The Hanseatic League was a late-medieval network of economically largely independent long-distance trade merchants which was based on trust, reputation and reciprocal relations. The informal cooperation among its members kept transactional, informational and organizational costs low, allowing the Hanse merchants to make good profits from the long-distance trade between the Baltic and the North Seas. Thanks to personal and institutional links with confederations of towns, the Hanse merchants were initially able to strengthen their international position of power. Since the late 15th century, however, the transaction costs of long-distance trade increased as a result of growing exclusivity and formalization efforts in the Hanseatic league. Moreover, changes in the European economic structure, triggered by the discovery of America, and internal conflicts ultimately led to the disintegration of the Hanseatic networks.

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### Introduction

To this day, there is no consensus among historians regarding the definition of the phenomenon "German Hanseatic League". The French historian Philippe Dollinger (1904–1999) describes it as an "inorganic entity with an almost intangible structure", which, according to him, also exhibits weaknesses. In the older literature, the German Hanseatic League is often seen as a powerful association of towns, while other authors view it as a trading company or merely as a partnership of convenience. Its lack of a hierarchical structure, especially obvious when compared to the great trading houses in southern Germany, has led to the opinion that the Hanseatic League suffered from an "innovatorischen Rückstand" ("innovation gap"). While this observation met with much opposition, it was nevertheless perfectly legitimate within the context of the prevailing view among the period's economists and economic historians, who considered bureaucratic-hierarchical forms of organization to be modern and forward-looking business models. In the German economic history and social science research of the recent decades, a fundamental paradigm shift has taken place from a structural-historical to an actor-centred approach. This change not only promises to give an answer to the question of what the Hanseatic League actually was, but also to open up a vast, hitherto little-noticed field of research. Furthermore, extensive preliminary prosopographical work in the 1990s has made it possible to apply network theory to research on the Hanse.
In answering the question about the Hanseatic League’s structure, two network concepts are relevant. On the one hand, there is the concept of networks as an organizational type, which is widespread in economics. Another concept, used in the social sciences, considers networks to be complex webs of social relations. From the perspective of the economists, a network is often seen as a different type of organization to either hierarchy or market. Some critics of the New-Institutional Economics, however, regard networks as hybrids, combining hierarchical and market structures. Compared to hierarchical forms of enterprise, a network features a horizontal, little formalized and constantly changing structure. It is often a self-organizing form of cooperation and develops around one or more hubs or nodes, be it in the sense of an ego network or a heterarchical network. In the first case, the actor is at the centre of the analysis, whereas the second case resembles a neural network with multiple nodes of varying density. Unlike the market, the relationships between the actors are not solely regulated according to competition and price or supply and demand. Instead, the reciprocal transactions are determined by a web of social factors such as obligation, trust, solidarity and reciprocity. The cohesion of the network is thus produced less through formal rules and contracts than through the presence of a common culture and common goals. Although network theory is an actor-oriented model, its main interest nonetheless lies in the cooperative and relational nature and practices of those connections between the actors that have been neglected by the traditional biographical and economic history. The advantage of the network concept in comparison to approaches that focus on markets or hierarchies is the fact that it allows for a better understanding of dynamics and interactive components.

In this article, the particular focus will be on the trading networks of the Hanseatic League (Kaufmannshanse) and its economic actors, while the traditionally prioritized topic of the Hanseatic League’s political function as a powerful league of cities (Städtehanse) will be only briefly touched upon. The decision to concentrate on the structure and the extent of the Hanseatic trade organization and the economic activities of its merchants sheds light on neglected areas of research. However, the shift in orientation also leads to new problems concerning both the relationship between the economic organization and the league of cities as well as dating the rise and fall of the Hanseatic League.

The Beginnings of the Hanseatic League

According to Dollinger, the history of the Hanseatic League extends between two clearly identifiable moments: the founding of Lübeck in the year 1158/1159, on the one hand, and the last Hanseatic Diet (Hansetag) in 1669, on the other. The notion, however, that Lübeck represents the start of the Hanseatic League and was, moreover, the “Schüssel zur Hanseatisierung des Ostseeraums” (“key to the Hanseatic League’s expansion in the Baltic Sea region”) has been called into question. There is no formal date of the Hanseatic League’s founding. Its origins, in fact, go back further than Lübeck’s inception, which itself was the result of expansionist ambitions of the hinterland. The emergence of the Hanseatic League is better understood as the result of a process of integration of previously independent trade flows.

