

What the routes left behind: transit, trade and the financial centre

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It remains to ask what the transit and trade function of the medieval city contributed to Zurich's later role as a financial centre. Six elements can be identified, each of which recurs in later chapters of this book.

The first is the habit of serving other people's business. For most of the period covered in this chapter, the greater part of the value that passed through Zurich belonged to others: to merchants from Constance, Ravensburg, Basel, Milan and Como, to the Upper German trading companies, to pilgrims and to the peasants of the Alpine valleys. The city earned its income by carrying, storing, weighing, taxing, selling and protecting these goods. The boatmen, the Sust keepers, the grain officials and the toll collectors were all, in modern terms, providers of services to clients whose assets were entrusted to them for a time. The Zurich of later centuries, whose banks, fiduciaries and asset managers administer wealth belonging to clients from all over the world, practises the same basic business on a different scale and in a different medium.

The second is the public administration of custody. The Sust, the Kornhaus and the Helmhaus were public institutions in which goods were deposited, recorded and released under the supervision of civic officials who answered to the council. The keeper of a Sust was responsible for the goods in his care and was paid by a fee, while the authority behind him guaranteed his honesty. The relationship between a depositor, a custodian and a supervising authority, which is at the heart of modern custody, trust and banking law, was thus familiar in Zurich long before the first banks. The principle recorded by the HLS, that the right to levy tolls obliged the authority to provide services in return, gave this relationship a legal foundation.¹

The third is the role of standards. The spread of the Zurich pound from the Rhine to Uri, and its identification with the weight of the Zuzach fairs,

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shows a small city exercising a normative influence far beyond its own territory.² Standards reduce transaction costs and create trust between parties who do not know each other. The later importance of Zurich institutions in setting market conventions, in clearing and settlement, and in the regulation of financial services has an antecedent here.

The fourth is market access by treaty. The Milanese capitulations, with their guarantee of toll freedom to the moat of Milan, show the Confederates obtaining commercial privileges in exchange for political and military services.³ Since Swiss economic diplomacy has repeatedly followed this pattern, the negotiation of market access for Swiss financial services abroad stands in a long tradition.

The fifth is the tension between guild regulation and commercial capital. Zurich's guild constitution kept trading companies marginal and restricted the concentration of commercial capital.⁴ This protected the city from the kind of conflict that Basel experienced in 1474, but it also meant that Zurich produced no Ravensburg Company, no Fugger and no Medici. When Zurich's commercial capital did grow, in the silk and cotton trades of the seventeenth and eighteenth centuries, it grew among merchant families who operated at the margins of the guild system. The first private banks emerged from those trading houses, and it has been observed that individual textile houses began to function as banks in the mid-eighteenth century.⁵ The medieval pattern, in which merchants were politically important but institutionally constrained, thus shaped the form that Zurich banking later took.

The sixth is the lesson of the Old Zurich War. The attempt to secure a trade route by territorial acquisition, economic coercion and a foreign alliance ended in defeat, devastation and the collapse of the city's export trade. What secured the routes in the long run was membership of a political community, arbitration of disputes, and negotiated agreements with neighbours. The reputation for reliability that the Zurich financial centre later cultivated was built on that experience. A city that depends on the confidence of others cannot afford to be seen as a predator on its neighbours' trade, and Zurich, after 1450, did not try again.

Seen from Geneva, the contrast is instructive. Geneva had, in the fifteenth century, a genuine international fair with Italian bankers and currency exchange, and lost it to Lyon after 1460.⁶ Zurich had no such fair, and its merchants and their institutions were local. Its route to financial importance therefore ran through the slow accumulation of local capital, local institutions and local reputation, and through the service of other people's goods and money. The foundations of that route were laid, in part,

on the landing stages of the Limmat and the lake, in the Susten of Horgen and Walenstadt, and in the toll books and weight standards of the late medieval city.

1 Notes

1. Polli-Schönborn, “Zölle”, HLS (as above). ↩
2. Dubler, “Masse und Gewichte”, HLS (as above). ↩
3. Glauser, “Mailänder Kapitulate”, HLS (as above). ↩
4. Illi, “Handelsgesellschaften”, HLS (as above). ↩
5. Lina Giusto, “Einst wichtigster Zürcher Industriezweig: Wie aus der Seidenweberei ein Finanzplatz entstand”, Limmattaler Zeitung, <https://www.limmattalerzeitung.ch/limmattal/einst-wichtigster-zurcher-industriezweig-wie-aus-der-seidenweberei-ein-finanzplatz-entstand-ld.1498481>. For the earlier literature see Hans Conrad Peyer, Von Handel und Bank im alten Zürich (1968), listed in “Hans Conrad Peyer (Historiker)”, German Wikipedia, [https://de.wikipedia.org/wiki/Hans_Conrad_Peyer_\(Historiker\)](https://de.wikipedia.org/wiki/Hans_Conrad_Peyer_(Historiker)). ↩
6. Bergier, “Handel”, HLS (as above). ↩

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