

The Rise of Commercial Empires

*England and the Netherlands in the Age of
Mercantilism, 1650–1770*

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1 National economies and the history of the market

Unsurprisingly perhaps, the most comprehensive history of the earlier centuries of British overseas trade, Adam Anderson's *Origin of Commerce*, was first published in the 1760s as the mercantile age was at its height. It was 'To the instrumentality of Commerce *alone*', the author suggested, that 'the Britannic Empire is most peculiarly indebted for its Opulence and Grandeur, its Improvements in Arts and Knowledge; and, in general, for the great Bulk of its solid Comforts and Conveniences'.¹ During the preceding century, trade and navigation came to occupy an unprecedented place in the national esteem. Their progress was reported in numerous tracts and journals as an indicator of national well-being and prosperity, and naval power was equated with national security. It is undeniable that a sense of British national identity was strengthened during the course of the Anglo-French wars of the eighteenth century.² But the making of national *character* and a sense of Englishness involved earlier and more subtle processes in which similarity and difference were constantly negotiated and renegotiated.³ Although far less costly and wasteful of human life, the Anglo-Dutch wars of the 1650s, '60s and '70s involved an equally momentous struggle for maritime supremacy, between people whose religious and social lives were marked by similarity rather than difference. That struggle produced some of the most potent images of a maritime nation, which laid the basis for the English school of eighteenth-century marine painting. Yet the images produced by the van de Velde, as Dutch immigrants, contain no hint of propaganda, serving to emphasise the importance of admiration, emulation and subtle rivalry in the

¹ A. Anderson, *An Historical and Chronological Deduction of the Origin of Commerce*, 4 vols., 1764, vol. I, p. v. For a discussion of the value of Anderson's treatise, see J. Dorfman, 'An Eighteenth Century Guide Book for Economic Policy', prefaced to the 1967 reprint of the four-volume 1801 edition, A. M. Kelley, New York.

² L. Colley, *Britons. Forging the Nation, 1707-1837*, 1992, Introduction.

³ On the distinction between national character and national identity, see P. Anderson, 'Fernand Braudel and National Identity', *London Review of Books*, 9 May 1991, pp. 4-8, reprinted in Anderson, *A Zone of Engagement*, 1992.



Illustration 1.1 Unknown artist and engraver, 'Wisdom and Youth', engraved for J. Hanway, *Travels*, 1754.

making of national identity. The period also saw the multiplication of images of the British merchant and his calling. Jonas Hanway's publisher, for example, depicted the merchant and his cargoes at the heart of a prosperous and godly community, for the instruction of Youth, attended

by the muse of Wisdom. The gentleman merely dispenses charity, and the husbandman sows, as he has since time immemorial.⁴

For many contemporaries, foreign trade was seen as the prime-mover in the economy, and controlled commercial expansion was closely linked with a growing sense of national identity and assertiveness. The home market, on the other hand, was seriously neglected, although Gregory King estimated its size at four times the volume of imports and exports.⁵ Such an outlook, in broad terms, has been described as *mercantilist*. Although modern economic historians have expressed a diversity of views on the subject, the pre-war generations found the concept indispensable and relatively unproblematic. R. H. Tawney, for example, opened his LSE lectures on early modern English history with the statement that ‘Trade is the dynamic which sets everything in motion.’ Tawney, in fact, explained British economic development in the sixteenth and seventeenth centuries through the maturing of a specifically commercial form of capitalism, and expressed his distaste for it by quoting the early eighteenth-century clergyman–economist, Dean Tucker, who believed that ‘to fight for trade is a species of madness reserved only for Britons’.⁶ The post-war generation, however, was inclined to downgrade or dismiss the significance and coherence of mercantilist thought, preferring instead to measure and delineate the commodity structures of overseas trade. Relatively little attention was given to either the political context or the global structures within which commercial patterns evolved, and the main preoccupation was to estimate the contribution of overseas trade to the growth of the British economy in the eighteenth and nineteenth centuries.

The growth perspectives of the 1960s viewed commercial expansion as an economic act performed within an essentially Ricardian framework, in which overseas trade was assumed to be *inter-national*.⁷ The reality described by Dean Tucker, however, was a more variegated world of nation states in the making, of city states and maritime provinces, and of colonies, plantations and ‘remote and marginal worlds’ untouched by

⁴ J. Hanway, *An Historical Account of the British Trade over the Caspian Sea: with a Journal of Travels from London through Russia into Persia; and back again through Russia, Germany and Holland . . . added, The Revolutions of Persia during the present century*, London, second edn 1754, vol. II, frontispiece.

⁵ L. Gomes, *Foreign Trade and the National Economy. Mercantilist and Classical Perspectives*, 1987, pp. 76–7.

⁶ British Library of Political and Economic Science: Tawney Papers, Box 5/1, Lectures on Economic History, 1485–1800; D. J. Ormrod, ‘R. H. Tawney and the Origins of Capitalism’, *History Workshop*, 18 (1984), p. 147.

⁷ Kenneth Berrill was one of the few economist–historians to draw attention to the regional basis underlying supposedly ‘national’ commercial networks in earlier periods: ‘International Trade and the Rate of Economic Growth’, *ECHR*, 12 (1960), pp. 351–9.

European influence.⁸ It was the city states, indeed, which played the leading role in European commercial life before the territorial states rose to prominence in the eighteenth century. Inequality, both political and economic, was thus the starting point of exchange in the early modern world.

