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# Revitalizing the Hanseatic Spirit in the New Europe

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## 1. The emergence of a New Europe

On 1 May 2004, the dream of many European politicians has become true: the European Union has expanded with ten new member states, of which eight are situated in Eastern Europe. Apart from four relatively big countries (Poland, the Czech Republic, Hungary and Slovakia) Slovenia and the three Baltic States Estonia, Latvia and Lithuania have entered. As we can read and hear in the media, the European continent will never be the same again after this expansion. The entrance of the new member countries has been 'a step of historic importance', 'the full reconciliation of East and West Europe' and might even herald 'the new Europe'. Notwithstanding all the optimistic sounds in European circles, the old member states still have their doubts about the expansion of the European Union. Especially in highly-developed countries as Germany, the Netherlands and Denmark politicians and entrepreneurs fear that the disappearance of the inner borders will have as a consequence that labour will disappear to Eastern Europe and that the migration of fortune hunters to the West will increase. Naturally, many see that the expansion means a possible increase of the market, especially in countries with relatively many inhabitants like Poland, the Czech Republic and Hungary. At the same time, however, everyone thinks that the wages are still so low there that on balance the benefits for the Western countries such as the Netherlands could be negative. Traditional industrial regions such as the Ruhr Area, Brabant and Northern Jutland fear the new Europe possibly more than in the rest of the country. These regions have many factories and jobs in exactly those sectors in which the relatively low-graded and standardised work can easily be transferred to low wage countries. Examples are the traditional coal, steel, textiles and the food industry. Should the old member states indeed look forward to the enlargement of the European Union with Argus eyes? Or does the new Europe mean an impulse for the trade, investments and therefore for regional economies? In this article, we have a detailed look at these issues. Even though we deal with an unruly issue, we think that the old member states can truly seize their chances in Eastern Europe – just like the Hanseatic traders did during the Middle Ages. That same Hanseatic league also offers lessons for now: if the old Europe wants to fully take advantage of the opportunities in Eastern Europe, this requires close cooperation among business people, governments and educational institutions. Only then, we think, it is possible for the Hanseatic past to really revive in the New Europe.

## 2. Trade with Eastern Europe: threat or opportunity?

The economies in Western Europe, especially the small ones like the Netherlands, Belgium and Ireland, are extremely open. To note the example of the Netherlands: in 2002, the export of this country amounted to 63% of the GDP, while the import quote was 58%. This is remarkably more than the import and export of the former European Union with 15 member states as a whole: this was only

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35% on average, in 2002 (1). In such small open economies the enlargement of the EU has provoked with mixed feelings. Many (regional) politicians and entrepreneurs wonder if that openness will continue to be advantageous after the entrance of Eastern Europe. Notably the manufacturing sector fears that many jobs will disappear to the cheaper countries in the East. However, we think this concern is unfounded. Therefore, let us have a look at the theory and practice of trade.

Economic science has since long had eye for the relation between trade and prosperity (2). Adam Smith (1723-1790) was the first to point out the benefits of trade for 'the wealth of nations'. An example: if the Netherlands is more efficient in building machines than Latvia and Latvia more efficient in the production of textile, than mutual trade will be beneficial. The Dutch apply themselves to the building and export of machines, while in exchange for that they import Latvian clothes. This theory of absolute trade benefits is obvious. However, consider the fact that a country is more, or less, efficient in the production of both machines and textile. Is there any point in trading for both parties? It was David Ricardo (1772-1823) who answered this question positively in his theory of comparative advantage. His thesis was that not only the absolute advantages are relevant for the international trade pattern, but also the *relative* advantages that an economy has in the production of goods. No matter how inefficient a nation is, there is compared to another country always an activity at which it is the least inefficient, and vice versa. Both countries will gain from trading with each other: by specialising in that terrain in which they have comparative advantages, one can create economies of scale and in total have more goods at their disposal than in a situation without trade. Briefly: 'every man to his trade'. These comparative advantages are not only important when explaining the trade patterns, they also play an important role in the decision making of companies to relocate their production abroad (3).

