



LUND UNIVERSITY

School of Economics and Management

Master's Programme in Economic Development, Growth, and Population

# Roots of Institutional Transformation: Hamburg in the late 16<sup>th</sup> and early 17<sup>th</sup> centuries

by

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## Abstract:

This study examines the beginnings of Hamburg's institutional transformation from a predominantly Hanseatic-style city to a Northern European financial and economic center. Existing literature has repeatedly pointed out the importance of migrants in the diffusion of economic institutions in the early modern period. In Hamburg's case, commercially-minded migrants from Western Europe came to Hamburg in the 16<sup>th</sup> and early 17<sup>th</sup> centuries and brought with them institutional preferences that were eventually adopted into Hamburg's institutional framework. Scholars have theorized that Hamburg's economic and political openness were major reasons for this migration and associated institutional development.

Evidence presented in this study does support the notion that foreign merchants and businessmen had a significant impact on Hamburg's institutional development. However, the study finds that Hamburg's comparative advantage in political, economic, and religious openness as a pull-factor for migration is uncertain. As an alternative explanation, the study presents a hypothesis that immigration may have been more driven by geographic factors. Certain traditional institutional elements, namely the power and preferences of the ruling class and the city's medieval-style toll privileges, complemented Hamburg's position in a changing geographical structure of trade, and made the city a logical place for foreign merchants to settle.

Course code: EKHS11

Master's Thesis (15 credits ECTS)

May 2023

Supervisor: Jaco Zuijderduijn

Examiner: Erik Bengtsson

Word Count: 15,834

# Acknowledgements

I would like to thank my supervisor, Jaco Zuijderduijn, for his feedback, responsiveness, and willingness to discuss.

I would also like to thank my friends, family, and former teachers who have helped foster my curiosity in history and economics over the years. May the conversation never end.

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# 1 Introduction

During the late medieval and early modern period, Western Europe underwent a significant economic transformation. Traditional medieval structures had begun to undermine their own reasons for existence, and structural changes transformed the parameters under which existing institutions functioned (Gelderblom 2004; Greif 1994). A divergence in institutional settings emerged between Western (most prominently Northwestern) and Eastern Europe in this period. In Western Europe, guilds lost a degree of their privileged status (Ogilvie 2011; Gelderblom 2004). Permanent markets were created in cities with relatively high volumes of exchange (Gelderblom 2004). The distribution of information on regional and global market developments improved (Lesger 2006). More advanced forms of credit markets and risk mitigation instruments spread to western cities and states (Cassis and Cottrell 2015, Kindleberger 1984). Charles Tilly (1992) has categorized the Western set of institutions as capital-focused institutions, in which capital accumulation was encouraged. In Eastern Europe, meanwhile, institutions based on coercion developed, where more traditional forms of exchange and production prevailed (Tilly 1992). This divergence set the stage for a different economic development path in Western Europe through the early modern and industrial periods (Allen 2001).

In Northern Germany, a divergence can be drawn between two closely-connected cities: Hamburg and Lübeck. From the 12<sup>th</sup> to 17<sup>th</sup> century, both cities were a part of the Hanseatic community and shared characteristics such as political structure, ethnic and familial networks, and cultural heritage. Yet, Hamburg went from a small Hanseatic city to one of the largest financial and economic centers in Europe between 1500 and 1750, while Lübeck, previously the leading city of the Hanseatic League, stagnated during the same time period (Lindberg 2008). In 1500, the two cities had similar populations. By 1650, the Hamburg population had grown to 75,000 while Lübeck's population had stayed constant between 20,000 to 30,000 people (De Vries 1984). Building wages in Hamburg also grew to the point to which they competed with some of the highest wage locations in Western Europe, such as Amsterdam and London (Pfister 2010; van Bochove 2008). This development also fits along the east-west

lines, as Lübeck was primarily Baltic (eastern) facing and Hamburg was North Sea (western) facing.

The role of institutional development on economic growth in the early modern period has been studied widely. The case of Hamburg is no exception, and studies have examined how the development of modern institutions supported future economic growth (Lindberg 2008). While the role of institutional development on economic expansion has been studied, the causes of this institutional change have received less direct attention. The question that presents itself is:

**Why did Hamburg develop a different institutional framework than other core Hanseatic cities?**

This study will center on institutional development in Hamburg in the 16<sup>th</sup> century, with the goal of understanding the differences in economic institutions in Hamburg and the other Hanseatic cities, with particular interest regarding Lübeck. It will focus on the development of more formal economic institutions that developed in the first quarter of the 17<sup>th</sup> century as the endpoint of this initial development process. In this process, the study will have to consider institutional dynamics in the political arena as well, but only in reference to their contribution to the development of economic institutions.

## 2 Literature Review

Hamburg is an appropriate location to study institutional development and transformation in the late medieval and early modern periods. The city went from an important but not leading member of the Hanseatic Union to one of the most important economic centers in Europe between 1500 and 1750, indicating a significant level of change. Generally, pre-industrial cities are also ideal units for studying institutional development. During this period, cities on the European continent possessed the “financial and legal resources to provide the necessary public goods” (Gelderblom 2013, 10). As a free imperial city in the Holy Roman Empire, Hamburg was largely able to govern its own affairs. Its largely autonomous nature provides a more contained and simplified case than that of a larger political unit, such as an empire or a proto nation-state. Higher authorities in Holy Roman Empire did play a role in conflict resolution and in the determination of Hamburg’s privileges, but Hamburg was largely able to govern itself. Due to its growth trajectory and autonomous status, Hamburg is a useful case for understanding early modern institutional development.

Existing literature points out that economic institutions, particularly the Hamburg Exchange (founded in 1558) and the Bank of Hamburg (founded in 1619) were critical developments in Hamburg’s commercial rise (Lindberg 2008; Denzel 2014; Cassis & Cottrell 2015). These economic institutions attracted foreign merchants and capital, which centered Hamburg in the exchange between northern, western, and eastern Europe. They were key elements of a Hamburg economy that would become a critical financial center, shipping center, and relatively high-wage economy in the early modern period (Newman 1985; Pfister 2017; Pfister 2010). Hanseatic scholars have also argued that Hamburg’s support of economic competition and openness was critical for its growth. Ernst Baasch (1907), historian and archivist, shows that the lack of protectionist policy in Hamburg relative to Lübeck can be seen as a major policy difference that favored economic development in Hamburg in the 17<sup>th</sup> century. Dollinger (1970) highlights the weakness of guilds and the acceptance of foreigners as unique developments that allowed Hamburg to prosper even while the Hanseatic structure declined. More recent trends in economic history have also given focus to the Hanse and its guilds. Ogilvie (2011) looking specifically at merchant guilds, has argued that monopolies

and monopsonies result from merchant guild dominance, and that the areas in which guilds faltered became more prosperous than cities that clung to guild privileges. In her analysis, the medieval Hanse is a chief culprit of using cartel-like behavior to extract rents from trade at the expense of economic development (Ogilvie 2011). Examining the uniqueness of Hamburg, Lindberg (2008, 2009, 2010) argues that Hamburg's guilds were not powerful enough to restrict competition by the mid-to-late 16<sup>th</sup> century, while those in Lübeck, Danzig, and Königsberg maintained power over political and economic institutions and their cities suffered economically as a result.

Political institutions are also argued to be important to the economic rise of Hamburg in the early modern period. Lindberg (2008) highlights the role of Hamburg's Long Ordinance (*Langer Rezess*) in 1529, which gave the Hamburg citizenry a degree of oversight over City Council (*Senat*) actions. He argues that this more open political constitution of the city contributed to future economic openness and prosperity by attracting foreign merchants and businessmen (Lindberg 2008). Lindberg's analysis is in line with the theory that openness in political and economic institutions was critical to achieving economic success in the early modern period (Acemoglu, Johnson, & Robinson 2005; Dessi & Ogilvie 2004). This theory would suggest that the 1529 Long Ordinance in Hamburg codified a degree of political openness and set the stage for future growth by allowing quick adaptation to the exogenous shocks of the rise of Dutch shipping, the emergence of the Atlantic economy, and the escalation of religious conflict in the Netherlands (Acemoglu, Johnson, & Robinson 2005; van Zanden & van Tielhof 2009). The theory of initial institutions, institutions that exist at the point in which an exogenous shock changes the existing status quo, may apply to this analysis of Hamburg and Lübeck (Acemoglu, Johnson, & Robinson 2005). One mechanism through which this development can occur is network expansion. Openness can attract new individuals and groups, whose commercial subsystems can leak into the institutional frameworks of existing institutions or incentivize the creation of new ones (Dahl 1998). Such a hypothesis is implied by Lindberg in his analysis of Hamburg, wherein Dutch, Portuguese, and English merchants transmitted their institutional preferences into Hamburg's institutional framework (Dahl 1998; Lindberg 2008). In this sense, possession of initial institutions can be seen as a sort of critical juncture, which sets the path for future development (Thelen 2014). The theory developed by Oscar Gelderblom (2013) also highlights institutions that attract merchants as drivers of growth. His study on the development of Bruges, Antwerp, and Amsterdam highlights the importance of adaptable institutional frameworks that

accommodate the needs of foreign merchants to support their private economic dealings (Gelderblom 2013). By providing formal institutions that aligned with the informal institutions of foreign merchants, cities attracted capital and centered themselves in trade networks.

Indeed, the cases of Antwerp and Amsterdam provide a model through which to interpret the development of late medieval and early modern institutions. Antwerp and Amsterdam were the leading European commercial cities of the 16<sup>th</sup> and 17<sup>th</sup> centuries in Europe, respectively. Gelderblom (2013) shows that the magistrates of the two cities instituted policies that aligned with the interests and informal institutions of foreign merchants, which enhanced property security and reduced transaction costs. Already existing institutions played a role in Amsterdam as innovations in institutional efficiency were often layered on top of existing institutions (Gelderblom 2013, 140). This institutional heritage attracted foreign merchants who wanted to take advantage of favorable conditions. In this case, Gelderblom locates a pull-factor of migration in Amsterdam's institutions. Lesger (2006) moves away from an institutional explanation of economic growth in Amsterdam. He examines the development of Amsterdam's trade orientation with the rest of the world and shows that it was only in the late 1500s, after the migration of Antwerp traders, that the structure of Amsterdam's trade began to change (Lesger 2006). He argues that these traders and merchants from Antwerp brought new networks to Amsterdam, opened new paths of trade, and made Amsterdam a global center of trade and information. He implies that these traders did have an impact on Amsterdam's institutions, but that their immigration was not necessarily caused by existing institutions. In his analysis, the immigration of Antwerp merchants to Amsterdam was more of a push-driven event than a pull-driven event, and Amsterdam was not predetermined to attract these merchants simply due to its institutional framework. Both Gelderblom and Lesger focus on the role of foreign merchants, but Gelderblom emphasizes the role of government policies and their adaptations to the needs of merchants in order to attract them, while Lesger situates this migration within a system of trade geography. These different explanations for economic success have something in common: the immigration of foreign merchants. Both align with the geographic pattern of institutional diffusion put forward by Fernand Braudel. According to Braudel (1972, 1982), institutions supporting more advanced forms of exchange were diffused from Italy to the Southern Netherlands, then to the Northern Netherlands, to England, and eventually to the rest of Western Europe. If Hamburg was influenced by foreign merchants, who, in an open institutional setting, helped develop the

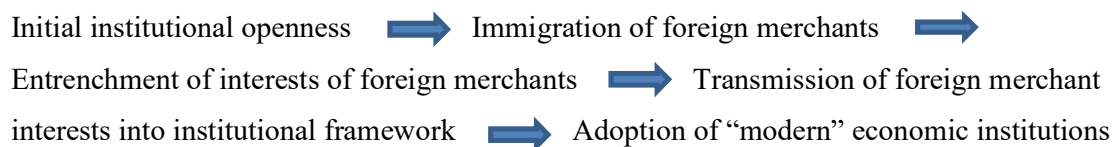


foundations of modern economic institutions, the situation would be directly comparable with the development of Amsterdam and indirectly comparable to the development of Antwerp.

