Economic Development of Belgium and the Netherlands from the Beginning of the Modern Era

An Essay on Compared History

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One of the most outstanding results of the economic evolution of the world of today is the constitution of supraregional economic political units. The strong protectionist currents that dominated this evolution from the end of the nineteenth century and above all between the two wars, from 1919 to 1940, led a number of countries to associate in a customs or economic union in order to enlarge the internal market on which their production could expand without hindrance. In Europe the Community of Six, henceforth of Ten, on the one hand, and the European Free Trade Association, on the other, are illustrious examples of this tendency. Inside the former, Benelux was associated with three powers of very considerable size and population: France, Federal Germany and Italy. It is possible however to go farther back in time than the Rome Treaty of March 25, 1957 and see how, as far as the Benelux countries are concerned, they already formed a comparatively integrated economic community when they joined E.E.C.

Belgium and the Grand-Ducky of Luxembourg had concluded an economic union as early as May 1, 1922 and the customs convention between the latter and the kingdom of the Netherlands, from which Benelux was born, was signed in London on September 5, 1944. According to sound economic logic, this association of independent countries should have had possibilities of success that were all the more certain as the stuctures of these

countries would no longer be competitive but complementary. This is the problem that arises for any customs or economic union and it arose also for Benelux. My intention in this essay is to describe the structures of Belgium and the Netherlands from a genetic point of view, from the historian's point of view, for I am convinced that it is not sufficient to make statements; explanations must be given and nothing can explain the present as how it came into being, *i.e.* as well as history.

I do not think it is necessary to go farther back than the beginning of the modern era. The Netherlands, in the present sense of the term, and also Belgium acquired their individuality during the former's War of Independence against Spain, which lasted from 1568 up to the treaties of Westphalia in 1648. Their union under the sceptre of King William I from 1814 to 1830 was interrupted too soon by the Belgian revolution to have any durable results that might have altered the relationship between the two countries' economic structures. I shall do my best to catch the essential features of these structures in the principal fields of economic development in the last four centuries.

Throughout their history the Netherlands stand out as one of the big commercial powers of our continent. Not only did they show a noteworthy continuity as the seat of big markets and harbours of world importance, but for centuries their mercantile marine has been one of the most active in Europe. Here we have a first point of contrast with Belgium. It too was the seat of markets with a very wide radius in the past, and has become so again today, but its flag only occupies a very modest position in shipping on a world scale. Perhaps there there is actually a tendency to consider this contrast in too absolute a manner and Belgian historians have only recently begun to make some corrections to the picture in black and white of a Belgium completely absent from the seas of the world during the modern era. Notwithstanding these indispensable nuances, the contrast remains however. From the end of the middle ages trade, first at Bruges and then at Antwerp, was mainly in the hands of foreigners who resided there as visitors, and the local population, though not completely extraneous to active trading, gained a living essentially as assistants to

these foreign merchants.[1] This was not however the case in the markets and harbours of Holland. After beginning modestly with deep sea fishing, which in a certain sense served as training for commercial shipping activities, the Dutch progressively entered into fierce competition with the Hanseatic shipping trade and at the dawn of the modern age enjoyed a complete victory over the latter up to its last lines of defence, the waters of the Baltic.[2] Thanks to this victory, from the sixteenth century on Amsterdam became the granary and principal market for grain from the German and Polish plains for the whole of Europe, thus laying the first foundations, temporarily as complement to the world market of Antwerp, of its splendid prosperity.[3]

This prosperity was to reach its peak in the seventeenth century. This was largely the direct consequence of the ruin of Antwerp. During their war of independence the rebels in Holland and Zeeland soon realized the damage a paralysis of the market of Antwerp would cause to Spanish power and they blocked the Scheldt, the life stream of this city's sea trade in 1572. The thirst for gain led the Zeeland harbours and markets at the mouth of the river to maintain discriminatory measures against Antwerp's trade as long as possible, even after this city had joined the revolt against Spain in 1576. The consequence of its siege and surrender to Alessandro Farnese, Duke of Parma and governor general of the Netherlands

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1 J. A. Van Houtte, *The Rise and Decline of the Market of Bruges*, in « Economic History Review », 2nd ser., XIX (1966-7), pp. 29-47; Id., *Anvers aux XV^e et XVI^e siècles: expansion et apogée*, in « Annales. Economies, Sociétés, Civilisations », XVI (1961), pp. 248-78; H. Van Der Wee, *The Growth of the Antwern Market and the European Economy, fourteenth-sixteenth centuries* (The Hague, 1963, 3 vols.).

2 H. J. Smith, *Handel en scheepvaart in het Noordzeegebied gedurende de 13^e eeuw.* Bijdrage tot de kennis van de opkomst van den Hollandschen en Zeeuwschen handel, in « Bijdragen voor vaderlandsche geschiedenis en oudheidkunde », 6th ser., VII (1928), pp. 161-204; N. J. M. Kerling, *Commercial relations of Holland en Zeeland with England from the Late 13th century to the close of the Middle Ages* (Leiden, 1954); E. Daenell, *Holland un die Hanse im 15. Jahrhundert*, in « Hansische Geschichtsblätter », XXXI (1904), pp. 3-44; Fr. Vollbehr, *Die Holländer und die deutsche Hanse* (Lübeck, 1930, « Pfingstblätter des Hansischen Geschichtsvereins », 21).

