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Power Politics and Princely Debts: Why Germany's Common Currency Failed, 1549-1556[1]

I.

Toward the end of the sixteenth century Bartholomäus Sastrow, former legal advisor of the dukes of Pomerania and mayor of Stralsund, wrote the story of his life. In this vibrant account, he described how in 1542 his brother Johannes, a master at Wittenberg University, was travelling home from Rostock where he had taken care of some publications.[2] For the last leg of the journey Johannes hitched a ride on a cart accompanied by a 'young genteel fellow' who had taken Pomeranian *schillings* and other coins to the mint at Gadebusch in Mecklenburg. Now he was bringing back money amounting to several hundred guldens, which had been minted there. Sastrow tells the story because some footpads got wind of the transport and his brother was wounded in the ensuing hold-up. The incident shows how dangerous travelling in mid-sixteenth century Germany was. It also suggests that no-one saw anything unusual in

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[2] Sastrow and Mohnike, *Bartholomäi Sastrowen Herkommen*, pp. 195 f.

the ‘trade in coinage’ – as contemporaries called it – and that people engaged in it in a remarkably open fashion.[3]

Trade in coinage was, at any rate, profitable. In Sastrow’s case, the young fellow met by his brother supplied a mint with raw material in the form of coins, to the benefit of both himself and of the owner of the mint. In return for the money he delivered to Gadebusch, he received newly minted coins that contained altogether less bullion, but whose total face value was so much higher that the difference did not only cover his travelling expenses and transport costs but allowed him to make a profit. In fact, the difference also covered the costs of melting and re-minting the coins – of ‘breaking’ them, as it was called –,[4] so that the owners of the mint, the dukes of Mecklenburg, were able to share in the profit.

We are here observing the workings of Gresham’s law, which in its most widely quoted form states that bad money drives out good. The problem was by no means exclusively German,[5] but in the Holy Roman Empire it was particularly acute: There, a large number of authorities were free to issue currencies without any superior ruler interfering in their right to determine the standard of their coinage.[6] As clearly defined

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[3] Trade in coinage (‘*kauffmanschafft in der muntz*’): e.g. Staatsarchiv Würzburg (hereafter: StArchWü), MRA Münze K 137/2, fol. 42 v. For the sake of brevity the name Germany is here often used instead of ‘Holy Roman Empire’.

[4] Breaking (‘*brechen*’) coins: E.g. StArchWü, MRA Münze K 137/2, fol. 8 r.; cf. Hirsch, *Eröfnetes Geheimnus*, p. 123.

[5] Dutu, ‘Moneychangers’, p. 565 f.

[6] Rössner, *Deflation*, p. 566.

borders between currency areas did not exist, consumers faced a multiplicity of monetary units many of which were deliberately designed to look broadly similar.[7] Even if the 'common man' saw through such attempts at cheating, he was rarely in a position to resist merchants or members of the nobility who forced coins on him at exchange rates at which they were overvalued.[8] On occasion, though, even revenue officials let light money slip through: 'All the sacks are already full of base *pfennigs*, as your princely grace will discover in your receipts from convoy duties, taxes and rents', warned the mint master of the elector of Saxony in about 1520, and in 1564 the Swabian, Bavarian and Franconian estates voiced similar concerns.[9] While some political actors obviously benefited from the status quo that allowed them breaking their neighbours' coins, all had thus reason to worry that another neighbour might produce even worse money that would end up in their coffers.

Unsurprisingly, there were frequent complaints of authorities who looked on helplessly as their relatively good coins disappeared in their neighbours' melting pots.

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[7] Cf. e.g. the electoral-Saxon monetary ordinance of 1534 that warned consumers of such so-called '*Beischläge*'. *Des Churfürsten und Hertzog Georgen zu Sachssen etc. Muntz Ordenung*, unpaginated (p. 8).

[8] Rössner, *Deflation*, pp. 574 f., found that informational asymmetries, whose importance prior research stressed (Velde, Weber, and Wright, 'A Model of Commodity Money'; Volckart, 'Regeln'), were no necessary condition for the functioning of Gresham's Law: The unequal bargaining power of consumers of different social status was often sufficient. For the 'common man' – as authorities liked to call anyone of non-noble status, though they increasingly referred to peasants only – see Blickle, *Obedient Germans*, pp. 5 f.

[9] Bahrfeldt, *Münzwesen*, p. 411; Lori, *Sammlung*, vol. 2, p. 2.

In 1539, for example, the council of Hamburg claimed that many burghers were importing sacks and barrels full of underweight 3- and 6-*pfennigs*-pieces that came presumably from Holstein and Denmark. They exchanged them for the city's own full-bodied coins, which they sent abroad, 'thus seeking their own illegitimate self-interest and advantage, to the ruin of all good money'.[10] Ten years later, at a conference the imperial diet had called to deal with this problem, the delegates of the Austrian Habsburgs and the archbishop of Salzburg claimed that 'for many years their own and their predecessors' and ancestors' praiseworthy heavy coins had been exported, sent to the crucible and broken, and instead a large number of uneven, poor and foreign coins by and by been imported, to the great damage and disadvantage of the German nation and the common man'.[11] In 1559 the archbishop asserted that less than one-twentieth of the value of all purchases in his principality was paid in domestic coin. The greater part of the output of his mint was exported, all the more so because he could not afford enough troops to patrol the border: 'The world is wide, the people many, the mountains are high, and it will never be possible to plug each and every hole'.[12]

As the archbishop realised, stricter controls were impracticable. There were only two solutions to the problem, and only one that went to its root. First, authorities could debase their coins until their intrinsic value matched that of the 'bad' money which had

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[10] Bollandt, ed., *Burspraken*, vol. 2, p. 322.

[11] Lori, *Sammlung*, vol. 1, p. 226.

[12] Leeb, ed., *Der Kurfürstentag*, pp. 1721 f. The archbishop's claim is of course not reliable in quantitative terms, and data on the volume of the trade in coinage do not exist. However, according to Schüttenhelm, 'Zur Münzprägung', p. 165, this trade was at least as important for the metal supply of mints as the purchase of raw silver.

entered their territory, hoping that this would prevent their export. The danger was that this might trigger rounds of competitive debasements – as was indeed the case where the approach was tried.[13] The other, more fundamental solution was creating a common currency that would not only leave no scope for the trade in coinage at least within the Empire,[14] but would also help legitimate commerce. Political actors were aware of the burden which the multiplicity of currencies imposed on trade. The councillors of the elector of Brandenburg, for example, argued that without monetary unification 'little of the large damage suffered by merchants and all who trade, travel and journey from one country to another (…) will be removed or healed'.[15] However, compared to the harm the trade in coinage did this was a side issue that mostly fell under the general heading of 'furthering the common good'. As the concluding document of the conference where Austria and Salzburg complained about the export of their money put it: 'Through a

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[13] See e.g. the spread of underweight and uneven *batzens* and *mariengroschens* in the years after 1500. Cf. Geiger, 'Entstehung und Ausbreitung'; Rüthing, 'Zur Geschichte'. Mayhew, *Coinage*, p. 26, argues that such *guerres monétaires* account for much of the debasement (the reduction in weight or fineness or increase in the nominal value of coins) which late medieval Europe experienced. Girard, 'Un phénomène économique', p. 216, saw the trouble spreading from Germany. More generally on debasements: Munro, 'Coinage Debasements', esp. pp. 29 f.

