

Why Did Modern Trade Fairs Appear?

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According to our interpretation, modern trade fairs started in Europe during the First World War and in its immediate aftermath. With the closing of trade movements during the war, many cities had to resort to the old medieval tradition of providing especial permits to traders to guarantee them personal protection during their trade meetings. During the tough post war crisis many more cities –typically industrial districts– discovered in the creation of trade fairs a powerful competitive tool to attract market transactions. We compare these developments with the remote origins of fairs, as, in both cases, trade fair development is a reaction to the closing of free markets under the pressure of political violence.

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I. Introduction

Why do trade fairs exist? When did they start? Do they matter at all? These very simple questions do not have obvious answers. At least, we have not been able to find them in the literature. To be more exact: we have not been satisfied with the answers we have found. The very few hints available, mainly in locally centred publications, suggest some continuity with traditional fairs and a lot of influence of the Universal Exhibitions.

In this paper we will present our interpretation of the origins of the modern trade fairs.³ As a general movement, they started in Europe during the First World War and its immediate aftermath. There are precedents –the Leipzig trade fair is the most important, although there are others, related to the increased diffusion of the world fairs, but it is unlikely that the modern trade fairs started at that time without the impact of the First World War. We propose to understand them in the light of the complete breakdown of the first globalization wave. There was no need of trade fairs in the very open and free trade world existing up to 1913. Those that existed –just as any other fair- were more a sign of backwardness than of progress. With the closing of trade movements during the war, many cities had to resort to the old medieval tradition of providing especial permits to traders to guarantee them personal protection during their trade meetings. The diffusion of trade fairs mirrors the collapse of free trade –even of any kind of international trade. Once the war was over, trade fairs remained. They did not only remained, but gained very quick acceptance. During the tough postwar crisis many more countries and cities discovered in the creation of trade fairs a powerful competitive tool to attract market transactions. The blossoming of new trade fairs in the early twenties is firmly rooted in the marketing reaction of industrial districts all over Europe. Indeed, trade fairs are built over small and medium sized firms locations, typically industrial districts. The promotion of trade fairs is, strictly speaking, the parallel of the multidivisional developments experienced in leading US industrial firms and because of a number of similar reasons: sudden lack of markets and the need to make a much bigger impact on consumers.

We compare these developments with the remote origins of fairs, to discover that, in both cases, market fair development is a reaction to the closing of free markets under the pressure of political violence. Only the privileges issued by the armed “princes” allowed for a market life. The interesting point is that the development of fairs gains its own momentum as local authorities discover how powerful fairs are as a mean of locational competitive advantage. Further to its importance as a competitive tool for towns, there is also an awareness of its importance as a market expansion device. We underline how difficult it is to assess the real economic impact of trade fairs –the studies attempting to assess it typically underestimate its real importance- as its contribution is on efficiency –i.e., direct contribution to total factor productivity.

II. Old fairs: rise and decline

Fairs, as markets, are as old as market economies. Nevertheless, there have always been a difference between markets and fairs: their frequency. When markets are a regular fact in economic life, fairs appear as an extraordinary market. Their frequency uses to be yearly or quarterly. Another feature of fairs is their link with a privilege. All preindustrial fairs were born out of a chart or privilege granted by a political authority, be it civil or ecclesiastic. The low frequency of fairs and their political dependency made fairs a proper innovation in times of commercial closure. The medieval fairs started when kings, princes, nobles or ecclesiastic authorities worried by the lack of fiscal income decided to grant a fair privilege to towns –old or new- to promote trade and hence taxable income.⁴

The economic development of medieval Europe consisted, among other things, in the multiplication of new fairs. Fairs were the start of new markets in isolated regions. In more developed regions, fairs completed and enhanced market development. A stream of growth and specialization can be traced from the first Merovingian fairs to the highly sophisticated Champagne fairs of the thirteenth century. As everybody knows, and all economic history textbooks repeat, the Champagne fairs took advantage of their geographic centrality in the European economy to specialize increasingly as clearing houses for fair transactions. The money market and the financial market developed thanks to the rise of the traders specialized in money exchange and banking in the

Champagne fairs. In the sixteenth century new institutions appeared as more specialized substitutes for the Champagne fairs: banking houses, first; money exchanges, later.

