

14 JUNE 2007

## **THE MATERIAL CULTURE**

GEOFF EGAN

I am an archaeologist, and archaeology does not actually cover the Hansa by any means in London, though it does have a few intriguing moments. If you look at a late Elizabethan map, or plan, of London you can see the Steelyard right in the middle of the City waterfront on the north bank. The Arms of London as writ in the terms of the Hansa has a symbol on the top right - that is the symbol that we have been desperately looking for in the archaeology of London but have failed to find.

I am focusing on things that are German-cum-Germanic that have been found in London and almost certainly through the agency of the Hansa. That is the trade that we have heard so much about already.

At the Museum of London we have a very recent acquisition, two panels of paintings, and they are in pride of place in the Museum's new medieval gallery, which is just about a year old now. We really lacked anything in terms of high two-dimensional art in the medieval period in London generally, so it is very nice that these became available from a private source, at a great price: two outside triptych panels of an altarpiece almost certainly, but in German style and commissioned by one of the abbots of Westminster Abbey, George Fasset or Fascet - you can spell his name in many ways - but this is actually German art being commissioned from London for, presumably, the Abbey, to go on some altarpiece there. It shows the arms of Westminster Abbey and of George Fasset himself on the other side and the enunciation scene. That must have been absolutely stunning, with its golden background against candlelight, when it was on display - a very German way of doing it, but rather nice. The Curator, John Clark, thinks this is the sort of thing that you may have been able to go down in London to the Steelyard and say, 'Well, we can't do this sort of thing here in London, but what I want is something rather nice for this Abbey - what can you get us from back home where I know you specialise in this sort of thing?' So this is a tangible example of exactly that.

Archaeology manages to get everything extremely oblique. It does not answer the question that you went there to ask, it invariably answers something else and moves the question on in another different way. Some people get fed up with it for this reason, but we quite like it. We are always the ones who say, 'It ain't necessarily so' to anybody, so when you ask any question, I'll probably say that - or that you are asking the wrong question! The Museum also has wooden bowls, part of a very small group that was found in a 14<sup>th</sup> Century pit at St Mary Spittle - it was actually a hospital. It is very unusual for us to get wooden survivals. Most of them are fairly standard form for this country, very simple wooden bowls that were used to eat mushy medieval meals out of with the aid of a spoon, but we have one which struck me as being rather odd. In fact, I could not parallel it other than with a group in Lubeck. You can turn the thing over and it is almost a repeat but perhaps, in the specific context of the hospital, this is for somebody who is a bit shaky and somebody else can hold it fairly firmly while helping a patient to eat.

I subsequently bought, in Vienna, a wonderful series of playing cards from the late 15<sup>th</sup>, early 16<sup>th</sup> Century, and on the 7 there is a figure called Mr Truckles, who is holding a server of food at the smartest level. He is holding a whole series of these double plates, which are held together with a scarf or something - something very fancy. A man who specialises in reproducing these things discovered, accidentally, that they are stackable. He hadn't realised as he was doing producing

them. He knew it was German, he knew it was not of this country, so for the first time, when this one had come up in this country, he thought he would reproduce one. In fact, he did three. When at the end of the day he had finished, he piled them up and he suddenly realised that they stack, that that is what they are about - that is why they are of that shape. So it is a cunning German invention. What it was doing in St Mary's Spittle, I do not know, but it is absolutely appropriate for a hospital where you are going to be dishing out a series of meals to lots of patients. Normally, anything of wood will end up on the fire as fuel when it has outlasted itself - that is why it is so very unusual, in fact much less usual than the dreaded ceramics, which I expect everybody thought I was going to talk about.

The Museum of London also has some stoneware mugs of the 16<sup>th</sup> Century, which are familiar to us from all those Bruegel patients drinking and coughing beer, and these came literally in their hundreds and thousands, according to the documents, into this country, and we have very large numbers of them. Some are a bit jollier and larger, with wonderful moustaches and beards. Arguably, wine actually came in those and was traded in them, but some of these stoneware artefacts show a very characterful bearded man, and he is a motif that appears right the way through from the 14<sup>th</sup> Century. They are sometimes very sketchy, but they come into their own in the 16<sup>th</sup> Century, and eventually it comes to the point where we actually start making these ourselves in England in the 17<sup>th</sup> Century, when the Hansa trade dies down, not least during the 30 Years War.

What is most unusual in the Museum collection is a schneller which, again, was found in London. It is a very high drinking mug, again probably for beer, but it has got the royal arms on, and these are the very 'top end' of the ceramic market. This is the sort of thing that might well have a silver cap put on it by somebody, and we are very fortunate to have one with the royal arms. They were produced in very large numbers, and there seem to be ones with arms for virtually all of the Hansa towns and probably a lot of other towns, so it was probably a gift at a very high level indeed.

What we also get at the tail end of the medieval period is the German fashion of stoves, with large stoves to keep the winter cold at bay, and they have very characteristic tiles, which are hollow at the back so that they radiate out the heat. They are usually full of renaissance motifs. We have not been fortunate enough to find a complete stove - we have found pieces - but typically, the very finest examples we have are things that have been found in the 19<sup>th</sup> Century that are in the Museum collections, but they are actually London finds and would have been made in Germany. The stoves would have been in the corner of the room.

Henry VIII actually had one of these at Westminster, where we found not the tiles unfortunately but the lower waterworks, the drains, for a hot bath, almost like a Turkish bath, and it almost certainly was from the German idea. By the time we start making these things ourselves at the tail end of the 16<sup>th</sup> Century, we are putting the royal arms on and you get ones with Elizabeth's initials to the side, and it goes on from there. But basically the idea came from Germany.

Those of course are things that you had if you were in an aristocratic house, and they have come up particularly on the sites of the dissolved religious houses from the Reformation, which were handed over or sold - some of them handed over to Henry VIII's favourites - and there has been a whole series of little fragments of these tiles on exactly those sites, which makes a lot of sense. Some of the religious houses of course were bought, but they were generally divided up into the kinds of dwellings that you see in Dockland now, with great big warehouses being subdivided and very smart people being able to afford the view by the river.

What also comes in the 16<sup>th</sup> Century and into the 17<sup>th</sup> Century are some more 'folksy' kind of ceramics. We have one that originates from the Verra, but it is almost certainly the Hanseatic impetus that made it, and it was then bought in the markets in London.

Another, dated 1584, is from the River Vassa, and it shows a rather sad-looking fish. It is a very nice folksy picture type of plate that would be quite smart but it is no particular great shakes. It is the sort of thing that if you could just afford something to put on display, this is what you would have, rather than the silver thing that you really aspired to if you had a serious amount of money. Some are decorated with a whole series of knights and lovely ladies and all sorts of things like that, which came from the particular area of the traders.

One is lead, but - I said archaeology was oblique! - it is standing for wire, coming from Germany. In the 16<sup>th</sup> Century, and throughout the medieval period, we could not produce brass, or only very occasionally. I think somebody has managed to find the exceptional document that does show we managed to do it at least once, but that is not the broad picture. The broad picture is that we got brasswares from the Continent. While the wire itself is pretty anonymous, you can imagine when we do find it, we find quite a lot of brass wire. What it did have on it was a lead seal, which said the factory that it

came from. This is like a hallmark that says it is of good quality, it was made here, and sometimes it will say the year if one is lucky. We have several different seals for wire from Hamburg, and it does at least indicate that the wire that we are picking up is indeed almost certainly German.

