

# Hamburg as a Financial Market from the Late Sixteenth to the Mid-nineteenth Century:

Exchange Market – *Girobank* – Insurance Market

Markus A. DENZEL, Leipzig (Germany)/Bolzano (Italy)\*

16世紀後半から19世紀中半における金融市場としての

ハンブルク

——為替相場・振替銀行・保険市場——

マルクス・A・デンツェル

## Introduction

During the early modern period Hamburg developed, alongside London and Amsterdam, into one of Europe's most important—and most interesting—financial markets. Until late in the fifteenth century it had stood somewhat in Lübeck's shadow; the latter had not only been dominating the Baltic trades but commercial exchange within the Hanseatic League in general. But when, at the turn of the century, the rise of the Atlantic economies and European overseas expansion gathered momentum, Hamburg would at least in the long run profit from this development. During the Thirty Years War at the very latest Hamburg became a major financial and clearing centre, handling goods and foreign exchange transactions for the major powers involved in the conflict, such as Sweden and France. The metropolis at the Alster River had finally become established as a financial market of international standing in the 1630s, a benefit that had clearly arisen from the time and conditions of international warfare. Hamburg not only was the leading and main financial market within the north of the Holy Roman Empire; it was also now the leading financial centre within north-west Europe, ranking third place, initially after Amsterdam and London (and in the nineteenth century London and Paris respectively). It was only in the later nineteenth century, after the German Empire had become unified (again) that Berlin emerged as the main financial market of Germany—but still Hamburg would continue to be Germany's largest and most important overseas port. Thus, over the centuries Hamburg developed from a rather insignificant regional financial market (which it was in the sixteenth century) into Germany's foremost banking centre and financial market. It was the combination of banking and international cashless payment transactions, coupled with a considerable maritime insurance business which transformed Hamburg into a very powerful goods and finance market of pan-European significance. The following paper will trace this development during the early modern period prior to assessing Hamburg's role within the international economy.

## 1. Hamburg as a North-West European Exchange Market<sup>1)</sup>

During early modern times as well as for large parts of the nineteenth century, Hamburg remained Germany's most important trading centre and seaport. It had also emerged as a central money and exchange market, an aspect that is borne out by the fact that Hamburg had the greatest number of international quotations among all German exchange markets (which is an indicator of its strength and role within the international economy).<sup>2)</sup> No other financial data series available reach as far back in time as the Hamburg data: whereas some few exchange rate currents are at most available for Augsburg, Frankfurt-on-the-Main, Berlin or Breslau, and regular quotations for Leipzig only from 1766 onwards, data series for exchange rate quotations of Hamburg are fairly continuously preserved from the second half of the seventeenth century onwards (Some single exchange rate currents even date from the sixteenth century, but there is a difference between mere quotations and a certain degree of regularity of quotations which determine whether or not a financial place will become an international financial market).<sup>3)</sup> For the period between 1668 and 1680, quotations from the Marescoe–David Letters are available, namely those on Amsterdam, London, Paris and Venice, occasionally even on Antwerp and Rouen.<sup>4)</sup> The quotations 'officially' start with handwritten or printed exchange rate currents respectively of privileged brokers or publishers in 1710, and with the *Preis Courant der Wahren in Partheyen*, the official publication of the Hamburg *Commerzdeputation* from February 10th/24th in 1735. This price current was published twice weekly, namely on the ordinary post-days and, from 1781, on Tuesdays and Fridays. From 1790 it was decided to quote the minimum and the maximum rate of a certain foreign exchange market if the transactions were maintained at different rates.<sup>5)</sup> With the exception of the Napoleonic era (1806–1814), the quotations of Hamburg can be documented in full from that time.

The rise of Hamburg as an international exchange market began in the late sixteenth century, when Dutch merchants, as well as Sephardic Jews from Portugal migrated to Hamburg and brought with them not only their financial capital, but also their knowledge about financial innovations. Then, Hamburg owed its great importance within the international cashless payment system in the 18th century first, to the *Girobank*, founded in 1619 following the model of the *Wisselbank* of Amsterdam, through which all exchange transactions amounting to more than 400 Marks Lubish current money had to be conducted; second, to its bank money which remained stable from 1726/36;<sup>6)</sup> and—as a result of this—to its increasing capability to grant long-term credit. Therefore “Hamburg occupied a place in European finance similar to that of Amsterdam, in that merchants and brokers in the city served as the intermediaries in exchange transactions between the Mediterranean, the Atlantic, and the Baltic”.<sup>7)</sup> The increase of the trade, above all with the Iberian Peninsula but also with the French Atlantic coast, and the fact that only some financial crises (1755, 1763, 1799) unsettled the town, were very conducive to the development of the Hamburg exchange market.<sup>8)</sup> During the 1790s, when Amsterdam, largely because of the French invasion, and Paris, because of the interruption of exchange operations owing to the political confusion, were unable to maintain their positions as central Northwest European financial markets, Hamburg even succeeded for a short time in becoming the most important financial centre of northern continental Europe. But this period of success was ended rapidly with the French occupation of Hamburg and the subsequent suspension of the quotation on London on November 28th in

1806 due to the Continental Blockade established by Napoleon.<sup>9)</sup>

Around the mid-sixteenth century Hamburg's role as an exchange market had still been an all but very regional one; even exchange relations with the more important financial centres of that time, above all Antwerp, had not developed into any sort of pattern that would deserve the term "regular". Richard Clough, Welsh merchant-banker and financial agent for Sir Thomas Gresham remarked in the 1560s that

Wechselgeschäft mit anderen Plätzen wird in Hamburg nur von wenigen Kaufleuten betrieben, und diese sind Fremde, die nicht dauernd [*meaning: in Hamburg, M.D.*] wohnen. Ebensovienig wird von anderen Plätzen nach Hamburg gewechselt.<sup>10)</sup>

At the beginning of the century, still, Lübeck had been northern Germany's preeminent financial market; it never emerged into a proper exchange market, however. Hamburg on the other hand managed the successful transformation over the sixteenth century from an insignificant goods and financial market at the beginning to the leading financial and exchange market of (northern) Germany at the end of the sixteenth century. Price currents for goods and exchange rates from that era (1592) prove that regular exchange relations were maintained with Amsterdam, Antwerp, Middelburg, London, Nuremberg, Cologne, Frankfurt-on-the-Main and Danzig.<sup>11)</sup> According to Kellenbenz, in 1603 Hamburg, in connection with the *Kieler Umschlag*,<sup>12)</sup> maintained vital exchange connections with the same exchange markets.<sup>13)</sup> Clearly the rayon or "financial catchment area" of Hamburg as a clearing centre was still very limited as it did not extend beyond its immediate economic hinterland (Baltic, North Sea). Around 1630 then, Hamburg had regular exchange rate quotations on places such as Amsterdam, Antwerp, Cologne, Middelburg, Frankfurt-on-the-Main, London, Danzig, Lisbon and Augsburg.<sup>14)</sup> In this way Hamburg's foreign exchange relations were geared primarily towards north-western Europe, the Holy Roman Empire, the Baltic and Portugal; the seemingly strong connection to the Tagus River would have been due mainly to the recently immigrated Jews (the Marranos).<sup>15)</sup> According to the relatively sparsely-preserved exchange rate currents there were in the seventeenth century regular exchange rate quotations on Venice, Antwerp, Amsterdam, London, Paris, Rouen, Nuremberg, Frankfurt-on-the-Main, Leipzig und Naumburg, Breslau und Danzig, and after 1672 also Seville, Cádiz, Copenhagen and Lübeck.<sup>16)</sup> In the eighteenth century exchange rates were quoted regularly on north-western European places such as Amsterdam and London, in France on Paris and (from 1724/37) Bordeaux, in Italy on Venice (and since 1796 also Genoa and Leghorn); and on Cádiz and Lisbon (and from 1776 on Madrid and from 1799 on Porto) in the Iberian Peninsula. Bilbao and San Sebastian in northern Spain were only temporarily and very briefly quoted.<sup>17)</sup> Those exchange rate quotations on the Iberian Peninsula were virtually the only ones that could be traced for the Holy Roman Empire, even though the bills of exchange and the transactions on which these quotations were based seldom went to Cádiz and Lisbon directly but were usually routed via the Low Countries (Amsterdam, Antwerp).<sup>18)</sup> Their commercial significance, however, is clearly attested by the fact that as of first January of 1776 the *usance* on bills drawn on Spanish and Portuguese places was increased from two to three months sight (as happened later in the case of Venice and the other Italian places that were added to the

exchange rate currents subsequently). This was an extension of the line of credit not usually granted on transactions with any of the other northern European financial markets. Only in two other cases the *usance* on bills was subsequently extended significantly (from four to six weeks in the case of Breslau and Vienna in 1755 and 1757 respectively; the former due to the importance of the Silesian linen trades). Vienna had been quoted in Hamburg exchange rate currents from 1718 onwards.<sup>19)</sup> Places within the Holy Roman Empire that maintained regular exchange relationships with Hamburg were the Leipzig and Naumburg (until 1723 only) Fairs; until 1755 Nuremberg and, to a lesser degree, Augsburg. Prague was added to the list in the 1740s, as was much later (1796–1812) Basle and Frankfurt with her large fairs (1812). In the Baltic, Copenhagen was the only place on which exchange rates were regularly quoted from Hamburg over a protracted period (from 1715 onwards). Danzig was quoted from 1717 onwards. Subsequently Rouen, Lübeck, Danzig, Naumburg and Nuremberg were taken off the Hamburg exchange rate currents, as regular commercial exchange with these places had ceased (and thus the necessity to maintain a regular exchange rate quotation on these places). Attempts to include Berlin (1765)<sup>20)</sup> and, in the wake of the fourth Dutch-English War, St Petersburg (1781) proved abortive,<sup>21)</sup>