The starting point was the densely populated and more developed Westphalia with it’s key town of Soest, which had already developed into a nationally important trading post for salt, metal goods from the eastern Sauerland and silver from the Harz region before the turn of the millennium. By the end of the 11th century, merchants from this region were increasingly drawn to the coast of the North and Baltic Seas to meet the rising demands of urban populations that continued to grow until the end of the 13th century. They traded foods such as herring and grain, as well as commercial products such as wood, flax, tar or wax for salt, which was needed on the coast for preserving fish. Starting in the late 11th century, a brisk east-west trade developed between the Russian city of Novgorod and Westphalia. This trade initially went through the key trading post of Schleswig, which also maintained trading ties with England. Subsequently, however, Westphalian merchants decided to give up Schleswig as a marketplace in favour of Lübeck, conveniently located on an isthmus between the North and Baltic Seas, which could be negotiated with a relatively short overland transport. The change was further prompted by the adoption of the comparatively unrestricted city charter of Soest (which was accepted by many other cities in the Hanseatic area as a result of the adoption by Lübeck), and, last but not least, by the much shorter route.
The beginnings of the Hanseatic League, however, cannot simply be explained by the trade network that developed between Westphalia and the Baltic Sea. An equally important trade route, connecting Cologne with England and Denmark, started to grow. As early as 1157, Cologne merchants were granted their first trading privilege in London. By contrast, the first traders from Lübeck did not make it to England until the beginning of the 13th century. They first set up trade contacts with King’s Lynn, Hull, Yarmouth and Boston. Trade with London did not commence until later. There, they met their competitors from Cologne. The successful resolution of disputes between the two parties, mediated by Dortmund merchants, culminated in the establishment of a joint trade office (kontor) in London in the year 1281.¹³

The rise of the Hanseatic city on the Trave was accompanied by the integration of the Cologne and Westphalia trade networks. The establishment of Lübeck as a hub soon led to a strong expansion to the north and to the east, even as far as Russia. The peace agreement of 1161 between the Gotlanders and the Germans, which was mediated by Henry the Lion (1129–1195) (Media Link #ad), was followed by the founding of the Gotland association. As a result Gotland’s Visby became an important trans-shipment centre for goods from Scandinavia and the eastern countries.¹⁴ Because members of this association were – besides merchants from Lübeck – also merchants from Westphalia and Saxony, its founding is considered to be the actual birth of the Hanseatic League.¹⁵

Expansion of the Hanseatic Trade Networks

Eastern Europe

Even before the founding of Lübeck, merchants from Westphalia and other regions had maintained trade relations with Russia. Their expansion, however, received at first little attention and took place under the auspices of the Scandinavians, who were attracted to the burgeoning market and trading centre of Novgorod. Here, the German merchants lived at first in the St. Olavshof (court of St Olav), founded by the Gotlanders. It was only after their numbers had increased significantly that they opened their own kontor between 1205 and 1207. The kontor was named St. Peterhof and was bestowed with privileges by the Russian Prince Constantine Vsevolodovich (1185–1218). Through military conquest, Christianization and colonization, which had been planned and arranged by Lübeck, further trading posts came into being in the course of the 13th century along the southern Baltic Sea. The cities of Rostock, Wismar, Stralsund and Greifswald were founded, as was Riga in 1201 with the backing of Visby.¹⁶

Northern Europe

After the Swedish King Knut I (1167–1196) (Media Link #ae) and Henry the Lion had made a treaty in 1173 to establish trade relations between Sweden and Lübeck, a great wave of German immigration to southern Sweden ensued. German merchants and artisans seem to have already played a considerable role in the founding of Stockholm in ca. 1251. Despite their influence on the Swedish economy, no privileged trading settlement was founded. In 1251, the Swedish ruler Birger Jarl (1200–1266) (Media Link #af) forced German immigrants to submit to the laws of his country and made them Swedish subjects.¹⁶

In Bergen, the German Hanse merchants were initially not granted any special rights either. Rather, the Wintersitzer – i.e. those foreign merchants, who also spent the winter in the Norwegian town – had the same rights and obligations as the locals. Only the merchants who were in Bergen exclusively during the summer season were exempt from certain taxes and duties. It was not until 1294 that the Norwegian King Eric II (1268–1299) bestowed upon them important privileges.¹⁷ The Bergen kontor was then set up, almost 100 years after the first settlement of German merchants. While its exact date of origin remains unknown, the first evidence dates back to 1365. Presumably, however, the Bergen kontor had already been established some years earlier.¹⁸

Western Europe
It was not until the 13th century that the Hanse merchants also expanded to Flanders. Here, they encountered a completely different situation than in the Baltic region. When they settled in Bruges, obtaining their first privileges in 1252 and 1253, the city – the leading trading centre for wool and cloth – was the "world market of the West". Merchants from the Iberian Peninsula and the Mediterranean brought their goods to Bruges. Wine and salt were imported from France, spices from southern lands. Italian merchants in Bruges also made the city a major centre for currency and credit operations; evidence of the first rudiments of a modern banking system can be found already in the 14th century. For Hanse merchants, the city was of great economic importance. They bought cheap French and Portuguese sea salt in particular, which was in great demand in the Baltic Sea region. The German merchants in Bruges, however, had to compete from the beginning with other nations maintaining consulates there and, like the Hanseatic kontore, had their own jurisdictions. Conflicts over violations of the Hanseatic privileges arose frequently, causing the Hanseatic League to relocate its Bruges trading post on multiple occasions. It relocated to Aardenburg in 1280, for instance, to protest against the privileges that Count Guido I of Flanders (1226/1227–1305) had extended to other foreigners.

