

The History of Dutch Economics and Trade

Todd J.
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Despite Holland's small land mass and relatively hostile environment, the Dutch people have managed to succeed economically throughout history where other countries have been less fortunate.

One of the more interesting aspects of the Dutch culture, has been their ability to survive economically. Throughout many points in history, the Netherlands have been one of the most economically powerful countries in the world. Originally part of the Roman Empire, Holland was formed by settling Celtic and Germanic tribes dating as far back as 400 AD.(1) In the years to follow, the majority of the land remained relatively unclaimed, ruled by various counts and land barons. Europe eventually fell into what was called the "dark ages". This was a horrible period of time for Europe and most of the land remained in chaos until sometime into the early 11th century. Near the end of the dark ages, the Dutch were one of the first to emerge into a bustling economy. The town of Thuredriht, now known as Dordrecht, became one of few successful and most powerful trading cities in the land. Due to it's proximity to what is now called Voorstraat Harbor, Dordrecht quickly became a successful trading town. Dordrecht emerged as a major trading port for wool and wine. It was during this period of time that the Dutch entrepreneurs realized their potential for service-oriented business.(2)

Following the creation of a true Holland province, Dutch businessmen began opening up various trade routes throughout Europe. A once rather unimportant city known as Amsterdam, quickly became the trade center of Europe. The wealth of Holland grew substantially, as did their trading business. More and more cities in Holland became major trading ports. Some of these included; Middleberg, Hoorn, Rotterdam, Groningen and Delft while Amsterdam remained the lead. As their nation's wealth grew, the Dutch continued to create more trade markets including what they referred to as the Dutch East and West Indies. As the shrewd businessmen that they were, the Dutch created two companies to help manage and maintain these trade routes. They were called the Dutch East India Company, and the Dutch West India Company.(1)

The Dutch East India Company, known as the VOC, was a revolutionary new company created by the Dutch. Started in 1602, this was the first of the two Indies trading companies started in Holland. True to their business nature, the VOC was the first company in recorded history to offer shares of stock. This provided the ability for the company to grow in it's fledgling years. The Dutch government assisted the VOC in creating a monopoly. Their plan was to spread colonization and create new trade routes throughout the East Indies. Through the use of strategically placed trading ports and outposts, the Dutch had formed trade routes with many prominent countries. Some of the more important trade routes included South Africa, East Asia, Persia, Bangladesh, Indonesia, and Malaysia. By the late 1600s, the Dutch East India Company had become the largest corporation in the entire world. The company was so large that it sponsored it's own private military consisting of 10,000 soldiers, and over 40 warships. This private military allowed the Dutch to keep their trade monopoly for many years. For most in Europe, the Dutch East India Company provided the only means of trade from many of the countries in the established trade routes. Holland continued to remain a major trade center for Europe, increasing the economic standing of the entire country.(4)

The Dutch West India Company was the second major trading company created in Holland. Created in 1621, the Dutch West India Company held a significant trade monopoly with West Africa and the Americas. The Dutch West India Company, known as the WIC, became the major source of colonization in the Americas for the Dutch. Many new colonies were created in what is now considered "New England". These colonies were formed under what the Dutch called "New Netherlands" and included such settlements as New Amsterdam, later to be named New York. Trade between Europe and the Americas proved to be widely successful, transporting such goods as spice, furs, cotton, sugar, and most importantly tobacco.(3) Eventually, the demand for goods from the Americas outweighed the supply, and cheap labor was immediately required. Seeing an opportunity, the Dutch participated in slave trading from the Ivory Coast to the plantations in the Americas. The Dutch West India Company transported upwards of five hundred thousand African slaves during its existence.(5)

The Dutch East and West India Companies continued to prosper for many years. Unfortunately, due to greed, and piracy tactics, the other European countries grew upset and began to fight the Dutch for control of the trade routes. The British were the most powerful adversaries. They continued to attack the Dutch trade vessels, and block their trade routes. In addition, the British began attacking their trade colonies and eventually captured their New England settlements. The Dutch West India Company was the first to go. With the loss of their major trade colonies, and increasing debt due to their war with English traders, the WIC could not survive on its slave trade alone.(1) The Dutch government eventually purchased all shares of WIC, and disbanded the company in 1791. The Dutch East India Company followed shortly thereafter, by 1798 had run itself into bankruptcy and was dissolved. The land previously owned by either of these companies became territories of Holland.

Holland changed drastically in the coming years and experienced significant changes in both government, and economy. In 1815, the Dutch formed the Kingdom of the Netherlands. Only 15 years later however, they lost nearly half their country when the southern half seceded to create a new kingdom named Belgium.

Today, Holland is run under a functional constitutional monarchy. However, much like the rest of Europe, are currently experiencing a slow growth in their economy. Holland still manages to have one of the more significant economies in the world. Recently, with the ever increasing economic power of the United States. Greater Europe has created what they call the European Union. This European Union is the combining of European countries, founded to enhance political, social, and economic co-operation. One of the added benefits to this European Union is the introduction of a common currency, the Euro. Holland accepted the Euro currency on January 1st, 2002 to replace their Guilder.(6)

Although globally, there was an economic slowdown, Holland still continues to prosper from the same strategy that has worked for them throughout history. True to the Dutch heritage, they continue to promote trade and economic opportunities throughout the world. Their strategy focuses greatly on a service oriented economy. Presently, Holland's largest services include food processing, chemical processing, petroleum

refining, and mechanical equipment. Holland is currently home to a few of the world's largest companies. These include Philips Magnavox, KLM Airlines, Royal Dutch / Shell Petroleum, DAF Commercial Vehicles, and many others.

Considering Holland's place in the global economy, they are currently suffering from a continued budget deficit. Due to Holland's much maligned immigration policy, political unrest and social problems have arisen. Since the events transpired on September 11th in 2001, Europe, and especially Holland have taken a slightly more strict approach to immigration. This has led to considerable fighting among the population. The financial problem facing the government is that they cannot continue to pay for the social programs presently afforded by the many non-taxpaying immigrants in the country. In addition to this, there has been a large influx of Muslim immigration which has caused considerable religious disagreement over the past two years. An example of this was a political leader by the name of Pim Fortuyn. He was assassinated by a political activist during the 2002 Dutch national election campaign. Although openly gay, Pim was considered a radical right-wing extremist because of his views relating to immigration laws. Another such religiously motivated assassination was the murder of Theo Van Gogh by Islamic extremists. Theo, a distant relative of the renaissance painter Vincent Van Gogh, was murdered because of a film he produced. This film depicted the abuse of Muslim women under fundamentalist rule.⁽⁷⁾ He was murdered by a Moroccan Muslim immigrant. This has sparked significant fighting in Holland which has led to the destruction of numerous Mosques and Churches throughout the Netherlands.

Despite Holland's current political problems, the Dutch tenacity for business, whether genetic, or taught through culture, shows no signs of change. Holland will continue to be a country throughout history that remains prosperous, and an economic power in the world.

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