„wiewohl außer diesen noch weit mehr seyn, als Archangel, Berlin, Bremen, Cölln am Rhein, Dantzic, Franckfurth an der Oder, S[t]. Gallen, Genua, Livorno, Lübeck, Marseille, Mallaga, Riga, Stettin, Stockholm, Straßburg, und andere mehr, auff welche von Hamburg aus entweder gerade, das ist a droiture, oder vermittelt ander darzwischen liegender Handels-Plätze gewechselt wird.“<sup>22)</sup>

Exchange rate notations from other north-western European places on Hamburg can be traced from the late sixteenth and early seventeenth century onwards, in particular from Amsterdam and Antwerp in the Low Countries. During the seventeenth century Hamburg rose to become the most frequently quoted exchange place within Germany, with proven notations of exchange rates from Amsterdam, Antwerp, London and Venice. It is likely that Hamburg was quoted regularly in most of the other financial markets in the North Sea and Baltic area, too, but also at Nuremberg, Frankfurt-on-the-Main, Augsburg and, from the later seventeenth century onwards, Leipzig. During the eighteenth century all of the major north-western European financial markets had exchange rate quotations on Hamburg, such as Amsterdam, Antwerp, London, and Paris. The French Atlantic port cities of Bordeaux, Nantes, Lorient etc. quoted Hamburg regularly, as did Bolzano (Italy) between 1742 and 1749 (and after that less regularly). Venice, Leghorn (since the 1750s), Naples (sporadically from the 1780s onwards) and Genoa (since the 1790s) were the larger Italian financial markets that had exchange rate currents quoting Hamburg regularly, as most of the larger financial places within the Holy Roman Empire. In the Baltic, Hamburg was quoted in that way from Stockholm, Riga, Danzig, Königsberg und Copenhagen. From the 1790s onwards there even were infrequent quotations from places within the United States, especially Philadelphia, New York and Boston.<sup>23)</sup> The latter need to be seen in connection with the establishment of commercial exchange relations between Hamburg and the areas that had only recently become independent from British rule. In Spain an official exchange rate quotation on Hamburg is notably absent from Madrid documents, even though it seems likely that such a quotation might have featured in the private

exchange correspondents between the merchants involved in exchange between Hamburg and Spain. Some records dating from the late eighteenth century suggest that within Russia regular exchange rate transactions, manifested in quotations on Hamburg, had switched focus from Arkhangelsk to St Petersburg. The background to these shifts needs to be seen in the instability of the *Holländische Bank*, as well as the fact that remittances to Holland and England were somewhat put in danger by the Napoleonic Wars and the numerous conflicts of that age. Payments and transactions involving England were now increasingly re-routed through Hamburg, as noted by Baasch.<sup>24)</sup>

In this way Hamburg's financial "catchment area" was considerably extended since the second half of the seventeenth century; especially with places in Italy and the Iberian Peninsula. In the eighteenth century north Germany's largest sea port emerged as a financial centre of international standing, connecting the major European financial places and towards the end of the century even places overseas, both in terms of exchange rates involving transactions with Hamburg merchants or just in terms of a financial intermediary. By means of the financial relations with the Iberian Peninsula Hamburg acted as a clearing centre for finance and bills that involved the Empire, as well as places outside Europe, especially the New World. However, the major share of financial exchange involving Hamburg still focused on "traditional" markets such as Amsterdam, London and Paris, and, since the mid-eighteenth century onwards Bordeaux which had by that time become France's chief sea port and centre of re-export trades. There were several *usances* on bills involving Bordeaux. Within the Empire exchange relations focused on the big trading centres in the south, as well as Leipzig and Breslau—providing a gate towards trade with Eastern Europe; Vienna and Prague were used as inroads for commercial exchange with the Habsburg monarchy. The opening of the Friedrich-Wilhelm Canal providing a direct waterborne connection between Silesia with the North Sea (1668) led to an increase in the degree of commercial exchange between Hamburg on the one and Saxony and Silesia on the other hand. This also led to an intensification of exchange relationships of Hamburg with Breslau and Leipzig. "The result was not only a displacement of Nuremberg, Augsburg and Frankfurt by Breslau and Leipzig, but also the decline of south German trading houses, in favour of Hamburg merchants", as Karin Newman has written.<sup>25)</sup> Prague became increasingly significant as a financial place, as a considerable share of payments for Silesian linen that was routed through Hamburg was settled using bills that were drawn on Bohemia, as Baasch noted.<sup>26)</sup>

In the wake of the French occupation of Amsterdam (1794) the international trade in commercial bills relocated north towards Hamburg, providing a considerable stimulus to the Free City's commerce and finance.<sup>27)</sup> The visual expression of this structural shift was the adoption of exchange rate quotations on places that had not been formally quoted at Hamburg, but which had regularly featured in Amsterdam and London exchange currents (places such as Genoa, Leghorn and Porto). Basle was quoted from 1796 on, whence French money markets had partially located in the wake of the *Assignats* fiat money inflation in France. Between the mid-1790s and 1806 (French occupation) Hamburg had finally, if yet briefly, risen to northern Europe's predominant financial market (Ernst Klein).<sup>28)</sup>

This central role and position of Hamburg as the major financial market in the North German/northwest European and Baltic area is highlighted by the fact that many of the regional and local financial markets gradually adjusted to the patterns and *usances* of the Hamburg money and exchange market. It was said about the Rostock (a port in the Baltic) merchants that "[t]hey draw upon London, Hamburg, and Amsterdam, the same as Hamburg

courses in general, but send their drafts to be negotiated at Hamburg.”<sup>29)</sup> The same applies to Lübeck: “Lubec draws on other places in the same manner as Hamburg.”<sup>30)</sup> Lübeck only had an exchange rate quotation on Hamburg and Amsterdam.<sup>31)</sup>

Hamburg remained Germany’s largest and single-most important overseas port in the nineteenth century, in the same way as it had been in the eighteenth century. Until the unification of 1871 it remained Germany’s most important financial market; it had the largest number of exchange rate quotations on foreign places of any of the other German financial markets.