With the erection of kontore in Novgorod, Bergen, London and Bruges and the establishment of Lübeck as the Hanseatic League's leading city, the expansion process was concluded. Although Lübeck did fulfil to a certain extent the leadership role, the Hanseatic League should not be understood as a radial-shaped network with Lübeck at the centre. With its trading posts and its smaller settlements, the German Hanse instead resembled more closely a heterarchical network or an "inter-connected network" with nodes of different densities. Around these, in turn, were grouped various local and regional trade networks of varying scope. The location of the foreign kontore did not mark the physical trading limits, but rather the outer geographical points of the maritime trade. From there, connections were established to the regional producers and retailers: in Bergen, for example, to the dried cod producers in northern Norway; or, for instance in England, to the wool suppliers of the north-eastern and south-eastern counties. Bruges was the centre of a trade network whose connections extended to the salt mining centres of France and Portugal and all the way to the Mediterranean.

The Structure of the Hanseatic Trade Networks

Given the geographical reach of the merchants' trade relations, the question arises as to how the Hanseatic League managed to hold together and dominate this commercial space. One factor was the internal densification of the commercial network through the creation of small trading stations. The Hanseatic League founded new cities along the Baltic Sea; in the West, kontore were set up in existing cities like Amsterdam and Dordrecht and smaller settlements were established in French and Portuguese locations like Nantes, La Rochelle or Setúbal. Between the 13th and 15th centuries, more and more cities in the inland, whose trade connections sometimes reached to Venice, joined the Hanseatic League's trading network.

The densification of trade in the Hanseatic area was accompanied by the specialization of the Hanse merchants. They focused increasingly on certain types of goods or regions, be it trade in cloth, salt or grain or trade with England or Bergen. The Cologne merchants for example traded mainly with London and the bordering customs districts of Ipswich and Sandwich. Merchants from Hamburg, on the other hand, traded almost exclusively with Yarmouth, while Prussian merchants preferred to do business with King's Lynn and Hull. Lübeck merchants favoured Boston. Beyond this, each group traded only in certain, characteristic goods. Lübeck merchants in Bergen dealt mainly in fish and fish oil, the Cologne merchants in England principally in steel, armaments, fustian cloth and Cologne yarn.

The increase and expansion of trade relations brought about a reorganization of the business activity. If the merchant in the 11th and 12th centuries was primarily a pedlar who travelled with his goods and sold them himself, he would later remain mostly at his kontor (or scrivekamere), conducting his business from there. This trend toward sedentism began in the 13th century. The transportation of goods was the responsibility of a merchant-ship captain or merchant clerk who would hand over the cargo to a representative or factor at the destination, who, in turn, made the actual sales. The merchant in his office mainly devoted his time to correspondence, often with the help of assistants and apprentices.
Despite this development, the trading voyage also remained important for the sedentary long-distance merchant. In the 17th and 18th centuries, merchants still spent the majority of their lives travelling, either to find out about local market conditions or to personally inquire about the trustworthiness of their business partners and make new contacts.

Over the centuries, five different types of enterprise evolved:

1. The "vera societas" (*wedderlegginge*) was a specific commercial enterprise in which the financier (*Kapitalgeber*) and the person responsible for the commercial transaction (*Kapitalführer*) shared in the profits.
2. In the case of a "commission business" (*sendeve*), a merchant transported goods for another merchant. Usually, the two merchants would also have entered into a "vera societas" with each other.
3. The "trading company" consisted of two or more persons, who shared in the company's capital, but were themselves also involved in active trading. This type of business developed at the beginning of the 15th century.
4. The "reciprocal trade" was the most important form of partnership between the Hanse merchants. In this instance, merchants in different places would sell the respective commodities sent to them by other merchants in their own names. For this practice there were, however, no written agreements, and the sellers did not share directly in the profits of a particular commercial transaction.\(^{26}\)
5. For the organization of long-distance travel, the merchants formed "cooperatives", for example those operating in Scania, Bergen or Flanders.

Although the merchants focused on specific areas of trade, they were not strictly limited to bilateral trade. Many of the Lübeck merchants trading in Bergen, for example, used the Norwegian city as a stopover for the flourishing trade with England.\(^{27}\) In the case of some major merchants, it is possible to prove the existence of very extensive trade activities. The trade routes of the Lübeck merchant Johann Wittenborg (ca. 1321–1363) (Media Link #aj), for example, encompassed Flanders, England, Scania, Livonia and even Russia. He traded mainly in Flemish cloth, which he exchanged in Livonia and Russia for fur pelts and wax. He then sold these goods in Bruges.\(^{28}\) The trade of the brothers Hildebrand (ca. 1370–1426) (Media Link #ak) and Sievert Veckinchusen (ca. 1370–1433) (Media Link #al) reached beyond the boundaries of the Hanseatic networks to southern Germany, southern France and Venice.\(^{29}\)

