



Macht Stadtluft frei? Polycentricity, Urbanization, and the ‘European Miracle’: The Case of the Low Countries, 1000–1800

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INTRODUCTION

In 1994, Ralph Raico, the historian of classical liberalism, wrote an essay on a new school of thought concerning the ‘European miracle’.¹ He took this term from an influential book with the same name by Eric Jones, which was first published in 1981.² The European miracle referred to one of the most perennial questions in the economic history discipline: what caused the rise of the West? In Raico’s view, Jones and a number

¹ Ralph Raico, ‘The Theory of Economic Development and the “European Miracle”, in *The Collapse of Development Planning*, ed. Peter J. Boettke (New York University Press, 1994), pp. 37–58.

² Eric Jones, *The European Miracle: Environments, Economies and Geopolitics in the History of Europe and Asia* (1981; third edition, Cambridge University Press, 2003).

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of other historians had caused a paradigm shift away from the Marxist framework towards the so-called ‘institutional’ approach. The institutionalists argued that technological change and economic growth followed the development of certain legal and political institutions—the ‘superstructure, in Marxist terms’—rather than the other way around. Institutions such as property rights, the rule of law, and restraint in taxation, in turn, arose out of the political decentralization of medieval Europe. In spite of the best efforts of Charlemagne, Charles V, Napoleon, Hitler and many other would-be imperial rulers, political power never came to be monopolized into one empire. The existence of competing centers of power—‘polycentricity’—disincentivized sovereigns from encroaching on property rights, violating the law, and engaging in excessive exploitation. Moreover, sovereigns faced political competition within their own jurisdictions, too. The dynamic balance of power between the state and the three estates further checked the predatory nature of government and forged relations of dependency between the different centers of power. This two-pronged political competition abridged the worst arbitrariness of European rulers and conditioned them to appropriate policy ideas originating among their subjects. ‘Academics and other wise men [...] dared to offer advice about how to rule’, Jones concluded, ‘some of which was taken’.³

In spite of Raico’s hopeful tone, the advancement of historical institutionalism and neo-institutional economics has not capitulated the polycentricity hypothesis center stage in historiographical debates on the economic rise of Europe, however. Both historical and geographical determinism are still popular explanations for the Industrial Revolution and the ‘great divergence’ between East and West, for instance.⁴ Moreover, not all pre-industrial institutions arising out of the cloth of medieval Europe were efficient but nonetheless showed a remarkable level of persistence, such as serfdom and guilds for example.⁵ In fact, there is no clear historiographical consensus on which institutions were efficient and which were not. One such contended institution is the state, the emergence of which

³ Jones, *The European Miracle*, p. XXXVI.

⁴ E.g. Immanuel Wallerstein, *The Capitalist World-Economy* (Cambridge University Press, 1979); Kenneth Pomeranz, *The Great Divergence: China, Europe, and the Making of the Modern World Economy* (Princeton University Press, 2000).

⁵ Sheilagh Ogilvie, “Whatever Is, Is Right?” Economic Institutions in Pre-Industrial Europe,” *Economic History Review* 60, no. 4 (2007), pp. 649–84.

correlated rather well with the rise of Europe. Against this backdrop, a rival hypothesis has sprung up out of the institutional fold, one that looks at the state rather than polycentricity in explaining the European miracle. This ‘state capacity’ hypothesis emphasizes the need of strong and centralized states for increasing economies of scale, suppressing internal conflict, enforcing the rule of law, and providing public goods in the common interest.⁶

At first glance, the polycentricity and state capacity hypotheses appear antithetical to one another, as they emphasize the importance of the decentralization and centralization of political power, respectively. Alexander Salter and Andrew Young have argued that they are complementary in some respects, however. Modern centralized nation states have proven themselves capable of creating an economic environment suitable for sustainable economic growth only insofar as they refrain from too much predation. Such restraint discourages the emergence of a ‘rent-seeking society’, as political and economic elites prioritize the protection of property rights over expanding their own wealth at the expense of society as a whole. Polycentricity is one method that disincentivizes rent-seeking and enforces the productive rather than predatory employment of political authority. It stimulates competing power brokers to expand their political interests into the sphere of economics. They discover that if they do not protect commerce, they expose themselves to reduced political power and, at worst, elimination. Or, in institutional terms, they learn that respecting economic property rights is essential to the maintenance of their own political property rights.⁷

In essence, there were three main political actors that vied for power in the polycentric order of Europe after the turn of the millennium: the state, local lordships, and cities. These were dominated, respectively,

⁶ For a recent survey of this hypothesis, see: Noel D. Johnson & Nark Koyama, ‘States and Economic Growth: Capacity and Constraints’, *Explorations in Economic History* 64 (2017), pp. 1–20. For an historiographical example which, like the work of Jones, focuses on medieval and early modern Europe, see: S.R. Epstein, ‘The Late Medieval Crisis as an “Integration Crisis”’, in: Maarten Prak, ed., *Early Modern Capitalism: Economic and Social Change in Europe, 1400–1800* (Routledge, 2001), pp. 23–48.