Since the mid-1970s, the proponents of a new history of development have attempted to overcome the limited assumptions of orthodox commercial history to take account of disparities of resource endowment and degrees of economic backwardness. Originally set out by Immanuel Wallerstein, and re-interpreted by Fernand Braudel, a new descriptive framework has now emerged by which the expansion of European commerce may be understood in terms of a hierarchy of zones and markets, in which unequal exchange and coercion are acknowledged realities. The three centuries between 1450 and 1750 are seen as the critical period during which the integration of European trade networks incorporated increasing areas of the world into a European world-economy or world system. A world-economy (*economie-monde* or *weltwirtschaft*) should not be confused with *the* economy as a whole. It refers rather to a fragment of the world, 'an economically autonomous section of the planet able to provide for most of its own needs [with]... a certain organic unity'.⁹ As Wallerstein explains, the framework is one within which the development of sovereign states or nations can be described merely as one kind of organisational structure among others. It presupposes a single division of labour within an area larger than any one political unit.¹⁰

It would be misleading to represent the proponents of the new history of development as constituting a unified 'school'. Significant variations in emphasis are apparent between Wallerstein, Braudel and other writers who adopt a world-systems framework.¹¹ For both Wallerstein and Braudel, the world-economy is conceived in terms of a strong central (or core) zone, a developed middle zone and a vast underdeveloped periphery. In the long run, the core shifts from one part of the system to another, and the system as a whole experiences periods of expansion and contraction. Both share a similar conceptualisation of time, in which historical change occurs within cyclical rather than linear patterns. Here, Wallerstein relies on the Braudellian logistic, derived from Simiand: the

⁸ F. Braudel, *Civilisation and Capitalism, 15th–18th Century*, vol. III, *The Perspective of the World* (1979) 1984, p. 441.

⁹ *Ibid.*, p. 22.

¹⁰ I. Wallerstein, *The Modern World-System*, vol. I, *Capitalist Agriculture and the Origins of the European World-Economy in the Sixteenth Century*, 1974, p. 7; I. Wallerstein, 'Failed Transitions or Inevitable Decline of the Leader?' in F. Krantz & P. Hohenberg (eds.), *Failed Transitions to Modern Industrial Society: Renaissance Italy and Seventeenth Century Holland*, Montreal, 1975, p. 76.

¹¹ P. K. O'Brien, 'European Economic Development: the Contribution of the Periphery', *EcHR*, 35 (1982), p. 2.

long cycle of three centuries, consisting of two phases, one of growth (A) and one of stagnation (B). It is especially during phase B movements that repositioning occurs within the system, and capital is concentrated in the core, as in the period *c.* 1620–1750. It is within the spatial dimension, in fact, that the most notable differences arise within the world systems approach.

For Wallerstein, the hierarchy of zones represents a series of analytical categories rather than a number of specific sites and locations, defined by the logic of unequal exchange. He assumes a single, dynamic core area which may, however, be occupied by one or more states or regions.¹² Braudel, on the other hand, stresses the pivotal role of specific leading cities, of ‘high-voltage’ urban economies which dominated their hinterlands, taking advantage of the backwardness of others. From the early thirteenth century until the rise of Antwerp around 1500, the European world-economy, according to Braudel, was dominated by Bruges and Venice, acting as its northern and southern poles. During Antwerp’s brief golden age, the northern zone began to establish its leading position. After the closure of the Scheldt in 1585, however, the system lapsed into a further bi-polar phase as Genoa took up the position of southern pole, while the Low Countries retained something of their former dominance. The role of the leading city essentially involves an uncertain struggle for economic and political control, in which long periods of stability are followed by crisis, and an ensuing process of ‘de-centring’ and ‘re-centring’. His *economie-monde* is less monolithic than Wallerstein’s, liable to fragment into its constituent elements, the two great circuits of trade or regional economies centring on the Mediterranean and the North Sea.

Around 1600, the balance shifted decisively northwards, as Amsterdam assumed Antwerp’s former hegemonic position. This did not merely involve a transfer of activity from Antwerp to Amsterdam, but represented a permanent and massive shift of gravity from southern to north-western Europe, at a time when the European economy as a whole was expanding. Following the provocative suggestion of Violet Barbour, Braudel described Amsterdam as the last of a series of economically dominant cities, which prolonged the old pattern of European history. Like those of Venice and Antwerp, Amsterdam’s golden age was one in which ‘a veritable empire of trade and credit could be held by a city in her own right, unsustainable by the forces of a modern state’.¹³ In the succeeding phase, marked by the shift of power to London, the territorial state

¹² I. Wallerstein, *The Modern World System, II, Mercantilism and the Consolidation of the European World-Economy, 1600–1750*, 1980, p. 37.

¹³ V. Barbour, *Capitalism in Amsterdam in the Seventeenth Century* (1950), Ann Arbor, 1963, p. 13.

and the national economy took on a new significance. Pushing Braudel's logic one stage further, we can characterise the contrast between Amsterdam and London in terms of the emergence of a new kind of entrepôt system: the one a modification of the old city-centred staple system, a central staplemarket; the other, a modern commercial metropolis with an integrated national economy as its hinterland. In this sense, the rise of the British nation state provided the basis and the starting point for a new pattern of economic development.

In Braudel's view then, one or more leading cities dominate the entire network of commercial relations. Development springs partly from the drive to monopolise commercial profits, and partly from the agglomeration of economies, skills and precocious technologies of an urban environment. Wallerstein, in contrast, places much more emphasis on relations between core and periphery as the dynamic of development. The exploitation of the periphery, secured especially through unequal exchange and labour control, is constituted in the 'development of underdevelopment'. In his account of the sixteenth-century *origins* of the modern world system, Wallerstein attaches no special significance to the territory of the nation state, and the core exists as a single zone which may comprise several cities, states and regions. By 1600, that zone is identified as 'firmly located in northwest Europe, that is in Holland and Zeeland; in London, the Home Counties, and East Anglia; and in northern and western France'.¹⁴ In the following decades however, and especially after 1650, economic crisis and demographic stagnation produced more intense forms of economic nationalism, and a major struggle was played out in the core, as Britain and France challenged Dutch hegemony over the world-economy. In the second of Wallerstein's volumes, dealing with the contraction of the European world-economy during the long seventeenth century, much greater emphasis is placed on the nation state and commercial rivalry, the Colbertian *combat perpetuel*. England and the Dutch Republic are seen as two equally-matched nation states, equally capable of devising and implementing effective mercantilist strategies, although, in practice, Dutch strength and productive efficiency were such that only limited forms of state intervention were necessary. This, as we shall see, is a misleading assumption, which neglects important differences in the pattern of state formation, especially those arising from the entanglements of cities and states.¹⁵ It underestimates the extent of intercity rivalries in Holland and greatly exaggerates the strength and effectiveness of the Dutch state.