From 1815 onwards Hamburg regularly quoted Augsburg, Frankfurt-on-the-Main, Leipzig, Breslau, Copenhagen, Vienna, Prague, Amsterdam, London, Paris, Bordeaux, Madrid, Cádiz, Lisbon, Porto, Genoa and Leghorn (until 1868). Initially, both Frankfurt and Leipzig featured in the exchange rate currents with the *usance* of “fair bills”, meaning that these two were not (yet) regarded as financial markets in a permanent sense. From 1827 onwards, however, both were quoted as proper—permanent—financial markets. Venice had ceased to be recorded in the exchange currents as of 1802. Thus, Hamburg was the only northern German financial market with regular quotations on Bordeaux—the foremost Atlantic port city and entrepôt of France, as well as the Iberian Peninsula and some of the Italian markets. In the 1820s and 1830s there was yet another considerable augmentation of Hamburg’s financial “catchment area”, when St Petersburg (1821), Antwerp and Bilbao (1825), Trieste (1828) and Berlin (1836) were finally added to Hamburg’s exchange rate current (Bilbao would be quoted regularly from 1828 onwards).<sup>32)</sup> Whilst Antwerp was included (again) on the official exchange currents only after extensive negotiations and deliberations between the *Commerzedeputation* (chamber of commerce) and Hamburg City Council, the plan of including Brazilian exchange rates (1827) was not even contemplated on the part of officials. When some of the larger Swedish merchant bankers applied for a regular exchange rate quotation for Hamburg on Stockholm in 1863, this application proved unsuccessful (such an exchange rate was only established in 1881). Bremen was only included in regular quotations in 1859; until that date Hamburg merchants apparently had—quite successfully—refused to acknowledge Bremen as a financial market on equal footing.<sup>33)</sup> From the late 1860s onwards supplementary exchange rate quotations on places other than the respective main financial centres of the countries under consideration were added to the Hamburg price current (under the heading “andere Bankplätze”). In this way the notation of “other banking places in Prussia” (“Andere preußische Bankplätze”) replaced the former quotation of “Breslau” (whilst the notation of Berlin remained firmly in place), in the same way as “other places within France” were intended to replace “Bordeaux” (whilst Paris remained in the exchange current). The “Andere österreichische Bankplätze” (other Austrian banking and financial centres) now covered Prague and Trieste; “other banking and financial places in Saxony” now presumably covered mainly Dresden (which was not even a financial centre in the proper sense). Hamburg on the other hand was quoted by all major financial places within Germany (at that time there was no such thing as a German state, but several political unions: here the German Confederation/Deutsche Bund) and, on top of that, all major international financial markets of the day (since the later seventeenth century). The ties with overseas financial markets, such as the big port cities on the Atlantic sea coast, such as Philadelphia, Boston and New York (since the 1790s), as well as Rio de Janeiro (since 1829/36) and San Francisco (since 1850)

had only been forged very recently (to name but the most important ones).<sup>34)</sup>

Like Frankfurt and Leipzig, Hamburg also had to accept a considerable weakening of its position as a Central European exchange market in the nineteenth century, although it remained the most important German seaport and trading centre. Consequently, international and—towards the end of the nineteenth century—even intercontinental quotations for bills of exchange on Germany were no longer primarily given on Hamburg but increasingly on Berlin or on “German banking places” and on “Germany” respectively, i.e. Hamburg, Berlin and to some extent several other places (especially Frankfurt-on-the-Main). The reason for this development lies in the fact that after Prussia had gained hegemony in Germany and, above all, after the Empire had been founded in 1871, Berlin became the most important financial centre of Germany.

## **2. Hamburg as a Supra-regional Banking Place: The Girobank as a Public Exchange and Loan Bank<sup>35)</sup>**

The creation of the *Hamburger Bank* in 1619 was significant and had a considerable impact far beyond Hamburg’s immediate financial and geographical environment as this represented the first (and in the long run sole) successful attempt at setting up a communal bank in the Holy Roman Empire during the seventeenth century (apart from the Nuremberg *Banco Publico* which, however, established in 1621, proved to be of only a very limited and regional importance). Hamburg had by now achieved a role of pre-eminence alongside the “bigger players” in the financial game, such as Venice and Amsterdam, big cities and trading places where communal banks had been established in a similar way in 1587 and 1609 respectively with the chief goal of stabilizing their currency and payments mechanism in times of currency debasement and monetary instability. Hamburg, Venice and Amsterdam even became sort of a standing term, a triad, so to speak, as these three would always feature alongside one another in the main encyclopaedias and handbooks for merchants, when it came to naming successful attempts at monetary stabilization and integration in Europe and examples of successfully created communal banks. Venice’s *Banco della Piazza di Rialto* and the successor, the *Banco (del) Giro*; Amsterdam’s *Wisselbank* and the *Hamburger Bank* were seen by many as pioneer foundations. The Hamburg Bank clearly had the longest life of all, as it remained in place from its inception in 1619 until 1875, when it was taken over by the *Reichsbank* effectively as a branch—the others ceased to exist during the Napoleonic Wars.<sup>36)</sup>

The foundation of the Bank in 1619 came after a prolonged period of germination; it was modelled on the example of the Amsterdam *Wisselbank*. Similar as in the case of the Netherlands Hamburg had experienced a protracted period of progressive currency depreciation especially after 1610 (due to the debasement in particular of the petty coins that were in circulation in Germany these days). Progressive small change debasement was a phenomenon that haunted Europe these days and led to an ever-increasing discount of small change over full-bodied coins (which means that over time more and more petty coins were given over the official exchange rates so as to compensate for debasement). The Rixdollar (*Reichsthaler*) was appreciating especially fast when expressed in terms of small change or petty coins and the mark-up (agio) on payments in debased coins was increasing ever so fast so as to make an institution providing monetary stability particularly desirable.<sup>37)</sup> The Empire at that time

was organized in ten so-called imperial circles, subsidiary levels of administration that were based essentially on co-operation between the territories, princes and states that constituted each “circle”. The Imperial Circle of Lower Saxony (*Niedersächsischer Reichskreis*) had been negotiating about a unified approach to monetary policy with the aim of establishing some sort of monetary or currency union in these parts of the Empire since 1617 on its meeting at Brunswick—yet to no avail. A unilateral solution to the problem, establishing an own bank for Hamburg single-handedly, was seen as the only viable alternative. It seems as though it had been especially the corporations of foreign merchants that stood behind this initiative to curb monetary instability in these parts of Germany, in particular the English Merchant Adventurers (resident at Hamburg since 1611), the Dutch, as well as Spanish and Portuguese Jews (the so-called Sephardim, see above).<sup>38)</sup> Some of the traditional native merchant bankers, such as the long-established merchants trading to Friesland or the Netherlands in general were rather opposed to that scheme as they had been using small change and petty coins even in larger foreign exchange transactions. The new scheme of the Hamburger Bank now included the provision that all major foreign exchange transactions involving Hamburg or Hamburg merchants had to be made in full-bodied, high value coins only. This put the native merchants under additional strain as they had to acquire these high-value coins beforehand using the small change which the lion’s share of their daily transactions would yield them. They felt disadvantaged by the high discounts on these small coins and the high mark-up they had to pay when exchanging small change against full-bodied coin. Thus they chose to boycott a first initiative at founding a bank (9 February 1615) on these grounds. Additionally, the proposed scheme that the Bank should also hold a monopoly over foreign exchange transactions using bills of exchange (including the compulsory conversion of foreign exchange into Marks Lubish current money) was also voted against by the native merchants. Finally, however, the negotiations between the foreign merchants (“die fremde Nation allhier”), the Eldermen, the Churchfathers (Oberalte), the Chamber of Commerce, as well as the City Council resulted in a broad agreement that an institution regulating payments and increasing monetary stability was utterly necessary.

The Bank’s charter of 1619 was modelled along the examples of Amsterdam and Venice; it stipulated that payments above 400 Marks Lubish current money, and all other transactions higher than 400 Marks Bank Money, were to be made through the Bank. The merchants could draw on their balances using transfers and cheques which made the Hamburg Bank a proper transfer, exchange and giro bank. This infrastructure of cashless payments set up by 1619 proved to be of immense value for the performance of Hamburg’s commercial economy, as, in the words of Sieveking, it greatly facilitated the handling of foreign trade.<sup>39)</sup> Transfers and endorsements involving balances not held at the Bank were forbidden. Moreover, the bank remained a venture limited to Hamburg merchants and entrepreneurs, as foreigners could not open accounts. The Bank virtually only accepted full-bodied high value coins (as by the way did the local customs administration); in this way demand for high-denomination coins for transactions remained high. Balances could be settled and transfers made in small change, such as shillings and larger groats (Sechs-Groschen-Stücke) only up to a share of five per cent of the total transaction value. When pay-outs and disbursements were made in current money, a charge of one tenth of a per cent was applicable; if the drawee asked for a certain type of coin or sort of currency payment, such as old Rixdollars *Species* money, payment was usually made at a discount (*disagio*). The bank, however, was bound to pay out the full balance upon call to the holder of



an account whenever requested by the depositor. The Bank also took full responsibility for damages and losses incurred due to fire and theft. During the first year of business 539 depositors would open an account with the bank; when the accounts were closed at the end of the first year of operation the balance sheets featured a total volume of transactions to the tune of more than 16.3 million Marks Bank Money.<sup>40)</sup> Mostly these were made by immigrant merchants, such as the Dutch, as well as the English Merchant Adventurers and Sephardic Jews; as yet the Bank was decidedly less popular with the members of the old established native merchant dynasties of Hamburg.

