DUTCH ECONOMIC HISTORY OF THE PERIOD 1500-1940: 
A REVIEW OF THE PRESENT STATE OF AFFAIRS

by

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In studies tracing the development of economic historiography, it is customary to portray the 1960’s as a period of discontinuity. The emergence of the New Economic History is seen as the cause of this discontinuity. This new approach to economic history was characterized by (1) the explicit use of economic theory in order to analyze the economic process in-depth, (2) a preoccupation with quantitative data, and (3) the use of econometric techniques in order to test the economic theories. In contrast to this approach, the old economic history was viewed as descriptive, methodically less rigorous and primarily based on qualitative sources. In addition, the old economic history concerned itself more with the economy’s institutional framework — including types of enterprises, guilds and unions, the government — whereas the new economic history was more concerned with the economic process as such, and paid less attention to the framework within which this took place.

In this article, in which a survey will be given of the development of economic historiography in the Netherlands, we will try to ascertain whether there was a contrast between the old and the new economic history. Although it will not be denied that there was a certain discontinuity in the 1960’s, we will attempt to discover if the contrast between the old and new economic history was as simple and clear as stated above. In order to achieve this, a brief summary will be given of the profession’s development between 1900 and 1960, and of the most important books published in the 1960’s.

Subsequently, a more detailed account will be given of the most important debates which have taken place since the 1960’s. The debates can be grouped into four categories: (1) the emergence and the character of the Dutch economy in the period before 1650, (2) the economic decline of the Dutch Republic between 1650 and 1800, (3) the slow and late industrialization of The Netherlands in the nineteenth century, and (4) the lengthy duration of the Depression during the 1930’s.
This review will only treat the historiography of the period between circa 1500 and 1940. The literature which is included was largely chosen on the basis of the degree to which it contributed to the different debates. In addition, there was a preference for literature which dealt with developments at the national level. Consequently, this review can only have the character of a rough sketch. Readers who are familiar with Dutch economic history will probably find much that is well-known to them. I hope that the conclusion, in which several results will be summarized and a number of critical comments will be made, will at least be of interest to them.

1. The profession between 1900 and 1960

Economic history became a scientific specialism in the Netherlands during the first decade of the twentieth century. In 1904, H. Brugmans dedicated his inaugural lecture at the University of Amsterdam to "The importance of economic history". He did not only introduce the term economic history with this lecture, but also inspired a number of young historians to follow in his footsteps. In 1902, the marxist poet H. Roland-Holst had already published the first interpretation of The Netherlands’ social and economic history between 1780 and 1900. The first dissertations in economic history were published shortly after 1904. The two most important theses were written by N.W. Posthumus (1908) and W. van Ravesteyn (1906). Posthumus’ study analyzed the development of the cloth industry in Leiden during the Middle Ages, while Ravesteyn’s book analyzed the growth of Amsterdam in the sixteenth and early seventeenth century. Both of these studies immediately set a high standard. During this promising period, the first professorial chair of economic history was established at the Economic University of Rotterdam in 1913. Posthumus was the first appointee.

The most characteristic feature of the first generation of economic historians was their theoretical inspiration from the German Historical School and sometimes also K. Marx. Posthumus’ thesis, for example, can be read as an extensive repudiation of the concept of the closed economy of the Medieval city used by the German Historical School. He demonstrates that in an early stage of its development, Leiden had an open economy which was dependent on the import of foreign resources and the export of goods.

As a result of their theoretical inspiration, the big questions in economic history were addressed; especially questions pertaining to the origin and development of capitalism. This can readily be seen in the subjects which were chosen: for instance, Leiden’s development as an industrial city and the rise of Amsterdam. Roland-Holst's book, in contrast, explored why the labor movement in the Netherlands was so much weaker than elsewhere.

Moreover, these historians did not hesitate to use quantitative data. In fact, the studies published during this period seem very modern. For example, H.
E. Becht’s thesis, published in 1908, was an exhaustive quantitative study on the development of international trade in the Netherlands between 1579 and 1715, based on the revenues of the import and export duties.\(^5\)

The most important economic historians of the period before 1960 — N.W. Posthumus, J.G. van Dillen, Z.W. Sneller, and I.J. Brugmans — retained the aforementioned characteristics, even though the original passion gradually diminished. Nonetheless, the German Historical School (and W. Sombart, who can be included in this group) still had a large influence on their work. The Republic and the seventeenth century in particular, continued to be the most prominent field of research. Of the historians mentioned, only I.J. Brugmans focussed his research primarily on the nineteenth-century.

Quantitative data played a relatively important role in the work of these historians. This was, for example, the case both with Brugmans’ study on the working class in the nineteenth century and with Van Dillen’s study of the discount-banks in Amsterdam, Rotterdam, and Middelburg during the seventeenth and eighteenth centuries.\(^6\) In this respect, Posthumus’ study of Leiden’s textile industry in the period between 1580 and 1795 was the high-point of the economic history written in this period.\(^7\) In this study, he emphasizes the modern capitalistic features of the largest industrial city in The Netherlands in the seventeenth century. Labor relations — characterized among others by a number of ”modern” strikes, a highly polarized income and wealth distribution, an orientation towards export and even business fluctuations which he typified as ”modern-industrial” — are analyzed from this central viewpoint. But, most importantly, this study provides an enormous amount of quantitative data regarding prices, wages, production levels, the standard of living, taxes, and so forth.

