

The geography of payments

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The participants of the Council came from all over Latin Christendom: from France, the Empire, Italy, Spain, Portugal, England, Scotland, Poland, Hungary, Bohemia and Scandinavia. Each of them had to finance his stay from resources located in his home country: the revenues of a bishopric, an abbey, a university or a prince. The transfer of these resources to Basel created a geography of payments that illustrates the financial structure of fifteenth-century Europe.

For participants from Italy, France and the Low Countries, the transfer was relatively easy. The Italian banking houses had correspondents in the major cities of these regions. Through them, a bill of exchange drawn on a Florentine bank in Bruges, Avignon or Venice could be paid in Basel by the bank's local branch or correspondent. For participants from the Empire, the merchants of Nuremberg, Augsburg, Frankfurt and the Rhine cities provided similar services, although their networks were less developed than those of the Italians. For participants from the periphery of Europe, Poland, Hungary, Scandinavia or Scotland, the transfer was so difficult and expensive that many of them had to carry cash or rely on the credit of wealthier colleagues.¹

This geography shows the importance of networks in finance. A financial centre is a node in a network of correspondents whose value depends on the number and quality of its connections. The Italian banking houses dominated fifteenth-century finance because they had the densest network. Basel, during the Council, was temporarily integrated into this network as a destination of payments, and when the Council left, the network moved on. The lesson for a modern financial centre is clear: its position depends on its connections to other centres, to correspondent banks, to payment systems and to the flows of trade and investment. Basel's modern position in the network of international finance rests less on its commercial banks than on the Bank for International Settlements, which is itself the hub of

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the network of central banks, and on the treasury operations of its multinational corporations.

1 Notes

1. On the financing of participants at the Council of Basel and the role of Italian and German merchant bankers in the transfer of funds, see Helmrath, 1987; de Roover, 1963. To be verified. ↩

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