

Towns, Trade and Early Capitalism

Towns were consistently emerging everywhere in Europe in the High Middle Ages. In the Early Middle Ages the Anglo-Saxons used the word “ton” or “tun” for their villages which were home to a predominantly agrarian society. Only after the Norman Conquest in 1066 did these “tons” become towns in the more modern sense of the word.

Country Life and Town Life Compared: Dangers, Risks vs. Advantages and Opportunities

5 The most important reason why people would exchange their well-structured lives in the villages, with expansive space in the country surrounding it, with a rather hectic life in a town with little wooden houses huddled together in small spaces and risks like fires, diseases and crime was TRADE! Regardless of whether towns developed beneath the walls of a castle, around great monasteries or just out of their own accord, they all emerged and grew because of trade.

10 People mostly traded their own produce for another good they did not produce themselves. But trade mainly means selling your goods to someone else for your own profit. The idea of profit would allow people to either buy extra “luxuries” they did not have but wanted to possess, or to save up money in order to become more independent from their lords or masters by eventually setting up their own businesses. They then invested the money in their own future as businessmen.

15 But to whom could they sell their products and from whom could they buy other goods?

Early towns in the High Middle Ages often emerged along crossroads (Winchester, Salisbury) or near a river bridge (Oxford, Cambridge) where travellers, so-called ‘pedlars,’ came to buy and sell goods in that district. They, of course, needed something to eat and a place to rest so the townspeople provided food and lodging. The same logic held true for ports with trading ships and sailors arriving from other ports (Southampton, Plymouth).

20 If this district market place, where food and raw materials were exchanged for handmade goods became successful, the newly established town would attract more travellers, merchants, craftsmen, and local peasants, and, as a result, it would grow further. Then more houses, new streets, and bridges would be added, or harbours extended, in order to provide easier access to the growing town and thus enhance its importance as a traffic junction* or trading hub.*

25 Important trading towns around Europe set up trading relationships in the course of the High and Late Middle Ages in order to exchange raw materials and goods and offer their population a more pleasant life – if they could afford it. The towns also gained a lot of money from the merchants* who had to pay tolls and taxes on the goods they wanted to sell. England, for example, had many sheep and therefore was big in the wool trade. It exported its goods to the Continental towns of Bruges* in Flanders, Paris in France, and also to the harbours of the Hanseatic League* in Germany and Scandinavia. Even more important in international trade were the economic metropolises in the Mediterranean, Genoa* and Venice,* whose volume of trade was more than five times greater than that of the Hanseatic League. Furthermore, Venice largely profited from supporting the Crusaders on their journey to the Holy land.

35 Trade in the Early and High Middle Ages mainly provided the common people with home-grown and homemade goods sold at local markets. The international exchange of basic as well as luxury products sold not only to the common man, but also to rich merchants as well as court members, developed during the High Middle Ages and reached its peak during the Late Middle Ages in the Mediterranean.

The Growth of economic power of European trading cities between the 13th and 15th century and its political implications in international relations?

One of the main reasons why trade developed and expanded further afield was the “Commercial Revolution” of the 13th century. Progress in accounting* and banking had been initiated in Italian trading cities in northern and central Italy, amongst them Milan, Venice, Genoa, Bologna, Lucca, Florence, and Siena.

Although simple business habits such as bartering at regional fairs prevailed throughout the High Middle Ages in Continental Europe, the modernization of business practices such as double-entry bookkeeping,* commercial insurance,* and bills of exchange* triggered off a volume of demand hitherto unknown. In businesses, labour began to be divided up into specialized groups: those who travelled by land or by sea and traded in their goods abroad, and those who organized the import-export financing as well as those who stayed at the overseas branches of the business permanently as a local agent of their principal in order to sell or buy the goods in demand.

Merchants working in the commercial centres of the Hanseatic League along the coast of the Baltic Sea worked according to this principle from the 13th to the 15th century. Lübeck, the leading trading city of the Hanseatic League, kept up many business branches in Flanders, England, Scandinavia and Russia. At the beginning of Hanseatic trade in the 12th century, purchasers travelled to different ports, bought and sold goods, and then returned home.