This period ended around 1960 with the publication of two general surveys. Van Dillen’s study covers the period 1580–1795, while Brugmans’ study covers the period 1795–1940.\(^8\) These books summarize the knowledge which was accumulated about the economic history of these periods during the preceding sixty years. But much of the original inspiration — Marx and Sombart — has lost its appeal. In fact, both books are rather disappointing because they have been dated by developments in other fields of the profession. They lack a theoretical framework, description dominates, the quantitative data needed to support the most important assumptions are by and large simply not given, and they do not provide a synthesis.\(^9\)

2. A breakthrough around 1960?

Around 1960 a number of monographs caused a breakthrough in the economic historiography of The Netherlands. The first book that ought to be mentioned is the study published by B.H. Slicher van Bath in 1957 on the countryside of Overijssel between 1600 and 1800.\(^10\) This study served as a
model for a number of other books on the Dutch countryside which were written by members of the faculty of Agrarian History at the University of Wageningen. This group of historians is often referred to as the Wageningen School.\textsuperscript{11}

Eleven years later, in 1968, a book appeared that would play the same role in the economic history of the nineteenth century as Slicher van Bath’s book had done in the economic history of the period before 1800. This was J.A. de Jonge’s thesis on industrialization in the Netherlands between 1850 and 1914.\textsuperscript{12} The example set by this book was followed, after a while, by a growing number of modern studies on economic development in the nineteenth century. Other important books dating from this period which had less following, were the theses written by Joh. de Vries on the economic decline of the Republic in the eighteenth century (1959) and by P.W. Klein on entrepreneurship in the Dutch staple market in the seventeenth century (1965).\textsuperscript{13}

The studies by Slicher van Bath, De Jonge and De Vries all had in common that their most important contribution lay in collecting, processing and analyzing large amounts of new quantitative material. They were not very innovative insofar as the use of theory was concerned. On the contrary, theorizing was avoided even more than in the past. The exception to this "rule" is Klein’s dissertation which offered many new theoretical insights.

Slicher van Bath’s seminal study on the history of Overijssel presented a new method called historical sociography which was explicitly a-theoretical.\textsuperscript{14} Sociography was a movement which originated within the social sciences in the Netherlands. This movement was very critical of the use of abstract theories and the endless debates in the social sciences. In their view, this led to a neglect of research regarding the actual "social facts". With this in mind, sociographers set about publishing case studies of cities, villages, and regions, in which divers pieces of interesting information concerning social life were recorded without a preconceived plan. Slicher van Bath wanted to apply the same method to economic and social history. The available quantitative data regarding the size and composition of the population, the means of production and the social structure of a given region were systematically collected and analyzed in the expectation that by doing so, a clear picture of the past would arise.

De Jonge’s pioneering work was, in fact, also a-theoretical. While past generations of historians had complained about the lack of source material needed to study economic development in the nineteenth century, De Jonge showed how much quantitative material could be gathered and analyzed. On the basis of this data, he reconstructed the development of the most important branches of industry. But he did not use the available theoretical models which had been constructed in this field. The last chapter of De Jonge’s book, in which he looked at the stage-theory of W.W. Rostow, was added later to the book on the advice of his thesis advisor, professor W.J. Wieringa, and is
definitely not an integral part of the book.

The books by Slicher van Bath and De Jonge showed that real progress could be made by using the available quantitative data to study a relatively well-defined subject. The questions asked were, in comparison with the first period, much more precise, yet more limited. Slicher van Bath looked for answers to questions concerning the size of a region's population; its occupational structure; the amount of arable land; the number of horses, cows and pigs; and so forth. De Jonge basically asked the same kind of questions: how many people were employed in a certain branch of industry, how fast did production grow, how many steam engines were used, and so forth. The big questions, like the emergence of capitalism, were not addressed. The progress which was made in this period was that we learned much more about more narrowly defined areas of interest.

Since the aforementioned studies by Slicher van Bath, Joh. de Vries, Klein and De Jonge, interest in the economic history of the Netherlands has increased. The number of researchers and the number of publications has risen significantly since the 1960's. The a-theoretical orientation of the first books in the field of new economic history has made way for a growing interest in theoretical questions and models. As will be seen in the next section, we have mainly the Anglo-Saxon historians (J. Mokyr, Jan de Vries, and R. Griffiths) to thank for this gradual shift.

3. The historiography since 1960

a. The period 1500-1650

One of the most striking — and one of the most regrettable — developments since 1960 is the relative neglect of the period preceding 1650 (or even the period preceding 1800). To the detriment of the study of the Middle Ages and the early modern period, the center of attention has shifted to the nineteenth and twentieth centuries.

