**ECONOMIC TRENDS AND CONDITIONS IN THE SIXTEENTH CENTURY**

It is difficult to generalize about the European economy in the sixteenth century. Conditions varied considerably from one area to another; and, although there were forces that were everywhere at work, their intensity and their impact differed as they affected different regions. Similarly, there were temporal variations; conditions changed with the passage of time, and the timetable varied from one area to another.

Keeping these facts in mind, we may make some general statements. The sixteenth century was on the whole a time of economic expansion for Europe. The depressed conditions that had prevailed from the middle of the fourteenth century were giving way, and the growth before 1350 was being resumed. One sign of this expansion, as well as a cause of it, was a growth in population. By the sixteenth century, the ravages of the Black Death and its recurrences were being made up, and the overall population of Europe had reached its 1350 level and was increasing beyond that point.

The general statement that the sixteenth century was a period of economic expansion needs to be qualified by the recognition that not all areas witnessed the same degree of growth; in some, indeed, the overall picture is one of recession. The economy of Europe was becoming truly European. What happened in one country affected others, and wise businessmen kept abreast not only of economic activities and problems in the various parts of Europe but also of the numerous other factors that might affect their businesses. These factors included the political, diplomatic, and military situations; dynastic arrangements, including such matters as marriages among ruling families; and, as the split in the church became deeper, religious matters.

Other important influences were the voyages of discovery and exploration. Here again the impact was different for different countries. One of the effects of the voyages undertaken by the Portuguese, Spanish, English, French, and Dutch was to hasten the process that had produced them the process, that is, whereby the nations of the Atlantic seaboard took the place of the Italian city-states as the chief factors in European trade and economic life in general. Until this time, Europe had always centered on the Mediterranean; it was the Mediterranean that was the great axis of trade and civilization, or else the great barrier across which Christendom faced its enemies. Though it did not cease to be important, a profound and apparently irrevocable shift in relationships was taking place, and Europe was beginning to face the Atlantic seaboard. The Italian city-states, by their failure to unite with one another were becoming the battlegrounds and dependencies of the great western nations, particularly Spain; and their economic greatness was passing. The change was gradual; Venice remained a great state, and Genoese merchants and bankers played a significant part in the Spanish economy. But the future lay elsewhere.

From the Spanish Empire in the New World came an influx of precious metals, which had profound economic effects. The flow became especially important in the second half of the sixteenth century, and consisted of both gold and silver, with the latter metal predominating. The Spanish went to great lengths to secure the entire supply for themselves and prevent any of their precious cargoes from falling into the hands of their rivals. Each year the plate fleet, bearing the bullion from the mines of Peru and Mexico, was accompanied to Spain by a convoy of warships, and during the sixteenth century no other nation ever succeeded in intercepting this fleet. Francis Drake was able, however, to rob Spanish treasure in Central America and in the Pacific.

In the middle of the sixteenth century great deposits of silver were discovered in Mexico and Peru; in the latter region were the great mines of Potosí, in the area of modern Bolivia. A new method of extracting the silver from the ore was developed, and the amount of silver reaching Spain became very great. It was this bullion, which to a great extent, made possible the foreign and imperial policies of the last years of Charles V and the reign of Philip II. Because of these ambitious and costly policies, it proved impossible to keep the gold and silver in Spain. Much of it was spent to support activities that were not directly related to Spanish affairs, since both Charles and Philip had extensive interests outside the country. It was also necessary to export the precious metals to pay for manufactured goods, because of the neglect of Spanish industry. Spain also was compelled to import agricultural products throughout the century. Various causes combined to harm Spanish agriculture.

The mistreatment of the Moriscos (See Chapter 18), who had been the chief agricultural workers in the country, was a serious blow. Another harmful influence was the favor shown to the mesta, the association of sheep-growers of Castile. Since the mesta was a prolific source of tax revenues, the Spanish monarchs adopted the shortsighted policy of favoring the sheep-growers at the expense of the farmers. Add to this the fact that only about 45 percent of the soil of Spain is even modestly fertile, while only 10 percent can be described as rich, and it becomes clear why Spain was importing wheat from early in the sixteenth century.