As the European market economy developed and market transactions exploded, fairs had to focus on new fields. Novelties has been a typical activity for fairs. The more repeated transactions increasingly abandoned the fairs to switch to other institutions. Those that gained market quota were, in first instance, normal weekly markets. After, normal, daily markets. From the daily market the emergence of shops was the more natural. The Renaissance economy assisted at the birth of specialized shops. The most dynamic cities of the seventeenth century appealed to travellers from all over Europe precisely by their density of specialized shops.⁵

The development of new specialized institutions for trade produced an increasing impoverishment of fairs. New fairs started in many overseas locations, where the trade contacts between the old and the new world were scarce, and usually limited to the seasonal movement of a limited number of ships. In Europe fairs still were growing in its periphery as interfaces with other civilizations. Within the well established European economies, fairs were losing most of their functions and content. Trade was well protected by the political authorities. Privileges were less necessary –or not necessary at all. The growth of trade brought about the specialization of old fairs into minor parts of the ordinary working of the market economy. In the rural areas, fairs increasingly became cattle fairs or seasonal occasions to sell specialized produces –the French “spécialités”. Both in urban and rural areas, fairs remained as an occasion of festivity and leisure consumption. This process was well advanced in the nineteenth century. Even in the eighteenth century French “physiocrates” and “encyclopédistes” like Turgot stated that fairs were a symptom of backwardness. Turgot insisted that a well developed market economy with well defined property rights did not need fairs at all.⁶

The liberal reforms of the nineteenth century eroded all throughout Europe the role of fairs. They did not disappeared at all. They simply adapted to new and reduced economic functions within the rural economy –cattle trade being the most frequent. Their number grew, but their economic importance declined.⁷ The urban trading

economy was not depending on fairs but on shops and markets –as many of them as possible. In the early years of the twentieth century there were no fairs at all in the major commercial towns of the world. To be more precise: there were not even plans to create such fairs.

III. The first Modern Trade Fairs

What we have labelled as Trade Fairs –and we propose to label as Modern Trade Fairs (MTF)- started during the First World War. The first mover was Lyon. We have a lively description of the reasons behind the Lyon trade fair in an extraordinary document that has been recently discovered in the Barcelona archives and libraries⁸:

“Everybody knows why the Lyon Fair was organized –it was a natural consequence of war. The Lyon Committee of the League for the Defence of French Interests had the idea to organize an annual event of the kind of the German one. On August 22nd, 1914, Mr. Arlaut made explicit, for the first time, the League projects, and talked with the Lyon major and with the President of the Chamber of Commerce. Lyon had the chance that Mr. Herriot was a good and generous citizen that accepted the idea as his own one and publicized it throughout France. He managed to assemble around him all what was noble and great in France.

To organize the Fair based on war ideals was to risk to link it too much to the war. Once the war would be over, the fair would disappear, too. Precedents were looked for in French history, particularly in Lyon’s history to give legitimacy –origins and tradition- to the project. During the XVth and XVIth centuries there were fairs in Lyon with a European scope. These fairs were different: for the immediate buying and selling of the goods. There was a tradition, that needed to be updated and reduced to a “sample fair”, just as it happened to Leipzig twenty years ago. Furthermore, Lyon has a favourable geographic location and Lyon is the second French capital. It has easy means of transportation, and it is comfortable and attractive. The success was sure. (...) The success was quick because France realized that full support was to be provided to the new initiative to call for businessmen and traders that did not want or did not could go to Leipzig because of the current difficulties. Also because of the patriotic reason of countering as much as possible Leipzig’s success –a natural consequence of war that switched from the battlefields to the workplaces. Lyon’s Trade Fair did not miss the enthusiasm and cooperation of the French. (...)

The outcome of all these enthusiasms and supports was the beautiful Fair, inaugurated on March 1st, 1916, while the sound of German guns was often interrupting the speeches of French representatives.(...)

Undoubtedly, Lyon is, after Leipzig, the Trade Fair that has managed to become more important and the one that has been the model of so many other European fairs, that have copied, with minor changes, its constitution and presentation”.⁹

The long quote is well deserved as it clarifies a number of issues. It is worth reminding that the mayor of Lyon –Édouard Herriot- was a politician affiliated to the “Parti Radical”, with a bright political career in front of him as he was to become Minister, Prime Minister, and President of his party for some forty years. There is no doubt about the “war” nature of the plans for a new Trade Fair, nor is there any doubt about the need to provide a historical justification –almost the invention of a tradition- in order to be sure that the Trade Fair would survive after the end of the hostilities. The pattern followed is also out of question: Leipzig’s Trade Fair. It is worth considering now the Leipzig experience in more detail.

IV. Inventing the Modern Trade Fair: Leipzig.

What was a “trade fair”? The trade fair (“*feria de muestras*” in Spanish, “*fiera campionaria*” in Italian, “*foire d’échantillons*” in French, “*Mustermesse*” in German) consisted in a fair of samples of the items that were to be traded. The first trade fair – the Modern Trade Fair- started in Leipzig in 1894. Leipzig was a town with a fair that lasted since the thirteenth century.¹⁰ Contrary to many other major German fairs, Leipzig avoided all major breaks and shocks in the seventeenth century (the Thirty Years war) and in the early nineteenth century (the Napoleonic wars). The Leipzig fair became the major occasion of commercial interaction between the Central and the Eastern European worlds. Leipzig presented and sold their own produces and hosted the export products of Eastern Europe. As the development of new telecommunication devices –the telegraph and the telephone- and of new transport modes –the railway and the steamship- challenged the traditional way of organizing long distance trade, the Leipzig fair planned a new strategy of survival. Indeed, telegraphs, railways and steamers allowed for direct contact between sellers and buyers, and made old fairs and old merchant networks obsolete.

