

Towards an economic interpretation of citizenship: The Dutch Republic between medieval communes and modern nation-states

JAN LUITEN VAN ZANDEN[†] AND
MAARTEN PRAK[‡]

[†]*International Institute of Social History, Cruquiusweg 31, 1019 AT, Amsterdam, The Netherlands*

[‡]*Institute of History, Utrecht University, Kromme Nieuwegracht 66, 3512 HL, The Netherlands*

Citizenship was a key concept in European state formation from the Middle Ages onwards. This article presents an economic interpretation of citizenship. It argues that such a contract increases the efficiency of the exchange between the state and its inhabitants. Next, the concept of citizenship is applied to the political economy of the Dutch Republic, which was an ‘intermediate’ stage in the process of state formation between the medieval commune (with a restricted form of citizenship) and the nation-state of the nineteenth century, when the concept became more inclusive, covering all inhabitants. The article briefly sketches the genesis of the Dutch Republic and identifies some of the key problems of its political economy.

Introduction

The relationship between the state and its inhabitants is one of the fundamental themes of political economy and new institutional economics. It is often assumed that the interests of the state – to maximise its level of income – and those of the citizens – to have their property rights protected – will normally diverge. Douglass North, for example, defines as central issues of early modern economic development that (on the one hand) economic growth requires secure property rights, whereas (on the other hand) the central issue of premodern politics was how to bind the predatory actions of the state (North 1981). The state is supposed to be the agent of the citizens, but often – and especially in the early-modern context – there are no institutions that bind the actions of the state in such a way that citizens can be sure their property rights will be respected.

One of the fundamental characteristics of the early-modern period was that, within the limited space of Europe, different types of states competed

fiercely, in war and the preparation for war (Tilly 1990). It is obvious that the way in which states constructed their relationship to their citizens must have been crucial for their long-term success in this struggle for survival. States that found efficient solutions for the dilemma sketched by North must have done better than states unable to solve this fundamental agency problem. Other factors – economies of scale, and the solutions for coordination problems that arose whenever larger political entities were created (Epstein 2000) – obviously played a role as well. The power of a state controlling twice as many resources (such as in armies) as its smaller neighbour is probably (*ceteris paribus*) more than two times as large as that of its neighbour.¹ These military economies of scale, which according to Latzko (2005) emerged in the two centuries before 1700 as a result of the introduction of modern firearms, are also fundamental for understanding the process of concentration and consolidation that occurred in Europe between 1000 and 1800. But, as Tilly (1990) has demonstrated, this process was not straightforward; attempts to create European empires failed, demonstrating the limits of economies of scale in state formation. According to Tilly, the ‘capital-intensive’ city-states in the zone stretching from Northern Italy to the Low Countries obstructed the ambitions of (potential) emperors such as Charles V and Philip II. During the sixteenth and seventeenth centuries these small states, which, as we will argue, had solved the agency problem in a particularly efficient way through a special relationship with their inhabitants, were able to resist the offensive of the large territorial states, in spite of their small size. They thus helped to preserve the competitive state system of Europe, a system that has often been identified as one of the explanations for the ‘rise of the west’ during this period.

The Dutch Republic is arguably the best example of a small state playing a disproportionately large role in the European state system in this period. It helped to counterbalance the hegemonic ambitions of the Habsburgs between 1568 and 1648 and attempted to pull off the same trick during the late seventeenth and early eighteenth centuries when Louis XIV had similar military-strategic aims. But to many later observers the Dutch Republic has appeared to be quite inefficient at first sight: it was a rather bizarre constellation of urban and provincial privileges, held together by an atypical, decentralised state. Yet, this relatively small state turned out to be very successful; in spite of its size it was one of the major European powers during much of the seventeenth century, and its economy was probably more dynamic and productive than most of its neighbours, with the possible exception of England (Vries and Van der Woude 1997). Therefore, the Dutch

¹ A detailed discussion of this concept and its use in military history is in Latzko 2005; the classical formula for this was already given by Lanchester in 1916: ‘the fighting strength of a military force is proportional to the square of its numerical strength multiplied by the fighting value of its individual units’ (Latzko 2005, p. 18).

case poses a challenge for understanding the dynamics of state formation and the relationships between the state and economic development.

In order to understand the political economy of the Dutch Republic – and that of city-states more generally – we will first focus on the concept of citizenship and its role as a contract between a state and its inhabitants. Next, we try to apply these ideas to an interpretation of the political economy of the Dutch Republic. And finally we return to the issue of the relationship between size and efficiency in European state formation.

2. An economic interpretation of citizenship

It is the function of the state to supply public goods. New institutional economics argues that the state should guarantee the system of property rights (defence against outside aggressors, a legal system), supply public goods that help lower transactions costs (a system of weights and measures, rules to regulate markets), and solve market failures (in the supply of education, infrastructure, health services, and so on). In return, citizens pay taxes to finance these public goods (Furubotn and Richter 2000, p. 414).

Financing the state in the more distant past was to a large extent based on the levying of tribute, that is, the state used its military and political power to coerce its inhabitants to contribute in terms of money and/or labour. In return, the inhabitants received protection, which sometimes was not dissimilar from the ‘protection’ offered by the Mafia to its ‘clients’ (Tilly 1985, Volkov 2002). In certain circumstances this ‘protection’ was to be preferred to a situation in which the peasants (the mass of the population in tributary societies) were ‘unprotected’, and therefore the potential victims of every lord who would ‘offer’ his services. Such an exchange between peasants and lords played a role in the emergence of feudalism in the ninth and tenth centuries. Historically, states have evolved from these coercive structures into systems dominated by exchange in which the actions of participants are bound by contractual rules – the ‘parliamentary democracy’ that is considered to be the most efficient system by North and others working in his tradition (North 1981, North and Weingast 1989). Here we would like to focus on one key element in this transformation, the role of citizenship.

The basic problem of the state can be formulated as an agency problem. The state is supposed to be the agent of its inhabitants, acting on their behalf and in their interest. Yet the state is subject to its own dynamics and the power of the state can and often has been used against its inhabitants. It may therefore be in the interest of those inhabitants not to pay taxes and thus not to contribute to the strengthening of the state, if they cannot be sure that the state will not turn against them. But a strong state may also be in the interest of those governed: it can protect the property rights of its citizens

(for example, against outside aggressors), defend their interests abroad, and supply other collective goods vital for economic development. A weak state may therefore be sub-optimal, but a strong state may be a potential danger for those who support it (and certainly for those who do not support it). This is the classic agency problem of the state.

A second problem is related to the potentially opportunistic behaviour of individual inhabitants. Even if there is agreement that it is in the interest of all to finance a strong state – and pay the taxes this requires – it will still be in the interest of the individual inhabitant to evade taxes as much as possible – the classic free-rider problem. Given the fact that his share in total taxation is very small, the effect on the total income of the state will be close to zero. Whereas it may be in the interest of all to pay all taxes, at the individual level it will be optimal to pay none at all. The success of the state in levying taxes will therefore depend to a large extent on either its ability to suppress free-riding by force, or on the willingness of taxpayers to contribute to ‘the common weal’.

A solution of these co-ordination and commitment problems is implied by the concept of citizenship, which was developed during the Middle Ages as the cornerstone of the political process of the city, although the roots of the concept can be found in Ancient Greece, especially in Athens. Citizenship, to quote Charles Tilly, can be defined as the ‘continuing series of transactions between persons and agents of a given state in which each has enforceable rights and obligations’ (Tilly 1995, p. 8). It is a bundle of rights and duties characteristic of the burghers of a polity. The citizen had to participate in the political life of the community and in all other activities aimed at building and defending the city. This included paying a fair share in the taxation levied by the city, performing certain roles in public life and contributing to the community’s defence. Guarding the town walls and policing the public domain were often allocated to groups of citizens, organised in guilds, wards or civic militias. The most fundamental right was to participate in the political process (in ways regulated by the city constitution), to contribute to the governing of the town, or to the election of its officials who would act on behalf of the citizenry. In return, the community had to protect the rights of the citizens and foster their interests. This also meant that taxes had to be levied on a fair basis, had to be transparent, and that citizens who were coerced to pay had to be treated with respect. Finally, citizens – and elected officials – were bound by oath to obey these rules. In this solemn way the first communes tried to establish credible commitment among their members, and the cities that grew out of these tenth and eleventh century experiments continued this practice.²

² On medieval and early modern urban citizenship, see for example Boone and Prak (1996), Bossenga (1997), Cerutti *et al.* (1995), Nader (1990, pp. 27–45), Oldfield (1990), Kishner and Mayali (2002), and Herzog (2003).

This brief sketch already suggests how the institution of citizenship might help solve the two co-ordination and commitment problems we identified. Firstly, it gave citizens the right, in fact the duty, to participate in the political process and monitor its outcomes, and thereby created a certain level of trust between authorities and citizens. Secondly, by stressing the moral obligation to contribute their share of the costs of maintaining the state, it guaranteed that taxes would be paid more or less fairly, or that citizens assumed that their fellow-citizens would pay their fair share of taxation. If all citizens obey these rules – and in medieval cities they were bound by oath to do so – the two co-ordination and commitment problems will be solved. As a result, citizens supposedly have a keen interest in maintaining those norms as cornerstones of sociopolitical behaviour; it will create a political community based on trust, participation and commitment, in which the chances that the state will turn against its citizens are minimised. This will also mean that the degree to which the state has to rely on force to induce its citizens to pay taxes can be lowered substantially. The mix between coercion and co-operation will, in such a case, be quite different from states which have not developed a similar relationship with their inhabitants.

The result would be a city(state) that could levy much more tax on a *per capita* basis than ‘feudal’ territorial states that operated solely on the basis of coercion. Its ability to survive was related to the superiority of its financial system. To begin with, tax morale would be higher in a system based on citizenship, since there were positive incentives – one’s good standing as a citizen – not to evade taxes.³ Secondly, new systems of taxation, on wealth and income, that might be considered fairer than, for example, excises and other indirect taxes, could be introduced that were individualised (that is, each household or individual paying a sum related to his or her income or wealth) and based on information supplied by the citizens themselves (such as their assessments of their own wealth or income). Thirdly, a modern, funded debt could be created since the actions of the state were bound by these rules. This debt might then become negotiable, and in this way contribute to the development of a capital market. Because the commitment problem had been solved, the interest rate on this public debt could be modest.⁴

In sum, citizenship helped create the conditions for a co-operative relationship between state and inhabitants, presumably more efficient than a relationship based on coercion only. In other words, by creating the conditions for trust and co-operation, citizenship arrangements lowered the

³ Contemporary economists are currently also ‘discovering’ the important of citizenship and tax morale, and how this interacts with the way in which citizens are being treated by their state; see Frey (2002).

⁴ This point has been made in explanation of the low interest rates at which the estates of Holland could borrow money in the sixteenth century (Tracy 1985).

transaction costs of the exchange between state and inhabitants. This led – as we will argue – to an increased supply of public goods at relatively low costs to the economy.

