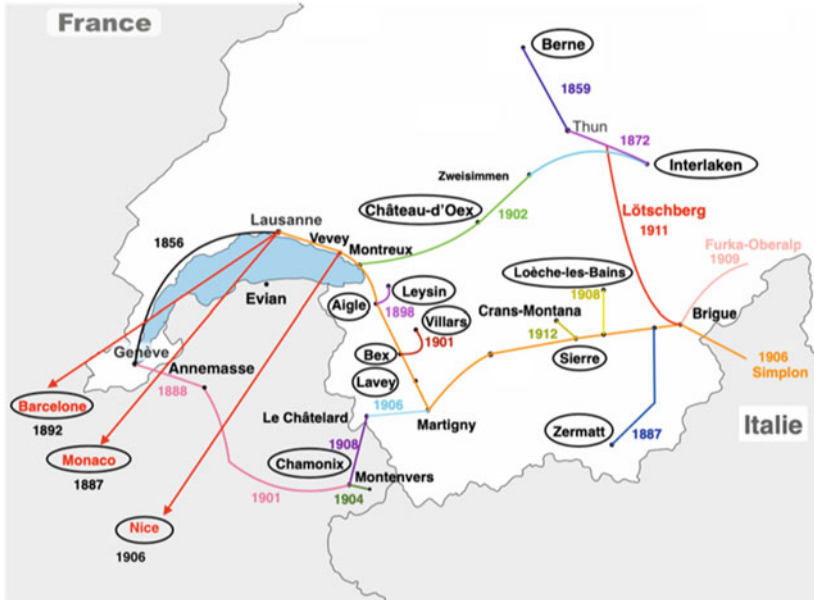


Fig. 4.2 Spatial development of tourist investments made by Lake Geneva region bankers in other tourist regions (*Source* Bioleman. Realization: Jan Chiarelli)

Lausanne and Martigny in 1861 stimulated the creation of limited companies whose aim was to develop spa resorts with luxury hotels in the Chablais region of the canton of Vaud (Bex, Lavey-les-Bains, Aigle). The emblematic banker involved in this first wave of investments was Emile Bory-Hollard (1825–1894) from Lausanne. On the one hand, he played a central role in the construction of the Lake Geneva railways by being director of six companies. In particular, he chaired the *Compagnie des chemins de fer de la Suisse occidentale et du Simplon*, which merged the regional network in 1881. He also invested in luxury hotels in Ouchy near Lausanne, in Chexbres and in Bex. In 1865, he was one of the promoters of the *Société immobilière de Bex*, which opened the *Grand Hôtel des Salines* in 1871.

A second wave of investment began in the late 1880s, spurred on by the new rail technologies that made it possible to penetrate the mountains. Developed in the 1870s, the cog railway and funicular railway not

only entertained tourists with excursions, but also enabled the development of altitude resorts. These infrastructures required large amounts of capital, which in most cases required the involvement of financiers. As we saw earlier, the Lausanne private banker Charles Masson played a key role in the spread of these new railway technologies. Working closely with engineers, industrialists and other financiers, especially from Basel, he set up three companies to establish railways in Zermatt (1887), Monaco (1887/refounded in 1891) and Barcelona (1891).

The third and most important wave took place in the first decade of the twentieth century, following the improvement of electric rail traction. During this period, investors frequently combined the construction of regional railways with the building of large luxury hotels. In the Vaud Alps, major investments from Lake Geneva banks enabled the development of the high-altitude resorts of Leysin and Villars-Chesières, which benefited from the blossoming of medical and sports tourism. Two electrified cog railways leading to these resorts were built, along with several first-class hotels. In addition, the electrified railway linking Montreux and the Bernese Oberland stimulated investment in Château-d'Oex, Interlaken and Bern. The completion of the Simplon (1906) and Lötschberg (1911) rail tunnels led to an increase in tourism in the Upper Valais, particularly in Sierre, Crans-Montana and Leukerbad. Finally, in 1901, the rail link to Chamonix triggered a flow of investments from Lake Geneva region to the French resort.