[14] The export outside the Empire's jurisdiction would still remain a problem, as the archbishop of Salzburg pointed out in 1559. Leeb, ed., *Der Kurfürstentag*, p. 1721.

[15] Geheimes Staatsarchiv Preußischer Kulturbesitz, I. Hauptabteilung, Repositur 15, no. 1 (hereafter: GStAPK, I. HA, Rep. 15, no. 1), E, fol. 3 r. In the fifteenth and early sixteenth centuries, markets that used the same currency were significantly better integrated than others. Boerner and Volckart, 'Utility of a Common Coinage', p. 62.

stable and common currency the common weal should be advanced and all unseemly profit eliminated'.[16]

This article examines how Charles V and the imperial estates tried to create such a common currency, with the focus being on the bill of 1551.[17] Giving due consideration to the institutions of the Holy Roman Empire that shaped decision making processes and affected their outcomes, it explains how and why the relevant actors became distracted by other ends that they believed to be able to reach at the same time and through monetary policies: Next to unifying the German currencies, reducing the burden of debts and weakening political opponents became increasingly important. The main hypothesis is that this crucially contributed to the failure of the so far most promising attempt to reduce the country's monetary diversity.

The paper speaks both to research on German monetary history and to the continuing reassessment of the relative economic importance of the Holy Roman Empire and its members. In a wider sense, it thus concerns the question of how political institutions and the distribution of power between several levels of sovereignty affected the functioning of pre-modern economies. Recent research has tended to stress the importance of overarching polities for fostering long-distance exchange; to what extent the Empire was able to fulfil this function is a question to which this article relates.[18]

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[16] Staatsarchiv Ludwigsburg (hereafter: StArchLu), B 113 I Bü 1794, fol. 4 r.

[17] The first attempt to create a common German currency was made in 1524; for its failure see Volckart, 'Reichsmünzordnung', pp. 28 f. It played no role in the mid-sixteenth century negotiations.

[18] Cf. Chilosi and Volckart, 'Money', pp. 783 f.; Chilosi, Schulze and Volckart, *Benefits of Empire?* pp. 28 ff.; see also Spruyt, *The Sovereign State*, esp. pp. 113-129.

The next section (II) presents a review of the sources, the section thereafter (III) an overview of monetary conditions in the Holy Roman Empire. Section IV introduces the currency bill published in 1551. The drafting of the bill is analysed, with the focus being on the question of whose interests prevailed in this process. Section V discusses why the new common currency failed, and section VI summarizes the hypotheses of the article.

II.

Much of the research on the history of pre-modern currency unions implicitly or explicitly refers to economic hypotheses about the emergence and consequences of modern unions. From an economic perspective these issues are still under dispute. Some authors argue that monetary integration requires the prior integration of trade; others emphasize that commerce grows in consequence of monetary integration, implying that currency unions can be imposed by an act of political will.[19] *In nuce*, Schrötter's seminal work on the attempts to create a common currency in the Holy Roman Empire of the sixteenth century already contained these views;[20] meanwhile, they have been developed more fully. On the one hand, monetary unification is said to have failed because the political will was lacking: The emperors were unable to prevail among the many political actors whom they faced.[21] On the other hand, it is claimed that Germany was economically too poorly integrated to allow a for common currency. Usually estates who controlled their own silver mines are contrasted with others who had to

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[19] The relevant economic literature is quoted by Wolf and Ritschl, 'Endogeneity of Currency Areas'.

[20] Schrötter, 'Münzwesen, Teil I'; Schrötter, 'Münzwesen, Teil II'.

[21] E.g. Vorel, *Monetary Circulation*, p. 133; cf. Schrötter, 'Münzwesen, Teil I', p. 142

purchase the metal on the open market: Silver prices diverged so far that agreeing on a common standard was impossible.[22]

While these hypotheses concern the general failure of sixteenth-century Germany to create a common currency, the scant literature on the bill of 1551 claims that the main reason why it did not succeed was that it did not integrate one of Germany's most popular coins, i.e. the *taler*: It gave *talers* a value in new money that their producers found unacceptably low.[23] Research has barely addressed, far less satisfactorily answered the question of why this decision was made.[24] The present article develops an alternative explanation of why Germany's common currency failed. It also asks why political actors valued traditional monetary units – among them the *taler* – in the way they did. In this, the article goes beyond the documentary evidence that prior research has used and that had not grown much above what was available to Schrötter more than a hundred years ago.

This is possible because in recent years a large number of so far poorly known sources have become available. Today, more information about the imperial diets important in the present context than ever before is easily accessible.[25] Often, though,

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[22] E.g. Blaich, *Die Wirtschaftspolitik*, pp. 17 ff., 258; cf. Christmann, *Vereinheitlichung des Münzwesens*, pp. 46 f.; North, 'Geld- und Ordnungspolitik', p. 94.

[23] Rittmann, *Geldgeschichte*, p. 198; Christmann, *Vereinheitlichung des Münzwesens*, p. 71; North, 'Handelsexpansion', p. 173; Vorel, *Monetary Circulation*, p. 92.

[24] Schrötter, 'Münzwesen, Teil II', pp. 51 f., rather helplessly concluded that the *talers* had been secretly debased and that the value the bill gave them reflected this.

[25] See esp. Aulinger, ed., *Reichstag zu Worms*, 2 vols.; Machoczek, ed., *Reichstag zu Augsburg*, vols. 1 and 3; Eltz, ed., *Reichstag zu Augsburg*, 2 vols.

when complex problems had to be solved, the diets convoked conferences to deal with these matters. Where monetary policies were concerned, they called *münztage*, i.e. coinage conferences where delegates sent by the estates of the Empire developed solutions which would be submitted to the next diet.[26] One such conference took place in Speyer between 10 September and 5 November 1549. It played a crucial role in preparing the common German currency adopted by the diet of Augsburg in 1551, and is in the focus of the present article.

Research has largely passed over this conference,[27] but a hitherto unknown source sheds so much light on it that its importance can no longer be overlooked. The Würzburg State Archive, whose core is the archive of the prince-bishopric of Würzburg, holds the minutes of the meeting.[28] This is a highly unusual source. The imperial diets and the conferences called by them are often well documented, but minutes are still rare and probably unique where the Empire's economic policies are concerned. The source frequently refers to additional material, for example to memoranda or concepts, and of course to the recess, i.e. the concluding document that summarized the results of the discussions. None of these documents are preserved in Würzburg. However, some have been kept in the archive of the electors of Brandenburg in Berlin, while Ludwigsburg

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[26] Cf. Neuhaus, *Repräsentationsformen*, pp. 360-72.