This, of course, does not mean that important work has not been done insofar as the sixteenth and seventeenth century are concerned. The publications by the Wageningen School have led to a better understanding of demographic developments in this period, but even this research focussed primarily on the period after 1650. L. Noordegraaf's research on the development of nominal and real wages in Holland during this period was also of great importance. His conclusion that real wages in Holland were rising in the first half of the seventeenth century while they were declining elsewhere, sheds new light on the development of the economy in this period. More recently, studies by J.D. Tracy and M.C. 't Hart have called attention to the modern characteristics of the capital market and state expenditures during the sixteenth and first half of the seventeenth century.

The most important contribution to the field of history and theory was
Klein’s thesis on entrepreneurship in the Dutch staple market. Posthumus had already given some thought to the monopolistic practices of the merchants in his study of the prices on the Amsterdam staple market. Klein interpreted these practices on the basis of his case study, the entrepreneurship of members of the Trip family, and through using the theory developed by J. Schumpeter. In Schumpeter’s view, the profit in industrial capitalism derived from monopolistic practices is the reward for innovative entrepreneurship: in this way, it is the main driving force of the entire system. Likewise, Klein argued that in the phase of merchant capitalism, the profit derived from monopolistic practices is the reward for opening up new markets, for the development of new production centers, and for finding new sources of raw materials. Without this profit, the risks associated with investing in large stocks and of stabilizing the market to counter imperfections in the market system would be too great for the merchant to bear.

This interpretation, or perhaps defense, of the monopolistic practices in the staple market has hardly been the subject of serious discussion. J.W. Veluwenkamp has criticized Klein’s theory and evidence on a number of points. Most importantly, he has convincingly demonstrated that the largest part of the Republic’s international trade was not characterized by monopolistic practices. In his view, Klein’s study of the Trip family is not representative. Klein, however, has not made any attempt to parry the criticism.

Aside from Klein’s thesis, the study on Dutch agriculture between 1500 and 1700 written by the American historian Jan de Vries has radically changed the view of the "Golden Age". In his book, he demonstrates that during this period a process of specialization took place in the countryside of the coastal provinces. This process of specialization led to the creation of a relatively large, capital intensive agricultural sector and to a considerable rise in agricultural productivity. On the one hand, these developments in agriculture were made possible by the economic expansion of Holland in this period (the growth of industry and of the cities as markets for their products). On the other hand, these changes in the countryside made a large contribution to the modernization of the Dutch economy.

Only after some time did a number of objections arise to the view which had been presented by De Vries. The criticism was directed primarily towards his analysis of the Dutch countryside around 1500. Could it really be typified as an unspecialized peasant economy? Publications by historians of the Middle Ages made it clear that the process of change in the countryside (and in the cities) had most likely started much earlier, around 1350. Contrary to what De Vries thought, the Dutch countryside around 1500 already had strikingly "modern" characteristics. Noordegraaf reproached De Vries for making a too one-sided use of the available data.

With this we come to the central problem of the period before 1650:
Holland's development from a relatively backward and peripheral region around 1350 to the center of the world economy around 1650. And it is this central problem which has been neglected by historians. In the field of theory, no use has been made of the international discussion concerning this problem (for example the well known "Brenner debate"). Recently, Van Zanden has tried to interpret the development of the Dutch economy by making use of the theory of proto-industry, but this has not yet led to more than a few speculative hypotheses. Likewise, empirical research into the period before 1650 has shown a relative stagnation since 1960.

b. The period 1650-1813

By the middle of the seventeenth century, presumably between 1640 and 1680, the economic expansion of the Dutch economy came to an end. A century and a half of (relative) decline followed, which ended with the deep crisis of the French period (1809-1813). Economic historians concerned with this period have been primarily concerned with two questions. First, how did the process of economic decline manifest itself? When did it start and when did it reach its nadir? Did an absolute decline occur (a decline of real per capita income) or can we only speak of a relative decline of the Dutch economy in relation to the neighboring countries? Second, what were the causes of the decline? Should they be sought in the political or institutional framework, or did economic circumstances play a decisive role?

The new economic history starts here with Joh. de Vries' thesis. On the basis of extensive research, he gives a systematic account of the Dutch economy's development between 1700 and 1800. According to De Vries, on balance, real per capita income remained fairly constant between 1700 and 1780. Only after 1780 did a process of absolute economic decline set in. However, it should be noted that the stability until 1780 was the result of the uneven development of the economy's most important sectors: industry and fishing showed a marked decline, while commerce remained stable and the financial sector and agriculture grew.

The relatively optimistic view held by Joh. de Vries - that there was only a relative decline until 1780 - was first questioned by research on the demographic development of the Netherlands in this period. Van der Woude and Faber discovered a significant decline in the population of Holland and Friesland between 1650 and 1750. In Holland north of the IJ, for example, the population fell from 211,000 in 1650 to 128,000 in 1750! The demographic decline was viewed as the result of the economic decline in these regions.

