
*Commercial Policy and Economic Conjuncture
in Nuremberg at the Close of the
Middle Ages: A Model of Economic Policy*

Wolfgang von Stromer
Free University, Berlin

1. In medieval Europe the city-state of Nuremberg was the only corporation north of the Alps that showed the beginnings of a comprehensive, planned economic policy conceived on a long-term basis. We know of attempts made in many other principalities, lands and corporations to organize a rational economic policy, but most of these were more or less accidental in nature and relied on ad-hoc measures. For a variety of reasons, Nuremberg and its trading houses were in a position to wield a degree of political power in economic affairs and to anticipate economic difficulties, as well as to use economic measures to influence political events.

The essential reasons for Nuremberg's privileged position were, firstly, the system of trade facilities covering the Empire and its neighbouring states, which stretched as far as the Mediterranean. Secondly, it enjoyed a broadly-based structure of trade, financial activity and information services. Thirdly, the Nuremberg commercial companies employed modern organization and techniques which included a system of commercial factors, rational

bookkeeping and the letter of exchange. Fourthly, its exporting companies were specialized and varied, and used power and hand-driven machinery. Fifthly, the city's political organization was highly efficient and took the form of a meritocratic oligarchy consisting of quasi-noble merchants dealing in capital, wholesale and export goods, mining entrepreneurs and large-scale printers.

For this reason, the city-state and its ruling council were able to direct their political and economic power towards the formulation of an economic policy of which they made carefully planned use. In the process, the interests pursued by the council and those trading houses it represented are not always clearly separable.

2. An essential prerequisite of any economic policy was, and still is, a wide-ranging, rapid and reliable information network to provide information on political and economic events, changes and likely developments, in time for an appropriate reaction to be possible. Where foreign policy was concerned such information was provided by the network of Nuremberg commercial representatives in many European centres, while for foreign trade there was an information network of a kind comparable only to that of the Tuscan banks. The agents of the merchant companies reported immediately on all unusual events by express courier. Using messengers on foot and horseback they wrote regularly and at short intervals about the market situation, prices, exchange rates and political events from all the foreign outposts of Nuremberg trade. In "great letter books" they made running comments on the market and likely economic developments. Apart from this there was an intensive exchange of information between merchant companies in Nuremberg, Venice and Florence; dispatches between Nuremberg and Venice took only four days in either direction. The city council was always fully in touch with events in the domestic economy thanks to its commercial and market overseers, the control over production in its model com-

panies, and the monthly calculation of “*Ungeld*”, or taxes on consumption.

3. The effectiveness of the city’s political constitution was matched on a commercial level by the structure of the trading houses. At the top were the masters, and under them the “journeymen and apprentices”, whose premiums and shares in the companies’ profits gave them a vested interest in success, while abroad agents with considerable personal initiative were employed, although they were also held on a tight rein by the central managements. Their orders and directives were issued swiftly and were always measured to the situation in question, thanks to a sophisticated information network and rapid communications. The trading companies were themselves able to make constant surveys of the progress and condition of their companies, thanks to the Venetian-style bookkeeping that had been practised since 1392 and the double-entry method (in the style of Luca Pacioli) that had been in use since 1474. The managers had at their disposal not only a high level of experience arising from generations of tradition but also possessed — relative to their time — accurate notions of economic relationships. As these same men also made up the city’s ruling council, this enabled the council to carry out appropriate and effective measures to meet the external and internal needs of the city and its economy. It had at its command a wide range of economic and social instruments and opportunities for intervention which it used according to circumstances and with clearly defined aims.

4. Problems of adapting to changing economic circumstances were given preference — commercial policy and more general economic policy hinged around questions of money and finance, foreign trade, the acquisition of raw materials, the maintenance of supplies and the creation of market outlets.

From the early Middle Ages (1062) an imperial mint had

been situated at Nuremberg which came completely under the city's influence and into the hands of the leading families of Nuremberg. From 1336 it was pledged to them permanently and in 1424 was transferred completely to the city. Its owners, the Gross and Falzner families, were chief masters of the mints of Nuremberg, Schwäbisch Hall, Ulm and Prague at the same time. From 1219 the masters of the Nuremberg mint alone were granted the privilege over exchange operations at the fairs in Nördlingen and Donauwörth and the Nuremberg money changers also had stands at the imperial fairs in Frankfurt. Leading Nuremberg merchants took other mints in Upper, Central and East Germany into their hands and, acting as agents of the Counts of Hungary, they also held key positions in finance and the production of precious metals in Europe. The city was, then, responsible for all important currency operations in the Empire and for all transactions, decisions and their implementation from the XIVth century onwards. I have shown both the exceptional nature of their gold currency policy and its effectiveness in my study of "High Finance in Upper Germany". Within the city, its territory and immediate economic sphere, the city for generations practised a policy of (supposedly) "sound money" after the currency reform of 1396. This initially encouraged growth and finally galloping inflation in silver money. Following Gresham's Law, it was with reluctance that the bullion content of the gold and silver coin produced in Nuremberg was brought into line with the debasement of coin in the larger neighbouring states. The city responded more quickly to changes in the precious metal and money markets and in exchange rates by modifying the quantity of its own issues and mintings until, if necessary, they came to a complete standstill. The city letter books are full of correspondance with princes and cities on the subject of coinage and its influences on the economy. They offer proof that the objective was to arrive at a monetary policy that was correct in the economic situation of the time. As it was impossible for

Nuremberg to take initiatives on its own, strict limits were set to room for manoeuvre in this area.