[27] But see Schrötter, 'Münzwesen, Teil II', pp. 101 f. Neuhaus, *Repräsentationsformen*, p. 367 with FN 30, Christmann, *Vereinheitlichung des Münzwesens*, p. 64, and Vorel, *Monetary Circulation*, pp. 88 f., mention the conference.

[28] StArchWü, MRA Münze K 137/2, 108 fols.

Archive in Württemberg holds much of the rest of the missing material.[29] Taken together, these sources allow drawing a uniquely comprehensive picture of how monetary policies were formulated at the level of the Empire in the middle of the sixteenth century.

III.

In early April 1551, experts in coinage and metallurgy from all over Germany gathered in Nuremberg to assay and evaluate the money circulating in the Empire. The report they submitted to Charles V at the end of May listed 133 types of gold coins issued by 66 minting authorities within the Empire, 55 types of gold coins minted by 29 foreign authorities, 130 types of silver coins from 76 German authorities, and 28 types of silver coins struck by 13 authorities abroad. Many of these had been in circulation for decades.[30] The document – to which we will return because it gained considerable importance for monetary policies – gives a first impression of how diverse the money was that one would encounter on markets in mid-sixteenth-century Germany. In fact, the diversity was still larger: In the 1540s about 125 authorities within the Empire alone were issuing coins.[31] Some of these circulated only locally; others were used all over Germany and beyond. The golden rhinegulden for example, jointly minted by the electors of Mainz, Trier, Cologne and the Palatinate, was hugely popular in long-distance trade. So was the silver *taler*, the most prestigious product of the mints of the

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[29] The sources from Berlin were used by Schrötter, 'Münzwesen, Teil II', p. 101. Cf. GStAPK, I. HA, Rep. 15, Nr. 1 D-G; also StArchLu, B 113 I Bü 1794.

[30] Hirsch, *Münz-Archiv*, vol. 1, pp. 323-43.

[31] Based on data in Prokisch, *Grunddaten*, *passim*.

dukes and electors of Saxony, widely imitated by German and foreign rulers and to be found on markets all over the Empire.[32] The Austrian silver gulden was considerably lighter and less popular.[33]

Despite their diversity, the German currencies had one thing in common. Like elsewhere in Europe, they were based on bullion: on gold, silver or both. Bimetallic currencies, consisting of both gold and silver coins, have often been described as particularly sensitive to changes in the relative prices of these metals: Once the ratio between the values of the coins minted from both metals has been legally defined, a rise in the market price of one metal creates incentives to withdraw coins made of it from circulation and sell them as bullion. Such currencies therefore tend to revert to monometallism. As culling coins, melting them and selling the metal is not costless, things do not quite work like that. Monetary arbitrage is profitable only if the market ratio diverges so far from the legal ratio that the difference covers the costs the arbitrageur has to bear. For this reason nineteenth-century bimetallism, for example, was more stable than the common view would lead one to expect.[34] In any case, there is a third possible outcome apart from precarious stability and the return to monometallism: Coins whose value is rising may circulate at a premium.[35] Further

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[32] The name *taler* was first used for the imitation minted since 1520 in Jáchymov/Joachimsthal in Bohemia. The Saxon original had been called *güldengroschen*. Cf. Castelin, 'Entstehung'.

[33] Newald, *Münzwesen*, p. 6.

[34] Cf. Flandreau, 'Water Seeks a Level', who quotes the relevant literature.

[35] Cf. Redish, *Bimetallism*, p. 30.

down, we will revisit the question of which of these outcomes came about in mid-sixteenth-century Germany and for what reason.

As the Empire produced little gold, authorities planning to issue gold coins had to find other sources of supply. The electors on the Rhine solved this problem by exploiting their geographical position. In the fifteenth century, the Rhine had developed into the most important artery of trans-continental trade that linked the two economically most advanced parts of Europe, i.e. Italy and the Netherlands.[36] The customs posts that the electors maintained along the river demanded payments in gold, and this allowed supplying their mints with raw material and minting rhineguldens.[37]

Silver, by contrast, was to a large extent a domestic product, though deposits were of course distributed unevenly. The Saxon Ore Mountains, Schwaz in Tirol and Jáchymov/Joachimsthal in Bohemia were the most important centres of production.[38] The estates controlling them, collectively often called the 'mountain lords', were interested in limiting the damage done by the export of their own and the import of underweight foreign coins. In the lengthy discussions about a common German currency that took place e.g. during the diet of Worms in 1545 they therefore consistently advocated a relatively high mint equivalent: They demanded that the nominal sum minted from a given quantity of fine silver should be so large – or, conversely, the bullion content of the individual coins so low – that exporting and

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[36] Chilosi and Volckart, 'Money', p. 784.

[37] Weisenstein, *Münz- und Geldwesen*, p. 171.

[38] Munro, 'Monetary Origins', p. 8.

melting the money would no longer pay.[39] This demand betrayed their lack of confidence in the viability of a common currency. They evidently expected any agreement to be violated by free-riders trying to benefit from breaking the new coins. As the estates without access to silver mines favoured a lower mint equivalent – probably because this implied a higher intrinsic value of the coins and a corresponding fall in nominal prices – all negotiations failed.[40]

However, the second half of the 1540s saw a momentous increase in the power of the emperor that would change the picture. While the diet of Worms was still debating the currency question, Charles V began forging the alliance he needed to proceed against the Protestant estates united in the Schmalkaldic League. One of his main supporters was Duke Maurice of Saxony, who was a Protestant himself and the cousin of the Saxon Elector John Frederick 'the magnanimous'. The war, once begun, quickly turned in the emperor's favour. John Frederick was defeated and taken prisoner in April 1547; he lost the electorship and most of his lands, both of which Charles granted to Maurice. The other leader of the Schmalkaldic League, the landgrave of Hesse, submitted voluntarily; like John Frederick he spent years as Charles' captive. In late 1547, when the emperor convened the 'diet-in-arms' in Augsburg, he seemed the undisputed master of Germany. In Augsburg, it was decided to call a conference to once

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[39] Cf. Eltz, ed. *Der Speyrer Reichstag*, vol. 1, p. 341; Lori, *Sammlung*, vol. 1, p. 226. In fact, such a pre-emptive debasement would have made no difference. The likelihood of a coin being exported and broken did not depend on its bullion content.

[40] Cf. Schrötter, 'Münzwesen, Teil II', p. 103.

and for all solve the currency problems besetting the Empire.[41] This conference was to meet in Speyer in February 1549, but was soon postponed to September of that year.

IV.

To represent him, Charles chose two commissioners: Philip von Flersheim, who was bishop of Speyer, and Count Reinhard von Solms.[42] Flersheim had studied the law and gained a doctorate. He had years of experience as princely and imperial councillor, had attended many imperial diets and had his residence in Speyer, which despite his age (he was born in 1481) and poor health made him an obvious choice as commissioner. Solms had earned his spurs as one of Charles' captains in the Schmalkaldic War. He did not have any further experience in politics, but his bare presence would remind the delegates of who dominated the Empire in military terms.[43]

Many, but by no means all imperial estates sent representatives to Speyer. All electors except Saxony,[44] 22 of the almost 300 princes, counts and barons and 10 of the c. 80 free and imperial cities did so.[45] North-German estates were not entirely absent, but the south and west of the country were covered better. This was no doubt a result of the higher costs north-German princes and cities faced when sending their councillors so far south. Some saved costs by letting the lawyers they maintained at the imperial

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41 Machoczek, ed., *Reichstag zu Augsburg*, vol. 3, p. 2021.

