Maarten Prak and Jan Luiten van Zanden. ***Pioneers of Capitalism: The Netherlands 1000-1800*****. Princeton, NJ & Oxford, UK: Princeton University Press, 2023. v-261 pages. Hardcover, $39.95.**

Pioneers of Capitalism details the economic development of the Netherlands over an 800-year period, reaching a climax in its seventeenth-century Golden Age. The narrative set its starting point as 1000 AD, at a time when the northern reaches of the Low Countries consisted of some small fishing villages and half-submerged peasant holdings. The authors' time frame under consideration ends in 1800, a time when capitalism had not even become a buzzword in political economy discourse. Prak and van Zanden, two economic historians, explain why the Netherlands is the birthplace of modern capitalism. To this end, the authors raised several salient questions in their research, including the following: First, the "how" and "why" of the emergence of capitalist market economy. Second, why was the Netherlands—a fairly marginal region of Western Europe until 1300— a pioneer of the market economy and capitalism? Third, what role did feudalism play as a social structure preceding this emergence? Fourth, what role did slavery play in the emergence of Dutch capitalism? Lastly, where did capitalism come from, and did it change Dutch society?

Prak and van Zanden challenge three conventional arguments for why this happened: the Marxist view of land enclosure system and exploitation, as happened in England; the claim that the Dutch were free of feudalism; and the notion that liberal semi-democracy is better for growth than autocracy. They find all of these factors inadequate. Instead, they look at the origins of Dutch economic development, starting with its feudal institutions during the late Middle Ages. They include cooperative institutions like guilds and urban associations, as well as the empowerment of independent cities in the region's governance structure. These institutions were ultimately protected by the Dutch revolt (1568-1648) against the supreme military might of the Spanish empire of Philip II. While there was tremendous political instability during the revolt, the Dutch economy emerged as the most important for world trade. In this regard, the Dutch East India Company (*Verrenigde Oostindische Compagnie*, or VOC) was chartered in 1602 by the City of Amsterdam to take control of the spice trade in the Far East and South Pacific from the Portuguese and Arabs. In 1621, the Dutch West India Company (WIC) was chartered for commerce in the Caribbean and the Americas. By the seventeenth century, as Prak and van Zanden note, Dutch merchants already had over 150 years' experience in international trade. It mentions that the revolt negated absolutist rule and allowed the Dutch to preserve, compared to other European countries, a relatively open society in which cities were autonomous and ruled by local merchant elites.

Further, Prak and van Zanden argue that the Dutch economy has not only been growing since the mid-fourteenth century, but also that the Netherlands was an early adopter of the principles of the market economy, based on the development of capital, land, and labor markets. The market economy was not confined to urban centers but also permeated the Dutch countryside. In addition, the Netherlands was the leading economy in the world, especially during the seventeenth century. Adam Smith, credited as the father of capitalism, reportedly described Holland as the most urbanized and developed economy in the eighteenth century. The authors assert that the Dutch Republic played a leading role on the world stage in the late sixteenth and seventeenth centuries. Ecological crises that damaged the ability of the Netherlands to feed its own population, forced the Dutch to engage in foreign trade to acquire the grain it needed. They had to industrialize to pay for imported grain. The Dutch were found in every corner of the globe, and they accumulated enormous wealth, making Holland the most prosperous country in the world during the seventeenth century.

By the mid-1300s, Prak and van Zanden noted that land in the Netherlands had become a highly commercialized commodity. The shock of the Black Death that devastated most European populations, including the Netherlands and decline of arable land due to subsidence of reclaimed peat bogs energized market-driven adjustment processes. For example, the capital market, given the standards of the time, and despite the Church's reservations about charging interest, was well developed and quite accessible even to small savers and women. What is more, by the early 1500s, more than half of the work done in the fishing sector, the merchant fleet, textiles, peat digging, and water management and the canal system were performed by wage laborers. Certainly, the growth of the labor sector is another indicator of the prevalence of the market economy. Prak and van Zanden identify four major innovations that also played a role in the transition to a new phase of capitalism in the Netherlands: the Wisselbank, the Dutch East India Company, overseas expansion, and use of slave labor. The emergence of Wisselbank and, later, Amsterdam Credit Bank (*Bank van Lening*) signaled the arrival of financial capitalism that crystallized in the early 1600s in the Netherlands. Both VOC and WIC were mega business enterprises that possessed unprecedented capacity for profit making and employed tens of thousands of people.

So, what was the role of civil society in Dutch capitalism? As the authors put it, "Capitalism and state formation were in many ways two sides of the same coin during the seventeenth century. The Dutch Republic supported overseas trade with money, arms, and privileges" (pp. 168). In effect, the Dutch Republic removed obstacles and made room for private enterprise to thrive. The civil authorities initiated policies that they hoped would benefit their citizens. Capitalists though reportedly benefited more from those policies than workers or the middle class. Conversely, capitalists sorted out funding and other problems for the state's armed forces. Thus, the market economy and instituted civil structures cooperated and competed with one another in producing an economically open society. Put differently, capitalism and civil society complemented each other. However, the economic center of gravity in northwestern Europe later shifted from Holland to England, home of the first Industrial Revolution in the eighteenth century.

Regarding the role of slavery in propagating capitalism, the Dutch played both hands. They discouraged slavery at home but tolerated it in its overseas colonies—Indonesia, Surinam (Dutch Guyana), and New Amsterdam (New York). *Pioneers of Capitalism* is a well-researched economic history. It led to rest the imagined make-believe in some quarters that modern capitalism emerged from England, following the Industrial Revolution there. Maarten Prak and Jan Luiten van Zanden deserve credit for this outstanding exposition.

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