With time, these purchasers* became permanent residents of a trading town, and only purchased goods in order to sell them again from a different branch of a different town at considerable profit. This is the reason why trade worked very efficiently between such trading towns as Bruges (cloth trade), Visby (fish trade), London (wool trade) or Novgorod (fur and timber trade). Crowded trading towns like Bruges, London, and Venice hosted people from many different national and cultural backgrounds. The native inhabitants as well as the foreign merchants developed a great deal of tolerance and eventually profited from the exchange of different cultures. The ‘Steelyard’ (Stahlhof) in London and the ‘Fornaco dei Tedeschi’ in Venice are still a vivid sign of the German merchants’ presence abroad.

Wherever trade promised the accumulation* of profit, banks were increasingly capable and willing to give loans to newly established businesses at home or abroad. If the trading ships managed to avoid pirates, and wagons evaded brigandage* along mainland routes, profit in trade and a rising value of shares could be expected.

The increase in demand for food, cloth, and wood, but also for luxury products, was due to a growing population in the 13th century and the expansion of settlements into eastern Europe. In the 12th and 13th centuries, local lords were therefore eager to found new towns everywhere along the main sea and land routes of Europe because the staple rights* along the river banks and the tolls for the maintenance of roads and for the safety of those who used them would fill their treasuries.*

Travel Routes of Medieval Merchants and their Goods

The most important land routes from the 13th to the 15th century were those in southern Germany across the Brenner Pass leading into Italy to Milan, Venice, and further on to Tuscany. Equally important was the route leading from southern Germany to the north-west to Flanders, to Bruges, and, from the 15th century on, to Antwerp.

Another main continental westward road was the one leading from the French Alps to Paris. An eastward road led from southern Germany north-east into Poland and south-east into Bohemia.

The most important sea routes in northern Europe comprised the crossing of the English Channel from the Hanseatic towns in Flanders to the Baltic coastline of Germany, as well as the North Sea trade to Scandinavia and across the Baltic Sea* to Poland and Russia.

The main sea routes of the Mediterranean stretched from Genoa and Venice to the Maghreb* and the Levant,* but also into the harbours of the Black Sea in Romania and to the harbours of the Near East.

The sea route from north-west Europe to Italy across the Atlantic via Brittany, the Bay of Biscay, and the Iberian Peninsula was frequently used as a faster and cheaper alternative to the land routes across the Alps.

5 Through improvements in ship-building and navigation, the number of ships rose considerably, and they also grew in size. The Hanseatic cogs which were able to carry approximately 250 tons of weight in the 13th century were later surpassed by the galleys* and the carracks* which were able to carry up to 1000 tons in the 14th century and 1500 tons in the 15th century.

Extended Sea Trade between Europe, North Africa, Asia, and the Near East and the Goods Involved

10 Common necessities like wood for house-building, cloth and wool for clothing, and grains and fish for basic food supply were traded amongst different European countries throughout the High Middle Ages.

From the trading capitals and the courts of northern Europe to the Mediterranean, new fashion styles and food trends demanded the import of luxury goods from faraway places. In the 14th century, silk and pearls from Damaskus as well as fine glass-wear from Syria were popular at European courts. Spices* like pepper,* ginger,* sugar, cloves,* cinnamon,* and cumin* from oriental places were sought after for the preparation of extraordinary food for aristocrats and rich merchants.

15 Along with the challenge of new tastes in cooking went the demand and supply of different wines from Europe.

The merchandizing* of iron, mercury, and copper wire was as common as the trade in salt, oil, soap, and woven carpets from Asia. 14th and 15th century European imports already comprised most of the goods still in demand today.

In order to satisfy the desire for luxury products at that time, businessmen started to set up manufactures in their local trading towns where these products – mostly clothing, tapestry, and carpets – were copied and could be sold at a lower price. Thus, new jobs were created at home and skilled labour was developed further.