In 1987, we had the opportunity, amazingly, to dig on the site of the Steelyard, of which we have already heard, in London, right in the centre. We got terribly excited. The Steelyard, one, is a sort of shibboleth of archaeology that you would find so much material, prime material, in waterlogged deposits, which preserves metals and so forth extremely well. It was all done under the arches of Cannon Street Railway Station, by artificial light, and there was a slight sort of miasma in the air. It was not by any means pleasant and in fact we had to share the space with some others who were contributing to that air not being good. It was very stressful indeed, and from my point of view as a medieval and later specialist, it was very annoying. It was great for the Roman experts, but unfortunately Cannon Street Railway Station in the mid-19<sup>th</sup> Century had taken out virtually everything that related to the Hansa, the highest of what we hoped would be the surviving pockets. It is one chalk foundation and not exactly inspiring, so it is purely documentary evidence that says that that is the Steelyard. We are fairly confident that it is, but it does not actually add anything - okay, so what, we've got it on map anyway, why bother? Well, we hoped there would be a cesspit or a well or something like that. However, almost perversely, the pottery was actually English on the site that was of the appropriate date. There was one piece of glass which might or might not be German, but that is extending an argument - so much for archaeology!

We do have a find from the Thames. You have seen the man in his contour office already in that wonderful painting by Holbein with all those seals, and this one says the seal of Heraman, which I hope is going to be German. We think it is. Heraman may be spelt right, or it may just be an English engraver's mistake for Herman, but it sounds pretty good for a

German, and it is actually a Germanic style of privy mark, the merchant's mark which identifies his own bales of goods or workmanship or whatever it is. This is probably 15<sup>th</sup> Century, into the early 16<sup>th</sup> Century - a rather nice find.

We have an absolutely standard buckle of the 14<sup>th</sup> Century and the late 13<sup>th</sup> Century and indeed the early 15<sup>th</sup> Century, but these are so widespread across that whole area that we have seen in some of these slides, literally from Taline to Toulouse, going even further down into France, that it has been called by some people on the Continent 'the Hanseatic buckle'. We had at least two foundries in London casting them, and it is probably German metal that is being used, so in a sense possibly it is the Hanseatic buckle, but the buckle was distributed by the Hansa. In fact, in Taline they were casting them, and in Toulouse as well, they have a foundry, so it is just pan-Western European, but that is perhaps another way of saying Hanseatic if you put the emphasis on the Northern side of it.

What we do get in huge numbers are coin-like things. We do not seem to get many actual coins of the Hanseatic towns at all, which is a great pity, but we do get these things which are brass, made in Nuremburg, called jetton, and these are counting tokens. You had a cloth or a painted table divided into a checkerboard, and its columns were hundreds, tens and units. There was a very complicated way, before the computer and before mathematics got able to deal with it, you did your long division and your accounting with these things. It is much more like an abacus than the kind of mathematics that we are all familiar with from school, but these were the things with which you counted your hundreds, tens and units. Doing long division with these is really quite something absolutely amazing.

They came in in the late 14<sup>th</sup> Century, produced in Germany, and they came right from Southern Germany, from Nuremburg, and they absolutely flooded through the whole of Europe. They were knee-deep in London. In Novgorod, they are all over the place as well, and they go right down at least to Paris and I suspect down to Toulouse. It is sheer entrepreneurial flair that latched on to these and pushed them throughout Europe and has actually sustained the system. In fact, in the early 16<sup>th</sup> Century, they got so bad that the letters that were stamped on them were upside down, the wrong way round. Some were so badly made that to sustain this market right across Europe really must have taken an extraordinary entrepreneurial flair.

They have been found in King's Lynn and everywhere. But they are not just in Hansa places. They are more common in fact than the coin of the realm on most sites in this country for this date. They are a thundering nuisance for those of us who have to deal with these because they have tiny differences, and you try looking at 16 letters and then finding that one is the wrong way round! The most interesting thing about them is that entrepreneurial flair that manages to keep them going, and they do keep struggling on into the 17<sup>th</sup> and 18<sup>th</sup> Centuries, but the big impetus does seem to end more or less when the Hansa comes to what is sometimes called its end - although we must not say that of course now!

Another simple very obvious everyday thing is a thimble, which starts in the late 13<sup>th</sup> Century. The Museum of London

has what are probably early English thimbles, and they are a bit haphazard, with pits and so forth.

With a good bit of entrepreneurial flair are much smarter products from Nuremburg. Nuremburg comes with an entirely completely developed guild system, to the extent that there is a sort of cross stamped - you know how big a thimble is going to be, and there is a little tiny shield shape at the bottom of the spiral of pits, with a couple of lines and a sort of spiky thing, and those are the privy marks of the people who made them. They had to do that in Nuremburg to satisfy the guild that it was done with the right metal, that you were not going to push the needle through and stab your finger, which you certainly could do with some of the badly made ones from elsewhere, but again, these are found across that whole area from Nuremburg, and it is the Hansa that pushed them across North-West Europe.

I was talking about wire. We have some pins which are not quite made. We tried to do this at the point where the Dissolution happened. If you didn't have an aristocrat moving into an old dissolved religious house, you would get all the dossers and so forth, and in fact it happens that the first thing you do - or the last thing you do before you go on the street - is you twiddle around with wire and try and make jewellery or pins, and we have some of the pins that didn't quite work; the head has gone halfway down. None of these has actually got their points. They put the head on first and then the head is a separate piece of wound wire. But we couldn't do it as well, and we were almost certainly using German brass, as attested by those seals.

The other big thing is textiles. We have some are lead seals that went on each cloth, again a hallmark to say the cloth is all right. These are in every single field in England, if you dig hard enough or use a metal detector long enough; there are absolutely thousands of them. Again, they go right the way through to Novgorod in the archaeology, and down into Spain and Portugal, but coming right from the Southern end of Germany.

From the late 14<sup>th</sup> Century, as fine as a modern linen handkerchief, is the St Gallen cross of cotton and linen. SG and the imperial eagle and the bear of St Gallen - that is in Lake Constance in Switzerland. So though we have not got the textiles, what we have got are the lead labels surviving in the archaeology, which show this extraordinary trade. It was generally the linens that came in and the woollen textiles that went out. We also get silk coming in from the looms of Cologne in the early and mid 16<sup>th</sup> Century.

It is actually quite a surprise that we have pewter plates stamped with the three crowns of Cologne, because we had the materials here. So the country which is famous throughout Europe for exporting pewter appears occasionally in the 16<sup>th</sup> Century to be importing pewter from Cologne!

We have some wonderful glass with enamelling on from the early 14<sup>th</sup> Century, near Goldsmiths' Hall, which was where Goldsmiths' Row was. They ended up in a pit, and they are almost certainly the result of some disaster, a collapsed cupboard or shelf or something, and famously, you can't do much with glass when it is broken. These would have been waiting to have mounts of gold or silver, because they are that high level, so when they have smashed, that was it - you couldn't do anything with them. We long thought these were German, but that was helped by the arms, which is a beast on a three-pronged thing, which turns out to be a mountain. However, unfortunately these things turn out to be made in Venice, but it is arguably the Hansa that brought them here.

Talking of trade routes, again Nuremburg is famous for producing early toys. The Nuremburg National Museum has the earliest surviving dolls house, from 1639. For a long time, the Museum of London had no toys, but we have found a whole series of things, several hundred in fact, from the 14<sup>th</sup> Century onwards. There are more plates than anything else; one is about an inch across, with a rose on. If you go to the great fair at Christmas time in Nuremburg, you will be able to buy every kind of toy and every kind of Christmas decoration, but the toy plates still have a rose on. We have a whole series of these things - little miniature jugs and so forth - and they are made of lead tin.

I asked the lady in the Nuremburg Museum, and she said that she had been puzzled for the past 20 years, people from all of Europe going and asking her 'Where are your medieval toys?' and they have none in Germany. There are one or two actually, but there is nothing like the large numbers that we have. I gave her a book I had written about these things, and I think they are making theirs of wood and other things.

