Introduction

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The economic success of the Dutch in the seventeenth century still puzzles historians, as it fascinated and puzzled those contemporaries who were or hoped to be rivals of Holland. For the phenomenon requiring explanation is a double one. There is the success story itself, the rapid and spectacular enrichment which enabled an "unimportant" country to declare its independence and hold out against strong neighbours, establishing and maintaining its supremacy for nearly a century over an international economy which had recently expanded to world-wide dimensions. But there is also to be noted a failure, or at least a relative one, which is of no lesser significance: for the Dutch did not maintain their initial advantage, and Holland ended by ceding its position to England, which in turn ceded it to the United States, which in turn... Thus the Dutch created the first in a series of economic empires whose rise and fall have punctuated the development of the modern world.

The two aspects of the Dutch phenomenon formed the subject of discussions held in Paris on June 2nd – June 3rd, 1976, at the Fondation de la Maison des Sciences de l'Homme. Approximately thirty historians attended and attempted to give a satisfactory account of both aspects. Methodological research and "conceptual" approaches were brought into close confrontation with "empirical" investigations currently under way or already completed. Not surprisingly, a number of differences of opinion remained unresolved at the end of two days of meetings and doubt persisted on certain points. The primary aim of the present volume, which constitutes a collection of the principal papers read, with summaries of the discussions that followed, is to provide an illustration both of the vitality of research in this area at the present time and of the liveliness of the debate which went on giving expression to differences of opinion which cannot wholly be explained in terms of the different geographical angles from which participants were viewing the problem.

It fell to I. Wallerstein to set the controversy going. His theory of world economy, expounded in *The Modern World-System* (New York, 1974) and given precise application in his chapter on the Dutch hegemony (included here) which forms part of a second volume, proved to be at the very heart of the debate. According to Wallerstein, *hegemony,* or the superior degree of *core-status,* has a crucial effect on the respective positions of all parties concerned. The country possessing hegemony triumphs on all fronts, systematically countering all the other countries situated at the centre and placing them in a subordinate position. It does not need to adopt a mercantilist policy, for it has all the benefits of a free market. Nor, in the case of Holland, was there any need for a strong but costly and oppressive state authority, such as the kings of France had recently succeeded in building up. The economic and political supremacy of a province, Holland, and even of a city, Amsterdam, was sufficient to hold a whole country together, affording it the luxury of a flexible and decentralised structure of government. In the eyes of many of those present at the first meeting, this picture was almost too perfect to be true. Whence their concern with drawing attention to as many diverse elements as possible and their insistence on a closer definition of the factors involved and a more realistic assessment both of the extent and the novelty of the hegemony of Holland. This concern made itself felt in all of the three closely related fields into which, for the sake of convenience, the proceedings were broken down : The United Provinces, Europe and Asia.

The United Provinces

The miracle, if indeed there was a Dutch miracle, took place first of all within Holland itself. Amsterdam, in simply taking over the position previously occupied by Antwerp and Venice, was nevertheless backed by a regional economy where the systematic exploitation of a highly diversified but well-balanced group of production-factors had, by the end of the sixteenth century, reached in all sectors a level of development, rationalisation and productivity unparalleled elsewhere. At sea, the fishing industry had stimulated the construction of a large fleet and brought about the rise of Baltic trade. On land, the deficiency of the soil had led to specialisation in stock-raising at the expense of cereals, which had to be imported from elsewhere. As a result of the weakness of the feudal system, a solid rural democracy had grown up and the land was commercialised, being thus early demoted (or promoted) to the status of an object of exchange like any other, valued in terms of its attractiveness to investment. These factors strengthened a farm economy independent of all those forms of constraint which weighed so heavily on the peasants of Western Europe, allowing for the development of the most profitable forms of production and gradually drawing the peasantry into the system of monetary exchange, without cutting them off too suddenly from the benefits and security of their own food production; furthermore, the intensification of agriculture, together with transportation and rural industry, provided full or maximum employment of the work force. Thus, well before the agrarian revolution in England, the Dutch had established an original model for agricultural development. This decisive transformation, begun early on, was confirmed, then accentuated by the passage of the United Provinces to a position of economic leadership.