Predominant Payment arrangements and their effect on the economy and society of the Middle Ages?

25 European trading towns imported much more than they exported. This economic fact initiated two important socio-political developments within Europe:

First, money became increasingly important as a form of payment in international business. Second, the possession of shares in iron, copper, and tin* mines therefore meant not only economic but also political power.

30 Rich merchant capitalists, like the Fugger family in southern Germany, controlled the mines of Thuringia* and Tyrolia. The metals were needed in the local mints* and for export. The Fuggers improved the business practices of the Italians. They invested capital in local and international companies, but also attracted multiple shareholders* in mining and commerce.

The southern Germans also adopted Italian accounting principles (e. g. double-bookkeeping), negotiated the lowest interest rates,* and could afford to underbid any other suppliers* by dumping* their goods at low prices. This enabled them to exclusively place their products, claim new markets, and control prices.

35 The Fuggers and Welsers openly supported or rejected monarchs around Europe and thus influenced international politics considerably in the 15th and 16th centuries. Emperor Charles V would have hardly ascended* to the throne of the Holy Roman Empire of the German Nation had it not been for the support of the Fuggers and Welsers against Francis I of France.

40 The society of the Late Middle Ages produced increasingly wealthy, educated, and therefore self-assured merchant citizens who now claimed the right to participate in politics, be it within a strong city-council* of one

of the independent trading towns, or in the position of mayor* itself. Whereas urban governance had been dominated by the representatives of the king and the Church in the Early and High Middle Ages, municipal bodies were now mainly controlled by these wealthy merchant citizens. The merchants made it very clear to aristocrats as well as peasants that a new social order had arisen, and that their economic success gave them the right to be
5 among the leading politicians of their towns.

Other implications of the increase in trade during the Middle Ages?

Apart from the development of early capitalism, the increase in trade not only led to the import and export of goods but also new ideas, conflicts, and diseases.

The art of printing, for instance, was “imported” to Europe along the trading routes from Asia and transformed from page-sized blocks into movable type, suitable for a culture with phonetic writing.

10 Religious ideas, like those of Martin Luther during the Reformation, often *concealed* in rolls of cloth, travelled on trading ships from Germany to England, and across the Alps in the early 16th century.

Diseases, like the bubonic plague* in the 1340s, also spread along trading routes from Asia throughout the western Continent and, finally, with the Hanseatic trading ships, along the Baltic coastline into Russia. The low hygienic standards due to a lack of individual cleanliness and the absence of a sewage system in medieval towns
15 allowed the plague bacillus to spread like wildfire. Approximately one third of the population of Europe eventually died at the end of the 14th century and the early 15th century. This led to a long-term decline of the international economy. Other deadly diseases imported from abroad were, for example, measles,* typhoid,* dysentery,* tuberculosis,* and leprosy.*

Main changes in international trade today?

The principle of trade as an exchange of products for a profitable domestic economy has not changed until the
20 present day. In a globalized world economy though, where the production and sale of goods no longer exclusively depends on local resources and domestic manufacturing, but mainly on the wages and the skills of the employees, the influence of Trade Unions, clever advertising strategies, and the shareholder value of the company, trade has become a very complex matter.

Air traffic has been added to the traditional sea and land routes of trade during the 20th century. Flight cargo
25 is the fastest possible way to transport goods today, and therefore International Airports need to be extended. International Flight travel for business agents and holidaymakers has become one of the new branches of the economy within the past century. People nowadays travel to the remotest corners of the world and bring home new impressions of a different culture. But they also bring home new diseases like the bird flu* and swine flu* which are highly contagious* and have spread in Europe within weeks. Thanks to developments in contemporary medicine,
30 international vaccination programmes can cure many of these diseases.

Another new branch of the economy is, for example, the IT branch that imports and exports the latest technological inventions, and will develop very rapidly in the 21st and 22nd centuries.

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