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The Sea: Challenge and Stimulus in the Middle Ages

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The sea presented an important economic opportunity in the Middle Ages. The unpredictable risks of sea transport, the incalculability of time and distances opened a chance to those that were able to bridge the sea constantly and regularly and who were able to reduce the transaction costs most efficiently: the merchants of the late medieval 'German Hansa'. The article will give a short introduction to the mechanisms and principles of international hanseatic trade in the Middle Ages.

The sea, for most of us the huge and endless range of the Atlantic Ocean or even of the Baltic, will be daunting. The sea divides areas, politically, ethnically, but also in terms of economics. It shapes separate entities, notional but also in reality. Today – in the age of airplanes and international flight schedules – maybe we are on the way to another imagination, if we have seen the sea at all. But in the Middle Ages, the sea must have made an overwhelming impression, at least on those that were not born and raised on its shores and coasts to begin with. The sea presented a challenge. When in the 1190s the Danes were asked to help the crusaders in the Holy Land, they first asked the Norwegians, because they could not handle the long journey themselves.[1] And when the whole disreputable episode after some days ended in a shipwreck in the Western Sea just at the mouth of the river Elbe, this shipwreck was used in the Danish propaganda as an equivalent to the crusade itself. To be shipwrecked in this way was as honourable as going on a crusade to the Holy Land.[1]

But the sea at the same time also offered a stimulus. As mentioned, on their way to Jerusalem the Danes first went to Norway, to ask the Norwegians for help. This was not as absurd as it may sound because the Norwegians had been to the Holy Land before, under king Sigurd the Crusader, Sigurðr Jórsalafari,[2] and also – probably much more importantly – the Norwegians, like some of the Icelanders, the Western Danes, the Swedes and the Gotlanders, were used to cross the ocean for the purpose of trade.[3]

From an economic perspective, the division of the land by the sea provides an enormous benefit. One product, common and cheap on one coast, could be expensive and

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much in demand on the opposite coast. Salt, produced on the south coast of the Baltic, in Pomerania and Saxony, was highly in demand in Denmark and Sweden.[4] Stockfish (dried and salted cod) and timber, two of Norway's main products, were much very welcomed in England and Flanders.[5]

Those able to bridge the gap between the producing and the consuming areas became the economic winners, as long as they were able to stabilise the connection, keep down transportation costs, and curb the risks.

Until the beginning of the fourteenth century, trade and transportation by sea routes was practised by different nations and groups. Icelanders and Norwegians cruised the Western Sea, while Swedish, Danish, Slavic and Russian sailors and merchants together with people from Gotland assured the connections in the Baltic. All tried to stabilise their trade and to maximise their profits by securing support from the local rulers and soliciting privileges in foreign countries. At the very latest by the end of the twelfth century all these groups had already shaped a stable system of trade and contact by sea.[6]

At the same time, more and more areas along the southern coast of the Baltic were conquered and Christianised by Germans. Some of the new German settlers were merchants who had exploited the possibilities of the old system earlier on, and who now peopled the new harbours on the coast. These merchants now connected the budding inland areas of Western Europe with the maritime areas of the North, or, from an economic perspective, they directly linked up two market areas that had not been connected before. As a result of this economic development these merchants were able to bring new and fresh money into the markets by the sea, and thus these merchants were able to obtain a more and more prominent part in the economic system of this area.[6]

Up to the end of the thirteenth or the beginning of the fourteenth century, these merchants accompanied their trade goods in person. They had to look to their own safety as well as that of their goods, they had to find the best market-places, and they had to negotiate with foreign lords about trading-rights and personal security. To save on these transaction costs in their overseas trade they entered into associations with other colleagues. These groups, known since the eight century, were called Hansa. This Hansa only has the name in common with the later organisation, called the German Hansa, nothing more.[7]

Some of the more prominent examples for these Hansas are the Danish Guild of the Holy Canute[8] or the Colognian Hansa in London.[8] In the beginning, most of these Hansas were independent organisations abroad. They could negotiate with foreign landlords and they could get their own privileges in foreign countries, to minimise the transaction costs.[9]

But over the course of the thirteenth century at least three things happened simultaneously. First, some merchants gained a stronger influence in the government of their hometowns. Based on their wealth and their connection to the nobility they were able to erect a more or less independent urban government at home. Secondly, this allied urban politics more and more intimately to the interests of trade. Cities entered into alliances with each other to protect the trade and the trade-routes of their merchants. In Germany, for example, the Emperor was no longer the most effective protector of trade: this role was now assumed by the most important trading cities.[10]

Thirdly, the habits of trade in general changed. The merchants and their trade became more and more littoral. The German merchants had never been sailors. They never had

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had an active connection with the sea. And they never aspired to be good sailors. So they breathed a sigh of relief when they were able to stay at home and were no longer forced to accompany their goods. Instead, they developed a system in which they could send their goods along with written instructions to partners abroad, who would treat them as they would their own goods. This system, as we will show later, was the North European solution to bridge the sea in a manner that was perfectly adapted to the conditions in Northern Europe.