We have another lively account of this historical process published in the Leipzig *Mustermesse*’s journal in 1923¹¹:

“Its transformation into Trade Fair (“samples fair”) has been the natural outcome of the great progress brought about by the last century, that allowed to replicate goods with no

quantity limit –goods that can be displayed with a sample (“specimen”). It started in Leipzig by mid nineteenth century. There, the first samples representing large stocks of manufactured items in the toy business, appeared. They were followed by other trades: glassware, pottery, metalware, music, fancy.

The main advantage of the “samples” fair over the old fair system is in the reduction of the risk the manufacturer has to bear. He is no more obliged to transport large stocks to the fairs, and to face the risk of having to transport them back in case they were not sold.(...)

As the new “Samples” Fair was having success in Leipzig, the old “Stocks” Fair was declining, until its complete disappearance by the end of the last century. Then the natural phenomenon happened that all the branches of industry and arts were increasingly participating in the new Fair and all of them wanted to display their production to the many buyers coming to the Fair from all the places in the world –even the most far away.”¹²

Another excerpt called also the attention of the official in charge of gathering information about the Leipzig Trade Fair:¹³

“The “Samples Fairs” (“Trade Exhibitions”) were created to ease the sell of some kinds of goods, whose samples are, because of weight, nature, volume or fragility, too difficult to transport as they are: toys, hardware, fashion goods, pottery, glassware, metals, and so on. All of them could not find a better selling occasion than their exhibition by large series in a central market.

Many of these items were, and still are, the product of small firms that did not have the time nor the necessary capitals to afford long commercial trips, as the transport of the samples would be quite expensive.

The location of these industries is not random, but due to local circumstances. Where there is cheap hydraulic power, as in Bohemia and in the Silesia border, you will find glassware manufactures. Where the raw material can be found in the subsoil, as in Saxony, you find the pottery manufactures. In other poorer regions the inhabitants have been forced to develop domestic manufactures like toymaking, musical instruments, watchmaking, imitation jewellery, etc.. –that after centuries of practice have been improved up to world unrivalled perfection.”¹⁴

In other words, we discover that the Leipzig fair switched from a staple fair to a trade fair (or *Mustermesse*). The process started with small scale and highly handcrafted manufactures –small scale firms- that developed as what we have been calling “industrial districts” ever since Alfred Marshall. They resented the lack of the proper distribution networks and joined efforts to build a common commercial strategy. We do not know for sure who was responsible of the underlinings –the German original text or the Spanish translation. We guess this was added by the Spanish translator, impressed by the priority of the toy trade in launching the move to the trade fair. It happened –as

we will insist later on- that things happened exactly in the same way with the first developments of the Valencia and the Barcelona Trade Fairs during the Great War years. Before exploring this interesting issue, it will be worth to explore further the origins of the Leipzig switch to a Trade Fair.

Indeed, it could have happened in other places of the world, but it didn't. Many factors could have been at work. The peculiar location of Leipzig, in the crossroads of Central and Eastern Europe, i.e., in the German Empire, but close to the Russian border, and not far of the Austrian-Hungarian Empire suggests the importance of geographic factors. But these have to be combined with the gradient in income per capita. Leipzig proposed new products to the less developed Russian market. There still were traditional old fairs in Russia. Among them we can point at Nijni-Novgorod's, that was for many years probably the largest fair in the world; but it was centred in the cattle trade.¹⁵ Russia had traditional fairs, with hundreds of thousands of people meeting for a couple of weeks every year, but lacked places to check the advances in new technologies. These places nevertheless existed: they were known as the Universal Exhibitions.

