Private money, urban finance and the state: Antwerp in the sixteenth and seventeenth centuries.

Paper presented at the 14th International Economic History Congress, Helsinki, 2006, Session 13: Citizens, Money and Urban Governments in Northern Europe in the Late Middle Ages and Early Modern Era

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The city of Antwerp played an exceptional role as a commercial centre during the sixteenth century. During its Golden Age, it became one of the biggest cities of Europe and was admired by visitors as being one of the most splendid and wealthiest cities of the world[1]. Besides being an intenational market place, the city represented an extraordinary concentration of capital, which made it extremely important for its rulers. Charles Vth heavily relied on the Antwerp money market for his expansionist policy, and at the same time he used the town's credit in order to obtain long-term loans via the sales of annuities on the urban domain[2]. As a result of the high financial burden of taxation, loans and some major local expenses, the city endebded itself heavily and struggled for two centuries to get a hold on its public debt. Only in the 1820's, a thorough amortisation program made an end to this unhappy inheritage. In this paper, which is part of a research project on the relationship between city and state during the early modern period, we are going to analyse the way how private capital, urban and state finance were connected in Antwerp during the sixteenth and seventeenth centuries[3]. The focus of the paper is on urban accounts and documents concerning the negotiations of loans and taxes in the city council of Antwerp. These documents reflect the way in which the town authorities tried to make use of their citizens' money to meet both the demands of the central state and those of the urban administration. In order to maintain a certain balance in their accounts they continuously had to find new sources of incomes. In their choice between different

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[1] J. Van der Stock, ed., *Antwerp, story of a metropolis* (exhibition catalogue, Antwerp, Hessenhuis, 25 June -10 October 1993), Antwerp, 1993.

[2] F. Braudel, Les emprunts de Charles-Quint sur la place d'Anvers, in: Charles -Quint et son temps, Paris, 1972, p.191-202.

means of extraction, that is, taxes, loans, lotteries, or others, the city government had to take into consideration the position of powerful creditors'circles, as well as the different social groups that were represented in the urban council.

The financial structure of Antwerp was based on medieval foundations. According to F. Prims, the author of the classical 29-volumes history of Antwerp, the major sources of income of the city were established already in the thirteenth century: excises on the major goods of consumption, especially on wine and beer, incomes related to the public authority of the magistrate, such as the right of citizenship, the income from the urban patrimony, and incomes from loans, in form of the sale of life annuities[4]. The first city accounts that are conserved, concerning the year 1324-25, display a similar structure.[5] From this point of view, the city did not distinguish itself fundamentally from other Brabantine and Flemish towns of the same period[6]. For the ordinary expenses, that is wages and adminsitration costs, public works etc. the ordinary incomes were generally sufficient. For larger extraordinary expenses, the city had to use extraordinary incomes, in many cases in form of loans.

The decisions about the means of retrieving necessary funds were taken by the general council of the city, from the sixteenth century on called *Broad Council* (Brede raad), an assembly gathered by the town magistrate, consisting of representatives of the main bodies of the urban community. In the middle ages, their precise composition is not documented; it also seems that the council only gathered occasionally. However, from the sixteenth century onwards, its importance, as well as the frequency of gathering, increased. The Broad Council consisted of four fractions, the so-called *members* (leden): the magistrate, consisting of the mayor and the aldermen, the former-aldermen, the wardmasters (wijkmeesters) and representatives of the citizens, and finally the craftguilds. Each fraction of the council decided separately about the proposition presented by the city magistrate, in a separate meeting. In order to reach a decision, all fractions needed to come to a common

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3 UVA/NWO-Aspasia programme 'The metropolis and the state. The autonomy of Amsterdam and Antwerp in a comparative perspective, c. 1530-1830'.

4 F. Prims, *Geschiedenis van Antwerpen*, 29 vols., 1927-1949, II/1, p.80-88. From the fifteenth century on, also perpetual annuities made part of the sources of urban incomes.

5 F.H. MERTENS, *Oudste rekening der stad Antwerpen (1324)*, Codex diplomaticus nerlandicus. Historisch genootschap te Utrecht, 2e reeks, IV, 1857.