The literature emphasizes certain elements common in areas that developed economically, namely reinforcement of constitutions, open-access societies, less restrictive economies, and the heavy economic participation of foreign merchants. Within the literature, these elements contain a symbiotic relationship in which each supports the others. Open-access societies and less restrictive economies attract foreign merchants looking for opportunities. These foreign merchants then access the institutional frameworks and influence their trajectory in their favor. This study will put the case of Hamburg through a more rigorous analysis to determine whether the relationship between these elements can explain Hamburg's development toward a more modern institutional model and away from the medieval-style economic organization of the Hanse area.

### 3 Theoretical Framework

A specific process that can potentially explain Hamburg’s institutional change can be extracted from this literature. The key elements of this process center on political and economic openness, the attraction of merchants from foreign areas, and the integration of the preferences of foreign merchants into the institutional framework of the city. For the purposes of this paper, economic openness is defined as the lack of restriction on the ability to participate in economic exchange. Political openness is defined as the breadth of the population that is allowed to participate in governmental and civic affairs. Primary units of political analysis will be the City Council (*Senat*) and the Citizenry (*Bürgerschaft*). They will be each treated as a singular unit for the purposes of this study, though it must be noted that individual interests within these groups were not homogenous. With these definitions in mind, the theory proceeds as follows. Foreign merchants came to Hamburg due to a more favorable climate resulting from the more open institutions when political and religious conflict occurred in their homelands. These foreign merchants then had access to city institutions, and influenced the existing economic institutions toward their own interests. This process drove the adoption of modern institutions, such as the Bank of Hamburg in 1619. A graphic representation of the process can be found below:



This study is not concerned with the explanatory impacts of these institutions on Hamburg’s economic growth. Instead, it focuses on how Hamburg transitions away from an institutional cluster centered on traditional Hanseatic economic organization. The analysis will begin in the aftermath of the Reformation and will end in the early 17<sup>th</sup> century, when Hamburg’s economic institutions begin to undergo significant change.

The rest of this section will present a starting point for Hamburg’s institutional development. The following three sections will examine religious toleration, political openness, and

economic openness to determine whether Hamburg had a comparative advantage in these areas. Religious toleration is included as a separate section because post-Reformation migration was often for religious reasons. Hamburg's reaction to religious minorities can highlight their degree of integration in Hamburg society and can reveal important political dynamics. The following section will examine the role of foreign merchants in influencing Hamburg's institutional development. In the final section, the study will explore an alternative explanation based on the changing geography of trade of the late 16th century. Throughout all sections, a comparative element will be incorporated. To study why foreign merchants and businessmen moved from one place to another, alternative destinations should be considered.

Before the bulk of the analysis begins, two key facts must be established to ensure the basic legitimacy of the study.

1. Hamburg's institutional framework was similar to that of nearby Hanseatic cities in the early 16<sup>th</sup> century.
2. Hamburg's institutional development diverged sufficiently from that of the Hanseatic organization by the early 17<sup>th</sup> century.

To track institutional divergence in Hamburg, we first need to establish that Hamburg did indeed diverge from its previous institutional cluster. If Hamburg's institutional situation had already diverged before the shocks driving immigration, then the theory of immigrants bringing institutions to Hamburg collapses. Lübeck will be used as a point of reference in this study for two primary reasons. First, Lübeck was the leading member of the Hanseatic League. Its political constitution, the Lübeck Law of 1226, was a foundational determinant of participation in the Hanseatic network. Many towns, including Hamburg, based their political constitution on Lübeck Law (Dollinger 1970). As a leading member of the Hanse, Lübeck exerted strong influence on the decisions of the Hanseatic League and its merchants made up a large proportion of the Hanseatic merchant fleet (Dollinger 1970; Huang 2019; Huang & Meiners 2019). As such, it embodies the policies of the Hanse in ways other cities do not. Second, Lübeck and Hamburg were closely connected economically. Before the 16<sup>th</sup> century, the land-route between Hamburg and Lübeck was perhaps the most important commercial path between the North Sea to the Baltic (Huang 2019, 253; Jahnke 2019, 232). During the late 15<sup>th</sup> and 16<sup>th</sup> centuries, the Sound (*Öresund*) between Sweden and Denmark became more commonly used, but the route between Hamburg and Lübeck remained highly important

(Dollinger 1970, Kikuchi 2018). This close economic connection would suggest a high degree of interaction between the two cities.

Were Hamburg and Lübeck similar in institutional terms at the beginning of the 16<sup>th</sup> century? Politically, they shared the same structure of government, based on Lübeck Law. With respect to trade, Hanseatic cities generally forbade foreigners from trading with other foreigners. Instead, foreign merchants had to go through a local, or at least Hanseatic, partner (Jenks 1996, 3). Trade within Hamburg was similarly mediated through either Hamburg residents or Hanseatic partners through the first half of the 16<sup>th</sup> century. As such, the network-oriented and kin-based style of Hanseatic trade was prominent in both cities (Ewert and Selzer 2016, Reissman 1975, 127). The two cities shared formal institutions as well. Guilds and brotherhoods were important in social and economic life in both cities, including those that mediated local retail trade (Jahnke 2019, 374; Reissman 1975, 184). In international trade, both cities shared merchant corporations such as the *Schonenfahrer*, *Englandfahrer*, *Bergenfahrer*, and *Flanderfahrer* (Dollinger 1970; Reissman 1975). Early in the 16<sup>th</sup> century, Lübeck and Hamburg also shared the administration of the Poundtoll (*Pfundzoll* or *Rote Zoll*) on the Elbe for the benefit of providing military support to Hanse cities trading in areas at risk of piracy (Pitz 1961, XXXVII). Capital markets to which foreigners had access were developed in both cities by 1500 (North 1996, 823). A Monetary Union (*Munzverein*) had been established between Hamburg, Lübeck, and Wendish cities in 1379 with the Lübeck Mark as its currency (Jahnke 2019, 238). Indeed, Lübeck may have possessed more advanced financial institutions than Hamburg did around 1500. In the early 15<sup>th</sup> century, an Italian merchant set up a bank in Lübeck and in the late 15<sup>th</sup> century, the Fugger family also established a banking outpost (North 1996, 812; Dollinger 1970, 347). However, neither bank survived in the long-run due to the lack of financial infrastructure that existed in both Lübeck and Hamburg at the time (North 1996, 820). Ultimately, the institutions of trade, situated within the Hanseatic tradition, were largely similar in the two cities at the beginning of the 16<sup>th</sup> century.

Were Hamburg and Lübeck different in institutional terms in the early 17<sup>th</sup> century? In terms of economic institutions, Hamburg does seem to have broadened institutional adoption to include a different array of institutions, though the differences between Hamburg and Lübeck should not be exaggerated.

By the early 17<sup>th</sup> century, Hamburg and Lübeck contained a few notable differences in terms of economic institutions. The adoption of the Hamburg Exchange in 1558 was an important development in the city's institutional trajectory (Cassis & Cottrell 2015, 25). Lübeck, however, also had a busy central marketplace, though it may have been less formally organized than that of Hamburg (Lesger 2006, 19). One major difference, however, is that detailed commodity price lists were present in Hamburg by the 1590s, while there is no record that they had reached Lübeck at that time (McCusker & Gravenstein 1991). This may indicate that Lübeck did not have a sufficient level of foreign trade for the publishers of the commodity price lists, that the City did not provide the infrastructure for the lists to be officially distributed and shared, or that Lübeckers got their information some other way. In any event, the institutionalization of commodity lists provided merchants in Hamburg with an informational advantage in trade. Perhaps most strikingly, Hamburg adopted a Public Bank in 1619, the Bank of Hamburg. This was only the second successful public bank in northern and northwest Europe at the time, and can be considered the clearest example of divergence between Hamburg and Lübeck. Lübeck's City Council even attacked Hamburg's adoption of the Bank as undermining the interests of Lübeck (Baasch 1907, 128). Another striking difference between Hamburg and Lübeck is the attitudes of each respective city council toward the question of foreign trade or protectionism. By the second decade of the 17<sup>th</sup> century, Hamburg had largely committed to a policy of welcoming foreign merchants, while Lübeck was in the process of strengthening its protectionist policy. Guilds had also become weaker in Hamburg relative to Lübeck by the beginning of the 17<sup>th</sup> century (Lindberg 2008). This is especially true of exclusive merchant associations. In Lübeck, they maintained strong influence well into the 17<sup>th</sup> century (Baasch 1907, 131), while in Hamburg the share of trade conducted outside of these groups increased drastically (Reissman 1975). These elements show that important institutional differences between Hamburg and Lübeck can be found by the early 17<sup>th</sup> century.

While Hamburg did institutionally diverge from Lübeck in certain ways, we should not exaggerate the scope of this divergence. The Monetary Union between Hamburg and Lübeck was upheld and reinforced in the early 17<sup>th</sup> century and again during the Thirty Years War (Dollinger 1970, 334). Both cities restricted free trade when it suited them, and continued to fight for their exclusive staple rights to capture rents from shipping (Baasch 1907, 112). As late as 1613, Hamburg's toll structure still favored the final sale of goods within the Hanse area, which was exempt from certain tolls on trade coming through the city, though

exemptions did exist (Pitz 1961, 203). The influence of local guilds in the retail trade also did not disappear in Hamburg, as the shopkeeper's and weaver's guilds still maintained exclusive rights over a number of goods (Reissman 1975, 184-207). Still, Hamburg's transit trade had become less restrictive than Lübeck's trade, which insisted in 1605 that all maritime trade had to pass through the hands of Lübeckers, at the same time that Hamburg was relaxing its own restrictions (Baasch 1907, 124; Reissman 1975, 233-234).

Ultimately, the policies and institutions that Hamburg did adopt are sufficient to constitute a rupture with those of the leading Hanseatic member, Lübeck. Hamburg's accommodative stance toward foreign merchants may indicate a trajectory of economic openness and freer trade, both of which could be classified as more "modern" developments. The type of institutional divergence in Hamburg is at least superficially consistent with the theory that foreign merchants had a role in institutional development. The role of initial institutions in driving this migration is still uncertain. Either merchants migrated to Hamburg and pushed for institutional change regardless of the initial institutional framework, or Hamburg attracted foreign merchants due to its existing institutions, which foreign merchants could then influence. Now that the different trajectories of institutional development have been clarified, the analysis of Hamburg's institutional development process can begin.

