

Financial centres

In *Civilisation and capitalism*, Braudel wrote about the succession of commercial centres in early modern Europe. What Braudel did not do, was to distinguish between different sorts of commercial centres. There were essentially two different sorts: those to which people came and those from which people came. It was essentially only the former that developed into financial centres. A good example of the first sort in the 13th century is Venice and of the second, Florence. Because of the multitude of business people in Venice, it was much more important as a place of exchange and insurance, even if the main people involved in these financial activities, were not Venetian natives, but many of them from Florence. What can be seen, down the centuries, is the succession of such financial centres to which people came. For example in Northern Europe, from Bruges to Antwerp, from Antwerp to Amsterdam, and from Amsterdam to Hamburg and London. In all these centres, the agents who are arranging government and commercial loans, exchange and insurance, were overwhelmingly not natives of the cities themselves. They came from an enormous range of places. What is very noticeable, is that although commerce and industry were important in making a financial centre, the financial centres themselves survived for long after the industry and then the commerce, had disappeared. In the 21st century London remains pre-eminent as an international financial centre, even though it has not for long been significant as a centre for trade or industry. In the past, financial centres have generally come to an end for political reasons. Bruges began to give way to Antwerp during the civil war of the 1480s. Antwerp to Amsterdam during the revolt of the Netherlands. Amsterdam to London with the Napoleonic invasion. However, in all these cases the successor centres had been growing for some time as subsidiary centres. If some sort of political shock were to make international financiers move away from London, where should they go? If the criteria of the largest scale of trade and industry are to be repeated, Shanghai would be the obvious successor centre. However, among the pre-conditions for an effective financial centre, has been the free movement of money and people, and the rule of law. Shanghai does not yet meet these pre-conditions. Singapore probably does.