

Markets, measures and the regulation of trade

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The right to hold a market was, like the right of coinage, a regalian right that the bishops had received from the crown. The market was a place and an institution. It was held on fixed days, under the protection of the lord, whose peace guaranteed the safety of buyers and sellers, and under rules that fixed weights and measures, prices of certain goods, the quality of products and the fees payable for stalls and transactions. The market generated revenue for the lord and offered a legal framework for exchange: a sale concluded on the market in the presence of witnesses and under the lord's peace was protected against later claims.¹

In Basel, the main market developed in the valley of the Birsig, at the foot of the Münsterhügel, on the site of today's Marktplatz. Specialised markets for grain, fish, wine, salt, cattle and other goods occupied different squares and streets, some of which still bear their names: the Kornmarkt was the old name of the Marktplatz, the Fischmarkt still exists, and the Barfüsserplatz, named after the Franciscan friars, served as a cattle market. The Rathaus, the town hall, was built on the market square; its present building, with its red façade, dates from the early sixteenth century and remains the seat of the government and parliament of the canton of Basel-Stadt.² The proximity of market and town hall is typical of medieval cities, in which the regulation of trade was one of the principal tasks of government.

Weights and measures were a matter of public order. Every city had its own units for length, weight, volume of grain and volume of wine, which varied from city to city. The Basel ell, the Basel pound and the Basel *Saum* of wine were defined by standards kept by the council and checked by sworn officials. Merchants who traded between cities had to convert between units, just as they had to convert between currencies. The multiplicity of units was a source of transaction costs and of fraud, and the harmonisation of weights and measures, which in Switzerland was only completed with

the adoption of the metric system in 1875, was one of the long projects of economic integration.³

The regulation of the market reflected an economic conception that historians call the moral economy of the medieval city. The purpose of regulation was to ensure the supply of the city with necessary goods at fair prices, to protect the consumer against fraud and the producer against unfair competition, and to preserve the social order. The council fixed the price of bread in relation to the price of grain, prohibited the buying up of goods before they reached the market (*Fürkauf*), limited the activities of intermediaries and punished those who sold defective goods. Speculation in grain in times of shortage was regarded as a crime against the community.

This conception stands in tension with the logic of a financial centre, which lives on intermediation, on the anticipation of future prices and on the circulation of capital. Yet the two logics coexisted in Basel for centuries. The merchants of the guilds *zum Schlüssel* and *zu Safran* engaged in long-distance trade and in credit operations that went far beyond the local market, while the council enforced the moral economy on the local market. The tension between regulation for the protection of the community and freedom for the development of trade runs through the history of every financial centre. The modern rules on market abuse, on insider dealing and on the protection of consumers of financial services, which Part E examines, are distant descendants of the medieval prohibition of *Fürkauf*.

1 Notes

1. On the market right (Marktrecht) as a regalian right and on the protection of transactions concluded on the market, see the literature on medieval German urban law; for Basel, Wackernagel, vol. 1, 1907, and vol. 2/1, 1911. ↩
2. On the Basel Rathaus, built 1504–1514 on the Marktplatz, see HLS, article "Basel (Gemeinde)"; the publications of the Denkmalpflege Basel-Stadt. Dates to be verified. ↩

3. On the Swiss federal law on weights and measures and the adoption of the metric system (Federal Act of 3 July 1875), see HLS, article "Masse und Gewichte". To be verified. ↩

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