## 4 Hamburg and Openness

### 4.1 Religious Toleration

Migration driven by religious conflict was common in the second half of the 16<sup>th</sup> century. In particular, conflicts in Iberia and the Netherlands generated migrations to German lands (Whaley 1985; Schilling 1972; Weber 2004). Because these migrations had a strong religious aspect, it is worth considering Hamburg's religious position in the late 16<sup>th</sup> century. The extent of religious toleration can also highlight the relative political strength of the Citizenry, represented largely by the clergy, the guilds, and local traders, within the city. This section will examine the degree of religious toleration that Hamburg provided to non-Lutherans to determine whether Hamburg had a comparative advantage in religious toleration.

By 1528, Hamburg was a largely protestant city, along with many other Northwestern and Wendish Hanseatic cities. Aside from the condemnation of Anabaptism in 1535, religious conflict in Hamburg was relatively muted until the migrations of the 1550s, as internal matters of theology and power struggle remained unresolved. This began to change in the 1550s, when Hamburg became officially Lutheran and a religious infrastructure had solidified (Whaley 1985, 24). In 1554, a Calvinist group seeking entry to the city was refused and the group was expelled (Whaley 1985, 118). In 1569, the clergy demanded that all Dutch immigrants that refused to convert to Lutheranism must be expelled from the city (Whaley 1985, 118). In the 1570s and 1580s, the city's clergy actively persecuted the Dutch Calvinist immigrants, and sometimes even Dutch Lutheran immigrants who were accused of crypto-Calvinism (Whaley 1985, 119). Even the English Merchant Adventurers were hesitant about setting up in Hamburg due to the lack of religious toleration (Ramsay 1986, 133). When they did gain the right to trade in the city between 1567 and 1577, the Merchant Adventurers were required to adhere to local religious policies and worship outside of the city (Whaley 1985, 118).

Catholics and Sephardim Jews also came to Hamburg to escape conflict areas. A group including Catholic Italians, Portuguese, Spanish, and Dutch was able to secure the ability to

worship in the nearby city of Altona in 1592 (Whaley 1985, 48). However, Hamburg contested this right to worship, and in 1603, decreed that Hamburg residents could no longer worship in Altona. The arrival of the Sephardic Jews is difficult to determine because many initially claimed to be Catholic in order not to arouse the suspicion of the local populace (Whaley 1985, 120). By 1603, however, the Citizenry was demanding the expulsion of the Sephardic Jewish community.

The City Council paved a path of mediation through the process of accepting non-Lutherans into city life. It did not support the policy of the clergy to exile or persecute Calvinists and supported the inclusion of the Merchant Adventurers in the city's economy. In 1603, pressure from the clergy resulted in an official policy that barred people from non-Lutheran religions from living in Hamburg and worshipping in Altona (Whaley 1985, 120). As a unified policy, however, it did not last very long. In 1605, a pact solidified between Dutch Calvinist merchants and the Council ensured their ability to worship freely in Altona, along with the intercession of the Dutch Estates General and the Count of Hesse-Kassel, who ruled that Hamburg had no right to stop worship in Altona (Whaley 1985, 120). The Dutch would declare loyalty to the city and pay all ordinary taxes in exchange for most of the rights of citizenship, though they were not granted official citizenship (Whaley 1985, 120). Sephardim Jews were able to officially re-establish their right to worship seven years later, in 1612, after a series of disputes with the city (Whaley 1985, 74). Because this group had strong commercial connections, they could credibly threaten to withdraw their commerce to neighboring cities where they were more welcome. The intercession of theologians from Frankfurt also supported the inclusion of the Jewish community in Hamburg, which further undermined the position of the local clergy (Whaley 1985, 74). After their own battle with Hamburg, the Jesuit community was banished in 1612, when their support from the regional count, the Count of Schaumberg, disappeared (Whaley 1985, 49). It was not until 1622 that the community was re-establishment (Whaley 1985, 49).

Hamburg's path to some degree of religious toleration was not easily granted. Non-Lutheran immigrants continuously undertook legal action, sometimes successful and at other times unsuccessful, to gain a minimum of religious rights in the city. The Calvinists and the Jews were eventually able to secure their status, while the Jesuit community was banished. Factors outside of Hamburg's control were critical to the success of religious refugees and migrants settling in the city. Freedom of worship granted by the nearby cities Altona and Stade made it



easier for foreigners to maintain their religious practice and reside in Hamburg. The right to worship in these locations was upheld by the regional counts, who maintained that Hamburg could not restrict the right to worship outside of its jurisdiction. It is important to note that the City Council was a force that pushed back against the Citizenry, which largely represented the clergy, guilds, and local traders, and wanted to restrict religious minorities. Over time, the rights of non-Lutherans became more secure, though issues did not disappear. They were, for example, still restricted from becoming citizens and from participating in official civic affairs.

In relation to the other core Hanse cities, Hamburg was not unique. The city has typically been presented in a positive light compared to more eastern-oriented cities, such as Lübeck. William Carr, writing in the late 17<sup>th</sup> century, claims that religious zeal and pressure by Lutheran ministers resulted in the banishment of non-Lutheran merchants from the city (Carr 1688, 160). This occurrence, however, did not take place until the second half of the 17<sup>th</sup> century (Strandquist 2012). During the late 16<sup>th</sup> century, Lübeck's City Council constantly resisted efforts by the clergy to establish strict rules on religious practice. During this period, the City Council rejected the efforts of pastor and reformer Andreas Pouchenius to use city law to enforce severe restrictions against religious minorities (Strandquist 2012, 92). In 1588, the Council demanded that Lübeck pastors keep their denunciations only to serious infractions, such as "adultery, murder, heresy, and blasphemy" (Strandquist 2012, 92). The rise of restrictive policies only took place after 1600, not during the migrations of the 16<sup>th</sup> century (Strandquist 2012).

Lübeck's story is similar to that of Hamburg in the second half of the 16<sup>th</sup> century. A power struggle existed between the Citizens and the Councils, the latter of which understood that high levels of clergy power and prosecution would harm the mercantile interests of the city and their own power base. Both councils were largely able to restrict the most stringent demands of the clergy on non-Lutherans in the late 16<sup>th</sup> century, but were in some cases pressured into measures that did limit religious toleration. That these policies diverged only after the 16<sup>th</sup> century migrations indicate that these migrations were not caused by significant initial differentials in religious tolerance.

Other cities in Northwestern Europe provided higher degrees of religious freedom. The nearby cities of Stade and Altona both provided the freedom of worship to different religious groups. Indeed, when issues between the Sephardic Jews and the Citizenry of Hamburg arose, the cities of Emden, Stade, Altona, and Wandsbeck all offered the Jews invitations to trade

and worship freely (Whaley 1985, 74). The Merchant Adventurers also spent time in Emden and Stade with the ability to worship freely when they were expelled from Hamburg after 1577 (Whaley 1985, 118). Migrants tended to settle in Hamburg despite, not because of, religious reasons in the second half of the 16<sup>th</sup> century. They then engaged in struggles with the city to ensure the ability to worship. Still, the Council did ensure that drastic measures, such as banishment and large-scale religious violence, were unlikely to occur. In any case, other considerations were likely more important than religion for Hamburg immigrants, as long as a baseline level of tolerance was granted and religious violence was not taking place.

## 4.2 Development of Political Institutions

One interesting element of the development of religious toleration in Hamburg is the divide between the Citizenry and the Council. In his studies of Hamburg, Lindberg (2008) claims that Hamburg's unique political structure, in which the Citizens had direct supervision over the Council, encouraged immigration and allowed Hamburg's Citizenry to mediate conflicts that resulted in increased openness. In the 16<sup>th</sup> century religious sphere, at least, this does not seem to be the case. The Citizenry often pushed to restrict religious minorities, while the Council often fought for basic religious rights. A more detailed look into Hamburg's politics can provide a better idea of the relationship between the two groups and how official citizen representation in government could have contributed to attracting migrants.

This section will examine two main aspects of Hamburg's political situation: citizen participation in government, and the makeup of the City Council. The theory guiding this examination is based on checks and balances to governance structures that can provide a credible commitment to upholding institutions, norms, and promises of the government. Constitutions and official power sharing agreements can limit potential coercive action and abrupt institutional change. The second part of this section will consider the makeup of the Council to understand the interests that made up Hamburg's primary governing body. It can also shed light on whether immigrants were able to reach the status of Councillor. More political mobility would suggest a higher degree of openness and political dynamism, and can help us understand the extent to which an immigrant could participate in governance and civic life.

In the 16<sup>th</sup> century, Hamburg develop some forms of democratic institutions. The 1529 Long Ordinance (*Langer Rezess*) gave citizens a degree of oversight of the City Council. Previously, the City Council had been the sole legislator, administrator, and judiciary within the city. The permanent inclusion of the citizenry in the governance of the city added a new element to civic affairs. The theory of initial institutions suggests that locations with a more diverse, non-absolutist balance of power before the rise of Atlantic Trade were able to best capture the gains of trade (Acemoglu, Johnson, & Robinson 2005, 572). In these areas, the rising commercial elite were able to use their economic power to challenge entrenched medieval structures and influence the development of more open economies. Of course, Acemoglu, Johnson, and Robinson (2005) refer primarily to European states, rather than cities, in their analysis. Lindberg (2008) associates the theory with Hamburg, and suggests that the balance of power that developed through the Long Ordinance set the city on a path that led to increased openness and commercial success because Hamburg was more able to adapt to exogenous conditions.

In the early days after the Long Ordinance, conflicts between Citizenry and Council were minimal, but the implementation of the Long Ordinance suggests that the Citizenry did at least have the potential to challenge the authority of the Council (Whaley 1985, 15). Guild members and the clergy made up much of the citizenry and strongly influenced the direction of the Citizenry, as seen in the previous section. Like essentially all early modern cities, much of the population did not have a voice in government when it came to representation (van Tielhof 2002, 97; Lindemann 2014, 54). The Citizenry represented a relatively small number of people living in Hamburg, namely official organizations, and individuals with a sufficient level of economic resources. The adoption of the 1529 Langer Rezess was driven by the new Lutheran religious leaders in the city (Whaley 1985, 14), and this group continued to influence the council through the 16<sup>th</sup> century due to their position in the city's political structure. Indeed, only Lutherans were granted the ability to become citizens.

The Citizenry did not necessarily support the inclusion of foreign interests into Hamburg's economy and society. We have seen this play out in religious terms, in the cases of the Sephardim Jews, the Dutch, and the Catholic community. Economic considerations also played a role in disputes with foreigners. Frequent complaints were launched by the Citizens against the role of English trade in Hamburg, which was argued to be harming Hamburg traders and local guilds, particularly in the cloth industry (Lingelbach 1904, 277). The lack of

renewal of Merchant Adventurer privileges in 1577 was not only due to external pressure by Hanseatic powers but also by associated interests that existed within the city's Citizenry itself. Hamburg's own *Englandfahrer* company, for example, petitioned to disallow the Merchant Adventurers into the city (Lloyd 1991, 312). The Portuguese were also threatened by the Citizenry. Along with the expulsion of the Portuguese merchant community, the Citizenry demanded heavy taxes on the Portuguese merchant community at large in 1603 in order to capture rents from their business activities or else push them out of the city. The Council worked hard to keep the economic resources of the Portuguese community in the city, and was eventually successful in this goal. The Dutch case is similar. Historian Heinz Schilling (1992, 172) describes numerous complaints from the Hamburg citizenry in which local merchants and artisans accused the Dutch of appropriating the fortunes of locals. The weavers and the cloth traders, in particular, tried to limit Dutch competition (Schilling 1972, 77). Until 1586, the Citizenry effectively kept Dutch Calvinists out of the city. Until 1605, the Citizenry successfully erected religious barriers to Dutch Calvinist merchant and business integration, and it was only at the behest of the Council and regional powers that the Dutch managed to secure improved rights in the city. The notion that Hamburg society in the late 16<sup>th</sup> century was politically open to foreign merchants is a questionable one. Foreign merchants were only to gain a foothold in the city because of the accommodation of the City Council, and in some cases, because of higher authorities. With this in mind, it becomes difficult to locate a strong pull factor in the idea that the formal representation of Hamburg's Citizenry, a group that often pushed for more restrictions on foreigners, helped generate immigration.