⁷ Alexander William Salter & Andrew T. Young, ‘Polycentric Sovereignty: The Medieval Constitution, Governance Quality, and the Wealth of Nations’, *Social Science Quarterly* 100, no. 4 (2019), pp. 1241–53.

by kings, the landed aristocracy, and urban elites.⁸ The state capacity hypothesis mostly concentrates on England and France, where a process of centralization started in the High Middle Ages subordinated rural and urban elites to the state. The process of state formation in Europe between 1000 and 1800 was much more diverse than the examples of these two countries suggest, however.⁹ Charles Tilly and Wim Blockmans have argued that the level of urbanization, in particular, played a determining role.¹⁰ In areas with relatively weak urban potential, such as in England and France during the Middle Ages or later in Eastern Europe, central and/or local rulers prevailed. On the other hand, in highly urbanized regions, most notably northern Italy, cities could trump both local lords and central rulers. But alliances between two groups against the third was possible, too. In Germany, for instance, the resilience of local lords and a network of allied merchant cities together stifled the centralization process. In the Low Countries, on the other hand, the power of the local counts was thwarted due to rapid urbanization. Central (often foreign) rulers—the Kings of France, the Dukes of Burgundy, the Habsburg Emperors, and the House of Orange too—succeeded only to a limited extent in imposing sovereignty throughout the centuries. Yet, they were strong enough to inhibit the development of full-fledged city states. This dynamic balance of power between the state and cities in the Low Countries was important, for urban elites, like central and local rulers, can engage in rent-seeking.¹¹ Indeed, this is essentially what happened to the Italian city states, where the conservative tendencies of

⁸ The Catholic Church also constituted an important political player and is therefore often included in academic expositions of polycentricity in medieval Europe. But the Church hierarchy can be brought under in this tripartite division for the sake of this article. The papacy challenged the power of the Holy Roman Emperor and thus in a way functioned as a central ruler. On the other hand, the local clergy, both secular and religious, exercised a lot of autonomy and derived most of their revenues from the goods, services, and tithes connected to their lands. In that sense, they operated as landed aristocrats.

⁹ Hendrik Spruyt, *The Sovereign State and its Competitors* (Princeton University Press, 1994).

¹⁰ Charles Tilly & Wim Blockmans, eds., *Cities & the Rise of States in Europe, A.D. 1000 to 1800* (Westview Press, 1994). See especially Chapter 1 and 11, in which Tilly and Blockmans, respectively, synthesize the case studies presented in the rest of the volume.

¹¹ S.R. Epstein, 'Introduction', in: idem, ed., *Town and Country in Europe, 1300–1800* (Cambridge University Press, 2001), pp. 1–29.

landlords and warlords often prevailed over commercial interests. The different economic trajectories of northwestern and southern Europe—the so-called ‘little divergence’—then, suggest an institutional explanation for why, of the two most urbanized regions of premodern Europe, the political economy of the Low Countries proved to be the most durable.

The Low Countries therefore makes for an ideal case study to confront different schools of thought on the European miracle. They occupy a position in between the most obvious ideal types of the polycentricity (northern Italy) and the state capacity (France and England) hypotheses and can therefore help move the debate forward. How did the power of cities shape the state formation process in the Low Countries between 1000 and 1800? Can commercialization be attributed to the rise of the state or the rise of cities? How was rent-seeking disincentivized, be it on the part of the urban elites or the central state, and to what extent was this the result of a relatively weak landed aristocracy? In short: does city air make free, as the famous phrase claims? This chapter seeks to answer these questions by providing an overview of the relevant historiography on the political economy of the Low Countries with the aim of eliciting more intensive comparative research in the future. Such research could nuance sweeping theoretical statements and draw out the most important elements from both sides of the debate. This is called for, because it would help distill the true causes from the seemingly endless pool of explanations of the European miracle.

What is clear in any case is that the ‘Dutch miracle’, path dependent as it was on earlier ‘golden ages’ in the southern Netherlands, cannot be ignored if we are to comprehend the causes of the European miracle. Indeed, historians have already allocated a pioneering role to the leading provinces of the Low Countries—Flanders, Brabant, and Holland—in tracing the roots of such transformational forces as the Enlightenment, the Industrial Revolution, and democratic governance.¹² However, the most striking characteristic of these provinces in a premodern setting

¹² E.g. Wijnand Mijnhardt, ‘Urbanization, Culture and the Dutch Origins of the European Enlightenment’, *Low*.

Countries Historical Review 125, no. 2 (2010), pp. 147–77; Jan de Vries, *The Industrious Revolution: Consumer*.

Behavior and the Household Economy, 1650 to the present (Cambridge University Press, 2008); Wim Blockmans, *Medezeggenschap: politieke participatie in Europa vóór 1800* (Prometheus, 2020); Maarten Prak & Jan Luiten van Zanden, *Pioneers of Capitalism: The Netherlands 1000–1800* (Princeton University Press, 2022).

was undoubtedly their high levels of urbanization, which profoundly affected the process of state formation. Conceptually, this chapter looks at urbanization as a mediating mechanism in the evolution from medieval feudalism to the modern nation state in Flanders, Brabant, and Holland. It will trace the different forms of polycentricity through the centuries, fixing attention on the shifting balance of power between local lords, cities, and the state. It argues that political competition between cities and between cities and sovereigns was key to ensuring a dynamic economy conducive to sustained growth.