6 The classical studies are: H. Van Werveke, De Gentse stadsfinanciën in de middeleeuwen, Brussels, 1934. R. Van Uytven, Stadsfinanciën en stadseconomie te Leuven van de XIIe tot het einde der XVIe

agreement[7]. This broad base of financial decision-making led to lengthy discussions between the different interest groups within the city, trying to counterbalance the advantages and inconvenients of different forms of funding. It is through these discussions that we can get an insight into the financial policy of the city, while the city accounts and other related documents reflect the direct results of this policy.

Until the fifteenth century, Antwerp was a port of interregional importance, and a centre of fairs. It was also one of the four major cities of the duchy of Brabant, with a representation in the provincial estates, but nevertheless it was only a mid-sized town of ca. 20 000 inhabitants. The second half of the fifteenth century, the city would gradually gain importance as centre of international trade and obtain a considerable financial autonomy. In 1453, it obtained, against the payment of 9600 *Rijders (*12000 Carolus-guilders[8]*)* as well as a yearly payment of 500 *old shields* (711 guilders), the permanent octroy for levying excises, while generally the octroy in the Southern Low Countries was only granted for limited periods[9]. But it was especially the period between ca. 1480 and 1500 that was of crucial importance for the rise of Antwerp as a commercial metropolis. It is in this period that the exchange of the major commodities of Antwerp's trade, English cloth, Central European metals, and Portuguese spices, the three pillars of Antwerp's economic prosperity, as J.A Van Houtte called them, fully developed[10]. Besides these commercial constellations, political factors have to be stressed particularly in this context. The policy of Maximilian of Austria to bestow a series of privileges and trading monopolies upon Antwerp in his struggle with the Flemish cities, among which Bruges, formed the institutional basis of the commercial

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eeuw, Brussels, 1961; C. Dickstein-Bernard, La gestion financière dúne capitale à ses débuts: Bruxelles 1334-1467, Brussels, 1977.

[7] F. Prims, De Antwerpsche Breede Raad en zijn archief, *Antwerpsch Archievenblad*, 2nd series, VIII, 1933, p. 161-192.

[8] The Carolus-guilder of 20 stuivers was equivalent with the pound artois, the most current money of account in the Low Countries after ca. 1540. All amounts in other currencies are therefore calculated in (Carolus-) guilders throughout this paper.

[9] 1 rijder was the equivalent of 25 stuivers in 1451, J. CUVELIER, *Les dénombrements de foyers en Brabant (XIVe - XVIe siècle)*, Brussels, 1912, p. CV. Ghent, for example, was granted an octroy of thirty years in 1455, see M. BOONE, *Geld en macht. De Gentse stadsfianciën en de Bourgondische staatsvorming (1384-1453)*, (Verhandelingen der Maatschappij voor Geschiedenis en Oudheidkunde te Gent, XV), Gent, 1990, p. 54.

[10] J.A. VAN HOUTTE, La genèse du grand marché international d'Anvers à la fin du Moyen-Age, in: *Belgisch Tijdschrift voor Filologie en Geschiedenis/Revue Belge de Philologie et d'Histoire* XIX (1940), pp. 87–126; Idem, Anvers aux XVe et XVIe siècles. Expansion et apogée, in: *Annales E.H.C.* 16/1961, pp. 248–278. See also H. Van der Wee, *The Growth of the Antwerp Market and the European Economy (fourteenth - sixteenth centuries)*, The Hague, 1963, II, pp.113-136.

key position of Antwerp in the Low Countries. At the same time it formed the foundation of the close relation and interdependence between Antwerp and its Habsburg rulers that was characteristic for the history of the city during the sixteenth century[11].

As a result of the economic expansion, Antwerp witnessed an enormous increase of population, of commercial and industrial activity and finally of rich merchants within its walls. As a result of the close connection to the prince, the city obtained privileges, but at the same time was increasingly solicited to lend money to the central government. All these factors influenced the composition and further evolution of the urban finances.