Marc Morel-Marcel (1843–1931), a private banker, was the emblematic figure of the third wave of capital exports (Humair and Chiarelli 2021). A lawyer and politician of national stature, he married the daughter of Sigismond Marcel, a prominent private banker in Lausanne. In 1890 he joined the family bank Hoirs Sigismond Marcel, which became Morel-Marcel, Günther & Cie in 1898, then Morel, Chavannes, Günther & Cie in 1912. As director of eight hotel companies, two tourist transport companies and three standard gauge railway companies, he became one of the most important promoters of the Lake Geneva tourism system. His strategy of combining investments in railway and hotel companies was extended to several resorts in the cantons of Vaud and Valais. He sat on a number of boards of directors in Aigle, Lavey-les-Bains, Leysin, Sierre and Zermatt.

LAKE GENEVA REGION'S INVESTMENTS IN THE FRENCH RESORT OF CHAMONIX

Biolemano makes it possible to identify ten bankers from the Lake Geneva region who sat on the boards of four tourism companies in the Chamonix region between 1875 and 1913.⁷ Two of them were based in Geneva, one in Lausanne and the fourth in the French border town of Annemasse. The cumulative capital of the four companies—known share and bond capital—amounted to a minimum of 13.5 million francs at that time, equivalent to 1.7 billion euros today.

The Société immobilière & industrielle de Chamonix was founded in Geneva in 1875 with a share capital of 1.2 million francs. This considerable investment was proportionate to the ambitious programme of the company, as defined in its articles of association (Feuille officielle suisse du commerce 1883, 862):

- 1) The purchase and operation of the hotels: Royal de l'Union, l'Union, Palais de Cristal, Impériale, Couronne, all located in Chamonix.
- 2) The purchase or appropriation, leasing and operation of other hotels established or to be established in Chamonix, or in other localities in France and Switzerland surrounding Chamonix.
- 3) The acquisition of land or buildings for the creation and establishment of a casino in Chamonix.
- 4) The construction of a Trinkhalle and a thermal spa in the commune of Chamonix, to use the local mineral waters, and the sale in Geneva or elsewhere of these bottled waters.
- 5) The establishment of any means of transport by rail or otherwise conducive to the development of the company's interests, as well as participation in any undertaking of this kind.
- 6) Operating and trading in ice.
- 7) Gas lighting for the village and hotels of Chamonix.

Actually, the intention was nothing less than to set up a global tourism system in the French resort, including hotel, transport, energy, spa and entertainment infrastructures. The mineral water business was also on the agenda, as was the ice business. However, the company soon entered a period of financial turmoil. In the 1880s, it had to deal with the successive bankruptcies of two private bankers who were the directors of the enterprise: Théodore Huth from Geneva and Eugène MÉRARD from Evian-les-Bains. It then turned to the Banque de Genève, which was successively

represented by two of its managers on the board of directors. In 1897, the company went into liquidation.

In 1902, the *Compagnie du chemin de fer de Martigny au Châtelard* (ligne du Valais à Chamonix) was founded in Geneva in the offices of the *Société Franco-Suisse pour l'industrie électrique* (Pacini 2008). The company's share capital was very substantial, amounting to 4 million francs in 1904, to which was soon added a bond capital of 4 million listed on the Lausanne stock exchange (Tissot et al. 1909, 42). The aim of its promoters was twofold. The representatives of finance and the electrical engineering industry were seeking to create a market that would enable them to invest capital and sell technical equipment. The second purpose of the project was tourism-related. In collaboration with the French Paris-Lyon-Méditerranée railway company (PLM), the objective was to establish a Geneva-Chamonix-Martigny-Lausanne-Geneva loop that tourists would be able to cover in a day trip.

The composition of the board of directors accurately reflected this configuration. Gustave Ador, the company's chairman, was a Geneva lawyer and politician of national stature, and a director of a number of banks and transport companies—he was a member of the Geneva committee of the PLM—as well as director of the limited company developing tourism in Evian-les-Bains. Private banker Emile Odier (Lombard, Odier & Cie) and engineer Auguste Boissonnas (*Société Franco-Suisse pour l'industrie électrique*) completed the Geneva representation. Three private bankers from Lausanne, heavily involved in the development of tourism, were also directors: Louis de Roguin (Charrière & Roguin), his son Emmanuel, who replaced him after his death in 1906, and Ernest Chavannes (Chavannes & Cie). Two private bankers from Bern and a private banker and a notary from Valais completed the board of directors. In 1906, five years after the PLM connected Chamonix to the French railway network, the line from Martigny to Le Châtelard was inaugurated. It was not until June 1908, when the section between Argentières and Le Châtelard was inaugurated, that the railway loop was closed. This opened up some very interesting development perspectives for Chamonix. Several Swiss investors were quick to seize the opportunity.