MONARCH VERSUS VASSAL: CENTRALIZATION

In the museum of sixteenth-century publisher Christophe Plantin in Antwerp, one can admire a twelve meters long roll portraying the funeral procession of the Habsburg Emperor Charles V. The procession was commissioned by the Emperor's son and successor Philip II and took place in December 1558 in Brussels, the provincial capital of the Low Countries. Through a combination of military conquests, careful dynastic marriage strategies, and a number of early royal deaths, Charles V inherited—and greatly expanded—a world empire that at its peak outpaced the Roman Empire in size. The roll was painted by Hieronymus Cock and was one of the first big commissions of Plantin, who also published it in booklet form. Cock needed his twelve meters to meticulously portray all the dignitaries of European regions under Habsburg control. These officials each walked behind their respective banners, which were grouped together around a ship at the front of the roll as well. The allegory of the ship, named 'Victoria', was undoubtedly intended to underscore the cohesion between the Spanish overseas empire and the Habsburg possessions in Europe, the latter which were scattered across the continent from the Low Countries to the Iberian peninsula and from Germany to Austria and Italy. This propagandistic stunt was more fiction than reality, however. Although Charles V was sovereign to all, the territories were not unified. His European empire was but a personal union of dozens of small and big kingdoms, duchies, counties, and other principalities. Even if Charles V in many ways epitomized the political centralization process of the early modern era, his lordship over territorially unconnected and organizationally diverse polities was rooted in the political system of medieval Europe.

That political system was polycentric because it rested on the fragmentation of political power. The Romans had enforced centralized governance in their empire, which extended until the Danube and Rhine and incorporated parts of the Low Countries at its periphery. During the Migration Period, between the fourth and sixth centuries, however, the Roman

Empire collapsed and various tribes settled within its former boundaries. Along with steep demographic and economic declines, this period witnessed a wholesale transformation of the political economy. After the collapse of the Roman tax system, professional armies, civic infrastructure, and bureaucratic institutions disappeared. In this vacuum, violence once again threatened to become the primary method for enforcing public order, as it had been beyond the borders of the Roman Empire all along. Insofar as they were not enslaved, peasants in such chiefdom societies usually enjoyed a significant level of freedom; while the boundaries between free men and rulers remained fluent. Along with a certain degree of equality, however, came the most conspicuous element of tribal rule: continuous warfare.¹³ To borrow from Herbert Spencer, then, prehistoric ‘militant’ societies made a resurgence in early medieval Europe.¹⁴

The political power and geographical reach of the purest of these chiefdom societies, such as those found in Iceland, Ireland, and Central and Eastern Europe, was usually quite limited. In some parts of Europe, however, landlords gradually substituted warlords as the primary source of the monarch’s income, thereby contributing to the expansion of royal power. In the Frankish kingdoms, especially, revenue from land became crucial to the Carolingian court after military expansion had come to a standstill. Already under the Merovingians, in fact, large estates could be found in the heartland of the kingdom in the Seine and Rhine basin. Here, the so-called ‘manorial system’ emerged, in which a feudal lord’s land was divided into two parts; one which the lord kept for himself (‘in demesne’), and one which was given to peasant-tenants in hereditary possession. The rise of manors had two important direct consequences. On the one hand, peasants were forced into serfdom and lost much of their previous freedom. They had to transfer agrarian surpluses to their

¹³ Wim Blockmans & Peter Hoppenbrouwers, *Introduction to Medieval Europa, 300–1500* (2007; second edition, Routledge, 2014), pp. 86–90.

¹⁴ Herbert Spencer, *Principles of Sociology, Vol. II* (Appleton and Company, 1898), part V, pp. 568–602.

landlord, while they were not free to leave their plots and often had to work additionally on the manor lord's demesne land. On the other hand, the concentration of capital in the hands of these landlords induced a degree of specialization, which increased agricultural productivity and stimulated commercialization.¹⁵

Economic specialization, in turn, deepened the division of labor. Initially, the Frankish kingdom required military services and attendance at public courts from free men. But, as the socioeconomic divide between landowner and farmer increased, an aristocratic class of landowners, knights, and aldermen emerged. This process became cemented in the well-known tripartite division of medieval society in those who fought (nobles), those who prayed (clerics), and those who did manual work (peasants). Still, noble birth did not suffice to survive as aristocracy. Neither was it solely determined by ruthless exploitation of peasant-tenants, although that was undeniably part of it. In addition to family ties and coercion, competence was vital, too.¹⁶ The lack of centralized authority induced competition in governance institutions considered to be state monopolies today: the upholding of public order, the use of force, the administration of justice, the development of law, the construction and maintenance of public infrastructure, and so forward. Institutional competition did not lead to chaos, however. Quite the contrary, the European population doubled between 600 and 1000, while a cultural revival swept through the Carolingian court in the ninth century. The emergence, and continual creative destruction, of the aristocracy, then, was in many ways a product of spontaneous order.

That spontaneous order manifested itself in a fluidity of political relationships. A complex chain of allegiances existed throughout medieval Europe: between peasant-tenants and landowners, between landowners and local lords, between local lords and kings, and between knights and both local lords and kings. Such feudal bonds and relationships of vassalage were most widespread before the twelfth century. In the High Middle Ages, however, a period of sovereign consolidation swept through much of Europe, be it at the level of regional power, as in Italy and Germany, or at the level of kingdoms, as in England and France. In the process, the feudal polycentric order, based as it was on reciprocity

¹⁵ Blockmans & Hoppenbrouwers, *Introduction*, pp. 92–7.

¹⁶ Blockmans & Hoppenbrouwers, *Introdutcion*, pp. 91.

between monarchs and their vassals, made way for the concentration of power with the former at the expense of the latter.¹⁷

This centralization process was most clearly at play in France. The Capetians, who formed the successor dynasty to the Carolingians, managed to combine territorial expansion with substituting compliant regional officials for powerful and independent vassals. Two of the most wealthy vassals to the French King, the Count of Flanders and the Duke of Burgundy, managed to keep much of their independence, however. But the marriage of Margaret of Flanders and Philip the Bold of Burgundy in 1369 set in motion a parallel centralization dynamic, in the course of which the Burgundian Duke came to rule over most independent counties of the Low Countries. These counties included, among others, Flanders, Brabant, and Holland. In 1477, the Burgundian possessions transferred to the Habsburg dynasty through the marriage of Mary of Burgundy and Maximilian I, the Holy Roman Emperor and grandfather of Charles V. Charles V was himself crowned Emperor in 1519, and between 1521 and 1543, he incorporated the remaining provinces that had thus far escaped Habsburg control. By the middle of the sixteenth century, then, the indigenous aristocracy of the Low Countries had become subservient to a strong monarchy with foreign origins. By that time, however, a new powerful political actor had arrived on the scene: the city.