In addition to deposit, transfers and exchange a fourth field of operation was added to the portfolio of the Bank when on the 20 of November 1619 a loans scheme was set up under which the Bank could provide credit at interest to the municipal authorities (mostly these were made in the shape of advances on projected tax income).<sup>41)</sup> Moreover credit activities were extended to private individuals who could lend from the bank against security, effectively a kind of pawn broking to the tune of 75 per cent of the collateral's market value. The Hamburg bank was also put in charge of the Hamburg mint with the exclusive right of precious metal acquisition.<sup>42)</sup> Finally the Bank was put in charge also of the public granary inasmuch as it was bound to supply initially 500 last and then 1,500 last of corn at any one time at below-market prices for the provision of the poorer classes of society.

Even though the Bank would record losses in the minting and lending against collateral department in several runs of years, it proved successful in its task of stabilizing the local Hamburg currency. The large full-bodied coins retained full convertibility and their function of leading currency. The years in 1672/73 saw a crisis, however, forcing the Bank to close for more than a year. This was due to the international financial crisis in the wake of the Franco-Dutch War 1672–1678, when the French occupation of the Netherlands made probable a bank run on the Amsterdam *Wisselbank*, and the English government also confiscated the deposits of the London goldsmiths. The actual cause for the closing of the bank was the announcement of the Dutch ambassador van Amerong to call upon his deposits to the tune of 120,000 Rixdollars (in anticipation of a charge for assignates to the value of 200,000 Rixdollars). The City Council of Hamburg refused this payment, even though the Eldermen would during the period of closure repeatedly draw upon the cash reserves of the bank themselves in return. Individual merchants were only allowed fractional out payments until the Bank formally re-commenced their business six months later. According to historian Manfred Pohl this temporary suspension of payments was due to a careful strategy of coping with the crisis developments on the financial markets, as there is no corroborating evidence for an actual insolvency of the Hamburg Bank.<sup>43)</sup>

The following decades witnessed several readjustments of the bank charter (initial revisions had been taking place in 1621, 1636 and 1639<sup>44)</sup>) to changed conditions on the interregional money markets. The handling of public grain provisions was in 1699 put under a different authority, after problems had been experienced with repayment of a loan to municipal authorities for corn. The Bank gained additional support from the Hamburg Chamber of Commerce (*Commerziendeputation*). It was pointed out that this branch of activity might jeopardize the financial strength of the Bank when it came to fulfilling the requirements derived from their core branches of activity; comparisons to similarly failed schemes were made with regard to London, Venice and Nuremberg. This readjustment was formally revoked by an ordinance of 1719; by the same ordinance the rate of interest on short-term loans (six

months) against security was reduced to two per cent. Now collateral, as the merchants themselves desired, had to consist of precious metals and copper, as Hamburg was one of the predominant northern markets for copper at that time.<sup>45)</sup> During the eighteenth century the Bank would continuously support the municipal authorities in payments and other transactions; as Sieveking stressed, the Bank provided the vital life-line of the City of Hamburg and her financial policies in times of economic and financial distress.<sup>46)</sup> Accordingly the debts of the City Council with the Bank increased markedly over time; in 1760 the level of debts had surpassed the one-million Marks Banko mark.

By far the lion's share of the Bank's transactions was accounted for by transfers and settlements, for which printed standard forms had been in use since 1621. It was comparatively difficult to make pay-outs, as the Bank closely safeguarded their cash balances. It was official policy to retain as large a balance of full-bodied coins as a reserve as possible. Payments must not exceed a total of 200 Rixdollars daily at any one time, as the statutes of the Bank had it; if out-payments had to be made they should preferably be made in small change and petty coins. Anyone willing to make a withdrawal was held accountable for re-payment in good coins; withdrawals had to be announced in advance including a statement as to the exact purpose and reason for these. Exports of currency beyond the boundaries of the Empire were prohibited as of 1727; it was especially the nineteen local Jewish merchants of Hamburg who were suspected of withdrawing more cash than they would put into their accounts with the Bank. A statistical survey dating from the early 1730s proved that this was the case, as withdrawals exceeded deposits, as it appeared, by a factor of about 2.4. Withdrawals increased and became more frequent over the 1730s, almost leading to a closing of the Bank yet another time in May 1734. Between 1733 and 1745 withdrawals amounted to a total of more than 2.9 million Rixdollars whilst deposits only came to about 1.1 million dollars (even though the amounts would fluctuate of the years).

This was due to a large extent to the on-going monetary dispute between Hamburg and Denmark between 1717 and 1736. Since 1695 Hamburg had ceased to mint an own currency; instead foreign coins from the adjacent territories had been freely admitted into circulation. But when Denmark commenced in 1710 with a seriously debased petty coinage, the Hamburg Bank money gradually appreciated against the current money in circulation, leading to considerable monetary imbalances from 1717 onwards at latest. This resulted in an attempt at minting actual coins at Hamburg in 1725/26, thus introducing a proper currency along the existing Hamburg Bank money of account, for which a separate bank, the *Courantbank* was established. On 15 November 1726 the new Hamburg currency was set at a fixed exchange rate or 16 per cent mark-up (*agio*) against the Bank Money. The consequence was a Danish embargo relating to monetary transfers as well as the commodity trades, which apparently hurt the Hamburg commercial interests in such a way that all restrictions on the circulation and acceptance of Danish money in Hamburg were waived in 1736 (April 28), in particular the fixed mark-up or *agio* on Hamburg Species Bank money against current money (1737). The *Courantbank* was closed the very same year. Denmark in turn guaranteed the minting of full-bodied coins stable in value. From that date onwards Hamburg Bank money was regarded amongst the most stable and highly reliable currencies in Europe, until a further crisis set in during the 1750s when Bank money again depreciated against Species money by 12 to 18 per cent and the mark-up of Bank money against current money had also come down to only about seven per cent (1759). Balances were increased by the sale of collaterals in 1760

which led to a revaluation of Hamburg Bank Money (a decrease of the discount against *Species* money in the order of 0.5 to one per cent). In 1765 both currencies exchanged at par value. The international financial crisis of 1763 which saw close to one hundred (97 to be precise) established Hamburg merchants and companies go bankrupt thus had no grave or long-term effects on the commercial standing of the Hamburg Bank.

When after the crisis, in 1766 and 1767 larger withdrawals were made possible again and consequentially Bank Money again depreciated against Species Money, leading to a temporary closure of the Species cash department (not the Bank itself!) until late 1768 it became more and more evident that reforms, which had been discussed here and there, were by now over-due. Now, in the 1760s, people began to talk about accumulating gold reserves, in the same way as this had been done by the “mother bank” and example of Venice, as well as the “older sister” in Amsterdam and the “little sister” at Nuremberg (as the contemporary correspondence went).<sup>47)</sup> Public discourse on these matters became dominated by the writings and petitions of Nicholas (Nikolaus) Gottlieb Lützens and John (Johannes) Schuback. Lützens was member of the Commerzdeputation (1754), Bank Burgher (1761) and Elderman (Oberalter, 1770); Schuback also was a member of the Commerzdeputation (chamber of commerce).<sup>48)</sup> The 1770 reform accordingly brought several important changes for the Bank and her transactions. First, all loans given to Hamburg city council from now on had to be ratified by the Commerzdeputation, a prototype and predecessor of the later Chamber of Commerce of Hamburg which had been founded in 1665 as a representation of Hamburg mercantile interest. (Even though, still, large sums were lent to the city council, for example two million Marks for the settlement of the Gottorf Peace Treaty between Denmark and the Free Imperial City of Hamburg in 1768). Secondly, as of 18 January 1770 the Bank commenced on accepting silver deposits alongside gold. This measure, originally intended for one year, was after 1771 regularly prolonged; it was clearly a consequence of the times of financial crisis and turmoil of 1755 and 1763. Bullion deposits in silver were rare, however. As long as the old Species dollars were still in circulation, and everyone wishing to conduct transactions with foreign countries would demand bullion, the old Species dollars would be delivered to the mint for re-coinage into silver bars. When as of 8 July 1790 only silver bullion was accepted for deposit and the Species cash department was closed accordingly, the influence of the Species dollars as current money to be used for larger transactions and payments waned. A pure silver coinage was introduced. From 1780 onwards the price of one mark of pure silver was fixed at 27.75 Marks Banco, and this proved the foundation of an extremely successful and stable currency that even withstood the turbulences of the Napoleonic era. Monetary stability, the main goal that had stood behind all reforms during the eighteenth century, had finally, at the close of the century, been achieved.<sup>49)</sup>