One figurine, a girl, in a mid-16<sup>th</sup> Century woodcut, is holding a toy, and these have come up - they are about three inches high figurines of lovely mid-Tudor, late-Tudor ladies, made from fairly thin pewter. The interesting thing is that the dress, which is fully pleated at the back, is in a German style, a German fashion. There is none of these surviving

anywhere but London, these toys, anywhere throughout Europe, and I have gone far and wide in pursuit of these. There generally seems to be none. There are about three representations of the particular dress in this country, and when you take it back, they are on a woman from Germany or from Southern Switzerland. So somehow, this Nuremburg story may have something in it, but we are not getting it quite fully yet. We are making these things, I am fairly certain. I am pretty sure these are London products, but the idea and the fashion that they are using is a German one, so there may be something of textile or whatever that came in and we were just picking that up.

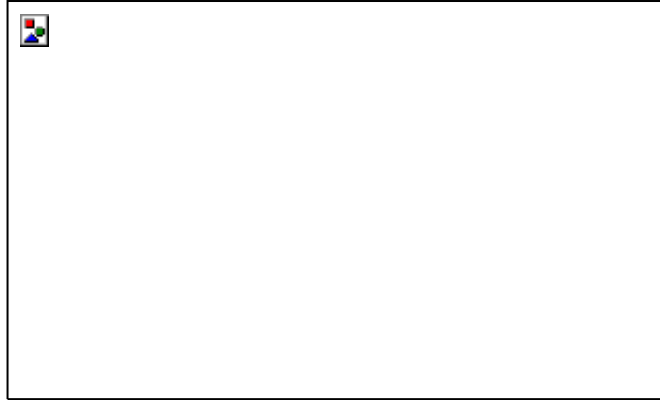
We have a Pilgrim badge, a little tiny thing that you sew on when you have been, in this case, to Cologne, and you can see the three kings with their three crowns which we have already encountered in the arms of Cologne. This was found at the London waterfront, but from somebody who had been to Germany - who knows why, but it is just an indication of travel.

Everybody has heard of Guttenberg, but I expect some of you know that not only was he an entrepreneur in doing things to do with printing, but he also had a line in mirrors. This is apropos the Pilgrim badges, because this is a religious article being shown by the authorities of some religious house at the top, on the first floor. Armed to the teeth is the army, the thugs, with a whole series of crossbows and spiky-ended sticks and God knows what to keep the public down here away from that lot up there and stop them getting at the actual relic. Some of the people, at least two of them are holding up circular objects. Those are mirrors, as produced by Guttenberg, and what they are doing is catching the influence and trapping it in the mirror, and they will go away and when it is needed, they will open the mirror and the person who is sick or whatever will look into that mirror and will hopefully be cured. You have got to do your bit by being good, so if it does not work, then it is your fault.

There is something else that Guttenberg did, and it so happens that we found from archaeology a whole series. We have the English version, in lead tin with the Crucifixion scene, and it basically works exactly like a powder compact, with a very tiny mirror inside it. Each disk is about an inch and a half across in diameter. The mirror itself has gone. The meniscus curve, where the lead failed to flow properly, has disembodied St John to the side of Christ. That is the English smart version. The nice, probably German, version, we think, though we have yet to demonstrate that, is duly of brass, and there are a large number of these.

Finally, I would like to draw your attention, those of you who may be interested in the archaeological side, to one of so far six of a wonderful series of Hanseatic colloquia, which happen in Lubeck every two years on a theme. It is basically about 40 archaeologists, one from each of a particular Hanseatic town, who will talk on a particular theme. The next one is on trade; there are others on crafts; there are others on more archaeological things like infrastructure, which means drains and fortifications. It is not widely advertised in the UK. It is in both English and German - that is, you have got papers in English and others in German, but there are summaries - and it is a wonderful resource. You get more pictorial evidence for the actual material culture of the Hansa from all of those 40 places than anywhere else.

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## **THE HANSE AND ITS INFLUENCE ON EARLY MODERN IDEAS OF COMMERCE**

PROFESSOR MICHAEL MAINELLI

History is the lens we use to make the past fit the present. In the time allotted, I would like to explore how we fit the Hanse to early modern finance, and early modern finance to the, arguably, post-modern era. The academic study of early modern finance often focuses on the Netherlands and England. There is good reason for this focus. While finance is fascinating everywhere, the emergence of exchanges for intangible goods, the advancements on Italian banking practices, the evolution of insurance and, perhaps most important of all, the introduction of joint stock companies, all emanate from the Netherlands or England within the space of two centuries, coinciding roughly with the period of the Enlightenment. I hasten to point out that I am not an historian, nor a Hanse expert. I am simply a Professor of Commerce fascinated by what, at first glance, seems to be the first free-wheeling organisation of free-market merchants pre-dating our early modern studies of the Netherlands and England, yet outside the Mediterranean. I would like to share some of that fascination, some of my disillusionment and some of the inspiration I draw from Hanseatic history. Yet, behind it all lies a misty, romantic vision of the Hanse, or the Hanseatic League.

### **Mythical Influence**

The mythology of the pre-modern and early modern eras often looked to giants of a misty, bygone era. Just as the romances of Atlantis, Avalon, Camelot or Eden drove men to launch expeditions, so too did men create myths to justify expeditions. A 16th century Venetian text, **De I Commentarii del Viaggio**, gave an account of a 14th century voyage by Nicolo and Antonio Zeno in the North Atlantic, who supposedly sailed to the new lands of Frisland, Icaria, Estotiland, and Drogi. The text may be complete fiction, but it was widely accepted as true. So much so that the original 1558 map was followed by a map in 1561 from the Venetian Giordano Ruscelli and let Gerard Mercator, in his seminal world map of 1569, to include these non-existent lands. Mercator included Frisland in a separate inset on his 1595 map of the North Pole. This non-existent island led to considerable confusion in the mapping of Greenland and Baffin Island yet appeared as late as the eighteenth century on a map by TC Lotter.

Realising the importance of myth and fantasy, we return to today's proceedings - 'The Hanse and its Influence on Early Modern Ideas of Commerce'. Basically, the thesis is that the Hanseatic period from roughly the 13<sup>th</sup> to the 16<sup>th</sup> century influenced ideas of the early modern period. Though 'early modern' is a flexible term, I shall take it to mean the 16<sup>th</sup> to 18<sup>th</sup> centuries. In commercial terms, this is a very interesting period, not only because the period includes the rise of exchanges, banking, insurance and joint stock companies, but also because it ends rather authoritatively with Adam Smith.

So what was the state of thinking about commerce in the early modern era? When I want to quickly examine the state of late 18<sup>th</sup> century Enlightenment thinking my fastest route is to turn to Adam Smith. He makes one reference in the Wealth of Nations to the Hanse - 'It was during the unprosperous reigns of the princes of the house of Suabia, that the greater part of the free towns of Germany received the first grants of their privileges, and that the famous Hanseatic league

first became formidable.' [Adam Smith, Wealth of Nations, 1776, Bantam 2003, page 510]

This snippet comes from Book III Chapter III where Smith discusses the 'Rise of Towns'. Smith acknowledges that he relies upon Christian Friedrich Pfeffel's 1777 «Nouvel Abrégé Chronologique de l'Histoire et du Droit Public d'Allemagne». He points out that towns gain rights and privileges where they and the sovereign collude against the agrarian lords and barons. Hanse history influenced Smith's thinking.

Of course, the second basic route to 18<sup>th</sup> century Enlightenment thinking on commerce is the US Constitution. In under 8,000 words we have a précis, with experience of the frayed Articles of Confederation and a commitment to 'going live' in 1789, of how government and society should function, a basic operating system in the modern vernacular. Even in modern times, the Constitution is clearly rather federalist and verges on what we might term libertarianism. On commerce, there are two interesting clauses:

The first clause is Section 8 on the powers of Congress - 'To regulate Commerce with foreign Nations, and among the several States, and with the Indian Tribes'. Interestingly, on 17 April 1808, Napoleon issued the Bayonne Decree, authorizing the French seizure of all US vessels entering French and Italian ports and all ports of the Hanseatic League. Napoleon conveniently argued that his action helped the United States enforce its new policy prohibiting trade with other nations.