3 A. E. D'Ailly, *Van visserdorp tot wereldstad. De economische en topografische ontwikkeling van Amsterdam* (Amsterdam, 1954); Ch. Verlinden, *Amsterdam*, in A. Fanfani (ed.), *Città, Mercanti, Dottrine nell'economia europea dal IV al XVIII secolo. Saggi in memoria di Gino Luzzatto* (Milan, 1964, « Biblioteca della Rivista "Economia e Storia" », 11), pp. 321-40.

on behalf of Philip II of Spain, was the closing of the Scheldt for more than two centuries.[4] But Antwerp's misfortunes, as already said, brought Amsterdam luck. Whether for religious motives, to escape the persecution of Protestants, or for economic reasons, to find a more favourable field of action for their business, many of the merchants residing in Antwerp found their way to the territory of the United Provinces and above all to the principle trading centre therein, Amsterdam, where they lent new momentum to trade giving it a modern and progressive trend and broadening its horizons.[5] It was thanks to their initiative, in fact, that Dutch shipping extended its range of action and definitely penetrated the Mediterranean; the opportunity was provided by a famine which shipments of grain from the Baltic succeeded in alleviating to the great profit of the Dutch merchants.[6] Only ten years later, the Dutch merchant navy had already fallen under the thrall of the risks and profits of the long-distance shipping trade to such an extent that it started sailing on ocean routes. It soon secured hegemony in the Moluccas and the whole of the Indonesian archipelago and a post of honour at Ceylon, in India, on the coasts of Africa and in the New World: as far as the latter is concerned it is sufficient to mention the Dutch origins of New York. Merchandise flowed from all parts of the world, carried by the ships of the United Provinces to the harbours of Holland and Zeeland, among which Amsterdam reigned unrivalled. This city became Europe's principal warehouse for a wide variety of products ranging from the grain of the Baltic to the spices of the tropics, until the progress of British shipping and trade deprived it of its primacy in the eighteenth century.[7]

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[4] S. T. BINDOFF, *The Scheldt Question to 1839* (London, 1945), pp. 82-107.

[5] L. J. ROGIER, *Karakter en omvang van de Nederlandsche emigratie in de zestiende eeuw*, in « Historisch Tijdschrift », XVI (1937), pp. 325-67, XVII (1938), pp. 5-27.

[6] W. BRULEZ, *De diaspora der Antwerpse kooplui op het einde van de 16e eeuw*, in « Bijdragen voor de Geschiedenis der Nederlanden », XV (1960), pp. 279-306; J. H. KERNKAMP, *Scheepvaart- en andere betrekkingen met Italië tijdens de opkomst der Republiek*, in « Mededeelingen van het Nederlandsch Historisch Instituut te Rome », 2nd ser., VI (1936), pp. 53-80, reprinted: *Economisch-Historische Herdrukken. Zeventien studiën van Nederlanders* (The Hague, 1964), pp. 199-234.

[7] D. W. DAVIES, *A Primer of Dutch Seventeenth Century Overseas Trade* (« The Hague », 1961); CH. H. WILSON, *The Economic Decline of the Netherlands*, in « Economic

In the meanwhile the trade of the Spanish Netherlands knew a period of decline, even if the extent of the latter has been exaggerated. The closing of the Scheldt only referred to direct navigation from or to the sea and normally, that is to say except in wartime, the river was sailed by a large fleet of boats that went backwards and forwards between the harbours of Zeeland or Holland and Antwerp. This city continued to be the principal market of the Belgian provinces. Ostend, moreover, had become the object of development measures that would have enjoyed even greater success if the inland Flemish cities, Bruges and Ghent, had not given proof of such excessive civic egoism, among other things obliging the ships that came from Ostend to unload to the profit of their own boatmen.[8] Nor were colonial enterprises lacking in this picture. Without reaching the importance of the big Dutch companies, the Ostend Company, during its short life before it was sacrificed to the imperative demands of the Habsburg policy, carried on an activity of quite considerable importance.[9] However the trade of these provinces could at no time be measured with the development of the trade of the United Provinces. It lacked a sufficiently large merchant fleet, an indispensable condition for world expansion at a time when the maxim of the classical economists was that trade follows the flag. One might ask oneself what the reasons for this state of affairs were. Firstly, the absence of naval power had unfavourable consequences. As a naval power Spain was in decline and the little it could do to protect the shipping trade was not wasted on its Belgian subjects.[10] When the latter came under Austrian dominion the situation (1713-5), if pos-

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History Review », IX (1938-9), pp. 111-27; Id., *Anglo-Dutch Commerce and Finance in the Eighteenth Century* (Cambridge, 1941; reprinted 1966); J. De Vries, *De economische achteruitgang der Republiek in de achttiende eeuw* (2nd ed., Leiden, 1968).

8 J. A. Van Houtte, *Déclin et survivance d'Anvers, 1550-1700*, in « Studi in onore di Amintore Fanfani » (Milan, 1962), V, pp. 703-26; H. Van Houtte, *Histoire économique de la Belgique à la fin de l'ancien régime* (Ghent, 1920, « Université de Gand. Recueil de travaux publiés par la Faculté de Philosophie et Lettres », 48), pp. 215-30.

9 N. Laude, *La Compagnie d'Ostende et son activité commerciale au Bengale, 1725-1730* (Brussels, 1944, « Mémoires de l'Institut Royal Colonial Belge, Classe des Sciences Morales et Politiques », ser. in-8, XII, 1).

10 N. G. Parker, *Spain, her Enemies and the Revolt of the Netherlands, 1559-1648*, in « Past and Present », nr. 49 (Nov. 1970), pp. 72-95.

sible, grew even worse. Probably, also, the capital of the Catholic Low Countries was too unilaterally devoted to industrial investments. Thus a division of activities between the Belgian and Dutch provinces came into being quite naturally. The latter provided the former with the transportation necessary for the development of an important industrial production of wich I shall speak at greater length farther on.