V. World Fairs and Leipzig Trade Fair

When considering the origins and functions of the Leipzig Trade Fair it is inevitable to think immediately of the Universal Exhibitions –also named World Fairs. Before the 1894 Leipzig decision to launch a new kind of fair –a Trade Fair-, in Europe there had been Universal Exhibitions in London (1851 –at Crystal Palace- and 1862), Paris (1855, 1867, 1878 and the impressive of 1889, in occasion of the centennial of the French Revolution), Wien (1873), Amsterdam (1883), Antwerp (1885), Brussels (1888), plus smaller ones in Munich (1854), Porto (1865), Lyon (1873) and Barcelona (1888). Further to these, many happened in the United States: New York (1853), Philadelphia (1873), New Orleans (1885), Chicago (1895); and even in Australia: Sydney (1879) and Melbourne (1880).¹⁶

Even the origins of World Fairs can teach us something else about why did new kinds of fairs come into being. The first Universal Exhibition called for Prince Albert to be opened in London in 1851 was not born out of the blow. By then there was almost a

century of experience in “Industrial Exhibitions”. The first one happened in London, too, in 1757. There were others to follow: London again in 1761, Geneva in 1789, Prague in 1791. But it was during the years of the French Revolution when the concept got deep roots and was repeated with some regularity. It was in 1798, in Paris, with the first Industrial Exhibition of large size and public. The success of the event encouraged new editions during the Directory and the Empire. An interesting period, indeed, as trade with the United Kingdom was severely reduced and, many years, even forbidden (the “Continental Blocus” years). The Industrial Exhibitions were a way to diffuse the technological breakthroughs of industry in a period of closing trade. The fashion remained even after the fall of Napoléon. In 1819, under Louis XVIII, there was a new edition. The Restauration Kings realized how valuable an Industrial Exhibition could be to catch up with the advanced England. From 1820 onwards many more Industrial Exhibitions happened all through Continental Europe, particularly in towns with an industrial tradition like Gant, Tournai, Harlem or Barcelona. The trend reached Russia (1829), the German States (in occasion of the Zollverein, in 1834) and Austria (1835). What was in common to all these Industrial Exhibitions was the leadership of and the support provided by public authorities. All the authorities promoting these events underlined how important it was for their states to show the best state of manufacturing, domestic and foreign, in order to foster domestic entrepreneurship and industry, specially in the town where the Exhibition was to happen. In modern words, they were aiming at enhancing the locational competitive advantage of their towns, regions and countries.

As we can see, the formula for a large exhibition was well known, and what missed was how to make World Fair a regular event. Leipzig managed to do it and even invented a name for it: Trade Fair. The central position in Central and Eastern Europe combined with the Leipzig’s general fair tradition was decisive. In many ways Leipzig got the right incentives to organize informal Universal Exhibitions every year or every six months. Russia was too backward to host a World Fair. Leipzig general fair feared decline. It was a wise move to develop it into a yearly (or biannual) exhibition, applying some of the rules of the Universal Exhibitions –only samples were presented-, and avoiding others –not to pretend to be a World Fair was the most important one!

We realize that building on this tradition was a major commercial success of the Leipzig municipality. The marriage of old traditions with recent innovations was, in all likelihood, a lucky decision that prevented Leipzig from decline. The Russian market and the Leipzig hinterland, densely populated with industrial districts provided the clue for success. Nobody else considered such a move. Many Western towns were happy enough with their commercial arrangements and with their linkage into the world economy.

VI. The reluctance to follow the Leipzig pattern

For all the Leipzig success with its new trade fair, nobody else followed this initiative. We may consider this to be the recognition that Leipzig's solution was very much specific and not appealing for other commercial towns. Any check of the trade literature of the years between 1894 and 1914 suggests that the channels open for trade were many, and all of them pretty much used. There were many markets, many specialized traders, many commercial houses and agencies, many firms expanding their international networks, and many facilities to bring together news from consumers and suppliers. In the years before the Great War the specialists in commercial affairs used to meet once per year to exchange information and to present a new promising market. The eighth edition of this "international course of commercial expansion" happened to be in Barcelona the last week of July and first week of August 1914. It could only last for one week because of the outbreak of the War. All the delegates rushed back to their countries. When the book was published almost a year later, all the papers became a lively and powerful memory of the end of the old free commercial order. All through the six hundred pages and thirty contributions to the volume there is not a single reference to trade fairs.¹⁷ Not a plan to create a new one, nor a complaint about the working of the current commercial networks. The international economy of the prewar years was not in need of trade fairs. Trade was free, and it was so for years. Trade institutions were very well adapted to the needs of the economy. Trade fairs did not seem necessary. It was the exceptional circumstances of the war that made Trade Fairs necessary.

VII. The second comers

Just before Lyon Trade Fair opening there were Trade Fairs created in the United Kingdom. By 1915 three trade fairs were inaugurated in London, Birmingham and Glasgow. They were national in scope and promoted by the Department of Overseas Trade of the Board of Trade. The special circumstances of the war explain the move, but the domestic scope was less ambitious than Lyon's –international since its very start-, although the size achieved was impressive (the “domestic” character meant, in the United Kingdom, “imperial”). After Lyon inauguration of her Trade Fair in 1916, many more towns were appealed by the initiative. Utrecht inaugurated a Trade Fair in 1917 – initially national in scope. Many others paid careful attention to the initiative or started with smaller trade fairs.¹⁸ We have followed with a bit more of detail the Spanish cases. Valencia opened a Trade Fair in 1917 (“*Fira Mostrari*”). It was the reaction of the manufacturing sectors, particularly the toy makers, to the closing of the international markets. As Valencia lost so many agricultural export markets because of the war, the initiative of creating a Trade Fair was most welcome by the authorities, the manufacturers and the traders.¹⁹ Barcelona started in 1914 with a small Toy Fair, that developed by 1918 into a “de facto” trade fair. It got the name of “Trade Fair” only by 1920.²⁰