Even when in the 1780s the volume of loans given out by the bank increased again, this increase in withdrawals was more than made good for by deposits of bullion (silver) which clearly exceeded withdrawals. At that time uncoined silver (bullion) considerably gained in importance over coins. Whilst coins around 1780 would have accounted for about 28 per cent of the bank’s liquid assets this share was cut by one-half further towards the end of the century (down to about 15 per cent). Most of the bullion reserves consisted of fine silver and Species Dollar; raw silver and other of the bank’s assets, such as government loans, private loans against collateral, as well as corn and meal only accounted for a minority value of the bank’s assets.<sup>50)</sup>

As Sieveking noted, amongst all branches of commercial activity the transfer and giro banking was paramount at the Hamburg Bank which made it a very different venture from comparable municipal banking foundations such as the *Stadtbanko* at Vienna (1703) or the *Preußische Bank* at Berlin (1765).<sup>51)</sup> The Hamburg Bank became an ever-more important economic actor in the City's economy and commerce, as borne out by the significant increase of assets and turnover, which rose from 182 million (1751) to 900 million Marks Banko in 1798. On a per capita basis this increase was formidable, as during the same time the number of merchants operating an account with the Bank had 'only' increased from c. 700 to eight or nine hundred persons. The total value of deposits and bank assets, the so-called *Bankroulance* (i.e. total turnover) had at the same time increased from 5.7 to 17 million Marks Bank money.<sup>52)</sup> Between the early 1770s and 1800 the total volume of transactions had increased about four-fold (1774: 232 million Marks; 900 million Marks, 1798), an aspect that is clearly attributable to the rise of giro banking (the most important branch of activity). This was reflected in the tripling of the *Bankroulance* over the same period (1774: 6.1 million Marks to 17 million Marks in 1798). This was a token of a significantly increased velocity of money, particularly due to the fact that for a short period during the 1790s Hamburg became Europe's most important financial and exchange market, when Amsterdam and the *Wisselbank* had declined in importance in the wake of the French occupation (see above).<sup>53)</sup> But especially after 1794 there was a massive increase in exchange transactions handled at Hamburg—clearly attributable to the collapse of the Amsterdam financial market. Accordingly the value and volume of assets of the Hamburg Bank significantly increased, as did giro banking activities. The silver account of the Bank grew by a factor of 3.5 over the 1790s alone (before, however, it was reduced again after the 1800s due to an increased number of loans given out).

In the night from the 4th to the 5th November 1813 the cash balances of the Bank (value: more than six million Marks) were confiscated by the French. But this was only a temporary interruption, however; immediately after the French had withdrawn the Bank re-commenced their activity and the total value of assets stood at 9.76 million marks at the end of 1814, at 10.96 million marks in 1815 with 6.67 million pertaining to the silver accounts (61 per cent) and the rest (4.4 million Marks or 39 per cent) to the loans department (*Lehnkonto*). Over the rest of the nineteenth century the Bank's activity focused on transfer and giro banking, as well as the trade in bullion (silver); copper deposits had almost, and the corn trade had completely vanished from the range of activities. The discounting of bills was not yet an option to be taken.

### 3. Hamburg as an Emerging Maritime Insurance Market

The third area in which Hamburg played a somewhat innovative role in commerce and services was the maritime insurance business. Insurance had only become important rather late at Hamburg, since the later sixteenth century. The business had been set up in the wake of Dutch and Jewish-Sephardic immigration during Eighty Years War or the Dutch Wars of Independence against Spain (1568–1648), particularly the fall of Antwerp. With the immigrants came 'capitalists' who brought their know-how, as well as innovative financial techniques with them, not least with regard to the maritime insurance business. The foundation of the English staple contributed to an environment favourable to the development of a maritime insurance market, which kicked off in 1568, whilst remaining in the

first decades entirely in the hands of the Dutch and the Sephardic Jews from Portugal and Spain. Not least this is borne out by the fact that the language used and the *usances* on bills and financial instruments were—at that time—profoundly and exclusively Dutch still. Most of the insurers of that time can be without the slightest doubt identified as either “Dutch” or “Portuguese”, i.e. Sephardic Jews from the Iberian Peninsula. Most of the insurance premiums were settled on long-distance voyages, to the Iberian Peninsula and Norway, for instance whilst short-distance trips within the North Sea basin, for instance to Dutch ports, would normally use the coastal routes through the mud flats (*Wadden sea*) where the larger ocean-going pirate vessels and privateers would have only little effect. Moreover Dutch men-of-war controlled this area quite effectively, making the North Sea passages comparatively safe and secure. Connections to Portugal and Spain on the other hand—Hamburg’s chief overseas trading connections during the seventeenth century which were largely operated by native merchants from Hamburg—were somewhat jeopardized by the activities and presence of Atlantic privateers, as well as the Barbary pirates which considerably increased insurance premiums on voyages to Iberian sea ports.<sup>54</sup> As Kiesselbach notes, the bulk of Hamburg maritime insurance premiums was settled on voyages to Spain and Portugal. Others were far less relevant.<sup>55</sup> The Barbary pirates were, alongside the numerous wars fought amongst the larger Atlantic powers England, France and the Netherlands, a force constantly to be reckoned with. In order to curb these activities and accordingly reduce the risk premiums on trade with this area the Hamburg Admiralty was founded in 1624, coupled with the (largely unsuccessful) re-organization of convoys and armed escorts for merchant maritimes. Especially when the other states, say, the Netherlands, had recently made peace with the Barbary states and the latter now turned against neutrals such as Hamburg, insurance premiums would go up and be three times as large as those quoted, say, at Amsterdam. When in 1662 a fleet of eight Hamburg merchant maritimes was brought up by pirates from the Barbary Coast, insurers at Hamburg straightforwardly declined to underwrite any further voyages to that area at whatever cost. The convoying system was introduced as a consequence by which each merchant fleet was to be accompanied by two warships. Whether or not a ship sailed in convoy would now directly influence the insurance premiums—if a ship did not sail in convoy the premium would go up by as much as 400 per cent.<sup>56</sup>—Hamburg insurers ‘exported’ their services beyond the boundaries of the free imperial city. Especially Lübeck merchants were happy to draw on Hamburg for insurance, with Lübeck at that time still by and large being the only maritime insurance market in the Baltic.<sup>57</sup> It is possible that a subsidiary maritime insurance market modelled on the example and dependent upon the Hamburg market might have been established at Bremen during the seventeenth century.<sup>58</sup>

Within an international comparison with Amsterdam and London, however, Hamburg ranged far behind these two large financial and trading centres. Nonetheless, first attempts at creating a maritime insurance business based on stock market shares were made as early as the 1720s. This might have been an attempt to bypass the over-mighty Amsterdam maritime insurance market and the dependency on Dutch credit for their commercial transactions. As lots of the commodity transactions were financed with credit obtained at Amsterdam, Dutch creditors more often than not also acted as insurers for the very same cargoes for which they provided credit. But the attempt at setting up a joint-stock maritime insurance business were made in vain as yet, as they did not received the support needed from the Hamburg Senate (which was simply not interested in such a venture).<sup>59</sup> The first joint-stock

maritime insurance company was founded at Hamburg as late as 1765; more were to follow in 1779, 1782 and particularly numerous in the later eighteenth and early nineteenth century. The first foundation was the result of the financial crisis of 1763 which had caused several local companies and partnerships to go bankrupt; with this joint-stock company—and an accordingly large capitalization—much larger ventures could now be underwritten than previously possible. This in turn greatly facilitated the entry into the trans-Atlantic trading business for the larger Hamburg shipping companies.<sup>60)</sup>