This co-operative model of rule suffered from a number of shortcomings, however, that were to become more evident as time went on. Game theory has demonstrated that frequent, repeated contacts between participants within a context of continuity – in which participants assume that they have to live together ‘forever’ – increases the incentive to conform to co-operative rules (Axelrod 1984, pp. 59, 69 and 83). The rules of citizenship could therefore arise in a situation of frequent interaction between rulers and their citizens, and among citizens themselves, that is within relatively small spaces such as towns. But this also meant that these rules tended to be undermined by the very success of these towns, by their growth and the social differentiation of their populations. Formal rights of citizenship were usually restricted to a minority of the urban population: to the owners of property and of arms. In practice the merchants often dominated the medieval commune. When cities grew in size, those with access to power tended to restrict access to citizenship, while government by the whole civic body was transformed into rule by a small oligarchy. Short-term gains from rent-seeking may have induced this kind of behaviour, which at the same time, however, tended to undermine the institutional fabric of the city and thus the foundations of its economic success. But there were counter-tendencies as well. The rules of citizenship might develop into a ‘democratic’ ideology that could inspire opposition movements, such as the ‘*popolo*’ in thirteenth-century Italian cities, or the growing influence of craft guilds in Flemish cities in the same period, resulting in guild government there after the Battle of the Spurs in 1302 (Black 1984, pp. 66–7). Such a ‘democratic revolution’, in which new constitutions for urban government were formulated, re-established the citizens into the heart of government in these cities.

The second problem of early modern urban citizenship was that by its very nature it created a club to which some belonged, and at the same time defined the rest of the world as non-members, outsiders to the inner circle of power and privileges. Urban citizenship was restricted to a specific city, and excluded the countryside. This limitation is spelled out by David Hume, who, although he probably had Roman citizenship in mind when writing the following, clearly pointed out this limitation of the special relationship between state and citizens:

It may easily be observed, that though free governments have been commonly the most happy for those who partake of their freedom; yet are they the most ruinous and oppressive to their provinces . . . When a monarch extends his dominions by conquest, he soon learns to consider his old and his new subjects as on the same footing He does not, therefore, make any distinction between them in his general laws; and, at the same time, is careful to prevent all particular acts of oppression on the one as well as the

other. But a free state necessarily makes a great distinction, and must always do so, till men learn to love their neighbours as well as themselves. The conquerors, in such a government, are all legislators, and will be sure to contrive matters by restrictions on trade, and by taxes, so as to draw some private, as well as public advantage from their conquests (Hume 1748).

As a result the countryside controlled by the city was often looked upon as a 'colony' that could be exploited for the benefit of the city and its citizens. Likewise, rural folk did not have access to the state, and their interests were often ignored. Dominance of the surrounding countryside could result in exploitation and suppression of economic development there, such as the growth of proto-industry.⁵

Finally, this system of government, based as it was on an exclusive relationship between the burghers of a town and their state, made it very difficult to form more complex and larger political units that encompassed more than one city-state. Attempts to form city leagues (in Germany and Italy) in the late Middle Ages and sixteenth century never produced stable political entities, because it proved impossible to overcome the problems inherent in this kind of co-operation; sooner or later these urban leagues disintegrated as a result of free-rider problems (see Brady 1985).

As the quote from Hume shows well, the 'feudal' territorial state did have a mechanism to incorporate new territory, and the more successful feudal states – France, Castile, not to mention England – were able to increase their scale faster and in a much more durable ways than the city-states of the urbanised core region of Europe (the area between the Low Countries and northern Italy). As the power of a state is, evidently, not only a function of the efficiency of its ability to mobilise resources, but also dependent on its size, that is, the amount of resources available within its boundaries, city-states therefore suffered from diseconomies of scale. The more efficient (on a *per capita* basis) city-states of Europe were therefore in the long run doomed to compete unsuccessfully with the territorial states that grew out of 'feudal' (land-based) socio-political structures, especially when the latter started copying institutional innovations developed by urban governments (Tilly 1990). This not only meant that inside the new territorial states the specific 'democratic' urban political structures were increasingly suppressed – subordinated to the growing hierarchy and bureaucracy of the territorial states – but also that the cities which were still outside the realms of the territorial states had to fight many a battle to survive independently. Most succumbed sooner or later.

⁵ This appears to have happened in Tuscany in the late Middle Ages, and perhaps similar developments occurred in Flanders, where the cities were also in control of a large part of the countryside: Epstein (1991); for the Swiss situation, see Pfister (1998).

3. A paradox: taxation, economic growth and the size of states

These observations help to explain two paradoxes about the relationship between state formation, taxation and economic development. The first paradox is explored in a recent paper by de Long and Shleifer, who analysed a database with information on size of cities and types of state in early modern Europe. They were able to demonstrate that in ‘absolutist’ states, urban growth – which they use as a proxy for economic development – was arrested, whereas in regions with city-states urban growth continued: ‘each century in which a western European nation . . . was ruled by a strong “absolutist” prince saw its urban population fall by roughly 180,000 people, and its number of cities with more than 30,000 fall roughly one and a half, relative to what the experience of *that* region in *that* era would have been in the absence of absolutist rule’ (de Long and Schleifer 1993, de Long 2000). This is strong evidence, of course, that absolutist rule was not conducive to economic development.

The explanation offered by de Long (2000) for this pattern is that absolutist regimes maximise tax revenue, and non-absolutist regimes are unable to do this because of the constraints of representation. He expects that the rate of taxation will be higher in absolutist states than under a regime in which merchants are able to influence the political process. He does not, however, present evidence to support this hypothesis. In fact, reviewing the available evidence suggests that the opposite is true. Hoffman and Norberg (1994) sum up the evidence succinctly when they conclude that ‘in the absolutist states, Spain and France, taxation was relatively light’, whereas ‘in the states with strong representative institutions, the Netherlands and eighteenth century England, . . . taxation was extraordinarily heavy’ (Hoffman and Norberg 1994, p. 299). Similar conclusions can be drawn from comparative work on taxation regimes in fifteenth and sixteenth century Europe: in the city-states tax pressure was much heavier than in the large territorial states. Yet, at the same time these city-states were the centres of international trade and economic growth, whereas the absolutist regimes were unable to generate growth in a comparable way, if we are to believe the evidence analysed by de Long and Shleifer.

De Long’s implicit assumption is that all taxes are bad for economic development. In fact, much of the academic literature tends to assume that the state only takes, and gives nothing in return. The concept of citizenship makes it relatively easy to explain the ‘de Long paradox’, however: in city states citizens were prepared to pay relatively high taxes in return for the public goods they desired, because they were more or less able to monitor the political process. What’s more, these public goods – from protection of property rights to education and health services – probably contributed to economic development (cf. Putnam 2000, ch. 19). The high taxes they paid

seem to have been transformed into growth-enhancing (public) investments. This would explain why economic development in early modern Europe was concentrated in those parts of the continent where taxes were highest.

A similarly paradoxical development occurred during the nineteenth and twentieth centuries. After the ‘democratic revolution’ of the final quarter of the eighteenth century, citizenship became defined on a national scale. In essence the concept remained the same: citizens demanded the right to participate in the political process, some measure of democracy and transparency, and in return were prepared to defend the national state (such as through conscription) and to pay their fair share in taxation (Levi 1997). In the long run this did however not result in a lowering of taxation levels (as would be expected by de Long). On the contrary, the introduction and spread of parliamentary democracy resulted in a lowering of the transaction costs of the complex exchange between state and inhabitants, which produced a remarkable increase in the supply of public goods on the one hand and a sharp rise of the share of total income going to the state on the other. At the same time, economic growth accelerated, assisted by increased investments in more and better public goods (such as education and medical services).⁶ It may perhaps be argued that the fundamental changes in the relationship between the state and its citizenry occurring after 1775 were possibly as important as the technological changes of the Industrial Revolution occurring in the same period.

4. Case-study: the Dutch Republic

In between two periods of vibrant citizenship – between the medieval communes of 1050–1350⁷ and the nation states of the nineteenth and twentieth centuries – there appears to have been a long period in which citizenship was at a low ebb and did not have a significant place in the political process in large parts of western Europe. The Dutch Republic – together with Italian and German city-states and the Swiss *Eidgenossenschaft* – to some extent bridged the gap between these two phases. In the late middle ages and early modern period the growing strength of territorial states profiting from economies of scale that were beyond the reach of most city states,

⁶ The literature about this is enormous; we only mention a recent contribution by Peter Lindert (2003) stressing that democracy increases investment in human capital and therefore stimulates long-run growth, a link that may also be relevant for the early modern period.

⁷ Hyde (1973, pp. 178 ff) maintains that, after the flowering of civil life in the century before 1348, there followed a period in which the communes were in crisis, or actually ‘dying’ (p. 187) but this picture of a strong decline of civic ideals may have been specific to late medieval Italy.

were increasingly able to incorporate and/or suppress this ‘particularistic’ socio-political structure. To some extent these new states profited from the experiments with new sources of taxation and new political philosophies developed in the medieval and renaissance city-states, Italy in particular. The great wars that were fought on the territories of Italy (sixteenth century), the Low Countries (1572–1648) and Germany (1618–1648) – that is, in the urban belt of Europe where city-states were dominant – did much to harm the economic vitality of this central, urban corridor. Some parts of this urban belt were able to resist the onslaught of the territorial states successfully; one such part, fortuitously located in an inaccessible, marshy part of the delta of the rivers Rhine, Meuse and Scheldt, was the Netherlands. The Dutch Republic as an independent state originated in the conflict between two different structures of governance. It emerged when a handful of cities in Holland and Zeeland began to defend their privileges – that is, the relatively efficient set of institutions that had been created as a result of the explicit contract between the city and its citizens – against a territorial, absolutist state, Habsburg Spain. The latter state, which tried to destroy local and regional privileges and impose absolutist rule, was able to mobilise far greater resources than the (initially weak) coalition of cities. And yet the cities managed to win their independence (Parker 1976).

In the process they formed a very complex state, which demonstrates both the strengths and the weaknesses of the urban model of citizenship. It was a complex, multi-layered coalition of (in theory) independent cities and rural regions, which proved durable (it lasted for more than 200 years) and was able to withstand strong external and internal (centrifugal) forces. But it had trouble incorporating new territory, and those new lands that were conquered (the *Generaliteitslanden*) were not treated on a par with the established regions (Christ 1984) – exactly as Hume’s analysis predicted.

Perhaps there is a certain logic in the appearance of this complex state, based on a multi-layered coalition of quasi-independent city-states. The territorial states were still growing in size and consolidating their territories and power; they were building administrations and introducing new systems of taxation, and were trying to create a sense of national identity that foreshadows the growing political unity of the eighteenth century. Individual city-states had great difficulty keeping up with their territorial neighbours. A stable coalition of city-states was – until the nation states could develop a concept of national citizenship – a possible strategy for survival. The essential issue of the political economy of the Dutch Republic is therefore how this polity was able to combine the *advantages of small scale* – that is, an efficient contract between citizens and city-state – with the *economies of large scale* – that is, the organisation of a political entity of about 2 million people covering an area much larger than that of a single city-state. This boils down to two interrelated sets of questions:

- In what way was the contract of citizenship – which was based on the model of the (small) city-state – extended to the larger polity of the Republic? Did all citizens become citizens of the new nation, or did they remain first and foremost members of the urban political community? To what extent did the fragmentation of sovereignty create a space for the political participation of citizens, and how could the benefits of citizenship be harnessed into an efficient state organisation?
- How could this durable coalition between (in theory) independent cities function? How were the inherent free-rider problems resolved? How could the potentially negative impact of fragmented sovereignty on both the economy and the state itself be restricted?