The massive flow of specie accompanied what has come to be called the Price Revolution a rise in prices that took place all over Europe, even though it was higher in some countries than in others. This inflationary trend was especially marked in Spain and undoubtedly was connected with the influx of gold and silver. The connection between the quantity of gold and silver in circulation and the rise of prices was not immediately seen, but during the second half of the century certain thinkers became aware of the connection. The earliest was a group of men connected with the Spanish University of Salamanca; better known is the versatile Frenchman Jean Bodin, whose work was much more widely known and who made popular the idea that the price inflation was the direct result of the increase in the money supply.

The same idea has been put forward, in a much more elaborate and technical form, in the twentieth century, but it has been challenged in recent years and can no longer be accepted without serious modifications. The influx of gold and silver may now be looked on as one factor in the Price Revolution, but far from the only one. Of the others, perhaps the most important was the growth in population.

The example of Spain shows that a simple increase in the amount of money was not necessarily beneficial. However, in countries where agriculture and industry were in a more flourishing state, and in which the demands of war and foreign policy were not so all-consuming, the increase in the money supply acted as a stimulus to economic activity. Even in such cases, however, its effects were unevenly distributed among the various social classes. Wages rose more slowly than prices, and wage earners did not share in the benefits of economic expansion as did their employers, especially the great capitalists.

For centuries capitalism had been emerging in many fields, and this process was continued, and accelerated, in the sixteenth century. Here again, different sections of the economy and different parts of Europe were affected in varying ways and at varying rates of speed. For our purposes, capitalism may be defined as a system in which enterprises are not controlled by those who supply the labor. The greater guilds of Florence are examples of capitalism long before the sixteenth century, and numerous other examples can be found in Italy, the Low Countries, and throughout western Europe. Moreover, certain types of enterprise that required substantial resources and that were conducted on a large scale, with the concomitant risks, were inevitably capitalistic. This is true, for example, of shipbuilding and international trade. The printing industry, which existed in Europe from the fifteenth century, was essentially capitalistic, at least in the case of the more stable and successful firms. Mining was necessarily a capitalistic enterprise.

Even agriculture, the most conservative branch of economic life, the one that responds most reluctantly to change, was becoming capitalistic in the sixteenth century. The enclosure movement in England exemplifies this trend. The term enclosure refers to the enclosing of the open fields and common lands by means of fences or hedges and converting them to grazing lands for sheep. This process was stimulated by the great demand, both domestic and foreign, for English wool. It was this process that brought forth the protest of Thomas More in the Utopia about lands in which sheep eat men. There was some social dislocation caused by enclosures; fewer men were required to take care of sheep than were needed for raising crops, and, therefore, enclosures forced many peasants off the land and made them vagabonds, sometimes criminals. Such persons were subjected to severe punishments at the hands of the law in an age that lacked the modern understanding of social change and its victims.

Wool had been the chief article of export for England since the thirteenth century, but by 1500 a shift had occurred. For a long time it had been raw wool that the English sent abroad to be processed into woolen cloth in foreign countries. However, the native English woolen manufacturing industry had been developed to the point where it was now woolen cloth that constituted England's chief export. All woolen cloth going to the Continent passed through Antwerp, which was, therefore, the staple port for this product. It was handled by the Merchant Adventurers, a group of wealthy merchants from various cities in the kingdom, especially London. For the raw wool England still exported, the staple port was Calais still in English possession in 1500 and it was handled by the organization known as the Merchants of the Staple. For high grade wool, England's chief competition was Spain, where the mesta, as we have seen, dominated the rural economy. The prosperity of the Spanish sheep-growers was based on the wool of the Merino sheep, which had first been imported into Spain from North Africa about 1300. Wool was one of the chief articles of trade and manufacture throughout western Europe. The Florentine economy, as previously noted, was largely based on it; and the textile manufactures of the Low Countries continued to be important. Sometimes the names of familiar articles of use can remind us of the places that originally specialized in such articles. For instance the city of Ghent (in French Gand) made and exported gloves, and our word gauntlet preserves this connection.

The enclosers - the men who made their land into pastures for sheep - were capitalists. They employed labor, produced for an international market, and reaped the profits. The English textile industry shows the advent of capitalism in a different field. It manifested itself in the so-called putting-out system. Here the leading figure the capitalist was the merchant who bought the raw material, which he then distributed put out to the craftsmen who performed the various operations required to transform it into finished cloth, and then sold it on the market for a profit.