In 1905, the *Compagnie du chemin de fer d'intérêt local de Chamonix au Montenvers* was created. Its aim was to build an electrified railway line to the much-visited panorama of the Mer de glace. Although the head office was established in Annemasse and the presidency was entrusted to a French notary, the management of the company was in the hands

of Swiss financiers. Of the 13 directors in office in 1909, seven were Swiss and only six were French (Tissot et al. 1909, 94). In addition, there were three Swiss bankers on the delegation of the board of directors alongside the company's French chairman. Swiss domination was even more overwhelming when it mattered to the composition of the share capital of 1.6 million francs.⁸ As the graph in Fig. 4.3 shows, 98% of the capital came from Switzerland. With 77%, the Lake Geneva region took the lion's share: 14 private bankers from Lausanne subscribed 35% of the share capital, the Union financière genevoise, a syndicate of private bankers of Geneva, acquired 31%, the two Geneva concession holders 6% and four banks of the canton of Vaud 5%. Four banks from Fribourg (8%), one from Basel (13%) and one from Lyon (2%) completed the share capital. The dominance of Lausanne and Geneva was well reflected in the composition of the board of directors. The private bankers from Lausanne, Emmanuel de Roguin (Charrière & Roguin), Robert Monneron (Tissot & Monneron) and Charles-Emile Masson (Ch. Masson & Cie), heavily involved in the development of tourism in the Lake Geneva region, were all represented on the board. Geneva also obtained three seats, held by the two concession holders—railway engineer Julien Chappuis and public works contractor Constant Burtin—and a representative of the Union financière genevoise. The last Swiss seat was held by a private banker from Fribourg. On 29 May 1909, the *Gazette de Lausanne* devoted an article to the inauguration of the new railway. The newspaper emphasised the attraction it represented for tourists visiting the Lake Geneva region: “Mer de glace now becomes the glacier most accessible to the tourist resorts of Lake Geneva region. [...] From 1 July, this excursion can even be made conveniently in one day via Geneva and Le Fayet-St-Gervais on the outward journey and via Châtelard-Martigny on the return journey.” ([w.a.], *Gazette de Lausanne* May 5, 1909, 3).

Lastly, in 1909, the Société Hôtelière Franco-Suisse de Chamonix was created by investors from Marseille and Lausanne, with its head office in Lausanne. It bought and managed the Grand-Hôtel and the Hôtel d'Angleterre, then built the Chamonix-Palace-Hôtel, which opened in 1914. The initial share capital of 500,000 francs was increased to 1,050,000 francs in 1912. The company's key figure was the director Louis Echenard, a hotelier from the canton of Vaud who had worked with César Ritz and Auguste Escoffier to establish luxury hotels in London and Paris (Savoy, Ritz and Carlton). The owner of several hotels in Marseille,