However, before we turn to this 'hanseatic system' we have to say some words about the German Hansa. As some recent research has shown, the German Hansa before the beginning of the fifteenth century did not exist as an organisation.[10] This is astonishing, especially in the light of former theories of the elimination of the Norwegian trade by the Hansa in the fourteenth century,[11] or the so-called hanseatic wars against Denmark in the 1360s.[12] To summarise, the Hansa, as described by German historians in the nineteenth and twentieth centuries, was much more a national-romantic chimera than a historical fact. What we can see is that some towns, due to their geographical situation and because of the interests of their merchants, were involved in more conflicts abroad than others. These towns and their urban alliances were forced to work together, internally within the alliances but also externally, with other towns or alliances. Since the 1350s this cooperation between different urban alliances was also called 'Hansa'. But up to the 1370/80s there was no regular cooperation or organisation that could be called 'the Hansa'.[10] All the 'Hansas' that appear in the conflicts with Norway or Denmark are ad hoc cooperations with limited duration. Increased trade with England spurred these short-term Hansa-alliances first to institutionalise themselves, and eventually to create an organisation with definite structures, a secretary, and a main seat, Lübeck.

Regardless of such political and organisational issues though, the merchants also simply developed an economic system we can justifiably call a hanseatic one. To maximise their profits, the German merchants were forced to trade at different geographically dispersed places at the same time. But between these places lay the sea as an incalculable factor. Sailing in the Middle Ages meant first and foremost waiting for the right wind. Crossing the distance between, for example, Hamburg and Bergen could take days, weeks or even months. No one was able to calculate the precise duration of a voyage in advance. Because of this, the merchants, who no longer accompanied their goods in person, were placed in a difficult situation. If they tried to send strict orders together with their goods, they ran the risk that these orders would be outdated when the ship arrived at its destination. They ran into similar problems when they tried to send paid servants along with their goods. These could be expensive and inflexible.[13]

To solve the problems just outlined, the 'hanseatic' merchants formed a network of free and independent partners. Because all merchants had the same problems and needs, it was also in their common interest to solve these problems. Thus, it was natural to collaborate with one another. This meant, in practice, that every merchant was looking for equal partners abroad, who had the same needs and skills as he had himself. As such, the merchant could send trading-goods to other destinations where they were treated by experts like himself.[14]

As an example of such a trading network, I have chosen the Revalian merchant Bernd Paal from the end of the fifteenth century (see Figure 1).[15]

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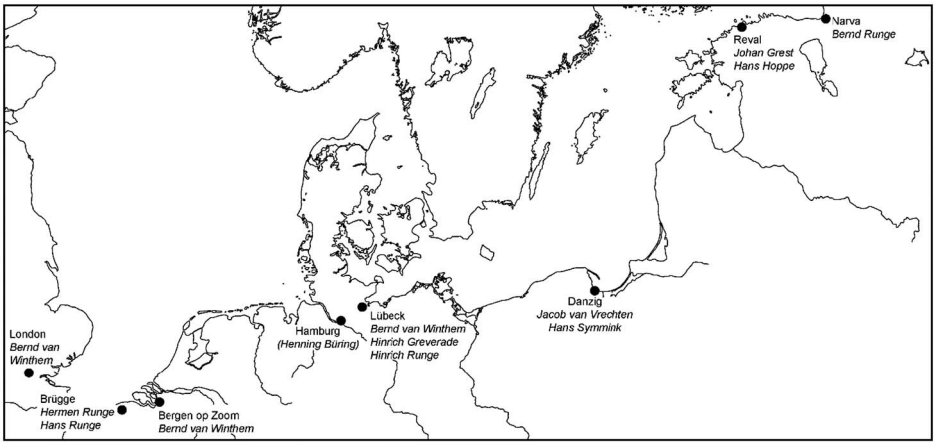


Figure 1. Bernd Paal, who was interested in the Trade between Novgorod and London, had partners in every junction on the way between the Eastern Baltic and England. Every partner was an independent merchant and every partner was able to treat the trading goods under the conditions of a flexible market.