Indeed, 1920 is the most common date for many Trade Fairs to start. The War triggered the first Trade Fairs, but it was the economic postwar crisis that mostly helped the Modern Trade Fairs to come into being. A memorandum of the Bruxelles municipality puts in bluntly:²¹

“With the goal of contributing to the recovery of our economic life and of supporting our industries and crafts in their search for markets and for new sources of raw materials, the Town Council of Bruxelles, resuming our old historical traditions, has decided to organize every year a samples International Trade Fair where all the producers and customers from the Ally countries, from the neutral countries and from Belgium will meet.”²²

Milan, Prague, Utrecht, started their international fairs in 1920. All of them were worried with the fall in demand and reacted promoting their own produces.²³ The Trade Fair was perceived as an adequate tool for this purpose. Even Leipzig did not escape

from this same rationale. The Leipzig fair was an exceptional engine for the promotion of trade during the war years, and a device to reinvigorate the German economy during the postwar crisis. The organizers made an explicit case of these factors:²⁴

“The Great War has left as heritage an economic isolation that challenges the well established solutions provided to old problems.

The merchants of each country, as a consequence of this situation, are poorly informed –or misinformed- and they cannot, as in previous times, acquire the goods they need by a simple order. Any movement of goods needs, today, a large number of informations on transports, tariffs and other circumstances. Furthermore, the continuing reappearance of the lower quality items produced during the war obliges to a visual check –purposeless in the previous world, based on generalized trust- to be sure that you really buy what you want.

The need to face these difficulties as well as many others, to push merchants to establish contacts that were unnecessary before (the war), and to achieve the resurrection of trade, has decided the Committee to transform the old Fair in an International Fair.

The concentration of world trade represented by our Fair provides the visitors with all kind of trade relations and the ease and information necessary to buy the goods they need.”²⁵

Getting the label “international” on the name was fundamental to attract other traders. It was the collapse of the international trade that triggered the creation, diffusion and transformation of Modern Trade Fairs. Further to the above mentioned towns the recollection of the Barcelona Trade Fair memorandum mentions these other cities as organisers of Trade Fairs between 1917 and 1922: Basle, Wien, Bordeaux, Padova, Trieste, Naples, Frankfurt, Breslau, Fredericksburg, Malmö, Lvov and Geneva.²⁶

By 1925 the network of Trade Fair cities was large enough, and the challenges common enough, to create an international association. It was named “Union des Foires Internationales” (UFI). It excluded Trade Fairs non international in their scope. Born in Milan in 1925, the UFI brought together the twenty largest European Trade Fairs: Bordeaux, Bruxelles, Budapest, Cologne, Danzig, Frankfurt, Leipzig, Libiana, Lvov (Lemberg), Lyon, Milan, Nijni-Novgorod, Padova, Paris, Pragu, Reichenberg (Liberec), Utrecht, Valencia, Wien and Zagreb. They covered all continental Europe – United Kingdom excluded- with a particular focus on Central Europe. Their primary objective was “to develop cooperation among European international trade fairs in order to revitalise international commerce after the World War”.²⁷

VIII. Modern Trade Fairs in Business History

The Modern Trade Fairs had a clear cut mission: to revitalise international trade. We can relate the break up of the international economy –the end of the first globalization– with the emergence of Modern Trade Fairs. They provided trade privileges and public support to make trade easier, and to gain a market share in a world of reduced incomes and trade. They were a competitive device used by towns and sectors that were in urgent need of cooperation to compete in world markets. We are typically talking about industrial districts. The big manufacturing firms were coping with the same challenge in different ways. Alfred D.Chandler jr. revealed more than forty years ago that some of the largest manufacturing US firms also suffered the postwar economic depression, and that they reacted by learning to cope with major economic fluctuations.²⁸ The headquarters were reinforced with departments in charge of monitoring the economic fluctuations. The top management needed more advice on the ups and downs of the economic cycle. It became evident that the various lines of business activity had to be reorganized according to their commercial affinity to the best possible advantage of the market opportunities. As a result some firms created the first multidivisional structures. The goal was to have a sharper impact in markets, and to increase the market share.