Urban taxation in Antwerp was mainly based on indirect taxes on consumption, in the first place on beer, wine and grain. In the city accounts of the period 1530-1542, these so-called great excises made up for no less than 78% of the total urban incomes (see figure 1)[12]. Especially the beer excise, which represented the greatest part of the great excises, was considered the major means of urban taxation. It was frequently increased during the sixteenth century in order to provide the necessary financial means. Concerning the tarif, a distinction was made between heavy luxury beers and light beers, and between beer for home consumption and beer distributed in taverns. Luxury beer was subject to heavier taxation than the cheaper standard beer. Furthermore it was frequently taxed with additional taxes throughout the sixteenth and seventeenth centuries, so that in the late seventeenth century, luxury beers were taxed with 66 schillings per ame, while light beer was only taxed with 20 schillings per ame[13]. Since 1525, the cheapest type of beer, the so-called *klein bier* was alltogether exempt from taxation, and in 1539 also the *kuit*, another cheap type was exempt due to public unrest and threats of riots. The excise was however reinstalled after 1542, in order to cover the costs of the new fortifications[14]. These different tarifs indicate that the city government tried to take into account the social differences

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[11] G. E. Wells, *Antwerp and the Government of Philip II: 1555-1567*, PhD-dissertation, Cornell University, 1982, p.20-21.

[12] For a detailed study of the city accounts of 1530-1542, see: M. 't Hart and M. Limberger, Staatsmacht en stedelijke autonomie. Het geld van Antwerpen en Amsterdam (1500-1700), to be published in: Tijdschrift voor Economische en Sociale Geschiedenis, special issue: Het geld van de stad.

[13] Boumans…p.70-71, The Antwerp *ame* contained 142,18 l.

[14] Masure, p. 150.

within the city by taxing luxury products heavier, than products of basic consumption. This respect for a social repartition of the tax burden was one of the major claims made by the citizens and crafts in the Broad Council, as I will show from other examples too. Other excises were levied on wheat, fish, butter and cheese, linen, horses, peat and salt, although their incomes were much lower than those of the excises on beer and wine (see table 1).

Table 1: Incomes from excises in 1530/31, in Carolusguilders

Beer	61648,6	68%
Wine	22009,8	24%
Grain	2407,2	3%
Fish	1080	1%
Butter and cheese	1000	1%
Linen	960	1%
Horses	634,4	1%
Peat	575	1%
Salt	244,8	0%

Other excises were added to the urban incomes later on. So, in 1541, the city first introduced an excise on brandy, in order to compensate for the decreasing incomes of the wine excise. During the financial crisis of the city after 1585, the city reintroduced the excise on woord, coal and peat, which had been levied in the fourteenth century, but had been abolished later on. In the seventeenth century, the Broad Council tended increasingly towards taxes on luxury goods, such as horses (1645 and 1663) candles and torches used during burials and other celebrations (1663) and tobacco (1667). Public sales on the Friday market were taxed from 1664 onward and sealed paper and the sale of annuities (1658)[15]. However, the income these new excises created remained insignificant in comparison with the beer excise and its numerous augmentations[16].

[15] A. Kreglinger, *Notice historique sur les impôts communaux de la ville d'Anvers*, Brussels, 1845, p. 92-110.

[16] During the period 1665-1680, the great excises (on beer, wine, brandy and grain) still yielded 68,6 % of the total income of the city, while the other excises only made up for 15,4%. 't Hart and M. Limberger, Staatsmacht en stedelijke autonomie, table 3.

Other sources of income were rights from jurisdiction and contributions on commercial transactions or the use of commercial infrastructure as well as some incomes from leases of urban patrimony. These rights yielded comparably low incomes, because some of them were only partly in the hands of the city, the rest of the income belonging to the prince or individual noblemen. The city tried however, to get control over these rights, such as the weighage, the toll on Scheldt etc. The city magistrate bought them for a high price in order to increase the fiscal basis of the urban finances, but also to increase its autonomy in the field of economic policy[17]. Thus between 1522 and 1542, the city purchased successively parts of the urban weighage right including the so-called Riddertol from the duke and several other owners, and in 1677 the 'lepelrecht' a ducal right on grain, for which the town did not spend less than 300 000 guilders[18].

Table 2: Other taxes and incomes from urban authority in 1530-31 (in guilders)

Leases	1393,2
Crane	800
Transfer rights on real este transactions	683,4
Honte toll	627
Cloth hall	550
Herring chamber	428
Cut cloth	360
Watermill	161,8
Criminal justice	82,2
Winecourtiers	80
Cellars	74,8
Testaments	56
Market stalls	52,4
Weighage	41,4
Wine measure	36

[17] 't Hart and Limberger, Staatsmacht en stedelijke autonomie.
[18] See Masure, o.c., p. 206; Antwerp, City Archives, R 1401 Account consuptiekas 1 feb. 1679-31 jan. 1680.