Clearly the most important source we have on the growth and development of the Hamburg maritime insurance business are naval insurance premiums. Market transparency and symmetrical information was increased by the introduction of price currents, regularly published lists of current prices for commodities, currencies and other exchange rates, as well as insurance premiums on seaborne voyages.<sup>61)</sup> In this way Hamburg's role as a market for maritime insurance increased in the same way as it developed into a northern centre of communications, postal and news services.<sup>62)</sup> The range of quotations for insurance rates provides a good and immediate insight into the geographical market range or 'rayon' of the Hamburg maritime insurance market. As opposed to Amsterdam's case—where this geographical or catchment area remained virtually constant from the 1730s onwards—we find some notable shifts in the Hamburg maritime insurance market with a marked delay. In the seventeenth century voyages to the Iberian Peninsula were predominant; regular quotations on voyages to the Portuguese possessions in Brazil and the Spanish Caribbean were added in 1736 on top. But from the later seventeenth century onwards commerce with England and France became ever-more important in the maritime insurance business, too, as reflected in the newly-added insurance quotations on these places. Further quotations were added to the list in the seventeenth century still for ventures to the Mediterranean, the Greenland Seas (whaling and seal hunting), Norway, Sweden and Arkhangelsk. The Hamburg Price Current which was published since 1736 also featured insurance quotations on voyages to ports in the Baltic, especially Danzig (Poland) and St Petersburg (Russia), as well as regular quotations on premiums for traffic to the Netherlands. Only the immediately adjacent sea ports of the other states of the Holy Roman Empire entered the price currents belatedly. The Hamburg maritime insurance business really took off, however, only after the Seven Years War had ended, signifying the beginning of an "entirely new era" that witnessed a considerable increase in the transatlantic trades, as well as—to a lesser extent—exchange with Asia. From 1762 onwards insurance rates on passages to Asia from Portugal, Emden, Gothenburg and Copenhagen were quoted in the Hamburg price currents, as well as—for the first time—voyages across the immediately adjacent North Sea coast (Emden, Eider, Friesland, and Jutland). As noted above, the transatlantic business was considerably facilitated by the setting up of a joint-stock maritime insurance company in 1765, an option particularly desirable for Hamburg merchants after the British colonies on the mainland had successfully gained their independence (1776–1783). The powerful nexus between war and neutrality greatly undermined Dutch and French credit in the transatlantic insurance business (as well as in many other branches of commerce) and led—in the same way as in the commodity trade and banking sector—to a big windfall gain for Hamburg merchants and insurers during the periods of turmoil in the 1770s, 1780s and 1790s, as noted by Kiesselbach.<sup>63)</sup> Thus in 1782 insurance rates in the Hamburg price currents were extended yet another time, as desired by the Hamburg merchants, so as to include places such as Ostend

(from which passages to England, France, the Iberian Peninsula and the Mediterranean were noted), Trieste and Leghorn (on passages to India), Bordeaux (notations on Sweden, Russia and the Baltic Sea ports of the Holy Roman Empire), London (to places such as Stockholm, St Petersburg and the German ports in the Baltic), Amsterdam (insurance on travels to St Petersburg, Riga, Memel, Königsberg, and Pomerania), Portugal (into the Baltic, Königsberg, Riga, St Petersburg), and finally, Arkhangelsk (on Amsterdam, London, the Bay of Biscay, Lisbon, Barcelona and Leghorn).

A direct comparison between the two insurance markets of Hamburg and Amsterdam immediately highlights two aspects. First, Hamburg caught up rapidly on Amsterdam in terms of rapidly extending the geographical range of maritime insurance quotations on passages departing from Hamburg after 1730. Secondly, however, the development did not stop there. By including insurance premiums on third party trading, i.e. between locations that did not involve Hamburg directly (as either a point of departure or arrival) Hamburg supplied vital information about foreign markets to the native merchants thus creating an entirely new set and range of business opportunities available to them. In the 1790s at the very latest, when warlike activities involving the Netherlands commenced yet again, Hamburg's political neutrality coupled with the French occupation of the Netherlands so as to produce a unique competitive advantage in the financial market sector. It seems probable that at that time the maritime insurance business constituted the major share of transactions made on the Hamburg stock exchange; at least Hamburg clearly had become the focal market for finance and insurance in northern Europe at that time (see above),<sup>64</sup> especially since Lübeck and other ports in the Baltic largely drew on Hamburg for financial services (the local insurance and financial markets in the Baltic were clearly not sufficient to handle the increased demand for financial services such as insurance).

This financial market and service sector expansion rested on several pillars marked by recent developments and transformations of the institutional landscape. First, all across the North Sea and Baltic littoral ordinances regulating the insurance business were issued, not only in north-western Europe (particularly the Netherlands),<sup>65</sup> but also in the economic-commercial periphery, mainly the Baltic, where similar ordinances and regulations were created in Sweden (1667), Denmark (1683) and Prussia (1727, Prussian Maritime Law, as well as 1766 Maritime Insurance Ordinance). In Hamburg a similar ordinance dating from 1731, the *Assekuranz- und Havarey-Ordnung* made up for what had that time developed into a pressing desiderate.<sup>66</sup> Then, in the second half of the eighteenth century, there were three innovations in particular that proved helpful and beneficial in terms of widening the insurance market and creating the sort of institutional framework and stability needed for commercial expansion. First, the big companies appointed agents or commissionaires at the most important places of correspondence who, if claims were made on an insurance policy, would provide credit and thus dispensed with the more expensive bottomry loans provided by the foreign financiers which normally put a great strain on the financial reserves of the Hamburg insurers. In this way the companies could cut their costs which resulted in premium reductions and lower prices which they could pass on to their customers in turn.

Secondly, as information travelled faster and faster the speed and density of commercial knowledge—by publication in the Hamburg Price Current or public notices and tables of prices—was considerably increased. This

led to a deepening and widening of markets and a significant increase in market integration. Thirdly, and finally, a central scheme for classification of ships was introduced somewhat modelled on the example of Lloyd's at London (1764/65) which greatly increased the level and transparency of knowledge regarding the ships that were to be insured. In this way the risk of the insurer was considerably reduced.<sup>67)</sup>

The impact on the actual level of insurance premiums was rather humble, however. If at all significant, it would be a long term impact. Until the end of the Seven Years War there was not much movement in the maritime insurance market other than the usual fluctuations within the year (which followed the shipping seasons). Only after the Seven Years War there was a slight reduction of rates during the summer months on voyages to North Sea ports, north-western Europe and the Iberian Peninsula. Other destinations however, witnessed no real changes; neither did premiums on passages during winter time. Needless to say that with the commencement of war in 1792 all premiums were bound to shot up yet again.<sup>68)</sup>

### Conclusion

Hamburg's importance as a financial market during the early modern period rested on three pillars: (1) her position within the international cashless payments system (framed by the bill of exchange); (2) the successful foundation of the Hamburg Bank founded in 1619 on the model of the Amsterdam *Wisselbank* through which all foreign exchange transactions had to be channelled; her (since 1736) stable Bank currency<sup>69)</sup> and the resulting possibility for the Bank to enter the long-term credit business on that basis; and finally (3) her position as an international maritime insurance market. As McCusker points out, "Hamburg occupied a place in European finance similar to that of Amsterdam, in that merchants and brokers in the city served as the intermediaries in exchange transactions between the Mediterranean, the Atlantic, and the Baltic."<sup>70)</sup> All of the relevant financial institutions had been developed in and adopted from the Netherlands, first Antwerp and then Amsterdam. They were adjusted to the peculiar circumstances at Hamburg and further refined. Since the later seventeenth century Hamburg had become Germany's largest financial market with the largest number of exchange rate quotations on foreign places—and the largest number of exchange rate quotations *from* foreign places. The foundation of the Hamburg Girobank for transfers and deposits clearly helped in that regard; this was the only bank of that type in Germany that had a relevance and range of operation beyond its immediate economic hinterland. By limiting acceptance of securities to silver (bullion) deposits upon opening account the Hamburg Bank not only proved to be a haven for stability but also a large bullion market in north-western Europe. Silver reserves increased, and after the reforms of the 1770s at latest Hamburg gained equal footing with Amsterdam and London, the three being the largest bullion markets of Europe. Incidentally this led to the fact that the Hamburg currency was extraordinarily stable and strong; in the same way as the two public banks in Amsterdam and Venice had developed into guardians of monetary stability. Hamburg money remained a "hard" currency until the suspension of the Hamburg currency in 1875. This in turn facilitated the rise of Hamburg to become the Empire's, even Europe's, pre-eminent and most significant foreign exchange market. Flanking that development was the growth of the Hamburg maritime insurance business. In much the same way as in the foreign exchange transactions the geographical range of the Hamburg maritime insurance market, as borne out by the price



currents, grew constantly and at considerable speed during the eighteenth century, in the end comprising an ever-growing area and number of regions and places with which Hamburg operated direct trading links. Apart from this, Hamburg acted as a clearing centre or focal point for foreign exchange transactions and maritime insurance business in the entire North Sea/Baltic area. The Baltic Sea area used Hamburg as an intermediary for transactions between the Baltic, the rest of Europe, as well as all places overseas.