Modern agriculture was associated with modern, dynamic and diversified industry, the motive power for which was provided by the systematic exploitation of two great energy sources of the pre-industrial era: wind and peat. The latter, produced by true investment companies, provided for those industries having a high consumption of heat (foundries, refineries, breweries, potteries, brick-works, etc.) and which were expanding to meet the needs of two key sectors: boat-building and textiles. Industry as a whole was stimulated by a trade which guaranteed, transported at low cost in "cleaner, safer, cheaper" ships, a supply of imported raw materials (wood, wheat, sugar) and the delivery of products to both home and foreign markets; it was the efficiency of their trade which enabled the Dutch to maintain their technological advantage, provided them with superior protection and even made it possible for them to keep for themselves the most profitable role in the production process. Thus, in the textile industry, the United Provinces were able to reserve for themselves the stage – by far the most advantageous one – of "finishing" cloth manufactured in England. Lastly, the already numerous active population was further increased by immigration which brought in, on the one hand, rich and qualified "management officers" (merchants, Jews, technicians) and, on the other, a wide choice of unskilled labour from the Eastern provinces and Germany.

The density of the area of urban population with its efficient network of transportation meant not only that the commercial channels of the home market could easily be made accessible to rural areas but also that, among the cities, a hierarchy grew up, with Amsterdam and Rotterdam at the top, using the small and medium-sized cities as so many relay-stations. J.C. Boyer gave a clear demonstration of the way in which the organisation of the home territory of the United Provinces was both a result and a strengthening factor of the dependence of home production, both agricultural and industrial, on the financial capital of the cities controlling foreign exchange.

There was no difficulty in reaching agreement on these basic points. The more detailed analyses presented by B.H. Slicher van Bath and J.C. Boyer bore out Wallerstein's theory. The Dutch miracle emerged as being not so much a miracle as a slow process of development during which a particular economic pattern was evolved, unique in the Europe of the time, for it had no equivalent, even in Northern Italy which was, like Holland, a densely urbanised area. Before attaining to their new position of hegemony, with all its advantages, the United Provinces seem to have solved – in a small territory, it is true – all the main problems which blocked the development of preindustrial economies to have approached self-sustained growth.

Although no-one disputed this general outline of the situation, two main types of perplexity were voiced in the course of discussion. The first arose out of Wallerstein's own line of argument. The question asked was: What is a "centre"? How does a "centre" come to be one and how does it succeed in remaining one? The problem of origins was examined. Does the passage from an initially disadvantageous position to a subsequently advantageous one come about primarily through accumulation in agriculture, as I. Schöffer suggested, or is it better interpreted as the immediate consequence of the new role of Holland in the international economy created by the influx of Spanish money and the monopoly on Baltic grain? This amounts to posing the problem of the real importance of the home market – here, as always, the most difficult factor to calculate. The next problem raised was that of the dynamics of Dutch development.

The chronological sequence of successive areas of superiority – first production and productivity, then trade, then finance – put forward by Wallerstein, on the analogy of the pattern subsequently followed by England and the United States, was challenged by a line of argument emphasizing the many different ties existing between the three areas of superiority which tended to make them in reality a single, homogeneous whole. Finally, the problem of salaries was considered. Different salary-levels in the different countries were seen as one of the major causes of the changes observed in their relative positions within the world system. When salaries got to be too high in the core countries, the more advanced regions of the "semi-periphery" were able to compete economically. This dialectic seemed to be over-simplified, and J. de Vries pointed out that it failed to account for the fact that, while salaries stagnated in Antwerp after 1600, they continued to rise briskly in Leyden until about 1640, after which time and until the end of the eighteenth century, they remained constant at their maximum level. This level was maintained in the interests of social harmony through the aid of special institutions which had been endowed for the purpose in the preceding period. Rather than on the cost of labour, we should then, perhaps, focus our attention on productivity, stimulated by high profits, and on the superiority of the Dutch in a certain number of key sectors.

The second type of uncertainty was expressed by M. Morineau, who had serious doubts concerning not only the theoretical framework which had been put forward but also the empirical data on which it was based. He considered these to have been grossly exaggerated, giving much too dramatic and brilliant a picture of the Dutch situation. During his final intervention, he was more specific in his remarks and explained the nature of the remedy he proposed; this was to take the measure of the Dutch economy by means of detailed analyses of periods, products and geographical areas. Undoubtedly there was Dutch wealth. But it did not date from 1600 and it did not mean that there were not low salaries for the mass of the population (notably ships' crews) and a very unequal distribution of wealth among the United Provinces (favourable to the maritime provinces), with a veritable division into salary zones. The proposed chronology of the "hegemony" must similarly be reviewed. The high point registered for the first part of the seventeenth century is the result of calculations which give excessive importance to cereal products.