Tanners	28
Fish stalls	18,4

These *ordinary* incomes were supposed to cover the costs of the ordinary expenses of urban government and administration (for an overview, see figure 2). However for high extraordinary expenditures they were not the ideal source of income, because they could not produce sufficient incomes within a short time-span.

In case of exceptional circumstances, like wars or other crises, the city magistrate could turn to extraordinary taxations. For example, in 1537, the city had to contribute 60722 guilders for a tax in order to finance the war of Charles Vth against France. As the ordinary incomes were insufficient to pay that sum, the representatives of the crafts proposed to introduce a tax of 5% on rents for houses and real estate. If this was insufficient, the rate could even be increased to 10 %. It seems however that the commission that was appointed to estimate the income from that taxation came to the conclusions that the income would be insufficient and hence the Broad Council sticked to an increase of the excises on beer and wine[19]. Already in 1543, however, the principle of direct taxes on incomes from real estate was introduced by the central government and became a relatively frequent form of taxation also on the urban level[20].

Also for extraordinary taxes, the argument of social justice was used. In 1584, during the Calvinist governement of the city, the magistrate proposed a head tax (hooftelijke quotisatie) as being the most adequate means to help the city, "*especially because those with the lowest incomes shall be spared and supported, and that the money will be supplied by the most capable, without however upsetting or discouraging the rich and the merchants, and thus moving them to stop their commercial activity here and to leave the city…They should be the ones who should help the common good with their means because of their quality and capability and help to carry the occurring burden*" [21]

[19] Masure, *o.c.*, p. 219.
[20] M. A. Arnould, L'impot sur le capital en Belgique au XVIe siècle, in: *Le Hainaut économique* 1(1946), pp. 17-45, 24.
[21] Antwerp State Archives, Archives of the Brede Raad nr. 7, Breeden raedboek van de meersche: 1584, fo 1 vo. : 13 juli 1584.

After 1585, when Alexander Farnese had recovered the city from the Protestant rebels the city was again confronted with high financial charges. Even if they introduced the highest possible taxes, they would not produce enough income to pay the debt. Houses and real estate were already taxed with a 100th and a fifth penny, which was still to be collected, and as far as consumption was concerned, the magistrate held the opinion that it could and should not be taxed even heavier. Furthermore, the economic situation of the city was particularly bad in 1585, because it was, according to the city magistrate "*impoverished and squeezed by the dearth, the interruption of economic activity, and other reasons*". Hence they tried to find means that should be bearable for the poor community. The only remaining form of taxation was that of a forced loan, "*not only without personal damage, but even with considerable gain, so that nobody can be excused to sustain his hometown"*[22].

Whenever the incomes from excises and other taxes and fees were not sufficient the city government had to turn to loans from merchants and the wealthier citizens. The most common forms of public loans were annuities, either life annuities (lijfrenten) or perpetual- or hereditary annuities (erfelijke renten). These were forms of long-term credit and hence were available at lower interest rates as the short-term credit arrangements with bankers. Perpetual annuities, although redeemable by the fifteenth century, were in principle never paid back, but they were tradeable and therefore an attractive and flexible source of income for the owner. Life annuities, on the other hand lasted only as long as the holder was in life, but the interest rate was higher than that of perpetual annuities. For the city government they had the advantage that the debt diminished as the holders of the annuities died. Interest rates for perpetual annuities were mostly 6,25 % (penny 16) in the first half of the sixteenth century. After 1555, annuities for 8,33% (penny 12) became more frequent. Life annuities, in contrast paid 12,5 % (penny 8) for annuities on one life, and 10 % for annuities on two lives. The interest payments, however, had to be financed with the ordinary incomes of the town, or if necessary, by extra incomes. Thus, the policy of public loans did not free the city governement from taxing the inhabitants; it only was a

[22] State Archives Antwerp, Archives of the Antwerp Broad Council nr.8, fo. 35-41.

temporary solution, which served to spread the burden over a longer period, which had to be backed up by the necessary tax incomes[23].

