Medieval Protectionism

Its ancient name means “lovely,” and the German port city of Lübeck in 1400 was one of the glories of Europe and a leading merchant trading center. In that distant era, as Europe recovered from the devastation of the Black Plague, Lübeck and its neighbor, Hamburg, had roughly similar social, economic, and religious profiles, writes Erik Lindberg, a historian at Uppsala University in Sweden. They could have been twin cities: Lübeck connected to the Baltic Sea via the Trave River and Hamburg to the North Sea via the Elbe. Their divergent fates illustrate the perils of extreme protectionism.

At the dawn of the early modern period, the two cities veered in opposite political directions. In the face of increasing Baltic Sea competition from upstart traders from London and Amsterdam, Lübeck chose to protect its powerful landowners and leading merchant guild by prohibiting importers from selling copper, furs, and grain to anybody other than a Lübeck merchant. Hamburg, by contrast, encouraged trade with Dutch, Flemish, and English merchants, and even a score of Portuguese Jews were invited to move in.

The fortunes of Lübeck and Hamburg diverged, with the former fading into near insignificance and the latter becoming Europe’s third most important trading center.