"Networks of Trust"

The regional densification of the commercial network through the establishment of cities and settlements was one of the measures for securing the long-distance trade. In addition, the German Hanseatic League managed to build a competitive long-distance trade organization whose members could rely on the trustworthiness of their faraway trading partners. The Hanse merchants developed strategies for holding together this geographically extensive network of contacts over the centuries. In network theory and new institutional economics (NIE), trust is seen as a key variable in economic activity. It is a function that reduces social complexity by generalizing behavioural expectations, thereby creating the conditions for cooperation.\(^{30}\)

In the preindustrial era in particular, when weeks and months would often pass before a trading partner received news of the arrival or the sale of his goods, a special relationship of trust between business partners was necessary.\(^{31}\) A higher degree of trust was given to immediate and extended family, because these relationships were not solely economic in nature, but, linked by blood and marriage, embedded in a web of moral obligations. The transnational trade organization of the Hanseatic League was created as a result of the settlement of family members in important trading centres. Thus, the Tarras and Lensendick families from Soest, among others, were able to gain a foothold in Prussia, Bruges and Antwerp.\(^{32}\) The view that family members were the most reliable trading partners was not beyond dispute, however. Nephews, distant relatives or even strangers were preferred over one’s own children should the former prove to be more suitable and trustworthy. As the example of the brothers Hildebrand and Sievert Veckinchusen shows, family members were not always reliable. Due to reckless speculation, Hildebrand got the family business into difficulties and wound up in debtors’ prison.\(^{33}\) Consequently, as early as the late Middle Ages, the Hanseatic trade network was no
longer composed exclusively of family relations. The merchant Johann Pisz (1421–1454) from Danzig, for instance, had a total of 40 trading partners, at the beginning of the 15th century, Hildebrand Veckinchusen had more than 1,100 (Media Link #am). Thus, contrary to the widespread belief that business contacts with strangers were of no importance during the time of the Hanseatic League, it can be demonstrated that these far-reaching trade relations were not based solely on family ties.

Other factors replaced family ties, such as reputation, reliability, reciprocity and integration into a network of mutual dependencies and obligations. The Hanseatic tradition of apprenticeship contributed to the creation of a pool of reliable partners, while at the same time promoting the transnational expansion. Usually an apprentice would spend his training period with a merchant who was either a relative or a friend of the family. In the final years of his apprenticeship or immediately after, he was sent abroad as a merchant's apprentice, to become acquainted with the local trading conditions and peculiarities. Many apprentices, for instance, spent their last years of apprenticeship in the London kontor (Media Link #an). The instructional or training period in a foreign country was followed by initial employment as a junior partner, before the young businessman established himself as a company owner. While an apprentice and junior partner, the budding merchant was able to build his reputation. If he remained abroad, he would become an important partner for the family or his former mentor back home, knowing the local market conditions, reacting quickly and flexibly to market changes as well as functioning as an important information resource and checkpoint.

Such residence in a foreign country was not necessarily permanent. Hildebrand Veckinchusen, for example, spent several years in Lübeck, before settling in Bruges. During his stay abroad, he not only made reliable contacts, which formed the basis for the expansion of his commercial activities, but he also gained knowledge of the local trading conditions. His brother Sievert lived in Cologne for nearly ten years before setting roots in Lübeck for good. Mobility, marriage and the acquisition of important political offices permitted the brothers to create an extensive network of trading partners who were personally known to them and whose trustworthiness they could reliably assess.

This expansive immigration and settlement policy along with trust-building strategies were crucial factors for the sustained success of the Hanseatic League. Furthermore, however, the development of a system of norms and rules, which secured these long-range networks of trust and the resulting cost advantages was also required. Extending trust to other merchants was primarily a strategic decision that necessitated continuous monitoring and reassurances on the part of the trading partners.

Transaction costs

In recent years, the success of the German Hanseatic League has been repeatedly attributed to the ability of the Hanse merchants to keep their transaction costs low. "Transaction costs" are understood as all costs incurred in the exchange of goods. The Hanseatic network enabled merchants to reduce the commercial risks and thus lower costs of doing business. The foundation of the Hanseatic League came at a time when the European merchant culture based on trust and negotiation had yet to develop. Before the 10th century, long-distance traders were acting as individuals and the targets of robberies, violent attacks, and murder attempts when away on business. The development of formal associations was a response to the rising uncertainty and danger. The creation of institutions and a unified system of rules to reduce transaction costs was therefore one vital component of the Hanseatic community's diverse tasks.