Clearly therefore—even though it could not match the world financial centres of London and Amsterdam—Hamburg ranged amongst the Europe's largest financial centres. This is borne out by the number—and range—of quotations of exchange rates on Hamburg from foreign places. Within north-west Europe it was, alongside Amsterdam, London and Paris, the predominant financial market, in the same way as it was for the Baltic in the eighteenth century (only to be joined in the nineteenth century by St Petersburg). Apart from Bremen, Hamburg also was Germany's only financial market with regular exchange rate quotations on overseas places in the Americas (such as Brazil and the US), as well as—later on—Asia (Japan). Whilst it remained Germany's largest and most important exchange market until late in the nineteenth century, Frankfurt-on-the-Main became the largest market for stocks and shares, obligations and state finance, until, after 1871, both places had to step down in favour of Berlin as the newly-emerged financial focal point of Germany (by then, Berlin would occupy third place in Europe, after London and Paris). Nevertheless, Hamburg continued to be Germany's largest and single-most important foreign sea port, handling the major share of Germany's sea-borne exports and imports. In this way it retained some standing as an international financial market, with dense commercial relations with the other continents overseas. And this is a position which it could not possibly have achieved without the three main institutional pillars, i.e. the mechanisms of cashless payment transactions, her public giro and transfer bank, as well as her standing in the international maritime insurance business.

#### Notes

\* First of all, I would like to express my warmest thanks for the invitation to Kyoto Sangyo University and especially to my dear colleague Toshiaki Tamaki for his great hospitality. The translation of this contribution was done by Philipp R. Rössner Ph.D., Assistant professor for economic and social history at the University of Leipzig. I would like to thank my dear colleague and friend not only for the translation but also for some useful comments.

1) This chapter is a revised version of Markus A. Denzel, *Das System des bargeldlosen Zahlungsverkehrs europäischer Prägung vom Mittelalter bis 1914*, Stuttgart 2008, pp. 206–210, 278–279; Markus A. Denzel, *Handbook of World Exchange Rates, 1590 to 1914*, Farnham/Burlington 2010, pp. 198–206.

2) Cf. Karl Heinrich Kaufhold, 'Der Übergang zu Fonds- und Wechselbörsen vom ausgehenden 17. Jahrhundert bis zum ausgehenden 18. Jahrhundert', in Hans Pohl (ed.), *Deutsche Börsengeschichte*, Frankfurt-on-the-Main 1992, pp. 77–132, at pp. 112–113.

3) Cf. Richard Ehrenberg, 'Ein Hamburgischer Waaren- und Wechsel-Preiscourant aus dem XVI. Jahrhundert', *Hansische Geschichtsblätter* 1883, Leipzig 1884, pp. 165–170.

4) Henry Roseveare (ed.), *Markets and Merchants of the Late Seventeenth Century. The Marescoe-David Letters 1668–1680*, New York 1987, pp. 596–607.

5) Ernst Baasch, 'Aus der Entwicklungsgeschichte des Hamburger Kurszettels', *Bank-Archiv* 5, 1905/06, pp. 8–11, at pp. 8–9.

6) Cf. Winfried Reiss, 'Historical Exchange Rates', in Wolfram Fischer/R. Marvin McInnis/Jürgen Schneider (eds.), *The*

- Emergence of a World Economy 1500–1914. Papers of the IX International Congress of Economic History*, 2 parts, Stuttgart 1986, part I: 1500–1850, Wiesbaden 1986, pp. 171–189, at pp. 171–173.
- 7) John J. McCusker, *Money and Exchange in Europe and America, 1600–1775. A Handbook*, London/Basingstoke 1978, p. 61.
- 8) Adolf Soetbeer, 'Die Hamburger Bank, 1619–1866. Eine geschichtliche Skizze', *Vierteljahresschrift für Volkswirtschaft* 3, 1866, pp. 21–54, at pp. 27, 35–38, 48.
- 9) Reiss, *Historical Exchange Rates*, pp. 182f.; Oskar Schwarzer/Markus A. Denzel/Petra Schnelzer, 'Geld- und Wechselkurse in Deutschland und im Ostseeraum (18. und 19. Jahrhundert)', in Jürgen Schneider/Oskar Schwarzer/Petra Schnelzer (eds.), *Statistik der Geld- und Wechselkurse in Deutschland und im Ostseeraum (18. und 19. Jahrhundert)* (=Historische Statistik von Deutschland, Vol. XII), St. Katharinen 1993, pp. 2–43, at pp. 9–15.
- 10) Roughly translates as: "Only few merchants at Hamburg have exchange dealings with other places; moreover these merchants are all foreigners who have no permanent residence here at Hamburg. Foreign places in general have no regular exchange rate quotations on Hamburg." Richard Ehrenberg, *Hamburg und England im Zeitalter der Königin Elisabeth*, Jena 1896, p. 67. See also Michael North, *Geldumlauf und Wirtschaftskonjunktur im südlichen Ostseeraum an der Wende zur Neuzeit (1440–1570). Untersuchungen zur Wirtschaftsgeschichte am Beispiel des Großen Lübecker Münzschatzes, der norddeutschen Münzfunde und der schriftlichen Überlieferung*, Sigmaringen 1990, pp. 133, 162, 167.
- 11) Ehrenberg, 'Ein Hamburgischer Waaren- und Wechselpreiscourant aus dem XVI. Jahrhundert', p. 170. Cf. also José Gentil da Silva, *Banque et crédit en Italie au XVII<sup>e</sup> siècle*, Paris 1969, pp. 65–68; José Gentil da Silva, 'Capiteaux et marchandises, échanges et finances entre XVI<sup>e</sup> et XVIII<sup>e</sup> siècles', *Annales É.S.C.* 12/1, 1957, pp. 295–296; E. v. Lehe, *Die Märkte Hamburgs von den Anfängen bis in die Neuzeit* (1911), ND, Wiesbaden 1966, pp. 53f.
- 12) The *Kieler Umschlag* was an important capital and money market in north-western Germany of super-regional importance; however it never became a financial market in the proper sense. The first reported instance of a promissory note having been issued here dates from 1774 (!). Even after that date exchange bills and promissory notes were not a particularly frequent phenomenon at this place, see John Christiansen, *Der Kieler Umschlag im 16. und 17. Jahrhundert*, in: Klaus-Joachim Lorenzen-Schmidt (ed.), *Geld und Kredit in der Geschichte Norddeutschlands*, Neumünster 2006, pp. 159–175, at p. 174–175; August Lorenz, *Ein halbes Jahrtausend Kieler Umschlag*, Kiel 1965, p. 27.
- 13) Hermann Kellenbenz, 'Private und öffentliche Banken in Deutschland um die Wende zum 17. Jahrhundert', in *Banchi pubblici, banchi privati e monti di pietà nell'Europa preindustriale. Amministrazione, tecniche operative e ruoli economici*, Genova 1991, Vol. II, pp. 613–647, at p. 617; Gentil da Silva, *Stratégie des affaires*, p. 67.
- 14) Sources see Denzel, *Handbook of World Exchange Rates*, pp. 191–194, 207–230; Denzel, *System des bargeldlosen Zahlungsverkehrs*, pp. 206–210, 478–479.
- 15) Cf. Hermann Kellenbenz, *Sephardim an der unteren Elbe. Ihre wirtschaftliche und politische Bedeutung vom Ende des 16. bis zum Beginn des 18. Jahrhunderts*, Wiesbaden 1958, pp. 104–113, 248–319.
- 16) Baasch, 'Entwicklungsgeschichte', p. 10.
- 17) Sources see Denzel, *Handbook of World Exchange Rates*, pp. 191–194, 207–230; Denzel, *System des bargeldlosen Zahlungsverkehrs*, pp. 206–210, 478–479.
- 18) Paul Jacob Marperger, *Erläuterung der Hamburger und Amsterdamer Waaren Preiß-Couranten, und der in diesen beyden, wie auch in andern vornehmen Handels-Städten wöchentlich gedruckt ausgegebenen Gelder und Wechsel-Cours-Zetteln ...*, Dresden 1725, p. 22.
- 19) Baasch, 'Entwicklungsgeschichte', p. 10.
- 20) The attempt at including Berlin in the official exchange rate currents was very probably connected to the establishment of the Royal Giro and Lending Bank (*Königliche Giro- und Leihbank*) at Berlin at the very same time (17 June 1765), cf. Georg Buss, *Berliner Boerse von 1685–1913. Zum 50. Gedenktage der ersten Versammlung im neuen Hause*, Berlin 1913, p. 68.
- 21) Baasch, 'Entwicklungsgeschichte', p. 10.
- 22) Roughly translates as "... although there are many more places on top of that on which bills are drawn from Hamburg, such as Arkhangelsk, Berlin, Bremen, Cologne, Danzig, Frankfurt-on-the-Oder, St Gall, Genoa, Leghorn, Lübeck, Marseilles, Malaga, Riga, Stettin, Stockholm, Strasbourg etc.; places to which bills are either drawn directly from Hamburg or through the hands

