

The bishop's debts and the transfer of rights

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The fourteenth century was a period of financial crisis for the bishopric of Basel. The bishops were involved in costly wars with the Habsburgs and with neighbouring lords, the earthquake of 1356 imposed heavy expenses, the Black Death reduced revenues, and the papal fiscal system of the Avignon period imposed charges on the bishopric at each vacancy. The bishops financed their deficits by borrowing, securing their loans by pledging their rights and revenues. Their principal creditor was the city of Basel.¹

Over a period of about a century, the city acquired by pledge or purchase almost all the bishop's rights in the city. The mint passed to the city in 1373. The toll, the office of *Schultheiss*, the offices of the market and other rights followed. In 1392, the city bought Kleinbasel from the bishop for a sum reported in the literature as 29,800 guilders, uniting the two towns on either side of the Rhine under a single government.² By the early fifteenth century, the bishop retained his spiritual authority and his territories in the Jura, but in the city itself his temporal power had become largely nominal. Basel had become, in fact if not formally, a free city of the Empire.

The mechanism of this transfer deserves attention, because it illustrates a principle that remains relevant. A borrower who pledges his assets transfers the assets themselves to the creditor in case of default. When those assets are rights of government, the default of the borrower leads to a transfer of sovereignty. The bishop of Basel lost his city because he was a bad debtor and the citizens were good creditors. They had the cash to lend, the patience to wait and the organisation to administer the rights they acquired. Their wealth, accumulated through trade and craft, became political power through the medium of credit.

This mechanism was widespread in medieval Europe. Many cities acquired their freedom by lending to their lords; many principalities were dismembered by the pledging of their parts. The Swiss Confederation itself

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was formed in part through purchases and pledges: the cities of Bern, Zurich and Lucerne acquired their rural territories in the fourteenth and fifteenth centuries largely by buying or taking in pledge the rights of indebted nobles. The territory of the canton of Basel-Landschaft was acquired by the city of Basel in the same way, through the purchase of the lordships of Liestal, Homburg, Waldenburg, Farnsburg and others from the bishop and from noble families in the fourteenth and fifteenth centuries.³

The modern equivalent of this history is the question of sovereign debt. States that borrow beyond their capacity lose control over their policies to their creditors, whether private bondholders, other states or international institutions. The conditions attached to loans by the International Monetary Fund or the European Stability Mechanism, the negotiations of Greece with its creditors after 2010, and the debt restructurings of emerging economies all involve, in modern form, the question that the bishops of Basel faced: how much of their sovereignty can indebted rulers preserve? The difference is that modern international law does not allow the transfer of territory or of governmental rights as security for debts. But the economic logic of dependence on creditors remains the same, and Basel, as the seat of the institution that the central banks of the world have made their bank, occupies a particular position in the architecture of international finance that deals with these questions.

1 Notes

1. On the indebtedness of the bishops of Basel in the fourteenth century and the pledging of episcopal rights to the city, see Wackernagel, vol. 2/1, 1911; Harms, *Der Stadthaushalt Basels im ausgehenden Mittelalter, 1909–1913*; HLS, article "Basel (Fürstbistum)". ↩
2. The purchase of Kleinbasel by the city of Basel from Bishop Imer von Ramstein in 1392 for 29,800 guilders is reported in the general literature; see HLS, article "Kleinbasel". Price to be verified. ↩
3. On the acquisition of the rural territory of Basel (Liestal, Homburg, Waldenburg 1400; Farnsburg 1461; and others) by purchase and pledge, see HLS, article "Basel-Landschaft", section on the formation of the territory. Dates to be verified. ↩

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