With their regulations the kontore were central institutions that gave the life of the community both internal and external stability and security. By institutionalizing the rules of conduct, they facilitated cooperation, promoting and ensuring a peaceful culture of negotiation and exchange based on the honesty and reliability of the members. For blood or ethnic bonds were not in themselves guarantees for reliable and peaceful behaviour, especially considering that the growth of long-distance trade also meant an increase in the number of foreign partners who had to be integrated into the network. To this end, norms were set and supervised at the Hanseatic kontore to give the Hanse merchants a reliable basis for cooperation. Non-cooperative or fraudulent behaviour was punished by the kontore which had their own juris-
dictions. Sanctions ranged from loss of reputation and expulsion to loss of business and criminal penalties. By reducing search, measurement, agreement and enforcement costs – i.e. by introducing quality and measurement standards, product inspections, by facilitating debt claims, by introducing personal liability, etc. – the Hanse merchants were able to gain a decisive advantage over their competitors.\textsuperscript{43}

Along with the rules of conduct, the kontor norms also included a number of trade and maritime regulations aimed at reducing transportation risks. To this end, the convoy voyage was employed from the mid-14th century and, soon afterwards, commercial trips between the Baltic and the salt regions on the French and Portuguese Atlantic coast were escorted by warships. To reduce the risk of accident, winter travel was prohibited on the Baltic Sea. However, because the forced winter residence led to increased costs in foreign ports, this policy was disadvantageous for the Hanse merchants in the long run. What is more, the non-Hanse merchants continued with their maritime trade during the winter.\textsuperscript{44}

In the era of sailing ships, there was a high risk of losing a ship and its cargo on long-distance routes due to accidents or the widespread piracy. Rather than acquiring their own ships, merchants and ship owners therefore increasingly obtained only shares of vessels.\textsuperscript{45} Between the late 13th and early 14th centuries, the average number of a ship's owners grew from two to four, by the 17th century large ships had around 64 owners. In turn, merchants and ship owners, especially in the later Hanseatic period, purchased interest in several ships.\textsuperscript{46} To minimize the risk, they no longer entrusted their cargo to just one but to several different ships. The cargo of some of the ships registered in King's Lynn from 1286–1440, for example, belonged to nine and sometimes even more merchants, and there were both Hanseatic and non-Hanseatic members among the owners.\textsuperscript{47}

The kontore were not only regulatory, control and enforcement institutions. Beyond upholding the formal system of rules, they equally served as informal communication and information hubs, where news about market conditions, shipwrecks, wars and so on converged. Here, trading activities were coordinated and the reputation and trust mechanisms were generated. The kontore were not the only information centres, though. Like the coffee houses that emerged in the 17th century, inns, taverns and other meeting places had more than social or cultural functions. They were also places for obtaining economic news.\textsuperscript{48} As a result, the Hanse merchants were equipped with complex surveillance and information networks.

The kontore represented the interests of the members before the sovereign, securing their privileges against fellow competitors. They also kept watch over customs and tax exemptions, market advantages and proprietary and procedural legal guarantees.\textsuperscript{49} In order to assert their local trading interests, the Hanseatic League imposed trade boycotts in the event of conflict, inflicting significant economic damage on the affected trading centre and the respective prince. They carried out this action, for instance, to defend their interests in Bruges and London.

The Hanseatic League of Cities (Städtehanse)

Social and economic networks interact with external conditions and are influenced by them.\textsuperscript{50} In contrast to older structural concepts in which the actor is regarded as a passive object, network theory sees him as being able to actively participate in shaping his environment. From this perspective, the institutionalization of the kontore, the acquisition of privileges and the formation of the Städtehanse were at once a consequence and an expression of the ability of merchants to influence and shape the political circumstances in their favour.

In the past the German Hanseatic League was primarily understood as a powerful political community of cities. However, the most recent historical research inspired by network theory largely conceives of it as a transnational network of businesses. Accordingly, the Hanseatic League's ability to organise large-scale commodity transactions so efficiently was based on "den Bedürfnissen des Handelsverkehrs [einer] im Hanseraum angepassten Netzwerkorganisation\textsuperscript{51}."
("[a] trade network organization that was adapted to the needs of the Hanseatic area"). The political privileges of the Hanse merchants are regarded as less important, because the efficacy of the Hanseatic League was based on the flexibility of the organization's loosely formalized structure. Nevertheless, it seems worthwhile to re-examine the relationship between the Hanse merchants and the Hanseatic cities using network-theory.

As noted above, actors do not move only in one, but rather in several networks of very different social, cultural or political character. The merchants sat in the political or administrative bodies of cities or associations and functioned as bridges or connecting links between different networks. These integrated and overlapping bridges between separate or complementary networks are referred to as a small world. At no time did merchants simply rely on a single institution. To address the fundamental problems of commodity exchange, they would always depend on several: "Merchants typically used combinations of institutions to solve one problem, but each of these institutions in turn contributed to solving multiple problems." The sedentary long-distance trade merchants took advantage of the extra time to get involved in politics at the local level. It was therefore natural that, in looking after their own specific economic concerns, they would not only try to impact a city's economic policy but also use their influence to get cities to support their personal interests.