French occupation and annexation to France in 1795 restored freedom to navigation on the Scheldt. Nevertheless the commercial situation of the two countries did not change much. During the wars of the Revolution and the Empire, the comparative indipendence of the Netherlands vis-à-vis France allowed their merchant navy to survive, although it suffered a further regression as Britain's merchant fleet expanded.[11] During this period the Belgian departments of France were affected by a tight British blockade. It was only in 1814, when the Belgian provinces were reunited with the kingdom of the Netherlands, that the removal of the obstacles standing in the way of shipping activities began to make its effects felt and Antwerp laid the foundations for a new period of great prosperity.

Once again, however, the latter did not proceed apace with the corresponding development of a merchant fleet having this harbour as base. A tradition and qualified personnel that were lacking in the Belgian provinces of the kingdom would have been needed for this. Thus sea transport was left to the Dutch as was also ship-building, this being a field in which the Dutch could boast of a lengthy experience which, in the past, had made the tecnical superiority of their vessels incontestable in Europe. It is significant, moreover, that notwithstanding its delay in the development of the Industrial Revolution, Holland lost no time in adopting new techniques in the domain of ship-building. As early as 1823, the naval officer Gerhard Moritz Roentgen, under the protection of King William I, founded a company of steam-boats for navigation

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[11] T. P. Van Der Kooy, *Hollands stapelmarkt en haar verval* (Amsterdam, 1931); B. Kolff, *Achter de schermen van het onder onzijdige vlag brengen van koopvaardijschepen ten tijde van de Bataafsche Republiek*, in « Rotterdamsch Jaarboekje », 5th ser., II (1944), pp. 93-107; H. R. C. Wright, *Free Trade and Protection in the Netherlands, 1816-1830* (Cambridge, 1955), pp. 30-1.

between Rotterdam and Antwerp, Cologne and Great Britain, followed two years later by a shipyard for the construction of modern vessels.[12]

This tradition has been maintained without interruption up to the present as regards both ship-building and the merchant fleet. As far as the former is concerned, the Netherlands today occupy the eleventh place in the world, and as far as the latter is concerned the tenth place with about five and a half million tons of seafaring ships: everyone knows that the existence of cheap flags falsifies this statistic. The Belgian merchant fleet at present totals little more than one eighth of this tonnage. In the field of river navigation the difference is less marked: the Belgian fleet of river boats exceeds half the tonnage of Dutch inland shipping.

This inferiority of the Belgian navy and fleet was not able, however, to check the splendid expansion of Belgium's trade once the country became independent. The truth is that, shortly after the revolution of 1830, the mercantilist principles that had governed the commercial policy of European countries until then lost their force and were progressively replaced by ever freer trade and very soon by free trade proper: the date for this was 1861 in Belgium and 1862 in the Netherlands and it was to be maintained in an almost pure state in both countries up to the morrow of the first world war. This new economic climate allowed the two countries to take full advantage of the formidable growth of world economy and trade, in speaking of which particular mention must be made of the development of the German hinterland.[13]

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12 R. Demoulin, *Guillaume 1er et la transformation économique des provinces belges, 1815-1830* (Liège and Paris, 1938, « Bibliothèque de la Faculté de Philosophie et Lettres de l'Université de Liège », 80), pp. 331-57; W. M. F. Mansvelt, *De Nederlandsche Handel-Maatschappij, 1824-1924* (Amsterdam, 1924-6, 2 vols.), I, p. 146; M. G. De Boer, *Leven en bedrijf van Gerhard Moritz Roentgen, grondvester van de Nederlandsche Stoomboot-Maatschappij, thans Maatschappij voor scheeps- en werktuigbouw « Fijenoord »* (Rotterdam, 1923); V. Barbour, *Dutch and English Merchant Shipping in the Seventeenth Century*, in « Economic History Review », II (1929-30), pp. 264, 274-5, reprinted in E. M. Carus-Wilson (ed.), *Essays in Economic History* (London, 1954), pp. 227-53.

13 M. Suetens, *Histoire de la politique commerciale de la Belgique depuis 1830 jusqu'à nos jours* (Brussels, 1955); K. Wahl, *Die niederländische Handelspolitik in der zweiten Hälfte des 19. Jahrhunderts* (thesis Heidelberg, 1901); P. A. Blaisse, *De Nederlandsche handelspolitiek* (Utrecht, 1948, « De Nederlandsche volkshuishouding tussen twee wereldoorlogen », VI).

The Belgian and Dutch harbours benefited enormously, though in different ways, from this development. Whereas, towards the middle of the nineteenth century, both Antwerp and Rotterdam still had around half a million tons of freight traffic, the big Dutch harbours rose progressively to the first place among European harbours, with a freight traffic that in 1970 came close to 200 million tons, almost three times as much as the traffic of its Belgian rival Antwerp. And it is not at random that I speak of rivalry in this connection. Up to the eve of the second world war a certain divisione of work between the two harbours existed. Rotterdam, connected with the German market by excellent waterways, devoted a considerable part of its activity to German coal exports and specialized to a certain extent in bulk goods. Antwerp, whose access to the hinterland depended essentially on the railway network, exported and imported mainly general cargoes.[14] The two harbours thus played almost complementary roles. The coal crisis in the last ten years and the formidable expansion of trade in petroleum products have altered this situation so that there is now more competition than before between the two ports. It is therefore hardly surprising if a false note of protest and jealousy on Antwerp's part sometimes intrudes in the concert of protestations of friendship usual among partners in an economic union like Benelux. In particular, Antwerp's centuries-old desire to improve its communications with the Rhine by digging a deep canal through Dutch territory and with the North Sea by undertaking large-scale works on the lower part of the Scheldt grows increasingly cogent as the gap between traffic in the harbours of Rotterdam and Antwerp widens.