During most of the sixteenth century and at least during the first half of the seventeenth century, capital was available and annuities were quite popular among the Antwerp citizens and the merchants active in Antwerp. The city accounts contain extensive lists of the names of the annuity-holders. For the life annuities, the geographical spread is also indicated. Hence in 1530/31, 62 % of the Antwerp life annuities were held by Antwerp citizens and residents, another 18 % by citizens of Mechelen, 3 % by citizens of Lier and only 1% by citizens of Brussels. 12 % of the annuity holders came from other cities and finally 3% from villages[24].

The social background of the Antwerp annuity buyers has not been studied systematically yet. R. Baetens analysed a sample of life annuities sold between 1639 and 1644, with a total value of 359 600 guilders. Among the 85 buyers 20 bought more than 1000 guilders which made up for 64,25 % of the capital; 26 persons bought more than 500 g. (23,98 %) 31 persons bought betwee 100 and 500 Guilders (11,16 %) and 8 persons finally bought less than 100 G. (0,61%). A great part of the annuities was bought by merchants, for whom buying life annuities was a form of life insurance for themselves and their children. Furthermore Baetens suggestes, that the merchants were interested in contributing to the defence of the city for their own interest.[25] We know furthermore from several studies concerning members of the Antwerp magistrate that annuities of the city and of the Brabant estates made part of their investments. The relative importance of annuities in comparison with other kinds of investments, such as landed property differed however from individual to individual. Nicolas Rockockx, burgermaster in the beginning of the seventeenth century, invested most of his property in annuities. He held no less than 300 000 guilders in annuities, while others prefered real estate. Among a group of 24 members of the Antwerp city magistrate from the period 1585-1621, for which probate inventories were available, it was especially those coming from a commercial background, who had a strong preference for annuities. They held between 40 000 and 60 000 guilders of annuities at the moment of their death. Noblemen, like Hendrik

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[23] Compare M.Boone, K. Davids, P. Janssens, Urban Public debts from the 14th to the 18th century. A new Approach, in: *Urban Public Debts. Urban Governments and the Market for Annuities in Western Europe (14th-18th centuries)*, Turnhout, 2003, pp. 3-11, 6-9.

[24] Antwerp City Archives, Rekenkamer nr. 7: City Account 11 nov. 1530-11 nov. 1531.

van Berchem even had incomes of 20 000 guilders in annuities per year, or an estimated 400 000 guilders of capital. Generally speaking, the wealthy citizens of Antwerp , about 500 invested their money in landed property, annuities of all kinds and in houses. Annuities for public loans were only one part of the investments in annuities.[26] Besides rational reasons of profit maximization, a sense of duty towards the city will also have played a role in the decision to buy annuities of the city. This was even more the case for the members of the city magistrate, who also were supposed to give a good example. Hence it is no surprise that the main investor for the re-issue of life annuities for a reduced interest of 4% during 6 years in 1626 was the before-mentioned Nicolas Rockockx, followed by two local noblemen. He bought annuities for 1800 guilders a year, which was ca. 18 % of the whole amount[27]. The argument of loyalty towards the city, including from a financial point of view will have played a major role, besides the prospects of a yearly rent.

During the sixteenth century, the city did not only see its incomes rising. It was also confronted with increasing expenses. Especially the demand of the central government for financial sustain played a major role here. According to a balance made up in 1531, Charles Vth and his predecessors had accumulated a debt of 572 000 guilders towards the city already by that time, most of which dated from the period 1517-1530[28]. The frequent sequence of loans and taxations and other expenditures the city was confroned with during the sixteenth century forced the city government to mobilize the financial means of the community. The city of Antwerp was an important source of money for the central government in three different ways. First, the presence of a great number of wealthy merchants and some of the greatest financial firms of Europe in Antwerp made it a source of short-term credit. Second, the city itself provided a major credit-facility too, dircetly and indirectly, through short-term loans or more frequently through long term loans, via sales of annuities mortgaged on the city. And, finally, Antwerp as one of the most populous and most wealthy cities of the Low Countries was a tax contributor of considerable importance.

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[25] R. Baetens, *De nazomer van Antwerpens welvaart. De diaspora en het handelshuis De Groote tijdens de eerste helft der 17e eeuw.* Vol I, p. 265-288.

[26] I. Ghys, De Antwerpse magistraat in een laat-humanistische en contra-reformatorische periode:1585-1621, unpublished thesis, Catholic University of Leuven, 1988, p.137.

[27] Antwerp, City Archives, R 1387 Account consumptiekas 1665-1666.