Another important development was the 1563 creation of the Citizen-led Finance Administration (*Finanzverwaltung*) of the city. This development gave the power of treasury to eight citizens elected by Hamburg's parishes. Without the first step of the Long Ordinance, the creation of the Finance Administration is implausible. Its development was built on the initial thrust of citizen oversight and citizen power that the 1529 constitution institutionalized. The creation of the Finance Administration could provide a foundation for Hamburg's future institutional development and economic growth. A constitution with checks and balances that restrict the ruling class can potentially reduce the risk of financial abuse by authorities (North & Weingast 1989). In theory, the financial status of the city would be more secure and any drastic changes to the city's policies regarding emergency taxation and goods confiscations would be more difficult to implement, putting Hamburg in a strong position to attract foreign merchants that would perceive themselves as being a step removed from the whims of a

potentially tyrannical patriciate class. It would provide additional security and a higher level of governmental commitment to the established institutions that provided for property rights.

Among the responsibilities of the Finanzverwaltung, three will be mentioned here: the approval of loans, the sale of guild offices, and the overall management of city finances (Bohnsack 1992, 62-71). It should be noted that in its early days, the Administration was often in conflict with the Council over its duties, and participated in functions that were beyond its official prerogative (Bohnsack 1992). Until well into the 17<sup>th</sup> century, its responsibilities overlapped with those of the Council, and conflicts often arose over financial matters (Bohnsack 1992). Still, the Finanzverwaltung came to exert considerable influence on any financial decision of the city. Official approval of city council loans can be seen as an important aspect of citizen oversight. Higher levels of oversight and responsibility of city debts could secure stronger property rights by reducing the risk of default and abuse of creditors. The management of city account books may also have had a positive impact on citizen policies toward foreign merchants and businessmen. This responsibility could, in theory, check the interests within the citizenry that were hostile to foreign merchants and businessmen, because the inclusion of foreign merchants could increase city revenue. Lastly, the sale of guild offices ensured that the Finanzverwaltung tied a portion of its revenue to the guilds, which created an important relationship between the two institutions. Unfortunately, few of the Administration's 16<sup>th</sup> century actions are available for detailed analysis in published sources.

One action taken by the Finanzverwaltung took was implementing the Citizens Tax of 1586. The Citizen's tax was a toll on goods coming through the city ostensibly in order to improve Hamburg's shipping facilities on the Elbe. At the time, the Finance Administration was responsible for the beacon and buoy system, which would receive the majority of the funds from this toll. The toll generated complaints from numerous sources. Lübeck merchants argued that the new tolls represented a drastic and abrupt change in Hamburg's toll structure, highlighting that the high toll rates were far higher than what the improvements actually required (Pitz 1961, 172). They accused Hamburg of using the geopolitical situation in the Netherlands and Hamburg's own geographic supremacy in order to squeeze merchants and restrict trade (Pitz 1961, 172). Lübeck merchants then appealed to the imperial court, which ultimately upheld Hamburg's right to implement the toll as long as port improvements were taking place (Pitz 1961, 172). Complaints from other cities, such as Bremen, Emden, and

Stade, also contested Hamburg's right to issue this additional toll (Pitz 1975). On multiple occasions, the city confiscated goods that were perceived to have not paid sufficient tolls. The goods were typically released after the case had been brought to higher authorities, but Hamburg maintained the right to exercise force to ensure the increase in tonnage rates (Pitz 1975). The high tolls resulted in threats from surrounding areas, as merchants threatened to leave the city. In 1587, factors of South German merchants complained that the drastic increase in toll charges would force them to move to Stade (Pitz 1961, 163). A claim taking place by the same factor 12 years later, in 1599, shows that this issue remained unresolved, and that Hamburg still held the necessary leverage to maintain the high tolls on the South German merchants (Pitz 1961, 166-167). Instead of reducing or eliminating the general toll, privileges were granted to those groups that could credibly retaliate. The English, the Lübeckers, and later the Dutch, managed to receive privileges by threatening retaliation. The English could challenge Hanse privileges in London, the Lübeckers could harm Hamburg trade through retaliatory taxation, and the Northern Netherlands was strong enough by 1606, when they forced their own privileges, to threaten use of military force against Hamburg's North Sea trade. That privileges and exemptions were granted largely due to the geopolitical strength of the opposing groups indicates that Hamburg's Citizen's toll was coercive in nature. Challenges to this toll by other rivals were dismissed due to Hamburg's imperial staple right that ensured the ability of the city to raise its own tolls. Financial diligence and the need to raise city revenues were, at least in this case, complemented by policies that hampered the ability of foreigners to trade through the city. Indeed, it was only through rent capture that the Finance Administration could directly raise revenue for the city from foreign merchants.

Over the course of the 16<sup>th</sup> century, the Hamburg Citizenry gathered more responsibility over the governance of the city. These developments were not necessarily unique in Germany. Braunschweig, for example, provided citizen oversight of its City Council earlier than Hamburg and even implemented specific financial oversight in the early 16<sup>th</sup> century (Bohnsack 1992, 34). Indeed, in the negotiations between the Hamburg Citizenry and the Council over financial matters, the Citizenry used Braunschweig's institution as a precedent to implement their own (Bohnsack 1992, 34). The Hanse cities of Wismar, Stralsund, and Rostock also granted citizen oversight of their Councils around the same time that Hamburg did (Fritze 1985, 195). However, the interests of the newly formalized institutions did not necessarily align with reinforcing openness in the city, especially in the 16<sup>th</sup> century, because the Citizenry was highly tied to the religious congregations, guilds, and local merchants.

Elements of the Citizenry encouraged religious persecution of non-Lutherans and supported restrictions on their ability to trade through taxation.

While the Citizenry often tried to restrict easy immigration and integration of foreigners, the Council was more interested in bringing foreigners into the city. Why was the Council welcoming to foreigners? The ruling class in Hamburg was made up largely of active merchants (Schilling 1992, 146; Lindemann 2014, 51). The institution often followed a generational trend as well, with certain families continuously holding positions on the Council, passed from father to son to grandson (Asch 1961, 14). That merchants were active political members, however, does not necessarily mean that they would promote the interests of merchants at large. After all, a merchant elite in the Hanse had existed for a long time and developed policies that favored their own interests at the expense of foreign merchants (Ogilvie 2011). One possible answer is that Hamburg's elite was not formally closed, and that social standing was based on occupation, with that of merchant at the top of the social strata (Schilling 1992, 146). This cultural phenomenon, Heinz Schilling (1992, 146) argues, put foreign merchants in high standing in the views of the existing elite, and supported their economic inclusion into the city. The support that foreign merchants received from the Council complements, though does not confirm, this assertion.

Hamburg's counterpart, Lübeck, is often associated with a strong and distinct urban patriciate class (Lindberg 2008). This label, however, may not be entirely accurate. If a patriciate is classified as a small elite group of citizens who maintain control over a political unit, then it is difficult to consider Lübeck's elite a proper patriciate, at least after the Reformation. The work done by Alexander Cowan (1986) on the Lübeck patriciate provides a picture of the patriciate from 1580 to 1700. It was fairly common for the son or grandson of a foreign merchant to gain a spot on the council. Indeed, between 1580 and 1700, one third of all newcomers to the Council were immediately descended from foreign merchants, that is, within the first three generations since immigration (Cowan 1986, 59). This percentage is higher than that of both Hamburg and Bremen (Meyer-Stoll 1989, 133). While this does not disprove the existence of a circle of elites, it does suggest a high potential for integration and mobility of foreigners into Lübeck society. That this mobility was reserved for Lutherans is not unique to Lübeck, as in Hamburg, non-Lutherans were also barred from citizenship. Secondly, Lübeck's old power centers, the Circle Company (*Zirkelkompanie*) and the Merchant Company (*Kaufleutekompanie*), had lost much of their previously held dominance

after the Reformation (Asch 1961). Both companies, for example, were banned in Lübeck in the 1530s when revolutionary Jurgen Wullenwever took control of the City Council. Wullenwever was soon deposed and the companies later reformed, but, according to Meyer-Stoll (1989) they never fully regained their former status (Meyer-Stoll 1989, 205). By the mid-to-late 17<sup>th</sup> century, members of the Circle Company had fully stepped away from political life, had moved into the country, and had begun to petition the King of Schleswig to incorporate them into his kingdom (Meyer-Stoll 1989, 193). Asch (1961) claims that the two major patriciate groups did eventually regain power by the mid-17<sup>th</sup> century, but in the mid-to-late 16<sup>th</sup> century, neither hereditary citizens nor the rentier class were strongly associated with the Council (Asch 1961, 32). In this sense, the existence of a strong patriciate in the late 16<sup>th</sup> century in Lübeck is not supported by the evidence.

In terms of the political dynamics of Hamburg and Lübeck, both cities maintained a fairly insular elite class that dominated the council. The main difference was that Hamburg never had an official patriciate class, despite patterns of self-perpetuation. Instead of the brotherhood-based social structures that dominated Lübeck's elite, Hamburg's elite structures were determined by occupation (Schilling 1992, 146). The well-to-do merchant families that dominated Hamburg's council understood that the inclusion of foreign merchants facilitated connections in overseas trade and brought revenue to the city, and were more likely to favor them. They were likely not as committed to the interests of a broader group as the brotherhoods in Lübeck may have been. This difference can help explain the more favorable view of Hamburg's Council toward foreign merchants. However, this development has little to do with increased rights of the Citizenry and more to do with culture and social structure in Hamburg's elite circles. This attitude toward foreign merchants aligns with the attitude of Antwerp magistrates and the Dutch merchant Cornelis Pietersz Hooft who held the belief that attracting foreign merchants was highly important in developing economic strength (Puttevils 2016, 164; van Tielhof 2002, 34). The Lübeck elite also held this attitude at least to some extent until 1600, which is demonstrated by their unwillingness to take actions against religious minorities on the grounds that it would harm the city's trade.

These sources show that the framework of initial institutions does not fit neatly with the Hamburg case. Merchant interests in Hamburg, unlike in England, were highly represented in the previously existing government. The interests of the Citizenry, made up of guild members, clergy, and local traders, were often to limit foreign influence, while the merchant-based



Council was relatively receptive to foreigners. Accordingly, the developments that ensured citizen participation in government initially functioned to check the interests of the Council to recruit foreign merchants. In this sense, citizen participation in government may initially have had a negative, not positive, effect on economic openness.