Confronted with increasingly powerful territorial states and ever more severe disputes that were a result of the 14th century transformation of the trade blockade into an outright economic war, the Hanseatic League's commercial networks needed the support of political rulers and also the financial strength of cities to defend their interests — if necessary, with military force. The development of the Hanseatic League "von einer losen Koalition von Kaufleuten zu einem vergleichsweise straff organisierten Städtebund" ("from a loose coalition of businessmen to a relatively tightly organized league of towns") was — according to this theory — the result of this transformation. It should be noted, however, that the interests of the merchants and the cities of the Hanseatic League were not necessarily identical. The origin of the town league, moreover, should also not be strictly viewed as a logical consequence of the expansion of the Hanseatic economic community. Indeed, this community evolved earlier due to the weakness of imperial power. Dollinger rightly does not consider the leagues to have ever been specifically Hanseatic, since they were primarily concerned with the defence of political interests in the struggle against the encroachment of regional religious and secular princes. The first regional town leagues were formed in the 13th century in densely populated Westphalia. Other regional town leagues soon followed among the cities in Lower Saxony and Saxony, as well as among the "Sorbian towns" around 1280. For the history of the Hanseatic League, the latter association is of particular importance. Members were primarily the newly founded cities on the Baltic Sea (Lübeck, Kiel, Wismar, Rostock and Stralsund) along with Hamburg and Lüneburg. The objectives of the town leagues included mutual assistance in case of war, defence against the interference of sovereigns into the towns' freedoms, securing access to markets and protection against piracy.

Here, the interests of the networks of the merchants and the networks of the Hanseatic cities intersected. During the course of the 14th century their interests largely merged because the expansion of trade networks made the Hanse merchants increasingly reliant on the town leagues' financial and political support. These common interests gave the Hanseatic League the strength it needed to accomplish its aims in disputes over privileges, such as with Edward III (1312–1377) and Richard II of England (1367–1400) or the Counts of Flanders. At the height of its power, the Städtehanse counted about 200 cities, with Lübeck as its undisputed leader. In 1356 conflicts with Bruges led Lübeck to invite representatives of the Hanseatic cities to the first general Hanseatic Diet (Hansetag), which ended with the subordination of the Bruges kontor. Within 20 years after the first Hansetag, the other foreign kontore also submitted to the leadership of the cities.

The Decline of the Hanseatic League

Internal Factors

Applying network theory to research on the Hanse sheds new light on the end of the Hanseatic League's supremacy. The peak of the Hanseatic League may be identified in the period immediately following the establishment of the league of cities (Städtehanse) and the successful Treaty of Stralsund in 1370, which was ratified after Sorbian and Dutch Ships
destroyed Copenhagen and Scania was conquered by the Swedes. The end of geographical expansion dates from this period and is followed by an era of increasing regulation and segregation from the outside world. If one considers the Hanseatic merchants (Kaufmannshanse) and the Städtehanse around 1370 to be two largely congruent networks, it is also the case that the greatest degree of intersection was reached at this time. This fruitful overlapping of interests of Städtehanse and Kaufmannshanse, however, could not be maintained in the long term. The objectives of these two networks began to grow apart around the end of the 14th century, to some extent because of external influences.

The Hanseatic League did not regard itself as a political community nor was it a state territorial power with its own army or fleet and a regular stream of revenue. Neither could it act as a legal entity. The only common institution, the Hansetag, took place very infrequently, and not all member towns participated. The Hanseatic League saw itself primarily as an alliance of towns with "dem Zwecke, dass die Handelsunternehmungen zu Wasser und zu Land den erwünschten und günstigen Erfolg haben und dass ein wirksamer Schutz gegen Seeräuber und Wegelagerer geleistet werde, damit nicht durch deren Nachstellungen die Kaufleute ihrer Güter und ihrer Werte beraubt würden". Although the Städtehanse regarded itself as a mere partnership of convenience in order to secure and facilitate trade, it exceeded the boundaries separating an economic organization from a state authority. Nonetheless, it never took the final step towards becoming a proper state. The city of Lübeck was, accordingly, a kind of "capital without a state." Although the Hanseatic League's transformation into a consistent political entity never occurred, Lübeck nevertheless undertook measures that were aimed at homogenization in the interior and at closing ranks against outsiders. For instance, ever more restrictive admission standards were introduced so that finally only merchants who were actually born in a Hanseatic city could become members. Another constraint was instituted at the turn of the 16th century. Given the growing dependence of smaller Hanseatic cities on their rulers, merchants from these cities were excluded from enjoying privileges abroad or participating in the Hanseatic Diet. This created, as it were, a two-tiered society. The growing number of regulations to standardize and secure trade, along with the task of financing warships and wars which fell to the Städtehanse since the Hanseatic cities lacked the backing of a strong territorial power, proved to have a boomerang effect that ultimately drove up again the previously lowered transaction costs.

Disagreement among the cities, resistance against the general regulatory system and increasing military conflicts with Flanders, England and Russia brought the weaknesses of the town league to light. Conflicts such as the Anglo-Hanseatic war that erupted in 1469 moreover demonstrated that the Städtehanse needed the protection of friendly powers like Denmark and Poland. The dispute ended in 1472 with the victory of the Hanseatic League over England, which, although the financial costs of the conflict were high, was crucial for the town league's survival. But this victory was only temporarily able to mask the inner conflicts of the Hanseatic League’s political organization, which had been long in the making. It has even been suggested that, in the long run, the victory over the English prevented modernization from taking place. This is contradicted, however, by the fact that the trading networks did not experience decline along with the town league. The London kontor, the Steelyard, for instance, flourished in the period from 1468–1554.