¹⁴ Wallerstein, *Modern World System*, vol. II, p. 37.

¹⁵ C. Tilly, 'Entanglements of European Cities and States', in C. Tilly & W. P. Blockmans (eds.), *Cities and the Rise of States in Europe, AD 1000–1800*, Boulder, 1994, pp. 1–27.

An even more serious anachronism in Wallerstein's 'world-system' is the supposition that, by 1640, the economies of Europe and its overseas possessions were sufficiently integrated to constitute a 'new European division of labour' based on the flow of resources between core and periphery. The movement of international wheat prices indeed shows a slow but steady integration of northern and southern cereal markets between 1300 and 1650, but trade-flows between Asia, the Americas and Europe were insignificant before the mid seventeenth century.¹⁶ Although intercontinental trade accelerated thereafter, O'Brien, following Bairoch, suggests that commerce with the peripheral areas probably accounted for no more than 4% of Western Europe's GNP by 1800. In terms of capital formation, this is unlikely to have exceeded 1% of GNP. For the Netherlands and Britain, of course, long-distance trade played a more important role, but O'Brien calculates that, even in Britain's case, trade with the periphery generated surpluses which can hardly have financed more than 7% of gross annual investment during the 1780s.¹⁷ This figure represents a slight underestimate, based as it is on the three years immediately following the American War of Independence when transatlantic trade and re-exports remained at abnormally low levels (1784–6). Re-exports at that time amounted to only one-sixth the value of total exports, whereas from 1771 to 1775 for example, the proportion was over one-third.¹⁸ The logic of world-systems theory, however, posits that the primary products of the periphery were indeed purchased cheap, hence the argument is one which cannot be resolved by a national accounts approach, however refined the statistical evidence. As both proponents and critics of world-systems theory have admitted, their differences are of a paradigmatic kind.¹⁹

Whatever the contribution of mercantile profits to capital accumulation and investment, it is clear that the most palpable benefits of trade with the periphery accrued to the consumer, particularly during the first half of the eighteenth century. From *c.* 1710 to 1735, prices for colonial and Asian goods either stagnated or collapsed. Demand for semi-luxuries such as tea, coffee, sugar, tobacco and Indian textiles was both income- and

¹⁶ S. R. Epstein, *Freedom and Growth. The Rise of States and Markets in Europe, 1300–1750*, 2000, ch. 7.

¹⁷ O'Brien, 'Contribution of the Periphery', p. 17.

¹⁸ *Ibid.*, Table 1, p. 6, excludes the Baltic and Northern European periphery, and selects the years 1784–6, immediately following the end of the American War of Independence when re-exports were abnormally reduced at £3.6mill.; for 1771–5, for example, re-exports averaged £5.75mill. In 1784–6, re-exports amounted to 17% of the value of total exports, whereas from 1772 to 1774, the figure was 34.7%.

¹⁹ A. G. Frank, *Re-Orient: Global Economy in the Asian Age*, Berkeley, Los Angeles, London, 1998, p. 42.

price-elastic, and a wider spectrum of the population was now able to enjoy them. In developmental terms, long-distance trade released Europeans from their own resource endowments, but colonial raw materials and primary products made only a modest contribution to industrial growth, until the rapid expansion of West Indian cotton-wool imports from the mid-1780s.²⁰ More important than colonial sources of supply were the peripheral and 'semi-peripheral' regions of the Baltic, Eastern Europe, Ireland and Scotland. The contribution of these local peripheries to English economic development is excluded from O'Brien's calculations, but their significance was felt at two levels, as sources of essential 'strategic' imports and, through the pursuit of import substitution policies, as low-cost alternative producers. Baltic flax, hemp, timber and naval stores were paid for by re-exports of plantation goods and Asian textiles to Europe, and the Irish and Scottish linen industries supplied England's growing home market with replacements for more expensive European fabrics.

The world systems perspective is a useful corrective to neo-classical theory, but the measurable economic gains from Europe's colonial and transoceanic trades were smaller than Wallerstein suggests, and the size and weight of the European system in 1750 was only modest in real global terms. Gundar Frank has recently drawn attention to the eurocentricity of Wallerstein and Braudel's models. In a grand polemic which revises his own earlier views, Frank reduces its proportions to an appendage of a much larger Afro-Eurasian world economy, itself the magnet which led to the 'discovery' of the New World and the incorporation of the Americas into the European economy. In spite of appearances, Frank is close to agreeing with O'Brien that Wallerstein's great European division of labour straddling core and periphery needs scaling down. In the chapters which follow, some elements of a Braudellian world systems framework will be retained, including the role of leading cities and a hierarchy of zones in which regional economies were drawn into closer forms of integration within the larger (real) global economy. The assumption that the wealth of the European 'core' countries depended on the resources of a global periphery, however, is rejected, and, with it, Wallerstein's sketch of Anglo-Dutch rivalry as a struggle between two equally strong core states attempting to control those resources. Access to colonial markets was, of course, an important issue for English and Dutch statesmen, but Anglo-Dutch competition was played out primarily in the North Sea – Baltic zone, a region large enough to contain its own periphery. That contest involved industrial competition, a struggle for the carrying trades

²⁰ O'Brien, 'Contribution of the Periphery', pp. 10–12.

of the region, access to the primary products of the Baltic and Eastern Europe and, for the English, a drive to reduce dependence on the Dutch staple market. National rivalries obviously played a critical role in this, but so too did conflict and co-operation between mercantile cities.

