

## A Moral Measure of Capitalism?

*Pioneers of Capitalism: The Netherlands, 1000-1800*

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TSEG 21 (2): 139-148

DOI: 10.52024/vxqoj707

History writing comes in many flavors, but two broad traditions stand out. The first we might call the “narrative” mode in which a story is crafted to reveal who did what to whom, how and when they did it, and with what consequences for each party. From such narratives the historian tries to understand how the world came to be the way it is. Typically, the narrative is also often designed to offer up moral instruction suitable for the present. Great figures and their actions can be held up for emulation, while flawed actors serve as the grist for cautionary tales. Rarely, though, is this mode of history writing expected to offer any special insight into what might come next. While narrative history is quite often prescriptive, it is rarely burdened with any expectation of being predictive.

Developments beginning already in the late nineteenth century sought to make historical writing less didactic and more “scientific.” A new goal emerged seeking to give the discipline a method which was explicitly analytical, dependent on evidence dispassionately extricated from the archives. This kind of history writing – what we might frame as a scientific mode – came to prominence in the middle decades of the twentieth century with the birth of the “*Annales* school”. The approach was then solidified by the cliometrics revolution of the 1960s and the new social history of the 1970s, both of which increasingly stressed not just analysis in general, but quantitative analysis in particular. Inspirational (or aspirational) history no longer sufficed, especially as attention shifted from the great actors who populated the pages of earlier narrative histories to the regular people of everyday life. A

major goal of scientific history was to discover broad patterns of change in society which appear with sufficient regularity to be predictive. At its most ambitious, this type of analysis sought answers to causal questions, increasingly adopting the sophisticated statistical methods of the quantitative social sciences to validate claims of cause and effect.

With the turn to the twenty-first century the pendulum appears to be swinging back again, marked by an increasing skepticism across the history profession about the validity of quantitative methods and their results. Indeed, even the exercise of using causal arguments to proffer guidance for the future has been called into question as an overreach probably driven by hubris or, at the very least, by naïveté. At the same time, questions of morality – on the part of both the historians as actors in their own right and of their historical subjects – have come into prominence. It is in the context of this shifting historiographical landscape that Jan Luiten van Zanden and Maarten Prak have authored *Pioneers of Capitalism. The Netherlands 1000-1800*. As we might expect of two social and economic historians trained in the heady days of scientific history, theirs is a story with few named actors. It is the anonymous forces of geography, population change, climate, markets, and institutional arrangements, on the other hand, that play the leading roles. Perhaps most interestingly, however, moral questions and how to address them also loom large in their thinking.

It is the productive combination of methods drawn from the scientific mode with acute sensitivities engendered by more recent scholarship that makes this book so fruitful for our understanding of the remarkable history of the Netherlands from the medieval period to the eve of the Industrial Revolution.

Like much recent historiography, especially that inspired by the so-called “new history of capitalism,” the authors are interested in what they call the “how” and “why” of the emergence of a capitalist market economy in the premodern Low Countries (p.10). Yet, unlike much of the literature in this vein which takes the early modern trans-Atlantic slave trade and the tobacco, coffee, tea, sugar and cotton plantation economies that it supported as capitalism’s founding moment, Van Zanden and Prak begin their story solidly in the Middle Ages: the early Middle Ages, no less. They begin with the small, and very poor by virtually any standard, fishing villages of the water-logged territories of coastal northwestern Europe lying to the north of the great river systems of the Rhine, Maas, and Waal. Here people were forced to trade in order to survive. Moreover, the unsuitability of their environment

for either large-scale agriculture or easy conquest and control left them with remarkable (and we might say in hindsight even precocious) freedoms to govern themselves at a very local level. Yet anyone looking at Holland and Friesland, for example, in the tenth century would not have predicted that there lay the auspicious beginnings of an early modern global powerhouse or the multiple centuries of broad prosperity that followed. Thus, the reader of *Pioneers* knows already from the first chapter that this work is not going to be a typical study of the origins of capitalism.

This book is also atypical in another important respect, and it is to this second unusual feature that this review will devote its focus. Namely, Van Zanden and Prak do not subscribe to the now widely shared view among historians of capitalism that many (perhaps most?) of the ills of the contemporary world find their origins in the economic system that takes its name from the capital it proved so successful at amassing. The list of these ills is long, but for our purposes several of importance include an expectation of ever-increasing economic and social inequality; the inevitability and rapacity of environmental destruction; and the vicious exploitation of subordinate populations along lines of race, sex, class (most obviously), gender, religion, and other ethnic characteristics. Van Zanden and Prak are not unaware of, nor are they unconcerned about, the ravages of Dutch capitalism as it actually manifested itself in various colonial and military enterprises, but the chronology of their story makes it clear that Dutch capitalism enjoyed a robust success that was capable of enriching Dutch society in advance of the establishment of any colonial empire. As such, they make a case for the positive role played by the institutions of civil society, both not only preceding the development of capitalism, but also maintaining their ameliorating influence even after capitalist market transactions became the dominant mode for the provisioning of Netherlandish society. At a minimum then, in their view, capitalism did not require colonialism as a precondition. This observation alone leads their work to a more hopeful assessment of capitalism as an economic system than is to be found in much current history writing.

