

The rural territory as a portfolio

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The rural territory that the city acquired in the fourteenth and fifteenth centuries deserves a closer look from a financial perspective. The city bought lordships, rights of justice, tithes and rents from the bishop and from noble families, usually with borrowed money, and it administered them through bailiffs, the *Landvögte*, who collected the revenues and exercised justice in the city's name. The territory was, in modern terms, a portfolio of income-producing assets acquired with leverage.¹

The returns of this portfolio were of several kinds. There were financial returns: the rents, tithes, fines and taxes that the rural population paid to the city. There were strategic returns: the control of the roads over the Jura, of the castles that protected the approaches to the city and of the grain-producing areas that fed it. And there were political returns: the rural territory gave the city manpower for its armies and weight in its relations with the Confederates and with the Habsburgs.

The portfolio also carried risks. The rural population resented the rule of the city, which imposed taxes, controlled trade and reserved political rights to the citizens. Peasant revolts broke out in the territory in the sixteenth and seventeenth centuries, notably during the Peasants' War of 1653, which affected large parts of the Confederation.² The tension between the city and its countryside persisted until the nineteenth century, when it led to the separation of the canton into two half-cantons in 1833, Basel-Stadt and Basel-Landschaft, which Part D examines. The division of the canton, which still shapes the institutions of the region today, is thus a late consequence of the way in which the city acquired and governed its territory.

The lesson for the practitioner is one that every investor knows: an asset acquired with borrowed money must generate enough income to service the debt, and the value of the asset depends on the goodwill of those who produce the income. The city of Basel managed its rural portfolio profitably

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for several centuries, but it neglected the political dimension of its investment, and the portfolio eventually broke away.

1 Notes

1. On the administration of the rural territory of Basel through bailiffs (Landvögte) and the revenues it produced, see HLS, article "Basel-Landschaft"; Harms, 1909–1913. To be verified. ↩
2. On the Swiss Peasants' War of 1653 and its effects in the Basel territory, see HLS, article "Bauernkrieg (1653)". To be verified. ↩

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