Braudel and Wallerstein's European 'world-system' is most properly seen as an intermediate zone within the larger global economy. The North Sea – Baltic economy formed its northern pole, and existed as a distinct regional economy comparable in scale to the trading world of the Mediterranean. Like its southern European counterpart, the North Sea zone contained a highly urbanised core in the Low Countries and southern England, but state formation and city-state relations followed a different course in each case. Whereas in northern and central Italy, territorial states dominated by a single city persisted into the nineteenth century, the Dutch succeeded in creating a durable federation of city-states. In England, a high degree of political centralisation together with weak urban jurisdictions permitted the emergence of a national urban hierarchy at an early stage. As the potential for urban expansion moved steadily northwards during the seventeenth century, a new pattern of large city growth emerged in which London and Amsterdam expanded far beyond the size and weight achieved by the mercantile cities of northern Italy. The relative dynamism of north-western Europe during the B-phase of the growth cycle, it seems, was closely bound up with the concentration of skills, capital, commercial intelligence and external economies in a handful of large mercantile cities, supported by the resources of the state. A number of questions remain, however, about the configuration of urban growth and the role of the state in England and the northern Netherlands. What were the relative positions of London and Amsterdam within their respective urban hierarchies, port systems and hinterlands? How effective was the state in opposing the vested interests of urban oligarchies and in promoting market growth in England and the Republic? How far and in what ways were 'strong core states' able to use taxation as a means of promoting commercial and industrial growth?

Leading cities and their hinterlands

Recent work by Dutch demographic historians has confirmed Braudel's suggestion that, in relation to the towns of the United Provinces, 'Amsterdam stood in the same position as did Venice to those of the *Terraferma*'.²¹ Like London, Amsterdam was indeed unique in the

²¹ Braudel, *Perspective of the World*, p. 182. In 1600, the population of Venice was 139,000; that of Verona lay within the range 50–60,000, Brescia 40–50,000, Padua 30–40,000,

national urban hierarchy, but was surrounded by several populous towns and small cities in a way that London was not. By 1622, just over half the total population of Holland was urbanised, and during the seventeenth century as a whole, between a quarter and one-third of the Dutch population lived in towns and cities with populations in excess of 10,000 (Table 1.1).²² By far the greater proportion of these urban dwellers lived in places other than Amsterdam. At the height of the Dutch golden age, the English provinces had nothing to compare with Leiden's population of 67,000, or Haarlem's 38,000, and Rotterdam, Middleburg and Utrecht were all 50% larger than Norwich or Bristol, with populations of around 30,000.²³ Even during the first half of the eighteenth century when the United Provinces experienced urban decline, the proportion of town dwellers remained close to 20% of the total.²⁴

In England and Wales during the seventeenth century, a relatively small proportion of the national population lived in urban areas outside London, and not until the first half of the eighteenth century was a significant rise registered in the population of sizeable provincial towns. The tendency in both countries was for the capital city to grow at a disproportionately rapid rate before 1700, as the European economy became increasingly integrated and leading cities extended their functions over a wider hinterland. By the turn of the century, Amsterdam, like London, contained more than 10% of the national population, but Amsterdam's dominance was much less pronounced than London's. Following de Vries, Diederiks emphasises the singularity of Dutch urban history in terms of the absence of a single multi-functional urban centre, noting that, while Amsterdam indeed developed into by far the largest of the Dutch commercial cities, a single metropolis failed to emerge in the northern Netherlands. Instead, the whole western area of the province of post-medieval Holland may be considered as a 'decentralised metropolis'.²⁵ In Diederiks's view, Amsterdam never functioned as a primate city, or

and Bergamo, 20–30,000 (C. Wilson and G. Parker (eds.), *An Introduction to the Sources of European Economic History, 1500–1800*, 1977, p. 5).

²² J. A. Faber, H. K. Roessingh, *et al.*, 'Population Changes and Economic Developments in the Netherlands: An Historical Survey', *AAG Bijdragen*, 12 (1965), p. 53; J. de Vries, *European Urbanisation, 1500–1800*, 1984, Appendix 1, pp. 270–87.

²³ Population figures for 1650, assembled by de Vries, *European Urbanisation*.

²⁴ E. A. Wrigley, 'Urban Growth and Agricultural Change: England and the Continent in the Early Modern Period', *Journal of Interdisciplinary History*, 15 (1985), and reprinted in Wrigley, *People, Cities and Wealth. The Transformation of a Traditional Society*, Oxford, 1987, p. 180.

²⁵ H. Diederiks, 'The Netherlands, the Case of a Decentralised Metropolis', in E. Aerts and P. Clark (eds.), *Metropolitan Cities and their Hinterlands in Early Modern Europe*, Leuven, 1990, pp. 86–97.

Table 1.1 *English and Dutch urbanisation, 1600–1750*

	1600		1650		1700		1750	
<i>Number of towns of 10,000 +</i>								
England & Wales	6		8		11		21	
United Provinces	19		19		20		18	
<i>Total population (millions)</i>								
England & Wales	4.11		5.23		5.06		5.77	
United Provinces	1.50		1.87		1.90		1.90	
	1600		1650		1700		1750	
	'000	%	'000	%	'000	%	'000	%
<i>Population living in towns of 10,000 +</i>								
England & Wales,								
excluding London	55	1.3	95	1.8	143	2.8	346	6.0
London	200	4.9	400	7.6	575	11.5	675	11.7
Total	255	6.2	495	9.5	718	14.2	1,021	17.7
United Provinces,								
excluding Amsterdam	299	19.9	428	22.9	439	23.1	370	19.5
Amsterdam	65	4.3	175	9.4	200	10.5	210	11.1
Total	364	24.3	603	32.3	639	33.6	580	30.5

Sources: de Vries, *European Urbanisation*, pp. 270–1; J. A. Faber, 'De achttiende eeuw', in J. H. van Stuijvenberg (ed.), *De economische geschiedenis van Nederland*, p. 120; Groningen, 1977, ch. 4, esp. E. A. Wrigley & R. S. Schofield, *The Population History of England, 1541–1871. A reconstruction*, Cambridge, 1981, pp. 208–9.

the hub in a central place system, as Dutch towns always tended to exercise complementary functions.²⁶ Others have likewise drawn attention to Amsterdam's dependence on other towns within its own region, particularly in the earlier phase of growth before 1585.²⁷

In comparative terms then, the positions of London and Amsterdam in relation to their immediate hinterlands around 1700 suggest a contrast between, on the one hand, a national metropolis which exercised key political, administrative, manufacturing and commercial roles, and, on the other, a mercantile city-state occupying the territory of the western part of the province of Holland. The city of Amsterdam functioned simply

²⁶ Ibid. p. 96; a different view is expressed by P. M. Hohenberg and L. H. Lees, *The Making of Urban Europe, 1000–1950*, Cambridge, Mass., and London, 1985, p. 66.