[<http://millercenter.virginia.edu/academic/americanpresident/keyevents/jefferson?PHPSESSID=08c45daa90cbee1177144be87c6bd65>]

The second clause is Section 9 on restrictions on Congress - 'No Preference shall be given by any Regulation of Commerce or Revenue to the Ports of one State over those of another: nor shall Vessels bound to, or from, one State, be obliged to enter, clear, or pay Duties in another.'

The founding fathers had a good understanding of free trade, and of the Hanseatic League. The Federalist Papers (Number 19 - 'The Insufficiency of the Present Confederation to Preserve the Union') dwell at length, and not always favourably, on their interpretation of the economic history of Germany. They make a similar reference to Smith, 'In Donawerth, a free and imperial city of the circle of Suabia, the Abb 300 de St Croix enjoyed certain immunities which had been reserved to him.' This reference is hardly surprising as they too note their reliance on Pfeffel. But they also had direct experience of the Hanse. John Adams himself participated in negotiations with the Hanse. After their rough ride with the Articles of Confederation, it is probable that the Hanse's endurance was one of several inspirational examples, I'd include many classical leagues and Switzerland as well, that helped convince the founding fathers that Federalism could be made to work, albeit a federalism tighter than the loose Confederation and a federalism much stronger than that they saw in early Germany history. In fact, the Hanseatic League is still invoked in modern times to explain forms of federalism. I quote from a recent 2005 text on European Federalism:

'From among all of the models of political integration federalism is considered to have the longest tradition going back to the ancient Greek Leagues and medieval Hanseatic League. In the ideological layer federalism gives no universal method of integration. - All of them are designed for establishing political union between the states but each of them has developed its own approach to the problem of the role of the states and the division of the powers in the union it aims to create. According to this criterion there can be distinguished three main orientations: centralistic federalism, decentralistic federalism and federalism of balance.' [Ewa Klimczewska, Marta Makulec, Piotr Kwiatkowski, 'Confederalism, Federalism And Unitarism As Methods Of Establishing Common Europe', Warsaw University, 2005 - [http://www.wpia.uw.edu.pl/pliki/socera\\_08.doc](http://www.wpia.uw.edu.pl/pliki/socera_08.doc)]

So the Hanse was well-known to intellectuals and commercial folk. But how influential could its example be. We can surmise. Edward Rutherford, in his novel London, touches on how having a foreign enclave right in the heart of your own town with special privileges might affect a Londoner:

1611 - 'All through the Middle Ages, the huge fleets of the German Hanseatic towns had dominated the northern seas, and the mighty market of Antwerp in Flanders had been the hub of all northern Europe's trade. But during the last sixty years great changes had taken place. Newly assertive English merchant shipping had made such inroads on the Hansa monopoly that the old London Steelyard of the Hansa men had finally been closed;[and as the Reformation led Protestant Antwerp into a ruinous war with its Catholic Habsburg [sic] overlord,] London had grabbed a chunk of the Flanders trade for itself. The new Royal Exchange, where the merchants of London met, was, appropriately, a copy of the great meeting place, or bourse of Antwerp.'

Rutherford, Edward, London, Fawcett Crest, 1997, page 684.

We can reflect on this foreign-controlled free trade zone of the Stalhof affecting local views by considering comparable situations in China and Japan two centuries later. Foreign freedoms in Hong Kong and Macau and Shanghai had a significant effect on contemporary Chinese opinion and events. In the case of Smith and the Founding Fathers, I speculate that the Hanse may have been a subtle inspiration for rebellion - plucky merchants, setting their own rules, rich and arrogant - well why can't we be like them? 'If you can't beat 'em, join 'em.' So the Hanse was known and probably affected views of commerce intellectually and emotionally.

I would pick out a few modern prejudices through which we focus on the past. At most times we rely on markets in an unaware, unthinking and ungrateful way. We don't spend much time marvelling at the wonder of it all, as our bread is made for us, or electricity is piped to our homes or television programmes are transmitted into our living rooms. We are normally only interested in markets when we think they're failing. I hasten to point out that in my opinion, using a strict definition of market, markets never fail. Transparent markets with competition don't fail. They are excellent at allocating resources, providing information and transferring risk. What markets don't do is provide social equity. If social equity needs markets to take account of externalities, these externalities need to be built into market costs. As an example, with the current European Trading Scheme in carbon we are trying to price an historic externality, carbon emissions, into today's commerce. Another aspect of social equity is society's perception of 'excessive gains'. We realise that different societies have different tolerances for inequality and different views on equality of opportunity versus equality of outcome. Yet, many societies, even those fairly tolerant of inequality, can find it hard to swallow the returns to market winners. Witness our debates about Fat Cats or the earnings of celebrities and sports stars or the pension arrangements of civil servants. Social equity is outside markets' performance envelope unless they are carefully designed. Turning these points on their head, we can examine the influence of the Hanse on early modern finance and ourselves by looking in turn at lessons from Hanse practices, and then our own concepts of market failure:

“ information asymmetries; “ monopolies; “ social inequity.

### **Lessons From Hanse Practices**

As shippers, the Hanse had practices for pooling risk and the provision of credit that evolved in other shipping cultures, such as the Italians. Letters of credit and certificates of deposit, as well as the mechanisms to handle currency fluctuations among the members (the League didn't develop a common currency) all existed. Long-distance traders, using ships or camel caravans, need a lot of intangible products to conduct their business. Most of these products are about managing risk. I speculate that the Antwerp Bourse may have arisen, and been successful, as a market for things that aren't normally found in a victual or agricultural market because shipping firms need intangible financial services to fund, and manage the risk of, voyages. The Antwerp Bourse and the Royal Exchange accelerated a disassociation from physical produce or product to more abstract trading in virtual products, such as parts of a hull, shares in a voyage or insurance, leading to modern notions, well beyond joint stock companies, of forwards, futures, options and index derivatives. To start to understand Hanse practices in the context of their times, here is an extract from the [Encyclopedia of the Early Modern World](#):

'Early modern merchants, entrepreneurs, and financiers operated in an age of money scarcity and relied, therefore, to a very large extent on credit. Indeed, these men often traded within systems of interlocking credit, owing money to their suppliers or lenders and owed money by their customers and clients. Such systems could be quite fragile; one default could cause others, rippling across the entire network of relationships. In addition, they operated in an economy that lacked legal and fiscal institutions to ensure and enforce credit transactions. As a result, merchants, entrepreneurs, and financiers relied upon personal relationships and personal knowledge to reduce the risk of default. Being a close-knit community in most places, they often knew who was or was not a good credit source or credit risk. Where personal knowledge would not serve, intermediaries, such as notaries or goldsmiths, often arose, and used their own knowledge of persons (and their means) to mediate and facilitate credit exchange. Questions of reputation and risk, to say nothing of the issue of fraud, were a function of the transmission of information and touch the boundaries between economic and cultural history. They also touch the social history of economic life in early modern Europe. Merchants also depended on a wide range of organizations to reduce risk and reinforce reputations: they formed partnerships among themselves; they entered into collective agreements; they drew upon the resources of their families; they strengthened business agreements with confessional ties (by doing business with people of the same Christian creed).'

We could draw parallels at length between the Hanse and Lloyd's, the Hanse and the East India companies, the Hanse and



early joint stock companies or the Hanse and futures. However, I question whether this is something intrinsic to the Hanse, i.e. a sequential cause and effect chain leading to modern financial institutions, or whether the Hanse is simply another example of similar discoveries based on common challenges in long-distance trading. Any federal trading structure will find mechanisms to share risks and rewards and these mechanisms are, for the most part, pre-ordained and will emerge naturally. The mechanisms only differ in their conventions. If we knew more about Ancient Greek, Mesopotamian, Phoenician or Chinese shipping federations, would we find similar structures? My guess, and that of Moore and Lewis, is that where true federations with minimal state direction exist, yes, the evolved structures will be similar, collective arrangements and family ties in hull insurance, cargo insurance, shares in a voyage, management arrangements, information security, etc.