This recent switch from complementary activities to competition is also to be noted in the field of industry. For three centuries, from the end of the sixteenth to the end of the nineteenth, the Belgian provinces enjoyed a privileged situation in this domain vis-à-vis the Netherlands. I have already mentioned the industrial orientation of their productive investments. And there are also

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[14] A. DELMER, *Les ports de l'estuaire de l'Escaut, de la Meuse et du Rhin*, in « Bulletin de la Société belge d'Etudes Géographiques », XIV (1944-5), pp. 63-98; Z. W. SNELLER, *Geschiedenis van den steenkolenhandel van Rotterdam* (Groningen, 1946).

other elements that explain this phenomenon. While the United Provinces, holding large-scale international trade to be the foundation of their prosperity, abstained from adhering to the mercantilism that had become general in Europe during the modern era, the Spanish Netherlands developed their customs duties, born originally from merely fiscal preoccupations, into a tax system inspired by conscious imperative of economic growth. This policy, introduced in the second half of the seventeenth century, reached its apogee one century later under the reign of Maria Theresa of Austria (1740-80), providing efficient protection for a great many industries of the Belgian provinces.[15]

It is true that the structure of the latter's population helped to ensure them an advantage over their neighbours in the North. The Catholic Netherlands had from the beginning been more densely populated than the United Provinces. In 1795 they had two and a half million inhabitants as compared with only two million in the Republic. But the population of the confederation of United Provinces appears to have been more urbanized than that of the Belgian provinces. Undoubtedly the latter had a certain number of medium-sized towns at the end of the eighteenth century, like Brussels, which then had a population of about 80,000 inhabitants, or Ghent and Antwerp with 50-60,000 inhabitants each. However the Dutch towns, like Amsterdam, which was one of the biggest in Europe with over 200,000 inhabitants, Rotterdam with 53,000, the Hague with 38,000, Utrecht with 32,000, Leyden with 31,000, etc., grouped together an appreciably larger share of the country's population than did the Austrian Netherlands.[16] Thus a larger proportion of the population of the United Provinces enjoyed a higher standard of living — as is usual in cities — than the Belgian population. The

[15] S. Despretz-Van de Casteele, *Het protectionisme in de Zuidelijke Nederlanden gedurende de tweede helft der 17e eeuw*, in « Tijdschrift voor Geschiedenis », LXXVIII (1965), pp. 294-317; H. Van Houtte, *Histoire économique*, pp. 120-69, 301-28.

[16] J. C. Ramaer, *De middelpunten van bevolking in Nederland voorheen en thans*, in « Tijdschrift van het Koninklijk Nederlandsch Aardrijkskundig Genootschap », XXXVIII (1921), pp. 1-38, 174-215; H. Van Werveke, *La densité de la population belge au cours des âges*, in « Studi in onore di Armando Sapori » (Milan, 1957), II, pp. 1423-32; J. A. Faber, H. K. Roessingh, B. H. Slicher Van Bath, A. M. Van der Woude, H. J. Van Santen, *Population Changes and Economic Developments in the Netherlands: a Historical Survey*, in « A.A.G. Bijdragen » [Wageningen], XII (1965), pp. 47-113.

wealth of the United Provinces may, even more generally, be assumed to have brought their population's standard of living to a higher level than in the neighbouring countries. This difference was still recognizable when the two countries were reunited in a single state under the reign of William I. An inevitable consequence was that production costs were higher in the northern provinces, in the present Netherlands, than in the southern provinces that were to become Belgium. Moreover taxes were considerably heavier in the United Provinces than in the Spanish or Austrian Netherlands. The Republic's commercial policy contributed to this situation: as customs duties provided comparatively little revenue, it was necessary to obtain elsewhere the funds required for the policy of the great power that the United Provinces were up to the beginning of the eighteenth century, a policy the effects of which continued to be felt, in the form of a considerable debt, even after the decline of Dutch power. Now, in the absence of customs duties that brought in large sums, excise taxes were inevitably introduced which in turn contributed to make life more expensive and raise industrial production costs.[17]

Undoubtedly a rural industry, such as was generally present in Europe before the Industrial Revolution, was not completely lacking in the United Provinces. But after the sixteenth century, the towns in most of the provinces of the Confederation had successfully opposed this competition of the countryside and largely been able to repress it. This was a consequence of the political structure of the Republic. The sovereignty remained in the hands of the General States which formed a delegation of the various Provincial States. Now in most of the latter the towns had a determinant influence that nothing could defy after the disappearance of the monarchic power with the conquest of independence.[18] It is

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17 Ch. H. WILSON, *Taxation and the Decline of Empires*, in « Bijdragen en Mededelingen van het Historisch Genootschap », LXXVII (1963), pp. 10-23.