In order to answer these questions we will first sketch the features of the Dutch state and the meaning of citizenship in this period. Next we turn to the finances of the Dutch Republic in order to find out if this set of institutions was indeed relatively efficient.

5. Citizenship in the Dutch Republic

At least in a formal sense, there was no Dutch citizenship. In France an individual could become '*bourgeois du roi*' (Corcia 1978). The Dutch had no equivalent. Their citizenship was a purely local institution, conferred by birth or acquired by purchase (Prak 1997).⁸ This local citizenship reinforced the local consolidation of power in the Dutch state's institutional structure. Although exact figures are lacking, it can be safely assumed that about half the urban population had formal citizenship rights. In the town of 's-Hertogenbosch (Bois-le-Duc) everybody born locally became a citizen automatically; this applied to almost half the population. The baptism records sufficed to demonstrate one's position as citizen. Of the immigrants, that is, the other half, about one in five purchased citizenship, for 17 guilders, or about twenty daily wages (Prak 1993, pp. 923–27). An unknown number became citizens by marrying a girl from a citizen household; matrimony with a citizen's daughter automatically conferred citizenship on the groom. In 's-Hertogenbosch as much as three-quarters of the population may therefore have had citizen status, but that was unusually high. In most towns only the natives born in citizen families acquired the same status without further ado. In Amsterdam these so-called native citizens had to register to confirm their citizenship, but the registers that have survived suggest that only a minority bothered to do so. Whether a failure to do so indeed jeopardised one's position as citizen remains unclear. In Amsterdam 11 per cent of immigrants

⁸ This makes it remarkably different from the French situation discussed in Sahlins (2004); the French equivalent was the *droit de bourgeoisie*, discussed, for example, in Descimon (1993).

purchased citizenship, which was priced at 50 guilders since the middle of the seventeenth century. Of all new citizens in seventeenth-century Amsterdam, 40 per cent had acquired it through purchase, most others by marrying a citizen's daughter (Kuijpers and Prak 2002, pp. 124–30). This suggests that a quarter of all immigrants in Amsterdam became citizens. As immigrants constituted two-thirds of the Amsterdam population, we know that at least one in six Amsterdammers was a citizen. If we assume that at least half the natives were also citizens, this gives us a lower limit of one third, and an upper of 50 per cent citizens. In the city of Utrecht half the population has been estimated to have had citizen status (Rommes 1998, p. 44).

The social profile of immigrant citizens in Amsterdam and 's-Hertogenbosch suggests that they were usually of middle-class background. In seventeenth-century Amsterdam over half of them worked in the guild trades, for example, while almost 10 per cent were merchants. About one in five immigrant citizens worked for wages at the time of their registration (Kuijpers and Prak 2002, p. 128). A tax register from 's-Hertogenbosch from 1775 demonstrates that three-quarters of immigrant citizens were middle and upper middle class (Prak 1993, p. 927). The native citizens, and also those who acquired citizenship through marriage, must, however, have included many lower class people as well.

Only in highly urbanised Holland, where at least sixty per cent of the population lived in towns, did some villages suggest they also had some sort of citizenship, a claim that was, however, rejected by regional authorities. Thus, whilst the village council of Graft, a large rural community north of Amsterdam, would talk about the local communities as 'burghers', the provincial documents consistently called them 'neighbours', the common word for villagers (Deursen 1994, p. 192). The exclusion of rural folk from formal citizenship underscored the marginal position of the countryside in the Dutch state.

Citizenship created juridical, social, political, and economic bonds between the individual and the state. Only citizens could serve the community in major offices. As a result, all the local councillors were citizens. More generally, the local constitutions suggested that councils were representing the burgher community. It seemed therefore only fair to assume that citizens were entitled to a say in local affairs. And because in the Dutch Republic local affairs tended to be also provincial affairs, which in turn had an important impact on national affairs, such claims went a long way, politically. In some parts of the country, notably the eastern provinces, the burgher community was formally represented by a so-called Sworn Council, that had to be consulted before important decisions, affecting the whole community, could be taken. In Zwolle, the Sworn Council was asked to give its opinion before the city adhered to international treaties. As a result the Sworn Council gave its solemn approval to the peace treaties concluded by the Republic with Spain in 1648, with England in 1654 and again in 1667,

with France in 1697, the alliance with the Emperor and England in 1702, the Treaty of Utrecht in 1714, and so on. New taxes could not be introduced in Zwolle without prior consent from the Sworn Council and it reviewed the annual accounts of the city to see if the citizens' money had been wisely spent (Streng 1997, ch. 3). As a result of the popular influences, local government in the landlocked provinces was susceptible to pressures from the corporate community. One of the results seems to have been a discriminatory policy against non-Calvinist inhabitants, who were excluded from citizenship, and thus from the guilds (Prak 2001). Attempts by enlightened intellectuals to rectify this situation met with fierce resistance from the guilds (Te Brake 1989).

In the west, citizens were clamouring for similar rights, when they were not already available. Because there was no formal representation of the citizen community in the Holland towns – their councils were recruited through co-optation – the middle classes used the civic militias as their main vehicle for political mobilisation. Civic militias were an ancient institution in the towns of the Low Countries, but had gained new momentum during the Dutch Revolt. Because of the precarious situation, local elites had found it prudent to consult the community through the militia officers. In 1578, the Amsterdam militias had forced the Catholic council to resign and installed a new, Calvinist council. The first act of the new council was to organise a meal for the militias, 'to replant the ancient love and unity among the citizens and nourish it' (Prak 1995, p. 351). During the seventeenth and eighteenth century citizen militias intervened in Holland's urban politics on numerous occasions, most notably in 1672 and 1748 when, in the great majority of towns, they dismissed the councils and replaced them with men of their own choice (Boone and Prak 1995).

Under normal circumstances, however, urban politics in Holland was dominated by the merchants, whose political programme was clear-cut. As the Amsterdam burgomaster Hooft, himself an import grain merchant who had lived in Danzig as an exile during the Revolt, expressed it: 'our power and interest consist of the Imperium maris and international trade' (Gelder 1982, p. 41). The famous Grand Pensionary John de Witt, who did not have a personal interest in trade, was nonetheless of the same opinion (Rowen 1978, p. 188). Such attitudes are typical of the whole regent class in charge of Holland's politics during the seventeenth and eighteenth centuries. Technically, these people might feel the state belonged to them. But as a result of the small scale of their domains (apart from Amsterdam, all towns were smaller than 70,000 inhabitants) and in the absence of a substantial police force, urban elites were vulnerable to political pressure, especially from the well-organised middle classes, whose guild petitions and militia revolts ensured that citizen priorities were not forgotten.

Regents were by definition also citizens, but what about those who were not, after all half or more of urban populations? Their citizenship was

informal and markedly inferior to that of their neighbours who did have formal status as citizens. For example, the civic orphanages, only available to those born in citizen families, provided much better food and a far superior education than the orphanages for non-citizens (McCants 1997). Civic militias recruited only those who could afford their own arms and uniform; as a result the great majority of its membership still tended to be middle class, that is, people who normally had citizen status (Prak 1993, pp. 917–20). Non-citizens were barred from guild membership. At the same time, these mere *ingezetenen*, or inhabitants, were protected by the law, and the authorities were not insensitive to their needs. They might even send their children to schools funded by the city, and enjoy other ‘privileges’ formally linked to citizenship. One might perhaps also say: those with formal citizenship status are the core of the citizen body, but they by no means exclusively constitute this body. Formal citizenship is merely one, albeit arguably the most significant, among a range of statuses embodying elements of citizenship. The core group to a large extent may have defined the modes of conduct – those typical of the contract of citizenship – that became socially accepted in this wider body of inhabitants. Conversely, the city and/or the state also treated its *ingezetenen* to a large extent as if they were citizens, giving them the same protection by the law. De Vries and Van der Woude (1997, pp. 654–64), for example, argue that welfare benefits were distributed more generously in Dutch towns, particularly those of Holland, than in other countries at the time. The Dutch poor were, moreover, usually left to live on their own; poor houses, to lock up paupers, were not a common feature of Dutch urban life. In short, the poor were also to some extent considered as citizens, be it as second-class citizens, who also profited from the public goods provided by the state and from the fact that it was deeply rooted in urban social structure. But the state also did not hesitate to apply its coercive force to discipline those who deviated from those norms – but again, this applied to both citizens and non-citizens.

6. The organization of the Dutch state: two layers of coalitions

Citizenship was a key feature of the politics of the Dutch Republic. In their defence of this efficient relationship between citizens and their city-state, a durable coalition of cities and provinces was formed after 1572. In this way a polity was created that was – until about 1700 – large enough to compete with the territorial states of western Europe. The founders of the Dutch Republic had to solve the problem of the formation of a stable coalition at two levels, the provincial (how to unify the political actions of individual cities within a province) and at the level of the state (how to co-ordinate the actions of the individual provinces). Since Holland and Zeeland – for reasons that will be

discussed below – were the centre of the state, we will focus on the genesis of their political institutions first.

Holland and Zeeland were relatively ‘backward’ regions of Western Europe during the High Middle Ages, with low levels of urban development, in particular compared with neighbouring Flanders and Brabant. In this period it was a territorial state, governed by the Count of Holland (who also acted as Count of Zeeland), in which the emerging cities slowly acquired political influence. For example, at an early stage – in the late thirteenth century – they were already lending large amounts of money to the Count, in return for the extension of privileges. To canalise this process, the States of Holland evolved out of *ad hoc* institutions of consultation between the Count and his inhabitants, in particular representatives of the nobility and the cities. In 1428, when Holland was integrated into the Burgundian state, the States of Holland were formalised as an institution, in which the cities occupied almost all seats; only one was reserved for the nobility, also representing the countryside. Central institutions such as the *stadholder* (the representative of the Count), the States of Holland and the central judicial power of the *Hof van Holland* counterbalanced the growing power of the cities. In particular, the States of Holland became a platform for policy formation and consultation, and a place where the representatives of the cities monitored each other’s actions (Kokken 1991). In this way the potentially centrifugal forces of increasingly more powerful cities could be controlled. Free-rider problems could therefore be suppressed, and the cities only acquired a limited degree of power over their surrounding countryside. Villages could, for example, challenge new measures going against their interest at the *Hof van Holland*, and after 1435 also at the *Grote Raad* in Malines, and did so successfully (Posthumus 1908, p. 107–8). During the middle decades of the sixteenth century, co-operation between the cities of Holland intensified, in particular due to the pressure to raise taxes and increase the borrowing power of Holland. Within the framework of the *States of Holland* they developed a strong mutual understanding and created the foundations for a collective organisation of the public finances of the province (Tracy 1985, 1990).

