

*Van der Spiegel, A Sketch of the Relative and Intrinsic Power of the Republic, 1782*

Introduction: Laurens Pieter van de Spiegel (1736-1800) wrote this analysis of the causes and extent of the decline of the Dutch Republic in 1782. Van der Spiegel was a conservative reformer in the tradition of Enlightenment reform from above. At the time he wrote this document, he was the secretary of the States of Zeeland and was named Councilor Pensionary of Holland in 1787, which made him in effect the prime minister of William V, the Prince of Orange and the hereditary stadholder. He was a strong advocate for the Republic's alliance with England and Prussia. While he supported the defeat of the radical Patriot efforts to create a democratic Republic in 1787 with the help of Prussian troops, he and Wilhelmina of Prussia, the spouse of William V, encouraged the Prince of Orange to undertake more conservative reforms. He was imprisoned in 1795 by the revolutionary Batavian Republic but was released in 1798. Although the document remained in manuscript form until it was published by a Dutch scholar, Johan de Vries, in 1958, the document was widely circulated among the Dutch elite at the time. Johan de Vries, "Van de Spiegel's 'Schets tot een verhoog over de intrinseque en relative magt van de Republijk' (1782)," *Economisch-Historisch Jaarboek*, XXVII (1958), pp. 87-96. The text below was translated from the Dutch by Herbert H. Rowen, ed., *The Low Countries in Early Modern Times: A Documentary History* (New York, 1972), pp. 242-249.

If what we hear and read every day about the declining situation of the Republic were only half true, it would be marching steadily toward its downfall. This decline is presented in the strongest light and in all sorts of ways, even in public documents of state, so that almost no one doubts that it is happening. Yet it is worth looking at carefully, for if it is true that the Republic is moving toward its ruin, then quick means must be sought to resist this decline as much as possible; but if it is not true, we must put a stop to such complaints, which only diminish us in our own eyes and make our neighbors scorn us. The great question then, is this: whether the Republic has suffered a real loss in domestic prosperity and strength, and how, and to compare its strength to that of other powers. Therefore, we need to consider: 1. the domestic strength of the Republic, not so much to determine its precise present level as to compare it with the situation when it was prosperous; 2. to consider this strength in relation to that of other powers and in this way to determine its natural position among the sovereign states.

I calculate that the Republic was at its most prosperous at the time of or shortly after the Peace of Münster [1648].

Almost the only trading nation in Europe, thanks to her navy mistress of the seas, respected on land thanks to possession of the best-trained armies, and still close to that purity of

morals which adorns rising Republics in their beginnings, it saw itself confirmed by a glorious peace in the enjoyment of all the privileges achieved by eighty years of struggle. Its old enemy, Spain, continued at war with France, leaving trade with both kingdoms to the Republic. The Baltic powers were divided among themselves, and wise policy indicated that we should feed this fire so that we would remain masters of the Baltic trade, with the Hanseatic towns having only their small share. The only power which could stand in our way was England, which in the time of Charles I possessed not even three ships of 300 tons but counted four hundred ships of this size under Charles II. This was the result of the Navigation Act adopted by Cromwell in 1652 and renewed under Charles II in 1660.

Trade therefore flourished and because there was little competition from other nations profits could not but be great. But the objects of trade were nowhere near as varied as at present. The refinements of luxury have increased their number many-fold: civilization penetrated countries which had been almost barbarous, and its progress has opened up new channels of trade. The colonies, in the West Indies, either just born or in their infancy, doubled the supply of necessities. Therefore, the competition of the other nations of Europe could not do us as much harm as is usually thought, because trade expanded and the branches of trade increased at the same time as their competition grew.

As for profits, it is certain that a merchant had to make more than now in order to maintain himself. First of all, the interest rate on money was much higher. In 1649, the bonds of the States General still had to pay six and a quarter percent and businessmen therefore had to pay even higher rates. Secondly, the services at the disposal of trade have increased greatly in the Republic since then. Think of the mails, the deposit banks in the large trading towns, the easy availability of insurance, the low interest on commodity loans, the discounting of bills of exchange, and the like. All of this shows that a merchant can be satisfied now with smaller profits.

Let us examine more closely our relative strength and prosperity in that era of prosperity and at the present time. The strength of the nation, as was argued very perceptively by the Council of State in its presentation of the military budget of the Union for 1766, consists in having a numerous people and in their being put to wise use by the government. Our first

question will be directed to the first point, and the second point will be the subject of our second question.