This system was also known as the domestic system, because the various workers - carders, fullers, spinners, weavers and so forth - worked in their homes. In other places, as in Florence, textile manufacture was carried on by means of a sort of factory system, with the workers gathered together in large workshops. The difference here is related to differences in the respective position of the guilds. In Florence the greater guilds such as the Arte della Lana, or wool guild were great capitalistic organizations that dominated economic and political life. In England, however, as in some other places, the guilds were chiefly concerned with maintaining their exclusive local privileges and preventing competition among their members, and consequently acting as a restraint upon the expansion of trade and industry.

To circumvent these restraints, the textile capitalists found their workers in rural areas, outside the cities where guilds controlled the economy. This led in some areas to a decline of the guilds and of the prosperity of the towns in which guilds were especially strong. This was not true everywhere; in some places guilds were growing stronger. In France, before the end of the sixteenth century, the crown ordered all craftsmen to belong to guilds. In this way the government, by controlling the guilds, could tighten its hold on the economy. One of the most important, long-term economic and social trends, which had been going on for centuries, was the decline of serfdom. For this there were numerous reasons. To open up new lands, as in the "Drive to the East," inducements had to be offered to peasant cultivators, and freedom was used as such an inducement. The rise of towns, already noted, often had the effect of giving freedom to serfs who escaped from the land and took refuge within the town walls. The labor shortage that followed the Black Death in many areas enhanced the bargaining position of the peasants who survived, and enabled many to secure their freedom.

The development of trade and the increased circulation of money worked in the same direction. As more products from distant places became available, manorial lords began to desire money with which to buy them, and to obtain it they were willing to commute the obligations of their peasants from services and payments in kind to money rents. The manorial lord thus evolved into a landlord, while the servile peasant became a rent-paying tenant. The increased circulation of money here helped the peasant by providing him with the ability to pay his rent. As for the landlord, he could get his work done by hired labor, which might prove economically more profitable than the old manorial services. As a result, serfdom declined very widely in the West though not everywhere and this development was most pronounced in the same areas in which economic development had progressed the most. In eastern Europe, including Russia, where society was overwhelmingly agrarian and dominated by noble landowners, a contrary trend was taking place; and the social and legal position of peasants was being depressed.

Accompanying the changes in commerce, industry, and agriculture and to some extent making them possible was the continued growth of banking and finance. The greatest financial power of the sixteenth century was the house of Fugger in Augsburg. The history of its rise is in itself a sort of synopsis of the development of the European economy.

The founder of the family fortunes was Hans Fugger, a weaver who in about 1367 came to Augsburg from the countryside, where he had probably worked under the domestic system for an Augsburg merchant engaged in international trade. In the city, he expanded his activities, importing cotton and selling cloth made by himself and by other weavers. Soon he began to trade in other wares, and the business was continued by his descendants. They dealt in fruits, spices, and jewels as well as textiles, and they became involved in dealings with the Hapsburgs and with the papacy. The greatest of the Fuggers was Jacob Fugger II, called Jacob Fugger the Rich (1459-1525). Though the business was already prospering when he took it over, he greatly expanded it. From 1511 to 1527, under his direction, the capital of the business rose tenfold (from 196,791 gulden to 2,021,202). The greatest of Jacob's interests was mining. The family had become involved in this field as early as 1481, when in return for a loan to a member of the Hapsburg family, they received mining rights in the Tyrol. The mining activities of the Fuggers increased in the time of Jacob, who profited in this respect from the favor shown him by Emperor Maximilian I. He enjoyed important rights in the silver and copper mines of the Tyrol, the chief source of these metals before the opening up of the mines in the New World. The Fuggers also acquired complete control of the copper production of Hungary. In addition to the mines, they owned the plants that processed the ore, and employed hundreds of workers. Jacob Fugger attempted, though unsuccessfully, to achieve a world monopoly in copper and to use his monopoly to keep prices high. He was a Catholic as a young man he had planned for a while to be a priest and did much business with the papacy. He completely controlled the financial relationships of the pope with Germany; this included a monopoly on sending to Rome the proceeds from indulgences. In this way the activities of the Fuggers were at least indirectly connected with the early career of Martin Luther. Because of his importance to the papacy, Jacob was able to influence the appointment of bishops.

With his far-flung interests, it was necessary for him to be informed of events throughout Europe. He had agents in all the main business centers who supplied him with a constant flow of information, which has been compared to a press service. Contemporaries, aware of his wealth and power, were frequently opposed to him. There was a great deal of public sentiment that would have supported legal restraints against the power of the great merchants, but Jacob Fugger was protected by the favor of Charles V, to whom he was very valuable, even indispensable.