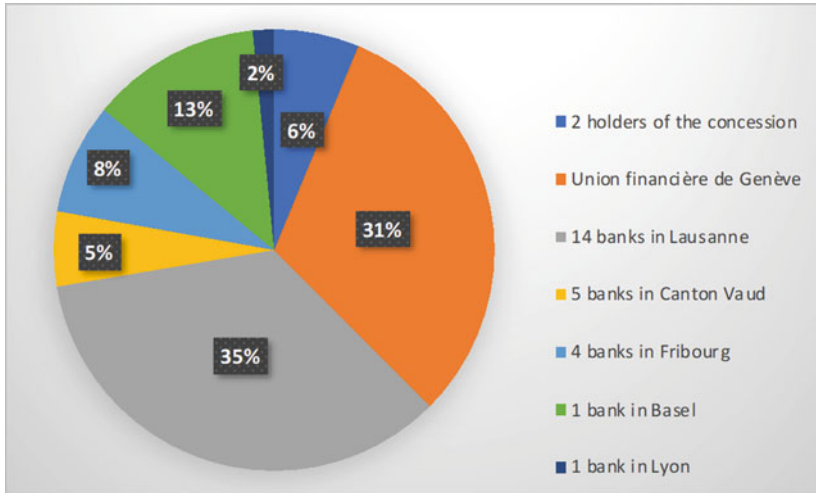


Fig. 4.3 Shareholders of the Compagnie du chemin de fer d'intérêt local de Chamonix au Montenvers in 1905 (share capital = 1,600,000 francs) (*Source* Archives nationales de France, cote 19,800,028/17 (Ministère des Travaux publics, Direction des Transports terrestres. Dossiers d'autorisation d'obligations émises pour les tramways. Seine, Savoie, Haute-Savoie, 1900–1920): *Déclaration de souscription et de versement du capital de la Société anonyme du Chemin de fer d'intérêt local de Chamonix au Montenvers (mer de Glace), 5 avril 1905*)

he also was the director of hotel companies in Lausanne and Château-d'Oex. He therefore very probably acted as an intermediary between the Lausanne and Marseille investors. The other Swiss directors of the company, Ferdinand Jomini and Charles-Edouard de Meuron, were two representatives of the Lausanne private bank Ch. Masson & Cie.

MEASURING THE CAPITAL INVESTED IN TOURISM OUTSIDE THE LAKE GENEVA REGION: THE LAUSANNE STOCK EXCHANGE

A precise calculation of the volume of capital invested in other tourist regions by Lake Geneva region bankers encounters insurmountable documentary difficulties. Indeed, the company archives needed for this exercise are either non-existent, having been destroyed, or inaccessible to

researchers, due to the banks' refusal to disclose information. However, it is possible to give an order of magnitude for the export of capital by analysing the quotations of tourism companies based outside the Lake Geneva region on the Lausanne stock exchange.

This institution was created in 1873 in response to the influx of foreign capital, mainly French, which resulted from the Franco-Prussian War of 1870–1871. Twenty of the city's banks, including sixteen private banks, took part in the foundation (Baumann 1998). The first listing already included two cornerstones of Lake Geneva region tourism at that time, the Société immobilière d'Ouchy (Beau-Rivage Palace) and the Compagnie générale de navigation sur le lac Léman. The inflow of tourism companies accelerated with the boom of the 1890s, which triggered a veritable explosion in demand for capital. The listing also opened up to companies from other Swiss and foreign tourist regions. Under the impetus of the city's private bankers, the Lausanne stock exchange emerged as an international financial centre for the tourism industry. The extent and profitability of tourism quotations were underlined by a specialist of the time: "Real estate companies and hotels occupy an increasingly prominent place; the 1912 quotation has twenty-three headings in this category; the top-ranking establishments have contracted loans of three to four million on their buildings and furniture. The public, in search of more remunerative investments than those offered by state or city funds, seems to be looking for them with increasing eagerness" (Mayor 1914, 60). Tourist railways, which proliferated at the turn of the century, also became increasingly listed. In 1913, the total capitalization of listed tourism companies amounted to 115.4 million francs—73.1 million francs in hotels and 42.3 million francs in transport—or 14.4 billion euros today (Humair and Chiarelli 2021, 11).

What proportion of this capital was invested outside the Lake Geneva region? In 1913, nineteen external tourism companies were listed on the Lausanne stock exchange (Monneron 1913). These included eleven hotel companies with a combined capital placed on the stock exchange—shares and/or bonds—of 29.1 million francs. Eight of them were located in Switzerland, in the cantons of Vaud (Bex, Lavey-les-Bains, Leysin, Villars-Chesières, St-Cergue), of Valais (Zermatt and Gletsch) and of Berne (Interlaken). Three of them were in France. Founded in 1906, the Société The Majestic Palace Hôtel, based in Vevey, was chaired by the private banker Albert Cuénod (A. Cuénod & Cie). In 1908, the company opened

a palace in Cimiez near Nice at a cost of 10.5 million francs (Chombard-Gaudin 2009, 55–59). The investments were covered by share capital of 3.4 million francs (1913), a loan of 4 million listed on the Lausanne stock exchange and a loan of 3.5 million taken out with *Crédit Foncier de France*. Two other hotel companies operating in France had loans of 2 and 2.5 million francs listed in Lausanne: *Société des Hôtels Splendide, Royal et Excelsior* (Aix-les-Bains) and *Société Marseille et Riviera*, which owned the *Hôtel Splendide* in Marseille and the *Hôtel du Golf* in Hyères.

