

The Rise of Commercial Empires: England and The Netherlands in the Age of Mercantilism, 1650–1770. By *David Ormrod*. Cambridge: Cambridge University Press, 2003. xvii + 400 pp. Index, notes, bibliography, appendix, illustrations, maps, tables. Cloth, \$75.00. ISBN 0-521-81926-1.

Reviewed by Martine Julia van Ittersum

The rise and decline of trading empires in the early modern period has received much attention from historians in the past decade. It is a prominent topic in new fields of study, such as, for example, “Atlantic History.” The exchange of goods, peoples, and ideas between three continents—America, Europe, and Africa—has been the main focus of the Harvard Seminar on the History of the Atlantic World since its inception in 1995. Although the trading system of the Indian Ocean became an object of historical inquiry long before anyone had heard of “Atlantic History,” in recent years the study of European commerce and conquest in Asia before 1800 has received renewed attention. The importance of colonial imports for the growth and transformation of the early modern European economy has generated heated discussions among economic historians as well. Jonathan Israel argues in *Dutch Primacy in World Trade* (1989), for example, that Holland’s control of the “rich trades” made possible the Dutch economic miracle of the seventeenth century, when the United Provinces (now The Netherlands) enjoyed the highest capital–labor ratio in Europe. Israel’s critics attach less importance to Holland’s dominant position in the colonial import and re-export trade; they consider the exchange of Baltic grain for Mediterranean products the mainstay of the Dutch entrepôt in its Golden Age. Ormrod’s monograph on the decline of the Dutch staple market after 1650 and the concomitant rise of Great Britain is a valuable contribution to these historiographic debates.

According to Ormrod, British mercantilist policies did not just make London the premier entrepôt of Western Europe in the eighteenth century; they also allowed British merchants to concentrate their limited financial resources on trade with the West Indies and North America. It was Britain’s transatlantic trade that transformed the world economy after 1689 and made possible the Industrial Revolution. Although Britain could

not have become an economic powerhouse without replacing Holland as the market leader in the Baltic grain trade and in the “rich trades,” Ormrod reminds us that its mercantile system heavily depended on the commercial and financial resources of the United Provinces in the first half of the eighteenth century. If Charles Davenant and other mercantilist writers equated Holland’s loss with Britain’s gain, Ormrod reveals a much more complex economic reality. He points out, quite correctly, that the Glorious Revolution resulted in a real symbiosis in trade and finance and led to a political and military alliance between the Dutch Republic and Britain. Indeed, he argues convincingly that the British grain trade and re-export of Indian textiles to Holland shored up the weakening Dutch entrepôt in the first half of the eighteenth century. Dutch economic decline would otherwise have been apparent long before the collapse of Holland’s market for colonial goods in the 1730s and would have been much steeper thereafter. Ormrod’s excellent study implies that a changing of the guard among imperial powers cannot be equated with a relay race toward economic modernity. Britain’s quest for naval and commercial supremacy was a long and complicated process that entailed real strategic, political, and economic benefits for an erstwhile great power like the Dutch Republic. Without the British alliance, it is hard to imagine that the Dutch colonial empire in the East Indies would have survived until 1948, when Indonesia became an independent state.

*The Rise of Commercial Empires* greatly enriches our understanding of Western imperialism and colonialism, and raises some intriguing questions about the relation between political and economic history. To his credit, Ormrod refuses to explain the rise and decline of trading empires purely in terms of structural economic change. Although there was little Dutch merchants could do about the demise of the Baltic grain trade in the first half of the eighteenth century, Ormrod emphasizes, quite correctly, that the political elite of the United Provinces failed to formulate an adequate response. In 1751, the Dutch federal government debated, but never adopted, a proposal for a limited free-port system that would have strengthened the country’s staple market. The Estates General proved incapable of reconciling the conflicts of interest that pitted merchants against manufacturers, nor could it override the opposition of the province of Zeeland, which defended its own commercial arrangements with the Austrian Netherlands tooth and nail.

By contrast, the British Crown and Parliament were in broad agreement after 1689 about the abolishment of chartered companies, the creation of a national entrepôt, and the pursuit of a positive balance of trade. Ormrod shows that Britain's mercantilist economic policies became highly effective in the aftermath of the Glorious Revolution. British merchants profited from the abolishment of duties on re-exports to the Continent and from a tightening of the navigation laws of 1651 and 1660, which barred Dutch ships and merchants from the carrying trade between Britain, its colonies, and the Continent. British manufacturers were shielded from overseas competition by high tariff walls, export subsidies, and the government's preference for import substitution, exemplified by its prohibition of the wearing of Indian calicoes in Britain in 1701 and 1722. Needless to say, Ormrod parts company with most economic historians in his careful reconstruction of the political factors that determine economic change and development.

Yet Ormrod fails to take his "radical" approach to its logical conclusion. *The Rise of Commercial Empires* lacks a thorough analysis of political decision-making in eighteenth-century Britain and the Dutch Republic, for example. How did merchants and manufacturers try to influence economic policy in either country? Was British mercantilism dependent on the "political arithmetic" of Sir William Petty and Charles Davenant for its effective implementation? Or could Davenant's facts and figures justify two totally different verdicts on the implications of Dutch entrepôt trade for the British economy, depending on whether Davenant wrote his reports for a Whig or a Tory ministry? Ormrod admits as much on pages 85 to 88 of *The Rise of Commercial Empires*.

It is rather disappointing that Ormrod uses hackneyed historiographic concepts like the "strong, centralized British state" and "weak, decentralized United Provinces," apparently considering them a sufficient explanation for the different economic fortunes of Britain and the Dutch Republic in the eighteenth century. Ormrod lays himself open to the charge of a-historical simplification by suggesting that decentralized states cannot pursue an effective economic policy. It raises the question of how the Dutch Republic could have achieved primacy in world trade during its war of independence against Spain. Political decision-making in the United Provinces was just as cumbersome at the beginning of the seventeenth century as at the end. Yet although Dutch magistrates successfully safeguarded the country's trade and navigation during the Eighty Years'

War, they failed to develop an appropriate response to British mercantilism after 1689. Why? It is the disastrous combination of economic decline and political deadlock, such as the one that paralyzed the United Provinces in the eighteenth century, that clearly deserves further investigation. Dr. Ormrod should perhaps make it the topic of his next book.

*Martine Julia van Ittersum received her Ph.D. in history from Harvard University in 2002. Her dissertation, "Profit and Principle: Hugo Grotius, Natural Rights Theories and the Rise of Dutch Power in the East Indies, 1595–1615," will be published by Brill Publishers in Leiden, The Netherlands. Her article, "Hugo Grotius in Context: Van Heemskerck's Capture of the Santa Catarina and Its Justification in De Jure Praedae (1604–1606)," is scheduled to appear in the Asian Journal of Social Science (2003).*