

What geography teaches the financial centre

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It may seem far-fetched to begin a book on a modern financial centre with Celtic ramparts and Roman silver plates. Yet several lessons of the early history of the site continue to shape Basel.

The first lesson is that Basel has always been a place of passage. Its prosperity depended on flows that it did not control: the trade of the Rhine, the traffic over the Jura passes, the movements of armies and pilgrims. A city that lives on passage must offer security, predictable rules and services to those who pass through. This is the origin of the virtues that the modern financial centre sells: reliability, discretion, legal certainty and the capacity to handle transactions between parties from different legal orders. Chapter III of Part A shows how the medieval city developed these services in the form of markets, a mint, a customs house and a municipal exchange.

The second lesson is that the border is a resource. The Rhine was the frontier of the Roman Empire and remained a border in various forms: between dioceses, between the Empire and the Confederation, between Switzerland, France and Germany. The border separates and connects at the same time. It creates differences in prices, taxes and rules that give rise to exchange. It gives the city a function as an intermediary. And it requires institutions that can operate across it: treaties, courts, mixed commissions and, in the modern period, cross-border financial services. The EuroAirport, the Rhine navigation regime of the Central Commission for the Navigation of the Rhine in Strasbourg and the Bank for International Settlements are, each in its own way, institutions that make the border productive.

The third lesson is that wealth seeks safety in times of insecurity. The owner of the Kaiseraugst treasure buried his silver when the frontier was threatened. The citizens of Basel built walls, stored grain and minted money. The refugees of the sixteenth century brought their capital to Basel, just as the foreign clients of the twentieth century deposited their assets in

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Swiss banks. The demand for a safe haven is the constant of the Swiss financial centre, and it is also the source of its greatest legal and reputational risks, as the chapters on banking secrecy, money laundering and sanctions in Part E show.

The fourth lesson is that institutions outlast the circumstances that created them. The Münsterhügel was a Celtic oppidum, a Roman fort and an episcopal citadel before becoming the symbolic centre of the modern city. The name of the Rauraci survived the Celtic period by two thousand years. The Roman law of contracts survived the Roman Empire and returned through the universities. A financial centre is, in this sense, an accumulation of layers. The rules and habits that govern the handling of money in Basel today carry the imprint of choices made in periods that no one would associate with finance.

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