### 4.3 Economic Openness

Perhaps the most important element in the migration of foreign merchants is their basic access to trade, and the extent to which a city's economy is open-access or whether sufficient restrictions existed to severely hamper trade. Trade privileges in the 16<sup>th</sup> century did of course exist in Hamburg, as they did in other late medieval and early modern cities. Did these trade policies represent monopolies? Or did they simply represent privileges within an open-access system? This section will examine the role of guilds, tolls, and property rights in Hamburg.

Guild strength is an important aspect of determining the degree to which Hamburg possessed an open-access economy. Guilds, at least in some cases, exerted cartel and monopoly influence on economies, which limited competition and pushed up prices (Ogilvie 2019). Even Greif and Millgrom (1994), who argue that guilds were important institutions in the process of initiating foreign trade, concede that by the late medieval and early modern period, institutions supporting trade had expanded sufficiently that guilds often no longer served their original purpose (Greif & Millgrom 1994, 773). The lack of disproportionate guild power has been highlighted in the cases of both Antwerp and Amsterdam as reasons for their dominance in 16<sup>th</sup> and 17<sup>th</sup> century trade, respectively (Gelderblom 2013, Puttevils 2016, Ogilvie 2011, van Tielhof 2002). The sources show that Hamburg was different from Amsterdam in the sense of granting monopolies to foreign merchants. While Amsterdam did not grant monopolies or exclusive privileges to foreign merchant groups, Hamburg strongly privileged certain groups in the late 16<sup>th</sup> century. Typically, regional and Hanseatic merchants were the beneficiaries of these policies, but certain other groups were able to secure privileges in the city as well.

Until deep into the 18<sup>th</sup> century, Hamburg provided privileges to the English Merchant Adventurers, who were able to control the majority of the English overseas cloth trade. The subsequent backlash to these English privileges from other Hanse cities suggests that

Hamburg had previously held up the restrictive Hanseatic trade policy between foreigners in the city during the second half of the 16<sup>th</sup> century. This policy stipulated that traders from certain privileged Hanseatic cities could largely trade amongst each other, but foreigners trading in the city had to trade through Hanseatic merchants or agents. The Merchant Adventurers became an exception to this rule, and had quasi-monopoly status on English trade from 1567 to 1577 (Lingelbach 1904). In the absence of Merchant Adventurer presence in Hamburg, trade with England was inconsistent, which suggests that Hamburg's economy was restricted enough to dissuade other British merchants from coming to the city. Lingelbach (1904) claims that, from 1577 to 1611, Hamburg's overseas traffic with Britain was "irregular and erratic" (Lingelbach 1904, 269), though some trade did take place through nearby Stade, where the Merchant Adventurers settled in 1587 (Kikuchi 2018, 68). Research conducted by archivist Ernst Baach (1893) also shows that in the late 16<sup>th</sup> and early 17<sup>th</sup> centuries, the Merchant Adventurers dominated English trade to Hamburg, with only a very small number of "interlopers" (merchants not involved with the Merchant Adventurers) participating (Baasch 1893, 17-18). Still, the admittance of the Merchant Adventurers into Hamburg represented a major step away from Hanseatic custom by granting privileges to a group of foreigners outside the Hanse area. This quasi-monopoly, however, still took place within the context of medieval-style privileges, which benefitted the English monopoly in cloth, between 1567 and 1577 and after 1611.

The case of the Dutch was different because Dutch migrant merchants and businessmen were not incorporated into merchant companies. Instead, individual businessmen and merchants would ask the Council for permission to operate in Hamburg. Dutch Calvinists had a difficult time setting up businesses in the second half of the 16<sup>th</sup> century. In 1569, a Dutch Calvinist businessman was granted the privilege of setting up within the city (Whaley 1985, 118). Between 1572 and 1586, however, backlash from the Citizenry halted the ability of Dutch Calvinists to gain privileges (Whaley 1985, 119). It was only in 1586 that Hamburg's policy changed at the behest of the Council and Dutch Calvinists were allowed to settle in the city, though issues over freedom of worship persisted (Whaley 1985, 119). Dutch Lutherans, meanwhile, had a much better chance of securing the ability to conduct business in the city, as the Citizenry had no religious claim to restrict their entry (Whaley 1985).

In the case of Hamburg's own internal guilds, the evidence provides mixed results. Certain organizations maintained strength through the 16<sup>th</sup> century, but they did tend to be fairly open

to foreigners (Reissman 1975, 227). Because permissions to trade in the city were granted by the Council, foreign businessmen were likely able to gain the right to settle in the city. As such, restrictions on settlement in the late 16<sup>th</sup> and early 17<sup>th</sup> century were largely based on religious, and not economic, rationale. That the guilds had to resort to backing the clergy in their attempts to restrict migration shows that economic arguments had become insufficient (Whaley 1985, 118). Certain groups, meanwhile, were able to limit competition through monopolistic policies. The case of the Iceland trade is an extreme case of guild power. In 1547, when Iceland was leased to Copenhagen, Hamburg restricted the right of non-Hamburg citizens to sail to Iceland in order to protect the local *Islandfahrer* stockfish trade (Holterman 2020, 92). This right was reiterated in 1579 and again in 1603 (Holterman 2020, 92). Some local guilds managed to maintain power as well. As late as 1610, Hamburg banned the export of oxen hides at the request of the city's cobblers, who wanted to stop hides from leaving the city due to high local prices (Pitz 1961, 195). The shopkeeper's guild (*Krameramt*) also managed to maintain its retail monopoly status on a large number of goods in the late 16<sup>th</sup> and 17<sup>th</sup> centuries (Reissman 1975, 5). In 1563, the group secured the right to confiscate goods sold outside of their organization (Reissman 1975, 187). Some goods that were not specified for sale by the shopkeepers, meanwhile, could be sold by other unorganized groups, such as hawkers, who held a significant piece of the city's internal trade (Reissman 1975, 10). The case of Hamburg shows that, as of the late 16<sup>th</sup> century, immigrants were generally allowed to settle in the city without heavy restriction. However, certain merchant companies were still strong, and could exert authority over the council and monopolize trade in certain areas. Guild interests, most prominently the shopkeeper's guild, were still able to protect local retail trade in historically and traditionally important goods, limiting potential competition. In order to determine whether the situation in Hamburg marked a divergence from the Hanseatic norm, a brief comparison with Lübeck will follow.

It is difficult to determine Lübeck's policy because many Dutch foreigners *tried* to settle in Hamburg and that occurrence did not take place to the same degree in Lübeck (Schilling 1973). Some foreign merchants did receive permission to conduct trade outside of guild control. Johan Verpoorten, for example, came to Lübeck from Antwerp, did not become a citizen, but was still able to carry out his trade and settle in the city (Meyer-Stoll 1989, 130). Verpoorten was in good enough standing in the city to ensure that his son eventually became a Lübeck citizen (Meyer-Stoll 1989, 130). Another merchant, Michael Cornelissen from Delft, came to Lübeck in the late 16<sup>th</sup> century and was able to carry out his trade (Meyer-Stoll

1989, 130). Lists of transactions of bills of exchange from the 1570s contain records of Flemish and Dutch merchants (Dirck Rosecranz, Herman Coertenbrock, Alef Buys, for example) operating through Lübeck outside of the guild structure (Lesger 2006, 22). In Lübeck, guilds were influential in the traditional local production and retail trades, though like Hamburg they were fairly accessible to new immigrants (Asch 1961). Between 1601 and 1605, 149 new merchants, tailors and shopkeepers were registered as Lübeck citizens (Meyer-Stoll 1989, 127). While this does not prove that Lübeck's economy was open, it does suggest that mobility was possible. Lübeck's transit trade was also relatively free for the time period. Merchants from the Netherlands and Hamburg both enjoyed relatively free trade through Lübeck up until 1605 (Friedland 1963, 8). Restrictions on trade did occur during geopolitical conflict. Swedish trade, for example, was restricted during the Baltic conflicts in the second half of the 16<sup>th</sup> century (Friedland 1963, 8).

In 1605, Lübeck's policy toward foreign trade changed, one year after Hamburg substantially loosened its transit trade, by imposing stringent measures on trade coming into the city. Merchants were no longer able to use Lübeck as a free intermediate port. Instead, foreign merchants coming by sea had to sell goods to a Lübecker, who would then sell them on to someone else (Baasch 1907, 111). The inclusion of an additional quasi-monopolistic intermediary could increase transaction costs significantly and could disincentivize foreign trade with Lübeck. In the conflict between Hamburg and Lübeck that arose due to this policy, Hamburg highlighted the previously free ability of Hamburg merchants to trade through Lübeck and that it should maintain its policy in order to encourage commerce (Baasch 1907, 113). Lübeck responded that Hamburg guarded its own trade just as jealously, referencing excessive tolls and obstructions of Lübeck merchants in Hamburg (Baasch 1907, 119). It further claimed that Hamburg trade was no longer in the hands of its own citizens, but in the hands of foreigners (Baasch 1907, 118). The claims regarding Hamburg's protection of its own trade had some merit, as we will soon see. Lübeck's own decision to restrict the transit trade, meanwhile, occurred after 16<sup>th</sup> century developments and not a major initial difference between the two cities. In 1606, Lübeck also at least doubled the fee for foreigners to become citizens. This decision corresponded with a decline of yearly foreign merchant migrants after 1605 (Meyer-Stoll 1989, 127). Once again, these anti-foreigner actions occurred after the initial migrations had taken place.

Examining Hamburg's toll policy is an important aspect of the promotion and restriction of trade. The development of toll charges can highlight how the city instituted preference of trading partners and what barriers it erected for different trading groups. Hamburg's city council maintained the ability to conduct the Elbe toll beginning in the 15<sup>th</sup> century as a location of imperial staple right (Pitz 1961, XV). Its rights were solidified in mid-16<sup>th</sup> century treaties with Magdeburg which guaranteed grain staple rights for both cities and routed Brandenburg grain trade to the North Sea through Hamburg (Kikuchi 2018, 230). The toll station was a way for Hamburg to control trade in and out of the city. As such, its policies on privileges and exemptions on tolls can help reveal the city's treatment toward trade coming into the city and help determine the extent to which trade was "free". They can also reveal a potentially significant determining element of transaction costs. Hamburg administered multiple tolls throughout the 16<sup>th</sup> century. The collection and administration of the Schaumburg toll had been granted to Hamburg on behalf of the Count of Schaumburg, and by 1479, Hamburg collected the toll and kept a portion of the revenue (Pitz 1961, XV). Hamburg resisted any increases to this toll for fear that it would drive away merchants (Pitz 1961, XVII). A different policy, however, was reserved for Hamburg's own Tonnage toll (*Werkzoll*), for which the city was able to keep the full revenue (Pitz 1961, XXIII). Its purpose was to fund the improvement of the Hamburg port and the shipping infrastructure on the Elbe. Unlike the toll Hamburg shared with the Count of Schaumburg, it was increased on multiple occasions throughout the 16<sup>th</sup> century (Pitz 1961, XXIII). It was on top of this toll that the Citizen's tax was implemented (Pitz 1961, XXIII).