What could not be achieved by monetary policy was at least partly brought about by means of the very flexible and elastic range of methods used by the exchange offices which either belonged to the city or else were dependent on it. It became possible to make a conjuncturely sound adjustment in bullion content through regular adaptation of exchange conditions to the current market rates of the domestic and foreign gold and silver standard. The council used the exchange offices for the issue of the city's coin, the issue of giro money in the form of orders for payment and the deposit and payment of credit to creditors at home and abroad. This indicates a definite objective in terms of economic policy, as large credits were granted to trading companies outside the city, who were closely involved in the international sale of Nuremberg's exports, like the Magna Societas Alemannorum of Ravensburg and the Diesbach-Watt company of Bern and St. Gall.

5. Encouraged by their numerous trade facilities the city and its trading houses extended the range of their trade in raw materials, especially in minerals from the Central European deposits. Through war, purchase or credit, the city came to dominate the commercial heartland of the Regnitz-Pegnitz basin. The imperial forests were carefully cultivated and after 1368 were artificially expanded on an organized basis in order to supply the city's companies with wood and charcoal.

The city developed an exceptional range of controls to guarantee its supplies, so that not only could temporary shortages be bridged but it was also well able to survive extended periods of shortage and catastrophe, such as bad harvests and famine, epidemics, war and siege. It had several granaries of up to seven storeys, a tallow-house of similar size, an arsenal which was well stocked with weapons, and also large supplies of the raw and

primary materials needed for such processes as dyeing. There were 133 power wheels in the city's 20 water-mills, which were obliged to switch from producing goods to milling grain whenever the need arose or the order was given. They were also responsible for constantly maintaining the various appliances of the city's fire service. The chalk and brick works, together with the city's building yard (called "*die Peunt*"), not only produced building materials and equipment, but also scaffolding and carrying vehicles. The lifting machinery and equipment were so designed that they could be used for military purposes in times of siege, defence, or when other technical assistance was required. The city, its citizens and its industries were, then, equipped for a wide range of needs and contingencies.

6. Through issuing, on occasions withdrawing, and sometimes modifying, the statutes and edicts regarding artisan industries and the trading companies, the city council laid the basis for a long term economic and political policy designed to expand the city's exports. At the same time these measures also constituted a social policy that was concerned with stabilizing and perpetuating general welfare as well as the rule of the great families. In order to enable swift reaction to short-term economic changes there was also an extensive range of more particular instruments and means of intervention.

The general requirements of the labour market were met by a highly adaptable policy of encouraging the naturalization or settling of journeymen and master craftsmen. Depending on circumstances, this was effected by either publicizing opportunities or by imposing restrictions, but normally through taxation and levies on earnings. As a result there emerged a highly differentiated structure for each individual specialized craft and industry, so that, for example, admission to the status of master craftsman and the granting of autonomy to individual workshops was regulated according to the needs of the export market and of

local supplies. For each craft the numbers of craftsmen and apprentices per workshop were fixed by the council according to expected demand. In cases of excessive supply or growing demand their numbers could be rigorously reduced or increased.

7. Shortages of foodstuffs, raw, secondary or half-finished materials only gave rise to rationing when and where foreign trade could not supply them immediately in sufficient quantities. Usually measures were taken to regulate prices at the same time. When industries and crafts on which the livelihood of large numbers of citizens depended were short of supplies, other companies which were considered less important from the economic or social point of view were either closed down or else sent outside the city boundaries. In the general interest, the council even practised this policy against companies that were already industrial in character, the owners of which were even members of the council or of the council families, such as foundries and mines or dyeworks which consumed great quantities of charcoal or fresh water.

8. In order to maintain the competitiveness of Nuremberg's products and the city's advantage in international trade in so far as was possible, all products were subjected to strict quality controls in the city's model work shops by qualified master craftsmen. Within the city great care was taken by the commercial and market overseers to ensure that all products were faultless in terms of quality, quantity and price. When supplies were inadequate the council explicitly and deliberately exposed local manufacturers and trade (which were normally protected from foreign competition in retail trade) to the pressure of outside competition, and, for example, allowed the free sale of bread baked outside the city. For wholesale and external trade Nuremberg used a reciprocal, bilateral free trade system which led to a constant process of elimination by virtue of the competition with foreign goods, producers and merchants.

