



## English Summary

# THE MERCHANT, THE TOWN, AND THE CROWN

The Burgher Community of Turku and Economic Organization  
from the Early Middle Ages to the 1570's

## Introduction

The aim of this dissertation in economic history is to broaden our understanding of the organization of medieval foreign trade, with a special focus on the network of urban communities. This is done through a close study of one Finnish urban community, Turku, which had been the leading trading town of the country since its foundation in the latter part of the 13th century. The methodological approach is based on the belief that a micro-historical point of view can tell us more about economic life than the traditional macro-approach. It is argued that the insecurity and the high transaction costs that characterized medieval commerce in the Baltic Sea region emphasized the importance of a well-functioning commercial organization. As Douglass C. North and Robert Paul Thomas have pointed out, a functioning organization is simply a precondition for expanding trade, which, to a great extent, seems also to account for the economic rise of the whole of Western Europe during the Middle Ages.

Mercantile shipping based on private enterprise would have been too risky for extensive trade, while the resources of the Crown were also not sufficient. As a solution, by the thirteenth century the merchants had developed the burgher community. Such communities had an important role to play, especially when merchants had problems in a foreign city: the council representing the burgher community could require the burghers to adhere to their agreements, which contributed significantly to trade expansion in the course of the Middle Ages.

The concept of community is closely linked with towns, and, on the other hand, community formation was a special feature of medieval life. The importance of a community to its members is generally considered to arise from mutual support and reciprocity. Various different kinds of grouping in medieval society are commonly referred to as 'communities', often with little consideration of the extent to which the term is appropriate. Turku, like other medieval towns, formed a local community with exact boundaries. Turku had the right to corporate status and action as a legal entity, which was confirmed by a special charter. It had other communal symbols, too. Turku possessed its own seal, which the council made diligent use of in various connections. The sense of



community is also reflected in current terminology, as the burghers of Turku were usually called by the name 'universitas civitatis Aboensis'.

The main sources of this study consist of two groups of material: the correspondence of the council, and the customs records. There are letters sent by the council of Turku to foreign towns from the whole period of study, and they tell us about the possibilities of the community to reduce the transaction costs. The customs records are for the most part only available from the 1540's onwards. They give a detailed and colourful picture of the merchants that were active traders in Turku at that time. Unfortunately the medieval source material is scarce. No merchant's account books have been preserved, and there are very few personal business letters. Yet, almost 2000 burghers of Turku have been identified between the years 1316–1571.

The contents of this study can be summarized through its disposition in the following six chapters:

1. Introduction (basic concepts, problem, sources, previous research)
2. The beginning: the emergence and status of the community in a developing society
3. The structure: the origin and position of the burghers in the community
4. The burghers' means of livelihood: commerce and handicraft
5. The organization: a response to the transaction costs
6. Conclusions

## The Social Structure of the Burgher Community

It is useful to study medieval trade using the actor-structure approach. In commerce the actor was the merchant, who also was a member of the community. The community, on the other hand, formed a structure that strongly determined the possibilities open to a merchant, even though the merchants themselves changed that structure constantly by their actions. Besides the communities, many other forces in the medieval society can be regarded as structures, too. These include the importance of trust and reputation, the dominance of religion, and the laws and other rules of conduct that determined how a merchant could successfully practise his profession. Everything points to the conclusion that in Middle Ages business was more influenced by structure than by the individual burgher's actions.

The burgher community itself was an actor, too, with a recognized status in the society. This status was stressed by the impersonality of its actions. The community's exercise of power was based on continuity and the permanence of its representative (the council), not only on the individuals that acted as mayors and councillors at any given time. In this respect the community did not depend so much on individuals as the exercise of power normally did in Pre-Modern society, where changes of kings and other rulers were normally major transitions. The community was regulated by urban law, and, its continuity from one generation to another was emphasized by the efficient filing of its



resolutions. In many respects the burgher community was an exceptional organization, which can perhaps only be compared with that of the church.

The community was not a closed entity; it was relatively easy to become a member. All those engaged in commerce and handicraft with at least some property were intended to be accepted as members. Due to this openness the community was socially quite heterogeneous. It consisted of burghers of both German and native origin, though the number of Germans declined clearly from the end of the 15th century. Some of the burghers were second-generation town dwellers, but most of them had moved to Turku either from the surrounding countryside or from as far as Germany. Social mobility was common, too, since many burghers were recruited among local peasants and noblemen, and it was also common for members of burgher families to become nobles or clergy.

The community was thus relatively fluid in its membership, even though many burghers evidently lived in Turku throughout their professional careers. It was most likely high mortality and the community's openness that contributed to the fact that there emerged few long-lasting burgher families. The community's heterogeneity was further increased by wide differences in income. During the latter part of the 16th century the richest one tenth possessed two thirds of all the movable property. Although the economic and social differences were vast and a minority of the burghers controlled the community, no severe political conflicts are known from Turku.

This can be explained by the fact that the council reproduced itself quite rapidly. Since the same men and the same families did not rule the town from one generation to another, there was no room for conflicts aroused by a closed government, unlike many other European cities. The small size of the community also tended to increase the burghers' sense of solidarity, because they had to keep their ranks united in face of constant economic competition by foreign merchants, local peasants, the bailiffs, and the church. At least against the outside world the burghers seem to have acted as a uniform group. This was also a precondition for the community to support its members in their foreign business affairs.