Whether or not a nation is populous is purely relative to the space which it must fill: twenty million people are too few for the extensive Russian empire, while two million are a great many for a tiny country like our Republic and make us the most crowded country in the world, probably not excepting China. We must consider the population of the Republic as consisting not merely of so many persons considered individually, but as so many persons of substance, each owning wealth of his own, large or small, or able to gain property by his activity. Their prosperity constantly attracts foreigners who wish to share in it; their wealth enables them to take other men into their service in time of need unless prevented by external circumstances, and they are therefore always able to bring the population to the size which they find to be necessary in the circumstances. Examples of this are to be seen in shipping, the army, sometimes in agriculture and in dike work, and especially, in the settling of colonies.

Is the population smaller now than in the happy times which are the first term in our comparison? It actually appears that it is not smaller but larger. How many cities in the Republic have not greatly extended their boundaries in that time? Amsterdam numbers about 100,000 inhabitants more than then. Villages in Holland and some other provinces have grown into small towns. The countryside between the principal cities is filled with people. It is true that fewer houses seemed to be occupied in many other cities, particularly further inland, but if we bring these cities back within their old ring walls, take away the growth usually undertaken with imprudent expectations on the basis of temporary prosperity, we shall see whether in fact they have lost so much. Besides, their loss, even if true, cannot weigh heavily as against the increase in other cities.

But is it possible that the people's means of subsistence have diminished? I see, at bottom, three ways the people of this country support themselves: agriculture, handicrafts, and commerce. I include the colonies and fisheries in agriculture, because their products can be considered as growing out of the soil of the fatherland. It cannot be denied that there is a great decline in some of these branches of activity, but on the other hand there is great growth in others, and we are considering prosperity as a whole and not in its components. The fisheries

and handicrafts have suffered the most, the former indeed principally as a result of the competition of other nations, but the latter because of various inevitable causes which in my opinion leave some reason for hope, but not definite assurances of improvement. First of all, the unending struggle between domestic manufactures and free (foreign) trade and experience has taught everywhere that one expands at the expense of the other. Secondly, the abundance of money and its resulting decline in value have so increased wages of artisans in this country that our countrymen cannot sell their wares in competition with foreigners. In the third place, it must be admitted that the progress of other nations in this field has been greater than ours and that they surpass our workshops in the appearance and variety of styles of their products. It is beyond the purpose of our demonstration to go further into this matter. Let us see how the other branches of economic activity have fared.

Domestic agriculture has undoubtedly grown much larger, and it continues to expand by bringing new lands into cultivation in the provinces north of the rivers and in States Brabant for the production of grain, buckwheat, and timber; by the diking of thousands of acres in States Flanders which were flooded during the Spanish War and remained under water long after peace was made; and finally by the reclamation of polders [low-lying land] from the sea in Flanders and Zeeland, and by drainage in Holland. The treasures which have been won by these dikings, especially in Zeeland, would exceed our dreams if we could make an accurate count of them. Foreign agriculture has grown even more vigorously in the new colonies acquired or established since the Peace of Munster; their produce—sugar, coffee, cocoa, tobacco, cotton—are new crops which did not previously grow on any part of the soil of this country.

Let us now turn our attention to commerce. Here too we recognize that some branches of trade have declined, for it would be absurd to claim that all have prospered equally. The nature of the business is opposed to it. The question, however, is whether these losses are not greatly compensated by the establishment of new branches of trade and by the growth of others.

1. The West Indian colonies require a mass of necessities in which there was formerly no trade.
2. They send back annually about 200 ships laden with crops, not one of which used to be carried.
3. The trade in tobacco, which this present war [the Anglo-Dutch War of 1780-1784] has

caused to settle so strongly in Amsterdam, is a wholly new and important branch of commerce, and it extends to all Europe.

4. Coffee and tea have also become new articles of commerce.
5. Increased wealth in Europe and the colonies has brought into trade hundreds of commodities our ancestors never thought of.
6. The mass of gold slowly accumulated in the Republic has created a new commodity which, although it is not material, nonetheless gives employment to a very large number of people; I mean trade in shares and other credit instruments drawn upon this land, the colonies, foreign powers, etc.
7. Add to this the business of monetary exchange, which similarly is a result of the abundance of money.

If anyone still doubts whether the prosperity of the country has gone forward or backward in a good hundred years, let him explain the origin of the immense treasures which the Republic now possesses in larger quantities than at the time of the Peace of Munster. I calculate these treasures at 1,000 million guilders. This is the basis of my calculation:

England, which had no debts a hundred years ago, now owes about £200 million sterling; of this, the Republic has at least £30 million but because this capital is not all paid in, I put it at only 280 million guilders.

The Republic has in France somewhat over rather than under 50 million livres, [or] 25 million guilders.

Spain, the German princes, Denmark, Sweden, Russia, 30 million guilders.