This pessimistic view was supported by Jan de Vries' research into the development of barge transportation in Holland. On the basis of the strong decline in the number of passengers who made use of the barges and a number of assumptions regarding the relationship between real per capita income and the demand for transportation, he estimated that real per capita income in the
cities of Holland declined by more than 30% between 1660/69 and 1740/49. Van der Woude, Faber and Jan de Vries established — in accordance with the theory of the secular trend — an absolute decline between 1650 and 1750, after which — and here they are once again at odds with Joh. de Vries — there was a certain recovery or stabilization in the second half of the century.

The historians who studied Holland and Friesland in this period were generally inclined to view the period after 1650 with more pessimism than Joh. de Vries. Quite different opinions were heard from historians who studied the inland provinces. In contrast to what one might think, the agrarian depression which lasted from 1650 to 1750, led to important changes in the economy, especially in the agricultural sector in these parts of the country. H.K. Roessingh published a brilliant study on the rapid growth of tobacco industry in Gelderland and Utrecht during this period.²⁹ J. Bieleman ascertained important changes in agriculture in Drenthe during the first half of the eighteenth century.³⁰ In his book on Overijssel, Slicher van Bath had already called attention to the emergence of the textile industry in Twente in the same period.³¹ J.C.G.M. Jansen discovered that after centuries of stability, a strong increase in agricultural productivity occurred in Southern Limburg around 1750.³²

There were also more optimistic signs concerning the economic development of Holland. J.C. Riley, who published an important study on the growth of Amsterdam as a financial center,³³ tried to give a more optimistic interpretation of the eighteenth century. He based his interpretation largely on the highly divergent national income estimates which have been made for the eighteenth and nineteenth centuries.³⁴ Van Zanden systematically tested this hypothesis against new data, and concluded that it should be discarded.³⁵ Faber has recently called attention to the Republic’s deteriorating terms of trade during the second half of the eighteenth century, caused primarily by a strong increase in grain prices. This fact might explain why real per capita income seems to have declined after 1750 (or 1780), in spite of the stability in the Dutch economy’s level of output.³⁶

In summary, we can safely say that Joh. de Vries’ view of the economy’s long-term stability has basically remained intact, despite the attempts to revise this view. This also applies to the explanation he gave of the Republic’s (relative) economic decline. He posits that the emancipation of the neighboring countries was the most important cause of the decline because it led to a lower demand for Dutch services and industrial products. In his opinion, the psychological factor or lack of entrepreneurship was only as a result of the difficult economic situation. After examining the role of the government, he concluded that the provincialism and the wanting state of the state expenditures were supplementary causes of the economic decline.³⁷

J.M.F. Fritschy has recently contested this criticism of the Republic’s institutional structure by comparing, among other things, government
expenditure in the Republic with those in the United Kingdom. She concludes that Dutch government expenditure was strikingly "modern". In the same spirit, W.T.M. Frijhoff has defended the Republic's system of higher education against criticism that it was backward. In general, there is a strong tendency in recent historical publications to stress the modern characteristics of the Republic and to relativize the criticisms of contemporary writers and earlier generations of historians, who pointed to its backwardness.

In the current literature, the decline after 1650 is explained solely by the fact that the Republic's economic circumstances were constantly deteriorating. The high level of wages in the Republic, for example, has received a great deal of attention. Jan de Vries was the first to point to the fact that nominal wages in Holland barely changed between 1635 and 1850, despite a rise in unemployment (even though this last point is still disputed). He attributed this primarily to a limitation in the supply of labor after 1650, which was a result of the demographic decline and generous poor relief. This made, on the one hand, the existence of a large group of unemployed paupers possible, while on the other hand, entrepreneurs had to make use of (foreign) migrant workers. J. Mokyr ascribed the high wage level in the Netherlands to the same facts, but he also pointed to high labor productivity in the agricultural sector as an explanation.

These views have been largely overturned by recent research on the labor market. J. Lucassen's study made it clear that migrant workers only played a role in specific segments of the labor market, especially in sectors where the demand for labor was strongly seasonal. Poor relief was at most only a small supplement to wages, and was definitely insufficient to keep an unemployed person alive. That is why prolonged unemployment hardly existed. Besides, the high nominal wages have been shown to correspond to the high level of the cost of living; as a result of which Dutch workers, in terms of purchasing-power, were not better off. In short, we again see that the problem of the high level of wages is increasingly explained by "objective" economic circumstances.

c. The period 1813-1914
The question of the late (and slow) industrialization of the Netherlands was central to the historiography of the nineteenth century in the period around 1960. There were differences of opinion regarding when industrialization began — Brugmans maintained that it started around 1850, while others dated it after 1890 — and regarding the question of why the Netherlands was so late to industrialize in comparison with neighboring countries. The opinion held by Van Dillen, that economic circumstances were responsible for this backwardness, was repudiated by Wieringa. He placed more emphasis on the so-called psychological causes: for example, the lack of entrepreneurship.
The study by De Jonge settled, at least for the time being, the discussion concerning the timing of industrialization, which he defined as the emergence of the large mechanized firm. Based on a detailed analysis of the development of a large number of branches of industry, he demonstrated that the mechanized firm only started to play an important role after 1890.47

Of great importance in the theoretical field was the work done by J. Mokyr on the industrialization in the Low Countries.48 He tried to explain why Belgium was able to industrialize in the first half of the nineteenth century, while the Netherlands was not. His theoretical model of a dual proto-industrial economy predicted that wage levels would be the decisive factor. And, indeed, this appeared to be the case: wages in Belgium were considerably lower than in the Netherlands. After this ambitious attempt to simultaneously explain stagnation in the Netherlands and industrialization in Belgium, research has increasingly concentrated on the determinants of entrepreneurial behavior. The central question is why Dutch entrepreneurs did not introduce, or at least not until a later date, the new production techniques made available by the industrial revolution.