## Trade

Commerce was the burghers' most important means of livelihood. The foreign trade of Turku was in the hands of the native merchants from the latter 15th century, at the latest, when the Hansa started to decline. It is very difficult to know the trend of foreign trade on the basis of the medieval sources, but we can nevertheless say that commerce clearly expanded during the period under examination. It appears that by the early 15th century trade reached a level from which it did not much increase during the next century. In the middle of the 16th century about 40 ships sailed between Turku and the Baltic ports every year. Accordingly, on average more than 300 burghers from Turku traded with foreign towns yearly, and together they fitted out more than one thousand cargoes.



It is not possible to get a clear picture of the town's merchants before the middle of the 16th century, when the first customs records are preserved. At that time few burghers were involved in continuous business year after year, since most traded annually with one cargo only. We can distinguish a definite patriciate in the community, that constituted of the leading great merchants. In Turku there were about fifty merchants whose business was much more extensive than that of the other burghers in terms of the volume of cargo. As can be expected, these men also held the biggest fortunes and the most important positions, especially seats in the town council. Like the whole community, the leading merchant group was not closed: inside the group there occurred a constant social rise and decline that indicate above all the high risks involved in foreign trade.

### The Organization: a Response to the Transaction Costs

In the Middle Ages foreign trade was carried on in a highly complex and insecure world. The main problem of this study has been the means by which the burghers tried to lower the transaction costs and how they succeeded in this. In order to reduce the uncertainties a system securing property rights was necessary. The market simply could not have functioned properly without common rules of conduct (institutions). The merchants had to be sure that their personal inviolability was guaranteed and that contracts were legitimate at least to a certain degree.

The merchants could reduce transaction costs even by very simple means: the primary strategy was not to specialize. Non-specialization lowered the risks beforehand, since not all the capital was invested in one single enterprise. The same kind of risk management also applied when ownership of a vessel was divided among several men, or when the merchandise was delivered in small parcels on several ships. Similarly, networks based on trust and reciprocity reduced the uncertainty of trading considerably.

Unlike the Hanseatic trade, the merchants of Turku are not generally known to have belonged to networks of foreign trading partners. In spite of this, some citizens were partners in small companies, which can be considered as formal networks. In Turku, a more important form of cooperation was, however, the organization of the passage as a joint enterprise of several burghers. This arrangement was advantageous, since the merchants did not have to sail with their merchandise in person, since the skipper who acted as an agent took care of both the transport and the trading in the foreign port. In case of the skipper's possible dishonesty the community was an efficient organization, since the skipper himself was a member of the same community. It was sensible for him to act honestly and to maintain his good reputation, because otherwise it would have been very difficult for him to carry on his profession in the town later on.

Even though the burghers succeeded in reducing transaction costs in several ways, the support of their own community (organization) was, in the end, most



important. In the realms surrounding the Baltic sea there were no rulers in the Middle Ages with the resources or even the interest to provide protection for merchant shipping, and not even the Hansa was able to control the whole region alone. The only possible solution available was cooperation in urban communities. The importance of the towns in lowering transaction costs depended to a great extent on the acts of the council, which represented the community outwards.

The council's activities connected with trading can be roughly divided into two categories: the council issued regulations concerning trade and monitored whether they were being observed, and secondly, it tried to support the burghers of its own town if they had problems in their business transactions. In practice, both spheres of activities involved protecting the members' interests. Particularly important was that the council could help the merchants in problems that occurred abroad. Through mutual communication between urban communities, the control of trade could be extended to cover all the Baltic Sea region, which considerably reduced the risks of foreign trade.

There is no doubt that the network of councils and other means lowered transaction costs. During the 13th and 14th centuries the conditions of commerce had been in many senses much less stable than they became in the later Middle Ages. It is, however, impossible to say precisely how much the transaction costs diminished. The discontinuation of letters of protection, the lessening volume of councils' correspondence, and diminishing profits and freight rates all indicate that the trend must have been downwards. Falling transaction costs seem to have led to a growing volume of trade, as might be expected. The number of ships arriving or leaving Turku did not increase notably after the early 15th century; but although we cannot give any exact numbers, the cargoes carried by the ships were bigger, so the volume increased accordingly.

The community played such an important role in medieval foreign trade that this could well be called a communal economy. However, the significance of the community and the council that represented it tended to diminish towards the end of the Middle Ages. This change anticipated a new kind of economic system, where the state more and more protected the property rights, and trading was carried on through commercial networks cemented by personal and long-lasting relations between merchants.

The Middle Ages thus constituted a distinct period in the economic history. The shift from medieval times to Early Modern times has usually been described as a transition from feudalism to capitalism. However, this explanation is misleading from the Baltic or Finnish point of view. In that region there existed almost no feudal ties, and, on the other hand, the capitalist characteristics of commerce were evident quite early in the Middle Ages. Therefore it would be more proper to refer to a process by which the Baltic changed from a community-centred organization to an economic system dominated by the state.