What is valid for countries is also valid for regions. Imagine that Eastern Netherlands and the Latvian region Kurzeme both produce computer-controlled (high-tech) and mechanically driven (low-tech) machines. In table 1 we see the fictitious figures of the number of labour hours it takes to make either high-tech or low-tech machines. It is immediately clear that Eastern Netherlands can build both types of machinery more efficiently: we might have higher wages than in Latvia, but our absolute labour production is – partly because of the application of labour saving technologies in the production process – quite a bit higher. Nevertheless, there are opportunities for Eastern Netherlands in Kurzeme. If we consider the relative labour productivity, it is clear that the traditionally schooled Latvian employees in comparison with their highly educated Dutch colleagues are much more efficient in building mechanical machines. Twenty hours of labour result in just 2.5 traditional, low-tech machines in Eastern Netherlands, however in the same time limit companies in both provinces could have made 10 computer-controlled machines. The Dutch could have sold these machines to Latvia in order to spend the proceeds on buying five mechanical machines from Kurzeme. Specialisation in high-tech results, in this example, in 2.5 extra traditional machines for the Dutch. Therefore, they do benefit from doing business with Latvia. By profiting from each other's comparative advantages, the total production of both types goes up and the prosperity in both areas increases.

Table 1. Machine construction in Eastern Netherlands and Kurzeme (Latvia)

	Eastern Netherlands	Kurzeme (Latvia)
High-tech machine	2 hours of labour	10 hours of labour
Low-tech machine	8 hours of labour	10 hours of labour
Cost price of a high-tech machine	0,25 mechanical machine	1 mechanical machine

Admittedly, the model of Ricardo is a theoretical and simple representation of the issues at stake. In the daily reality of foreign trade and investment, many more factors play a role. Theoretical or not, Ricardo's model of comparative advantages provides another important insight that is often forgotten in current discussions: in order to judge the competitive position of an area in a particular economic activity, labour productivity is a more relevant gauge than the height of the wages. Many say that in our country the wages should be kept low to counterbalance the Eastern European countries where the wages are much lower. They forget that the labour productivity in these countries is often much

behind that of West Europe. Many companies in the former East Block work with old-fashioned production methods, and that is why they produce inefficiently. It does not matter therefore, whether a country or region improves its competitive position by higher productivity which is a result of innovation or of lower wages. It is either one. It generally holds that high wages reflect a high labour productivity and are indeed a sign of competition and innovation force (4). In terms of the above example: the importance of innovation for Eastern Netherlands is another reason why especially this region should manufacture high-quality and knowledge intensive machines and leave the production of low-quality material to Latvia.

However, critics will argue, we can see with our own eyes that West-European companies relocate crucial parts of their production work to Eastern Europe. To be sure, this trend could increase once the borders are opened. It appears that particularly the metal and electronics branch and the foods industry find a way to the East. Before 1. May 2004, 20% of the Dutch companies in this branch were for example in one way or another active in Eastern Europe. Still, we should place these figures in perspective (5). To begin with, research shows that most companies have long anticipated the enlargement of the European Union; a 'big-bang' after 1 May 2004 is therefore not expected. The entrepreneurs that are really interested are simply already there. Further investment in Eastern Europe will be mostly focused on expansion and not on replacement of labour force in our country. Most of these expansion investments have already been made in the second half of the nineties, when our country still had a small labour market. Added to that is the fact that it is often about low-grade jobs, which would have disappeared because of international competition anyway – for example even more eastwards to China. At least now the employment stays in the European economy which has more and more trouble keeping up with the rest of the world. And, last but not least: companies return from and change their minds about their business in Eastern Europe. In a questionnaire of NEVAT, the Dutch Society of General Delivery, one out of five companies says that they took work away from Eastern Europe (6). They did this mostly because of communication problems and because they were not satisfied with the quality and the terms of the supplied goods.