42 Charles' instructions for his commissioners: GStAPK, I. HA, Rep. 15, Nr. 1 D, fol. 3 v - 5 v.

43 Ammerich, 'Philipp Freiherr von Flersheim'; Poten, 'Reinhart der Aeltere'.

44 The king of Bohemia never attended the electoral college. Stollberg-Rilinger, *The Emperor's Old Clothes*, p. 105.

45 Cf. the imperial register of 1521. Wrede, ed., *Reichstagsakten*, vol. 2, pp. 427-442.

chamber court in Speyer represent them at the conference, too (this is how Bartholomäus Sastrow came to attend),[46] but estates not involved in law suits had to pay or reimburse their delegates to the tune of sometimes thousands of *talers*.[47] Understandably, some commissioned joint representatives. Apart from the two imperial commissioners 40 delegates took part in the discussions: lawyers, mint- and other officials, members of urban councils and some whose position cannot be ascertained.[48]

Proceedings at Speyer mirrored those of an imperial diet, though the ceremonial issues and questions of hierarchy whose importance recent research is stressing played a smaller role.[49] Early in the conference there was an extended tussle between the delegates of the dukes of Württemberg and Pomerania about who should sit nearer the top of the table (the Pomeranians, as it turned out),[50] but then everybody got down to business. Like an imperial diet, the delegates in Speyer formed three colleges: an electoral, a princely and an urban one. Within the colleges, decisions were reached by asking the members for their opinion in their order of rank.[51] Thus, in the electors' college the delegate of the elector of Mainz, who ranked highest, would propose the question to be discussed. Then the councillors of the electors of Trier, Cologne, the Palatinate and Brandenburg stated their views and arguments (in that order), and Mainz

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[46] GStAPK, I. HA, Rep. 15, Nr. 1 D, fol. 32 v.

[47] After another coinage conference in 1557 the delegate of Brandenburg claimed 4,000 *talers*. GStAPK, I. HA, Rep. 15, Nr. 1 D, no. 11.

[48] GStAPK, I. HA, Rep. 15, Nr. 1 D, fol. 31 r – 33 v.

[49] Stollberg-Rilinger, *The Emperor's Old Clothes*, pp. 32 ff.

[50] StArchWü, MRA Münze K 137/2, fol. 22 r.

[51] Cf. Stollberg-Rilinger, *The Emperor's Old Clothes*, p. 35.

summed up the result, adding his own opinion.[52] The highest ranking member – in the princes' college Austria who often made joint statements with Bavaria, among the cities Nuremberg – thus had the strongest influence. The questioning process would be repeated until unanimity was reached or, if the delegates felt that this was not possible, it was decided to apply the majority principle.[53]

In all this the cities' college played a subsidiary role. However, whereas at imperial diets the urban representatives were often left in the dark, receiving for example no written records of the decisions made by the other colleges,[54] in Speyer the other councillors at least kept them regularly informed (anything else would have been difficult as one delegate sat in both the electors' and cities' and another in all three colleges).[55] After about three weeks of discussions, the Austrian and Bavarian delegates suggested a more regular approach: The disputed points were to be discussed first in the princely college, 'and once they had finished and come to a conclusion, this should be presented to the electoral councillors. When this had been done and both parties were content, they' – the Austrians and Bavarians – 'would be happy enough if the results were submitted and made known to the urban councillors. Then a common committee of all three colleges might be formed and one might proceed to other matters'.[56] In fact, some days later not one but two inter-collegial committees with seven or eight members

[52] See e.g. the proceedings on 4 Oct.: StArchWü, MRA Münze K 137/2, fol. 53 v. - 54 r.

[53] As the princely delegates remarked at one point, it was 'not very common to go against the majority'. GStAPK, I. HA, Rep. 15, Nr. 1 D, fol. 17 r.

[54] Luttenberger, 'Reichspolitik', pp. 29 ff.

[55] E.g. StArchWü, MRA Münze K 137/2, fols. 29 r., 32 r., 46 r.

[56] StArchWü, MRA Münze K 137/2, fol. 51 r.

each were established to consider particularly difficult questions. Such committees continued to play a crucial role,[57] preparing the decisions made by the conference at large.

In Speyer, the standard of the new common currency was determined. The relation between gold and silver was discussed, too, though an agreement was reached only on the following imperial diet that took place from July 1550 to February 1551 in Augsburg. The diet also agreed that the currency bill should be published only once it had been decided what to do with the money in circulation. A re-coinage where the estates minted and held back so many coins that the old money could be withdrawn and replaced within a short period of time would have overtaxed them financially and organisationally. The diet therefore convoked the Nuremberg assay for spring 1551 that was mentioned above. There, the bullion content of the money in circulation was to be determined. On this basis, the rates were to be fixed at which it should continue in circulation until enough new money had been minted. The assay ended in May, and in July 1551 Charles V published the currency bill, the 'Augsburg Imperial Monetary Ordinance'.[58]

The most striking feature of the ordinance was that all coins mentioned in it were valued in *kreuzers* that resembled the traditional Austrian coin of the same name. The largest silver piece was a 72-*kreuzers*-coin called *guldiner*, which jointly with the

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[57] StArchWü, MRA Münze K 137/2, fol. 57 r., cf. ibid., fol. 72 v.

[58] Hirsch, *Münz-Archiv*, vol. 1, pp. 344-64.

kreuzers and their other multiples formed the Empire's common currency.[59] The ordinance also recognized the golden rhinegulden which it gave the same value as the *guldiner*, thus establishing a fully-fledged bimetallic currency comparable to those of France and England. Concerning the old money, the bill specified that 'next to our new imperial coins described above, the *talers* so far issued in the Empire of the German nation are to be taken and given for 68 *kreuzers*'.[60] This applied to full-bodied *talers* only – light versions whose rates were lower were listed, too. The bill closed with a long catalogue of other domestic and foreign coins also valued in *kreuzers*. This money was to be used freely for four months, and for another twelve months at the rates given in the bill. From then on, it was 'entirely prohibited and done away with, and should be neither taken nor given in any payment'.[61]

With regard to the standard of the silver coinage, the Speyer conference started out from a proposition Charles V's brother King Ferdinand had made during the 'diet-in-arms': He had suggested a 60-*kreuzers*-piece whose bullion content, while being lower than that of the current Austrian silver gulden and much lower than what the estates without silver mines of their own had hoped for, was higher than what the mountain

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[59] The bill also recognised 5 regional silver currencies and 8 regional types of *pfennigs* that were linked to the *guldiner*. For *hellers* (½-*pfennigs*), it merely defined a maximum mint equivalent. In some respects, the ordinance was highly innovative: It determined that all coins were to be marked with their face value and turned all units below the 6-*kreuzers* piece into token coins by limiting their use as legal tender to payments up to 8⅓ *guldiners*. Hirsch, *Münz-Archiv*, vol. 1, pp. 346-9.