18 Z. W. SNELLER, *La naissance de l'industrie rurale dans les Pays-Bas aux XVII^e et XVIII^e siècles*, in « Annales d'Histoire Economique et Sociale », I (1929), pp. 193-202; E. C. G. BRÜNNER, *De order op de buitennering van 1531. Bijdrage tot de kennis van de economische geschiedenis van het graafschap Holland in den tijd van Karel V* (Utrecht, 1923); E.H. KOSSMANN, *The Low Countries*, in « The New Cambridge Modern History », IV (Cambridge, 1970), pp. 361-4; S. J. FOCKEMA ANDREAE, *De Nederlandse Staat onder*

in this respect that the industrial structure of the Belgian provinces differed fundamentally. In a large part of their territory the density of the rural population was such that farms were too few or too small to provide complete subsistence for the population. The latter had no choice but to switch over to industrial activities, even if the presence of some big farms provided work for a certain number of farm workers, but only at certain times of the year. Certainly, in the Middle Ages, the big Flemish towns had themselves attempted to oppose this industrialization of the surrounding countryside. But, after the establishment of a strong monarchic state in the fourteenth century, the central power had effectively repressed these manifestations of urbanism and encouraged rural industrial development, aware of the advantages it would afford for the growth of national prosperity. This policy of common welfare achieved its purposes, particularly as the rural location of these industries ensured them a favourable income, the consequence of a standard of living lower than the urban manpower's and a lower cost of the essential means of subsistence.[19]

Throughout the whole of the modern age the result of these different situations in the two countries was a competition that was most unfavourable to the United Provinces. This was the case, in particular, for the textile industries, which were not only the principal industrial activity of these regions from the sixteenth to the nineteenth century, but also the domain in which they could compete specifically. Thanks to the immigration of Flemish weavers and other craftsmen, at the time of the War of Independence, Leyden had become the European capital of the wool industry. It lost this supremacy and suffered a decline in the seventeenth century as a result of the competition of the rural industry of the Pays de Herve in Belgium. The latter had begun to perform

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de Republiek (2nd ed., Amsterdam, 1962, « Verhandelingen van de Koninklijke Nederlandse Academie van Wetenschappen, afdeling Letterkunde », new ser., LXVIII, p. 3).

[19] J. A. Van Houtte, *Stadt und Land in der Geschichte des flandrischen Gewerbes im Spätmittelalter und in der Neuzeit*, in « Wirtschaft, Geschichte und Wirtschaftsgeschichte. Festschrift zum 65. Geburtstag von Friedrich Lütge » (Stuttgart, 1966), pp. 88-98, reprinted: F. Lütge (ed.), *Wirtschaftliche und soziale Probleme der gewerblichen Entwicklung im 15.-16. und 19. Jahrhundert* (Stuttgart, 1968), « Forschungen zur Sozial- und Wirtschaftsgeschichte », 10), pp. 90-101.

piece-work in the sector of spinning and other processes proceeding weaving and finishing. However the activity of its cheap manpower was soon extended to cover the complete cycle of texile manufacturing and by the end of the seventeenth century the triumph of Verviers and the neighbouring villages, where industry thrived on what was practically virgin ground as far as rules and regulations were concerned, had become complete. The first seeds of an activity that was to remain, until quite recently, one of the most important in Belgium were sown.[20] It is only in appearance that the development of a similar industry in North Brabant, conquered by the United Provinces, and particularly in Tilbourg and its surroundings, seems to contradict this statement. In fact this conquered territory, having no voice in the *States Generales*, was an underdeveloped region of the Republic in which there was permanently an acute economic crisis, as a consequence of which the miserable rural populations were at the mercy of industrial entrepreneurs in search of cheap manpower. At first this resource was exploited by the Leyden cloth manufacturers but in the long run the latter, as happened in the territory of Herve, lost control of these activities, which gave birth to a complete local industry that maintained its prosperity almost up to the present.[21]

The case of the linen industry is a little different. After leaving their Flemish homeland some linen weavers, fleeing from the economic crisis and religious persecution, settled in Haarlem, a city already in touch with the Flemish industry which was accustomed to have its linens bleached there. In effect the water of the peat marshes near Haarlem possessed particularly favourable chemical qualities and, besides, the development of cattle breeding in this regions supplied plentiful quantities of the whipped milk that was

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20 N. W. POSTHUMUS, *De geschiedenis van de Leidsche lakenindustrie* (The Hague, 1908-39, 3 vols.), II-III; ID., *De industrieele concurrentie tusschen Noord- en Zuid-Nederlandsche nijverheidscentra in de XVII^e en XVIII^e eeuw*, in « Mélanges d'Histoire offerts à Henri Pirenne (Brussels, 1926, 2 vols.), II, pp. 369-78; P. LEBRUN, *L'industrie de la laine à Verviers pendant le XVIII^e et le début du XIX^e siècle. Contribution à l'étude des origines de la révolution industrielle* (Liège, 1948, « Bibliothèque de la Faculté de Philosophie et Lettres de l'Université de Liège », 114).

21 KOSSMANN, *Low Countries*, l. c., p. 362; P. C. BOEREN, *Het Hart van Brabant Schets eener economische geschiedenis van Tilburg* (Tilburg, 1942).

used for bleaching. These natural factors continued to be an attraction after Haarlem had differentiated its industry and passed from bleaching to the complete processing of linen. The city now began to manufacture linens that were unequalled for fineness. And it was this quality that was their strength. Whereas the linens of the Flemish countryside, where practically every peasant family carried on this activity, were coarse in quality, those of the city industry of Haarlem, owing to their high cost, were sold to a different clientele willing to pay the necessary price for luxury articles.[22] And this brings us to the recognition of an important point. The industry of the United Provinces was anything but negligible. However it specialized in rather expensive products, the high sales price of which, due also to the cost of highly specialized manpower, did not act as a deterrent as would have been the case for less refined products of wide consumption. This luxury or semiluxury industry worked largely raw materials of exotic origin, particularly those brought by colonial trade to the market of the United Provinces, such as tobacco, coffee, tea, speces and cotton.