²⁷ C. Lesger, 'Clusters of Achievement. The Economy of Amsterdam in its Golden Age', in P. K. O'Brien et al. (eds.), *Urban Achievement in Early Modern Europe*, Cambridge, 2001, p. 78.

Table 1.2 *The English and Dutch port systems, 1600–1800: population size of major ports, '000*

	1600	1650	1700	1750	1800
LONDON	200	400	575	675	865
Bristol	11	20	25	45	65
Newcastle/Sunderland	10	13	19	39	52
Exeter	10	10	14	16	17
Ipswich	0	?	8	12	11
King's Lynn	0	5	5	9	10
Yarmouth	0	10	10	10	15
Hull	0	0	6	6	28
Liverpool	0	0	6	22	78
London as a percentage of total 9	86.6	87.3	86.1	80.9	75.9
AMSTERDAM	65	175	200	210	217
Rotterdam	13	30	48	44	57
Middleburg	20	30	25	24	20
Dordrecht	15	20	22	16	18
Enkhuizen	17	22	14	7	7
Hoorn	12	16	13	10	10
Amsterdam as a percentage of total 6	45.8	59.7	62.1	67.5	66.0

Source: J. de Vries, *European Urbanisation*, Appendix 1.

as *primus inter pares*. This contrast is also reflected in the structures of the English and Dutch port systems, that is, the distribution and degree of concentration of overseas and inland trade within a range of ports of different sizes, given the prevailing situation in which not all had equal means of access to their respective hinterlands (Table 1.2).²⁸ As is well known, London's dominance of English overseas trade represented the continuation of a centuries-old pattern, one which was heightened during the course of the seventeenth century before declining, albeit only in relative terms, during the eighteenth. It is of course true that, for most purposes, the volume or value of trade constitutes a better measure of the relative importance of different ports than their population size. In the absence of comparable international measures, however, the latter provides a rough means of comparison which only slightly exaggerates the commercial importance of the great entrepôt cities. In 1687, for example,

²⁸ C. Lesger, 'Intraregional Trade and the Port System in Holland, 1400–1700', in K. Davids & L. Noordegraaf, *The Dutch Economy in the Golden Age*, NEHA, Amsterdam, 1995, pp. 186–217.

London contributed rather less than 82% of the national customs revenue, while Amsterdam in 1698 contributed around 51% of the Dutch total.²⁹ Table 1.2 can therefore be taken to indicate the bare outlines of the English and Dutch port systems.

Although Amsterdam's lead over the other Dutch ports was substantial, and the city continued to grow at a modest rate throughout the eighteenth century, its dominance was far from complete. Rivalry with other neighbouring ports was an ever-present reality, particularly with Rotterdam, which handled the trade with England, Scotland and France.³⁰ Furthermore, Amsterdam had emerged as the premier port of Holland at a comparatively late stage in the history of the Netherlands, taking second place to Dordrecht in the mid fourteenth century. By the 1540s, Amsterdam was handling a much wider range of goods than its rivals and the value of its exports was three times that of all the other Dutch ports. Its 'meteoric' rise to prominence, however, occurred after 1585. As one of the *Zuider Zee* ports, Amsterdam acted as an intermediary between north and south, acting principally as Holland's main gateway to the north German ports and the Baltic. Less important was the east-west trade of the Rhine-Meuse delta, which linked the North Sea trade with the Republic's eastern hinterland. Until the early years of the seventeenth century, the delta ports were dominated by Dordrecht, when Rotterdam began its slow rise to prominence.³¹

The excellence and accessibility of inland water transport throughout the Dutch Republic, together with the early establishment of the *beurtvaart*, a network of regular inland shipping services, go a long way towards explaining why the Dutch port system was less concentrated than England's.³² On the other hand, the dependence of Dutch cities on imported Baltic grain before 1700 ensured that Amsterdam would maintain an important central role as an intermediary port linking international with inland trade. In ways such as these, it is possible to note important differences between the circumstances shaping the roles of Amsterdam and London as major entrepôts and as leading cities at the apex of their

²⁹ W. E. Minchinton (ed.), *The Growth of English Overseas Trade in the Seventeenth and Eighteenth Centuries*, 1969, p. 33; J. Hovy, *Het voorstel van 1751 tot instelling van een beperkt vrijhavenstelsel in de republiek*, Groningen, 1966, Tables I-V, pp. 7-18 (the Convoy and Licence yield for the Zeeland Admiralty is unavailable for 1698, and the nearest available figure, that of 1689, is inserted to complete the total).

³⁰ Joh. de Vries, *Amsterdam-Rotterdam. Rivaliteit in economisch-historisch perspectief*, Bussum, 1965, pp. 43-69.

³¹ Lesger, 'The Economy of Amsterdam', pp. 64-5.

³² On the *beurtvaart*, see Lesger, 'Intraregional Trade', pp. 195-9; J. de Vries, 'Barges and Capitalism. Passenger Transportation in the Dutch Economy, 1632-1839', *AAG Bijdragen*, 21, 1978.

respective urban hierarchies. From the late sixteenth through to the later seventeenth century, however, before Dutch economic decline and demographic stagnation set in, it is clear that the overall pattern of urban growth and change came to exhibit more points of similarity than difference. Between 1550 and 1680, as Wrigley has shown, England and Wales and the northern Netherlands experienced comparable rates of population growth (64% and 58% respectively), and the pace of urbanisation in the former began to quicken.³³ Most significantly, London and Amsterdam attained positions of comparable size within their own urban hierarchies. The reasons for this convergence become apparent as one shifts one's focus to trends within Europe as a whole.

