

Money, coinage and credit in late medieval Zurich — overview and summary

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A modern visitor who walks from Paradeplatz down the Bahnhofstrasse passes, within a few hundred metres, the head offices of the country's largest bank, the Swiss National Bank's branch premises and a string of private banks, asset managers and trust companies. The same visitor, crossing the Münsterbrücke to the Fraumünster, stands at the place where money was first struck in Zurich under the authority of a royal abbey. A short walk further, in the Niederdorf, lies the house at Brunngasse 8, where a Jewish family that lent money to counts and cities decorated its hall with coats of arms around 1330. These three places describe the arc of this chapter. Before there were banks in any modern sense, Zurich already knew coinage and its profits, credit and its moral problems, lenders and their vulnerability, and public debt as an instrument of political power.

The chapter describes the monetary system of late medieval Zurich, the canonical prohibition of interest and the legal forms through which credit nonetheless flowed, and the lenders who worked at the margins of the Christian commonwealth. It then turns to the city's own finances: taxes, annuities, pledges and, towards the end of the fifteenth century, the pensions and soldiers' pay that turned the Confederates into participants in the financial politics of the great European powers. It closes on the eve of the Reformation, around 1519, when Huldrych Zwingli began to preach in the Grossmünster and when the relationship between money, conscience and the state was about to be redefined (see Part B). Chapter A.II treats the constitutional framework of the guild city, established by Rudolf Brun in 1336, while the trade routes that brought silver, cloth and merchants to the Limmat are the subject of Chapter A.III. Both are presupposed here and mentioned only where they bear directly on money.

For the reader interested in the financial centre of today, the period matters for three reasons. First, it established in Zurich a habit of treating monetary

questions as matters of public order, supervised by the council and embedded in agreements with neighbouring authorities. The Swiss National Bank and the federal monopoly on coinage are distant descendants of that habit. Secondly, the late medieval forms of land credit, above all the *Gült* and the later *Schuldbrief*, survived into the Swiss Civil Code and still shape Swiss mortgage practice. Thirdly, the late medieval city learned to use debt as an instrument of territorial power: Zurich bought and redeemed lordships with borrowed and accumulated money and thereby became a state. The history is also a reminder, uncomfortable but necessary, that the first professional lenders in the city were Jews who were taxed, tolerated, cancelled, murdered and finally expelled. The memory of that community has returned to public view only in recent decades.

1 Conclusion

Late medieval Zurich lived in a world of many coins, few banks and pervasive credit. The coinage passed from the Fraumünster to the city by lease in 1364, by independent minting from 1418 and by royal confirmation in 1425. It was coordinated with neighbouring authorities through coin conventions from 1344 onwards and supervised through public exchange offices from 1335. The canonical prohibition of usury shaped the forms that credit took. The Rentenkauf, legitimated by Pope Martin V in 1425, became the principal instrument of long-term finance. In the form of the *Gült* secured on land, it spread across the countryside, where it survived into the nineteenth century and, in modified form, into the Civil Code.

Open lending at interest was left to groups at the margins of the Christian community. The Jewish community of Zurich, whose wealth and learning are recorded in the paintings of Brunngrasse 8 and in the *Zürcher Semak*, financed nobles, towns and the city itself before it was destroyed in 1349. The second community, readmitted in 1354 on favourable terms, was taxed heavily and expelled in 1436. Lombards and Cahorsins played a comparable role in the thirteenth and fourteenth centuries and disappeared as money-changing and pawn credit were taken over by public institutions.

The city itself became the most important financial actor in its territory. It taxed the property of its citizens, recorded in the tax books from 1357, sold and bought annuities and lent against securities through its treasurer. It acquired its territory through a sequence of pledges, above all the county of Kyburg, bought for 8,750 gulden in 1424 and recovered in 1452 against a new pledge sum of 17,000 gulden. From the 1470s, pensions and soldiers' pay brought foreign gold into the city and its leading families, created a

new class of military entrepreneurs and, through the career and fall of Hans Waldmann, revealed the political dangers of foreign money. By 1519 the monetary, legal and political conditions of the later financial centre were in place: a sovereign coinage coordinated with neighbours, a land credit system secured by public documentation, a public authority accustomed to lending and borrowing, and a lively debate about the morality of money.

2 In five sentences

1. The Zurich mint, based on a royal privilege held by the Fraumünster since around 1045, passed to the city by lease in 1364, by minting in the city's own name from 1418 and by royal confirmation in 1425, with the city coordinating its coinage with its neighbours through coin conventions from 1344 onwards.
2. The canonical prohibition of usury channelled long-term credit into the Rentenkauf and the *Gült*, annuities secured on land and redeemable at around 5 per cent, which Pope Martin V declared lawful in 1425 and which survived in Swiss land credit law into modern times.
3. Open lending at interest, at rates of up to 43 $\frac{1}{3}$ per cent that reflected small pawn loans and legal insecurity, was the business of Jews, Lombards and Cahorsins, among them the Jewish community of Zurich, which is commemorated in the paintings of Brunngasse 8 and was murdered in 1349, readmitted in 1354 and expelled in 1436.
4. The city itself became the leading financial actor in its region, taxing property, selling and buying annuities, lending through its treasurer and acquiring its territory by pledges such as the county of Kyburg, bought for 8,750 gulden in 1424.
5. From the Burgundian Wars to Marignano and the Perpetual Peace of 1516, pensions and soldiers' pay from foreign powers brought gold and political dependence to Zurich, provoking a debate about the morality of money that prepared the ground for the Reformation.

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