The fact that Eastern Europe has joined the European Union naturally does not just mean that the West can more easily enter the former East block; the Eastern Europeans in their turn, from 1 May 2004, can move freely on the continent. Pessimists expect a big influx of fortune hunters into Western Europe and they fear a big increase in unemployment. The fear for labour immigration from the East is, however, just as unfounded as the fear that our jobs will disappear to Eastern Europe. The respectable institute OECD expects anything but a mass migration from East to West (7). Just like what happened with earlier enlargements (such as in 1986 when Spain and Portugal entered the European Union) OECD-analysts, for instance, expect an influx to the Netherlands of a maximum of 10,000 immigrants who, moreover, come for jobs that Dutch people turn their noses up to. Furthermore, many do not realise that many East Europeans do not even consider giving up their just gained freedom and trade it for an insecure future in West Europe. Such a growing feeling of nationalism is also seen in for example the Baltic states Lithuania, Latvia and Estonia which after half a century of Russian occupation have only ruled their own country since 1991 (8).

All in all, we are in the opinion that the fear in Western Europe about the enlargement of the European Union is exaggerated. There already is a lot of contact – and the additional flows of trade, investment and immigration in the new Europe are for all parties on balance probably advantageous. The current fear for the East might however mean that in the western part of Europe opportunities are missed. And even if the opportunities are taken, even then success in doing business with Eastern Europe is not guaranteed; unlike the simple model of Ricardo leads us to suspect, trade does require the necessary transaction costs (9). These transaction costs do not consist only of the direct costs of trade transactions like transportation costs and import taxes, but also the indirect costs, which are difficult to express in money, like looking for and judging trading partners (contract costs), negotiating and drawing up contracts (contract costs) and making sure that the arrangements made are kept to (control costs). In order to diminish these possibly high transaction costs it is necessary that business partners invest in building up trade capital in the form of networks, information and trust. After all, such inter-personal devices may limit transaction costs considerably (9). Western Europe too would do good in building up such capital in its relations with Eastern Europe.

### 3. The organisation of trade in the Hanseatic age

There are plenty of opportunities in Eastern Europe for its Western counterpart as we saw in the above. In order to grasp these opportunities, the building up of trade capital is advisable, which can reduce the transaction costs of doing business and can make trading easier. Those who have a look at the rich past of Western Europe, see that this area already has the necessary experience with trade networks and partners in the former East Block. Especially in the medieval Hanseatic age, there was a lively trade between Western and Eastern Europe. In the North Sea and Baltic Sea Area, notably Dutch, German, Scandinavian, Polish and Baltic towns played important roles as members of the Hanseatic league. Because of their position at the sea or rivers connected with it, towns as diverse as Deventer, Lübeck, Hamburg, Rostock, Visby, Gdansk, Riga and Tallinn were able to develop as lively trading towns in the 14th and 15th century. The Hanseatic League (Hansaliga or simply Hansa) still appeals to the imagination of many – not in the least of the Hansa cities themselves that refer to their illustrious traders past with fitting pride. Examples of this are the Hansa arrangements that the Tourist Information Office offers, the annual Hansa days and lots of references to the Hansa, such as Hanze University (Groningen, the Netherlands), Lufthansa (Germany) and Hansabanka (Latvia) And indeed, in the European history the Hanseatic league is a unique organisation. Because of its cross-border and supranational character, the network is sometimes compared to the Catholic Church and even to the current European Union. Reason enough therefore to have a closer look at the Hanseatic league.