The dissertation by R.T. Griffiths contains the first systematic analysis of this problem by studying the relative factor costs which determined the entrepreneur’s choice of technique.49 As Mokyr had already indicated, the wage rate in Holland (and the other coastal provinces) turned out to be relatively high. Given the absence of coal mining and a competitive engineering industry and relatively high transportation costs, the prices of coal and (steam) engines (and raw materials) were higher than elsewhere. This was especially the case in the inland provinces where the transportation system was extremely underdeveloped. Consequently, entrepreneurs were unable to switch to the new mechanized production technique. In the same year that Griffiths published his thesis (1979), R.W.J.M. Bos published an article in which the same analysis of the factor costs was given: modern industrialization was late in developing because the cost structure was unfavorable to change and as a result, traditional production techniques remained competitive for a long(er) time.50

This approach has proved to be very rewarding for research at micro and meso levels. E.J. Fischer demonstrated that the introduction of the power loom in the cotton industry in Twente was properly delayed until 1860 because of the low wages in the region and the high costs of transporting coal and machines. As a result of changes in the infrastructure and a rise in the wage level after 1855, entrepreneurs quickly decided to adopt the new production techniques.51 In the Jaarboek voor de geschiedenis van bedrijf en techniek (Yearbook for the History of Industry and Technique) several case studies concerning entrepreneurship were published in which the same conclusions were generally reached. In the first overview of this literature, H.W. Lintsen also stressed the relationship between the size of the firm and the possibility of using steam engines.52 The use of steam engines was only profitable if the
scale of production was large enough.

A further elaboration of this approach is the research project on technique and industrialization in the nineteenth century being carried out by a research group in Eindhoven under the supervision of Lintsen. Starting from the central presupposition that the Netherlands was dependent of the diffusion of new techniques, the choice of technique by entrepreneurs in a number of branches of industry is being studied. Special attention is being given to the adaption of foreign techniques to the specific local circumstances. This thorough investigation of entrepreneurship has, by the way, inadvertently lead to the relativizing of the analysis based on the economic factor costs. In particular, the study by G. Verbong demonstrated for the cotton-printing industry that comparative factor costs can lead to very different reactions by entrepreneurs, which can result in very different development patterns in the same industry. Some companies, for example, were relatively successful in adapting the traditional techniques, while others were equally successful after implementing a radical change of the production technique.

In short, the most important cause of the relatively slow rate of industrialization seems to have been certain unfavorable factor costs. The next step, of course, is to try to explain these factor costs. Why were wages in Holland so high (see the discussion in the last paragraph)? Why did the costs of transporting coal and steam engines remain so high and why did it take so long for a modern infrastructure to be developed? Why did a competitive engineering industry not emerge?

The tendency to explain the slow progress by the unfavorable circumstances is especially marked in the case of the railways. Griffiths pointed to the large costs involved in constructing a railway in a swampy area. Jan de Vries demonstrated that the advantages of the railway were relatively insignificant because Holland already had a relatively efficient transportation system. S. Boon and P. Saal concluded their study by stating that a rapid expansion of the railway system was not rational before 1860 because of the disappointing rate of return earned on the existing lines. Fritschi is one of the few historians who did not subscribed to this view, and instead stated that government policy was the primary cause of the delay.

An important by-product of this research on the development of the industry was that the traditional view of the long period of stagnation was somewhat revised. According to J.M.M. de Meere and Griffiths, the development of industry (and of agriculture and the service sector) in the first half of the century was far more encouraging than is usually thought to have been the case. They found a strong development of the international services sector and a modest growth in agricultural production between 1825 and 1850. This also appeared to be the case in industry, where there was a marked rise in output in a number of very important industries (textiles and engineering).

The discussion of the period between 1850 and 1910 was primarily
concerned with the available estimates for national income and the national product. J. Teijl was the first (in 1971) to publish a series of estimates for the period 1850–1910.\textsuperscript{60} These were based on the following two methods: national income was estimated by assuming a constant relationship between tax revenues and national income; and national product was estimated by making use of a production function and estimates of the input of energy and labor. Both calculations showed a reasonable convergence. In any case, they demonstrated that the process of economic growth had already started by 1850.