- of an intermediary place.” Marperger, *Waaren Preiß-Couranten*, p. 25.
- 23) Sources see Denzel, *System des bargeldlosen Zahlungsverkehrs*, p. 208.
- 24) Ernst Baasch (ed.), *Quellen zur Geschichte von Hamburgs Handel und Schifffahrt im 17., 18. und 19. Jahrhundert*, Hamburg 1910, p. 396(–397), 391, 403–404.
- 25) Karin Newman, ‘Hamburg in the European Economy, 1660–1750’, *Journal of European Economic History* 14, 1985, pp. 57–93, at p. 65.
- 26) Baasch (ed.), *Hamburgs Handel*, p. 223.
- 27) Kaufhold, ‘Der Übergang zu Fonds- und Wechselbörsen’, p. 112.
- 28) Ernst Klein, *Von den Anfängen bis zum Ende des alten Reiches (1806)* (Deutsche Bankengeschichte, Vol. I), Frankfurt-on-the-Main 1982, p. 150.
- 29) John Jepson Oddy, *European Commerce ...*, London 1805, p. 289.
- 30) *Ibid.*, p. 296.
- 31) See, for instance Martin Euler, *Allgemeine Wechselencyclopädie*, ed. Johann Heinrich Stricker, Frankfurt-on-the Main, 2nd ed. 1795, p. 121.
- 32) Denzel, *Handbook of World Exchange Rates*, pp. 191–194, 207–230; Denzel, *System des bargeldlosen Zahlungsverkehrs*, pp. 278–279, 478–479.
- 33) Baasch, ‘Entwicklungsgeschichte’, p. 10.
- 34) For sources see Denzel, *System des bargeldlosen Zahlungsverkehrs*, p. 278.
- 35) This section draws heavily on my new study on the Nuremberg *Banco Publico*, Markus A. Denzel, *Der Nürnberger Banco Publico, seine Kaufleute und ihr Zahlungsverkehr (1621–1827)*, Stuttgart 2012.
- 36) Heinrich Sieveking, ‘Die Hamburger Bank’, in: J.G. van Dillen (ed.), *History of the Principal Public Banks Accompanied by Extensive Bibliographies of the History of Banking and Credit in Eleven European Countries*, The Hague 1934, ND. London/New York 1964, pp. 125–160, at p. 125–126.—Amongst the older works the following is still useful: Soetbeer, ‘Die Hamburger Bank’, pp. 21–54.
- 37) Konrad Schneider, ‘*Banco, Species und Courant*’. *Untersuchungen zur Hamburgischen Währung im 17. und 18. Jahrhundert*, Koblenz 1986; and for the later period Konrad Schneider, *Hamburgs Münz- und Geldgeschichte im 19. Jahrhundert bis zur Einführung der Reichswährung*, Koblenz 1983.
- 38) Cf. Hermann Kellenbenz, *Unternehmerkräfte im Hamburger Portugal- und Spanienhandel, 1590–1625*, Hamburg 1954; Kellenbenz, *Sephardim an der unteren Elbe*.
- 39) “Sie wurde zu einer wichtigen Stütze des Hamburgischen Außenhandels.” Sieveking, ‘Die Hamburger Bank’, p. 127.
- 40) The latter figure is from Lambert F. Peters, ‘Hamburger Bank’, in: Michael North (ed.), *Von Aktie bis Zoll. Ein historisches Lexikon des Geldes*, Munich 1995, pp. 154–155, at p. 154.
- 41) Cf. J. F. Voigt, ‘Die Anleihen der Stadt Hamburg während der Jahre 1601 bis 1650’, *Zeitschrift für Hamburgische Geschichte* 17, 1912, pp. 129–253.
- 42) The Bank struck *Portugaleser*, large gold coins imitating a Portuguese nominal that went by the name of “Portuguez”. These were medals rather than monetary instruments, which were used for storing value mainly. They featured the coats of arms of the four “Bank Cities”, Hamburg, Amsterdam, Venice and Nuremberg.
- 43) Manfred Pohl, *Hamburger Bankengeschichte*, Mainz 1986, p. 23.
- 44) The ordinance of 1639 is printed in: Paul Jacob Marperger, *Beschreibung der Banquen und deroselben wie auch der Banquiers ihrem Recht*, Leipzig 1710, pp. 144–150.
- 45) Cf. Markus A. Denzel/Hans-Jürgen Gerhard/Alexander Engel, ‘Marktverflechtungen von Kupfermärkten des nördlichen Kontinentaleuropa im 18. Jahrhundert’, in: Christoph Bartels/Markus A. Denzel (eds.), *Konjunktoren im europäischen Bergbau in vorindustrieller Zeit. Festschrift für Ekkehard Westermann zum 60. Geburtstag*, Stuttgart 2000, pp. 237–271.
- 46) Sieveking, ‘Die Hamburger Bank’, p. 136.
- 47) Quoted in: Sieveking, ‘Die Hamburger Bank’, p. 147.
- 48) Lütkens’ (1768; re-issued 1770) petition, as well as the two pamphlets by Schuback on money and banks (*Einige Gedanken von Geld und Banken/Gedanken von den Ursachen der zeitherigen Abwechselung des hamburgischen Banco-Geldes*) were re-

- issued by the Commerziendeputation in 1791: *Drey Schriften über Geld und Banken, besonders über die hamburgische Bank*, Hamburg 1791.
- 49) Cf. also Schneider, “*Banco, Species und Courant*”.
- 50) Sieveking, ‘Die Hamburger Bank’, pp. 152–153, 156, 159 (after the list produced by the Bank’s syndic who went by the last name of Matsen).
- 51) Sieveking, ‘Die Hamburger Bank’, p. 153.
- 52) Sieveking, ‘Die Hamburger Bank’, p. 141.
- 53) Cf. Kaufhold, ‘Der Übergang zu Fonds- und Wechselbörsen’, p. 112.
- 54) G. A. Kiesselbach, *Die wirtschafts- und rechtsgeschichtliche Entwicklung der Seeversicherung in Hamburg*, Hamburg 1901, pp. 13–15, 20, 22, 24–29, 33–34, 109–110; Kellenbenz, *Sephardim an der unteren Elbe*, p. 269–270.
- 55) Kiesselbach, *Seeversicherung in Hamburg*, p. 29.
- 56) Kiesselbach, *Seeversicherung in Hamburg*, pp. 39–41.
- 57) Kiesselbach, *Seeversicherung in Hamburg*, pp. 35 and 30.
- 58) Kiesselbach, *Seeversicherung in Hamburg*, pp. 35–36.
- 59) Kiesselbach, *Seeversicherung in Hamburg*, pp. 36–39, 43–46; E. Amsinck, ‘Die ersten hamburgischen Assecuranz-Compagnien und der Actienhandel im Jahre 1720’, *Zeitschrift des Vereins für Hamburgische Geschichte* 9, 1894, pp. 465–494.
- 60) Kiesselbach, *Seeversicherung in Hamburg*, pp. 51–56.
- 61) John J. McCusker/Cora Gravesteijn, *The Beginnings of Commercial and Financial Journalism. The Commodity Price Currents, Exchange Rate Currents, and Money Currents of Early Modern Europe*, Amsterdam 1991.
- 62) Kiesselbach, *Seeversicherung in Hamburg*, pp. 36–39.
- 63) Kiesselbach, *Seeversicherung in Hamburg*, pp. 47–55 (quote on p. 55). Cf. also F. Plaß, *Geschichte der Assecuranz und der hanseatischen Seeversicherungs-Börsen Hamburg, Bremen, Lübeck*, Hamburg 1902.
- 64) Kiesselbach, *Seeversicherung in Hamburg*, pp. 58 and 51.
- 65) For the Netherlands, see J. P. van Niekerk, *The Develoments of the Principles of Insurance Law in the Netherlands from 1500–1800*, I–II, Cape Town 1998, passim.
- 66) Th. Dreyer, *Die “Assecuranz- und Havarey-Ordnung” der Freien und Hansestadt Hamburg von 1713*, Frankfurt-on-the-Main et al. 1990.
- 67) Kiesselbach, *Seeversicherung in Hamburg*, pp. 60–64.
- 68) Kiesselbach, *Seeversicherung in Hamburg*, pp. 52, 60.—Frank C. Spooner, *Risks at Sea. Amsterdam Insurance and Maritime Europe, 1766–1780*, Cambridge 1983, pp. 162–256 has a detailed survey with regard to the Amsterdam market, yet for only a comparatively short period (1766–1780) and thus does not lend itself for a long-term perspective.
- 69) Cf. Reiss, ‘Historical Exchange Rates’, pp. 171–173.
- 70) McCusker, *Money and Exchange*, p. 61.