In addition, eight tourist railway companies also had their shares and/or bonds listed in Lausanne, with a combined capital of 29.1 million francs. Two funicular railways and four cog railways operated in the cantons of Vaud (Leysin), of Bern (Interlaken) and of Valais (Le Châtelard, Morgins, Montana, Zermatt). There were also two cog railways operating abroad, which have already been mentioned—*Chamonix-Montenvers* (France) and *Monistrol-Montserrat* (Spain). The shares and bonds listed in Lausanne therefore represented a total capital of 50.8 million francs in 1913, or 6.3 billion euros today. This means that 44% of the tourism capital raised on the Lausanne stock exchange was allocated to the development of tourism outside the Lake Geneva region.

But these impressive figures were only the tip of the iceberg. In practice, the export of tourism capital took place through many channels other than the stock market. On the one hand, we have seen that private bankers from the Lake Geneva region were involved as directors in many companies in which it is sure they invested, although it is not possible to say to what extent. On the other hand, it is very likely that part of the export of capital was carried out through the intermediary of hoteliers-developers from the Lake Geneva region, who solicited financing from the regional banks in connection with their directorships. Biolemans enables us to identify 26 hoteliers from the Lake Geneva region who held 38 directorships in tourism companies operating outside the region. In this respect, the activity of the hotelier Alexandre Emery provides a well-documented example (Chombard-Gaudin 2009, 109–160). Established at the *Hôtel du Cygne* in Montreux from 1884, he became president of the company that built and opened the *Montreux-Palace* in 1906. His activities in the tourism sector soon extended beyond his Montreux stronghold, first in the Lake Geneva region and then in other Swiss and foreign tourist regions. He was the director of four important hotel companies in Leysin, Zermatt, Interlaken and Thun. But it was especially in France that he developed his business, being the director of four hotel companies in

Paris, four others on the Riviera and one in Aix-les-Bains. Although his presence on so many boards of directors was largely motivated by his expertise in the hotel business, his mandates were also linked to financial holdings. In 1900, he became managing director of the *Compagnie immobilière de Paris* and reorganized the *Grand Hôtel* (Tessier 2012). A list of shareholders dating from 1919 reveals that he owned 2700 of the 40,000 shares, i.e. almost 7% of the share capital.⁹ It is also interesting to note that he brought several Swiss investors on his side, including the *Banque de Montreux*. Indeed, Alexandre Emery had close ties with the banking sector. From 1890 onwards, he was a member of the management committee of the *Banque de Montreux*. He also worked closely with Marc Morel-Marcel, private banker based in Lausanne, since the two promoters were jointly the directors of six tourism companies (Humair and Chiarelli 2021, 14–15).

TOURISM, A POWERFUL ENGINE FOR THE DEVELOPMENT OF THE LAKE GENEVA BANKING SECTOR

From the beginning of the nineteenth century, banks in Lake Geneva region took advantage of the influx of tourists to establish business relations with the wealthy classes from England, and later from all over Europe. The services offered to wealthy foreigners began with foreign currency exchange, money transfers and the rental and sale of accommodation. These services soon expanded to include wealth management, initially for annuitants and retirees who had come to live in the region, and increasingly for wealthy tourists wanting to evade their country's tax authorities. It should be noted that the authorities in the cantons of Geneva and Vaud contributed to the development of this banking niche by granting tax privileges to foreigners and respecting banking secrecy.

The development of regional tourism also provided considerable investment opportunities and attractive rates of profit. On the eve of the First World War, the capital invested in tourism infrastructure in the Lake Geneva region was roughly equivalent to the debt of the Swiss Confederation. These investments had several advantages for the banks. Firstly, they were much more profitable than public bonds. Secondly, they provided a high degree of security; placed in a neutral country that had been spared from war since 1815, they were often guaranteed by valuable buildings and land. Thirdly, they offered attractive opportunities for capital inflows from abroad and thus supported the development of wealth management.