It was his relationship with Charles that involved Fugger in the most famous event of his career. When Charles became a candidate for the throne of the Holy Roman Empire upon the death of Maximilian I in 1519, he borrowed a great deal of money from the Fugger bank in order to influence the electors in his favor. It was generally believed that these loans were responsible for his success in being chosen emperor. This is shown in an extraordinary letter of 1523 from Fugger to the emperor, in an attempt to collect the money Charles owed him. In the letter Fugger plainly states that without his help, Charles might not have been elected. As security for the loan, and for later loans to the emperor, Fugger received some of the revenues of the Spanish crown. Three great Spanish religious orders were under the control of the king, and for over a century the house of Fugger controlled the income from their property, which included large agricultural holdings and mercury mines.

Under Jacob's nephew Anton the firm reached its height, with a capital of about five million gulden by 1546. However, the connection with the Hapsburgs proved fatal in the end to the prosperity of the house. Later in the century and in the succeeding one, the Hapsburgs were unable to meet their obligations, and most of the firm's money was lost. Yet the career of the family, and especially of Jacob Fugger, clearly indicates that the power of capital was making itself felt. In some ways, Jacob was the most powerful man of his time.

The career of Jacob Fugger also set in relief the importance of political factors, especially the state, in the economic life in the sixteenth century. As the national state was asserting its involvement in, and control of, numerous fields of human endeavor, its activities more and more affected economic activities as the governments sought, wisely or otherwise, to direct economic life for the increase of national strength.

The emerging nations suffered under handicaps in managing economic policy. One of these lay in the fact that their financial needs had outgrown their ability to meet them; that is, a system of raising money that had been devised to meet the needs of a more or less decentralized feudal society was inadequate for the expanded requirements of the larger and more concentrated units of political power that were now becoming dominant. This problem was aggravated by the general ignorance of economics and public finance.

These factors combined to bring about such expedients as debasing the coinage, which proved to be harmful to the economies of the countries concerned. During the Hundred Years' War, the French crown had resorted on numerous occasions to this practice. In sixteenth-century England, Henry VIII did the same thing, and it was not until the reign of Elizabeth I in the second half of the century that the coinage value was restored. Such a policy militated against a country's prosperity; in the case of England it helps to explain why, in spite of encouraging developments in trade, industry, and agriculture, the country suffered from more or less depressed economic conditions for much of the century.

Perhaps the most obvious way in which political events affected the economy was through war. The wars of the sixteenth century, as will be seen in subsequent chapters, were frequent; international conflict and civil struggle fill the history of the period and had a tremendously destructive effect. A few examples will illustrate the point. The Sack of Rome in 1527 and the Sack of Antwerp "the Spanish Fury" of 1576 were terrible blows to the cities affected. Antwerp had been one of the greatest centers of trade and finance; indeed, it had stood as the key city in the European economy. After the Sack of 1576 although there were additional factors it never regained its former position.

Similarly, the wars of Charles V and Philip II of Spain, although they were not fought on Spanish territory, were financed largely by Spanish, and in particular by Castilian, resources. They had the effect, again combined with other factors, of directing the resources of Spain to unproductive uses, of stifling the development of the economy, and of preventing prosperity. The decline of Spain from its status as one of the great European powers, a decline from which it has never recovered, was the result of this as much as of any one factor. Those countries that enjoyed an abundance of resources and basic economic strength recovered from the damage done by war. The revolt of the Netherlands was costly to Spain and to that part of the Low Countries that remained under Spanish control, but the new nation of the United Netherlands or Dutch republic went on to become one of the most prosperous of the European states in the next century. The French Wars of Religion were among the most terrible of the century because they were primarily civil wars, and they caused great devastation; but France was, nevertheless, to become the dominant power in Europe in the seventeenth century.

In a general sense, the growth of the nation-state, with increasingly unified control over a territory larger than that of earlier political units, responded well to the needs of the expanding economy and formed mutual alliances between monarchs and merchants. Rulers and businessmen had a common interest in peace and security, in breaking down local and regional restraints on the movement of goods, and in subduing the nobility. It may be said that kings identified themselves socially with the nobles, since they were of the same class; and that the wealth of the great nobility depended largely on the favor of their rulers, who often endowed them with rich estates to enable them to maintain their social prominence. At the same time, when it came to political power, monarchs quite often took care to keep their greatest nobles out of positions of power and to choose as their closest advisers men of undistinguished origin whose position depended entirely on royal favor.