[60] Ibid., p. 350.

[61] Ibid., p. 353.

lords had so far demanded.[62] Flersheim and Solms soon convinced the delegates that this was a practicable compromise.[63] The ease with which they were able to do so suggests that now, for the first time, there was widespread belief in the viability of the planned currency. Apparently, the mountain lords were willing to agree to a relatively low mint equivalent because they assumed that since the Schmalkaldic War the emperor was powerful enough to prevent free-riders from breaking the common coins. This suggests that their previous failure to agree on a common currency had not been due to a fundamental lack of economic integration. Put differently, once the main obstacle to harmonisation – the fear of one's coins being broken in neighbouring mints – had been removed, it became obvious that the Empire's bullion markets were in principle seen as integrated well enough to allow an agreement.[64]

In Speyer, the delegates abandoned Ferdinand's original idea of a 60-*kreuzers*-piece, but the new 72-*kreuzers*-piece was to have a proportional bullion content. 72 *kreuzers* were chosen on account of conditions in Bohemia and South Germany. In 1542, King Ferdinand had fixed the exchange rate of the rhinegulden at that value, two years later, the Bohemian estates had followed, and in 1547, the city of Augsburg had

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[62] Machoczek, ed., *Reichstag zu Augsburg*, vol. 3, pp. 2010 ff.

[63] 28 Sept., i.e. after 2½ weeks of discussions which mostly concerned the question of whether the largest coin should be a 72- or a 24-*kreuzers*-piece. StArchWü, MRA Münze K 137/2, fol. 33 v.-34 r.

[64] Chilosi and Volckart, 'Money', found that currency, and by implication bullion markets experienced strong integration between the early fifteenth and sixteenth centuries.

done the same.[65] In 1549, the delegates in Speyer decided to apply this rate to the new silver *guldiner*, too.

The question of whether this silver coin and the golden rhinegulden should be perfectly fungible took up more of the delegates' time and energy than any other issue. The imperial commissioners and the princely councillors enthusiastically advocated such a system. They invoked the 'common man' who, they said, was often required to pay gold that he had to purchase at constantly increasing rates.[66] Austria's and Bavaria's reference to the duke of Jülich, who had 'taken pity' and ordered his custom posts to accept silver instead,[67] indicates that they were thinking of commerce: In this context, the 'common man' was the merchant who carried a weight of custom duties that grew as long as gold was appreciating. Laying down the gold-silver ratio in imperial law would therefore help trade.

Since the 1520s, gold was indeed appreciating on many markets. On average, the bimetallic ratio grew from 1:11.27 between 1525 and 1529 to 1:13.09 between 1545 and 1549: an increase of more than 16 per cent.[68] Under these conditions merchants doubtless did find it harder to pay toll charges demanded in gold. Still, for the policies pursued by Charles V's commissioners and the delegates of the princes other objectives

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65 Lori, *Sammlung*, p. 224; Newald, *Münzwesen*, p. 113; Blendinger, ed., *Unterkaufbücher*, p. 33.

66 StArchWü, MRA Münze K 137/2, fol. 34 v.

67 StArchWü, MRA Münze K 137/2, fol. 37 v.

68 For the bimetallic ratio see Chilosi and Volckart, 'Money'. For the likely cause, the import of silver from Spanish-America, see Pieper, 'Silver Production', esp. p. 90; Braudel and Spooner, 'Prices in Europe', pp. 444 f.; cf. tab. 1.

apart from the desire to support trade played a role. Flersheim left no doubt about this: He argued that as bishop of Speyer he had to purchase the gold he needed to repay his debts from merchants, and this with growing difficulties, high costs and insufferable fees: 'It is intolerable that it should not be allowed to pay with the silver piece instead'.[69]

Flersheim was not alone in facing this problem. At the imperial diet of Speyer 1544, the Saxon delegation had presented a memorandum claiming that there were hardly any princes of the Empire – particularly secular ones – who were not burdened with debts; few had yearly revenues above 100,000 guldens, 'and more than one with an income of barely 50,000 guldens must pay 20- or 30,000 guldens (…) a year to service his debts and stop the usurer's mouth'.[70] The memorandum aimed at demonstrating the princes' inability to pay taxes to the Empire and should be taken with a grain of salt. However, its gist is borne out by research on the finances of individual rulers. In the early 1560s Charles V's brother Ferdinand for example, who by then was emperor, had revenues of c. 970,000 guldens per year. About half of these had to be earmarked for servicing debts of altogether c. 7.8 million guldens (a debt-to-revenue ratio of 8.0 to 1).[71] In 1550, the

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[69] StArchWü, MRA Münze K 137/2, fol. 47 v. Flersheim's argument mirrored nominalist ideas that spread in sixteenth-century Germany but were discredited during the discussion about the repayment of debts contracted in the 'Kipper-and-Wipper'-period. North, 'Geld- und Ordnungpolitik', p. 98.

[70] Eltz, ed., *Der Speyrer Reichstag*, vol. 3, p. 1233.

[71] Assuming that the interest on the floating debt was similar to that on the funded debt, i.e. 6.3 per cent. Kohler, *Ferdinand I.*, pp. 177, 182 f. In the 1540s, 1 gulden would buy between c. 0.8 and 1.4 hectolitres of wheat (prices from Vienna, Würzburg, Untertürkheim, Altenburg and Brunswick).

Duke of Württemberg had yearly revenues of c. 125,000 and debts of 1.7 million guldens: a ratio of 13.7 to 1.[72] At the same time, Maurice of Saxony was in much better position with a debt-to-revenue ratio of 1.8 to 1.[73] By comparison, the English ratio was 0.8 to 1 at the death of Edward VI in 1553 and 0.9 to 1 at the accession of Elisabeth five years later.[74]

Given the recent rise in the price of gold, the emperor and the estates may have expected silver to continue depreciating, but for the servicing of debts it did not matter how relative prices would develop: Bimetallism always benefited debtors as long as it was possible to buy coins – if necessary abroad or in exchange for raw bullion – at rates reflecting their supply and demand, while creditors could be forced to accept them at their legal value. The indebted princes of the Empire must have found this prospect far more appealing than the idea that bimetallism might help struggling merchants. Whether the imperial commissioners consciously used it to rally support for the new

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Epstein-Federico-Schulze-Volckart (EFSV) historical prices database, London School of Economics and Political Science.

[72] Bütterlin, *Geldpolitik*, p. 25.

[73] Revenues of 433,000 and debts of 829,000 guldens. Schirmer, *Staatsfinanzen*, pp. 558, 581. For other princely debts see Schneider, *Geschichte der formellen Staatswirtschaft*, p. 27 (Brandenburg); Krüger, 'Finance', p. 59 (Hesse); and more generally Klein, *Geschichte der öffentlichen Finanzen*, pp. 18 f. and Press, 'Formen des Ständewesens', p. 292.