The other branches of commercial activity clearly continued to stand up very well after 1650 and the prosperity of the Dutch East India Company went on until about 1730. Thus the decline that occurred in the eighteenth century is a phenomenon requiring to be approached in relative rather than absolute terms. Only by the most detailed study can we separate out the strands of the closely woven texture of continuity and change which constituted the day-to-day reality of the Dutch economy.

Europe

Thus the discussions showed evidence of a cleavage between two different kinds of approach, one more conceptual and abstract, the other more cautiously concrete. The debate concerning the position of the United Provinces in the Europe of the seventeenth century brought this out even more clearly. There was no question about the undoubted supremacy of Dutch commerce, nor about the fact that this supremacy is to be regarded as arising out of the clearly defined and well-developed international division of labour. But are these sufficient grounds for the use of the term *hegemony*, i.e. can we speak in terms of a situation where the countries situated at the centre automatically have the advantage in the acquisition of surpluses, while the producers of raw materials situated at the periphery are thereby placed in a position of increased dependence? P. Klein, M. Morineau and others expressed their reservations with regard to an interpretation tending to be too modern, too "third worldish" in its perceptions of seventeenth-century Europe, where, in their opinion, the theory of comparative advantage remains valid.

Once this point of divergence had been clearly defined and recognised, participants went on to discuss the practical aspects of Dutch supremacy — a supremacy which several specialists sought to place in truer perspective, noting that in the Levant, as in Cadiz, the Dutch held little better than third place behind their French and English rivals. Their role as middleman has also frequently been exaggerated. For the Dutch re-exported towards the south on a regular basis only a small quantity of products from Northern Europe. The bulk of their export trade was made up of colonial produce and the products of Dutch industries. As seen from Marseille, the power exerted by

Amsterdam over European trade in the eighteenth century seems, in Charles Carrière's view, to have existed rather in the domain of banking than in that of commerce *per se*.

Thus, if there was hegemony, it was, in the words of F. Braudel, an "imperfect hegemony". In what way did it represent something new in the economic development of Europe? During the papers read and in the course of the oral discussion that followed, the two sides of the balance-sheet emerged in general outline. On the one hand continuity and on the other hand change. Continuity is traceable from the fourteenth to the eighteenth centuries, if one considers the limits on quantities transported and the stability of the main articles of international trade, together with the permanence of the markets and of the maritime and continental routes (scarcely affected by the move from Antwerp to Amsterdam) and the absence of any change of scale in methods of transportation, particularly in heavy transportation. But underneath this appearance of continuity can be discerned a group of new factors which, although they did not appear to be very revolutionary, had a certain impact. While the exact extent of this impact is difficult to assess, it was certainly not negligible. For the same quantities, there was a progress in quality – and hence in values. Wine was a case in point, as P. Butel emphasised in his observations made from the viewpoint of Bordeaux. There was also a change in the nature of the colonial produce offered in trade, from pepper and spices, the outlets for which were stagnating, to sugar and coffee but also to tea, Chinese porcelain, etc.; a growth in the export and re-export of manufactured goods, particularly textiles, and also metals; an increase in the regularity of international trade brought about by a concentrated effort to improve protection, stockage and the organisation of transportation.

The United Provinces were thus in a position to be the first to benefit from the increased interdependence and economic integration characteristic of Europe from the sixteenth century on – an interdependence and an integration undoubtedly brought about in large measure by the activity of their fleet, their merchants, their capital (as well as the capital which poured into Amsterdam from almost all sides) and by the efficiency of the trade networks set up and controlled by them. The Dutch period in what was still called simply "commercial" capitalism, was nevertheless a time when the economic space of Europe was gradually reshaped, with the opening and enlargement of markets, and gains in productivity which made themselves felt primarily in the area of international trade. This was what was new about the Dutch creation. This was the origin of the phenomenon so amazing to foreign visitors who witnessed the volume and speed of speculative and practical transactions, involving both goods and values in exchange, carried on around the Stock Market in Amsterdam, the living heart of the whole Dutch operation.

Asia

"The first condition of Dutch greatness was provided by Europe," writes F. Braudel. "The second was provided by the world." The world here signifies the old Asiatic world, but not the new world of the American continent where the Dutch had not really succeeded in establishing their hold. As might have been expected, the same differences in point of view which had been expressed concerning Europe came up again here in the papers read and in the discussions that followed.