The Revolt of 1572 further intensified these processes, because the cities formed the core of the resistance against the Spanish forces (with the important initial exception of Amsterdam, however, which sided with Philip II until 1578: Koopmans 1990). Because their privileges were at stake, they insisted upon maintaining and expanding their autonomy. William of Orange, the leader of the revolt and (former) stadholder of the province on behalf of Philip II, was the most important force of coherence during the initial stages of the Revolt. He aimed at strengthening central institutions (the Estates, his army) as much as possible. The tension between these two main agents of Holland politics – the centralising force of the stadholders versus the particularistic ambitions of the cities – remained a crucial feature of Dutch politics in the seventeenth and eighteenth centuries. The institutions

that guaranteed co-operation between the cities – the Estates of Holland, the central administration in The Hague, the common system of law – were strong enough to suppress free-riding even in periods in which the stadholder was weak or absent.

Moreover, stability was also enhanced by the fact that none of the towns was able to dominate the Estates of Holland, let alone the country as a whole. From abroad it might seem as if Amsterdam was in control, but in the Republic people knew better. Even in Amsterdam they did: 'it is a republic of persuasion', the deputies of Amsterdam observed realistically in 1731 (Aalbers 1980, p. 117). In the States of Holland, governing the region that was both politically and economically crucial to the Republic, each of the eighteen enfranchised towns commanded a single vote, tiny Brill with less than 5,000 inhabitants as well as mighty Amsterdam with its 200,000. Amsterdam's influence was balanced by coalitions of smaller towns. A league of such small towns operated successfully in the 1720s and 30s, but during the seventeenth century shifting coalitions had similarly succeeded in making their voice heard (Aalbers 1980, pp. 66–81; Groenveld 1990). Despite inequalities, the Dutch urban system was far less polarised than those of France or Britain, which were both dominated by a capital city that dwarfed all the other cities. Amsterdam, which had been late in joining the Revolt, was no doubt the economic centre of the county, but had failed to win a similar position in politics. Moreover, the towns of Holland, although divided by their niche trades and industries, were at the same time united in a single economic and urban system that prefigured the present Randstad ('t Hart 1995). Physical integration was created between 1636 and 1647, and then extended from 1656 to 1665, by the building of an impressive network of towboat canals, which provided a system of public transport with hourly services for a modest price (Vries 1978).

Crucial to the success of the coalition between the major cities of Holland were the institutions (the States of Holland, the *Hof van Holland*) that were the result of the long tradition of co-operation, going back to the fourteenth century. At the 'national' level nothing similar existed. Before their inclusion in the Habsburg domain, the seven territories that were to make up the Dutch state shared a ferocious history of both civil wars and interregional clashes; the count of Holland, for example, claimed to be the sovereign of Friesland, which resulted in regular wars between the two states (see the various contributions to Frieswijk *et al.* 1990). While Holland and Zeeland had already been incorporated in the Burgundian state complex in 1428, the rest of the Northern Netherlands was only added, through political deals and outright conquest, in the first half of the sixteenth century. Economic ties between the provinces were quite strong – and were dominated by the most modern and dynamic province Holland – but links with other regions (Flanders, Brabant, and northern Germany) were often comparably intense. The fact therefore that the Dutch Republic became a coalition of these seven

provinces – and in particular that they became separated from Flanders and Brabant – was not the logical outcome of a process of growth of common political institutions, but largely due to chance, or at best the logic of warfare in different parts of the country.

The absence of a strong tradition of co-operation between the different provinces and of institutions that were able to monitor co-operation between those provinces, meant that the new state had to invent ways to co-ordinate the politics of the seven provinces, and that potential free-rider problems loomed large. The Estates General, which existed before 1572 as the representative body of the 17 provinces of the Habsburg state, but was re-established in 1579 as the body co-ordinating between the new coalition of provinces and the stadholder (that is, the practice of choosing the same person as stadholder in most provinces), was among the instruments that helped integrate the new political community (Mörke 1997).

A significant step along the way towards the establishment of the new state in the North was the Union of Utrecht, concluded in January 1579. Essentially a defensive alliance between rebel regions and towns, the document came to be seen in later years as the equivalent of the Republic's constitution. It is true that, in the scope of just 26 clauses, the Union managed to lay down the ambitions of the rebels, as well as the potential difficulties they faced in realising those ambitions. The dilemma of the new state was formulated in the very first clause, stating in one breathtakingly long sentence, that on the one hand the united provinces would behave 'as if they constituted only a single province', but at the same time that all regional and urban 'special and particular privileges, franchises, exemptions, rights, statutes, laudable and long-practiced customs' and so on, would be carefully maintained and protected by each individual member of the union (Rowen 1972, p. 70).⁹

In 1587 the States of Holland accepted a position paper prepared by the legal adviser of the city of Gouda, François Vrancken, claiming that with the abjuration of the King of Spain the sovereignty had devolved on the provincial States. Although it remained a contentious issue, to all practical purposes this became accepted practice in domestic issues. However, the implications of provincial sovereignty within the provinces themselves were not always clear-cut. The Vrancken memorandum had stated that this implied that 'the magistrates and councillors of the cities, along with the assembly of the nobles, undoubtedly represent the entire state and the whole body of the inhabitants' (Rowen 1972, p. 108). The local constitution of the city of Zwolle, in the eastern province of Overijssel, set out with the emphatic statement that 'The City of Zwolle is a free and independent Town' (Streng 1997, p. 88). The three major cities in Overijssel in fact claimed to have

⁹ The original text of the Union of Utrecht has been published in Groenveld and Leeuwenberg (1979, pp. 29–51).

the status of Imperial Cities, that is, to be subject only to the authority of the Holy Roman Emperor (Peteghem 1988). And in 1673, William Temple, former English ambassador in The Hague and astute observer of Dutch political life said about the Dutch state (Temple 1972, p. 52):

that It cannot properly be stiled a Commonwealth, but is rather a Confederacy of Seven Sovereign Provinces united together for their common and mutual defence, without any dependance upon the other. But to discover the nature of their Government from the first springs and motions, It must be taken yet into smaller pieces, by which it will appear, that each of these provinces is likewise composed of many little states or Cities, which have several marks of Sovereign Power within themselves, and are not subject to the Sovereignty of their province.

In most provinces the votes were balanced between the nobles, representing the countryside, and the enfranchised towns. However, in the crucial province of Holland the towns held an overwhelming majority of 18 votes, against 1 for the nobles. Here the problem was not so much to ensure that the urban interests were preserved, but to decide which of the manifold urban interests would determine the region's policies (Israel 1979).

The most important national institution was the Estates General, which was preoccupied almost exclusively with foreign policy. Each of the seven provinces had one vote, and for important decisions unanimity was required. The provinces took weekly turns at presiding over the meetings. As time went on they found it increasingly difficult to reach decisions during meetings, and more and more issues were referred to special committees, where a handful of insiders worked out a compromise deal (Grever 1981).

Another factor in the integration of the Dutch political system were the stadholders, even though their position, too, was riddled with contradictions. Before the Revolt, the stadholder had been the representative of the sovereign in the various provinces. William of Orange had thus been governor of Holland, Zeeland and Utrecht, first under Charles V, later under Philip II. As he became the leader of the Revolt, which he moreover supported with substantial amounts of his personal fortune, it was considered impossible to do away with his office after the abjuration of the King, even though that would have been the obvious consequence. Attempts to make William himself the new sovereign met with fierce resistance. The Amsterdam burgomaster, and major grain merchant Cornelis Pieterszn Hooft, when informed about these plans, fumed 'that many prominent citizens will rather leave, than stay with us under those conditions'. He was also of the opinion that many towns would not have joined the Revolt, had they known that it would come to this (Hooft 1925, p. 7). When in 1674 there was a discussion about making William's great-grandson Duke of Guelders, and thus the sovereign in one of the seven provinces, Amsterdam strongly opposed the proposal, which was ultimately abandoned. Nonetheless, the stadholders could act as policy co-ordinators. Apart from the fact that the stadholderate of several provinces was combined in the hands of a single

individual, he could also rally support for his policies from the provinces that feared Holland's overbearing influence. He had a special interest in his co-ordinating role because the stadholder's office was usually combined with the supreme command of the army and the navy, potentially the most important victims of local and regional particularism. But even in Holland the urban elites, who liked to oppose their own republicanism with the court's aristocratic policies and culture, were not convinced that the country could afford to do without an 'eminent head'. Two experiments both ended in humiliating military defeats, in 1672 and 1747, and a falling from grace of the republican regimes dominated by those in favour of unlimited local autonomy.

But perhaps it was not so much the leadership of the Orange dynasty, or the distribution of institutionalised power, or even their common economic interests, as much as warfare that contributed most to bringing the towns and provinces together. Before 1648 the urgency of war forced through decisions that would otherwise be very hard to sell in every single province. After 1648, when external pressures abated, free-rider problems came increasingly to the surface. This became abundantly clear in the early eighteenth century. In 1702 William III died without male issue. A second so-called stadholderless period began. Unfortunately, this happened at the tail end of a long series of very expensive land wars that the Republic had been forced to fight with France. These wars, which started in 1672, culminated in the War of the Spanish Succession (1703–1713) which left the Republic financially broken. In 1715 the treasury had to stop interest payments on the national debt, signalling in effect a state bankruptcy. The Republic's politicians, whose personal fortunes were tied to the national debt, knew they could not afford another war and opted for a position of neutrality. At the same time, everyone agreed, a restructuring of the public debt was of the greatest importance. This however, proved extremely hard to realise, now the external pressure was off. The other provinces saw the debt as mainly Holland's problem. Within Holland, cities were trying to shove the burden onto their neighbours. Free-riding was rampant. It became so bad, that in the 1730s one leading politician (and a successor of De Witt in the grand pensionary's office) exclaimed to the French ambassador, that 'he wished the Republic did not suppose that peace abroad was assured' (Aalbers 1977, p. 92).

7. The advantages of citizenship: a broad tax basis

Citizenship was a key feature of the politics of the Dutch Republic. Moreover, as will be explained in the next section, in their defence of this efficient relationship between citizens and their city-state, they formed a durable coalition of cities and provinces. In this way a polity was created large enough to compete with the big territorial states of western Europe, but also with the

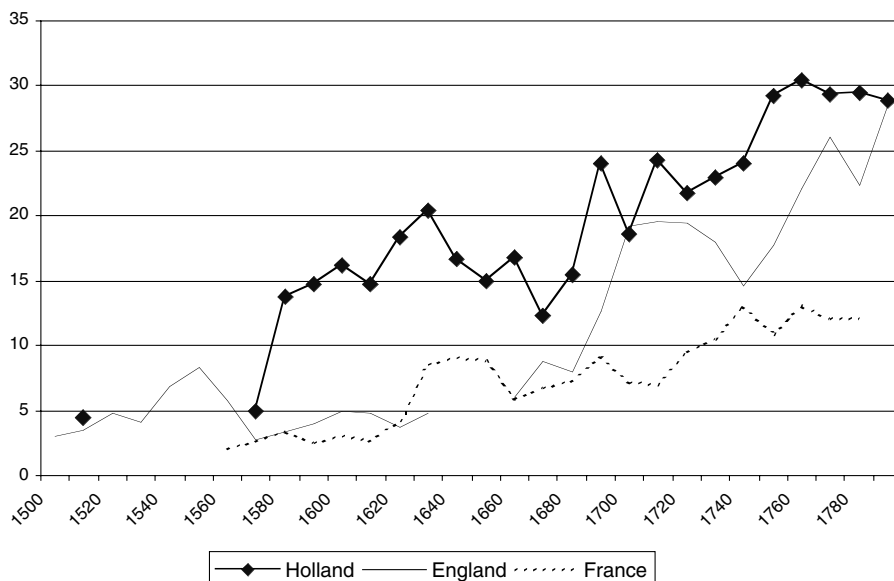


Figure 1. Per capita tax pressure in England, Holland and France, 1500–1800.

