

The Strictures of Inheritance: The Dutch Economy in the Nineteenth Century. *By Jan Luiten van Zanden and Arthur van Riel, translated by Ian Cressie.* Princeton: Princeton University Press, 2004. xvi + 384 pp. Index, notes, bibliography, figures, tables. Cloth, \$55.00. ISBN: 0-691-11438-2.

Reviewed by Karel Davids

The Dutch economy in the nineteenth century is an interesting case. At the beginning of the century, the level of per capita income of the Netherlands was still as high as that of Britain, and the share of industry and services in employment and value added was well above the European norm, but the economy had long been caught in what Adam Smith has called “a stationary state”: a high level of development combined with an absence of growth. When and how was this stagnation eventually overcome? How did the stationary state at last change into a process of modern economic growth? This is the key problem that Jan Luiten van Zanden and Arthur van Riel address in their book.

The Strictures of Inheritance, based on a large-scale reconstruction of the national accounts of the Netherlands between c.1800 and 1940, aims both to give an exact and comprehensive picture of Dutch economic growth and to explain the timing and nature of the structural changes that took place between the late eighteenth and early twentieth centuries. Modern economic growth in the Netherlands started fitfully, the authors have found: acceleration in the 1820s and 1830s was followed by a slowdown in the 1840s and 1850s, which gave way to another phase of acceleration after about 1860. It was not until the 1860s and 1870s that modern industry contributed more than 50 percent of the total growth, that the role of the secondary sector in the Dutch economy (again) markedly increased, and that the transition from stationary state to modern economic growth was finally accomplished.

The gist of the explanation of this process offered by van Zanden and van Riel is neatly captured by the subtitle of the original Dutch version of their book: “state, institutions and economic development.” Using the perspective of the new institutional economics and public-choice theory, the authors argue that the pattern of economic development was to a significant extent influenced by the nature and timing of reforms in

the structure of the Dutch state and the changes in formal institutions that followed. External factors, such as wars and alterations in international trade policies, and the impact of path dependency (the role of assets and constraints inherited from the time of the Dutch Republic) are assigned a part in the explanatory framework as well. The outline of the book neatly reflects this framework. An overview of the economic, political, and institutional inheritance and the first attempts at reform during the turbulent era between 1780 and 1813 is followed by three pairs of chapters describing and analyzing the changes in the politico-institutional and economic spheres during the periods 1813–1840, 1840–1870, and 1870–1913, respectively. The chapters on economic development deal both with transformations at the macrolevel and with changes at the ground level of sectors and households.

The argument is on the whole convincing. The main thesis of the book, namely that the transition to modern economic growth was largely due to liberalization under the aegis of a centralized state, is supported by an impressive amount of quantitative data, careful analysis of the background and consequences of political arrangements and policy decisions, penetrating international comparisons (notably with Belgium and Britain), and telling case studies, which serve to illuminate the connections between mutations in political and economic structures and change (or inertia) in specific branches or institutions. Such case studies relate, for instance, to the dissolution of the commons, currency reform, the rise of cooperative banks or—following P. J. Cain and A. G. Hopkins—the links between modern imperialism and the service sector.

This fine study is a huge step forward in research on Dutch economic history. Many a misconception, based on insufficient data or faulty reasoning, can now finally be laid to rest. The approach chosen by the authors has a few drawbacks, however. The authors' appraisal of the liberating force of political reforms introduced after 1840 leads them sometimes to exaggerate the extent of "institutional sclerosis" prevailing before that time. The privileged position of brokers, for instance, was not everywhere maintained in the same rigid manner as in Amsterdam. The city of Rotterdam, which during the nineteenth century grew into the leading port of the Netherlands, handled this matter with a much higher degree of flexibility. The book's case studies are, regrettably, never used to test general propositions but only to illustrate the nature of particular relationships.

More important, this study is almost exclusively focused on changes in what the “opportunity structure” for economic development: the liberal reforms that facilitated the transition to modern economic growth. The question of why opportunities were seized receives far less attention. Where did the entrepreneurs and the labor force come from? How did entrepreneurs or employees get the necessary qualifications? How was foreign technology adapted for use in the Netherlands? Entrepreneurship, technical education, population growth, or technological change are only cursorily discussed, however. For business historians, the importance of this excellent book will reside more in its masterly survey of the major political and economic transformations of the Netherlands in the nineteenth century than in specific insights about the behavior of firms or entrepreneurs. As a pioneering study about the interaction between economic development and institutional change it will doubtless be consulted and debated by economists and historians for many years to come.

Karel Davids is professor of economic and social history at the Vrije Universiteit Amsterdam, The Netherlands. He has published several books and many articles in Dutch and in English about the history of technology in the early modern period, maritime history, and the history of economic institutions in the Netherlands, including (coedited with Jan Lucassen) A Miracle Mirrored: The Dutch Republic in European Perspective (Cambridge 1995). He has just finished a book on the rise and decline of Dutch technological leadership before 1800.