

Cities of Commerce: an Introduction to the Articles

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The Princeton Economic History of the Western World seems to have a patent on important, agenda-setting monographs. Oscar Gelderblom's *Cities of Commerce: The Institutional Foundations of International Trade in the Low Countries, 1250-1650* surely fits this description and earns its inclusion in this important series. *Cities of Commerce* argues that institutional change was fuelled by urban rivalry; cities competed with each other and as a result adapted commercial, legal and financial institutions to suit the needs of merchants. The book draws on the experiences of three successive commercial success stories: Bruges, Antwerp and Amsterdam from the fourteenth until the seventeenth centuries. These cities managed to attract large groups of foreign and native merchants through the creation of open-access institutions allowing all merchants to trade in these cities.

The book is noteworthy in four aspects. Firstly, it synthesizes two social science traditions dealing with the history of long-distance trade prior to the Industrial Revolution: New Institutional Economics and economic history. Scholars in the New Institutional Economics tradition following Douglass North and Avner Greif have singled out those institutions that are thought to have mattered for the spectacular development of trade since the medieval Commercial Revolution, isolated them and verified both their theoretical and practical benefits and constraints. They have done so primarily by means of modelling and game theory in order to identify the key features of these institutions. Economic historians, on the other hand, have pointed out the plethora of institutions that merchants in the past have used. Historians have produced detailed, qualitative descriptions of how and when merchants used particular institutions. Gelderblom combines the strengths of both traditions: analytical precision and historical contextualization.

Secondly, the call for comparative history is often repeated but rarely heeded. Yet, *Cities of Commerce* takes up the glove and presents us with a thorough comparative analysis of the institutional structure of three successive commercial successes, Bruges, Antwerp and Amsterdam. Thirdly, the central plot of the book, urban competition fuelling institutional change, is an important addition to the debate on what made commerce possible in a fragmented, insecure and at times violent premodern Europe. The agency of urban governments can now be seriously taken into account and evaluated next to the role of the central state, the law and courts system, merchant networks and private order mechanisms that have received so much attention in the literature. Finally, the book brings together a large collection of the literature on trade in the Low Countries, written in many languages, opening up this literature to a wide, English-speaking audience.

This is not the place to summarize the key points of the book; we leave that to the author in his rejoinder to the comments of the discussants and reviewers. This 'dossier' on *Cities of Commerce* is the direct result of a workshop organized on 28 January 2014 by the Centre for Urban History at the University of Antwerp, and the Economy and Society of the Low Countries Program of the N.W. Posthumus Institute. For that occasion four very different scholars were invited to critically discuss *Cities of Commerce* and to formulate new avenues of research opened up by the monograph. We invited an expert on early modern south German bankers and bankruptcies; two medievalists well-versed in the issues of state formation, urban politics and foreign merchants with a passion for medieval Bruges; a historian of migration and a strong supporter of comparative history; and a French economic historian of the eighteenth century who is not afraid of numbers and economic modelling. Since the workshop, the four discussants have expanded upon their contributions, which have resulted in the reviews that follow this introduction. Each review strikes different chords and offers insights in, and critiques of, *Cities of Commerce*.

Medieval historians Jan Dumolyn and Bart Lambert welcome *Cities of Commerce's* emphasis on the role of urban governments, but wonder whether this fully explains the institutional dynamics of commercial exchange in the Low Countries – and they focus in particular on the city of Bruges. Their comments address the relative impact of urban and princely institutions on commercial exchange. On the one hand, they show that Bruges merchants did go to princely courts and that the counts of Flanders still had a say in the organization of trade (for example, through the granting of privileges to foreign nations). On the other hand, urban autonomy

and agency was limited to a considerably degree. Next, Thomas Max Safley tackles *Cities of Commerce*' insistence on institutions by reflecting upon the role they have come to play in economic history. Safley formulates his comments in a series of questions: who creates or manipulates economic institutions?; why are institutions created?; how effective were economic institutions? Do they actually create well-functioning markets?; and the big one: do economic institutions determine economic development? An important point raised in Safley's discussion of the arguments of *Cities of Commerce* concerns opportunism among merchants and whether it was truly constrained by institutions or rather a constitutive part of the world of trade; merchants constantly sought to evade institutions and by doing so, formed economic institutions. Safley interlaces his narrative with examples from European cities other than the Low Countries trio dealt with in *Cities of Commerce*, and from the experiences, interests and strategies of south German merchants.

Precisely this call for comparative history is the core of the review by Leo Lucassen. This review explicitly compares the ideas contained in *Cities of Commerce* with the experience of other European and non-European regions. Lucassen wonders whether the urban competition as a motor of institutional change observed in the Low Countries was present in other regions and other periods as well and what the effect of an open-access city of commerce would have been on its surroundings. Can one talk about open-access when large segments of society were excluded from markets and politics? Lucassen also doubts whether merchants were truly footloose, a proposition that is key to many of *Cities of Commerce*'s assertions: merchants could vote with their feet and hence influenced cities to adopt more open institutions. The final essay by Guillaume Daudin expresses an equal fascination for the possibilities which urban competition – the core idea of *Cities of Commerce* – offers for further generalization. This review starts with a series of small questions that raise bigger issues, for example about footlooseness and the choices and strategies of urban governments and princes concerning institutions underpinning commerce, and it reinterprets some of the numbers provided in Gelderblom's work. Daudin subsequently compares the Low Countries with the Italian peninsula and Britain. After that, he seeks to econometrically test the hypothesis of *Cities of Commerce* – institutions affect growth – following up on the contested Acemoglu, Johnson & Robinson paper on Atlantic trade.¹

1 D. Acemoglu, S. Johnson, and J. Robinson, 'The Rise of Europe: Atlantic Trade, Institutional Change, and Economic Growth', *The American Economic Review*, 95:3 (2005) 546-579.

Cities of Commerce is certainly a provocative book and the audience present at the workshop did not withhold questions on themes that were not – or not entirely – raised by the discussants. There were, for example, remarks on the need for more political and social variation when discussing urban magistracies and the heterogeneous mercantile community, including native and foreign merchants, as well as small and big fish, as well as on issues of temporality (don't we have to take into account the life-cycle of institutions, many of which were already present since urban communities started to form and which were not specifically intended to cater the needs of foreign merchants?). It was also remarked that the interpretation presented in *Cities of Commerce* might contain traces of a somewhat Whiggish narrative of economic modernisation, culminating into the mature and open market of Amsterdam. Others have wondered if Bruges, Antwerp, and Amsterdam were truly competitors of one another, rather than successors, and if the towns truly involved in 'urban competition' with them (the Zwin ports, the ports of Zeeland, or nearby parts of Germany such as Emden or Hamburg) are not too absent from the book?² The many questions sparked by the reading of *Cities of Commerce* is perhaps the best testimony to the rich contribution that it already appears to be to the economic historiography of the Low Countries.

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² See also the review by Paul M. Hohenberg on this issue: http://eh.net/book_reviews/cities-of-commerce-the-institutional-foundations-of-international-trade-in-the-low-countries-1250-1650/

be published in June 2015 by Pickering & Chatto as *Merchants and Trading in the Sixteenth Century: The Golden Age of Antwerp*. He is currently conducting research into 15th- and 16th-century lotteries as a component of the financial market.

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