In his general account of the process of European urbanisation in the period 1500–1800, de Vries suggests that the northern Netherlands approached a ceiling in terms of urban potential by the mid-seventeenth century. During the preceding century, the stock of urban centres from which the expanding Dutch cities were drawn remained stable, whereas England possessed a much larger endowment of potential cities, with hundreds of small market towns and industrial villages. By the early nineteenth century, British levels of urbanisation reached those attained by the Dutch a century earlier: from 1680 to 1820, the population of England and Wales grew by 133%, while that of the Dutch Republic increased by only 8%. In both countries, however, a single dominating commercial centre had emerged during what de Vries describes as the 'middle phase' of European urbanisation extending from roughly 1600 to 1750, characterised by large-city growth. The first phase coincides with the 'long' sixteenth century (1500–1600/50) and is marked by general urban growth at all levels: the emerging hierarchy of cities at this stage may be described as polycentric. The second (or middle) phase characterised by large-city growth precedes a final phase, running from *c.* 1750 to the early nineteenth century, in which the expansion of smaller cities reduced large-city growth to a level proportionate to that of total population growth. The emerging pattern, described as 'new urbanisation', was an urban growth from below.

Above all, de Vries has emphasised that, during the period 1500–1800, the cities of Europe came to form a single urban system which 'deployed and developed the resources of the entire European zone'. The disproportionate growth of London in the seventeenth century and, to a lesser extent, that of Amsterdam occurred at a critical juncture in this process, and represented the intensification of urban civilisation across the

³³ E. A. Wrigley, 'The Growth of Population in Eighteenth-century England: A Conundrum Resolved', *PP*, 98 (1983), reprinted in Wrigley, *People, Cities and Wealth*, p. 216.

core zone of north-western Europe. For a brief period, from roughly 1670 to 1720, south-eastern England and the Dutch Republic seemed to have reached a point of convergence within the urbanisation process, with around 40% of the population living in cities, in both regions.³⁴ In the English case, of course, the urban population was mainly concentrated in a single city, London. Significantly, it was during these years that London's rise to pre-eminence was underpinned by Amsterdam's financial and commercial resources, especially after 1689. The diffusion of the entrepôt function thus occurred at a definite point of continuity in the development of the urban system. The sustained growth of London's population thereafter, together with that of the English outports and manufacturing centres, carried the process of urban growth beyond the ceiling reached by the Low Countries. In both demographic and economic terms, Europe's centre of gravity was moving further north, as the culmination of a long-run reorientation of commodity markets and capital flows, and improved access to commercial and manufacturing skills. It was during the 1720s and '30s that London's dependence on Amsterdam receded most conspicuously, the moment when Dutch primacy in world trade finally collapsed.³⁵

Cities, states and mercantilist policy

The independence and political weight of the Dutch cities in relation to the state were rooted in economic realities, and the Dutch urban economy represented a precocious development of the traditional staplemarket structure, transformed by large flows of skilled immigrant craftsmen and traders. The central staplemarket function developed out of an agglomeration of local and regional mart towns, at the apex of a hierarchy of exchanges. As an active entrepôt, Amsterdam exercised price leadership, stabilised commodity flows and provided a range of financial and shipping services.³⁶ As J. A. Faber has emphasised, the Republic relied on overseas producers for much of its food and raw material supplies, while its principal exports consisted of commercial and shipping services, colonial

³⁴ J. de Vries, 'Problems in the Measurement, Description, and Analysis of Historical Urbanisation', in A. M. van der Woude, J. de Vries and A. Hayami (eds.), *Urbanisation in History. A Process of Dynamic Interactions*, Oxford, 1990, p. 48.

³⁵ J. I. Israel, *The Dutch Republic. Its Rise, Greatness, and Fall, 1477–1806*, Oxford, 1995, pp. 998–9.

³⁶ Joh. de Vries, *De Economische Achteruitgang de Republiek in de Achttiende Eeuw*, Amsterdam, 1959, p. 16; T. P. van der Kooy, *Hollands Stapelmarkt en haar Verval*, Amsterdam 1931, ch. 1; K. Glamann, 'The Changing Patterns of Trade', in E. E. Rich & C. H. Wilson (eds.), *The Cambridge Economic History of Europe*, vol. V, *The Economic Organization of Early Modern Europe*, Cambridge, 1977, ch. IV, esp. p. 286.

products, and manufactured goods with a high import content.³⁷ Most of the linen bleached at Haarlem was imported from Germany and the fine cloths of Leiden were made from imported Spanish wool. English malt and barley sustained the brewing and distilling industries of the Maas towns during the eighteenth century, as did English and Scottish coal, which additionally supplied the needs of sugar refiners, saltmakers and smiths. Textile finishing was merely one of a large group of processing and finishing industries which dominated the industrial sector. Their dependence on imports is reflected in a language which has no exact equivalent in English: *trafiekbedrijf*, *verkeersnijverheid*, *verkeersindustrieën*.³⁸ Fundamentally, this was an economy which depended on the staple-market. In the eighteenth century, over half the labour force was employed in shipping, trade and commercial services, and the processing industries.³⁹

The British entrepôt system, on the other hand, developed during the course of the seventeenth century on a much broader economic base. London, like Amsterdam, possessed 'the whole panoply of economic power' including shipping, finance, commercial and industrial strength but drew on its own, home-produced supplies of food, fuel and raw materials to a degree that the Dutch cities did not. A nation-wide network of agents provided the capital city with inland supplies of food, fuel and semi-finished goods.⁴⁰ London merchants, unlike their Amsterdam counterparts, invested in provincial manufacturing on a large scale, frequently with a controlling interest arising from their involvement in finishing and marketing.⁴¹ Nor should the extent of manufacturing in early modern London be underestimated.⁴² Seventeenth-century occupational patterns in the metropolis reflect a strong bias towards production rather than exchange, in a proportion of roughly 3:1. In addition, London functioned as the locus of central government and political decision-making,

³⁷ J. A. Faber, 'The Economic Decline of the Dutch Republic in the Second Half of the Eighteenth Century and the International Terms of Trade', in W. G. Heeres *et al.* (eds.), *From Dunkirk to Danzig. Shipping and Trade in the North Sea and the Baltic, 1350–1850*, Hilversum, 1988, p. 107; Joh. de Vries, *Economische Achteruitgang*, p. 13.