MONARCH VERSUS CITY: A NEW BALANCE OF POWER

In the middle of the sixteenth century, the Habsburg Empire had arrived at the peak of its power. After several decades on the throne, it was now time for Charles V to introduce Crown Prince Philip II to the outside world. Thus, in 1549, in the traditional Joyous Entry setting, his son and he entered Brussels, the same city where Philip II would organize his father's funeral procession a decade later. The procession morphed into an annual event, a tradition that was upheld until deep into the eighteenth century, and again in revised form 1930 onwards. For about two hours, about 140 actors reenact the procession twice every year at the turn of June and July, in which Habsburg dignitaries and the high clergy are represented in addition to the city's guilds and the seven noble families that formed the urban elite of Brussels. The memory of Charles V as

¹⁷ Spruyt, *The Sovereign State*, pp. 77–108.

a powerful world emperor clearly left an important mark on the annual festivity. Yet, it would be wrong to see the event merely as a celebration of the successes of centralized Habsburg rule. In fact, the history of the procession predates both Habsburg and Burgundian presence in the Low Countries. The event goes back to 1348 and was originally organized as an *Ommegang*, an urban procession steeped in popular myths and religious rituals common to the medieval Low Countries. According to the legend, a local devout woman stole a statue of Virgin Mary from the Cathedral of Our Lady in Antwerp and brought it to the chapel of the Crossbowmen's Guild in Brussels, as she was instructed to by Virgin Mary herself during a vision. Since then, the Guild held an annual *Ommegang* in which the statue was carried through Brussels. Gradually, the procession took on a more worldly outlook, until it fused with the tradition of the Joyous Entry of Charles V and Philip II after 1549.

The anecdote illustrates the interwovenness of the state formation and urbanization processes in the Low Countries. Indeed, monarchical centralization since the High Middle Ages coincided with the rise of commercial cities. As the period of sovereign consolidation swept through Europe and the feudal-vassalic order crumbled away in the first centuries of the new millennium, magistrates of powerful cities became the most powerful counterforce against centralization in the Low Countries. In fact, historians have long focused on the densely urbanized landscape as one of the core aspects of society in the premodern Low Countries and have stressed the continuity of powerful and dynamic cities after the political rupture between the two Netherlands at the end of the sixteenth century.¹⁸ As the introduction to a recent edited volume put it, until the end of the Ancien Regime, towns constituted 'the most dynamic, if not the ultimate, force in society'.¹⁹ In the remainder of this chapter, we will see how urbanization induced a new kind of polycentric order, one in which cities inhibited rent-seeking both through balancing against the monarch (this section) and against each other (next section).

¹⁸ The fact that there is an academic magazine, *Stadsgeschiedenis* (published by Leuven University Press), dedicated to the urban history of the Low Countries is emblematic of this historiographical interest.

¹⁹ Bruno Blondé, Marc Boone and Anne-Laure Van Bruaene, 'City and Society in the Low Countries: Urbanisation and Urban Historiography', in Blondé, Boone and Van Bruaene, eds., *City and Society in the Low Countries, 1100–1600* (Cambridge University Press, 2016), p. 1.

Urban independence was deeply nested in the morphology of the medieval towns of the Low Countries. The first commercial centers sprung up in new or pre-existing walled *burgs* or *ports*, which offered migrating merchants and runaway serfs protection from the grasp of feudal lords. Around the twelfth century, the separate legal status of inhabitants of these walled towns (*burghers*, *bourgeois*, or *porters*) became a *fait accompli*. As the great Belgian historian Henri Pirenne put it, 'freedom became [...] inherent in urban soil just as serfdom was in manorial soil'. Citizenship was usually conferred upon urban dwellers after one year of residence. Soon, town magistrates also instituted taxation and obtained judicial autonomy. In time, all these city rights became encoded in charters of liberties granted by rulers.²⁰ These charters were often stored in belfries, the characteristic civic towers found today on old market squares across northern France and Belgium. These increasingly magnificent buildings competed with the grandeur of cathedrals and castles and symbolized urban autonomy from feudal and religious influences. The third estate was on the rise.

As towns offered reasonable chances at socioeconomic mobility, migration from the countryside increased. Where towns grew in size, the division of labor increased, and with it industrial productivity. Thus, industrial activity, and the turnover of capital that went along with it, became increasingly concentrated in towns and emerging cities. Most notably, the cloth industry, which had existed on a latent basis for centuries in Flanders, now moved to the city and reached a remarkable level of development. The export of Flemish (and later also Brabantian) luxury cloths, like the import of spices, played an invaluable role in the revitalization of international commerce because they were light in weight but high in value. It was the development of this textile industry, above all else, that created the nascent wealth of Flemish cities like Arras, Douai, Lille, Ypres, Ghent, and Bruges. This newfound wealth increased the attraction of peasants to settle in towns as artisans. Even rich landowners were often seduced to become *porters*, further increasing the concentration of capital in urban settlements.²¹ Needless to say, all these developments led to the impoverishment, or at least relative decline, of

²⁰ Henri Pirenne, *Economic and Social History of Medieval Europe*, transl. I.E. Clegg (Routledge & Kegan Paul LTD, 1936), pp. 40–57.