[28] T. Masure, *De stadfinanciën van Antwerpen 1531-1571. Een poging tot reconstructie*, 2 vols. ('licentie'-thesis: University of Ghent, 1986) p. 275.

While the first aspect, that is, the loans from merchants and bankers at the Antwerp money market did not have any direct financial implications for the city government, the others, loans from the city or backed up by the city, and taxes, had, of course, major consequences for the urban finances. Moreover, the different sorts of transactions were often connected to each other in practice. For example, in 1531, the emperor allowed the city to pay off the annuities the city had sold in his name from its quota in the common taxes. If there were no taxes to be paid in a particular year, the city could recover the annuities from the ducal domain[29].

The Antwerp money market was of vital importance for the political plans of Charles Vth. Here, he could obtain huge loans from great international commercial firms, among which the Augsburg Fuggers were the most renowned. Other major financiers in Antwerp were the Southern Germans Welser and Herwart, the Spaniards de Vaille and de Moxica and the Italians Gualterotti and dell'Affaitadi. Moreover, there were numerous other merchants in Antwerp who were able and willing to lend considerable sums to the government. According to an English observer, there were thrity to fourty Antwerp merchants around 1564, able to give loans up to 300 000 guilders without any damage to their business, although thirty years before there had been only two or three[30]. Repeatedly, the emperor or some his collaborators stressed the importance of the Antwerp money market in their correspondence. To maintain this market functioning, the emperor was ready to make concessions to the city and its merchants. He used negotiators such as Lazarus Tucher, Gaspard Ducci or Erasmus Schets in order to obtain loans directly from the Antwerp bankers. On various occasions, however, he also called upon the city magistrate to negotiate with local merchants in order to obatin loans on favorable conditions, and to guarantee for the repayment. In 1522 the emperor needed an amount of 140 000 lb. He sent the count of Nassau and Bergen to Antwerp twice to negotiate a deal with Antwerp merchants[31]. The personal credit of the king proofed soon insufficient to obtain the amounts needed. He therefore had to rely on the receivers of his domain (rentmeesters) and on the cities to back up his credit. Antwerp, as the major commercial centre of his realm could boast of a solid credit and was therefore solicited by preference. The interest rate the king

[29] Masure, *o.c.*, p. 278.
[30] Ehrenberg, Zeitalter der Fugger, II, p.45.

had to pay was generally considerably higher than that to be paid by the city, and an annuity on the city of Antwerp seemd to offer more securities of repaiment than the personal promise of Charles Vth. This made that the emperor asked Antwerp to take loans in his name, hence using the credit of the city. Already in the beginning of the sixteenth century, Charles repeatedly asked the city to sell annuities in his name, which he would pay back via the general tax-receivers of Brabant, through the royal domain, or by granting the city reductions of taxes or other dues. These would therefore not cause any extra costs for the city, as long as the king paid back his debts on time[32]. Nevertheless, backing up the credit of the emperor with that of the city had its risks. In case of non-compliance, the city was held responsible, including the private wealth of its citizens. Hence in 1545, Charles decided not to pay the pension of the former arch-bischop of Cologne, von Wied, after the latter had joined the Schmalkaldian Union. As the the city had guaranteed for the payment Wied held them responsible for the payment and kept several Antwerp merchants imprisioned in Frankfurt until the city would agree to pay the arrears.[33] Without reaching such extreme dimensions, the repayments of the royal debts had to be renegotiated frequently due to difficulties of the king or some of his officers to pay back. Thus, in 1540, the king gives permission to the city to sell 7581 guilders of perpetual annuities to cancel an obligation of 100 000 guilders, which the city had contracted for the king in 1536, but which the latter had not been able to liquidate because of his heavy expenses[34]. Another form of credit arrangement between the king and the city was that of advancing the quota of a tax. As the collection of extraordinary taxes generally took considerable time and was therefore often spread over several months or even some years, the government prefered the cities or the Brabant estates to sell annuities for the whole amount, which then could be paid back from the collected tax incomes[35].

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[31] See also the instructions by Mary of Hungary from 1536 in order to obtain a loan of 100 000 Carolusguilders from Antwerp merchants; Brussels, ARA/AGR, Aud. 1652/1 – MF 5136, nr. 469-470.