The manufacture of artistic ceramics and of china, with methods that had been learnt in the Far East, was also in the nature of a luxury industry. Some of these industries, it is true, were imitated in the Belgian provinces, but they struck their roots in the cities and pertained to the luxury industries perhaps even more than to the United Provinces[23] where the semi-rural region of Zaan, immediately to the north of Amsterdam, was one of the principal centres of production of these « traffics » as they were called at the

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22 E. SABBE, *De Belgische vlasnijverheid. I. De Zuidnederlandsche vlasnijverheid tot het verdrag van Utrecht, 1713* (Bruges, 1943, « Rijksuniversiteit te Gent. Werken uitgegeven door de Faculteit van de Wijsbegeerte en Letteren, 95); ID., *Histoire de l'industrie linière en Belgique* (Brussels, 1945, « Collection Nationale », 6th ser., 67); S. C. REGTDOORZEE GREUP-ROLDANUS, *Geschiedenis der Haarlemmer bleekerijen* (The Hague, 1936).

23 E. NEURDENBURG, *Old Dutch Pottery and Tiles* (London, 1923); C. H. DE JONGE, *Oud-Nederlandsche majolica en Delftsch aardewerk. Een ontwikkelingsgeschiedenis van omstreeks 1550-1800* (Amsterdam, 1947); H. NICAISE, *Manufacture impériale et royale de terre de Lorraine à Bruges*, in « Annales de la Société d'Emulation de Bruges », LXXIX (1936), pp.1-29; E. SOIL DE MORIAMÉ and L. DELPLACE DE FORMANOIR, *La manufacture impériale et royale de porcelaine de Tournay* (Tournay, 1937); J. HELBIG, *La céramique bruxelloise* (Brussels, 1946).

time.[24] The difference in production costs was therefore less marked in this field. Perhaps it would have been more so had it not been for the situation of inferiority of the Belgian provinces from the commercial point of view already alluded to previously. Depending on Dutch trade for their exports, they were obliged to have recourse to a pyramid of middlemen, all of whom took their profit on the goods that passed through their hands, thus increasing the prices at which they were sold to the consumer.

If nature had favoured the Haarlem linen industry, it had on the other hand endowed the Catholic Netherlands with a branch of industry the United Provinces lacked completely. The Wallons hills and tablelands were rich in iron ore and these underground riches had given birth to a highly developed iron industry. In the sixteenth century an Italian observer poetically compared the neighbourhood of Namur with Vulcan's forge.[25] Products of current use, such as nails, and others of high technical quality, such as arms, were manufactured in large quantities; it was to the latter that Liége owed a good share of its prosperity during the modern age when each war brought it eager customers, often from both sides.[26] Iron-working was facilitated by the presence in the Belgian subsoil of plentiful beds of coal. Even if technique before the Industrial Revolution did not yet allow coal to be used in blast furnaces, it could at least be burnt, and very cheaply too, in the forges where pig iron was shaped. The working and exploitation of these materials acquired growing importance in the modern age as the progress made by iron processing technique ensured a more and more prominent position to iron and steel in European

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[24] A. Van Braam, *Bloei en verval van het economisch-sociale leven aan de Zaan in de 17e eeuw* (Wormerveer, 1944); M. A. Verkade, *De opkomst van de Zaanstreek. De ontwikkeling van Holland benoorden het IJ als factor in de wordingsgeschiedenis van de Zaandorpen* (Utrecht, 1952).

[25] L. Guicciardini, *Descrittione di tutti i Paesi Bassi, altrimenti detti Germania Inferiore* (Antwerp, 1581), p. 524.

[26] V. Tahon, *L'industrie cloutière au Pays de Charleroy*, in « Documents et rapports de la Société Royale Paléontologique et Archéologique de Charleroy, XXXVI (1921), pp. 14-31; J. Lejeune, *La formation du capitalisme moderne dans la principauté de Liège au XVIe siècle* (Liège and Paris, 1939, « Bibliothèque de la Faculté de Philosophie et Lettres de l'Université de Liège », 87); J. Yernaux, *La métallurgie liégeoise et son expansion au XVIIe siècle* (Liège, 1939).

societies. Actually, using the term in another sense than in Prehistory and referring not to the material's first appearance but to the time when it really entered current use, the Iron Age may be said to have started in Europe in the modern era. It is hardly necessary to insist on the foremost position the iron and steel industry gave Belgium in the field of industry as compared with the United Provinces.

This prominence was to grow even more marked and spread to the continent of Europe with the advent of the Industrial Revolution. The Belgian iron and coal basin was among the foremost on the continent from this time on. It felt the disadvantages of having a long period of exploitation behind it like Great Britain, the cradle of technical renewal, and the same remedies were soon adopted. The first « steam-engine pumps » of the Newcomen type were installed in the Belgian mines, to empty them of water, in 1731, less than twenty years after their adoption in the British Isles. The French conquest was particularly favourable to the implementation of the Industrial Revolution in Belgium. The annexation of this country to the Republic, and then to the Empire, opened a much larger internal market to it such as had been lacked completely in the past. Napoleonic protectionism sheltered the young industry even more from untimely competition. After the Belgian provinces had been reunited with the Kingdom of the Netherlands William I, renouncing in their favour to the free trade that Holland considered its palladium, persisted in this attitude of protectionism towards the young industries in the Belgian provinces of his State, while the North of it did not as yet take any part in the industrial renewal movement.[27]

Thanks to its natural resources and to this attitude of the authorities that succeeded one another, Belgium found itself, from the very beginning of its independence, more advanced on the road to the Industrial Revolution than the other continental countries. It remained so throughout the nineteenth century and this situation