Throughout the 16<sup>th</sup> century, Hamburg used the toll as a way to reinforce its staple right and force Elbe trade through the city. The continued assertion that foreigners could buy grain only from Hamburg citizens helped Hamburg maintain its grain staple (Pitz 1961, 92). Throughout the 16<sup>th</sup> century, the prohibition on foreigners selling goods to other foreigners in the city was largely upheld, with the exception of the Merchant Adventurers between 1567 and 1577 (Lloyd 1991, 307). Only in 1604 did serious revisions to Hamburger's role as middlemen give foreign merchants the right to certain goods amongst themselves (Reissman 1975, 233-234). During this period, all ships using the Elbe were required to dock at Hamburg and pay duties or show proof that they possessed exemptions (Pitz 1961, 92). In the early and mid-16<sup>th</sup> century, these exemption privileges were largely reserved for Hanseatic and local merchants for goods consumed in Hanseatic and local cities. When Bremen ships complained about having to provide proof that they were going to Bremen after leaving Hamburg at the penalty

of confiscation, Hamburg responded by specifying that only goods intended for consumption in Bremen were exempt from the toll, while goods shipped by Bremen merchants going to non-Hanse areas needed to pay (Pitz 1961, 87). This policy was also reinforced with regard to Lübeck in the 1560s and 1570s (Pitz 1961, 163). Special privileges also applied to the Schaumburg toll, from which most nearby German towns, such as Bremen and Lübeck were exempt (Pitz 1961, 103-104). As late as 1613, goods going to privileged cities were free from Schaumburg customs, however, if they passed onto areas outside the specific Hanse areas, they were required to pay the toll (Pitz 1961, 201). In 1557, the “Rote Zoll”, initially instituted in order to raise funds to provide naval support near the mouth of the Elbe, was essentially turned into an additional grain duty (*Kornordnung*) (Pitz 1961, 132). This grain duty instituted a policy on grain coming up the Elbe that forced merchants to sell half of their grain to retailers in the city. The other half was allowed to be sold to wholesalers, subject to tolls (Pitz 1961, 132). In 1560, this policy was reaffirmed, and the tolls gathered therefrom were given a separate office (Pitz 1961, 132-133). These policies would support the notion that Hamburg restricted trade and captured rents as middlemen. The victory of Hamburg to sustain staple rights against challenges highlights the medieval-style structure of the toll itself, with its privileges and exemptions favoring and excluding different groups (Pitz 1961, XXI/XXIII). When trade was rerouted after the closure of the Rhine due to conflict in the Netherlands, merchants coming to England through Hamburg claimed they were subject to “great and intolerable charges” at the Hamburg toll station (Ramsay 1986, 145). Challenges to the ability of Hamburg to increase its tolls and create new duties occurred often. Increases in tolls were continually contested by neighboring cities and Western European kingdoms, who complained that these were used by Hamburg to monopolize trade on the Elbe (Pitz 1961). Hamburg’s imperial staple right, however, continued to be upheld throughout the 16<sup>th</sup> century (Pitz 1961, XIII). It was not until later in the 17<sup>th</sup> century, when challenges to Hamburg’s ability to possess the staple right had some success, that Hamburg’s esteemed position in Elbe trade privileges faded, and that policies were implemented that turned Hamburg into an open port (Kikuchi 2018, 300).

The final part of this analysis will examine property rights. Property rights in Hamburg were similar to those in Lübeck, as the high degree of historical connections between the two cities created similar institutional infrastructure. The development of long-standing capital markets, in which foreigners were active, had secured financial property rights in terms of debt obligations. Infrastructure surrounding the transferability of bills of obligation and bills of

exchange came to exist in Northern Germany through Lübeck (North 1996, 819). Settlement of Bills in Lübeck had occurred since the beginning of the 16<sup>th</sup> century, and the rights of bondholders to which bonds had been transferred were upheld in the late 15<sup>th</sup> and early 16<sup>th</sup> centuries (Puttevils 77, 117). That foreigners played an important role as investors in the capital markets of Lübeck and Hamburg indicates that the relative security, if not the advanced use, of relevant credit instruments existed in both cities (North 1996, 823). In the second half of the 16<sup>th</sup> century we begin to see Bills of Exchange used in Hamburg, although these were often used not by locals but by foreign merchants (North 1996, 819). Local merchants preferred the Bill Obligatory, for which property rights were largely secure (North 1996, 822). In Lübeck, traders from the Low Countries were able to access Lübeck's strong shipping and port facilities, well-functioning brokerage market, large exchange market, and well-functioning information distribution system through which they could monitor developments in the Low Countries and in the Baltic (Lesger 2006, 19). all of which by the second half of the 16<sup>th</sup> century, was similar to the infrastructure in Hamburg (Lesger 2006, 19). In addition to credit instrument security, the long-term development of Sea Laws provided a conflict management service. Officially, Hamburg and Lübeck did not share the same maritime law, but similar structures existed in both cities (Frankot 2007, 164). Regulations developed through the Hanseatic Diets also solidified a set of practices and precedents for conflict management and compensation for shipping losses, which reduced shipping and overseas trading risk well into the 16<sup>th</sup> century (Dollinger 1970, 332). In both cities, the City Councils acted as the primary court to mediate disputes. In neither city did separate courts exist, until the Admiralty was established in Hamburg in 1623, that specifically handled disputes over maritime trade and contract enforcement (Frankot 2007, 164; Pitz 1961, XXVIII). Generally, institutions had developed jointly between the two cities to strengthen property rights and reduce transaction costs, but proto-modern forms of property rights, such as those formalized by the Bank of Hamburg, and conflict resolution mechanisms, such as specialized courts, were only developed after 1600.

Economically, Hamburg was open in some ways and closed in others. In practice, the city did allow foreign merchants and businessmen to conduct business in Hamburg by granting them permissions and formal contractual relationships with the city. Certain guilds, especially in the local retail trade, remained powerful, but some opportunities for exchange existed in areas outside the control of the corporations. Hamburg also relied on the medieval structure of imperial law to use its toll privileges as a coercive instrument to strengthen the city's staple

right on grain, favoring certain groups, disadvantaging others, and extracting rents that exceeded what many merchants thought reasonable. In this sense, we can label Hamburg's economic policy as one of encouraging favorable competition rather than all competition. Confiscations due to toll evasion certainly occurred, though these issues were typically resolved, and the goods returned. Hamburg's property rights infrastructure was similar to that of Lübeck with regard to both financial instruments and maritime risk. However, it did not have the same level of infrastructure relative to Antwerp and Amsterdam when it came to the development of courts, maritime risk, and more advanced financial instruments (Gelderblom 2013). It was only in the 17<sup>th</sup> century that institutions such as the Bank of Hamburg, the Admiralty, and developed maritime insurance markets emerged.

The notion that Hamburg's economic institutions constitute a pull-factor for immigration has some merit, on grounds that many foreigners, especially Lutherans, were able to settle, conduct business, and become citizens in the city without many problems. However, Hamburg still restricted certain trades and captured high rents from the transit trade with its tolls. The consequence of this combination of policies may have been to encourage settlement in the city. Granting favorable conditions to foreigners while putting strict limits on free transit trade through the city may have attracted merchants, who, as residents or citizens, would gain privileged status in the toll system and reduce their transaction costs. In this sense, one potential pull-factor for immigration can be found in the combination of the restrictive toll that privileged settlement in the city and the Council's willingness to grant licenses and contracts to foreign merchants to achieve that settlement. This notion will be elaborated in the final section.



## 5 Immigration and Influence of Foreign Merchants

The work by Jan de Vries on populations of urban Europe shows that Hamburg was one of the fastest growing European cities in the 16<sup>th</sup> century. His data shows that the city's population doubled between 1500 and 1550 and grew from around 29,000 in 1550 to 40,000 by 1600 (De Vries 1984, Appendix I). Different mid-century numbers are provided by Whaley, who credits the post-1550 period as the one with the most growth (Whaley 1985, 10). His numbers indicate a population increase from 20,000 people in 1550 to about 40,000 in 1600 (Whaley 1985, 10). In either case, this increase in population can be attributed to immigration, as no natural increase could have generated this population growth in so short a time (De Vries 1984, 199-200). In terms of constitution, many immigrants were Lutheran, which is unsurprising considering that Hamburg was a Lutheran city (Whaley 1985, 11).

Hamburg's foreign merchant population has been estimated to be around one-half of the entire merchant population in the city around 1600 (Lindberg 2008, 656). Specifically, merchant groups from the Northern and Southern Netherlands migrated to Hamburg in the second half of the 16<sup>th</sup> century, along with a smaller number of Portuguese merchants, many of whom had previously conducted business in the Low Countries (Reissman 1975, 220). By 1600, people of Dutch heritage were common in Hamburg. One estimate places this group at 25% of the total Hamburg population, though it must be noted that this includes migrants from earlier periods (Whaley 1985, 10). According to calculations done by Heinz Schilling (1983), around 3,000 Dutch Calvinists came to Hamburg between 1570 and 1605 (Schilling 1983, 15), at least 130 of which were merchants in 1605 (Whaley 1985, 119). The exact number of Dutch Lutheran merchants for this period is unfortunately unknown. Before 1590, no record of Portuguese Jews is found, though some were in the city under the guise of being Catholic (Whaley 1985, 73). By 1610, 116 Portuguese Jews were recorded, though it is estimated that only 20-40 were merchants (Whaley 1985, 74). Most of this group is thought to have come from Antwerp (Reissman 1975, 220). By 1611, when the privileges of the Merchant Adventurers were re-established, over 100 English merchants were present in Hamburg (Reissman 1975, 216). The numbers of foreign merchants in Hamburg by 1600 are relatively high. Antwerp at the height of its trade in the mid-16<sup>th</sup> century possessed a total

population of 90,000 and contained somewhere between 1,100 and 1,400 foreign merchants, many of whom were temporarily in Antwerp on account of business (Lesger 2006, 47; Puttevils 2016, 22; De Vries 1984, Appendix I). Lübeck, which had a greater merchant fleet than Hamburg in the late 16<sup>th</sup> century (Dollinger 1970, 355), is supposed to have had 370 wholesalers at the beginning of the 17<sup>th</sup> century (Asch 1961, 38). Some merchant statistics in Hamburg are available for 1645 and 1637. In 1645, at least 481 merchants participated in overseas trade and in 1637 at least 425 merchants participated in the overland trade (Reissman 1975, 33, 103). These numbers are only loosely relevant in determining foreign merchant numbers before the Thirty Years War due to both the increase in Hamburg's total population and the destruction of German trade during the Thirty Years War (Kikuchi 2018, 215), but they can help provide a general reference point. In any case, the 250 recorded new merchants from England, the Netherlands, and Portugal around 1611 already represent a highly significant portion of the total merchant population. This number doesn't include the unknown number of Dutch Lutheran merchants, who had the easiest time settling in Hamburg, so the number of foreign merchants around 1611 is probably substantially higher than the lower bound estimate of 250.