Note: Graph lines relate to percentage changes in *per capita* taxes as a percentage of the daily/annual wages of an unskilled building labourer.

Sources: Tax revenue: Holland, 1514: Van Zanden (2002); 1570–1800: data supplied by Wantje Fritschy, and published at <<http://www.inghist.nl/Onderzoek/Projecten/GewestelijkeFinancien/>>; England: O'Brien and Hunt (1993); France: Bonney (1999); underlying data for both France and England are published at <<http://www.le.ac.uk/hi/bon/ESFDB/frameset.html>>. Wages, Holland: De Vries and Van der Woude (1997, pp. 610–11); other countries: database Allen (2001), published at <<http://www.economics.ox.ac.uk/Members/robert.allen/WagesPrices.htm>>.

advantages of 'small scale', that is, the option to profit from the specific set of rules summarised in the concept of citizenship. What kind of advantages did this specific structure have – for tax morale, the degree of trust between citizen and state, and for the creation of a modern public debt?

No doubt, the success of public finance in the seventeenth century was, first of all, the success of Holland. Figure 1 shows the spectacular rise of *per capita* taxation during the first stage of the existence of the Republic compared with the development of taxation in England and France. Perhaps *per capita* incomes in Holland were as much as 50 per cent higher than in those other countries, but a large part of this gap is captured by the use of wages as denominator of the comparison.

In a recent analysis of the 'financial revolution' that helped to finance the Revolt, Wantje Fritschy demonstrated that this success was related to two features. The first was the early centralisation of taxation within the county

of Holland, which established institutions of financial (and political) co-operation between the cities of Holland. Attempts to decentralise taxation – to allow each city to introduce its own taxes in order to pay for its share in the financing of the Revolt – were suppressed very early during the Revolt, and common taxes – on basic consumption goods, but also on different kinds of property and ‘capital’ – were introduced and extended very rapidly (Fritschy 2004). The introduction of a long series of new taxes on consumption goods was the second important feature of the ‘financial revolution’ after 1572. The so-called ‘common means’, which were now introduced in towns and countryside alike (the tax ‘revolution’ of the 1540s had been limited to the cities) supplied by far the largest share of new income to the state. They also formed the basis for the gradual extension of the credit of the States of Holland. Total income of the States increased from less than 1 million guilders in the 1570s to about 10 m in the early 1620s and almost 18 m in the years before the Treaty of Munster (1648). Between 50 and 70 per cent of these sums were ‘common means’; excises on bread, peat, meat and beer were by far the most significant, but few consumption goods escaped taxation as textiles, herrings, wine, candles, salt were also taxed (Fritschy 2004). The results of this financial revolution are presented in Figure 1, which gives estimates of the development of *per capita* tax pressure in Holland, England and France, expressed in the form of daily wages for an unskilled labourer (in this way we control for the fact that incomes – for example, wages – were higher here than in France and Britain). The rapid increase of tax revenue in Holland during the first phase of the Dutch Revolt (1570s–1610s) is very clear from this comparison.

But does the sharp increase in taxation after 1572 also show that the burghers of Holland had a high tax morale; that they were willing, as ‘good citizens’, to pay their fair share of taxation? As much of these were levied as excises, people were left with little choice in the first place. Excises also helped to cover up the impact of taxation. In Holland, the burden of taxation also weighed relatively more on the urban than on the rural population. Thus the countryside, excluded from citizenship, also came off lightly in terms of taxation. Urbanites certainly did not boycott the many new taxes in ways similar to their resistance against the Spanish tax collectors before 1572. Although some tax riots did occur, they were remarkably rare. A survey of public disturbances in Holland uncovered a mere 24 tax riots between 1600 and 1795; of these 22 two were of a purely local character (Dekker 1982, pp. 28–9). It is, obviously, very difficult to measure tax morale – even with contemporary data economists need advanced techniques to arrive at the conclusion that most citizens nowadays are much more willing to pay their share in taxation than the ‘theory of deterrence’ predicts (Frey 2002). Taxation in Holland seems to have been organised well and yields were high, which perhaps indicates that tax morale was good. But there is a *prima facie* argument against too optimistic an interpretation of tax morale in the

seventeenth century: the taxation system, with its emphasis on excises, was quite regressive, in particular until the 1670s.

Its skewed character is a common reproach against early modern tax systems, the British in particular (O'Brien 1988). Tax systems before 1800 were dominated by taxes on basic consumption goods, which raised the cost of living of the labouring poor, whereas all kinds of property remained largely untaxed. Such a regressive tax system fits into the general picture of a predatory state, which was not based upon a 'social contract' between king and ruling elite on the one hand and the inhabitants on the other. O'Brien, for example, demonstrates that the share of indirect taxation in the income of the English state was often more than 60 per cent (O'Brien 1988, p. 9). During the first stage of the Revolt this was also the usual share of the 'common means' in the total income of Holland. The similarity with the structure of taxation of the English state therefore does not support the view that the ruling elite of Holland was more willing to pay for the services of the state than elsewhere.

After about 1670 things began to change, however. The basic problem was that the possibilities for increasing indirect taxation had been all but exhausted. Slowly taxation shifted to taxes on luxury consumption goods and capital (accompanied by the lowering of interest rates on the public debt). De Vries and Van der Woude (1997, p. 112) have shown that after about 1670 this tendency resulted in progressive taxes becoming increasingly important. They estimate that, whereas the taxes paid by the poorest 70 per cent of the population increased by 'only' 20 per cent between 1650 and 1750, taxes paid by the rich more than tripled. The second stage of the 'tax revolution' which is evident from Figure 1 – roughly a doubling of the fiscal revenue *per capita* between about 1670 and 1770 – was largely based on the introduction and increase of taxes paid by the rich.

A progressive tax already introduced during the first phase of the Revolt was the tax on wealth, which had been used as an emergency tax in most cities of Holland, but was introduced for the whole province from 1599 onwards. It contributed modestly to the growth of tax income in the years of the Revolt – adding on average no more than about 1.2 million guilders – and was reformed, discontinued and reintroduced again often, mainly because of the high costs of collection. After 1672 the tax on wealth was followed by a number of attempts to introduce taxes on income, which, from 1715 onwards, also applied progressive taxation (Oldewelt 1950). Other provinces – Zeeland, Utrecht, Overijssel – followed the example of Holland at some point in time (Dirksen 1966).

The 1715 income tax was still very mildly progressive, ranging from 1 per cent (for incomes just above the 600 guilders threshold) to 2 per cent (for incomes higher than 2,000 guilders). A similar experiment in 1742 had a higher degree of progression – from 1 per cent for 600 guilders via 1.6 per cent for 2,000 guilders to 2.5 per cent for 10,000 guilders and more (Oldewelt

1950). These rates show that the elite of Holland was willing to tax themselves – because without doubt they were among the ones who paid the highest rates – but these experiments were unsuccessful in the long run, mainly because of the high costs of collection and of maintaining tax registers. Income taxes continued to be emergency taxes for difficult financial and political situations, not a durable basis for continued taxation.

Other provinces had more difficulty with the idea of progressive taxation. Overijssel, a land province characterised by a very different socio-political structure (the countryside was dominated by large, noble landowners who owned much of the land), also introduced an income tax in 1750, but with a regressive rate of taxation: the poor, with incomes less than 200 guilders, paid about 3 per cent of their income, the rich (3,000 guilders and more) about 1.8 per cent (Zanden 2001). Progressive income taxation seems to have been an urban idea, strongly disliked by the nobility of Overijssel.

After 1795 progressive income taxation was one of the priorities of the revolutionaries who, supported by the French, took over the Dutch state and introduced national citizenship. In neighbouring countries – France and Britain – the same years (after 1789) saw a number of important experiments with progressive income taxation to finance large-scale warfare (Gross 1993). This spread of progressive income taxation that can also be seen as a new round in raising the stakes of taxation when earlier forms had been exhausted, may be interpreted as proof of a changing relationship between national state and citizens, which had been pioneered by Holland.

A perhaps even more convincing case for the special relationship between state and citizens in the Dutch Republic can be made on the basis of the development of the public debt. Initially the degree of trust in the continuity and viability of the polity that emerged during the Revolt was limited, and very high interest rates had to be paid to attract capital from the urban elite. Many of the early loans had an element of coercion, as they were ‘distributed’ among the urban collectors of the commons means (Fritschy 2004). It took forty years – until 1611 – for the interest rate on *renten* to return to the pre-1572 level, and only after about 1648, when the Republic was at last secure, did interest rates on the public debt decline to a level below 5 per cent, giving the Dutch Republic a clear advantage over neighbouring states (Fritschy 2004, Table 3). But in spite of relatively high interest rates on the public debt before the 1620s, the fact that Holland could borrow money on a large scale was of course very important: the common means excises supplied large but relatively static amounts of money; other taxes, on ‘capital’ in general and on specific parts of the capital stock (land and houses), were more elastic sources of money in emergencies, but nothing could compare with the increasingly elastic supply of money on the rapidly expanding capital market. And the more Holland borrowed, the more it became a monopsonist which could set the interest rate.

Interest rates on public debt are also used as proxies of the degree of trust people have in the government. North and Weingast (1989), and also Epstein (2000), have based their assessment of the efficiency of different governance structures on the level of the interest rate states had to pay on their public debt. Epstein in particular has shown that city states in the late Middle Ages and early modern period could profit from much lower interest rates on their public debt than large territorial states, a gap that can be explained by the specific governance structures of these types of states. As we argued earlier in this article, the city-states had found an efficient solution for the agency problem of the state, whereas the territorial states had not been able to solve this dilemma. Epstein argues that the gap between city-states and territorial states declined during the early modern period, and both converged in the eighteenth century (Epstein 2000, pp. 18–25).