[74] English revenues: P.K. O'Brien and P.A. Hunt, European State Finance Database (http://www.esfdb.org/table.aspx?resourceid=11226, accessed 21 Feb. 2016). English debt: Loades, *Crisis*, pp. 64, 68. In purchasing power-terms, Elizabeth I's revenues of the early 1560s (c. £414,000) were about 18 per cent below those of Ferdinand I. Based on London and Vienna wheat prices: EFSV historical prices database.

currency is not known, but two things should be noted: First, the argument apparently helped reaching an agreement at least among the princely delegates whose will to co-operate was evident, and second, it seems clear that from this point, the project of creating a common currency began to come off the rails. So far, all had agreed that the aim was preventing the trade in coinage; now a group of estates emerged who realized that monetary policies could be used for other purposes, too.

The electors' delegates opposed the fungibility of *guldiner* and rhinegulden vigorously. As Brandenburg – the lowest-ranking electorate – carried little weight and Saxony had not sent a representative to Speyer, the interests of the electors of Mainz, Trier, Cologne and the Palatinate prevailed. Their councillors disputed the key argument of the princely delegates and the Imperial commissioners: They called into question that creditors would allow themselves to be forced to depart from the letter of their contracts and accept silver in place of gold.[75] However, this was not their only and probably not even their main concern. Another argument was that if the rhinegulden was treated as equivalent of a 72 *kreuzers* silver coin, 'gold (…) will in its entirety be exported from the German nation'.[76] The electoral councillors did not explain why they anticipated this, but their concern was well-founded. When King Ferdinand, the Bohemian estates and Augsburg valued the rhinegulden at 72 *kreuzers*, this had applied to coins of the

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[75] StArchWü, MRA Münze K 137/2, fol. 40 v.; cf. GStAPK, I. HA, Rep. 15, Nr. 1 D, fol. 15 v. The electoral delegates did not refer to late medieval Canon Law, but their argument fits the scholastic position that debts had to be repaid in the type of coin in which they had been contracted. Munro, '"Financial Revolution"', pp. 510 f.

[76] StArchWü, MRA Münze K 137/2, fol. 40 r.

Austrian standard of 1535. The 72-*kreuzers*-piece planned at Speyer was to be struck at a higher mint equivalent, that is, with a proportionally lower content of fine silver. Equating the rhinegulden with such a coin meant depressing the official value of gold far below its rate in neighbouring countries.[77] As long as this difference was large enough to cover transport and re-minting costs, everybody experienced in the trade in coinage would face incentives to purchase gold in e.g. Frankfurt, Augsburg or Hamburg and to sell it in Paris or some other place where its official value was higher. Bimetallism would indeed revert to monometallism.

The mountain lords did not object. As early as in 1545 the Saxon Elector John Frederick 'the magnanimous' had declared that 'thank God, the German nation can do very well without gold',[78] and his cousin and successor Maurice no doubt agreed with him at least in this point. Austria's interests matched those of Saxony: Without any formal decision having been made, the main role in the new currency would devolve on

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[77] The relevant gold-silver ratios are:

1 rhinegulden = 72 Austrian *kreuzers* (ordinance of 1535): 1:11.84.

1 rhinegulden = 1.2 Austrian silver guldens (à 60 *kreuzers*, ordinance of 1535): 1:12.24.

1 rhinegulden = 72 *kreuzers* (as planned in Speyer): 1:10.64.

1 rhinegulden = 1 *guldiner* (à 72 *kreuzers*, as planned in Speyer): 1:10.88.

At the same time, the ratio at the Paris mint was:

1 gold *écu effigie* (à 540 *deniers*) = 4.1 silver *testons* (à 132 *deniers*, ordinance of 1549): 1:11.65.

French data from Blanchet and Dieudonné, *Manuel*, vol. 2, p. 323.

[78] Aulinger, ed., *Reichstag zu Worms*, vol. 2, p. 921.

the metal they were producing.[79] The Rhenish electors, by contrast, would be seriously harmed: After all, up to 60 per cent of their revenues were generated at their custom posts, most of which were located on the Rhine and demanded gold.[80] The electoral delegates at Speyer roundly rejected a bimetallic currency.

After three weeks of rather repetitive discussions, Flersheim presented a new argument. He warned the electoral councillors that 'it had been found how dangerous it was to damage his Majesty's reputation, grandeur etc., as had become quite evident during the late war, when his Majesty had not set himself so strongly against Saxony and Hesse because of reasons of religion, but because of their lack of obedience'.[81] The electoral delegates may not have expected Charles V to go to war over the rhinegulden, but the emperor's displeasure was still not to be taken lightly: He used it strategically and often with success to discipline the estates and generate compliance.[82] In Speyer, nerves frayed further when it became known that Solms had left for Charles' court in Brussels 'to obtain an imperial resolution'. The electoral councillors became very upset about this – they had never requested such a resolution – did not need one, either –,[83] and sure enough, when after about two weeks Solms returned with Charles V's letter, it

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79 They evidently did not expect the outflow of gold to depress the price of silver. For the lacking insight into the link between the supply and demand of gold and silver and the bimetallic ratio see e.g. Graumann, *Briefe*, p. 24.

80 For the fifteenth century Droege, 'Grundlagen', p. 149; for the start of the seventeenth century Chroust, 'Beitrag', p. 33.

81 StArchWü, MRA Münze K 137/2, fol. 89 v.

82 Luttenberger, 'Reichspolitik', pp. 24, 46.

83 StArchWü, MRA Münze K 137/2, fol. 78 v.

appeared that the emperor backed the delegates of the princes. He had got hold of a copy of a memorandum where they had summarized their point of view and in which he had taken 'gracious pleasure'. Now he ordered his commissioners, specifically Flersheim, to make sure that all delegates voted accordingly – not at some future diet but 'now, at the current coinage conference'.[84] This Flersheim failed to do. The delegates of the electors dug in their heels, claiming that their lords had not expected this dispute and had given them no pertinent instructions. On 5 November the conference ended without an agreement on the point of bimetallism.[85]

In the following months the Rhenish electors tried to approach the emperor directly; they moreover sought support among their peers in Saxony and Brandenburg.[86] Flersheim and Solms, who in view of their failure to engineer an agreement in Speyer lived themselves under the shadow of the emperor's displeasure, now tightened the screws. Just before the next diet opened in Augsburg in July 1550, they required the delegates of Mainz, Trier, Cologne and the Palatinate to appear in their lodgings, forbade them to seek further advice in monetary matters, set them a time limit and then ordered them out of the room – all this in a tone that before Charles' victory in the Schmalkaldic War would have been unthinkable between representatives of the emperor and the highest-ranking estates of the Empire.[87] Once the diet had begun, the electors

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[84] Charles' resolution, dated Brussels, 24 Oct. 1549, arrived at Speyer on 1 Nov. StArchWü, MRA Münze K 137/2, fol. 100 r.; the resolution: StArchLu, B 113 I Bü 1794, no. 5, fol. 27 r.-30 v.