[32] see different references in Antwerp, City Archives, Pk. 2376: *Traktaat van beden bij den hertogen van Brabant gedaan...sedert anno 1404 totten jare 1576 oft 1577 wesende van andere regeringe*, fo.25-32.

[33] F. Prims, Antwerpse stadsschulden in Duitsland in de XVIde eeuw, in: *Mededelingen van de Vlaamse Academie voor Wetenschappen, Letteren en Schone Kunsten van België*, 1948, p.5-34.

[34] *Tractaet van beden*...fo. 45.

[35] Tractaet van beden…fol. 36: 25 feb.1538: Antwerp sells annuities for 48000 G. to pay its quota in the tax of 324 000 G.

Other factors contributed to the high urban debt of Antwerp too. In the 1540's and 50's, the city built a new fortification, after the threat of an attack by Gelders troops in 1542. These fortifications, although built on the orders of the governor Mary of Hungary, had to be financed exclusively by the city itself. During the first years, the funding took place by means of a special commission, the so-called fortification chamber, which hardly reported to the Broad Council. The traditional means of funding, excises on slaughtering, baking and the reintroduction of the excise on koyte, the cheapest type of beer, and the extensive sale of annuities proved far insufficient.
The city had to take short-term loans for 2 265 235 guilders from the big German firms and local merchants to cope with the costs of the works[36]. To pay back these loans, the city sold even more annuities and thus increased the urban debt even more. Finally, the city was faced with a debt of almost a million guilders in 1547, which made necessary a complete revision of the urban income-policy. The discussions concerning the necessary financial measures for the funding of the new fortifications are of particular interest because they are the first explicite reference to the importance of the Broad Council in the financial policy of Antwerp[37]. The magistrate proposed a new excise on rye, the major bread grain, as well as on other grains, and an increase of the excises on beer and wine. Furthermore, leases from real estate should be taxed with 10 %. However, the fractions of the citizens and the crafts in the Broad Council considered that these proposals would especially harm the lower classes and and asked for a solution "without a great burden for the community and of great profit for the city". The magistrate admitted that the excise on rye would be a heavy burden for the poor inhabitants and dropped it in its next proposal. But once again the Broad Council was not convinced. Finally it took the personal intervention of Mary of Hungary to force the Broad Council to an agreement: the excises for beer were increased, the 10 %-tax on rents from real estate was maintained, the city should sell unnecessary urban property and sell 600 000 guilders of perpetual annuities. This proposal contained some concessions to the demands of the second and third *member* of the Broad Council, especially the fact that the disputed excise for rye and other

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[36] Among the creditors were Anton Fugger, the Welser firm, Wolf Puschinger, Ulrich Hainhofer, Anton Haug, the major German merchants active in Antwerp, as well as the Antwerp residents Lazarus Tucher, Erasmus Schets and his sons; Soly, 'Fortificaties, belastingen en corruptie te Antwerpen in het midden der 16e eeuw', *Bijdragen tot de Geschiedenis* 53 (1970) 191-210, see also: D.J. Harreld, *High Germans in the Low Countries. German Merchants and Commerce in Golden Age-Antwerp* (The Northern World, 14) Brill, Leiden en Boston, 2004.
[37] See Soly, Fortificaties...p. 195-205.

types of grain was dropped, and the proposition to sell urban property. Nevertheless, there remained a feeling of frustration among the better-off citizens, who were hit hardest by the increased excises on beer and wine[38].

The extraordinary expenses Antwerp was confromted with and at the same time the access of credit, made that the city made use of credit more than other towns. In 1569, Antwerp had without comparison the highest urban debt in the southern Low Countries. According to the 100th penny tax of 1569, the value of annuities issued by the city until that moment was 4 658 500 guilders, that is almost ten times more than cities as Tournai (683 400), Bruges (671 700), Ghent (541 100), Mechelen (527 500) or Brussels (479 900)[39]. The period after 1566 was a turning point in the history of Antwerp including the financial development. A high urban debt was sustainable, as long as the economic climate was positive, and the incomes of the city were at least stable. After the beginning of the religious troubles in 1566, this was not the case any more. The Antwerp wardmasters describe the difficult situation in a complaint dating from 24th october 1566: "*that this city which before was very prosperous in commerce, and has helped her majesty in all moments of war, by means of money, and otherwise, which it could not do any more, if the commerce and business should disappear. And, because the city is mortgaged heavily through the fortification of the city and the building of the new town hall and other necessary works, it is to be feared, moreover, that we cannot pay these debts and burdens, if the activity of trade in the city breaks down, and the business would stop and would not continue in their former activity and prosperity, so that all citizens would be at once ruined, broke and executed tor these debts*[40].