Data from the Dutch capital market in the eighteenth century tell, however, a somewhat different story. Amsterdam was the dominant international capital market at the time, supplying loans to all major states in Europe, and to many small ones as well. Typically, the interest on the public debt of Holland itself was 2.5 per cent (and *obligaties* at 2.5 per cent were traded at about par until 1780). Yields on the British public debt fell substantially between the 1690s, when they were 7 to 14 per cent, via 5 per cent in the 1710s to less than 3 per cent from the 1730s onwards (Riley 1980, p. 121). Annuity rates on Austrian debts varied between 3.5 and 5 per cent in the 1760s and 1770s, when interest rates in Amsterdam were at their lowest (Riley 1980, p. 129). In the same years the Danish Crown raised loans for 4 to 5 per cent, the Swedish and the Russian Crowns for 5 per cent, while Spain paid 6 per cent, and the estimated interest rate on the French loans (which were mainly life annuities) was between 6 and 6.5 per cent (Riley 1980, pp. 111, 139, 165). Therefore, at the end of the early-modern period, during the 1760s and 1770s, a still considerable spread existed between the interest rates on loans to ‘republics’ and to those of ‘monarchies’. It is consistent with this pattern that the United States were also able to acquire an image of creditworthiness very rapidly, as a result of which interest rates on public loans fell from more than 10 per cent to about 4 per cent in the early 1790s (Riley 1980, p. 191).

Hoffman and Norberg (1994, p. 308) also noticed a comparable ‘risk premium’ of about 2 percentage points between the king of France, who suffered from the consequences of an established tradition of ‘suspending’ payments of interest on the public debt, and the English Crown during the eighteenth century: ‘this was a sizeable premium, and the French king paid even more for his riskier loans’, they concluded. The evidence from the Dutch capital market thus suggests a still considerable difference of about 50 per cent between the interest rates on the public debt of the two state systems.

The reasons for this gap were obvious to Dutch investors: they distrusted monarchs whose actions were not bound by representative institutions. The Leiden millionaire Pieter de la Court van der Voort, for example, recommended buying English stock, as it was guaranteed by Parliament. He was, however, extremely suspicious of the other monarchies. High interest rates would only fool the ignorant, he claimed, but served as a warning for those in the know, as they were only offered by swindlers. One should be especially careful with those who invoked the bible to prove their reliability, or when dealing with monarchs: 'Those who trust the signed promises of sovereigns find themselves easily betrayed', De la Court told his wife and heirs (Prak 1985, p. 137).

It seems that until the end of the seventeenth century the interest rates charged to 'republics' were substantially lower than what 'monarchies' had to pay. Insofar as that gap narrowed during the eighteenth century, and that happened only to a limited extent, this might be explained by developments on the capital market itself, rather than a greater efficiency of the monarchies, learning to play the game of international finance without necessarily becoming more efficient in their internal organisation. The data on the development of interest rates on the public debt therefore do not offer conclusive evidence that the monarchies' agency problems were resolved. On the European capital markets 'republics' and the monarchy that had adopted a 'republican' constitution after 1688, that is, England, still held significant advantages over the other monarchies.

8. Financing the coalition: the quota system

Key to the maintenance of a stable coalition was a generally accepted rule to finance common expenditure, in particular for war. In spite of intentions to the contrary, laid down in the Treaty of Utrecht, the Republic's public finances were and remained basically a regional, and in certain ways even a local phenomenon. During the seventeenth century, less than 10 per cent of the money employed by the central institutions was raised directly by the Estates General ('t Hart 1993, p. 86). The rest was provided by the provinces. To prevent endless negotiations about the distribution of the tax burden, the authorities introduced, in 1583, a system of fixed quotas, that attributed certain relative weights to each region's contribution to the central treasury. Until 1594 only Holland, Zeeland, Utrecht and Friesland were paying; the other provinces were fitted into the system afterwards. By 1616 the quota distribution had more or less reached its final shape. Only at the very end of the eighteenth century was it revised substantially.

The quota distribution underlined Holland's supremacy in the Republic. Holland paid a mighty 58 per cent. Only Friesland, set at 11.7 per cent came anywhere close. The other provinces were set below (Zeeland, at 9 per cent)

or far below (Overijssel, at 3.6 per cent) even a tenth of the total tax burden. At the end of the eighteenth century Holland's share rose to over 60 per cent. The great advantage of the quota system was the substantial freedom it gave to every region to decide how to collect the money. Holland relied mainly on excises levied on market transactions, whilst rural provinces preferred to tax the land. The main disadvantage of the quota system was that it was a standing invitation to free-riding, especially since much of the money never in fact reached the central treasury, but was paid out directly to the troops, 'on the repartition' of this or that province. When external pressure on the Republic was high, the quota system seems to have functioned relatively well, but this changed in years of peace. When, for example, in 1650 Holland wanted to reap a peace dividend after the Westphalian peace settlements, it simply discharged some of the regiments in its pay, when the supreme commander proved unwilling to agree with Amsterdam's proposals about the size of the army. (He then retaliated by laying siege to the city, a bruising episode in Dutch seventeenth-century political history.) The conflict of 1650 was a sign of things to come. A rare document published by Fritschy shows that in early 1667 all provinces were far behind in their payments to the central treasury, but Holland had already paid 88 per cent of its share, whereas Gelderland had paid only 12 per cent, Overijssel 52 per cent and Utrecht 70 per cent (Fritschy 1996, pp. 9–10). This free-riding slowly accumulated and became almost the norm. In 1790, when state bankruptcy was approaching rapidly and the state lacked adequate means to organise its defences, an inventory was drawn up of the results of all the 'non-payments' that had occurred since 1783. The total amount of arrears was almost 16 million guilders, but Holland had contributed almost its complete share (only the sum of 147,000 guilders was lacking) while the other provinces owed huge sums, especially when related to their modest quota (Gelderland 2.2, Zeeland 4, Friesland 2.9, Groningen 3.1, Utrecht 2.3 and Overijssel 1.4 million guilders) (Meulen 1905, p. 262).

These examples from 1667 and 1783 show how the coalition between the seven provinces worked in practice. Holland with its overwhelming economic and political weight identified itself with the national interest of the Republic. It contributed its fair share to common expenditure, and put a lot of pressure on other provinces to do the same – to reform their tax systems, for example, in order to yield more money, or to contribute more liberally to the common purpose. But neither the Estates General nor the province of Holland had adequate instruments to force other provinces to pay their share in full and in time, since ultimately the Republic was a coalition of independent states. When worse came to worst, Holland was the only province able – and more or less willing – to solve urgent financial problems. This is also reflected in Holland's contribution to the development of the public debt. Because of the modest amount of centralised taxation, the credit of the Estates-General was limited. Holland on the other hand, with its broad

tax-base and apparently limitless private wealth, was seen as a reliable debtor. Again, the key institutions for the organisation of co-operation between the cities of Holland had been put into place before the Revolt, during the first half of the sixteenth century. Confronted with steeply rising demands from the Habsburg government in Brussels, the Holland towns had worked out among themselves a system of raising money, by exploiting the reputation of local officeholders. In each enfranchised town, money was raised on loans to the provincial States assembly. Local elites invested heavily in these bonds, thus generating confidence among the general public (Tracy 1985). Loans were raised through local bureaux, established by the States of Holland in each of the eighteen of its enfranchised towns. Credit and representation were thus directly connected. Local councillors could be held accountable for any mishandling of the province's debts. People tended to invest through their local bureaux ('t Hart 1989, pp. 128–9). They were aware that the regent elites themselves were providing substantial amounts of money, and reckoned that these would protect such types of investment, and not allow themselves or their relatives to be ruined by mismanagement. In 1712, when the whole financial system of Holland was in jeopardy after forty years of war against France, the first proposal to save the situation was:

that the regents should encourage each other to invest [in Holland bonds], ... because it has a very negative impact, especially in Amsterdam, when the public knows the regents are not buying (Prak 1985, pp. 316–7).

Private investors likewise saw the participation of the regents as a warrant. The advice given by Pieter de la Court van der Voort can be cited again. It is:

very likely that interest payments would continue, as long as it was possible to tax the inhabitants, as the country's ruling class as well as the alms houses participate [in the loans]. If, however, it will be for some reason impossible to raise sufficient tax and confidence will disappear, the interest payments will come to a halt; the dreaded sign will be, when the regents start selling their bonds – then everyone will have to fend for themselves (Prak 1985, p. 138).

But on the national level no comparable unified system was created. The Estates General did not develop into large-scale borrowers, but instead continued to rely on Holland's reputation. The consequence was that Holland was forced to finance a disproportionate amount of the public debt. Of the total debt of the provinces in 1795 of 605 million guilders, Holland bore as much as 455 million, or 75 per cent. Interest payments on this debt accounted for nearly 70 per cent of the province's tax revenues, whereas in provinces such as Overijssel, Gelderland and Groningen this was less than 35 per cent (*Gedenkstukken* IV: 2, pp. 471–3; Pfeil 1998, pp. 95–7). Through the disproportionate burden of the war expenditures, the divergence in the tax systems of the provinces increased: Holland was forced to raise duties and direct taxation, yet this was much less the case in the other provinces.

In Overijssel milling duties in the second half of the eighteenth century were no higher than in 1675, that is, 12 guilders per *last* of rye (and this was even lower between 1700 and 1750). In Holland these important duties were raised in 1723 from 15.90 to 30.80 guilders, and later in 1749 to 42.50 guilders (Fritschy 1996, p. 174; Sickenga 1864, pp. 397–400).

To sum up our discussion of the socio-political structures: within Holland the problems of co-operation within a durable coalition of more or less autonomous entities had been solved effectively – mainly because it had become a mix of a territorial state (the county of Holland) governed, increasingly, by strong semi-independent cities. Already in the fifteenth and sixteenth centuries it had developed the institutions that balanced the particularistic tendencies of the cities against the unifying forces of The Hague. For the Dutch Republic as a whole it proved to be much more difficult to suppress the problems of free-riding. The coalition between the various provinces was much less stable, in particular when outside pressures to close ranks disappeared, as happened after 1713, when the Dutch Republic became an increasingly marginal player in international politics. At this level the limitations of such a coalition became obvious, and free-riding did much to undermine the long-run success of the state after 1713, eventually resulting in its demise in 1795. At the same time it was unable to overcome another limitation of the ‘civic’ model, as it proved impossible to incorporate new areas in a way that was comparable to the expansion of the feudal state, that is, by incorporating new units into a hierarchy. In the long run, therefore, it was unable to survive in the arms race with the territorial states that were, because of their growing scale, able to mobilise greater resources.¹⁰

9. Conclusion

The central argument of this article is that citizenship has an economic dimension. It is a set of rules guiding the behaviour of citizens and

¹⁰ A related discussion is about the question whether the Dutch Republic, as a result of its particular decentralised structure, failed to implement the economic policies that might have stopped economic decline after about 1670; unlike its great rivals France and the United Kingdom it did not develop a consistent set of mercantilistic policies to protect its economic interests against growing competition from abroad (see the recent discussion by Ormrod 2003). The issue however is what the possibilities for protectionism were, given the structure of this small and open economy; all sectors – agriculture, fisheries, industry and commerce – were highly dependent on imports and exports; although in the eighteenth century a quite lively debate emerged about the advantages of protecting certain key industries, not much happened because the dominant elite favoured free-trade, and the gains of protection were relatively unclear given the structure of the economy (see De Vries and Van der Woude 1997, p. 698 for an analysis and in fact an endorsement of this strategy).