²¹ *Ibid.*, pp. 26–39.

the nobility. The demise of the feudal order was thus as much a consequence of urbanization as it was of monarchical centralization as far as the Low Countries were concerned. By the beginning of the fourteenth century, the count of Flanders had eliminated his internal rivals. But the count himself was increasingly incapable of asserting control over the most successful cities. Indeed, by the end of the same century, the county itself was absorbed into the Burgundian possessions. In the late Middle Ages, then, powerful Flemish cities like Ghent and Bruges had become the most worthy competitors of the emerging Burgundian-Habsburg state.

The relationship between city and sovereign in medieval Flanders was marked by both cooperation and conflict. It was the relatively declining power of the Count of Flanders, facilitated in part by the protracted conflict with the King of France (to whom he was officially a vassal), that allowed the Flemish cities to consolidate and expand their power in the thirteenth and fourteenth centuries. As long as they did not openly challenge the sovereignty of the ruler (be it the Count of Flanders until 1369, the Duke of Burgundy until 1477, or the Habsburg Emperor from then onward), as his feudal rivals did, the bargaining of urban privileges for increased financial revenue for the monarch was self-evident.²² In the course of the fourteenth century, however, the largest Flemish cities displayed tendencies to develop into city states. Unlike their north-Italian counterparts, however, they were thwarted in this endeavor by monarchical (and often foreign) intervention. The King of France, the Duke of Burgundy and the Habsburg Emperor did not shrink back from playing out revolting artisans against the city patriciate and, if necessary, use force to crush urban revolts.²³ The urban bourgeoisie, moreover, was significantly pacified by its incorporation into the emerging Burgundian-Habsburg state bureaucracy, for which they could receive handsome salaries. In this process of state formation, a new kind of nobility emerged, one with mixed 'new' bourgeois and 'old' aristocratic backgrounds.²⁴

Similar dynamics between the sovereign, nobility, and cities were at play in Brabant, which became the center of economic gravity as the

²² Blockmans, 'State Formation', pp. 219–26.

²³ Ibid., 228–9.

²⁴ Jan Dumolyn, 'De Vlaamse adel in de late middeleeuwen: staatsdienst en sociale mobiliteit', *Cahiers: Centre de Recherches en Histoire du Droit et des Institutions* 16 (2001), pp. 9–30.

Habsburgs took over from the Burgundians at the end of the fifteenth century. Here, too, a bargain between city privileges and enlarged taxable wealth had been struck by the Dukes of Brabant and major cities in the twelfth and thirteenth centuries. Once again, this bargain caused a transfer of surpluses from the countryside to towns, which impoverished the feudal nobility. Urban independence led to commercial development, commercial development led to wealth, and wealth led to power. Just like their Flemish counterparts, cities like Leuven, Brussels, and Antwerp sidelined the traditional nobility and imposed more and more constitutional constraints on the Dukes of Brabant in the fourteenth century. Their successors, the Dukes of Burgundy, managed to turn the tide, however. Burgundian possessions beyond the borders of the Low Countries gave the new ruling dynasty an additional source of income, a prerogative that neither the Count of Flanders nor the Duke of Brabant had had. They also incorporated a small number of noble families which had enlarged their agricultural leases into what essentially became an 'aristocratic state'. This 'super nobility' was symbolically attached to the Burgundian dynasty through admission into the Order of the Golden Fleece, an assembly of knights founded in 1430. After this date, the Burgundians succeeded in checking a further expansion of power of Flemish and Brabantian cities.²⁵

The leading cities of the southern Netherlands, in short, developed a large degree of autonomy between the twelfth and sixteenth centuries. The nobility and sovereigns imposed political constraints, but in economic matters they were largely left free. Perhaps the description of Antwerp's government, offered by the contemporary Florentine historian Lodovico Guicciardini, illustrates the division of power in Flemish and Brabantian cities best. 'Antwerp has for its Lord and Prince the Duke of Brabant as Marquis of the Holy Empire', he wrote in the mid-1560s, 'but with so many and great privileges, obtained in ancient times, [...] she is ruled, maintained, policed and governed by herself, almost like a free city, and a republic and free seigneurie; save, always, with respect to the rights and superiority of the Prince'. For Guicciardini, the relationship between the Habsburg monarch and the sixteenth-century metropole was largely ceremonial, symbolized in occasional Joyous Entries and meetings of the

²⁵ Raymond van Uytven, 'Vorst, adel en steden: een driehoeksverhouding in Brabant van de twaalfde tot de zestiende eeuw', *Bijragen tot de geschiedenis bijzonderlijk van het aloude hertogdom Brabant* 59 (1976), pp. 93–122.