Their argument, however, is a nuanced one and worth revisiting in some detail, for they are far from narrow apologists for what we might think of as a neo-liberal economic agenda. It is true that, as both consumers and practitioners of the cliometric arts, their view is powerfully shaped by their understanding of the arc of Dutch economic growth, measured in a way familiar to economists and social science



Illustration 1 Beeldenstorm in the Old Church in Amsterdam  
(source: engraving by Jacobus Buys, Cornelis Bogerts and Reinier Vinkeles, City Archives Amsterdam)

historians. Thus, they open the book by presenting GDP estimates for Holland dating back to 1348, showing them in comparison with similar estimates for England, northern Italy, and China (p.17). By this metric, Holland began its existence at the lower end of the comparison group but had pulled ahead by the end of the Middle Ages. Significantly, it also retained its position of dominance across the remainder of the pre-industrial period. The series is highly variable from year to year, owing to fluctuations in international trade and shipping, which they point out “were heavily affected by exogenous shocks” (p.17). Despite the noise, however, they assert that “econometric testing for trends and breaking points tell a story of an unchanging process of economic growth over the entire period from 1350-1800” (p.17).

Yet to their credit, Van Zanden and Prak do not build their case on GDP estimates alone. They acknowledge the complexity of the economic development process, especially the critical contribution made by people’s freedom to make economic, political, and social decisions for themselves. Doing so, they investigate a number of additional factors, such as political participation (which they find comparatively broader in Dutch society than elsewhere), gender-based opportunities and outcomes (similarly better than elsewhere), and the prevalence of violence and crime (falling from a medieval high level over the course of the early modern period). They also look to the remains of material culture to corroborate the steady growth story of the GDP estimates (pp.22-23). Again, they find a growth path that is long and reliably upward from at least two centuries prior to the Black Death and continuing straight through to the end of the eighteenth century when they conclude their study. The only countervailing trend they find is in life expectancy and health status as measured by stature, both of which stagnated at best and even sometimes declined, especially in the larger cities which emerged during the early modern centuries.

The overall growth picture is nonetheless, as they note themselves, a significant finding. A long and continuous record of growth upends three commonly held beliefs about the nature of Dutch economic success. First, the growth trajectory begins in the Middle Ages, at a time not usually heralded for its economic advances, and when, moreover, the northern Low Countries were still very much on the fringes of European developments in any event. Second, growth may have benefited from the political upheavals of the 1570s and thereafter (with the revolt against Spain and the significant migration of labor and capital from the southern Low Countries northward), but it was



by no means dependent on those events. The Dutch “Golden Age” was a product of growth already in progress, not a progenitor of it. Finally, comparatively high levels of prosperity clearly predate the period of overseas trade expansion, colony building, and human and resource exploitation set in motion by the founding of the Dutch East India Company in 1602. Indeed, if anything, health and other gains may have slowed somewhat in this period, most especially as the eighteenth century progressed. Exploitation seems to have been neither a necessary, nor a sufficient condition for continued growth.

This evidence alone, however, does not prove that the growth they document was the result of a precocious capitalism; and even if it was, it does not indicate where that capitalism came from or how it may have changed society – to reference the two questions Van Zanden and Prak identify as lying at the heart of their endeavor (p.200). In assessing the relationship between capitalism and prosperity, they do run up against some circularity when they suggest that the evidence of “a strong increase in living standards” is itself part of the reason to believe that capitalist markets were already “dominant in large parts of the Netherlands in the late Middle Ages” (p.26). Then, by situating the origins of Dutch capitalism in what they see as just the right mix of feudalism/not feudalism characteristic of the medieval northern Low Countries, they offer up something of a just-so story, albeit a very compelling one. It is worth quoting their framing of this claim in full. “Capitalism,” they say, “appears to have originated in a society that was relatively egalitarian, with a strong and continually developing civil society that was characterized by a balance between bottom-up influences and top-down institutions” such that “the capitalist engine became most dynamic in the border region between feudalism and freedom” (p.89). This kind of happy, or even virtuous, medium has, of course, been invoked in assessments of human affairs since at least Aristotle, if not before. It may even be because there is so often a ring of truth about it. In any event, we cannot be sure it is true just because it is so satisfying.