Lesger and Gelderblom both highlight the importance of the exodus of Antwerp merchants in the rise of Amsterdam in the late 1500s. Amsterdam and Hamburg both grew drastically in the second half of the 16<sup>th</sup> century, and were important but not leading European trading cities before this period (De Vries 1984, Appendix I). When Antwerp fell in 1585 many merchants moved to Amsterdam (Lesger 2006). Institutions such as an official Exchange, commodity price lists, information distribution systems, maritime insurance markets, overseas merchant protection, courts favorable to merchant needs, and an Exchange bank were all developed and improved in Amsterdam in the post-1585 period with heavy influence coming from Antwerp merchants (Gelderblom 2013, Lesger 2006, McCusker & Gravenstein 1991). The rest of this section will examine the influence of foreign merchants on Hamburg's institutional development. Of course, merchants were hardly the only group to migrate to the city. However, merchants and wealthy businessmen commanded sufficient resources and power that could influence the governance of the city in ways that lower-class immigrants, presumably, could not.

One role that Hamburg's foreign merchants played was to undermine existing guild power. One can see this development most prominently in the trades and industries in which foreign

merchants were involved. Due to number of Portuguese merchants who were not able to join Hamburg's guilds, exclusive trading companies were not created with regard to the Iberian trade, despite the 100 or so Hamburg traders that operated on the peninsula between 1599 and 1605 (Reissman 1975, 48). In Lübeck, meanwhile, the lack of Iberian immigrants resulted in the creation of the *Spanienfahrer* company, in which Lübeck citizens were exclusively privileged to carry out trade with Spain (Dollinger 1970, 356). The power of the *Englandfahrer* company also dwindled. In the 1570s, Hamburg's *Englandfahrer* were able to help thwart the Merchant Adventurers from renewing their privileges in Hamburg. By 1611, the company's power had diminished, and the same requests were rejected by the Hamburg Council (Dollinger 1970, 356). By the 1640s, under 10% of Hamburg's English trade was carried out by *Englandfahrer* members (Reissman 1975, 156). Only the *Schonenfahrer* company was able to maintain their power throughout the 17<sup>th</sup> century through its monopsony on Dutch stockfish imports (Reissman 1975, 163). Still, the percentage of trade in the hands of merchant companies declined as merchants with new connections increased their trade outside of the guild structure of the city. As a result, the aggregate power of merchant corporations weakened, and created conditions for a more open-access trade from the 17<sup>th</sup> century onward.

In local trade, new goods brought through foreign connections supported the opening of the Hamburg economy to an extent. At the beginning of the 17<sup>th</sup> century, the retail sale of traditionally important goods was still the privilege of the shopkeeper's guild (Reissman 1975, 184). However, as new goods were introduced into the Hamburg market not within the boundaries of the shopkeeper's guild, new opportunities for trade arose outside of the medieval guild structure (Reissman 1975, 184-207). The policy on the role of Hamburg citizens in the transit trade also changed due to foreign merchant influence. In 1604, the Council decreed that goods not present in the Hamburg market before 1574 could be traded among foreigners in the city (Reissman 1975, 233-234). The goods that could be traded among guests were not coincidentally goods associated with foreign merchants, such as certain types of English cloth, Hungarian copper associated with South German and Portuguese merchants (Kikuchi 2018, 232), and certain goods from Nuremberg and the Iberian Peninsula (Kikuchi 2018, 58-59). This policy directly linked the expansion of open-access trade policies, particularly in the transit trade, to Hamburg's new networks developed in the second half of the 16<sup>th</sup> century that resulted from the influx of foreign merchants. It was a major break from the common Hanseatic policy of granting local and Hanseatic merchants

the privilege to exist as middlemen in the transit trade. In both of these cases, one can see how new products associated with foreign merchants began to push open the economy.

The development of Hamburg's more formal economic institutions was also driven by foreign merchants. In 1558, the Hamburg Exchange was founded, but this specific development was not wholly unique to Hamburg, as major Hanseatic cities, such as Cologne and Lübeck had developed similar, though possibly less formalized, institutions (Dollinger 1970, 353; Lesger 2006, 22). However, the Hamburg Exchange did develop unique elements over time. Most notably, it was an early destination of commodity price currents. Hamburg's commodity price currents are recorded as early as the 1590s, after only Amsterdam, Antwerp, Venice, and (possibly) Frankfurt (McCusker and Gravenstein 1991). The publishers of the price current, the De Vlieger family, had Dutch surnames and presumably had come from somewhere in the Netherlands (McCusker and Gravenstein 1991, 240). That the commodity price current was published in Dutch and in a structure mimicking that of Amsterdam highlights the involvement of Dutch migrants in its development and use. It likely reflects Hamburg's connections with Amsterdam, where a price current was recorded as early as 1585 (McCusker & Gravenstein, 225-226). Additionally, the Bank of Hamburg, the first successful public bank in Northern Germany, was founded in 1619. A key indication of the influence of foreign merchants is that Hamburg merchants did not commonly participate in the institutions created or influenced by foreign merchants. The accounts of the Bank of Hamburg show that, upon creation, 32 of the 42 initial accounts over 100,000 marks were held by people from the Low Countries (Dollinger 1970, 357). Only six holders of large deposits, meanwhile, were Hamburg merchants (Dollinger 1970, 357). Whaley provides a different set of numbers, using a more complete set of account holders, but his numbers also highlight the role of foreigners, particularly the Portuguese, who despite their tiny share of the total population, held at least 5% of the total accounts in the Bank (Whaley 1985, 75). At least some of these Portuguese account holders likely came from Antwerp, where the Portuguese had a strong trade before 1585 (Puttevils 2016, 22). If these numbers are accurate, it suggests that only a low percentage of native Hamburg merchants accessed the Hamburg Bank in its early days. While other groups got involved in the Bank over time, the high level of initial concentration suggests that merchants from the Low Countries were involved in the creation of the bank. The Bank itself was largely modeled on that of Amsterdam (Bindseil 2018, 7). Both were exchange banks whose purpose was to facilitate the easy transfer of money between trading

parties, reducing transaction costs and increasing property security. This connection further highlights Hamburg's institutional relationship with Amsterdam and the Netherlands.

Merchants also influenced the development of institutions intended to mitigate maritime risk. In the early 17<sup>th</sup> century, foreign merchants requested naval protection from the city to secure overseas trade. As a response, in 1623, The Admiralty was created as a joint organization between the merchant community and the City Council in order to provide military support to overseas trade (Pitz 1961, XXV). The Admiralty organization also functioned as a court that handled disputes between shippers, ship owners, crew, and the issuers of maritime insurance (Pitz 1961, XXVIII). Though not an official government institution, a maritime insurance business in the late 16<sup>th</sup> and early 17<sup>th</sup> century arose in the hands of foreign merchants. Until the 1630s, the maritime insurance industry was dominated by the Dutch and the Portuguese Sephardim (Denzel 2020, 284). While it maintained higher premiums and less volume than the Amsterdam market through the 17<sup>th</sup> century, the development of an insurance market marks yet another commercial innovation that was imported from migrating merchants in the late 16<sup>th</sup> century (Denzel 2020, 284).

Analysis of available sources shows that foreign merchants, particularly those who migrated from the Low Countries, affected the institutional trajectory and played a significant role in the development of modern institutions in Hamburg. This is consistent with Braudel's theory on the diffusion of early modern institutions, by which the movement of persons with critical commercial knowledge moved from Italy to Flanders and then to Amsterdam and London and influenced institutional trajectories. In this case, Hamburg can be seen as growing alongside Amsterdam, though perhaps not to the same magnitude, in the aftermath of Antwerp's fall. Indeed, Hamburg and Amsterdam were highly connected in the 17<sup>th</sup> century European information network, with regular private merchant correspondence, institutional correspondence, movement of businessmen, and sharing of consular reports (Smith 1984, 990). Of course, not all of Hamburg's economic policies mirrored those of Amsterdam. Hamburg still privileged certain groups of foreign monopolists, such as the Merchant Adventurers. Still, in terms of the institutions supporting commercial infrastructure, Hamburg adopted institutions that aligned with those of Amsterdam as a result of foreign merchant influence and intervention.

## 6 An Alternative Explanation for Hamburg's Immigration

So far, the study's deductive process tracing method has shown that the institutional pull-oriented theory presented in the theoretical framework section has some validity but is unlikely to be a unique pull-factor of immigration. If initial political institutions, religious toleration, and economic openness alone cannot explain immigration to the city, a different contributing factor must exist. I propose that merchant immigration to Hamburg was driven by a transforming geography of trade that took place during political and religious upheaval in the Low Countries that continued to unfold in the aftermath of the fall of Antwerp to the Spanish in 1585. In this emerging system, Hamburg had a significant geographical advantage in connection with the rise of the Dutch and the Atlantic economy, supported by the system of imperial privileges. Alongside the strictly geographical advantage, Hamburg also had a network advantage that arose from the geographical history of trade. Taken together, these elements, not initially existing institutional frameworks, seem to be the driving factor of migration to Hamburg in the second half of the 17<sup>th</sup> century.

There are valid reasons to question the role of geography in Hamburg's economic and institutional development. Compared with Lübeck, for example, Hamburg was in a somewhat similar geographic position, located only 60 kilometers away. Hamburg and Lübeck had been connected through the Stecknitz canal, which allowed the shipping of goods between the two cities, and a well-travelled land-route. Second, the route along the Elbe accessing the German hinterland contained numerous obstacles to trade that limited its effectiveness (Kikuchi 2018, 217). Third, Lübeck had historically held a stronger position in the Low Countries and England than any other Hanseatic city with the exception of Cologne. Registers of Hanseatic merchants show that in Antwerp and Bruges, the number of Lübeck merchants was second only to Cologne (Roessner 2001, 91). The number of merchants from Hamburg, meanwhile, was but a tiny sliver (Roessner 2001, 91). During the turbulence in the low countries in the second half of the 16<sup>th</sup> century, many people from Low Countries migrated from the Low Countries to Cologne (Dollinger 1970, 352). Few migrated to Lübeck, despite its merchant

connections with Low Countries markets. Instead, Hamburg received a large number of these migrants.

Hamburg offered two significant advantages over Lübeck for a migrating merchant from Western Europe outside of any institutional reason. First, Hamburg was geographically situated to capture trade in multiple crucial directions when the trade in the Low Countries was harmed by conflict. Its connection through Lübeck gave it access to the Baltic Sea trade. Its proximity to the North Sea facilitated connections with the developing economies in England and Holland. Trade from the North Sea to Lübeck would either have to come through Hamburg or the Sound. Though trade through the Sound had grown substantially in the 16<sup>th</sup> century, the risk of privateering was still present and in wintertime this route was difficult to access (Kikuchi 2018, 98; van Tielhof 2002, 231). Hamburg's vast German hinterland, accessed through the Elbe, also strengthened its trading position and ability to generate tradeable surpluses, especially when conflicts in the Low Countries made trade through the Scheldt estuary and the Rhine difficult. This point is explicitly recognized by Lübeck, whose council argued that Hamburg's advantage on the Elbe does not allow Lübeck to compete (Baasch 1907, 119). The overland route to South Germany was also best accessed through Hamburg once Scheldt and Rhine routes were threatened, as Hamburg was one of the closest ports of entry on the North Sea to Southern German cities. Much of this trade was in the hands of the English and the Dutch (Kikuchi 2018, 53-57), who would have no reason to bring these goods to Lübeck before Hamburg if the destination was Western, Central, or Southern Germany.