[85] StArchWü, MRA Münze K 137/2, fol. 90 v. – 91 r.; cf. GStAPK, I. HA, Rep. 15, Nr. 1 D, fol. 30 r.

[86] Eltz, ed., *Reichstag zu Augsburg*, vol. 2, p. 860.

[87] Ibid., pp. 861 f.

did find some support: The cities' college submitted a memorandum that repeated the arguments of the electoral councillors at Speyer.[88] The urban delegates at Augsburg were clearly unconvinced of the idea that bimetallism would help trade, but their memorandum was to no avail. The diet drafted the currency bill in accordance with what had been discussed in Speyer, including the valuation of both rhinegulden and *guldiner* as 72-*kreuzers*-pieces, and when the recess summarizing the bill's main points was brought forward on 14 February 1551, the Rhenish electors signed.[89]

In Augsburg the estates decided that each of the ten circles into which the Empire was divided should send a group of representatives to the assay at Nuremberg where the value of the money in circulation was to be determined. Most circles did so, but not the Upper Saxon one, of which Saxony was a part. While the assay was taking place, the councillors of the Saxon Elector Maurice, who had other business in Nuremberg, repeatedly wrote him, warning that the absence of a Saxon coinage expert might harm him, but he did not react.[90] Maurice's representatives had signed the recess of Augsburg.[91] They had thereby endorsed both the currency bill and the decision to hold a general assay. Their master, however, had held back from the discussions about the new common currency – first because he was still occupied with military matters, but later, apparently, because he realized that the enmity he had excited among the Protestant estates dangerously weakened his position as elector of Saxony. To strengthen it, he

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88 Ibid., pp. 865 ff.

89 Eltz, ed., *Reichstag zu Augsburg*, vol. 2, esp. pp. 875, 880, 1588, 1606.

90 Herrmann, Wartenberg, and Winter, eds., *Korrespondenz*, vol. 5, pp. 147, 158.

91 Eltz, ed., *Reichstag zu Augsburg*, vol. 2, p. 1607.

decided to join a group of princes who had formed a new anti-imperial league. In May 1551, – that is, while the assayers were still at work in Nuremberg – Maurice concluded a pact with these 'war princes', whose leader he became.[92] Charles learnt of this only in the autumn of that year, but he knew much earlier that the Saxon elector was negotiating with his enemies and by March 1551 relations had become very strained.[93]

Before the Nuremberg assay had even begun, King Ferdinand issued an edict where he announced that the assayers would 'probably' value the 'better' *talers* at 68 *kreuzers* and warned his subjects to prepare for this event.[94] 68 *kreuzers* had already in 1542 been defined as the official Austrian *taler*-value.[95] Ferdinand thus seemed to try easing the introduction of the new currency by minimising the change it involved: As we have seen, the rate of the rhinegulden was to remain unchanged; so was that of the *taler*. What his edict did not mention was that the new common *kreuzer* contained less bullion than the traditional Austrian coin of that name. *Talers* of the Saxon standard should

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92 Born, 'Moritz', p. 28.

93 Grund, 'Ehre', pp. 163 f. with FN 2; Hartung, *Karl V.*, pp. 70 f. In winter 1550-51, Moritz was negotiating about the employment of mercenary leaders whom Charles had outlawed because they had fought on the Protestant side in the Schmalkaldic war. Charles seems soon to have learnt of this. Herrmann, *Moritz*, pp. 149 f., 161. For his knowledge of the elector's negotiations with the 'war princes' see Maurenbrecher, *Karl V.*, p. 292; Ranke, *Geschichte*, vol. 5, p. 170. Charles' attempt to force Moritz to support his son Philipp's succession as emperor contributed to the fall-out. Born, 'Moritz', pp. 43, 54.

94 Ferdinand's edict dat. Augsburg 25 Feb. 1551, online at the Austrian National Library (http://data.onb.ac.at/rec/AC06377384, accessed 22 Feb. 2016).

95 Lori, *Sammlung*, vol. 1, p. 224.

have had a value of not 68, but more than 69 such *kreuzers*.[96] Hence, one aim of Ferdinand's edict was clearly to make sure that the *taler* would be undervalued. The assayers in Nuremberg took the hint. Their misgivings were obvious, but they listed the Saxon *talers* among a large number of others whose bullion content, they said, merited a rate of 'in part more than and up to' 68 new *kreuzers*, 'as defined in the edict'.[97]

The currency bill of July 1551 thus presented consumers with a choice: They could either use *talers* or imperial *guldiners*. The incentives were clear: *Guldiners* would be given preference, *talers* – whose value as bullion was higher than their legal value as coins – melted and sold to the mints. From Charles V's perspective this was advantageous in every respect. On the one hand, the demise of the *talers* would provide the metal needed to produce *guldiners*. On the other hand, *talers* were the most important product of the Saxon mints, which made a weighty contribution to Maurice's revenues.[98] Driving them out of circulation would not only politically damage the new elector's reputation and grandeur but also economically weaken him – as it would most

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96 Hirsch, *Münz-Archiv*, vol. 1, p. 312.

97 Their discomfort is palpable in the wording of this section of the report (garbled almost to the point of ambiguouity): '*Diese jetzt gemeldte Thaler alß die zum theil darüber biß in 68. kr. erlangen, laßen wir bey dem wehrdt der 68. kr. im Edict gesetzt neben der neuen Reichs Muntze bleiben*'. Ibid., p. 336.

98 In 1549/50, the income from silver mining and the mint (which the Saxon treasury registered separately only after 1556) accounted for more than a quarter of Maurice's revenues. Between 1572 and 1582, when the income from mining had shrunk, the income Maurice's successor received from the mint equalled more than 100,000 guldens per year, i.e. c. 12 per cent of his total revenues. Schirmer, *Staatsfinanzen*, pp. 558, 621 ff., 917.

other ‘war princes’, who were producing *talers* of roughly the Saxon standard.[99] While Charles nowhere openly said that this was his aim, he cannot but have been aware of what abolishing the *talers* implied for his opponents. As in the case of the fungibility of rhinegulden and *guldiner*, the original aim of the reform – preventing coins from being broken in neighbouring mints – began to fade behind a new objective.

V.

In 1552, Maurice of Saxony and the other ‘war princes’ revolted, invading South Germany and driving Charles from Tirol. The war shook the emperor’s rule to the core. It also delayed the reform of the Empires’ currencies. In Austria, for example the Imperial Monetary Ordinance came into force only after King Ferdinand had negotiated the peace with the opponents of the Habsburgs.[100] However, once that had happened it quickly became obvious that crying down the *talers* to 68 *kreuzers* did not work. Outside Austria this measure had not yet been taken, so that Austrian consumers soon began to complain about foreigners buying up *talers* and exporting them to where they commanded a higher price. In Austria *talers* did indeed disappear from circulation, as intended, but they left the country rather than ending in the Austrian mints to be turned into *guldiners*.[101]

One part of the Empire where *talers* commanded a higher price was North Germany. In April 1555 Duke Henry the younger of Brunswick-Lüneburg concluded a

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[99] Cf. Hirsch, Münz-Archiv, pp. 335 f.