‘their’ state, which in theory solves the two co-ordination and commitment problems of the state, that is, the problem that a strong state can turn against its citizens and the problem of free-riding by individual citizens. The rules of citizenship can result in a relatively efficient exchange between the state (as supplier of collective goods) and its citizens (as consumers of these goods and tax-payers). This model, pioneered by the city-states of Ancient Greece, re-emerged in Western Europe during the Middle Ages (after c. 1050), and was redefined on a national scale again from the 1770s and 1780s onwards, to become a core institution in nineteenth-century nation states.

The concept as it was used in the early modern Netherlands enhanced the efficiency of the exchange between state and inhabitants; we therefore disagree with the assessment by Greif of the Dutch Republic that it was ‘ill-suited to mobilizing resources to wage effective wars elsewhere’ (Greif 2005, p. 773). Had this been the case, the Dutch Republic would have never survived the war with the much larger Spanish empire, nor would it have been able to last so long amidst fierce international competition. On the contrary, on a *per capita* basis the Dutch Republic, and in particular Holland, was able to mobilise many more resources than the territorial states surrounding it (as Figure 1 demonstrates). It was relatively small, though, and a state rooted in citizenship had a number of disadvantages as well. It was based on the definition of a (small) group of privileged citizens – only during the nineteenth and twentieth century was this extended to the whole population of the nation-state. Those who did not belong to this group were partially excluded from the privileges enjoyed by the citizens. Given this particularistic definition of its socio-political structure, it proved difficult to integrate other groups – or regions – into the same polity. As a result it could not profit from the same economies of scale as the territorial states of early modern Europe. Therefore, the city-states that had developed this model were forced into the defensive by the growing power of large territorial states.

The Dutch Republic was to some extent the ‘accidental’ result of such a contest between two different governance structures, between territorial states and city-states. It was a multi-layered coalition between (in theory) independent cities who were part of sovereign provinces, initially held together by the common war against the Spanish forces. We have analysed which free-rider problems arose as a result of this complex structure of coalitions. Within Holland these problems could be effectively suppressed by relatively strong institutions at the level of the province and a long tradition of co-operation between the cities themselves and between the cities and the central authorities in The Hague. The co-operation between the different provinces was much more problematic, however, and free-rider problems in the long run undermined the vitality of the Dutch Republic, as a result of which the revolutionaries of the 1790s introduced a

strong centralised state to solve those problems (Van Zanden and Van Riel 2004).

Citizenship was a core institution of political life in the Dutch Republic, but still largely an urban phenomenon in this period – probably between a quarter and half of the urban population were formal citizens of the many cities of the country. They had certain but generally quite limited possibilities of participating in the political process – which varied from city to city – and urban governments were supposed to act in the interest of the burghers (which they usually did). The introduction of relatively modern forms of taxation (that is, taxes on wealth and income, the latter being also progressive) and the formation of a modern public debt with low interest rates, suggests a degree of trust between state and citizens that we argue is typical of the civic model.

Perhaps our analysis of citizenship is too optimistic. We have, for example, not discussed the rent-seeking behaviour inherent to the particularistic structures of the classic city-state. In his *Past and Present* paper from 1991, Epstein demonstrated how Florence dominated the Tuscan countryside to devastating economic effect (Epstein 1991). Obviously, towns could be as ruthlessly exploitative as feudal lords. Why did this not happen in the Dutch Republic? In Holland, the core area of the Dutch Republic, political structures prevented one town from dominating the whole region. In the States assembly, coalitions of smaller towns were able to provide a countervailing force against attempts by the city of Amsterdam to impose its views on the rest. Likewise, the economic structures of the province ensured a plurality of interests, with different towns specialising in different areas of trade and industry, but at the same time being economically integrated by the dense network of rivers and canals (‘t Hart 1994). The durable coalition of cities and provinces that was characteristic of the Dutch Republic was ultimately based on this balanced, multi-polar urban structure. The political integration of cities into one stable province – which acquired a centralised system of taxation and public finance after 1572 – was the expression of this interdependence, and the key to the political (and financial) success of the young state. Our approach also helps clarify a number of general issues. It offers an explanation for the paradox that inhabitants of states with ‘representative governments’ were on the one hand paying more taxes (Hoffman and Norberg 1994), whereas at the same time they seem to have been more successful economically (according to De Long and Shleifer 1993). It also helps explain that during the nineteenth and twentieth centuries democratisation (based on a nation-wide redefinition of citizenship) resulted in a strong increase in government spending and taxation. It shows that citizenship was and is a set of rules that dramatically lowered the transaction costs of the highly complex exchange between a state and its inhabitants.

Acknowledgements

We would like to thank the participants of conferences in Windsor (2002) and Utrecht (2003), and in particular Larry Epstein, Oscar Gelderblom, Jean-Laurent Rosenthal, Deidre McCloskey and the two anonymous referees for their comments on previous drafts of this article.

References

- AALBERS, J. (1977). Holland's financial problems (1713–1733) and the wars against Louis XIV. In A. C. Duke and C. A. Tamse (eds), *Britain and the Netherlands*, vol. 6: *War and Society*. The Hague: Martinus Nijhoff.
- AALBERS, J. (1980). *De Republiek en de vrede van Europa. De buitenlandse politiek van de Republiek der Verenigde Nederlanden van de vrede van Utrecht (1713), voornamelijk gedurende de jaren 1720–1733*. Groningen: Wolters-Noordhoff.
- ALLEN, R. C. (2001). The great divergence in European wages and prices. *Explorations in Economic History*, **38**, pp. 411–47.
- AXELROD, R. (1984). *The Evolution of Cooperation*. New York: Basic Books.
- BONNEY, R. (1999). France, 1494–1815. In Richard Bonney (ed.), *The Rise of the Fiscal State in Europe c. 1200–1815*. Oxford: Oxford University Press.
- BOONE, M. and PRAK, M. (1995). Rulers, patricians and burghers: the great and little traditions of urban revolt in the Low Countries. In Karel Davids, Jan Lucassen (eds), *A Miracle Mirrored: The Dutch Republic in European Perspective*. Cambridge: Cambridge University Press.
- BOONE, M. and PRAK, M. (eds). (1996). *Statuts individuelles, statuts corporatifs et statuts judiciaires dans les villes européennes (moyen âge et temps modernes)*. Louvain/Appendoorn: Garant.
- BOSSENGA, G. (1997). Rights and citizens in the old regime. *French Historical Studies*, **20**, pp. 217–43.
- BRADY, T. A. (1985). *Turning Swiss: Cities and Empire 1450–1550*. Cambridge: Cambridge University Press.
- CERUTTI, S., DESCIMON, R. and PRAK, M. (eds). (1995). Cittadinanze. *Quaderni Storici*, **30**, Special Issue.
- CHRIST, M. P. (1984). *De Brabantsche Saecke. Het vergeefse streven naar een gewestelijke status voor Staats-Brabant, 1585–1675*. Tilburg: Stichting Zuidelijk Historisch Contact.
- CORCIA, J. DI (1978). Bourgeois, bourgeois de Paris from the eleventh to the eighteenth centuries. *Journal of Modern History*, **50**, pp. 207–33.
- DESCIMON, R. (1993). Bourgeois de Paris: les migrations d'un privilège, XIV–XVIII siècle. In C. Charles (ed.), *Histoire sociale, histoire globale?* Paris: MSH.
- DEKKER, R. (1982). *Holland in beroering. Oproeren in de 17de en 18de eeuw*. Baarn: Ambo.
- DEURSEN, A. T. VAN (1994). *Een dorp in de polder. Graft in de zeventiende eeuw*. Amsterdam: Bert Bakker.

- DIRKSEN, W. (1966). Enige opmerkingen over de belastingheffing in de Republiek der Zeven Verenigde Nederlanden in de 17de en de 18de eeuw. In *L'impôt dans le cadre de la ville et de l'état*. Colloque International Spa 1964. Brussels: Pro Civitate.
- EPSTEIN, S. R. (1991). Cities and regions and the late medieval crisis: Sicily and Tuscany compared. *Past and Present* **130**, pp. 3–50.
- EPSTEIN, S. R. (2000). *Freedom and Growth: The Rise of States and Markets in Europe, 1300–1750*. London: Routledge.
- FREY, B. S. (2002). The role of deterrence and tax morale in taxation in the European Union. *Jelle Zijlstra Lecture 1*. NIAS: Wassenaar.
- FRIESWIJK, J. et al. (eds). (1990). *Fryslân, staat en macht 1450–1650*. Hilversum: Verloren.
- FRITSCHY, W. (1996). *Gewestelijke Financiën ten tijde van de Republiek der Verenigde Nederlanden. Deel 1 Overijssel (1604–1795)*. Den Haag: Instituut voor nederlandse geschiedenis.
- FRITSCHY, W. (2004). A 'financial revolution' reconsidered; public finance in Holland during the Dutch Revolt, 1568–1648. *Economic History Review* **62**, pp. 57–89.
- FURUBOTN, E. G. and RICHTER, R. (2000). *Institutions and Economic Theory: The Contribution of New Institutional Economics*. Ann Arbor, MI: The University of Michigan Press.
- GELDER, H. A. E. VAN (1982 [1918]). *De levensbeschouwing van Cornelis Pieterszoon Hooft, burgemeester van Amsterdam 1547–1626*. Utrecht: Hes Publishers.
- GREIF, A. (2005). Commitment, coercion, and markets: the nature and dynamics of institutions supporting exchange. In C. Ménard and M. Shirley (eds.), *Handbook of New Institutional Economics*. Dordrecht: Springer.
- GREVER, J. H. (1981). Committees and deputations in the assemblies of the Dutch Republic 1660–1668. *Parliaments, Estates and Representation* **1**, pp. 13–34.
- GROENVELD, S. and LEEUWENBERG, H. L. P. (eds). (1979). *De Unie van Utrecht: wording en werking van een verbondsacte. Geschiedenis in Veelvoud*, vol. 6. The Hague: Martinus Nijhoff.
- GROENVELD, S. (1990). Evidente factiën in den staet. Sociaal-politieke verhoudingen inde 17^e-eeuwse Republiek der Verenigde Nederlanden. *Zeven Provinciën Reeks*, vol. 1. Hilversum: Verloren.
- GROSS, JEAN-PIERRE (1993). Progressive taxation and social justice in eighteenth-century France. *Past & Present* **140**, pp. 79–127.
- [†]T HART, M. C. (1989). Public loans and moneylenders in the seventeenth-century Netherlands. *Economic and Social History in the Netherlands* **1**, pp. 119–39.
- [†]T HART, M. C. (1993). *The Making of a Bourgeois State: War, Politics and Finance during the Dutch Revolt*. Manchester: Manchester University Press.
- [†]T HART, M. C. (1994). Intercity rivalries and the making of the Dutch state. In C. Tilly and W. Blockmans (eds), *Cities and the Rise of States in Europe, AD 1000 to 1800*. Boulder, CO: Westview Press.
- [†]T HART, M. C. (1995). The Dutch Republic: the urban impact upon politics. In K. Davids and J. Lucassen (eds), *A Miracle Mirrored: The Dutch Republic in European Perspective*. Cambridge: Cambridge University Press.