On the other hand the highly specialized and differentiated division of labour in Nuremberg's manufactures meant that every sector was guaranteed a basic economic existence. To this end particular workshops were assigned specific spheres of production in relation both to the sector as a whole and neighbouring industries, and any infringements were vigorously prevented.

There were however limits and exceptions to this principle which were designed to encourage innovation. Any unskilled man who did not belong to a specialised craft organization was allowed to produce goods, so long as they were produced with his own hands and for the needs of his own household, or as primary or secondary materials for his own manufactures. For example the Stromeir paper mill was permitted to make felt for producing paper in spite of protests from the hatters. In order to protect the ailing brass industry the wire makers were prohibited from producing brass, except to meet the needs of their own workshops. Unskilled workers were also normally allowed to produce goods on their own, even if these encroached on the otherwise protected sphere of one of the craft trades.

9. The council's position with regard to technical innovation was very flexible. Occasional prohibitions on equipment and machinery that Nurembergers had themselves invented, such as the revolving lathe, have often been cited as examples of a supposedly narrow and parochial policy. However, closer examination reveals that such prohibitions on innovation only occurred when some social measures were required to prevent the new machines from aggravating unemployment where markets were already declining. On the other hand, the council encouraged the development or introduction of new technologies that brought savings in raw materials or produced semi-finished goods — such as coarse wire — which were needed to supply the refining trades or which exploited more effectively the water power of the river Pegnitz. The council gave active help in this by granting concessions,

premiums and subsidies. The foundries, paper mills and in particular the wire-mills all provide examples of this, as do the privileges granted to the cutters and polishers of precious stones and the industries with low timber consumption. New manufactures, which produced goods that were in increasing demand on world markets, such as cotton (1488), were established in the city by the employment of foreign skilled workers and received consistent encouragement until such time as they were able to survive independently. Many different measures were adopted, which foreshadowed the mercantilism of a century later.

The council also, of course, attempted to protect innovations introduced in its manufactures from foreign competition, by means of oaths of secrecy, patents, mandates and eventually the principle of the "barred trades". Their apprentices and journeymen were "barred" in the sense that they were forbidden to lead the itinerant life typical of craftsmen in the rest of Germany at that time. Surprisingly, the success of such measures was remarkably long-lasting. In this way Nuremberg managed to protect the technology of mechanical wire-milling from all attempts at imitation by foreign competitors between 1415 and 1511, and so maintained a practical monopoly over the production of wire and wire goods on the world markets throughout that period.

10. Nuremberg's ruling council had at its disposal, then, an extensive range of economic and commercial measures that were used in a varying and flexible manner, as need and opportunity dictated. The need for such measures arose partly from domestic, and hence especially social, considerations but, due to the fact that Nuremberg was an exporting town, mainly from external developments and events, such as the state of world markets, wars and natural disasters. The council's record books show that the measures described above were consciously applied, not only to meet events as they occurred, but also to make provision for anticipated future developments. But in the absence of a definite

system of economic criteria, due to the conflicting interests in the council, many of the measures taken proved inappropriate or even contradictory and often did not produce the success that was hoped for, or else only to an inadequate degree. However, the more successful cases indicate that the council followed a carefully thought-out policy in which "theoretical" considerations played a fundamental role in decision making. But the economic policy of the city council was also determined to some degree by its long tradition of experience of success or failure in other comparable situations when similar measures had been taken.

In its defects the economic and conjunctural policies of later medieval Nuremberg can scarcely be distinguished from those of any modern state. The citizens of the latter would in fact think themselves fortunate if their leaders were to act and react decision on the basis of the principles adopted by the city council of medieval Nuremberg.

Nuremberg provides a model because it developed and systematically applied this very comprehensive range of measures for implementing its economic policy. It was not, however, either an extreme case or an unusual one. The Franconian city state itself learned from older and greater examples such as Venice Milan, Florence and Bruges. Many of its economic measures were also available to other self-governing cities and states, even if not in such a complete and perfect manner. And this was true not only of other cities of the Empire but also surrounding lay and ecclesiastical princedoms and Imperial knightly orders, such cities in Eastern Central Europe as Kaschau (Košice), Ofen (Budapest), or Hermannstadt (Sibiu). Even the German King and emperor learned from the Nuremberg precedent and example and from its economic achievements. At times Nuremberg's imitators got their information directly from the city through legal documents or through shared experiences, or else they simply adopted certain aspects of the city's laws or commercial regulations. Sometimes they obtained the information they

desired through economic espionage, if necessary, or through other forms of imitation. In this way they learned how to develop their own methods and to apply them — sometimes successfully, sometimes mistakenly and wrongly — but whatever the case to apply them consciously and deliberately, and thus conduct an economic policy.

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