## **Information Asymmetries**

As with all great merchant schemes, particularly trading schemes, the Hanse thrived on information. Where information matters, information asymmetries provide competitive edge, so the Hanse had a postal system that increased the regularity of communication and decreased interception risk, keeping information private. Hanse merchants were able to use their private knowledge of supply and demand at distant ports to their advantage. The Taxis in Regensburg, the Rothschilds in London, Paul Julius Reuter and Michael Bloomberg are all examples of private information providing commercial advantage.

I was sailing through the Shetland Islands in 2004 and landed in the small port of Symbister on Whalsay Island. Imagine my surprise to find a small museum dedicated to the Hanse in a 'pier house' which had been used by Hanse merchants.

"Tradition says German merchants built the pier house. Merchants from Bremen came to Whalsay in the 16th century. The road leading to it was called the Bremen Strasse. Tradition has it that the dwelling house nearby was the original booth or böd (Norse for hut or storehouse). Merchants from Hamburg first record Whalsay in the early 17th century. R. Stuart Bruce believed Hamburg merchants built the pier house.

The pier and booth were built at the same time and rise straight from the sea. The booth was altered several times. Gables are of the same granite as Symbister House finished in 1830 (stone quarried at Staveness in Nesting). The shingle beach nearby and skeo built on it were for drying fish. Ling and cod were caught on hooks on long lines mainly from fourreens (4 oared boats) imported from Norway. Sixereens (6 oars) were also used but were rare until after the Hansa period was over.

Some more interesting stories and facts:

" It is recorded that in 1567 pirates attacked Herman Shröder at the booth in Symbister. " A paper from 1715 says the booth at Saltness (near Symbister) was near Kurts Stane where boats used to tie up. Kurt Hemeling was a German merchant. " Shetlands main export was dried and salted fish (mainly ling and cod). They also exported butter, cloth and fish oil. " To trade or sell merchants took fishing gear (hooks, lines, ropes, tar, salt), food and drink (rye meal, wheat flour, bread, mead, beer and spirits), household goods (linen, muslin, soap and ironmongery) and money.'

[from Brian Smith, emailed by Caroline Kay]

Clearly, successful, enduring trade is built on good information. In the case of the Shetlands, the Kontor of Bergen's knowledge of their needs and the demand for their goods turned Hanseatic knowledge into profit. But it was not all sweetness and light. Here we turn to monopolies.

## **Monopolies**

'In 1284, Hansa brought Norway to heel. Norwegians had attacked one of their ships and they retaliated with a blockade, banning exports to Norway of grain, flour, vegetables and beer. There was a famine in Norway and the Norwegians signed a humiliating treaty giving Hansa extensive privileges. Bergen became the centre of trade for all Norwegian dominions including Shetland, which from 1195 to 1469 was ruled directly from Norway. In 1316 a prominent Shetlander was elected to a special committee to regulate imports.

From the 15th century on the Hansa began to fail. One result of decline was a new relationship between German merchants in Shetland. Merchants disliked channelling all Shetland trade through Bergen and Hansa records illegal voyages direct from Germany to Shetland. For more than 100 years Hansa issued decrees forbidding the illegal trade with Shetland and threatened expulsion from the Hansa, or confiscation of ships and goods, but without effect. As Hansa's central organisation broke up, small groups of Germans began to make annual trips to Shetland to trade directly. This trade flourished for three centuries and outlived Hansa. The merchants sailed in early spring, the voyage taking 2-3 weeks. They took salt for the fish they hoped to buy and throughout the summer lay at anchor all around Shetland. They sailed home in August or September.

The ships were small (about 70 feet) and carried 6-18 crew made up of 'maschep', a trading firm whose members were often relatives. In 1539, 20% stockfish (dried, salted ling and cod) declared to customs at Bremen came from Shetland. 16th century Shetland probably provided 10% of international trade in this.'

In summary:

'Shetland's trade was monopolised by the Kontor in Bergen from which the Hansa controlled Norway. The Norwegians depended on grain from the Hansa and therefore could not develop an independent economy of their own. Hansa obtained from them fish, wool and furs.'

But the Shetlands suffered as well when the trade was broken:

'After the Act of Union, 1707, English navigation laws came into force in Shetland forbidding the import of salt by foreigners.'

Monopolistic aspects of the Hanse were felt elsewhere in the British Isles. Kurlansky, in his book Cod, points out that the Hanse were often seen to be a force for good; 'It stood up against the abuses of monarchs, stopped piracy, dredged channels, and built lighthouses. In England, league members were called Easterlings because they came from the east, and their good reputation is reflected in the word sterling?' [Kurlansky, page 26] 'But the league grew increasingly abusive of its power and ruthless in defense of trade monopolies. In 1381, mobs rose up in England and hunted down Hanseatics, killing anyone who could not say bread and cheese with an English accent.' Rather ironically, modern Lübeck has streets named 'Engelsgrube' or 'Engelswisch'. These don't refer to angels, but to the English, 'English ditch' and 'English field'.

But trading tensions were long-standing. Kurlansky relates how in 1475 Hanseatic restrictions on Bristol obtaining Icelandic cod energised Bristolians to undertake expeditions seeking 'Hy-Brasil' in the west. Quite soon Bristol restored its cod supply from a secret source. Interestingly, in the very late 15<sup>th</sup> century a letter was supposedly sent by Bristol merchants to Christopher Columbus alleging 'that he knew perfectly well that they had been to America already'. [Kurlansky, page 28] Further, Giovanni Caboto, or John Cabot in English, sailed from Bristol to a New Found Land in 1497. However, new sources of fish did not end conflicts and the first 'cod war' was waged not by the English and the Icelanders, but by the English and the Hanseatic League after an Englishman was murdered in an Icelandic fishing station. 'Uncharacteristic of the British, after a brief fight they simply withdrew from the Icelandic fishery.' [Kurlansky, page 52-54]. And the battles continued - in 1597 English merchants were expelled from the Holy Roman Empire in retaliation for treatment of the Hanseatic League in London.

## **Social Inequity**

Like many successful businesspeople, the Hanse were out to corner markets where they could. The weakness of governments and isolated societies was such that Polanyi deems, 'The Hanse were not German merchants; they were a corporation of oligarchs, hailing from a number of North Sea and Baltic towns. Far from 'nationalizing' German economic life, the Hanse deliberately cut off the hinterland from trade. The trade of Antwerp or Hamburg, Venice or Lyons, was in no way Dutch or German, Italian or French. London was no exception: it was as little 'English' as Luebeck was 'German'.' [Polanyi, page 63]

Corruption ends many political and commercial organisations, why not the Hanse? While the end of the Hanse is as murky as its origins, it is likely that the social inequity of control of information and monopolies created resentment. Just as legal complexities lead to more laws, so too did problems with Hanse monopolies lead to more monopolies. In trading terms, the most prominent monopolies were those of the 1600 English East India Company and of the 1602 Verenigde

Oostindische Compagnie, or Dutch East India Company. The English East India Company had a scandalous record, even by the standards of its own times, of executive malpractice, stock exchange swindles, human rights abuses, bribery, political corruption and monopolistic force. By the end of the 17<sup>th</sup> century, the Dutch quipped that the initials of the VOC stood for 'Vergann onder Corruptie - perished by corruption' [Robins, page 40]. Even the Swedish East India Company, Svenska Ostindiska Companiet, lasting from 1731 to 1813 had a significant, suspicious incident in 1745, the wreck of the East Indiaman Götheberg in fine conditions on a known hazard with the pilot on board, followed by rumours of insider benefit.