Moreover, the Lake Geneva banks not only invested in the development of regional tourism. From the 1860s onwards, they exported tourism capital to other regions in Switzerland and abroad. Initially, they made a relatively modest investment in the development of spa tourism in the Chablais region of the canton of Vaud (Bex, Lavey-les-Bains, Aigle). But the flow of capital accelerated from 1890 onwards, and was now directed towards high-altitude regions, where medical and sports tourism was flourishing. A synergy between investment in mountain railways and luxury hotels was then developing. The preferred locations for bankers from Lake Geneva were the Vaud Alps (Leysin, Villars-Chesières, Château-d'Oex), the Upper Valais (Zermatt, Sierre, Leukerbad) and the canton of Bern (Interlaken, Bern). From the 1870s onwards, significant investments were also made abroad, particularly in Chamonix. At the turn of the century, three tourist railways were financed in Monaco, Barcelona and Chamonix. The decade before the war was marked by the financing of several luxury hotels in Chamonix, Aix-les-Bains and on the French Riviera. In 1913, the volume of capital placed on the Lausanne stock exchange by tourism companies operating outside the Lake Geneva region represented 44% of all tourism listings.

The Banque de Montreux, founded in 1868, was an emblematic example of banking development centred on tourism. A very modest local bank in its early days, it increased its share capital three times by 1911, from one to six million francs. Its turnover was multiplied by 15 between 1870 and 1913 (Bettex 1913, 334); from 1903 to 1912, the bank distributed a dividend of 7% each year; finally, the 500-franc share reached a peak of 723 francs in 1910 (Monneron 1913, 62–63).

Although pioneering, this contribution does not claim to have exhausted the very difficult question of the relationship between tourism development and banking development. Based on an approach rooted in tourism history and limited to the turn of the nineteenth and twentieth centuries, it would benefit greatly from being expanded in a number of directions. On the one hand, it would be relevant to investigate this issue in other major Swiss tourist regions, such as the Bernese Oberland, Inner Switzerland, Graubünden, Valais and Ticino, in a comparative perspective. Secondly, an analysis based on bank records, which is highly hypothetical due to the difficulty of accessing them, would shed light on many aspects that have remained in the dark; in particular, it would be useful to understand the financing of tourism companies through current accounts. Finally, it would be very interesting to extend the period analysed. As it is

the case for many issues in tourism history, the First World War probably represented a break in the pattern. From the inter-war period onwards, the relationship between tourism development and banking development probably declined in intensity in Switzerland. This could explain the lack of interest shown in the subject by both banking and tourism historians during the twentieth century.

NOTES

1. It should be pointed out that part of the added value of the hotel industry did not come from tourism; however, it was only of minor importance at the beginning of the twentieth century. Moreover, the hotel industry only represented one part of the added value generated by tourism, which contributed to that of other branches of activity—transport, medical and educational institutes, entertainment industry—without it being possible to define in what proportions.
2. The purchasing power imported by foreign tourists was obtained by multiplying the number of nights spent in the region by an average daily expenditure estimated by professionals at that time (Humair et al. 2014, 342–343). The conversion into current francs (2009) was carried out using the GDP index from the Swistoval database (Swistoval 2010). The conversion into euros was carried out at the exchange rate on 20 April 2023, i.e. 1 franc = 1.02 euros; the same conversion operation into current euros is carried out several times in the rest of the text.
3. The figures in this paragraph and the next, as well as the methodology used to construct them, can be found in Humair et al. (2014, 356–366).
4. The Biolemmano biographical database, which went online in summer 2021, can be consulted at the following address: <https://unil.ch/hist/Biolemmano>; information on its development, content and use can be found on the home page and in various pdf documents available on the site.
5. The full list of collective actors taken into account by the research can be found in a document available on the Biolemmano home page.
6. The map was produced by Jan Chiarelli, who also contributed to the making of Biolemmano. I would like to thank him for this.

7. The information in this part of the contribution is drawn from a database devoted to tourism companies set up in the Lake Geneva region between 1852 and 1914. Developed as part of the research project mentioned above, it is not available online. Its construction required the mobilisation of a large number of sources that it is not possible to reference here in detail.
8. Steve Hagimont, whom I would like to thank, provided me with a shareholder sheet showing the composition of the share capital in 1905.
9. This information can be found in the original unpublished version of Alexandre Tessier's thesis: *Le Grand Hôtel, 110 ans d'hôtellerie parisienne 1862–1872*, Université François Rabelais de Tours, p. 518.

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