The precondition for this kind of trade and its flexibility was a constant flow of information. Even if Bernd Paal in Reval could count on the knowledge and skills of his partners abroad, it was better for him and his trade if he had some basic information before he sent his goods abroad. Basic information about wars, natural disasters, and the evolution of the purchasing power of consumers, but also about fashions en vogue, or even certain rumours, could influence the original choice of trading goods as well as the opportunities for profit. Because of this, even a merchant a long way away from London was in need of information about what happened in the English countryside as well as at the Court of Westminster if he wanted to trade with this country. And even here the sea was a challenge, because of the slowness and the incalculability of how information travelled. It could take a month before news about a war between France and England, or about the new fashionable colour at the court of Burgundy, reached Estonia. To reduce this risk, the medieval merchants also used networks.[15] Every merchant devoted a lot of time to gathering and disseminating information, mostly in the form of letters, but also orally. The larger a merchant's network was, the greater was the chance to get the right information on time, and the greater was the chance to make the right decisions.

For this, the trading-partners of a medieval North European merchant handled not only goods, but also information and that 24/7. This also means that every merchant was anxious to widen the circle of his own informants, not only abroad, but also at home. For this, not only trading-partnerships were used, but also social contacts, such as membership in guilds and brotherhoods or the possibilities of public offices.[16]

How tightly woven these social contacts could be is shown in Figures 2 and 3.

These figures illuminate the detectible contacts between the Lubeckian merchants, who traded to Bergen between 1360 and 1400. As can be seen, there are some hot-spots, core-areas dense in contacts and thus also where much information was centred.

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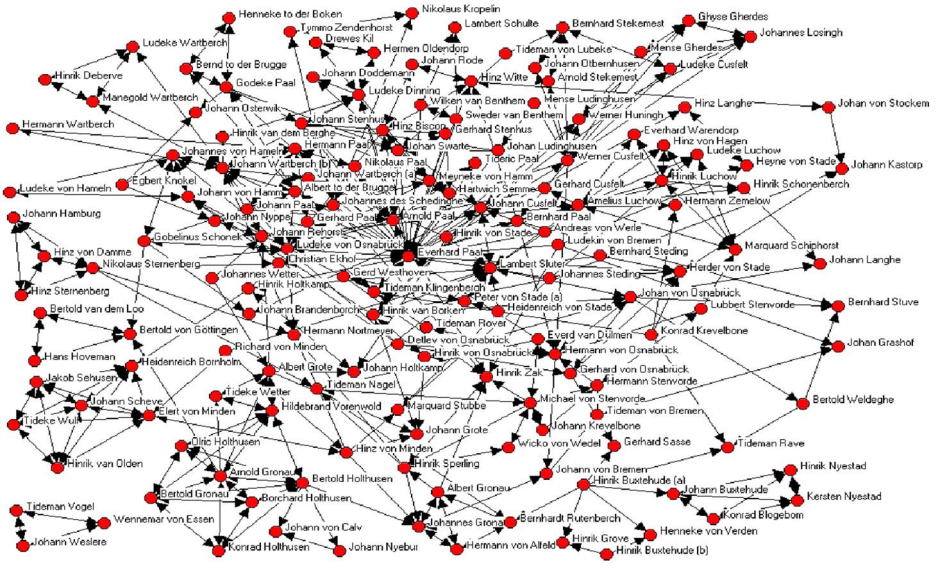


Figure 2. The network of the Lubeckian Bergen-traders 1360–1400, Mike Burkhardt, Bergenhandel[5], p. 318. By courtesy of the author.