For example, two of the most important advisers of Henry VIII of England were Thomas Wolsey, son of a butcher and innkeeper, and Thomas Cromwell, whose father was a brewer, blacksmith, and fuller. Philip II of Spain followed the policy of using great nobles for positions that took them out of the country, preferring to appoint professional men and priests to positions of importance nearer home. Philip's father, Charles V, had relied for many years on a man of humble origin, Francisco de los Cobos, as the chief figure in the Spanish administration. In France, where the old nobility noblesse dépe, or the nobility of the sword did remain important, it was supplemented by the noblesse de robe or nobility of the robe men of middle-class extraction who owed their noble status to judicial office. In England, the gentry, a class of non-noble landowners, was becoming dominant in the nation's affairs; one sign of their increasing importance is found in the fact that members of this class formed the great majority of the House of Commons.

What the members of the non-noble business, professional, and landholding classes had to offer their rulers was not only loyalty and service but also money. Methods of acquiring money available to the monarchs of the time were primitive. Taxation was in its infancy and was not yet regarded as the chief way to acquire funds for the conduct of public business. In England the monarch was expected to "live of his own" that is, to meet expenses with such resources as the income of crown lands and the receipts from customs duties. In time of war or other critical situations, Parliament might be induced to grant taxes, but there was a limit to its willingness to part with money. In France, the taille, a combined income and property tax, was levied throughout the country, but the rate varied. In the more recently acquired provinces, where representative bodies estates still existed, these estates served as a means of protecting the inhabitants of their provinces against excessive royal demands, and the taille had to be negotiated annually between the royal officials and the estates. Where the estates no longer survived, the taille was levied directly on the defenseless inhabitants, and the rate was higher.

Fiscal burdens were often unequally distributed. In France, the First and Second Estates clergy and nobility respectively were privileged classes, which means that they were exempt from many of the payments required of the bulk of the population. The French church sometimes granted the king a "free gift," which was a good deal less than it would have paid if the wealth of the church had been taxed at the rate levied on the unprivileged. In Castile, which supplied the bulk of the revenues of the king of Spain, the nobles and clergy achieved the goal of exemption from taxes in the reign of Charles V, and stopped attending the Cortes the representative assembly so that only delegates from the towns continued to be present at meetings. Deprived of the support of the other classes, these townsmen were not strong enough to put up a successful resistance to the steady growth of royal power.

Thus tax systems were defective for various reasons. Another problem that arose in connection with raising taxes was that much of the revenue tended to remain in the pockets of officials engaged in the collection process. One of the reforms of Sully, the finance minister of Henry IV of France at the end of the sixteenth century, was to take measures that would suppress this sort of speculation and bring the royal revenue to the royal treasury. There were consequently numerous reasons why the tax structures of the European states failed to meet their expanding needs and why various other expedients, generally unhealthy, were tried. Reference has already been made to the debasement of coinage. Another was the sale of titles of nobility. A good or bad example of the results of this practice is found in the experience of France, where the sale of titles came in the sixteenth century to be carried on extensively. For centuries thereafter, individuals of the middle class who had succeeded financially sought to rise socially by buying their way into the aristocracy. This was fiscally disadvantageous in the long run, because elevation into the privileged ranks of the nobility also meant a large degree of exemption from taxation. In this way, many persons who were especially well qualified to contribute to the financial support of the state were relieved of the necessity of carrying their fair share of the burden.

Not only titles but also offices were sold. Here again the case of France is especially instructive. It was customary by the sixteenth century for judicial offices not only to be sold, but also to be passed down from generation to generation in the same family. In 1604 this practice received official status when a tax, called the Paulene, was imposed at the time an office was transferred. Thereafter an annual fee was paid that made the office virtually the property of its holder. Interestingly enough, this did not create a body of mediocrities holding positions for which they were not fitted because the jobs had become family possessions. On the contrary, there came to exist distinguished legal families, proud of their status, competent, and conscientious in carrying out their professional and official duties. Nevertheless, the practice of selling offices came in time to create a vast body of functionaries with overlapping positions, who had bought their posts and intended to recoup their investments at the expense of the citizenry. This oversized bureaucracy also came to hamper the crown and complicate the problem of efficient government.