The next step was taken by H.P.H. Nusteling. In his study of the development of shipping on the Rhine in the period 1831–1914, he established that the strong growth of this sector dates back to the 1830's. The period after 1890, which was so crucial in De Jonge's interpretation, did not show clear signs of discontinuity in shipping on the Rhine.\textsuperscript{61} As Teijl, Nusteling concluded that the expansion of the Dutch economy started around 1850. He was also the first to criticize the tendency of historians to pay attention only to the development of industry. In his view, the international services sector, of which shipping on the Rhine was a part, was the leading sector which put the Netherlands on the road to economic growth. It is curious that although this interpretation has not been contested and has been hailed as a work of great importance, attention is still primarily directed towards industry.

In a short article by Griffiths and De Meere published in 1983, the interpretations of the Dutch economy's development based on the calculations made by Teijl (and others) were sharply criticized.\textsuperscript{62} They convincingly demonstrated that the existing estimates of national income and the national product were completely insufficient; they were based on highly disputable presuppositions and on insufficient statistical data.

Since the publication of this article, two more attempts have been made to calculate the national product (or income) in the nineteenth-century, but through using other methods. A study by H.J. Brinkman, J.W. Drukker and B. Slot demonstrated that between 1900 and 1940 there was a strong relationship between the physical height of recruits and national per capita income.\textsuperscript{63} In the tradition of Teijl, this relationship was projected back into the past to cover the period 1846–1900, making use of the available data on the height of recruits in this period. The second attempt was undertaken by Van Zanden. He estimated the development of the gross national product in the years 1805, 1850, 1880 and 1910 on the basis of data pertaining to production and/or the use of raw materials in thirty branches of industry.\textsuperscript{64} Both studies concluded that economic growth in the period 1850–1880 (or the years 1861–1869, according to Brinkman, et. al.) was substantially faster than we would expect from the estimates made by Teijl.

The search for the industrial revolution or the beginning of industrialization seems to have been abandoned. De Meere, Griffiths, and
Van Zanden stress the gradual character of the growth of industrial production after 1825. Economic development was presumably relatively fast between 1825 and 1842, 1860 and 1880, and after 1895; whereas the intervening periods are seen as years of stagnation and perhaps even decline. It is in all probability not a coincidence that both periods of stagnation were relatively bad periods for agriculture as well. The importance of the agricultural sector for the economy’s development in the nineteenth century, and the relatively modern character of this sector, has been demonstrated by Van Zanden in his thesis. If we add to this the importance of the international service sector, first studied by Nusteling, then a picture emerges of an economy with balanced growth. In his inaugural speech in 1981, Griffiths has put forth such an interpretation of the development of the Dutch economy in the nineteenth century. After comparing industrialization after 1890 with Gerschenkron’s theory of the great spurt, he presented the picture of an economy in which, between 1830 and 1914, we see the gradual growth of all sectors (industry, agriculture and services). He concluded that the Netherlands was not backward, but had merely followed a different and unique path of development.

d. The period 1914-1940
Immediately after 1945, a large number of studies appeared in the series The Dutch Economy between the Two World Wars, in which divers aspects of Dutch economic development were intensively studied. The most influential contribution in the series was the study by the economist F.A.G. Keesing on economic fluctuations and evolution of the government’s economic policy. In this book he sharply criticized the government’s policy in the 1930’s. His criticism was aimed mainly at the different cabinets headed by Colijn, which, by adhering to the gold standard for so long and by following a rather inconsistent policy, were responsible for the duration and gravity of the depression. Despite numerous publications by historians — among others, Brugmans — which offered a less blunt judgement of economic policy in the 1930’s, it was not until 1971 that Keesing’s view was fundamentally criticized by P.W. Klein. He did not refute the claim that the adherence to the gold standard had been a wrong decision, but he maintained that the stagnation of the Dutch economy in the 1930’s was mainly the result of structural factors. The Netherlands was primarily an agricultural country — foodstuffs were a large portion of the exports — and, in his view, the services sector was relatively backward. The severity and length of the depression was not only caused by the fact that the market for agricultural exports was hit relatively hard by the depression, but also by the fact that Holland, with a small and open economy, was very dependent on international trade.

This explanation for the lengthy duration of the depression has to a large extent been accepted by Joh. de Vries, as can be seen in a number of
publications, and by J.J. Seegers, who did some important research on the development of the industrial sector between 1920 and 1940. An extreme view was presented by the authors of a study by the Centraal Bureau voor de Statistiek (CBS) on national income in the period 1921–1939. They concluded that the adherence to the gold standard did not hamper economic recovery, but that the currency devaluation at the end of 1936 did have a harmful effect on the Dutch economy.

The view put forward by Klein (and a fortiori by the authors of the CBS study) has recently been criticized by Van Zanden. He stresses the detrimental effects of the currency policy; the share of Dutch exports on the world market declined as a result of this between 1931 and 1936. The constant necessity of having to deflate the price level at home in order to bring it in line with the world market blocked the recovery after 1933. Moreover, an international comparison shows that the countries which left the gold standard early (in 1931) recovered more quickly than countries which devaluated at a later date (in 1935 or 1936). A systematic relationship linking the structure of the economy and the duration and gravity of the depression does not appear to have been present. Not only the currency policy had detrimental effects, H. Klemann demonstrates that the international trade policy was decidedly weak and to a large extent also contributed to the problems of the Dutch economy.