The emergence of the Hanseatic league has an economic background. From the thirteenth century, the trade in consumption goods increased sharply in medieval Europe. The 'commercial revolution' was possible because of a demand of the growing population that had great purchasing power, the rise of cities and the development of means of transport (10). Because many regions in Northern Europe could not provide the growing demand of their inhabitants of food, drinks, and clothes, they had to acquire these products from regions that had surplus. Thus, grain was increasingly transported from East Germany and Poland to Flanders and Norway, while these regions respectively exported sheets and fish. Apart from the import and export of fish, grain, textile, timber, wine, beeswax and fur, the trade in beer in particular boomed in Northern Europe, especially after the Germans succeeded in making it a durable product by adding hop to the beer (10). Since the water was not drinkable, beer was one of the necessities in the Middle ages, for example, a monk was allowed to consume 10 litres of beer a day. Within the trade network in foods, cities started to form the centre. Although they were linked to each other through roads over land, the trade among cities took mainly place over sea. Transportation per (sea) ship was by far the cheapest means of transportation in the Middle ages. In Northern Europe, at the beginning of the thirteenth century, the cog became the most important ship type in transporting trading goods along the coast or over the rivers. The cog was a manoeuvrable ship with one mast, a top speed of 15 km per hour and a cargo space of maximum 200 tonnes (11). Despite the superiority of the cog compared to other ships in the Middle ages, a voyage from Bergen to Lübeck still took about nine to fourteen days. The seamen had to manage without a compass and sea maps until the late Middle ages: their most important orientation point was a sounding lead and eye contact with the coast. The trip was also dangerous: during their voyage travellers were exposed to the dangers of shipwreck, sea piracy and war.

It was the need of protection against the risks on sea that was the motivation for the foundation of the Hanseatic league. In order to be safer and so as to be stronger in the competition with other regions, merchants from North German cities decided to work together in the framework of what they called the Hansa (originally: 'armed convoy') (12). As collective the Hansa managed to acquire privileges from the participating member cities, like tax exemption and law protection. In other words, the merchants managed to reduce the transaction costs of the trade by collective action. In the course of the thirteenth century, the North German Hansa grew into an interest group of traders that encompassed a big number of cities and stretched along the coasts of the North and East Sea. Something that started as economic cooperation among individual merchants became more and more a pact (treaty) of cities that managed to enforce a monopoly position in the East-West trade. At the time of its peak, in total about 200 cities were members of the Hanseatic league, although the trade mainly took place in the 70 cities that were on the axis London – Bruges – Hamburg – Lübeck – Reval

– Novgorod, thus the whole northern part of Europe. In order to protect the trade routes at the edges of the Hansa area and at other strategic locations, common trading posts ('kontore') were opened, like the Steelyard in London and the Sankt Peterhof in Novgorod. Despite the close cooperation among the cities, the Hanseatic league did not have a board or solid organisation. It was a loose treaty that did not meet more than once a year on the Hansa day, a meeting in Lübeck where decisions were made about admittance of cities and blockade measures against competitors. The reason why the Hanseatic league was nevertheless functioning well is the common economic interest of the participants and a shared culture (13). The fact that the Hanseatic merchants all spoke the same trade language Low German, which is related to today's Dutch, certainly promoted that unity.

Several cities in Northern Europe were flourishing because of the activities of the Hansa. First and foremost, this is true for the Northern German cities Hamburg, Bremen en Lübeck that laid the foundation and formed the heart of the Hansa. These cities developed into real nodal points in the East-West trade. But thanks to the Hansa also new towns could emerge. In the Baltic states, for example, from the thirteenth century the cities of Riga, Reval (the current Tallinn) and Dorpat (nowadays: Tartu) gained great importance in the East-West trade. Also in The Netherlands the IJssel cities like Deventer, Zutphen, Zwolle and Kampen received an economic impulse because of the Hansa. In the fourteenth century, especially Deventer and Zutphen managed to get a part in the Hanseatic trade because of their connection with the Zuider Zee (14). As both cities illustrate, the Hansa could lead to real urban revival and networking. In order to fill up the shortage of food in Eastern Netherlands, Deventer and Zutphen imported among other things grain, herring, stockfish, fur and tallow from the East Sea area. Especially Deventer also had an axis function in the export of products from West en South Europe in the direction of the North, like salt, sheets, wine, paint, raisins and spices. Apart from that, the city played a role in the export of homegrown products, especially butter, cheese, leather, herring and plaice. The prominent status of Deventer as Hanseatic city was evident from the big contribution that the city council made to the cashbox of the Hanseatic league during the bloom: with an amount of sixty Rhine guilders Deventer was the fifth in the row of 'big spenders' (Cologne, Dantzig, Hamburg en Brunswijk) and was with that even above Lübeck, the 'queen of the Hansa' (14). From the second half of the fourteenth century Deventer had to give up its strong trading position to Kampen, which showed off by supplying 300 men for the Hanseatic army in 1394. In the fifteenth century, Kampen developed into the most important Hanseatic city of Eastern Netherlands. In its turn, Kampen was outstripped by the Holland cities, which as 'freighters of Europe' eventually even managed to make the whole of the Hanseatic league stagger.