Be that as it may, an even more interesting question is one to which they devote a good deal of their analytical attention. Namely, they ask how does “an economic system based on the exploitation of labor by the holders of capital” square with a society characterized by a long-run improvement in living standards (p.27)? After all, a capitalist system is not characterized just by a robust market in traded goods – a feature of many societies dating from the earliest written records we possess – but

also by a market for labor, one that specifically arises out of “unequal access to the means of production” (p.3). When we remember that one of the core tenets of the new history of capitalism is that capitalist systems require high levels of immiseration and inequality for their maintenance, the Dutch case on offer here appears to be entirely contradictory. More than half of the book is devoted to a resolution of this contradiction in some form or another. And it is in addressing this problem that questions of morality loom large, even when not framed explicitly as such. What, then, should we think about the historian’s moral judgement in making an assessment about the long run of Dutch capitalism from the Middle Ages to the advent of the Industrial Revolution?

The framework employed here to tackle the contradictory aspects of Dutch economic history is drawn from the “varieties of capitalism” literature, the basic premise of which is that there is not just one way of organizing a capitalist economy. Furthermore, the details of that organization will matter a great deal to outcomes. To take one example of this method at work, the authors point out that “the new capitalism that had emerged in the Dutch Republic during the decades around 1600 emerged and flourished precisely under the circumstances that Epstein and Ogilvie have identified as the main handicaps of medieval and early modern economies: political fragmentation and a large role for local middle-class organizations such as guilds” (p.167). In other words, not only was this Dutch form of broadly participatory political fragmentation not antagonistic to capitalist economic growth, but it was in fact protective of Dutch society from what might otherwise have been the worst excesses of capitalist development in terms of promoting inequality and immiseration.

Thinking about capitalism as amenable to multiple varieties is also critical to their understanding of the truly vexing problem that we might categorize as the “global question”. How do we square the persistence, and even expansion, of a relatively egalitarian society across multiple metrics at home – what the authors identify as a “European cloak” (p.127) – while so many Dutch individuals and institutions succumbed to the temptations and benefited from the profits of inegalitarian colonial practices abroad, most notably slavery, polygamy, and restrictive racial hierarchies? The Dutch fought hard to keep these practices from gaining any purchase at home, but failed miserably, or perhaps did not even try very hard, to curb them abroad – a moral failing for which they have been roundly criticized in the

historical literature on colonialism and slavery. Van Zanden and Prak also identify this contrast as one of a moral nature when they ask, “were the inclusive institutions that had once facilitated growth now replaced by extractive institutions that suppressed growth? Is there systematic evidence that morality was undermined by the opportunities for greed created by the market economy?” (p.170).

Their answer to these questions suggests on first reading the presence of a relatively straightforward duality. At home, they argue, “local institutions proved, even after a century of flourishing capitalism, still to be socially resilient” (p.193). Yet abroad, “in the globalizing world of the eighteenth century, the negative effects were mostly passed on to people outside Europe” (p.196), such that “an institutional and, thus, normative duality was characteristic of the ‘greater Netherlands’” (p.208). Yet it is much less straightforward to explain why this duality overcame the scruples of some (for there were certainly Dutch individuals abroad who were vocally opposed to slavery and other forms of oppression), was quietly accommodated by others, and indeed actively promoted by yet others. Indeed, answers to this question lie perhaps deep in the human heart and truly will not be amenable to the methods of scientific history. That does not mean, however, that there is nothing left to say about the vexed relationship between capitalism and exploitation, inequality, and immiseration.

Let me wrap up, then, by circling back to the question whether capitalism must of necessity be exploitative, or if it adopts exploitation in only some of its guises while not in others. If Van Zanden and Prak’s account of Dutch capitalism, both at home and abroad, is to be believed – and there is much compelling reason to find it persuasive – it would seem that capitalism itself may not be the problem. As the polygamy and the slavery – both extractive institutions in the framework of the New Institutional Economics which the authors employ – were pre-existing in the places where the Dutch traded, settled and conquered, we might say that capitalism was able to adapt to them while being hardly necessary for their creation. The capitalism that pre-existed in the Dutch Republic itself, grounded in a well-developed civil society, explicitly did not share these features; nor did it try in any meaningful way to implement them. No real “curbing” was required. Instead “the pursuit of short-term profit was restrained by institutional buffers, meant to ensure long-term thinking – generally with positive effects for the economy and society” (p.143).



None of this is to deny that capitalism in its immoral guise can deny – and assuredly has done so – people the possibility of achieving well-being, impeded social and economic development and, perhaps worst of all, too often worked to crush the human spirit. Van Zanden and Prak are not wrong to see markets as conducive to well-being when people can work for wages they deem more or less fair and buy and sell to mutual benefit. However, market transactions, especially when combined with various forms of power (be they monopoly, political repression, discriminatory rules, or outright violence) can also be used to the extreme advantage of a few at the egregious expense of the many. Capitalism as a system neither insists on nor creates the norms under which it operates. Even so, those norms will very much affect its outcomes. The Dutch example reveals that it is possible for capitalism and a relatively open civil society to coexist. Yet it also shows that the temptation of short-term gains made at the expense of others puts a powerful strain on norms. Perhaps we do need more of that older historiography, after all, to point us toward a better way forward with great moral exemplars.

## About the author

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