An important aspect of the government policy in the 1930's was that it was the first time it intervened extensively in the economy in peace-time. A. van Schaik studied the very limited success of the policy aimed at protecting industry. P.E. de Hen analyzed how gradually a more offensive policy was formulated to protect and restructure industry — incidentally, it was only after 1945 that this policy could reach fruition. A study by Griffiths, et. al. tried to determine why political pressure was not exercised to abandon the gold standard between 1931 and 1936. Unfortunately, a study on the creation of the agricultural policy pursued in these years is still lacking. Also, there has not been any interest in the role of the labor market during the depression. The only study in which the labor market plays a role of any importance is R. Kloosterman's analysis of regional differences in unemployment in the 1930's. He found that the wage level in a particular city influenced the relative amount of unemployment in that city.

4. Conclusion

Dutch economic historiography has changed considerably since 1960, but the contrast between the old and the new economic history does not really apply here. The present-day generation of historians is not, for example, more inspired by theoretical questions and problems than the first generation of economic historians. On the contrary, the big questions have gradually
receded into the background and current research is increasingly concentrating on very confined subjects. This has led to important progress in certain fields, but this approach has also resulted in a notable and regrettable lack of synthesis. Especially large studies are missing in which economic history is combined in a meaningful way with social, cultural, and political history.  

An important shift has taken place regarding the periods which are being investigated. Research on the nineteenth century has grown enormously, while the period preceding 1800 — and to an even bigger extent the period preceding 1650 — has largely been neglected. Characteristic of this shift is that in an overview of Dutch economic history published in 1979, the chapters dealing with the Middle Ages and the sixteenth century were written by Belgians. Despite frequent appeals for historians to do more research on these periods, this has turned out to be difficult to realize.

In reviewing the discussions summarized above, it seems that historians have primarily been concerned with the phenomenon of stagnation, decline and backwardness. Despite the fact that the Dutch economy can be counted among the most prosperous of Europe, there is a lot of debate on the decline in the eighteenth century, on the late or slow industrialization in the nineteenth century and on the stagnation during the 1930's. Moreover, in all of these debates, comparable interpretations have confronted each other. The first and usually older interpretation stresses the subjective factors, while the second and usually newer interpretation stresses the objective factors.

The following are the most frequently encountered subjective factors: (1) a failing government policy. The decline in the eighteenth century for example, is ascribed to the absence of an adequate policy designed to protect and stimulate industry; while the long duration of the depression in the 1930's is explained by the adherence to the gold standard; (2) the quality of entrepreneurship. The Dutch East India Company, for instance, is said to have collapsed as a result of failing entrepreneurship. Likewise, the slow industrialization in the nineteenth century is explained through the lack of energetic entrepreneurs with the right mentality (the infamous Jan Saliespirit); (3) the lack of venture capital. Industry was not able to develop due to a lack of capital, which in turn was caused by conservative investment behavior and/or conservative bank policy.

The following are the objective factors: (1) the structure of the economy was small and open. Therefore it was dependent on the development of international trade and of agriculture (see the above discussion concerning the 1930's); (2) the development of world trade and commercial policy of neighboring countries. This was of great importance in the eighteenth century (mercantilism and the economic emancipation of the trading partners), and in the 1930's; (3) the cost structure which confronted Dutch trade and industry, especially the high wages and high prices of the raw materials (see the discussion above on the industrialization in the nineteenth century).
What these debates have in common is the repeated stress placed upon the objective factors, while the independent influence of the subjective factors has been denied or downplayed. Government policy was said not to be important. Sometimes it was put even more strongly: the government was said to always have reacted in an efficient and adequate way. The supply of entrepreneurship and capital was always sufficient or was said to have been impeded by unfavorable objective factors. The conclusion of the debates was almost always — except maybe the debate on the 1930’s — that the stagnation (insofar as it occurred) can be completely explained through unfavorable objective factors. In view of the unfavorable economic circumstances, stagnation might even have been the best outcome possible.

This, one might say one-sided, tendency in the economic historiography can probably be explained by two causes. In the first place, the objective factors were easier to measure. The influence of these factors was therefore relatively easy to demonstrate. The researchers did not need the subjective factors to explain the stagnation. They did not need to analyze them, let alone repudiate them. The subjective factors could simply be ignored.

In the second place, much of the recent work has been permeated by the presuppositions of the economic sciences: namely, that at the micro level people always act in an economically rational way and that the result of these actions is also economically rational. For example, conservative investment behavior does not exist by definition, because all investment behavior is rational. If it is conservative, then it will be explained as a rational form of risk aversion. The same reasoning applies to the question regarding the supply of entrepreneurship: the lack of entrepreneurs is by supposition due to the lack of chances of profit.

As the result of the systematic use of such economic presuppositions, many historical myths have been swept aside. Examples are the conservatism of the cabinets of Colijn, the monopolistic practices of the Amsterdam merchants, the corruption and inefficiency of the Dutch regents, the static and closed agriculture in Drenthe and the Jan Salie spirit during the first half of the nineteenth century. These kind of familiar images were rationalized and exposed. The Dutch past is now exclusively populated by innovative farmers, rational investors, competitive merchants, energetic industrialists and efficient officials. In short, we find ourselves with Candide, the famous hero of Voltaire, in the best of all possible worlds.