So it is highly likely that the Early Modern period, emerging as the Age of Enlightenment closes with Adam Smith and the US Constitution, was influenced by the Hanse. People's views of the Hanse and commerce were, quite rightly and similar to today, mixed, some pro's some con's, rights and wrongs, good and evil:

“ private information makes trade profitable, but sometimes unfair; “ monopolies or trusts will be sought and thus must be controlled by the state, or broken up; “ free trade with few restrictions leads to profit, but must be controlled for the good of society.

## Social Pride

In the early 1990's, I landed in Venice to visit some relatives. One of my relatives wanted to visit an exhibition, **I Longobardi**, the Lombards of Lombard Street fame. I was perplexed as he exclaimed that all Northern Italians were Longobardi, 'siamo tutti Longobardi'. Then I realised that the exhibition was funded to a large degree by the Lega Nord, Italy's political party for the northern regions that the Northern League terms 'Padania'. I imagined this Northern League sitting in a smoke-filled room looking at maps in reverse chronological order seeking a common ancestry. 'Bourbons, wrong message, keep going; Papal States, nope, wrong area; keep going; Republic of Venice, nope, incomplete coverage, a bit further; Lombards, hmm, go on some more; Roman Empire, nope, too broad. Hey go back one! That's perfect. From 568 to 774, look at the coverage, just what we need. The Lombards fit our member regions exactly. Let's promote them for the sake of unity.'

Of course contrasting the Hanse with Northern Italy can be unflattering. I quote from Taylor, 'Recently Spufford (2002, 376-80) has compared the scales of commercial activity by assessing the values of goods coming in and out of Lubeck and Genoa. He concludes that there is a ratio of about 5:1 in Genoa's favour. However, while Lubeck is by far the leading Hanse city, Genoa is just one of several important northern Italian cities and therefore he estimates the regional disparity at a ratio of about 10:1.' So as I look at today's Baltic enthusiasm for all things Hanseatic, I can be suspicious of some propaganda promoting ancient links. The depth of association in the modern era, from car registration plates, to town signs, to company names, even to a brand of plaster/band-aid, is impressive. You can travel a 'Hanse Route' in Germany. The myths of the Hanse touch modern literature, perhaps lightly, but do. A Terran Hanseatic League exists in Kevin J. Anderson's science fiction series, **Saga of Seven Suns**. In the long-running German **Perry Rhodan** science fiction series, the Cosmic Hansa (Kosmische Hanse) fills the Galaxy. Robert Heinlein's **Citizen of the Galaxy** centres on trading spaceships of old Earth nationalities where one spaceship is called 'Hanseatic'. Ian M Banks' **Culture** series has Hansa overtones as does Isaac Asimov's **Federation**. There is a new, popular German crime series by Derek Meister set in 14<sup>th</sup> century Lübeck with a trader as the protagonist. Even computer gamers can work their way to the head of the Hanseatic League in *The Patrician*.

So where do we end? Well I think that the Hanse did influence early modern views of commerce. They inspired people to consider what benefits free trade might bring and how what came to be called Smith's invisible hand worked for the common good through selfishness. On the other hand (sic) the Hanse encouraged people to seek the visible hand of the state to promote transparency of information and prevent the formation of monopolies. As the East India companies show, a mixture of public, private and mixed organisational models emerged during the transition to the early modern period. So we find ourselves today with a mythical inspiration for free trade, a unifying ancestry for the wider Baltic region and some eternal lessons on the good and evil in all commerce. Professor Rainer Postel notes that, 'It was around 1800, when Napoleon's army was destroying the Holy Roman Empire and conquering large parts of Europe, that the myth of the Hansa being a federation of strong, free and wealthy cities emerged.' Our historical lenses are heavily tinted with myth as we try to make the Hanse relevant to today. Yet myths, like good wines, sometimes age well and grow in potency. I wonder if the Hanse's influence grows as its myths age.

Thank you.

## Thanks

My special thanks to Mrs Caroline Kay of Symbister who kindly dug out photos and text by Mr Brian Smith on the Museum of the Hanseatic Booth, Pier House, Symbister at Whalsay on the Shetland Islands. My thanks also to my wife, Elisabeth, for helping with the research - and the driving.

## Further Surfing

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On Frisland et al - <http://en.wikipedia.org/wiki/Frisland>

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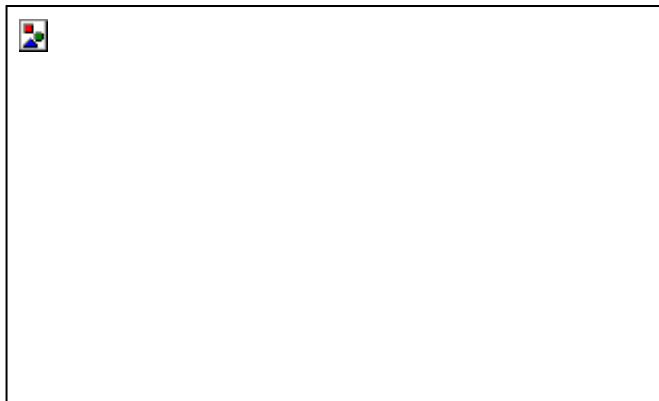
Whalsay - <http://www.undiscoveredscotland.co.uk/whalsay/whalsay/>

English Angels - <http://www.luebeck.de/tourismus/sightseeing/sehenswuerdigkeiten/objekte/engelsg.html>

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14 JUNE 2007

## **THE LASTING LEGACY OF THE HANSA**

ALDERMAN ALISON GOWMAN

Coming at the end of this stimulating day I am able both to build on (crib) the ideas of the previous speakers and pedal them as my own and also (even better) to have the last word with no come back! Except from the audience!

In one very real and obvious sense the lasting legacy of the Hansa is that we are here today at this event and are able not only to present some eminent speakers but also an equally engaged and knowledgeable audience. The existence and the history of the Hansa is embedded in the psyche of the people of the City of London just as deeply as in the more obvious display of the Hansestads of Germany and continental Europe.

My personal involvement is as the Alderman elected for the City of London for the Ward of Dowgate. Dowgate Ward takes its name after Dowgate Hill that runs down the course of the River Walbrook into the Thames at the spot that was the Douu Gate or Watergate a landing stage - but also the spot where the detritus and rubbish of the City was dumped. In that quaint way of the City reinventing uses over the centuries it is still the site of the City of London Public Cleansing Department and the wharf from which the barges of City rubbish travel down the Thames to the landfill site at the wonderfully named Mucking near Tilbury.

It is also the site of the Stalhof or Steelyard. This was obliterated when, in the middle of the 19th century, the site which had been sold in 1853 by the Hanseatic merchants was on-sold to the railway company that developed Cannon Street station and the major railway links into the City of London that bring in 100,000 commuters every day to the City. The anglicised name remains in a small walkway that runs parallel with the River Thames but is completely encased under the arches of Cannon Street railway station which is Steelyard Passage. 3 As you have heard it is close by here that we have commemorated 60 years of British- German peace and 6 centuries of trading links. A wall plaque is surmounted with the arms of the Hanseatic League and those original stone arms are on display in the Museum of London. This plaque hangs on the side of the Cannon Street Station and Cannon Bridge development. What was the old Stalhof is no more and the station and Cannon Bridge loom over the River. The front section is about to be rebuilt again and will look like this in about 3 years' time. There are no visible remains of the Stalhof and no further excavation will take place with this new development. So no new opportunities here. But some other adjoining buildings on the River are also being developed and we will then have a new part of the Thames Riverbank walk which will be named Hanseatic Walk. Another opportunity to remember our long history of trading.

Even if physically there is no other remains in the City of London there are many throughout the other Hansa cities. Without this becoming too much of a Cook's Tour I do want to mention a few. They provide an essential and international link for each of the Cities in which they stand- a draw for visitors and historians. These are the physical legacies of the Hansa.

King's Lynn Well I must mention as, although Paul has given a very full and interesting account of this town, I think that

to have a Hanseatic house so well preserved must be well worth a visit.