[100] *Romischer, Auch zu Hungern, vnd Behaim etc. Khünigklicher Mayestat, Ertzhertzogen zu Osterreich etc. Newe Müntzordnung* (text dated 1 Apr. 1552, publication 1556).

[101] Newald, *Münzwesen*, pp. 54 f., 57.

contract with a number of regional imperial estates and provincial towns that fixed their value at 24 Saxon *groschens*.[102] The agreement seems to have confirmed the going market rate of *talers*: In Mecklenburg, for example, this had been their value since about 1550.[103] At that rate, they were overvalued by almost 10 per cent – a huge premium which reflects their popularity and implies that compared to *guldiners*, they were 'bad' coins in the sense of Gresham's Law. This, in turn, implies that no-one experienced in the trade in coinage would ever use *guldiners* in payments in North Germany. Rather, they would be withdrawn from circulation and sold as bullion – the opposite of what Charles V had intended. Once this became known, further repercussions were bound to follow. Any authority who considered issuing *guldiners* would realize that its product would end in the melting pots of the Lower Saxon mints. Unsurprisingly, few estates implemented the Imperial Monetary Ordinance.[104]

The fate of the rhinegulden in the years following 1551 suggests that a fundamental problem lurked behind these developments. At a very early stage of the conference in Speyer, when the value of the gulden was first being discussed and long before the issue of the export of gold was raised, the electoral delegates had warned that 'it would be impossible to keep the rate of the Rhenish gold gulden at 72 *kreuzers*; rather, (…) it

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[102] Bahrfeldt, ed., *Münzarchiv*, vol. 1, p. 78. The contract referred to Saxon *groschens* minted according to the electoral-Saxon ordinance of 1549 rather than to *groschens* of the Saxon regional currency recognized in the Imperial Monetary Ordinance of 1551. Cf. Schrötter, 'Münzwesen, Teil II', p. 108.

[103] Evers, *Münz-Verfassung*, p. 56.

[104] For a list of estates who did mint coins in accordance with the currency bill see Vorel, *Monetary Circulation*, pp. 96 ff.

would climb much further'.[105] This did indeed happen. In Augsburg for example, the gulden's average exchange rate rose from 72.12 *kreuzers* in 1552 to 75.00 *kreuzers* in 1558.[106] As the *kreuzer* was not debased during these years, the upward trend of the exchange rate reflected the continuous fall in the value of silver relative to gold. However, this is not the whole story. Enforcing the circulation of coins at their legal par value is costly. If consumers were well-informed – and the rhinegulden-rates quoted above were collected from the books of professional brokers who certainly were – forcing them to use coins at a rate other than their market value required constantly monitoring the market, and this was prohibitively expensive. Hence, rhineguldens were neither exported nor melted and sold as raw metal; rather, they circulated at a premium.

All this points to a dangerous illusion of power Charles V seems to have nurtured in the years after the Schmalkaldic War, when according to a modern biographer his behaviour was characterized by excessive pride.[107] He was certainly powerful enough to bully the Rhenish electors into submission. He was also perfectly capable of seizing the opportunity offered by the diet of Augsburg's *ex ante* agreement to any result the coinage experts in Nuremberg would come up with: His brother's edict anticipated the assay's outcome, thereby putting pressure on the assayers in a way that was expected to harm the emperor's opponents. However, monitoring millions of transactions on

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[105] StArchWü, MRA Münze K 137/2, fol. 8 v.

[106] Exchange rates from Blendinger, ed., *Unterkaufbücher*, pp. 43-203; cf. tab. 1.

[107] Kohler, *Karl V.*, p. 314. Early modern German rulers seem to have tended to overestimating their ability to enforce economic legislation, possibly because they conceived of their subjects as a 'super-oikos' they could manage like a household. Cf. Bauer and Matis, *Geburt*, pp. 190-6.

markets all over the Empire, where consumers decided what coin to spend at which value, far surpassed Charles' abilities. If he had had the full support of the estates – including the Rhenish electors and the elector of Saxony – he might have been able to enforce the circulation of the rhinegulden and *taler* at a rate agreed by all parties; under the given circumstances, this was out of the question. This is why the idea to deflate princely debts by fixing the bimetallic ratio foundered, and why the plan to harm Maurice of Saxony by undervaluing the *taler* blew up in Charles' face. When the emperor abdicated in 1556, his project of creating a common German currency had failed just as his power politics.

VI.

This article uses new primary sources to examine the creation and failure of the Holy Roman Empire's common currency in the years around 1550. It advances three hypotheses:

1. An influential strand of research claims that attempts to create a common currency failed because the Empire's bullion markets were poorly integrated. However, at the coinage conference in Speyer in 1549 bullion prices were not an issue. The delegates quickly agreed on a common standard. They were able to do so for reasons of politics: Since the Schmalkaldic War, Charles V's power had increased so far that now, for the first time, there was widespread belief in the viability of a common currency. Once all expected harmonisation to work, the silver-producing estates, who until then had insisted on a high mint equivalent in order to reduce the likelihood of their coins being broken, were willing to agree to a lower equivalent, thus accommodating the wishes of the estates without silver mines.

2. The other common explanation of the failure of an Empire-wide currency argues that the number of political agents was too large and the will to cooperate too weak to allow overcoming differences. Examining how the currency bill of July 1551 was drafted shows, however, that effective decision making procedures were in place, which mitigated the problems posed by the large number of actors: Solutions were developed in small committees, discussed in expert conferences, and finally submitted to the imperial diet at large. Moreover, complaints about the 'trade in coinage' and the 'breaking' of coins suggest that the desire to harmonise the German monetary systems was widespread. As a result, the diet unanimously passed the currency bill.
3. The attempt to create an Empire-wide currency failed for political reasons, and only *after* the diet had passed the bill. The crucial point was that by *ex ante* agreeing to the results of Nuremberg assay, the diet gave Charles V a *carte blanche* that the emperor used to try to weaken Maurice of Saxony: He undervalued the *taler*. This antagonised one of the most important princes of the Empire and increased the costs of implementing the currency project. Given that the electors on the Rhine had only grudgingly agreed to the bill, implementing the bimetallic ratio that it prescribed now became prohibitively costly, too. Neither this ratio nor the *taler*-rate proved enforceable. In north Germany, *talers* were over- and *guldiners* undervalued. As a consequence, *guldiners* and with them the common currency disappeared.

In sum, harmonisation failed not because Germany was economically poorly integrated or the will to co-operate was lacking but rather because Charles V and the indebted princes tried to use monetary policies for ulterior ends. This finding qualifies the gist of

recent research, which stresses the economic benefits the Holy Roman Empire generated for its members. While the Speyer conference of 1549 and the imperial diet of Augsburg in 1550 to 1551 demonstrated that fruitful cooperation was possible at the level of the Empire, major political failures still occurred: Charles V's monetary manipulations played a core role in perpetuating the diversity of currencies that characterized German economic life far into the nineteenth century.

<Table 1 here>