

Hosting an international institution: a balance sheet

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The experience of the Council allows an early balance sheet of the benefits and costs of hosting an international institution. The benefits were immediate and visible. The spending of the visitors increased the income of innkeepers, landlords, merchants and craftsmen. The city's revenues from consumption taxes rose. The market for legal and financial services expanded. As the city's prestige grew, its name became known throughout Europe. Contacts were established that would benefit the city for decades, above all the relationship with Piccolomini, which led to the university.

The costs were less visible but real. Prices rose, which hurt the poorer citizens who did not profit from the visitors' spending. Housing became scarce. The city had to spend money on security, on the regulation of the market and on the settlement of disputes. It was exposed to the political conflicts of the Council and to the pressures of the great powers. And when the Council declined, the city faced a sudden fall in revenues and a surplus of lodgings and services built up for the visitors.

Modern studies of international Geneva, which the companion volume discusses, reach similar conclusions. International organisations bring employment, spending, prestige and networks. They also raise housing costs, create a two-tier society between privileged international officials and the local population, and expose the host to the political conflicts of the organisations' members. The balance is generally positive, but its distribution is uneven, and the host must manage it actively. The Swiss Confederation and the cantons of Geneva and Basel-Stadt pursue a host state policy that seeks to maximise the benefits and to mitigate the costs, through the provision of premises, the management of privileges and the integration of international staff into the local community.

For Basel, the Bank for International Settlements is a much smaller institution than the Council, and its economic weight in the city is modest compared with the pharmaceutical industry. Its importance lies elsewhere:

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in the prestige it gives the city's name, in the networks of central bankers and supervisors who meet there, and in the association of Basel with the rules that govern global banking. In this respect, the BIS resembles the Council more than one might expect. The Council gave Basel a place in the history of the Church; the BIS gives it a place in the history of international finance. Both made the name of the city a symbol that is known far beyond its borders.

There is a final lesson. The Council left Basel because it lost the protection of the Emperor and the support of the princes. Since international institutions depend on the political will of their members, a host city cannot guarantee their permanence. The BIS has been in Basel since 1930 and has survived the Second World War, the demands for its liquidation at the Bretton Woods conference in 1944 and the transformations of the international monetary system. Its permanence rests on the continued satisfaction of its members with the conditions that Switzerland offers. Part F returns to this question.

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