In **Shetland** there is still a pier house which would have provided the crane mechanism to load and unload ships and for storage. This Hanseatic Booth otherwise called the Symbister Pier House or Bremen Bod is the only original harbour ensemble on the British Isles dating back to Hanseatic times. It is clear that this was an important trading post with the Baltic based Hansa traders. Originally this was largely with Bergen but as Norway suffered economic set-backs the trade became more direct with the German Hansa cities.

In **Bergen** the Hanseatic museum or Hanseatisk is well preserved and a beautiful building which was the trading base for the export of the stockfish or salted fish. The adjoining block called the Schötstuene shows where the merchants lived.

In **Bremen** there is an annual Schaffermahlzeit. This is a traditional fraternity dinner for Ship's Captains and Ship's Owners and merchants that has been held since 1544. I mention this as it is said to be funded now by the proceeds of sale of the Steelyard site in London.

Of course the closest of links is between the City of London with Hamburg, or should I say Hansestadt Hamburg. The German city, to which its Hanseatic links are so important that its city signs including the national car number plate registration, is always prefixed by Hansestadt Hamburg. Indeed that connection is so close that there is the well-known saying which I am sure you will all have heard "in Hamburg die Regenschirme aufgespannt werden, wenn es in London regnet" or "when it rains in London, we get our brollies out in Hamburg". The Hamburg Chamber of Commerce with the Association of Hamburg Merchants of the Steelyard (the "Hamburger Kaufleute des Stalhofs") have revived the tradition of the Hanseatic merchants and for the last three years have recreated the Morgensprache (or morning talks) of the Hanseatic Merchants who worked in the City of London. There is a governing council that elects an Alderman and other council members who all have roles of importance in the ceremony. They bear various insignia such as a cross and a crossbow. They wear incredible outfits with red velvet robes and black velvet caps and a silver crossbow pin. At the first such Morgensprache in 2005 The Right Honourable Lord Mayor Sir Michael Savory attended and since that time I have had the honour of attending to represent the Lord Mayor at this marvellous occasion. The council elect an Alderman each year and re-enact a ceremony of installation which resembles the silent ceremony at which the Lord Mayor of the City of London is installed. We take it as a great compliment in the City of London that the Hanseatic merchants have followed this tradition. The events of the Morgensprache bring together the merchants of the cities of Hamburg, Bremen, Lubeck and Cologne from within Germany but also invite international guests and have spread their net to include both European and American business figures and each year an international prize is given to record the work of trade and friendship with these international partners. Indeed the very purpose of this celebration is not to hark back to a golden age but to celebrate these current vibrant and profitable links and to honour these international people who contribute to the freedom of spirit opportunity and trade that the Morgensprache represents.

This group of Hanseatic merchants have twice taken part in the Lord Mayor's Show in the City and last November were joined by the Handwerkskammer and made a wonderful contribution to the festivities and reinforced the connection with the City civic. If I might add that I was also pleased to be able to take part in the ceremony granting the freedom of the City of London to Herr Nikolaus Schues who was the main instigator of the Morgensprache and leading figure in the Hamburg Chamber of Commerce and is here today. I believe that he is the first Hamburg merchant to receive the freedom. This echoes the privileges given to the Hanseatic Merchants. They were successful because they could trade with privileges in the City as if they were free of the City and additionally had the right to elect their own Alderman. Now the City is able to grant the freedom (but without any special privileges I am afraid) to the successors of those Hanseatic merchants.

Thus the ceremonial links remain and these are at the highest civic levels. I should add that the Hansa merchants always recognised their responsibilities as well as their privileges. They were charged with looking after the gatehouse and paying for the watch. With privilege comes responsibility which they ably discharged. Still today the City of London ensures that this happens. Obviously all businesses pay business taxes but in the City we are the only UK local authority that gives businesses a vote in the election of the Court of Common Council - that is the City's council body. No taxation without representation! Even if you are not a British citizen through nomination by your employer you can vote personally in these elections.

**So does the Hanseatic trade survive?**

I have found it difficult to extract detailed trading figures between cities rather than countries and so I am greatly indebted to Herr Nicholas Schues. Needless to say his figures have a Hamburg leaning. You can see the strength of the trade with the countries of the former Hanseatic League cities. Imports to Hamburg even during the last year have risen by 26.8% overall and the exports have risen by 15%. Foreign trade over a 4 year period has doubled. This area of geographical trading is therefore still very significant.

Some examples of Hamburg businesses that have invested overseas significantly are set out on this slide and with other companies that have invested into Hamburg. They are only a small selection. This is only to take one very active and organised Hansesstadt (Hamburg)'s figures. I understand that a German businessman who has interests in the Hansa preferred to locate his new paper mill in the UK at King's Lynn because of the historic Hansa link. Well done King's Lynn to attract new business and jobs in this way.

Even if this is not especially scientific there is considerable activity in this area. Indeed, it must be in this area that the most direct and referable lasting legacy of the Hanseatic League can be discerned. I do not want to paint too rosy a picture of the medieval trading links. Of course they were built on entrepreneurship and a quest for personal wealth, influence and power. Indeed they were domineering and exclusive but if one believes in the need for trade (and surely here at Gresham College we must understand the importance of trade to the economy) then this inheritance coupled with the growth of stable and effective democratic rule is still the bedrock of our economy today.

From the viewpoint of the City of London, the number of German merchants and banks dating back a couple of centuries has flourished and the big names in merchant banking Kleinwort, Schrodgers, Rothschild, Warburg and latterly Deutsche Bank (who have now made the City of London their European capital city) speak of this. In the last 50 years, the Scandinavian banks have come here in great numbers particularly in the 1980s and most recently the major Russian Bank VTB which last month floated simultaneously on the London and Moscow stock exchange.

**And the City of London I am pleased to say is still free and open to traders from all nations and the City's accolade as the premier international global financial City bears testimony to this openness and welcome.**

On the whole the Hansa did not dabble in politics (apart from some usually disastrous wars) They showed that trade could operate effectively and separately from the power of Kings and rulers. I would say that the ethos that trade can go on and should be promoted separately from party politics has been a hallmark of how the City of London has operated without party political influence within its Common Council but providing the environment facilities and infrastructure required of the businesses operating within its boundaries.

### **So it is the forerunner of the European Union?**

The grouping of cities across national and state boundaries during the Middle Ages that the Hanseatic League represented has often been held up as a model for the European Union. In a small part I believe that can be said to be true. However, the Hanseatic League was not a federation, there were no laws, there was no council. Indeed it was somewhat fluid as to whether or not a particular City was a member of not - membership seemed ambiguous and cities from time to time were included or excluded. Each city retained its own independence operated its own laws and principles and was answerable to its own mayor or local council or merchant body. Indeed they were independent cities for the most part- independent of the state in which they were located. I do not see these characteristics mirrored in the all encompassing federation that is the EU with its myriad of regulations, its somewhat rigid requirements and very clear entry barriers. What the Hanseatic League seemed to do by way of light touch regulation and independence of operation has yet to be adopted by the EU.

But there are elements of the way that it traded that are still of importance today in the City of London. There was a standard of trade.

The name Stalhof which is usually translated as steelyard in English does not refer to steel in the modern sense but is thought to refer to the small steel seal of approval that was attached to cloth that had been approved as being of the right quality. The Stahlen which was affixed to cloth in the trading with the Hansa merchants meant that you had assurance of a high standard of quality goods that had reached a certain benchmark. As I have said, there were no laws that bound the merchants or regulations that were imposed on their way of trading but business was carried out on the basis of good standards, moral statements and commitment to trade in a proper manner. I have heard it said that businesses such as re-insurance still survive on such "gentlemanly" ways of working and dealing. (But I am glad to say that my law firm still has

numerous legal suits arising from re-insurance contracts so lawyers do need to be involved at some stage.) However it is clear that although the law is required (usually too frequently) to enforce obligations, there is still a code of dealing in the City coupled with the Lloyd's saying of "my word is my bond" which is so important to the integrity of city business.