The case of the Merchant Adventurers supports this hypothesis. The Merchant Adventurers' first contract with Hamburg came in the aftermath of the closure of trade between England and the Netherlands in 1564. The English had previously used Antwerp as its port of entry to the European continent from which they conducted their trade, most notably cloth to inland Germany (Lingelbach 1904, 316). The Merchant Adventurers enjoyed significant privileges in their trade in Hamburg between 1567 and 1577, despite complaints over religious restrictions (Lingelbach 272-273). After the Merchant Adventurers were expelled from Hamburg, they tried unsuccessfully to re-assert their position in the city throughout the 1580s (Lloyd 1991, 337). In 1611, the Merchant Adventurers ultimately rejected generous offers from Stade, Bremen, Emden, and the Danish town of Krempe in favor of Hamburg

(Lingelbach 1904, 344). That the English preferred Hamburg despite recruitment and settlement in other areas highlights Hamburg's favorable position.

If geography in isolation does not explain Hamburg's rise, then its existing trading networks can fill in the gaps. Before the 16<sup>th</sup> century, the exception to the Hanseatic dominance of Lübeck and Cologne in the Low Countries was in Amsterdam, where Hamburg merchants and businessmen dominated and were well integrated into the local economy (Roessner 2001, 103, 199). It would come as no surprise that, as Amsterdam developed, Hamburg became its primary partner in Northern Germany. While Lübeck merchants had been very active in the Low Countries, direct shipping often took place through Hamburg. Before and during the 16<sup>th</sup> century migrations, Hamburg's trade with the Netherlands was high. From 1537 to 1585, 46% of Hanseatic cargoes went to the Netherlands through Hamburg (Dollinger 1970, 357). It should come as no surprise that Netherlanders went to Hamburg instead of Lübeck, since goods often went through Hamburg, regardless of the merchant's place of residence. It is also unsurprising that Hamburg's trade-oriented Council favored Dutch migrants, considering Hamburg's dependence on and interaction with Dutch markets. This relationship was reinforced in early 17<sup>th</sup> century trade. By 1625, half of Hamburg's overseas trade went to the Netherlands, with Amsterdam as its primary partner, and Antwerp attracting very little Hamburg trade (Baasch 1893, 16). On the basis of this strong bilateral trade, Hamburg was well incorporated into Amsterdam's extensive information system that reinforced institutional connections between the two cities (Lesger 2006, 239).

That Hamburg also provided access to the German hinterland and the land-route to Southern Germany, both of which had been strongly connected to Antwerp trade before 1585, gave it an additional advantage when it came to attracting Low Countries traders as well as English and Portuguese traders that had previously operated through Antwerp. Statistically, Hamburg's early 17<sup>th</sup> century trade reflects a transformation that solidified Hamburg's participation in Europe's emerging trade network. In the mid-16<sup>th</sup> century, Antwerp was by far the biggest center of exports in the Low Countries, as the only city that exceeded 500,000 guilders worth of yearly exports (Lesger 2006, 27). Exports to Germany made up over 36% of Antwerp's total exports (Puttevils 2016, 27). Half of these German exports went to Central Germany, 26% went to Southern Germany, while Northern Germany and the Baltic region received the lowest share of Antwerp's German exports, at 21% (Puttevils 2016, 27). After the closure of the Scheldt, merchants had to decide on how to reroute their trade. Migrations



from the Netherlands to German cities reflect the breakdown of this trade structure. Emden, Frankfurt, Cologne, and Hamburg were the most important destinations of these migrants (Schilling 1983, 15). Frankfurt and Cologne received migrants because they were important markets themselves. Emden was the North Sea port of entry closest to markets in Western Germany. Hamburg was the North Sea port of entry closest to much of Southern Germany, was connected to Central Germany through the Elbe River, and connected to the Baltic through Lubeck, through which Hamburg's trade remained strong in the first half of the 17<sup>th</sup> century despite disputes (Kikuchi 2018, 215). With strong access to each area of Antwerp's German trade, Hamburg's geographic advantage becomes clear. The fact that Low Countries merchants held the most capital in the Hamburg Bank becomes unsurprising. It is also unsurprising that the English preferred Hamburg as a center. The English had contacts in Leipzig and in Southern Germany, through which they exchanged woolen cloth for linens (Kikuchi 2018, 53). The London-Antwerp-Nuremberg axis shifted to a London-Hamburg-Nuremberg trading axis after the fall of Antwerp (Kikuchi 2018, 227). The Portuguese trade in Hamburg was also intertwined with metal production and textile trade in Southern, Central, and Eastern Germany (Kikuchi 218, 232). By the 17<sup>th</sup> century, Hamburg merchants originally from the Low Countries were particularly active in the trades to Central Germany, Southern Europe, Western Europe, and the Baltic, all of which were areas that had been highly important in the Antwerp trade before 1585 (Reissman 1975, 124). This emerging network is also supported by the work of Kikuchi (2018), which shows that multiple Dutch merchants in Hamburg were working through markets in Nuremberg and with producers of linen in Silesia (Kikuchi 2018, 57). Indeed, Hamburg's trade with Nuremberg expanded considerably from the second half of the 16<sup>th</sup> century until the early 17<sup>th</sup> century, when religious conflicts hampered South German trade (Kikuchi 2018, 230). Hamburg's connections with Amsterdam were also reinforced, likely because both cities were destinations for Antwerp merchants. That the Hamburg trade network shifted in the early 17<sup>th</sup> century toward that of Antwerp before 1585, and that Low Countries, English, and Portuguese merchants were drivers of this shift, highlights Hamburg's important geographical role in assuming a substantial piece of Antwerp's pre-1585 trade.

In Gelderblom's analysis of Amsterdam's rise, he highlights that there were no "predetermined winners" in the Low Countries because many cities had the potential to develop into commercial centers (Gelderblom 2013, 11). This claim does not apply in the same way to German lands in the Holy Roman Empire. One aspect of Hamburg's institutional

structure was its ability to use its medieval imperial toll privileges to capture trade through the city. Because Hamburg was granted the right to extract rents on the Elbe, it became preferable for foreign merchants to reside in Hamburg, where they could gain privileges to avoid the tolls and associated transaction costs. Hamburg was particularly concerned with capturing trade in grain and cloth. Its restrictions on the transport of these goods in the second half of the 16<sup>th</sup> century forced Elbe trade through the city, allowing it to become a staple market for these goods. In becoming a staple market in one of the most important geographical locations in the European trade structure, Hamburg attracted merchants and businessmen from areas in which trade had been threatened, making the city a likely candidate to become an early financial center (Kindleberger 1974, 8). That Hamburg used coercion to develop its own staple market and restrict free trade did not undermine its position because it was the best choice for rerouted trade given its privileges and geographical position. Instead, this coercive approach complemented the Hamburg Council's policy of liberally granting contracts to foreigners, who were able to use their residency or citizenship rights to participate in this new hub of trade and to limit their transaction costs with regard to tolls.

## 7 Conclusion

The history of Hamburg's institutional change is a complicated one. Many scholars that have examined economic development and institutional change in the Low Countries and Northern Europe have highlighted the role of institutional diffusion driven by migrants. Gelderblom (2013) highlights Amsterdam's accommodative institutional framework that reduced transaction costs, secured property rights, and contributed to Amsterdam's relatively open economy. Lesger (2006) describes Amsterdam's rise as one predicated on the push of Antwerp merchants during political and religious conflict. Amsterdam's development path, in his argument, took place because of immigration, rather than causing it. Looking specifically at the case of Hamburg, Lindberg (2008, 2009, 2010) situates Hamburg's rise in its institutional advantage when compared with contemporary Hanseatic cities, specifically Lübeck, Danzig, and Königsberg. Hamburg's more open formal and informal institutions, he argues, both supported easier integration of migrant groups into Hamburg society and allowed them to influence the future institutional framework of the city. This narrative of Hamburg's institutional advantage in openness had been previously supported by Hanseatic scholars, such as Dollinger (1970) and Baasch (1907).

The sequential analysis presented in this study shows that the institutional arrangement in Hamburg, as it relates to political, economic, and religious openness, largely occurred after, and not before, the mid-and-late 16<sup>th</sup> century migrations. While the initial institutional setup in Hamburg was not particularly unique and comparatively favorable in only a few ways before large-scale migrations, it did possess a geographical and network advantage that allowed it to capture foreign merchants and businessmen seeking refuge from religious and political conflicts in the Low Countries, and, to a lesser degree, from the Iberian Peninsula in the mid-to-late 16<sup>th</sup> century. Institutional pull factors can be located in the willingness of the Hamburg City Council to grant residency to foreign merchants, while simultaneously using imperial staple right on the Elbe force trade through the city. By implementing high tolls on non-privileged merchants, Hamburg, either knowingly or unknowingly, incentivized foreign merchants to move to the city to avoid the transaction costs associated with the tolls. These late 16<sup>th</sup> century immigrants then engaged in a struggle with restrictive elements of the city,

particularly the local Citizenry, to ensure their ability to trade over the course of the 16<sup>th</sup> century and the early 17<sup>th</sup> century. Through the first quarter of the 17<sup>th</sup> century, these migrant populations had sufficiently influenced Hamburg's institutional trajectory to set it apart from the Hanseatic norm. Foreign merchants had either directly or indirectly undermined the local guild structures, successfully pushed for the adoption of institutions preferable to their interests, incorporated Hamburg into the financial and information system centered on Amsterdam, and cemented Hamburg's place in the developing network of Western European trade.

This study is, of course, non-exhaustive. It provides a potential explanation for the roots of Hamburg's institutional trajectory and situates this transformation within the broad framework of existing literature. However, more research is necessary to clarify certain complex elements of 16<sup>th</sup> century society, such as the relationship between democratic representation and economy, the extent to which migrants were legally able to settle in foreign cities, the fundamental changes in trade structure during and after the conflicts in the Low Countries, and, ultimately, how these factors influenced economic developments in the early modern period.

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## 9 Appendix I: Note on German Terms

Throughout this study, I have referred to German terms in their English equivalents with the purpose of making this paper easier to follow for the English reader. In the text, German terms are italicized and put in parentheses next to the English association in its first use. The exception is the merchant companies, for which I use the German term because the German term is more succinct (“Bergenfahrer” is preferable to “Company of Bergen Merchants”). In some cases, the English association does not align perfectly with the German meaning, especially in situations where I came across the terms in German writings and was not able to find an association in the existing English-language literature. I have included this section to clarify any potential misunderstandings. I have listed the German words and the English associations, which can be used as a reference in case there is any confusion on the part of the reader. The general terms are listed first, and the merchant companies are listed second.

### List of German terms:

#### 1. General Terms

*Bürgerschaft*: Citizenry

*Finanzverwaltung*: Finance Administration

*Kornordnung*: Grain Duty

*Krameramt*: Shopkeeper’s Guild

*Langer Rezess*: Long Ordinance

*Munzverein*: Monetary Union

*Pfundzoll*: Pound Toll

*Senat*: City Council

*Werkzoll*: Tonnage Toll

*Zirkelkompanie*: Circle Company

## 2. Merchant Companies

*Bergenfahrer*: Bergen

*Englandfahrer*: England

*Flandernfahrer*: Flanders

*Islandfahrer*: Iceland

*Schonenfahrer*: Skania

*Kaufleutekompanie*: Merchant Company (General)