Another way to cope with shrinking markets was through cartels. This was the European way to manage economic downturns for big firms just after First World War. It was impossible for United States firms because of the antitrust legislation passed earlier on. But all European countries were much more congenial with cartels than the United States. Indeed, the nineteen twenties were the golden age of cartelization. Cartels were particularly important and frequent exactly in the same fields where we find big firms in the US: metallurgical industries, chemical industries, and engineering (electrotechnical and shipbuilding). They acquire a more intense international scope.²⁹

In a similar way to what big manufacturers did in the US with the invention of the multidivisional structure, and in Europe with the relaunching of international cartels, small European manufacturers had to invent the Modern Trade Fair to cope with shrinking markets during the same years. The Trade Fairs emerged as an emergency device, but they were to last.

Once a new economic institution comes into being, the economic landscape changes. A town with a Trade Fair had a powerful competitive tool. It had good reasons to insist in promoting an activity that upgraded its commercial profile and helped to build its locational competitive advantage. While the international economy remained closed – or significantly more closed than before the Great War- the MTF had sound foundations to go on and to expand. The closer the international economy the more useful they were. Their golden years were the nineteen thirties, the nineteen forties and early fifties, when international trade was at its lowest. As economic growth and international trade resumed, MTF lost its “raison d’être”. During a couple of decades MTFs looked for new goals. The large, product wide MTF declined and new MTF, specialized in character developed. It was the era of closing of the general MTF and the start of specialized trade fairs. Increasingly small trade fairs explored and assisted to the start of new markets. Technological change and changes in distribution and logistics provided new room for the trade fairs. As specialized markets exploring new fields, trade fairs found a new rationale for their activity. They put together supply and demand in emerging markets. MTFs became promoters of new markets, a genuine contribution to further economic efficiency. Local authorities have always been supporting their trade fairs as they have been acutely keen of their strategic importance to attract trade and economic activity.³⁰ Research has been funded to show and quantify the economic importance of MTFs to urban economic growth, but all the estimates (like Golfetto’s and Rubalcaba’s) tend to underestimate the true importance of Trade Fairs. The impact is better perceived when we look at the unwillingness of municipalities to loose a single inch in their overall Trade Fair market quota. Politicians catch perfectly well that the importance of MTFs go well beyond the estimated numbers of direct impact (business made during the fairs) even with the addition of the indirect impact (hotels, restaurants, travel and so on). It is a matter of being in the map, a matter of competitive locational advantage. Only the notion of efficiency, i.e., the most invisible part of total factor productivity, captures properly why do MTFs matter.

The new countries switching into market economy –Eastern Europe, the former Soviet Union, and China- have immediately created MTF. The phenomenon started in the towns that were former Trade Fairs, but has diffused to many more locations. The MTF

are still related to a not fully opened international economy, but they have become more rooted in its character of locational competitive advantage builders.³¹

We can compare these developments with the remote origins of fairs, to discover that, in both cases, market fair development is a reaction to the closing of free markets under the pressure of political violence. Only the privileges issued by the armed “princes” allowed for a market life. The interesting point is that the development of fairs gains its own momentum as local authorities discover how powerful fairs are as a mean of locational competitive advantage. Further to its importance as a competitive tool for towns, there is also an awareness of its importance as a market expansion device. Although it is very difficult to assess the real economic impact of trade fairs –the studies attempting to assess it typically underestimate its real importance- as its contribution is on efficiency –i.e., direct contribution to total factor productivity, there is no doubt that nobody wants to loose a MTF. MTFs will last, just as old fairs lasted, too.

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Appendix A

“Todo el mundo sabe por qué causas se organizó la Feria de Lyon; fue una consecuencia natural de la guerra. El Comité Lyonés de la Ligue de Défense des Interêts Français tuvo la idea de organizar una manifestación anual por el estilo de la manifestación alemana. En 22 de agosto de 1914, Mr. Arlout encarnó, por primera vez, los proyectos de la Ligue, hablando seguidamente de ello al Alcalde de Lyon y al Presidente de la Cámara de Comercio. Tuvo Lyon la suerte de que Mr. Herriot fuese tan buen lyonés y hombre de anhelos tan generosos, que haciéndose del todo suya la idea y convirtiéndose en propagandista por toda Francia, logró reunir bien pronto a su alrededor todo cuanto existe en la vecina nación de grande y noble.

Organizando la Feria a base de ideales de guerra, de complemento de revancha, se corría el peligro de que, concluida la lucha, no tendría su razón de ser; se buscó por consiguiente en la historia de Francia, y particularmente en la historia de Lyon, motivos y tradiciones que dieran carta de naturaleza al proyecto. En los siglos XV y XVI se celebraban ferias, adonde acudían los mercaderes y vendedores de Europa entera y de Levante, si bien es verdad que entonces, como por todas partes, las reuniones eran para la inmediata venta de mercaderías. Existía, por consiguiente, una tradición que abonaba la empresa, que debía, naturalmente, modernizarse y limitarla a “Feria de Muestras” del mismo modo que a su vez y en su día la redujo Leipzig. Lyon, por otra parte, tiene una situación geográfica favorable y es indiscutiblemente la segunda capital francesa; posee fáciles medios de transporte, es ciudad atractiva y agradabilísima. El éxito podía descontarse. (...)