Due to the accumulating signs of deterioration, efforts to reorganize were undertaken at the Hanseatic Diets in the 16th century. They culminated in 1556 in a binding agreement of confederation that was signed by 63 cities. For the first time the Hanseatic cities named a permanent managing director: syndic Heinrich Sudermann (1520–1591). A restructuring of the Hanseatic League had already taken place at the Hanseatic Diet in 1554: Four regions had been established with the main cities of Lübeck, Cologne, Brunswick and Danzig being made into regional capitals. These reform efforts may be comprehended as a step "in Richtung auf eine städtische Landfriedens- und Rechtskorporation", ("towards establishing a corporation of municipal public peace and justice") which, however, came too late.
against outsiders, the overall economic changes in Europe also contributed to the divergence of interests between the Kaufmanns- and the Städtehanse. The increasing conduct and trade regulations not only raised the transaction costs, but were often hard to enforce against the interests of individual merchants. In the Netherlands, for instance, the initial relative openness of the Hanseatic trade network had been a crucial ingredient for the expansion along the Atlantic coast to Portugal and the Mediterranean.

In Russia, Ivan III (1450–1505) shut down the Novgorod kontor, after conquering the city in 1494. He also had the German merchants in the Hanseatic kontor arrested and confiscated their property. In the West, the rise of the Dutch and the English weakened the Hanseatic League. The discovery of the New World also resulted in an overall shift of the large sea trade routes and maritime trading centres. Lisbon and Cadiz developed into the most important centres of trade with the New World. Bruges, by contrast, was superseded as an international trading centre in the West by Antwerp and, after 1585, by Amsterdam. Lübeck similarly lost importance for pan-European trade due to the rise of north-western European economic centres. It descended to the ranks of a regional port city, finding itself subject to growing competition in the Baltic trade from the Dutch and later the English. Unlike Hamburg and Bremen, Lübeck did not succeed in integrating into the new Atlantic system.

The xenophobic attitudes of Lübeck and Danzig were another important reason for their decline. For Amsterdam and later London owed their own spectacular economic rise to the religious refugees of the 16th century. Sephardic Jews and Flemish Protestants, who fled after the fall of Antwerp in 1585 to Amsterdam and London, brought capital with them and cultivated international trade relations that reached to the New World. The city of Hamburg also owed its economic advancement to these refugees.

Recent research attributes the decline of the Hanseatic League also to the lack of a banking system like it existed in Antwerp, Amsterdam and London, which is believed to have diminished the competitiveness of the Hanse merchants in comparison to the Atlantic merchants. Biographical research on the Hanse merchants has shown, however, that as the financiers of princes and royal houses – they possessed very substantial financial resources. By the same token, it should be noted that the financially strong Upper German merchant houses were also in decline in the late 16th century, even though the first bank on German soil was actually founded in Augsburg, not Hamburg, in 1556. Consequently, the argument concerning the lack of an established banking system appears unconvincing. Other studies have pointed out the broad wave of German immigrants who settled in the Netherlands during the "Golden Age" (1585–1670), mainly in Amsterdam. Since the late 16th century, cities such as Bremen, Cologne and the rural textile regions of Westphalia, the Bergisches Land or the Münsterland maintained intensive trade relations with the Netherlands, especially Amsterdam. These were based mainly on family networks between local and émigré family members who had established trading houses in Amsterdam or Rotterdam. It would be worthwhile to examine the extent to which 16th century merchants satisfied their growing financial needs in the leading financial centres of Antwerp and later Amsterdam, so that it was not necessary for them to create their own financial institutions in the old trading centres of the Hanseatic League, which had lost in international importance anyway. Having a branch office in the leading trading centres had a dual advantage, for in addition to gaining access to the financial market, it also opened up the new transatlantic markets to the old merchant families.