Translation: drs. A. Callewaert.
NOTES


3. H. Roland Holst-van der Schalk, Kapitaal en arbeid in Nederland (Amsterdam 1902); a second part, dealing with the period 1902-1925, was published in 1932 under the same title, together with a revised part I.

4. N.W. Posthumus, De geschiedenis van de Leidsche lakenindustrie, (s Gravenhage 1908) I; W. van Ravesteyn, Onderzoeken over de economische en sociale ontwikkeling van Amsterdam gedurende de 16de en het eerste kwart der 17de eeuw (Amsterdam 1906).

5. H.E. Becht, Statistische gegevens betreffende den handelsomzet van de Republiek der Vereenigde Nederlanden gedurende de 17e eeuw (1579-1715) (s Gravenhage 1906).

6. I.J. Brugmans, De arbeidende klasse in Nederland in de 19e eeuw 1813-1870 (s Gravenhage 1925); J.G. van Dillen, Bronnen tot de geschiedenis der Wisselbanken, (s Gravenhage 1925) R.G.P. no. 59, 60.

7. N.W. Posthumus, De geschiedenis van de Leidsche lakenindustrie (s Gravenhage, 1936-1939).

8. J.G. van Dillen, Van rijkdom en regenten (s Gravenhag 1970); I.J. Brugmans, Paardenkracht en mensenmacht (s Gravenhage 1961); the period before 1580 was covered by W. Jappe Alberts & H.P.H. Jansen, Welvaart in wording (s Gravenhage 1963, an abridged edition including the period 1500-1585 was published in 1977).


10. B.H. Slicher van Bath, Een samenleving onder spanning (Assen 1957); a reinterpretation of some of the results of his study is given in J.L. van Zanden, "De opkomst van een eigenerfde boerenklasse in Overijssel, 1750-1830", AAG-Bijdrage 24 (1984) 105-130.

11. See the publications of J. Bieleman, J.A. Faber, H.K. Roessingh, A.M. van der Woude (in the series AAG-Bijdragen) cited below.


14. Slicher van Bath, Samenleving, 1-11; also see A.M. van der Woude, Het Noorderkwartier (Wageningen 1972) 15.


16. L. Noordegraaf, Hollands welvaren? (Bergen 1985) gives an interpretation and summary of this research.

17. J.D. Tracy, A financial Revolution in the Habsburg Netherlands (Berkeley 1985); M.C. 't Hart, In Quest for Funds (Leiden 1989).


19. N.W. Posthumus, Nederlandsche Prijsgeschiedenis (Leiden 1946) I, LXXVIII.
27. Van der Woude, Noorderkwartier; J.A. Faber, Drie eeuwen Friesland (Wageningen 1971); H.P.H. Nusteling has criticized some of these results, see Nusteling, Welvaart en werkgelegenheid in Amsterdam 1540-1860 (Amsterdam 1985) 53-60.
35. Van Zanden, "De economie".
37. It is symptomatic of the lack of fresh research into the causes of the decline in the eighteenth century that in 1979, 20 years after the publication of the thesis of Joh. de Vries, exactly the same set of causes were mentioned as he did; see J.A. Faber, "De achttiende eeuw", in: J.H. van Stuijvenberg, ed., De economische geschiedenis van Nederland (Groningen 1979) 154-155.
40. A comparable discussion deals with the decline of the Dutch East India Company in the eighteenth century; the foremost critic was W.M.F. Mansvelt, Rechtsvorm en geldelijk beheer bij de Oost-Indische Compagnie (Amsterdam 1922); K. Glamann, Dutch-Asiatic Trade 1620-1740 (Kopenhagen/Den Haag 1958) tried to meet much
of his criticism. The subject of the trade companies and the commercial expansion into America and Asia and of Dutch international trade in general is not dealt with in this article of its highly specialist nature.


42. J. Mokyr, Industrialization in the Low Countries 1795-1850 (New Haven 1976).

43. J. Lucassen, Naar de kusten van de Noordzee (Gouda 1984).


47. De Jonge, De industrialisatie.


54. G. Verbong, Technische innovatie in de katoendrukkerij en -ververij in Nederland 1835-1920 (Amsterdam 1988); M. Bakker, Ondernemerschap en vernieuwing (Amsterdam 1989).

55. Griffiths, Industrial Retardation.

56. De Vries, Barges.


59. J.M.M. de Meere, Economische ontwikkeling en levensstandaard in Nederland gedurende de eerste helft van de negentiende eeuw ('s Gravenhage 1982); Griffiths, Industrial Retardation.


68. B. Kreukniet, ed., *De Nederlandse volkshuishouding tussen de twee wereldoorlogen* (Utrecht/Antwerpen 1947-52); literature on the period of the First World War is still very scarce; the most valuable work is H. Brugmans, ed., *Nederland in den oorlogstijd* ('s Gravenhage 1920).