Dutch supremacy was seen as being linked to a general improvement in the organisation of trade. N. Steensgaard saw the real change in relations between Europe and Asia as occurring at the beginning of the seventeenth century rather than a century earlier. For the VOC (*Vereenigde Oost-Indische Compagnie*) founded in 1602 was an entirely new type of institution and the success of the Dutch in ousting their Portuguese predecessors is directly attributable to this innovation, as is that of the VOC itself in taking over the role of the *vorkompagnien*. This "state within the state", strictly controlled by the management board of the *Heeren XVII* and the *Bewindhebbers,* not only exercised a monopoly on trade, it also wielded its own sovereignty over the trade routes, possessing an independent administrative hierarchy, which enabled it to endure. It had almost complete control over navigation and over the transportation of merchandise and men between Europe and the Far East. Thus it also controlled prices and profits and was able, by systematic re-investment of part of its profits and loans, to accumulate the permanent capital necessary for long-term investment in Asia and for the creation of a military and economic establishment there.

A graph giving a clearly-contrasted picture of Dutch supremacy in Asian trade was presented. Drawn by J.R. Bruijn, F.S. Gaastra and I. Schöffer, it shows that, for trade between Europe and Asia, there was a rapid expansion of traffic in the seventeenth century, reaching its height in the first half of the eighteenth century and becoming stabilized, without showing any signs of decline, after 1750. But the graph reveals in three areas a disequilibrium which is not satisfactorily explained if interpreted as an investment. The Dutch left in Asia, for the use of local traffic, 30 % of the ships they sent there. They also left men, whose numbers were quickly decimated by disease. Two-thirds of the million men (not all of whom were Dutch) who set sail for Asia in the course of two centuries remained there. (This is a staggering figure, when compared to the hundred thousand men who left Seville for America in the sixteenth century.) As for the precious metals which made up two-thirds of the value of Dutch shipments, they were more often hoarded on arrival at their destination than invested in any form of production or commerce.

A certain number of doubts were expressed. Viewed from Europe, the Dutch experience in Asia might perhaps seem less revolutionary than one had thought. The Portuguese before them had succeeded in making a place for themselves in the trade networks of Asia, and they had managed to keep prices fairly stable, whereas the arrival of the Dutch caused prices to go soaring up. The accounts kept by the VOC cover reams of paper, but one never comes upon a precise balance sheet setting forth profits and expenses, i. e., a statement of the amount of capital. The huge debt carried by the Company in the second half of the eighteenth century gives the impression that the Company may have been going bankrupt, while at the same time the individuals comprising it, and for whose activities it provided the necessary framework, were continuing to get rich. Although it represents a "new" type of institution, the Company is not comparable to a modern capitalist corporation. It reflects the limits and possibilities of the Dutch commercial organisation of which it is, primarily, an expression. This confirms the observations of D. Lombard, conducted from the viewpoint of the Indonesian Archipelago. The economic system of the Asiatic world was in his view only superficially affected by the arrival of the Dutch, who did not make any innovations but simply slipped into existing channels and patterns, adopting the local conventions for the conduct of negotiations and for issuing commands. If there was a radical change, it took place much later, in the first half of the nineteenth century, with the veritable conquest of the East Indies and the establishment of the plantation economy, protected by a monopoly limited to the "Dutch East Indies" alone.

Thus there emerges a clear picture, and even a highly contrasted one, of the Dutch role in the history of world capitalism. The pattern of continuity and change is closely interwoven. Does the supremacy of Amsterdam constitute, as F. Braudel suggested, the last "old-style economy dependent on a city"? Or is it not rather the case that the United Provinces, despite their political and economic divisions, provided the first sketchy example of the national market, thus acting as forerunners to the English ? It was a market stimulated by the role of ware-house agent to the world which Amsterdam had taken over from Antwerp and Venice, by the thrust given to the economy as a whole by the development of transportation and commercial activities, and by a widely diversified supply of raw materials, as well as industrial and luxury articles – both luxury products inherited from the past and already almost common and new ones, having a magnificent future ahead of them. But the market itself acted as a stimulant, for there was a constant demand on the part of a large population, already more than half urbanised, for the produce of the most varied and far-away lands. Thus, there can be no doubt that the Dutch economy actuated those of Europe and the world, and it was because of this that the Dutch were able to emerge unscathed from the seventeenth century, which, for other countries, was such a difficult period. But in international trade they always gave preference – whether as clients, producers or salesmen – to their fellow Dutchmen.