³⁸ Z. W. Sneller, *Geschiedenis van den Steenkolenhandel van Rotterdam*, Groningen, 1946, pp. 60–1.

³⁹ J. A. Faber, 'Structural Changes in the European Economy during the Eighteenth Century as Reflected in the Baltic Trade', in Heeres *et al.* (eds.), *Dunkirk to Danzig*, p. 87.

⁴⁰ J. A. Chartres, 'Food Consumption and Internal Trade', in A. L. Beier & R. Finlay (eds.), *London, 1500–1700. The Making of a Metropolis*, 1986, pp. 184–8; J. A. Chartres, 'The Marketing of Agricultural Produce', in J. Thirsk (ed.), *The Agrarian History of England and Wales, 1640–1750*, vol. V (II), *Agrarian Change*, Cambridge, 1985, pp. 491–3.

⁴¹ *Ibid.*, p. 161.

⁴² A. L. Beier, 'Engine of Manufacture: the Trades of London', in Beier & Finlay (eds.), *London, 1500–1700*, p. 150.

and important social and cultural differences between London and Amsterdam affected their commercial life. The former seems to have developed at least a reputation for conspicuous consumption and luxury, so that, by 1715, London was fast becoming the equal of Paris in terms of fashionable taste. Amsterdam, on the other hand, retained a 'glorious simplicity'. Although 'the better sort' had made 'a great alteration... in their equipages, entertainments, and whole manner of living' since the days when Temple complained of Dutch frugality, it seemed to Mandeville that the majority still harboured a strong aversion to luxury.⁴³ London's population, in addition, was more than twice that of Amsterdam, and represented the largest single concentration of consumers in Britain and Europe.

In several key respects, then, London's position in the European economy was entirely different from that of Amsterdam or Venice, and, from the late seventeenth century, we move into a new context: as Braudel noted, 'this great city had at its command the English national market and later that of the entire British Isles'.⁴⁴ A major threshold existed for Braudel between the city-centred economies of the European past and the rise of national economies. Wallerstein, on the other hand, registers no major discontinuity in the shift of power from Holland to Britain. Instead, the starting point of European modernisation lies in the political events which separated the failure of Charles V's drive towards world-empire and the rise of the Dutch Republic as 'the first hegemonic power of the capitalist world-economy'. For Wallerstein, economic leadership at the core of the world-economy requires, *a fortiori*, productive efficiency backed by the power of the nation state; and the Dutch state, in this view, was just as strong and effective as the political order which emerged in England after 1688. De Vries and van der Woude also emphasise the same elements of modernity underlying the success of the Dutch economy, including early industrial growth, high productivity and an integrated national economy, but are less optimistic about the part played by government.⁴⁵

In emphasising these differences, we inevitably encounter a major historiographical divide which originates in the arguments of the German Historical School and its critics, about the role of the state in economic affairs and the significance of the change from municipal to 'national' policy. Following Schmoller's lead, it was Heckscher especially who

⁴³ D. Regin, *Traders, Artists and Burghers. A Cultural History of Amsterdam in the 17th Century*, Assen, 1976, pp. 211–13; B. Mandeville, *The Fable of the Bees, or Private Vices, Public Benefits*, 6th edn, 1723, pp. 206–8.

⁴⁴ Braudel, *Perspective of the World*, p. 35.

⁴⁵ J. de Vries & A. van der Woude, *The First Modern Economy. Success, Failure, and Perseverance of the Dutch Economy, 1500–1815*, Cambridge, 1997, p. 695.

defined the notion of a consistent medieval town policy and described the ways in which mercantilism challenged municipal autonomy and attempted to 'nationalise the economic features of town life'. Heckscher distinguished five basic economic principles of medieval town policy: to secure abundant supplies of food and raw materials; to reserve trade, commerce and manufactures for the town; to discriminate against strangers; to support the staplemarket function, by 'driving as much traffic as possible into the city'; and to apply the general social ethic of the Middle Ages, which required that every person with a calling was to be assured of the means of subsistence. The last-mentioned principle required that competition be circumscribed, following the ideal represented by the handcraft guilds.⁴⁶ The challenge to medieval municipal policy, according to Heckscher, was most successful in England, the country in which it had been least constructive.⁴⁷

Few of Heckscher's criteria apply without modification to the towns of the Dutch Republic, yet the contrast between London and Amsterdam, and particularly between London and the smaller Dutch cities which comprised the 'decentralised metropolis' of Holland, is plain. Before the collapse of their trade to the Low Countries in the 1660s, the Merchant Adventurers in Middleburg, Dordrecht and Rotterdam enjoyed the protection of the *stapelrecht*, based on law merchant, in return for the payment of tolls and their adherence to the discipline of the staplemarket.⁴⁸ German merchants likewise established the staple for Westphalian linens at Rotterdam, before its demise in 1672. Groningen exerted its market monopoly over a wide area, and several smaller towns claimed staple privileges and the right to levy tolls.⁴⁹ Conflict of interest between the Dutch cities was endemic, especially between Amsterdam, with its relatively open markets, and the staple towns. Differences in economic orientation towards either trade or manufacture provided the main source of long-running tension, while disputes about inland navigation were common.⁵⁰

⁴⁶ E. F. Heckscher, *Mercantilism* (1931), revised edn, ed. E. F. Soderlund, 1955, pp. 128–36.

⁴⁷ E. F. Heckscher, 'Mercantilism', in D. C. Coleman, *Revisions in Mercantilism*, 1969, pp. 22–3.

⁴⁸ P. Huvelin, *Essai historique sur le droit des marchés et des foires*, Paris, 1897, p. 209; B. van Rijswijk, *Geschiedenis van het Dorpsche Stapelrecht*, 's-Gravenhage, 1900, ch. 8; R. H. I. Palgrave, *Dictionary of Political Economy*, vol. I, 1894, pp. 460–3.

⁴⁹ De Vries & van der Woude, *First Modern Economy*, p. 173.