Order of the Golden Fleece in the city.²⁶ Still, republicanism was not yet a self-conscious philosophy. Contemporaries did not conceive of states without a monarch, but urban residents did believe that they were in their right to limit his authority and depose of him if he transgressed their chartered liberties. Thus, the fourteenth to sixteenth centuries witnessed a succession of urban revolts, which by and large (although not always) succeeded in preventing the state from encroaching on the medieval privileges of the Flemish and Brabantian cities. Indeed, at the beginning of the Eighty Years War, Ghent, Antwerp, and other cities in the south joined the rebellion against Philips II. Once they fell back to the House of Habsburg, however, monarchical centralization triumphed in the Spanish (later Austrian) Netherlands.²⁷

In the seventeenth century, then, the initiative to expand on the model of urban self-governance developed in the southern Netherlands was left to the seven break-away provinces in the northern Netherlands. Here, the coastal regions in particular, although they remained at the periphery until the Dutch Revolt, had already underwent the same urbanization processes as in the southern Low Countries. There was a lack of deficient feudal institutions, like serfdom, because the amphibian terrain had prevented deep Roman and Carolingian penetration in the region. The consequence was the development of a relatively stronger class of free, market-oriented peasants than in the south, where the leading cities traditionally exerted more control over the countryside. Still, in Holland and Zeeland, not unlike Flanders and Brabant, towns and cities had already taken up leading political roles during the Middle Ages. As a result, once Habsburg rule collapsed overnight, city magistrates managed to consolidate power.²⁸ This was especially true in the States of Holland, where 18 seats were allocated to bigger and smaller cities and only one to the nobility. In the governing councils of the other provinces—with the

²⁶ Cited in Guy Wells, 'Emergence and Evanescence: Republicanism and the *Res Publica* at Antwerp before the Revolt of the Netherlands', in *Republiken und Republikanismus im Europa der Frühen Neuzeit* (Oldenbourg, 1988), ed. Helmut Koenigsberger, pp. 155–68.

²⁷ Wim Blockmans, 'Alternatives to Monarchical Centralisation: The Great Tradition of Revolt in Flanders and Brabant', in *Republiken und Republikanismus*, op. cit., pp. 145–54.

²⁸ Prak & Van Zanden, *Pioneers*, pp. 28–89.

exception of Frisia, where the countryside dominated—there was a rough balance of power between nobles and representatives of cities.²⁹

The political influence of urban elites in Holland, which quickly became the most wealthy and powerful province of the Dutch Republic in the seventeenth century, was unprecedented in the Low Countries. Flemish and Brabantian cities had managed to fend off interference of the sovereign, but they remained dependent on him and were unable to exercise political power beyond their hinterlands. In the Republic, however, there was no sovereign. The constitutional role of the House of Orange was limited to the position of Stadtholder, which was essentially a provincial institution. In the third quarter of the seventeenth and again during the first half of the eighteenth century, Holland and a number of other provinces even abolished the Stadtholderate altogether. Sovereignty, in its essence, was therefore a regional phenomenon. Indeed, the text of the Union of Utrecht, a treaty signed during the Eighty Years War in 1579 by the rebellious provinces which came to function as a sort of constitution, stipulated that the provinces would ‘align and unite themselves as if they were one province’. Johan de Witt, one of the leading Dutch statesmen of the seventeenth century, underlined this sentiment in 1652. When the Republic was at the peak of its power, he wrote that every province was in fact ‘a sovereign republic’ on its own. In official communications, the provinces referred to each other as ‘allies’.³⁰

In this system, the interests of city magistrates often prevailed over those of the nobility and the Stadtholder in the States-General, the highest central governance body. The political energy emanating from the cities was geared towards peace with the (by now Spanish) Habsburgs, which was achieved in 1648. Above all, however, these urban interests were commercial. In Amsterdam, unlike previous metropolises like Venice, Bruges, and Antwerp, more than half of the political elites during its ‘Golden Age’ were active merchants. But in the eighteenth century, the Amsterdam regents started withdrawing from commerce, enhancing the danger of rent-seeking.³¹ In that context, it is important to note that the

²⁹ Jan de Vries & Ad van der Woude, *Nederland 1500–1815: de eerste ronde van moderne economische groei* (Balans, 1995), pp. 23–8, 198–205.

³⁰ Maarten Prak, *Gouden Eeuw: het raadsel van de Republiek* (Boom, 2012), pp. 189–209.

³¹ Peter Burke, *Venetië en Amsterdam: een onderzoek naar elites in de zeventiende eeuw*, transl. Renée de Roo-Raymakers (1974; revised edition, Agon, 1991), pp. 71–8, 127–40.

two manifestations of polycentricity highlighted in this chapter remained in place, even if the weight of Dutch cities in the balance of power reached an unprecedented level. First, the ‘republicans’ were sometimes sidelined by the ‘monarchists’ who coalesced around the House of Orange, which remained dominant in military matters and whose power increased in the eighteenth century proportionally to the increasing corruption of the urban regents.³² Second, even when the commercial interests of Holland prevailed, the noses of the different cities were not always tilted in the same direction. This produced a certain level of inertia in the decision-making process, but it also meant that Amsterdam could not impose its will on other commercial cities.³³ The next section argues that inter-city rivalry was, in fact, vital to the commercialization process throughout the Middle Ages and Early Modern Period in the Low Countries.

CITY VERSUS CITY: THE KEY TO SUCCESS

The Joyous Entry of Charles V and Philips II in Brussels in 1549, the event remembered annually in the Ommegang of Brussels, was part of a larger *grand tour* of the emperor and his son through the Low Countries. On the heels of that tour, Charles V proclaimed the Pragmatic

Sanction of 1549, which declared the Habsburg possessions in the region to be indivisible. This edict unified the rules of succession and marked a significant step in the evolution of the feudal polities (counties, duchies, lordships, and prince-bishoprics) into provinces under one shared sovereign. Centralization in governing institutions, too, gained momentum under the rule of Charles V. In 1531, the Emperor set up three Collateral Councils, which gave the impetus for the development of central government in the centuries to come. After the Dutch Revolt, the centralization process continued unabated in the south, whereas it was curtailed, or at least mitigated, in the north. Yet it was the Dutch Republic, with its decentralized governance institutions, that experienced a golden age during the seventeenth century, while the Habsburg-controlled south went through a process of de-urbanization and economic decline.