In the literature about the Hanseatic past, the figure of the merchant does not get much attention. That is unfortunate, because ultimately the Hanseatic league and the cities that participated in that owe their success to a relatively small group of Hanseatic merchants, who combined creativity, entrepreneurship and trading spirit with an open mind towards strangers. When the well-known Hansa-history writer Philippe Dollinger writes: 'Indifferent to national prejudices and open minded even to religious differences, the Hansa was really peace-loving..... The Hanseatic cities have always tried to deal with conflicts and complaints among each other, and with foreign countries by means of negotiations', he actually talks about the entrepreneurs who – it is true driven by profit – were willing to be open minded in a world in which the State and Church were mainly in control (15). Since the clerics and authorities saw how much the city gained from the lucrative doings and dealings of the merchants, they were willing to lend their full cooperation to the wishes of the entrepreneurial class. Thus, the businessmen of the city council were exempt from tax duties and were assisted in the organisation of year markets. On the other hand, when shipping goods in transit a Hanseatic city could profit from the right that the goods should first be offered for sale in the transit place (staple right), which meant extra trade profits for the city (13). The merchants also managed to break the education monopoly of the Church. Children of Hanseatic merchants, for example, were allowed to attend the Latin school of Deventer (14). However, since a merchant needs a lot of practical knowledge (like mathematics, goods knowledge, trading techniques and geography), the Hanseatic merchants proceeded to develop their own educational system. Thus, a merchant to-be could follow his education at a Hanseatic university (for example the one in Rostock) and do a practical work period in a trading post (kontore) in the Hanseatic region. Through these kinds of initiatives that were for the good of the whole city

society, the Hanseatic merchants stimulated a constructive cooperation among all relevant parties in the city. In modern terms: they were capable of bringing about 'localization' or 'local empowerment' (16).

Even though the Hanseatic league was recognisably present in Northern Europe in a large part of the thirteenth, fourteenth and fifteenth century, in fact, its real hay-day was very brief. This blossoming only took about half a century, from 1350 to 1400 (15). After that, the expansion of the Hansa largely stopped and gradually its decline started. The last Hanseatic diet, a mere shadow of the lively meetings of before, took place in 1669. As an explanation of the deterioration and decline of the Hanseatic league, historians point to factors of economic, technical and political nature. First, from the fifteenth century the Hanseatic trade in the East Sea region had to deal with fierce competition from the Holland cities, like Amsterdam, Haarlem, Goes and Vlissingen (13). The shrewd and bold Dutch, symbolised by 'The Flying Dutchman', ignored the ruling trade relations in the East sea trade and sought direct contact with their buyers. Especially after the Hollanders won the Wendish War against the Hansa cities in 1441, they held absolute sway in Northern Europe. The new North German trade houses also became serious rivals of the Hansa. And, as if all that was not enough, the Hanseatic cities even started to fight one another, which of course ruined the foundation of the Hansa. The decline of the Hansa is also related to factors of technical nature. The Hanseatic merchants continued to rely on dated trade techniques and aged material. For example, they failed to introduce double bookkeeping and hardly wrote down mutual agreements (17). Furthermore, they kept using ships of the old type, while modern variations were available. Another possible explanation of the loss of the Hansa is the fact that there was no coordinating political body in the network. The theory is that the ever expanding league has eventually led to a situation of anarchy and thus the Hansa disintegrated (13). Finally, also the upcoming of the European nation state (Denmark, England, Poland en the Netherlands) is mentioned as a political factor that made the further existence of the supranational Hanseatic league impossible. No matter what happened, the Hanseatic past continues to appeal to the imagination: as start of a European economic community, the Hanseatic league is a symbol of fertile international cooperation – and with that a permanent source of inspiration.