We can look to the Hansa to see the start of the structures of trade finance, commercial lending, insurance and private banking. Although set up for the use of the physical trade of goods the same structures now operate to deal with the financial instruments and trading that typifies the City of London's business operation today. Whilst outsiders can vilify the City as a casino of high stakes with no physical outcomes what in effect it does is provide liquidity in the capital markets and allow the risk to be spread which ensures that the insurance, maritime, aviation and commodity worlds can operate with some stability despite other global pressures.

## **Secondment**

It was quite usual for merchants to be sent out from the major Hanseatic cities to the foreign counters or Kontore in order to manage the trading from that location. Such secondments would be required for a minimum of one year, partly because of the time it took to sail between each of the relevant cities, and it was usually appropriate that the secondees should be a married man of good reputation. Such Kontores existed at Bergen, Bruges, Novgorod and London. Was this the start of the very popular secondments that international businesses follow today? In my experience it is not usually the good solid married men of long-standing but perhaps more usually the young singles who wish to cut their teeth away from the home base. But the underlying reputation of the merchant is of paramount importance now as it was then.

## **City states**

We must not forget that the Hanseatic cities were, on the whole, independent city states and so for the reasons I have mentioned do not have their exact equivalent today although I would argue that it was the strength and success of Hansa which gave the particular cities such positions of strength. You might say that they were forerunners of the "think local-act global" tag. I am sure that many of us would argue that our own home cities have still a superiority and independence. Those of us living or working in the City of London will certainly consider that we are perhaps superior or more important than the rest of the country in which we sit. The City of London has such a reputation which can be good or bad. It is easy to criticise the "fat cats" of the City with their large city bonuses and their lack of touch with reality. The people of Hansestadt Hamburg are said to be equally proud of their heritage and certainly the political system operating in Germany would seem to give them considerable independence with their own chamber of commerce and control over businesses within their City. Hamburg has its own representative office in China although I should add that the City of London has now had one for the last couple of years. Such is the pre-eminence of the trade links between those two Cities be it of London or Hamburg that they need separate and specific business and trade representation abroad over and above what the State may have by way of a trade consul or UKTI.

## **Lifting horizons**

Did the existence of the Hansa merchants as purveyors of trade from many exotic places give the people of the City a taste of something far off and lift their horizons beyond the every day and mundane? Did this inspire the desire for travel and for trade beyond boundaries and without hindrance? The drive to be a seafaring nation and conquer and explore might have had the seeds in these merchants who showed the people of London what could happen.

If you have thought that I am travelling down some whimsical fancy of this supposed lasting legacy in order simply to fill my allotted time then let me assure you that I have left to the last the tangible organisations exist today.

## **Hanseatic Parliament**

This is the first of two modern day institutions that have been founded and which very much build on the use of the name Hanseatic and the ethos for which it stood. The Hanseatic parliament was founded in 2004 and the original members were more than 30 chambers of commerce and industry and chambers of skilled crafts and other institutions who promote small and medium sized businesses from all of the Baltic Sea countries. It was actually founded in St Petersburg which was as far as I am aware not a Hanseatic city but encompasses Germany, Poland, Lithuania, Latvia, Estonia, Russia, Finland, Norway, Sweden and Denmark. Its goal is to help make north eastern Europe an economic area which improves the situation of SMEs and its tasks are to strengthen the economic competitiveness of the Baltic Sea region, to support



SMEs and the skilled crafts, to promote vocational training, and excellence in the education of businessmen and executives of SMEs so as to provide a system of education and training and further the economic and cultural development of the region of the Baltic Sea. It conducts joint events such as congresses, seminars and trade fairs. It is based in Hamburg and is part-funded by the European Union regional development fund. Indeed there is a conference that starts **today** in Hamburg and runs for 3 days in conjunction with the University of Hamburg. I detect from the theme that the conference will show how much it is using the historic background of the Hanseatic league to propel forward the economic future of this area. I quote "during the period of the historic Hanseatic League, the Baltic Sea region was one of the most innovative and best performing regions in the world. Today, a unified Baltic Sea region is once again being afforded the opportunity to become an innovative and strong world class region" and so the 3 parts of the conference are to look at how they can learn from history to see how knowledge transfer and innovation within the craft trades and commerce was dealt with, to obtain an accurate picture of the present and carry out a survey and then to shape the future to look at opportunities and threats and work on ways of going forward. Obviously it is much more structured and goes much much further than the Hanseatic League of old and indeed the training programme with the awarding of diplomas or degrees that would be recognised within the region will be a way of building up that transfer of knowledge and a benchmark of learning. And can I just add to the City folks that being an SME is not small and insignificant at all. Over 50% on the businesses in the City are SMEs and provide a large part of the City's economies

## HANSE GUILD

The other considerable organisation today is the modern Hansa or the Hansa guild. This was set up in 1980 in the Dutch city of Zwolle and has encouraged over 200 cities to become members. The purpose of the Hansa guild is "to contribute to the economic cultural social and national unity of Europe and to enhance the self-awareness of the cities and municipalities so that they can play their part as a place of living democracy". It carries out various meetings at regional and international levels and holds conventions and supports campaigns to promote the concept of the Hansa among the general public, it promotes the exchange of cultural and traditional matters and strengthens economic and trading contacts and enhances the exchange of knowledge, social viewpoint and information. It supports various individual Hansa projects. The convention is held each year in one of the Hansa cities and was held this year in Lippstadt in May. These are called Hansa Days or Hansetage. Indeed there is a general encouragement to treat 19 May as a new Hanseatic Day. It takes a different theme each year and this year it was Miteinander Handeln or translated means "Dealing with each other" or "Acting together". This honours the interaction of those involved in the medieval Hanseatic League dealing with politics, economics and culture. The convention took place over 3 days and included various events including an economic summit and other more cultural matters such as a market, music and plays. A significant element of the association is to encourage YouthHansa in order to encourage cooperation and involvement between the young people of the participating countries. You might be interested to know that the City of London is not a member but both Kings Lynn and Aberdeen are. It was through this link that the King's Lynn paper mill was fostered.

What is interesting from both of these groups is that they build on the City states- they want to co-operate at the lowest level and not via the sometimes overregulated and slow national and EU strategies.

Further we should not decry the Hanse Guild which has been predominantly a tourist and cultural link and only latterly has the business programme built up to be a parallel and useful liaison. The merchants in the Stalhof were not averse to visits by artists, painters and musicians. In particular, Hans Holbein was very popular among the Hanseatic merchants and painted several of them - some of whom we could see at the recent Holbein exhibition at Tate Britain. Indeed Holbein was commissioned by the Hanseatic merchants to design a triumphal arch for the celebration of the wedding of Henry VIII to Anne Boleyn and that drawing was on show at that exhibition as well. Thus it is not inappropriate for the Hanseatic celebrations today to include those cultural links which are so important in establishing friendships across the nations. And we must not forget the example they give of merchants giving back to society through the arts and music from the wealth that they have generated through their trade.

## SUMMARY

The Hanseatic League did not survive - it was constantly changing and reinventing itself and eventually declined. Not everything is worth saving. There were bad bits as well as positive attributes. Emotional and irrational labels and ideas live on for reasons which are sometimes totally unconnected with the original purpose. For example the giving away of Maundy Money, the Knights of the Garter but we have learnt and can learn more about international cooperation through trade and this is a sure and important way to prevent war and increase prosperity. Welcoming workers and traders from overseas almost always pays dividends and benefits and is not a threat. Where people naturally have a common interest which may or may not be enhanced by common geographical social language or other links this is likely to make trading

easier and more beneficial. Building bridges be they trade and business, cultural, artistic or of friendship are all worth cultivating for our better future

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