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[27] P. LEBRUN, *La rivoluzione industriale in Belgio. Strutturazione e destrutturazione delle economie regionali*, in « Studi Storici », II (1961), pp. 548-658; WRIGHT, *Free Trade*, passim; E. VERVIERS, *De Nederlandsche handelspolitiek tot aan de toepassing der vrijhandelsbeginselen* (Leiden, 1914).

enabled it to play a role comparable with Great Britain's as generator of industrial development in the less advanced European countries. During this period the kingdom of the Netherlands suffered largely from industrial stasis. This stasis would have been even greater without the emigration of a certain number of Belgian entrepreneurs who, fearing that the Indonesian outlet might escape their industries following the conquest of independence by the southern provinces, established the first mills for the manufacture of calico in the Netherlands.[28] The breaking away of Belgium left the field freer for merchants and the free trade ideal, so that protectionist measures were repealed just as the Netherlands became again more similar to the former United Provinces which had owed their greatness to trede. It is true that Belgium, too, adopted free trade in much the same years, but it benefited from the fact that its industry had already overcome the difficulties of its early years which the Netherlands, on the contrary, had still to face.

It is hardly surprising that this contrast between the two countries should appear slightly out of focus to the outside world. While Belgium soon gained the reputation of a highly industrial country, its landscapes obscured by high factory chimneys, people were apt to see the Dutchman as a peasant wearing clogs, in a completely rural environment, with a windmill in the background. Even today there are some people who are inclined to think this picture corresponds to reality. The truth is very different.

If the Netherlands only entered industrialization with some delay in the last decades of the nineteenth century, the progress they then made was truly spectacular. This evolution was the result of a number of factors, at least the principal of which must

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28 J.G. VAN DILLEN, *Omstandigheden en psychische factoren in de economische geschiedenis van Nederland* (Groningen, 1949), reprinted ID., *Mensen en achtergronden* (ibid., 1964), pp. 53-79; H. BAUDET, *De dadels van Hassan en de start der Nederlandse industrialiteit*, in « Bedrijf en samenleving. Economisch-historische studies over Nederland in de negentiende en twintigste eeuw, aangeboden aan I. J. Brugmans » (Alphen aan den Rijn and Brussels, 1967), pp. 1-45; J. H. VAN STUIJVENBERG, *Economische groei in Nederland in de negentiende eeuw: een terreinverkenning*, ibid., pp. 195-225; J.A.P.G. BOOT and A. BLONK, *Van smiet- tot schietspoel. De opkomst van de Twents-Gelderse textielindustrie in het begin van de 19e eeuw* (Hengelo, 1957).

be mentioned. First of all the very rapid growth of the population must be taken into account. Between 1870 and 1910 there was an increase of 64% in the population of the Netherlands. It is clear that this large increase could not be absorbed by agriculture which, moreover, traditionally employed — and this is a subject to which I shall return — a comparatively small manpower, nor could it be absorbed by the terciary sector which depended, after the world market of Amsterdam had lost its preponderance, to a very considerable extent on local production forces and exports. It must be added that in a decisive quarter of a century, between 1878 and 1895, agriculture went through a serious economic crisis, which further reduced its possibilities of providing employment. Moreover, although the first signs heralding the return of world economy to protectionism were recognizable already in 1873, trade was still free enough to enable the modernized industry of the Netherlands to make a place for itself on the European and also on the overseas market, the latter in full development in the Dutch colonies as elsewhere in those peak years of European colonial expansion. Lastly, the plethora of manpower available for this burgeoning industry ensured low wage rates and production costs, that enabled it to overcome the difficulties of competition — which were moreover fairly mild owing to the continuous opening of new outlets — and reach the strength of maturity.[29]

Thus, towards the end of the nineteenth century, the Netherlands achieved an industrial infrastructure such as Belgium had built up for itself half a century or more before. And this infrastructure continued to develop more and more. The first world war, during which the Netherlands enjoyed the advantages of neutrality, even if they experienced some slight inconveniences due in particular to a certain shortage of imported raw materials and manufactures, witnessed an acceleration of this development. It was then, or in the years immediately following the war, that the Netherlands, exploiting the experience gained from it, laid the foundations of a certain number of industries whose products had

[29] Z. W. SNELLER (ed.), *Geschiedenis van de Nederlandse landbouw, 1795-1940* (2nd ed., Groningen, 1951).

been lacking during the war years. They started, for instance, to manufacture glass to be used in the Philips electric bulb factories and even set up an important iron and steel industry in a country in which iron ore was completely lacking. Did the delay with which modern industry came into being in the Netherlands perhaps have the advantage of freeing it from the weight of older traditions, whose action made itself felt in countries that had been industrialized earlier, like Belgium? I allude to the markedly international character that soon came to distinguish a certain number of Dutch firms, ensuring them an outstanding place among big industries on a world scale. In the case of Unilever, raw materials were a contributing factor: shortly before the first world war, the margarine industry stopped using animal fats and switched over to oils of vegetable origin. The « Nederlandsche Margarine Unie » had consequently to acquire interests in plantations in Africa and elsewhere. Moreover the growth of protectionism in most foreign countries caused it to establish factories there to avoid tariff barriers. Finally it became necessary for it to merge with the most powerful of its competitors, the British « Lever Brothers », to eliminate ruinous competition on world markets.[30] The same applies to the Royal Dutch/Shell; in this case too, a Dutch firm and a British firm associated, and later merged, to stand up triumphantly to the competition of American oil companies first on the markets of the Far East and then on a world scale and then the two associates gradually extended their sales empire to the extraction of mineral oils.[31] Lastly, in speaking of Philips, attention must be drawn to the business genius of an entrepreneur who, besides adopting a most advanced form of sales organization for his products, also introduced the latest scientific innovations to exploit them on an industrial scale, at the same time taking an active part in his engineering, electric and electronic research services. The fact, for example, that Philips was one of the first firms to place satisfactory wireless sets on the market ensured their immediate diffusion all over the world. The firm adjusted to the aggravation of protec-

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[30] Ch. H. Wilson, *History of Unilever. A Story in Economic Growth and Social hange* (Oxford, 1955, 2 vols.).