El éxito de la Feria fue rápido porque Francia comprendió que había que prestar todo su apoyo a la naciente empresa a fin de llamar hacia sí los negociantes y compradores que no podían o no querían ir a Leipzig por las dificultades del momento y además, por la razón patriótica de anular todo lo posible la manifestación alemana en provecho de la propia, natural consecuencia de la guerra, que se desplazaba de los campos de batalla a los centros de trabajo. No le faltó, pues, a la Feria de Lyon, el entusiasmo y la cooperación de todos los elementos franceses. (...)

Producto de todos estos entusiasmos y de todos estos concursos fue la hermosa Feria, inaugurada en 1º de marzo de 1916, mientras el ruido de los cañones alemanes interrumpía a menudo los discursos de los representantes franceses. (...) Indiscutiblemente, después de la de Leipzig, Lyon es la Feria que ha llegado a tener más importancia y fue la que mayormente determinó la creación de tantas Ferias europeas, que han copiado con muy ligeras modificaciones, su presentación y su constitución”.

Appendix B

«Su conversión en Feria de Muestras ha sido la consecuencia natural del gran progreso que en maquinaria nos trajo el siglo pasado, por cuyo medio es posible reproducir los artículos sin límite de cantidad, que bajo una simple muestra se exhiban. A medianos del siglo XIX aparecieron en Leipzig las primeras muestras representando grandes *stocks* de géneros manufacturados del ramo de juguetería y pronto siguieron su ejemplo las industrias pertenecientes al cristal, cerámica, metal, artículos de fantasía y música.

La ventaja principal de la Feria de Muestras sobre el antiguo sistema de las Ferias, está en la reducción del riesgo del fabricante que ya no necesita transportar a Leipzig grandes *stocks* de géneros y correr el albur de que estos hallen poca o ninguna salida y verse obligado a los desembolsos para su transporte de vuelta.(...)

Tanto como la Feria de Muestras fue progresando en Leipzig, la Feria de géneros fue decayendo, hasta que a últimos del siglo pasado desapareció por completo. Entonces se produjo el fenómeno natural de que poco a poco todas las ramas en que la industria está dividida, fueron tomando parte en la feria de Muestras y quisieron exponer su producción ante los ojos de la multitud de compradores que afluyen a todas las partes del globo, aún de los más remotos.»

Appendix C

«Las Ferias de Muestras fueron instituidas para facilitar la venta de ciertas clases de mercancías, cuyas muestras por su peso, su naturaleza, su volumen o su fragilidad eran difícilmente transportables, como son: juguetes, ferretería, artículos

de moda, joyería, cerámica, cristalería, metales, etc, y que no podían encontrar una mejor ocasión de venta que su presentación por colecciones completas en un gran mercado central de venta.

Muchos de dichos artículos estaban, y todavía están, el producto de empresas pequeñas, que no disponían ni del tiempo, ni de los capitales necesarios para emprender largos viajes comerciales, pues el transporte de las muestras de dichas mercancías, y para muchas de ellas se tienen que presentar a la misma mercancía, ocasionaría estorbo y gastos de consideración. (...)

El emplazamiento de dichas industrias no es debido a la casualidad sino a las mismas circunstancias locales; donde hay fuerza hidráulica barata, como en Bohemia y a la frontera de Silesia, se encuentran fábricas de cristalería, en otros sitios donde la materia primera se encuentra en el suelo, como en Sajonia, se encuentra la industria de porcelana, en otras regiones más desheredadas los habitantes han tenido que dedicarse a industrias a domicilio como las de los juguetes, de los instrumentos de música, de la relojería, de la bijoutería, etc, que por una experiencia de varios siglos han llevado a un grado de perfección sin rival en el mundo.»

Appendix D

«Dans le but de contribuer au rétablissement normal de notre vie économique et d'aider nos industries et nos métiers dans la recherche de débouchés et de nouvelles sources de matières premières et de produits, le Conseil Communal de la Ville de Bruxelles, reprenant nos anciennes traditions historiques, décide d'organiser tous les ans une Foire Commerciale Internationale d'échantillons où se rencontreront les producteurs et les acheteurs des pays alliés, neutres et de la Belgique. »

Appendix E

“La gran Guerra nos ha dejado como herencia un aislamiento económico que pone en cuestión problemas que se consideraban resueltos en otros tiempos.