³² Jonathan Israel, *The Dutch Republic: Its Rise, Greatness, and Fall, 1477–1806* (Clarendon Press, 1995).

³³ Marjolein ‘t Hartd, ‘Intercity Rivalries and the Making of the Dutch State’, in *Cities*, op. cit., pp. 196–217.

The bifurcation between centralization and decentralization inside a geographical area with otherwise many shared characteristics (at least as far as Flanders, Brabant, and Holland are concerned) demonstrates that state capacity, which was clearly larger in the south during the seventeenth and eighteenth centuries, does not necessarily lead to better outcomes. Still, while some of the centralizing reforms seen in other early modern European countries remained conspicuously absent in the Republic (e.g., mercantilism and national administration of justice), the Dutch in other areas eventually followed suit (with e.g., the creation of a standing army, reform in public finances, and the foundation of chartered trading companies and colonies). Moreover, while theoretically working on the basis of unanimity, in reality decisions at the state level were often made by majority vote or against the wishes of one or more provinces. The Republic, then, can be seen as ‘a cross between a federal state and confederacy, with more of the confederacy in form and theory, and more of the federal state in substance and practice’.³⁴ Conversely, in spite of remaining under the yoke of the Spanish and Austrian Habsburgs, the urban production centers in the southern Netherlands never completely lost their competitiveness.³⁵ Part of the economic decline of Antwerp, moreover, should be attributed to the successful Dutch blockade of the Scheldt throughout the seventeenth and eighteenth centuries. Indeed, as the Scheldt reopened and the Dutch Republic imploded politically and economically at the turn of the eighteenth and nineteenth centuries, the Austrian Netherlands (the Kingdom of Belgium after 1830) became the first country on the European mainland to undergo an industrial revolution. The Kingdom of the Netherlands only followed suit decades later.

We should therefore not jump to bold conclusions in comparing north to south. In a chapter focusing on long-term development, it is better, instead, to concentrate on the commonalities that transcended the political division of the seventeenth and eighteenth centuries. The chief characteristic of the premodern Low Countries, we should stress once again, was the unprecedented levels of urbanization. By the Early Modern Period, between one third and one half of the population in the leading provinces

³⁴ Israel, *The Dutch Republic*, pp. 276–7.

³⁵ Catharina Lis & Hugo Soly, ‘Different Pahts of Developments: Capitalism in the Northern and Southern Netherlands during the Late Middle Ages and the Early Modern Period’, *Review (Fernand Braudel Center)* 20, no. 2 (1997), pp. 211–42.

of Flanders, Brabant, and Holland lived in an urban environment. The urban landscape was not one of a single undisputed metropole (such as Paris in France or London in England), however. Rather, it took the former of a polynuclear network of big and small towns, which were brought under in a dynamic commercial hierarchy. The causes of this phenomenon lay deeply embedded in the region's geography, and its consequences far outpaced the Ancien Regime.

In explaining the competitive political order behind the European miracle, Jones spent due attention to the importance of a multiplicity of natural barriers in the European landscape.³⁶ Likewise, the geographical setting of the Low Countries was advantageous, albeit because it enforced openness. The confluence of the rivers Rhine, Maas and Scheldt (along with their tributaries and smaller rivers) placed the region at a strategic commercial crossroads of land, river and sea routes. But the river delta also encompassed an expansive territory that was difficult to monopolize. The extensive network of waterways, the most important method of transportation, made sure that one single political actor could not easily extort passing merchants. Moreover, there was not one city that topped all others in terms of primacy of location. Thus, towns and cities popped up along the rivers and were forced into competition with one another. Moreover, the low-lying Low Countries faced an imminent threat from water, thus further stimulating migration towards towns, especially in Flanders, Zeeland, and Holland.³⁷

Other urbanized regions in medieval Europe, such as northern Germany with its Hansa cities or northern Italy with its powerful city states, commercialized during the revival of international commerce between the eleventh to thirteenth centuries as well. What set the Low Countries apart from them—and what hence helps explain the shifting center of commercial gravity from southern to northwestern Europe—was urban competition. Port cities such as Lübeck and Venice, like many of the inland river bank cities and towns along the Rhine valley, were able to monopolize access to the marketable surpluses from the hinterland, thereby encouraging rent-seeking. This was long true for London, too. In the open river delta of the Low Countries, however, many towns had good connections to the sea, to inland trading routes, to each other, and

³⁶ Jones, *The European Miracle*, pp. 104–8.

³⁷ Blondé, Boone and Van Bruaene, 'City and Society', pp. 7–12.

to each other's hinterlands. In his study of the development of commercial institutions in Bruges, Antwerp, and Amsterdam between 1250 and 1650, Oscar Gelderblom has shown that competition between these and many other smaller commercial cities ensured an enduring dynamism that the north-Italian city states lacked. Cities in the Low Countries were not immune to rent-seeking, but the threat of losing foreign traders to rival cities induced urban magistrates, even if they were dominated by local merchants and businessmen, to go a long way in adapting commercial institutions to the needs of international trade. In case of an unfavorable commercial climate, often the result of monarchical intervention in urban affairs, foreign traders located their business elsewhere.

