

A paradox?

The Netherlands as a decentralized fiscal state

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Efficient government

- Raise sufficient funds
 - Safeguard territory from foreign incursions
 - Secure sustained economic growth, promote social stability, protect property rights ...
 - Minimal burden on society
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- But decentralized??

Federal system (disadvantages)

- Five Admiralties
- Army command
- States General
- Quotas fixed

Federal system (advantages)

- Jan Gleete: aggregation of interests
 - Admiralties
- Support for taxes
 - Political participation towns
 - Excises!
- High tax burden



Tax burden Holland (1555-1790)

<i>Year</i>	<i>Per head</i>	<i>Deflated, indexed</i>
1555	0,94	26
1588	6,87	102
1600	8,36	88
1625	10,71	100
1650	13,13	92
1700	22,96	195
1750	28,10	240
1790	31,80	221

Source: De Vries/Van der Woude, *Nederland 1500-1815*,
124

Foreigners

- Veryard: “Though the people boast of their Free State, I am confident no subjects in the world are more burdened with more taxes than they.”
- Montague: “Such Liberty of Speech do these wanton Republicans take, and are fond of their Chains, viz. their heavy Taxes and Impositions, their Servitude being prodigious, having nothing but the name of Freedom”.

Estimation tax burden richer and poorer households

	<i>1624</i>	<i>1650</i>	<i>1720/29</i>	<i>1750/65</i>	<i>1790/94</i>
Upper 30%	15,01	20,03	49,79	64,13	65,88
Lower 70%	8,45	11,20	11,92	13,74	15,18

Source: De Vries en Van der Woude, *Nederland 1500-1815*, 143.

Financial revolution 16th c

- Burgundian heritage (15th century)
- Cheap loans, high public credit
- Enormous advantage in wars

Military revolution 1590s



- Discipline
 - Thanks to high taxes and financial revolution
- State as a reliable employer

- But also: state as a reliable customer
- War expenditure pumped back in economy

Driving force: Holland

- Why Holland and not Flanders or Brabant?



Late 18th c: Efficient government?

- Raise sufficient funds ...
- Safeguard territory from foreign incursions ...
- Secure sustained economic growth, promote social stability, protect property rights ...
- Minimal burden on society ...