The city made several attempts to manage with the ever-increasing debt. In 1575, the magistrate tried to settle things with a loan of 400 000 guilders, but only 240 000 were obtained. The trust of the creditors in the credit of the city was gone. This forced the city to take drastic measures. The interest rates were reduced from 8-12 % to 5 % for perpetual annuities and 10 % for life annuities; in exchange a regular payment was promised. In order to guarantee the payment a new city account (*reductiekas*) was

[38] See Soly, Fortificaties...p. 204-205.
[39] Arnould, L'impot sur le capital, 44, table VI.
[40] Antwerp, City Archives, Pk 480, n 94.

installed, to which the incomes from the excises on wine, beer and grain were transferred, and which should provide the necessary means for paying back the interests but also to reduce the accumulated arrears. However, already in 1585, the city had to withdraw large amounts from the new *reductiekas* in order to pay an extraordinary tax of 400 000 Guilders after the reinstallation of the Spanish government. In order to pay back these funds, the city introduced new consumption taxes which should feed yet another account, the '*consumptiekas*', which should serve to reestablish the balance of the *reductiekas*.[41] However, as the incomes from the consumptiekas were insufficient from the very first moment of its establishment a financial plan was presented which should help to pay off the huge sums required within five years:

Two loans have already been contracted on the consumptiekas:

80 000 guilders on an interest rate of 10 %,
70 000 g. on a rate of 6,25%

Another 250 000 G could be *negotiated* (loans could be contracted).

Another 150 000 could be borrowed for the broken dikes.

The negotiators would be are allowed to provide a third in obligations, letters, capital of annuities, mortgaged on and to be paid by the city.

The interest for the first year would be 43 000 g.

The second year 25 000 G.

If during the second 150 000 could be paid off , the interest for the third year would only be12 000 G.

The total cost would be 830 000 G., to be paid in 5 years, under the following conditions:

- if the fifth and hundredth penny would produce 100 000 g
- if the means of the *consumptiekas* could be strenghtened. If the sum of 150 000 G. per year is not acchieved, new supplements should be added. – like the six and four stuivers on beer in the taverns, the Vilvoorde-money and 25 stuivers on Rhine wine French and Spanish wine.[42]

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[41] Boumans, o.c., p. 56-57 and 95-99.
[42] Antwerp, State Archives, Archives of the Broad Council, nr. 7, fo.49v. 30 april 1586.

The proposed plan to cover the extraordinary costs the city had to cover, consisted in… even more loans. The very optimistic plan that 830 000 guilders could be paid off in only vijfe years did not work out. Instead of reestablishing the balance of the other urban accounts, the consumptiekas accumulated its own debts throughout the seventeenth and eighteenth century and continued to exist until the French Revolution.

Conclusions

The extraordinary financial requirements the city of Antwerp had to meet in the sixteenth century in order to fulfill the demands of its successive princes Charles Vth and Philipp II and their respective governors, as well as the requirements of the urban household could not be met by excises and other taxes alone. The city had to rely on the almost endless credit from the large merchant community. Loans were mortgaged on the urban incomes, and the urban debt increased throughout the sixteenth century. In order to convince the Broad Council of the introduction of new taxes, the city magistrate had to to find a balance in its proposals between forms of taxation that were appropriate to cope with the huge financial burden of the city while sparing the poor mass of the population and avoiding an exaggerated tax burden the wealthier part of the citizenry. While taxation was a highly sensitive issue in the discussions of the Broad Council, loans, by prefrence through the sale of annuities, were generally accepted as the easiest, if not the only, way of raising larger amounts of money. It is interesting that neither the representatives of the citzens nor those of the crafts, were particular critical concerning proposals to issue new loans. The major problems concerning loans that were mentioned in the Broad Council were their availability, by preference for a low interest rate, and the means from which to pay them back. The unavoidable public debt resulting from a heavily credit-based policy was only recognized at a moment when the public debt was already excessive.

Appendix: Urban Incomes and expenses 1530/31-1541/42

Sources: Antwerp City Archives, Rekenkamer nrs. 7-11.