#### **4. Hanseatic lessons for Western Europe**

The Europe of now differs essentially from that of the Middle Ages. The population on the continent has increased enormously, the industrial age is already almost behind us, technological developments have a big impact on our lives and only continue to have more so....with such differences it seems that any comparison between now and the Hanseatic age will surely fall short. Despite that, with the entrance of Eastern Europe into the European Union, we can still learn something from the Hanseatic past, even if it was just because trade is still the work of man. The Hanseatic lessons for Western Europe lie, according to us, especially in fields of the organisation of trade and education.

The success factor of the Hanseatic trade was without doubt the huge willingness to cooperate of the parties involved. The Hansa was organised in the form of networks: both at home and abroad merchants worked closely together with colleague entrepreneurs, city councillors and public services, like educational institutions. The philosophy of the Hansa cities was that local cooperation was essential in order to stand strong abroad, in other words 'think global, act local'. Nowadays, in most Western European countries this motto is paid lip service to, however, in the field of trade improvements hardly ever applied. Here 'all for export, all for oneself' is, according to us, a more fitting motto (18). In the Netherlands, for example, different parties are now working on making contacts in Eastern Europe and organising trade missions, but up to now without any form of tuning. Chambers of Commerce, regional development organisations, national and local export associations, regional departments of branch organisations..... they all anticipate the new Europe without working together. In addition, they neither use the contacts that governments at the country or municipal level already have with municipalities in Eastern Europe. Some Dutch cities, for example, have 'jumelages' (twinning) with former Hanseatic cities (e.g. Zwolle-Lüneburg and Deventer-Tartu), but these historic relations are unfortunately not fully used because of their informal character (19). In addition, many

universities are in close touch with the former East Block, but here too holds that entrepreneurs and governments in Western Europe often do not profit from that. Trade improvement and internationalisation is apparently such fun that everybody wants to do it himself. When entrepreneurs, government bodies and educational institutions in the region would actually tune to each other and combine forces, then the Hanseatic past of Western Europe could perhaps revive. Concretely, we can think about starting up a Western Trade Board (WTB) focused on Eastern Europe – or more appealing: West goes East (WGE) – in which private and public parties together can carry the financial burden. By joining their forces, it must be possible, just like in the Hanseatic age, to open up ‘kontore’ on strategic locations in Eastern Europe and in Western Europe where entrepreneurs can go and students can do their internships.