Transactions with colonies, our own and foreign, 140 million guilders.

Bonds issued by the provinces, cities, admiralties and other corporations in the Republic (not including shares in the East and West India Companies), issued more than a hundred years ago, about 425 million guilders.

N. B. In 1648 Holland a bonded debt of only about 120 millions.

In the exchange business and credit to foreign merchants; little has been known until now and it can be determined only very approximately, but certainly it is not set too high a figure if calculated at 50 million guilders.

Total: 950 million guilders.

Add to this the increased display of worked gold, silver, and jewelry, the much greater mass of idle money (proof of this is that the interest rate, which was still six and one-quarter percent shortly before the Peace of Munster and was reduced to four percent seven years after the Peace, is now two and one-half percent as a result of the abundance of money), and we shall not be far off if we set the increase of capital in the Republic at 1,000 millions. Let us now take this thousand million to be only 900 million, with an average interest rate of three percent; then the inhabitants of the Republic have an annual income from this accumulated capital of twenty-seven million guilders. Can we not believe that such great earnings outweigh the loss of some branches of commerce, and that a land where such profits are made does not have good reason to complain about general decline? It is obvious that I do not wish to consider these securities as real property; I want to point out that they are paid for with money and that before these immense sums can be spent, they must first be earned.

It is this that I consider to be the intrinsic strength and prosperity of the Republic in comparison with its situation when it was at its recognized height of prosperity.

How long this prosperity will last is hidden in the decisions of Providence. Events loom in the distance whose consequences no one can foresee. Will the new Republic of the Thirteen States of North America bring as much profit to our commerce and manufactures as many persons hope? Or will it steal from us the trade in Baltic goods to southern Europe which also grow in North America? Shall we then be compelled to pay a negative balance in our trade to both northern and southern Europe? Will the Republic [of the United Provinces] after the simulated sale of its ships during this war, ever recover the same extensive trade it had under its own flag? And will not other states take measures to make it difficult to re-establish this shipping? And even if this doesn't happen, haven't foreigners learned more than enough of the fine points of commerce to be able to conduct it now by themselves? Won't the Baltic powers, which now have erected a bridge for the protection of their shipping [the League of Armed Neutrality, agreed to in 1780 by Russia, Denmark, Sweden, and Prussia} build their own merchant fleet and protect them? The answer to these and similar questions must come from time, which solves all political riddles.

Let us now consider the strength of the republic from the side of government, which also has to play its part. In this respect we must make our comparison not with the strength of the former prosperous time but with the exigencies of the present time; we must investigate whether the domestic strength and prosperity of the Republic, which on the whole remains the same as they have always been, now provide sufficient resources to support it against the might of other powers which are possible enemies. This is a question which is very difficult to answer. If the efforts of powers in wartime were all proportional to their intrinsic strength and income, then a parallel could be drawn. If we know, for example, that France has an income of 200 millions, the Emperor 100 million, and the Republic not quite 40 millions, then we can easily establish the situation of our commonwealth relative to these powers. But the forces of almost all the powers of Europe are extended far beyond their real resources. Some have arrived at a situation for which the only cure is a violent revolution in their finances. The Republic cannot and may not measure itself against such states. It must also be observed that if we ask whether a state possesses the strength to defend itself against its enemies, we do not assume that this defense must be conducted alone and by its own resources; neither the strength nor the numbers of aggressors can be defined in advance and hence the necessary forces of resistance cannot be either.

There have been writers who maintain that the Republic can defend itself against any foreign attack without alliances or the help of friends, thanks to its local situation and strength. They add specious arguments which can be confuted by investigation, however, and were in fact refuted by the Council of State in the general military budget for the year 1724. In this regard the Republic stands in the same position that other states do; if an attack is greater than can be resisted by one's own strength, one must seek the help of friends. When danger is at the door, however, such friendship and alliance cannot always be found as quickly as they are needed. Who should be the natural allies of the Republic is another question which is better answered by particular circumstances than by deductive reasoning. Our forefathers joined in the closest alliance with France in order to humble the House of Austria [Habsburg] and when this aim had been achieved, they concluded the Peace of Miinster which had as one of its political purposes to throw off the bonds of French influence. Afterwards the state joined with England to oppose

the ambition of Louis XIV, and since then England has been considered as our natural ally. Now the "system" has been reversed once more: England passes for our hereditary foe and France for our natural friend. The way people think about the constitution of the form of government in the Republic contributes not a little to such changes of "system."

Let us return to the question we posed. To answer it honestly, we must say that the Republic has fallen far below the situation which it used to have relative to other powers, and that all the prosperity and strength of the inhabitants, even if wisely employed, can no longer provide it with the resources which it formerly derived from them.