The history of the Städtehanse should not be interpreted as a continuous process of decline. Just as with the Kaufmannshanse, the composition of members in the network of cities was subject to significant changes over time through either inclusion, exclusion or a city's voluntary refusal of membership. Divergences between the decisions of the Hansetage and the international kontore and between the interests of individual merchants and cities had long led to coordination problems and stress tests for the organization of the Hanseatic network. Ultimately, it was the disparity between the mutual interests that caused the demise of the Hanseatic League. The system of trade based on privileges and monopolies had likewise had its day. The Hanseatic League did not succeed to adapt as a whole to a changing European economic and political power structure. However, the league of cities did not completely fall apart after the closure of the London kontor in 1598 or the last Hanseatic Diet in 1669.
The individual trading networks of the Hanse merchants and their families were able to react with great flexibility to these changes. They shifted their trade to the West, first to the Netherlands and then, after the decline of the Dutch empire at the end of the 17th century, increasingly to London. Merchants from Elberfeld and Bremen, who had maintained close trade connections with Amsterdam in the 16th century, sent their sons and nephews in the second half of the 17th century mostly to London, where they in turn built up commercial relations with the New World, Russia and India. Again, the success of the Hanseatic League was based, on the one hand, on the initially low information and transaction costs associated with the loosely formalized organizational structure and, on the other hand, on the transnational networks of trade and trust created by the migration of relatives. These informal networks of the merchant families outlasted the Hanseatic League. In the end, the success of the Rothschilds or the merchant-bankers of Hamburg’s Schröder family was due to these transnational familial business networks. This was not an exclusively Hanseatic or German phenomenon, but rather evident in many major European trade and banking families, such as the Barclays, the Thornton’s or Neufvilles.

By defining the German Hanseatic League as a network, or a network of networks, it no longer appears as a backward organization, but rather as a successful model that has influenced more than five centuries of the history of the Baltic and North Sea region. Whether it therefore may be viewed as an “Organisationsform mit Zukunft” (organizational form for the future), as a “model for modern interregional cooperation” for contemporary Europe or even to have been a “secret superpower” will have to remain open. A network analysis approach that focuses on the actors and their relationships, however, allows us to see the formation and demise of the Hanseatic League in a new light by regarding the relationship between Hanse merchants and cities as an overlapping, heterarchical network of diverse subsets, which were tightly interwoven at a local and transnational level. This cohesion was only based on weak ties, but these were precisely what gave the Hanseatic League its longevity, before internal conflicts, external changes and the rise of early modern territorial rulers caused it to finally fall apart. The economic and political networks of the Hanseatic League nevertheless survived much longer in certain areas, for example in the Hamburg-Bremen-Lübeck triad, but also in consular posts, transnational familial trading networks, the Hanseatic system of training or the Hanseatic merchant culture: a European commercial culture based on respectability, reputation and trust, which shaped mercantile behaviour up until the modern era.

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Appendix

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Notes

4. For the network concept in economics, cf. among others Thompson, Between Hierarchies & Markets 2003; in the social sciences, the seminal work is from Wasserman / Faust, Social Network Analysis 1994; for more on qualitative networks, see Hollstein / Straus, Qualitative Netzwerkanalyse 2006; for the network concept in different scientific disciplines, cf. Fangerau et al., Netzwerke 2009.
12. Asmussen, Die Flandernfahrer 1999, p. 12, p. 34.
15. ibidem, pp. 41f.
16. ibidem, p. 57.
22. The available sources, however, only provide limited information about these offices.
35. Hammel-Kiesow, Der hansische Kaufmann 2009, pp. 100f.
46. On this point, consider Hermen Mesmann of Lübeck’s pledging as collateral his personal assets in 1494, printed in: Dollinger, Hanse 1998, p. 557; cf. also the example of Vicko van Geldersen's purchasing a quarter of the shares of a ship, 1374–1380, ibidem, p. 559.
47. ibidem, pp. 58, 205f. The cargo of a ship lost at sea in 1468 belonged to 68 merchants. (Wolf, Schiffsverkehr der Hanse 1986; Vogel, Handelsflotten 1915, pp. 268–333).
49. For more specific detail, see: Dollinger, Hanse 1998, pp. 249f.
54. Grafe / Gelderblom, Merchant Guilds 2010, p. 478. [Emphasis in the original.]
59. Only approximately 70 cities were among the active cities, i.e. those participating in the Hansetag. Dollinger, Hanse 1998, p. 119.
60. The Hanseatic League’s response to a memorandum of the English privy council from 1469, printed in: ibidem, p. 549, ("the purpose of allowing commercial enterprises on water and land to have the desired favourable results and of providing effective protection so that merchants do not have their goods and valuables stolen through the actions of pirates and highwaymen", transl. by C.R.).
74. Tidemann Limberg (1310–1386), for instance, was one of the financiers of Edward III, as was Hinrich Castorp (1420–1480). Dollinger, Hanse 1998, pp. 225–228, 232–234; Luntowski, Dortmund 1982, pp. 135f.
77. The Hanseatic kontor in Bergen was not in fact closed until 1754, but with its loss of the cod monopoly, it also lost importance since the late 15th century. In 1998, Heinz Duchhardt already suggested that the decline of the Hanseatic League should be considered primarily from a political perspective. (Duchhardt, Die Hanse 1998, p. 23). The Steelyard in London was returned to the Hanseatic League in the beginning of the 17th century, and the Hanseatic cities appointed the Masters of the Steelyard until the 19th century. The masters also performed consular functions from the 17th century until the founding of the North German Confederation.
81. During the Thirty Years’ War, the three cities formed a defensive alliance (1630). This alliance, from which the Hanseatic policies of the three cities would later develop, was not formally dissolved until 1920.
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Ivan III of Moscow (1450–1505) VIAF DNB


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