Furthermore, the entrepreneurship and the trading spirit of the Hanseatic merchant can be considered as an example nowadays. The businessmen then met the prototype of a merchant or, to use the words of the well-known publicist Jane Jacobs (1992), they suffered from the ‘trade syndrome’: they were creative, open-minded, unprejudiced, and trustworthy in their contact with trading partners (20). Such an ‘open-mind’ is still of great importance when doing business successfully – also in Eastern Europe, of which many already have a coloured picture. Especially in the media, the impression is often created that the former East Block is an area which lags behind and is weighed down by communism and that the Mafia has free play. It is true that the economic situation in the countryside is far from optimal; but in many East European cities we see a dynamic and entrepreneurial spirit that could make their Western-European colleagues jealous. For example, Estonia is among the world leaders concerning the number of new businesses and the number of mobile phones and internet connections per capita (8). Although a visit to Eastern Europe would be the best way to get a realistic view of the area, the Western-European scientific and vocational education can surely provide a useful contribution by teaching future international entrepreneurs worldly wisdoms. Admittedly, there is an inherent tension between entrepreneurship and education. Not even considering the question whether entrepreneurship can be taught, the problem plays that students – hindered by their growing knowledge – usually become more risk averse than entrepreneurial (21). (Trade) education should therefore be primarily aimed at imparting a critical and open spirit, so students can judge themselves instead of being led by cliché views of the East of Europe. Furthermore, the coming enlargement of the European Union can be seized in order to pay more attention to Eastern European countries in the economic educational curriculum. A separate Hansa university is not needed to achieve that, an optional subject, minor or specialisation Eastern European Studies could already suffice. The content of that education should be aimed at knowledge and understanding of the history and culture of the former East block. The disappearance of the formal trading barriers between East and West means after all that when doing business, the importance of the informal barriers (such as cultural differences) will increase. Also in the absolute sense the importance of these ‘soft’ factors and the resulting transaction costs will only become higher because we can assume that the trading contacts after the enlargement will increase in volume (22). Finally, knowledge institutions, in close cooperation with the business community should invest more in places for practical training periods and exchange programmes with Eastern Europe, so that students can obtain practical experience on location. In the end, trading knowledge is mostly practical knowledge (20). The already proposed ‘kontore’ in Eastern Europe would be able to play a mediating role in the organisation of these training periods and exchanges. By fitting these kinds of measures in into the existing education, Western European traders should be able to build up a similar stock of ‘trade capital’ to the one in the Hanseatic age.

Not just students and business people, but also today’s policy makers should be able to learn from the Hanseatic past. Especially for European and national politicians it is interesting to study the development of the Hansa – and then especially the period in which the league started to deteriorate and then declined. We already saw that the carelessness of the Hanseatic merchants to write down mutual agreements contributed to the decline of the Hansa. For Europe, this is an important lesson. The success of the new Europe and the European Monetary Union (EMU) within it depends after all totally on the agreements on which it is based. For the Euro countries these agreement have been written down in the Growth and Stability Pact (in-EMU norms); the aspiring EMU members have to do

with the convergence criteria from Maastricht (pre-EMU norms). In practice, the different member states know how to avoid these agreements. This is possible because of the disputable choice and content of the agreed criteria (like an allowed budget deficit of maximum 3%) which allows all kinds of creative bookkeeping (17). If this casual treatment of the European agreements continues, the danger exists that the EMU, just like the Hansa, eventually deteriorates and ends up in chaos. Furthermore, the Hansa shows that the unlimited admittance of new members to the league can lead to anarchy. The number of cooperation partners can be so big that the network eventually becomes unmanageable and falls apart. The current discussions about 'Europe governance' already indicate that also the European Union can reach its limits. How can we come to an agreement or decision with so many member states? In which way can we still meet in Brussels efficiently? When negotiating the admittance of new member states to the European Union, it is good to consider this 'governance' question in advance.

## 5. Western Europe: on to the East!

Are the European politicians right after all with their rhetoric about 'the new Europe'? Should the West be happy that Eastern Europe have joined the European Union on 1 May 2004? Considering everything, we think so. In this article, we have argued that the entrance of the countries of the former East Block brings, on balance, more opportunities than threats to Western Europe. However, at the same time it holds that: opportunities are in the future. In order to really turn these opportunities into success for small economies of the Netherlands, Belgium, Denmark and other Western-European countries, we need a well thought-out strategy. The Hanseatic past of both provinces can show us the way. The most important lesson we learned from this renowned history of Hanseatic cities, like Deventer, Hamburg, Lübeck and Visby could simply be summarised like this: 'think global, act local'. When entrepreneurs, governments and educational institutions in Western Europe, just like their predecessors in the Hanseatic age, will go on to Eastern Europe together, much has already been won. If this cooperation, in addition, is completed with specific Eastern Europe programmes in economic education, than the success is, according to us, there for the asking. Therefore, an appeal to the whole of Western Europe: on to the East!

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