[31] F. C. Gerretson, *Geschiedenis der « Koninklijke »* (Haarlem, 1932-41, 3 vols.).

tionism, in the years of the Great Depression, by opening branches in a number of countries.[32] These three examples are, I think sufficient. No Belgian firm has ever reached these dimensions or this radius of action. Is this the price that Belgian industry has had to pay for having been born in an atmosphere of national individualism that has perhaps continued to dominate the mentality of its businessmen up to the present?

This difference in character was moreover already to be met with in the nineteenth century in the financial organization of the two countries. Belgium had been endowed in 1822, once again through the initiative of King William I, with a credit organization capable of satisfying the needs of its nascent modern industry. The « Société Générale de Belgique » actually had a prominent role in the financing of Belgian industry, without ever derogating from the principle that its field of action was limited to this industry, not did the competitors that entered the banking world later act any differently. At the time, the market of foreign loans and securities of mortgage, railway and other companies in overseas countries, such as the United States and South Africa, was one of the most important activities of the Netherland banks and it was only towards the end of the nineteenth century that the financing of local industrial firms took on importance for them.[33]

I will now close this survey with some remarks concerning agriculture in the two countries. From the beginning of the modern era, and perhaps even earlier, the province of Holland, and more generally the regions near the sea and reclaimed from it, developed a form of pastoral agriculture consisting of grazing land for the breeding of cattle to provide plenty of meat and dairy products for the towns towards which the population gravitated.[34] Elsewhere, both in the Netherlands and in Belgium, the whole of agricultural activity was dominated by the cultivation of cereals to provide the

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32 P. J. Bouman, *Anton Philips* (Groningen, 1956).

33 B. S. Chlepner, *La Banque en Belgique. Etude historique et économique*, I (Brussels, 1926); Id., *Le marché financier belge depuis cent ans* (Brussels, 1930); H. M. Hirschfeld, *Het ontstaan van het moderne bankwezen in Nederland* (Rotterdam, 1922); D. C. Renooy, *De Nederlandse emissiemarkt van 1904 tot 1939* (Amsterdam, 1951).

34 J. F. Niermeyer, *Delft en Delfland* (Leiden, 1944), pp. 81-2; Verkade, *Opkomst*, pp. 119-20.

staple foods for human nourishment. The agricultural revolution which, from the sixteenth century onwards, improved farming methods,[35] aimed essentially at increasing this production: by cultivating more forage plants it would be possible to extend cattle breeding and thus obtain larger quantities of manure ensuring more plentiful crops of cereals. The agricultural invasion in the 1870's put an end to this system in both countries. Their cereals were unable to compete with cheap imports from the United States, Canada, Russia and other comparatively new countries, and both Dutch and Belgian farmers gave up cereal cultivation and concentrated, as the «polder» regions had already been doing for a long time, on cattle breeding and its by-products and on vegetables.[36]

I have mentioned previously the consequence this transformation had for the development of industry in the Netherlands. It enabled agricultural concerns to make do with a notably reduced manpower. In Belgium, moreover, it lent increased momentum to industrial development. But in any case agriculture in both countries was now following the same direction. It is only to be expected in a common market, like that created by the Rome treaties, that the advantage should go to the country using the best technical methods. It must be recognized that it was the Netherlands that enjoyed this advantage. The educational role of the peasant organizations was felt earlier and more deeply than in Belgium where techniques were dominated far longer by agricultural routine.[37] It is not surprising, therefore, if agricultural problems caused the greatest creaking of gears when the Benelux common market machine was set in motion.

This does not mean that there were not difficulties, to begin with, also in the field of industry. However, the political decision

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35 B.H. Slicher Van Bath, *The Rise of Intensive Husbandry in the Low Countries*, in J.S. Bromley and E.H. Kossmann (eds.), «Britain and the Netherlands. Papers delivered to the Oxford-Netherlands Conference 1959» (London, 1960), pp. 130-53.

36 Sneller, *Nederlandse landbouw*, passim; F. Herman, *Progrès technique et progrès économique en agriculture: France, 1830-1885, Belgique, 1880-1955*, in «Université Catholique de Louvain. Bulletin de l'Institut de Recherches Economiques et Sociales», XXIV (1958), pp. 47-96.

37 G. Minderhoud, *Landbouwcoöperaties in Nederland* (Groningen, 1946); J.H. Van Stuijvenberg, *Het Centraal Bureau, een coöperatief krachtveld in de Nederlandse landbouw, 1899-1949* (Rotterdam, 1949); A. Varzim, *Le Boerenbond belge* (Paris, 1934).

to create a community having been taken, industry adjusted better to competition in a common market. The part played by trade with the associates in Benelux in total imports and exports increased considerably over the years. Moreover firms belonging to the two associated countries concluded cooperation agreements or mergers. Thus Benelux opened the road to a supranational integration that is expanding progressively at the level of the European Community of which it is one of the pillars. It is to be hoped that, thanks to this integration, Europe will not find itself unarmed in a new world where it has to compete with the economic giants that have sprung up on the other side of the Atlantic.