Los comerciantes de cada país, en consecuencia de esta situación, están poco o mal informados, no pueden, como en otros tiempos, cubrir sus necesidades de mercancías por medio de una sencilla carta de pedido; todo movimiento de mercancías, necesita hoy día, un sin número de informaciones sobre: transportes, tarifas aduaneras, y otras circunstancias, además, la incesante reaparición de las mercancías inferiores fabricadas durante la guerra, exige de una manera estricta la “venta a la vista” cuando hacen falta las relaciones mercantiles confiantes.

La necesidad de hacer frente a estas dificultades así como a muchas otras, para llevar los comerciantes a entablar relaciones que en otros tiempos se podían evitar, y para lograr la resurrección del comercio, han determinado el Comité a transformar el antiguo mercado de la Feria en Feria Internacional.

La concentración de comercio mundial que representa nuestra Feria ofrece a los visitantes toda clase de relaciones mercantiles y de facilidades y informaciones para la obtención de mercancías.”

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³ Some issues have been presented in more detail in Carreras & Torra (2004). First versions of this paper were presented at the “X Simposi d’Història Econòmica” on Networks and Economic History, Bellaterra, 27-29 January 2005, and at the Association of Business Historians 2005 Conference in Glasgow, 27-28 May 2005. We thank the comments of our discussant, Lina Gálvez, and of all the audiences.

⁴ The literature is huge. Let’s mention Selfridge (1928), Day (1941), *La foire..* (1952), Verlinden (1963), Malanima (1995), Cavaciocchi, ed. (2001), Miller (2001), Aerts (2003), Batlle (2004).

⁵ Torra (2005).

⁶ The early modern fairs are studied by Braudel (1979), Margairaz (1988), many contributions in Cavaciocchi, ed. (2001), and Schultz (2001). Turgot (1757).

⁷ Thomas (1993) for a detailed account of French fairs in the long nineteenth century.

⁸ The document, entitled *Algunos datos para un estudio comparativo de Ferias Europeas recogidos personalmente en sus respectivas oficinas y completados con los existentes en el notable archivo de la Feria Oficial de Muestras de Barcelona. Año 1921*, 87 pp, has no author. We found it in the recently catalogued library collection of the Barcelona Chamber of Commerce. The collection was boxed for many years and has recently been deposited at the UPF library. Further to this pamphlet we have found the original manuscript at the archive of the Barcelona Trade Fair. As the title of the document mentions, the original manuscript is longer and includes extensive appendixes.

⁹ *Algunos datos...*, pp.16-19. See Appendix A.

¹⁰ Eiden (2001).

¹¹ We follow the Spanish translation found in the Archive of the Barcelona Trade Fair: *Carácter e importancia de la Feria de Leipzig* (traducción del inglés del suplemento de Revista Oficial de la Feria Técnica y de Muestras de Leipzig. 20 Enero 1923).

¹² See Appendix B.

¹³ Archive of the Barcelona Trade Fair, Algunos datos de la Feria de Leipzig (traducción del alemán): “La situación de Leipzig como Feria mundial (extracto de la Leipzig.Mustermesse). No indication of year, but it is very likely to be 1921.

¹⁴ The underlining come from the text. See Appendix C.

¹⁵ Selfridge (1928) provides a colourful description of Nijni-Novgorod fair.

¹⁶ Greenhalgh (1988), *Historical Dictionary...*(1990), Rydell (1993), Rydell and Gwinn, eds (1994).

¹⁷ *Octavo (VIII) Curso Internacional de Expansión Comercial* (1915), Barcelona, Cámara de Comercio y Navegación de Barcelona, Barcelona.

¹⁸ All the data from *Algunos datos para un estudio comparativo...*

¹⁹ Solbes (1974).

²⁰ Corredor-Matheos (1981), Cabana (2000).

²¹ Archive Barcelona Trade Fair: *Administration communale de Bruxelles. Rapport sur la première Foire Commerciale Annuelle (du 4 au 21 avril 1920)*.

²² See Appendix D.

²³ On the Milan case: Colombo, Mocarelli and Stanca (2003). On all of them: *Algunos datos para un estudio comparativo...*

²⁴ Archive Barcelona Trade Fair: *Algunos datos de la Feria de Leipzig* (Traducción del alemán): “La Feria de Leipzig en el conjunto de la Economía Política Internacional”. Likely to be 1920 or 1921.

²⁵ See Appendix E.

²⁶ *Algunos datos...*

²⁷ See its web page: <http://www.ufinet.org>

²⁸ Chandler, jr. (1962)

²⁹ Barjot, ed. (1994).

³⁰ On the issues raised in this paragraph: Golfetto (1988) and Golfetto, ed. (1991). A systematic quantitative approach in Rubalcaba (1994), and Rubalcaba and Cuadrado Roura (1995) and (1998).

³¹ UFI web page.