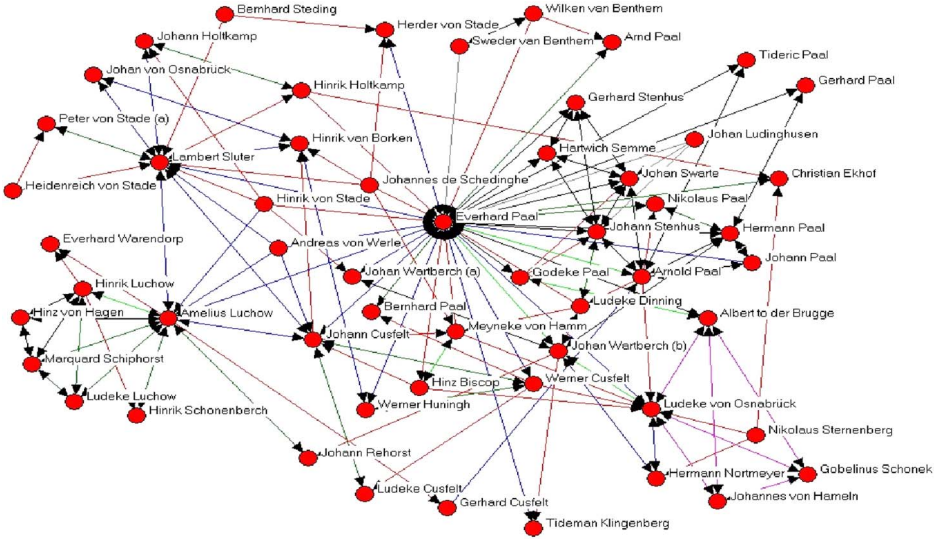


Figure 3. The network of the Lubeckian Bergen-traders 1360–1400, enlargement of the centre part, Mike Burkhardt, Bergenhandel[5], p. 322. By courtesy of the author.

Merchants such as Everhard Paal and his brother Arnold Paal had a greater chance to get the right information in time than other colleagues who were situated at the margins of the network.

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But these networks were not only information-channels; they also served other purposes. They were the solution to a second huge challenge: the problem of trustworthiness.[17] The theory that all my partners have the same interests in my goods as in their own is very convincing but at the very least unrealistic. Human nature favours its own interests and most people are not altruistic. So how can I be sure that my 'partners' will not mistreat my goods and that they will not betray me?

The solution to this basic problem was the same network that was used as an information-channel. Part of the regular information sent out by every informant in the system was the description of the behaviour of other merchants. Through this, the community of merchants kept its members constantly under surveillance. This constant group pressure secured the whole system and was the guarantee of its success.[16]

This necessity for permanent surveillance is also one explanation for the existence of the four hanseatic kontors in Novgorod, Bruges, London and especially in Bergen. The surveillance of partners worked only in an environment that was based on the same culture and behaviour. In foreign countries, such as Russia or even Norway, this was not the case. Thus, foreigners were in principle not trustworthy, and the same applied to the own merchants in foreign environments. Far too easily could young merchants be seduced by the allurement of the foreign city or by pretty Norwegian girls. And by this they became uncontrollable. So, to force the merchants, and especially the younger ones, into a kontor made them more and better controllable and by this the whole society of merchants was able to keep them under surveillance.

This strongly woven and controlled network encompassed the whole North European trading area, from Novgorod in the East to England and Scotland in the West and from Bergen in the North to Cracow, Lviv and Flanders in the South. In this system a merchant could, without any problems, order, transfer, deliver or partition his goods at different junction-points. One normal 'hanseatic' trading-line linked for example Lübeck, Bergen and Boston in England.[5] A Lubeckian merchant of the fourteenth century would have sent corn and beer to Bergen, to buy timber and stockfish there. Some part of these goods would be sent directly to Flanders to buy cloth. But another part would be sent to Boston in England, where it would have been sold and reinvested in English cloth. This cloth would have been sent back to Lubeck and from there injected into the Baltic market. At the very least, the cloth could have been sold in Novgorod for Russian fur or wax.[5]

All these transactions – and that is the great advantage of this system over all others – happened without the merchants moving from their hometown. The Lubeckian merchant sending his beer and corn to Norway never left the city at the river Trave, even when his goods travelled around the whole European world. At the same time he could sell the goods that would come to him in return at a high yield.[15]

The medieval hanseatic trading system was fully adapted to the challenge of the sea. The hanseatic merchants in their coastal harbours made their money exclusively through long distance trade using the price-differences between separated production areas to their advantage. Hanseatic merchants had no need of fast communications, banks, newspapers, news-brokers or stock-exchanges. The network system secured the same basic benefits that 'modern' companies get out of these more modern systems of trade. At the same time, however, the constant control of all of a merchant's activities also

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reduced the possibilities of entrepreneurship. Risk-taking was not seen as good behaviour, and neither were investments in new developments or collecting anonymous money in huge companies. These restrictions made sure that the network-system became outdated at the beginning of the sixteenth century, when Dutch and later English firms developed new techniques – struggling with the Sea in their own way.

The network-system of trade was the best solution in the time and space of the Middle Ages. It was useful, successful and effective under the conditions pertaining to sea-going traffic from the thirteenth to the late fifteenth centuries. It was the North European answer to a very special problem and it effectively solved all problems caused by the sea. For the medieval merchants, the sea was a stimulus and a challenge at the same time. They used it for their benefit.

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