Indeed, the economic shift from Bruges to Antwerp (late fifteenth century) and from Antwerp to Amsterdam (late sixteenth century) was precipitated by political repression at the hands of the central ruler. Mass migration of local and international merchants to other cities ensued, until the commercial primacy of the new metropole was established.³⁸

Commercialization in the late medieval and early modern Low Countries, then, cannot be explained by the state capacity hypothesis. Unlike in England, major commercial cities on the continent developed at a distance from the seat of power. This was also true in the Low Countries; the sovereigns, if at all present in the region, had their court in Mechlin, Brussels, and The Hague, none of which reached a level of commercialization comparable to Bruges, Antwerp, and Amsterdam. Merchants therefore had to rely on urban rather than central governments for the provision of market facilities, and it were these commercial cities, rather than the state, that pioneered commercial development. Oftentimes, city magistrates discovered that abstaining from interference was the best way for 'best practices' in terms of accounting, brokering, insurance, and conflict resolution to evolve among and between the different 'nations' of merchants. But these private order solutions were usually embedded in a wider framework of public institutions. Urban governments adapted local commercial infrastructure, legal customs, financial practices, and other institutions as the needs of international trade evolved.³⁹

³⁸ Oscar Gelderblom, *Cities of Commerce: The Institutional Foundations of International Trade in the Low Countries, 1250-1650* (Princeton University Press, 2013).

³⁹ Ibid.

This productive environment turned the commercial cities of the Low Countries into the leading centers of trade, production, and consumption that they were for centuries. Merchants, artisans, shopkeepers, and other small and big capitalists formed an ever growing urban middle class that made the medieval estate society look increasingly outdated. In this dynamic urban society, historians have found the seeds of such modern concepts as sustainable economic growth, consumerism, revolution, and democracy. If we are to fully understand such developments, however, we cannot ignore the institutional context in which these emerged. In the Low Countries, this chapter has sought to explain, that institutional context was polycentric; it was based on competition in governance.

CONCLUSION

Long before the institutional turn in economic history, R.G. Collingwood described the task of the historian as working from the outside to the inside of an event. In approaching an historical event, (s)he must try to penetrate into the minds of historical actors. Only then, as Collingwood famously claimed, does history become the ‘re-enactment of past thought in the historian’s mind’.⁴⁰ This, ultimately, is how we have to approach institutions in historical research: not as ends in and of themselves, but as means to understand historical societies. This chapter has mainly done the former, in the hope of doing a better job at the latter in the future. Limited government was instituted as a conscious liberal project in England after the Glorious Revolution and in other Western countries during the Age of Revolution. But before this, freedom was largely accidental, emerging out of the fog of political competition between different power brokers. Indeed, this chapter has revealed the role of polycentricity in the development and resilience of the merchant cities that turned the Low Countries into the leading commercial region of the continent. City air does make free, but, absent a conscious ideology of limited government, exogenous checks on the power of city magistrates ensures that it does not become polluted.

Urbanization and political centralization were at first mutually reinforcing forces, together pilfering more and more rights from feudal lords and depleting the income streams of the nobility. In this context,

⁴⁰ R.G. Collingwood, *The Idea of History* (1946; revised edition, Oxford University Press, 1993), pp. 205–31.

cities were able to obtain charters of liberties, the compliance of which was enforced through a combination of factors, including the weakness of local rulers, the distance of monarchical courts, and the increasing importance of urban revenues for the royal treasury. Once the sovereign had eliminated his feudal rivals, towns and cities in the Low Countries imposed the most powerful constraints on the centralizing tendencies of the Burgundian and Habsburg dynasties. The balance of power between the monarch, the nobility, and the cities, though fluctuating, ensured urban independence throughout the centuries. During the consecutive golden ages of Flanders, Brabant, and Holland, commercial cities enjoyed near complete freedom in economic matters. Contrary to the centralizing New Monarchs—the pioneers of mercantilism in England, France, and the Iberian Peninsula—merchants in the Low Countries had to turn to city magistrates—‘the pioneers of capitalism’⁴¹—for the provision of public commercial institutions. But unlike in northern Italy, different cities had access to the same hinterland and trading routes. They therefore had no choice but to compete in attracting foreign merchants, who were increasingly drawn to the region as the center of international trade moved from the Mediterranean to northwestern Europe. Inter-city rivalry incentivized urban magistrates to continuously adapt public infrastructure to the needs of international commerce, and, as important, to allow the necessary freedom for the market.

This, then, is the institutional ‘outside’ in which a commercial mindset could develop. The hypothesis that this mindset is the core cause of the European miracle—that it is its ‘inside’ story—is most vociferously brought home in recent debates on the rise of the West by Deirdre McCloskey. She argues that the development of dignity in the perception towards the urban ‘bourgeoisie’ in seventeenth-century Holland (and, in a more embryonic form, in Flanders and Brabant before that) laid the groundwork for the rise of liberalism, and with it the Industrial Revolution, in England.⁴² To borrow from another historian, English theory

⁴¹ Prak & Van Zanden, *Pioneers*.

⁴² Deirdre McCloskey, *Bourgeois Virtues: Ethics for an Age of Commerce* (University of Chicago Press, 2007); Id., *Bourgeois Dignity: Why Economics Can’t Explain the Modern World* (University of Chicago Press, 2010); Id. *Bourgeois Equality: How Ideas, Not Capital or Institutions, Enriched the World* (University of Chicago Press, 2017).

followed Dutch practice.⁴³ The ideas that gave rise to the modern age thus found its earliest expressions in the vibrant and dynamic urban environment of the Low Countries, which, in turn, was sustained thanks to polycentricity. Future research could explore the intricacies between accidental and conscious liberalism further.

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⁴³ Jan de Vries, ‘Luxury in the Dutch Golden Age in Theory and Practice’, in *Luxury in the Eighteenth Century: Debates, Desires and Delectable Goods*, eds. Maxine Berg and Elizabeth Eger (Palgrave MacMillan, 2003), pp. 41–56.

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