- 'T HART, M. C. (1997). The merits of a financial revolution: public finance, 1550–1700. In M. C. 't Hart, J. Jonker and J. L. van Zanden (eds), *A Financial History of The Netherlands*. Cambridge: Cambridge University Press.
- HERZOG, T. (2003) *Defining Nations: Immigrants and Citizens in Early Modern Spain and Spanish America*. New Haven, CT: Yale University Press.
- HOFFMAN, P. T. and NORBERG, K. (1994). Conclusion. In Hoffman and Norberg (eds.), *Fiscal Crises, Liberty, and Representative Government 1450–1789*. Stanford, CA: Stanford University Press.
- HOOFT, P. C. (1925). Memoriën en adviezen van Cornelis Pietersz. Hooft. In H. A. Enno van Gelder (ed.), *Werken uitgegeven door het Historisch Genootschap*, Vol. 2. Utrecht: Kemink & Zoon.
- HUME, D. (1748). That politics may be reduced to a science. In David Hume, *Essays, Moral and Political*. Reprinted at <<http://www.constitution.org/dh/humannat.htm>>.
- HYDE, J. K. (1973). *Society and Politics in Medieval Italy. The Evolution of Civil Life, 1000–1350*. London: Macmillan.
- ISRAEL, J. I. (1979). The Holland Towns and the Dutch-Spanish Conflict, 1621–1648. *Bijdragen en mededelingen betreffende de geschiedenis der Nederlanden* **94**, pp. 41–69.
- KISHNER, J. and MAYALI, L. (eds.). (2002). *Privileges and Rights of Citizenship: Law and the Construction of Civil Society*. Berkeley, CA: Robbins Collection.
- KOKKEN, H. (1991). *Steden en Staten. Dagvaarten van steden en Staten van Holland onder Maria van Bourgondië en het eerste regentschap van Maximiliaan van Oostenrijk (1477–1494)*. The Hague: Stichting Hollandse Historische Reeks.
- KOOPMANS, J. W. (1990). *De Staten van Holland en de Opstand. De ontwikkeling van hun functies en organisatie in de periode 1544–1588*. The Hague: Stichting Hollandse Historische Reeks.
- KUIJPERS, E. and PRAK, M. (2002). Burger, ingezetene, vreemdeling: burgerschap in Amsterdam in de 17^e en 18^e eeuw. In J. Kloek and K. Tilmans (eds), *Burger: een geschiedenis van het begrip 'burger' in de Nederlanden van de Middeleeuwen tot de 21^{ste} eeuw*. Amsterdam: Amsterdam University Press.
- LATZKO, D. A. (2005). The concept of 'military economies of scale', unpublished working paper at <<http://www.personal.psu.edu/faculty/d/x/dxl31/research/articles/military.pdf>>.
- LEVI, M. (1997). *Consent, Dissent, and Patriotism*. Cambridge: Cambridge University Press.
- LINDERT, P. (2003). Voice and growth: was Churchill right? *Journal of Economic History*, **63**, pp. 315–50.
- LONG, J. BRADFORD DE and SHLEIFER, A. (1993). Princes and merchants: European city growth before the Industrial Revolution. *Journal of Law and Economics* **30**, pp. 671–702.
- LONG, J. BRADFORD DE (2000). Overstrong against thyself: war, the state, and growth in Europe on the eve of the Industrial Revolution. In M. Olson and S. Kähkönen (eds), *A Not-so-Dismal Science: A Broader View of Economies and Societies*. Oxford: Oxford University Press.
- MCCANTS, A. E. C. (1997). *Civic Charity in a Golden Age: Orphan Care in Early Modern Amsterdam*. Urbana/Chicago, IL: University of Illinois Press.

- MEULEN, A. J. VAN DER (1905). *Studies over het Ministerie van Van de Spiegel*. Leiden: Kooyker.
- MÖRKE, O. (1997). 'Stadholder' oder 'Staetholder'? *Die Funktion des Hauses Oranien und seines Hofes in der politischen Kultur der Republik der Vereinigten Niederlande im 17. Jahrhundert*. Münster: Lit.
- NADER, H. (1990). *Liberty in Absolutist Spain: The Habsburg Sale of Towns, 1516–1700*. Baltimore, MD.
- NORTH, D. C. (1981). *Structure and Change in Economic History*. New York: Norton.
- NORTH, D. C. and WEINGAST, B. W. (1989). The evolution of institutions governing public choice in 17th century England. *Journal of Economic History* **49**, pp. 803–32.
- O'BRIEN, P. K. (1988). The political economy of British taxation, 1660–1815. *Economic History Review* **41**, pp. 1–32.
- O'BRIEN, P. K. and HUNT, P. A. (1993). The rise of a fiscal state in England, 1485–1815. *Historical Research* **66**, pp. 129–76.
- OLDEWELT, W. F. H. (1950). De beroepsstructuur van de bevolking der Hollandse stemhebbende steden volgens de kohieren van de familiegelden van 1674, 1715 en 1742. *Economisch-Historisch Jaarboek* **24**, pp. 80–162; and **25** (1951), pp. 167–249.
- OLDFIELD, A. (1990). *Citizenship and Community: Civic Republicanism and the Modern World*. London: Routledge.
- ORMROD, D. (2003). *The Rise of Commercial Empires: England and the Netherlands in the Age of Mercantilism, 1650–1770*. Cambridge: Cambridge University Press.
- PARKER, G. (1976). Why did the Dutch Revolt last so long? *Transactions of the Royal Historical Society*, 5th series **26**, pp. 53–72.
- PETEGHEM, P. P. J. L. VAN (1988). La notion de ville impériale aux Pays-Bas. Quelques réflexions sur Deventer en tant que 'ville impériale'. In P. L. Nève and O. Moorman van Kappen (eds), *Conservare Jura*. Devnter: Kluwer.
- PFEIL, T. (1998). 'Tot redding van het vaderland'. *Het primaat van de Nederlandse overheidsfinanciën in de Bataafs-Franse Tijd 1795–1810*. Amsterdam: NEHA.
- PFISTER, U. (ed.). (1998). Stadt und Land in der Schweizer Geschichte: Anhängigkeiten – Spannungen – Komplementaritäten. *Itinera* **19**, Special Issue.
- POSTHUMUS, N. W. (1908). *De Geschiedenis van de Leidsche Lakenindustrie*, vol. I. *De Middeleeuwen*. 's Gravenhage: Martinus Nijhoff.
- PRAK, M. (1985). *Gezeten burgers. De elite in een Hollandse stad: Leiden 1700–1780*. Amsterdam: Dieren.
- PRAK, M. (1993). Identité urbaine, identités sociales: Les bourgeois de Bois-le-Duc au XVIIIe siècle. *Annales ESC* **48**, pp. 907–33.
- PRAK, M. (1995). Cittadini, abitante e forestieri: una classificazione della popolazione di Amsterdam nella prima età moderna. *Quaderni Storici* **30**, issue 89, pp. 331–57.
- PRAK, M. (1997). Burghers into citizens: urban and national citizenship in the Netherlands during the revolutionary era. *Theory and Society* **26**, pp. 403–20, reprinted (1999) in M. Hanagan and C. Tilly (eds), *Extending Citizenship, Reconfiguring States*. Lanham, MD: Rowman & Littlefield.
- PRAK, M. (2001). The politics of intolerance: citizenship and religion in the Dutch Republic (17th–18th C.). In R. P.-C. Hsia and H. van Nierop (eds), *Calvinism*

- and *Religious Toleration in the Dutch Golden Age*. Cambridge: Cambridge University Press.
- PUTNAM, R. D. (2000). *Bowling Alone: the Collapse and Revival of American Community*. New York: Simon and Schuster.
- RILEY, J. C. (1980). *International Government Finance and the Amsterdam Capital Market, 1740–1815*. Cambridge: Cambridge University Press.
- ROMMES, R. (1998). *Oost, west, Utrecht best? Driehonderd jaar migratie en migranten in de stad Utrecht (begin 16e–begin 19e eeuw)*. Amsterdam: Stichting Amsterdamse Historische Reeks.
- ROWEN, H. H. (ed.). (1972). *The Low Countries in Early Modern Times*. New York: Harper & Row.
- ROWEN, H. H. (1978). *John de Witt, Grand Pensionary of Holland, 1625–1672*. Princeton, NJ: Princeton University Press.
- SAHLINS, P. (2004). *Unnaturally French: Foreign Citizens in the Old Regime and After*. Ithaca, NY & London: Cornell University Press.
- SICKENGA, F. N. (1864). *Bijdrage tot de geschiedenis der belastingen in Nederland*. Leiden: P. Engels.
- STRENG, J. C. (1997). 'Stemme in staat'. *De bestuurlijke elite in de stadsrepubliek Zwolle 1579–1795*. Hilversum: Verloren.
- TEMPLE, W. (1972 [1673]). *Observations upon the United Provinces of the Netherlands*, ed. G. Clark. Oxford: Clarendon.
- TILLY, C. (1985). War making and state making as organized crime. In P. B. Evans, D. Rueschemeyer and T. Skocpol (eds), *Bringing the State Back In*. Cambridge: Cambridge University Press.
- TILLY, C. (1990). *Coercion, Capital, and European States, AD 990–1990*. Oxford: Blackwell.
- TILLY, C. (1995). Citizenship, identity, and social history. *International Review of Social History* 40 (supplement 3), pp. 1–19.
- TRACY, J. D. (1985). *A Financial Revolution in the Habsburg Netherlands. Renten and Renteniers in the County of Holland, 1515–1565*. Berkeley, CA: University of California Press.
- TRACY, J. D. (1990). *Holland under Habsburg Rule 1506–1566: The Formation of a Body Politic*. Berkeley, CA: University of California Press.
- VOLKOV, V. (2002). *Violent Entrepreneurs: The Use of Force in the Making of Russian Capitalism*. Ithaca, NY: Cornell University Press.
- VRIES, J. DE (1978). *Barges and Capitalism: Passenger Transportation in the Dutch Economy (1632–1839)*. Utrecht: Hes Publishers.
- VRIES, J. DE and A. VAN DER WOUDE (1997). *The First Modern Economy: Success, Failure, and Perseverance of the Dutch Economy, 1500–1815*. Cambridge: Cambridge University Press.
- WAYNE, P. and BRAKE, T. (1989). *Regents and Rebels: The Revolutionary World of an Eighteenth-Century Dutch City*. Oxford: Blackwell.
- ZANDEN, J. L. VAN (2001). Industrialisatie en inkomensverdeling in Overijssel 1750–1875. In C. Trompetter and J. L. van Zanden (eds.), *Over de geschiedenis van het platteland in Overijssel (1500–1850)*. Kampen: Ipselacademie.
- ZANDEN, J. L. VAN (2002). Taking the measure of the early modern economy: historical national accounts for Holland in 1510/14. *European Review of Economic History* 6, pp. 3–36.