⁵⁰ J. L. Price, *Holland and the Dutch Republic in the Seventeenth Century. The Politics of Particularism*, Oxford, 1994, ch. 5. In addition to inter-city rivalries, L. Noordegraaf emphasises the domination of the countryside by town authorities through the purchase of manorial rights; serious urban–rural conflict continued into the eighteenth century ('Domestic Trade and Domestic Trade Conflicts in the Low Countries; Autonomy, Centralisation and State-formation in the Pre-industrial Era' in S. Groenvelde & M.

Municipal self-interest also expressed itself through guild organisation, which remained intact in most Dutch cities, especially Leiden, long after it collapsed in mid-seventeenth-century London.⁵¹ In the promotion of new ventures in industry, the provincial and central authorities played no part whatsoever; it was at the level of municipal government that public support was given.⁵²

Although disagreement about staple rights often produced local conflict, staplemarket trading was in principle subject to a transnational code of practice derived from the law merchant, a body of customary rules applied on the high seas and in the conduct of fairs and marts across Europe. With the consolidation of state power and the development of mercantilist ideas and practices, the law merchant was incorporated into national jurisdictions.⁵³ In England, King's Bench and the Courts of Common Pleas replaced merchants' courts from 1606 to 1640, and, under Lord Mansfield, law merchant was absorbed into the common law in the 1750s. In the northern Netherlands, the most coherent expression of law merchant was found in the *Dordtsche stapelrecht*, the staple law of Dordrecht, the oldest of the Dutch ports standing at the head of the Waal and Maas navigation. The weakness of central authority in the United Provinces ensured at least the formal survival of the *stapelrecht*.

After 1588, the newly established States of Holland increasingly arrogated to themselves the sovereign laws over the *graafschap* or county, and took the lead in interpreting the *Dordsche stapelrecht* through the exercise of a casting vote. They could also issue pronouncements in the event of disputes, which were frequent.⁵⁴ The most serious conflicts were with Rotterdam, especially those of 1618–20 when Dordrecht attempted to extend the staple to include the former's growing wine trade with France. This particular dispute began with the seizure of Rotterdam wine ships and an attempt to impose fines for attempted evasion of the *stapelrecht*. Rotterdam reacted by convoying her ships through Dordrecht, which in turn produced armed reprisals, with several dead and wounded. The affair was settled by provincial authority, but no attempt was made to

Wintle (eds.), *State and Trade: Government and Economy in Britain and the Netherlands since the Middle Ages*, Zutphen, 1992, pp. 22–3).

⁵¹ G. Unwin, 'De Leidsche Textielnijverheid', in R. H. Tawney (ed.), *Studies in Economic History. The Collected Papers of George Unwin*, 1927, pp. 399–403.

⁵² K. Davids, 'Beginning Entrepreneurs and Municipal Governments in Holland at the Time of the Dutch Republic', in C. Lesger & L. Noordegraaf (eds.), *Entrepreneurs and Entrepreneurship in Early Modern Times. Merchants and Industrialists within the Orbit of the Dutch Staple Market*, Hollandse Historische Reeks, 24, The Hague, 1985, p. 167.

⁵³ C. M. Schmitthoff, 'International Business Law: A New Law Merchant', in C.-J. Cheng (ed.), *Clive M. Schmitthoff's Select Essays on International Trade Law*, Dordrecht, Boston and London 1988, pp. 21–7.

⁵⁴ Van Rijswijk, *Dordtsche Stapelrecht*, p. 97.

limit or circumscribe the *stapelrecht*. Throughout the seventeenth century, shipmasters who complained of seizures and the arbitrary actions of the Dordrecht authorities met with the pronouncement that, 'beyond all question the *stapelrecht* [is] not at fault'. In 1630, for example, difficulties arose over the export of timber along the IJssel and Lek for the account of the Admiralty of the Maas, and in 1649 over the free transport of Scottish and English coal. Efforts to tighten up searches continued, notably in 1657, the 1660s (three), 1707 and the 1740s (three).⁵⁵ Gradually, however, Dordrecht gave way on issues of principle, and in the long run was powerless against the continued evasion of the law and the united opposition of the neighbouring towns.⁵⁶

In practical terms, these disagreements probably did little to disrupt the mainstream of commercial life, but they indicate the 'pre-national' origins and the mercantile rationale of the staplemarket economy. In common with intermittent disputes about guild regulations and the protection of industrial interests against foreign competition, they underline the weakness and limitations of the Dutch state as an economic agent. Historians are uncertain as to whether the congeries of municipal and regional economies which formed the Dutch Republic actually functioned as a coherent national economy, a fact which many contemporaries questioned. De Vries and van der Woude conclude that, despite decentralised economic policy formation and an absence of political unity, market forces produced a degree of economic coherence.⁵⁷ In good times, provincial collaboration was the norm and local interests were respected. But the pursuit of mercantilist policies by neighbouring states left the Republic in a vulnerable and passive position. Adopting criteria suggested by Tilly, Blockmans and others, it is difficult to describe the Dutch model as anything other than a decentralised federation of cities, supported by a somewhat fragmented state apparatus. The coercive power at its disposal, for both internal and external use, was weak, but capital-intensive. It was, however, a state system that was both transnational and city-based. Its economy far exceeded the boundaries of the state to form a commercial empire, yet the state lacked the trappings of empire.⁵⁸

Given these ambiguities, it is not surprising that debates about the nature of the Dutch state, in terms of its strength, effectiveness and

⁵⁵ *Ibid.*, pp. 104–5.

⁵⁶ H. C. Hazewinkel, *Geschiedenis van Rotterdam*, vol. II, Amsterdam, 1940, pp. 120–1.

⁵⁷ De Vries & van der Woude, *First Modern Economy*, pp. 172–9.

⁵⁸ The possibilities for describing such a hybrid are no doubt endless. Within Blockmans' threefold classification of city states, territorial states and composite states, the Dutch Republic is a composite, centralised to some degree under the authority of the States General (M. 't Hart, *The Making of a Bourgeois State. War, Politics and Finance during the Dutch Revolt*, Manchester, 1993, p. 11).