Some taxes in France were farmed; that is, the right to collect them was sold to corporations of tax-farmers at a fixed sum. The tax-farmers, having bought the privilege of collecting the tax, were primarily interested in making a profit, and they were pretty much given a free rein in doing so. In fact, the coercive force of the state was at their disposal in dealing with recalcitrant taxpayers. These tax-farmers were often guilty of extortionate practices in squeezing money from the hapless French taxpayer, who, it must always be remembered, was a peasant or a town dweller of either the working class or middle class, unprotected by noble or clerical status.

We have had occasion to note that governmental officials and functionaries quite generally managed to acquire for themselves some of the funds that should have gone into the public treasury. This sort of corruption, or graft, was so widespread that it is almost unfair to refer to it in such unflattering terms. Public officials, at least in some cases, were more or less expected to reward themselves from pubic funds. Cardinal Wolsey, a man of modest origin as we have seen, acquired wealth of vast proportions; the magnificence with which he surrounded himself excited the envy of the great nobles of England, and he even ventured, very imprudently, to rival the king himself in the lavishness of his entertainments and banquets. In the following century, Cardinal Richelieu, whose family was not a wealthy one, left so large an estate at his death in 1642 that his will was several pages long. Indeed, Thomas More and Niccol Machiavelli, so different from one another in many respects, were alike in that they could both truly assert that they had not profited financially by holding public office; each seems to have realized that he was different from his contemporaries in this way.

In the field of commerce, governments were involved from a number of angles. Customs duties, on both imports and exports, were used both to regulate trade and to add to revenues. Organizations of merchants were encouraged by governments, and officials of government often associated themselves with mercantile enterprises by investing in them. The companies that were being formed to open up and carry on trade in the newly discovered parts of the world received charters from their governments that assured them of monopolies on the trade of specific areas. In England a number of companies of this nature were formed during the sixteenth century. The Cathay Company, chartered in 1576 for the Chinese trade, failed. Others were more successful: the Muscovy Company (1555) for the trade with Russia; the Eastland Company (1579) for the Scandinavian and Baltic trade; the Turkey Company (1581), later known as the Levant Company; and, most famous of all, the English East India Company, chartered in 1600, which was to have a long and amazing career. The new Dutch republic formed its own East India Company in 1602. Numerous other companies were chartered by these governments and others for a long time to come and enjoyed varying degrees of success.

The companies were formed on the joint-stock principle, which had been familiar in Italy for centuries, but which was adopted in northern Europe in the sixteenth century. By this arrangement, ownership was divided into shares of stock, which could be purchased in small or large quantities. Each individual shareholder was an owner of the company in proportion to the number of shares he held. The shareholders chose the officers and directors of the company who carried on business on behalf of the membership. This form of organization had numerous advantages over earlier ones. It made it possible for a larger number of persons to participate in mercantile enterprise, including many who could never have done so on their own; it facilitated the accumulation of large quantities of capital; and it lessened individual risk. In the older partnership form of organization, each partner had unlimited liability for the losses and debts of the firm. In seeking out and exploiting trade opportunities, joint-stock companies did important work in exploring new lands and sometimes in the fields of conquest, settlement, and government. Students of the history of the United States and of India will be familiar with this fact.

By the sixteenth century, it may be said that a European economy had emerged in which the various parts of Europe were bound together by an intricate network of economic and financial relationships. During the first half of the century and part of the second, the city of Antwerp was the financial and commercial center for the European economy, showing once again how the economic center of gravity had shifted from the Mediterranean to the Atlantic. When the preeminence of Antwerp became a casualty of the war for Dutch independence, its place was taken for a while by Amsterdam and later by London.

The sixteenth century saw not only the rise of new economic powers but also the decline of old ones. In addition to the gradually decreasing importance of the Italian city-states, the period also witnessed a falloff in the power and position of the Hanseatic League, or Hansa towns. This was an organization of cities in northern Europe, formed for the purpose of carrying on trade; it had been one of the great powers in the fourteenth and fifteenth centuries. It secured special trading privileges with numerous countries, fought wars to maintain its privileges, and had settlements of merchants from London to Novgorod. The chief city of the league was Lübeck, but many other great cities belonged to it. It could flourish only in a period when central governments in some areas were weak enough to permit the existence of virtually self-governing city-states. With the rise and consolidation of the nations of Europe, its decline was inevitable. By the sixteenth century its greatest days were over, though many causes contributed to its decline and the decline did not come suddenly. Something of the atmosphere of the Hanseatic towns as it came down to our own century is preserved for us in the writings of a descendant of the prosperous merchant class of a Hanseatic city, Thomas Mann.