1. INTRODUCTION

Gifts and sales of luxury items played a crucial role in the interactions between the monopolistic trading and banking companies and the princes of Europe at the turn of the sixteenth century.

In 1473 Emperor Frederick II sought loans from the Augsburg merchants with which to purchase clothes that would impress the grandest ruler in Europe, Charles the Bold, Duke of Burgundy, with whom he wanted to form an alliance by marrying his son Maximilian to Charles’ heir, Mary. Rejected by other merchants because of his bad credit, Frederick was gifted with silk and wool by the Fugger company, to whom he gave a coat of arms in return.

Far more than a token gesture, such gifts were a major part of the rise of both the Fuggers and the Habsburgs to primacy within European finance and politics.

2. ECONOMIC AND CULTURAL HISTORY

To study the fundamental roles of soft power and cultural capital in the forging and perpetuating financial-commercial relationships between governments and trans-national companies, my research challenges the bifurcation between economic and cultural history.

In cultural studies, the material turn has produced many analyses of the way in which art was used as a socio-political weapon, especially by Italian merchants such as the Medici, and has also examined the activities of (generally individual) merchants acting as commission agents, such as Philipp Hainhofer. These studies, however, rarely address the practicalities of trade and the function of culture in economic activities. Economic approaches, on the other hand, have frequently relied heavily upon statistics-heavy research and the Braudelian reduction of economic history to impersonal forces.

My research combines quantitative analysis with studies of commercial correspondence and material culture to address the choices and motivations of powerful corporations and the influence of this upon their political, cultural, and economic contexts.

3. CULTURAL CAPITAL IN THE EARLY SIXTEENTH CENTURY

Gift giving and cultural interactions between rulers and trans-national corporations evolved in response to the development of European states and overseas empires.

Merchants’ now-transcontinental networks gave them access to exotica, such as spices and gemstones, from Asia and America. These they gifted or sold to rulers, who would use them to enhance their status. In return, merchants were given extensive commercial and social privileges within and beyond Europe.

In 1505, several German and Italian companies participated in a Portuguese voyage to India, which was otherwise forbidden to non-Portuguese merchants. Later, the Welser company were given the colony of Venezuela, from which they hoped to obtain gold, pearls, and brazillwood.

4. INFORMATION AS SOFT POWER

Large-scale corporations traded goods and information across Europe using networks of friends, family partners, agents, factors and correspondents. Merchants offered princes access to these networks, which increasingly reached overseas into Asia and the Americas, thus facilitating the creation and management of empires. In return, merchants were able to extend their networks into the highest circles in Europe, obtaining not only further trade deals, but commercial and financial privileges and exemptions.

My research indicates that that merchants’ letters themselves functioned as quasi-luxury objects, as merchants turned their information into commercial and cultural capital. This information, and the skills to exploit it, became particularly desirable with the advent of European overseas expansion, and saw many merchants receive royal offices as European ambassadors and as correspondence agents across the Spanish and Portuguese empires.

5. CONCLUSION

A cultural framework for economic history highlights how merchants increased their economic and political power and asserted their status by commissioning, trading in, and supplying luxury artefacts and exotica.

The processes of state and empire formation were expedited by the supply, not only of loans and commercial and financial experience, but also of luxury items that allowed rulers to reinforce their power through ritual and display.