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The Netherlands and the Polder Model: Questioning the Polder Model Concept

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Prak and Van Zanden's book *Nederland en het poldermodel* offers a succinct and vigorous account of a millennium of Dutch political economy by organising its development around the concept of the 'polder model'. This assessment finds much to admire in the book, but subjects the polder model concept to critical questioning, among which: Does the polder model foster economic growth or does it simply require a rich society in order to function? Is the polder model specifically Dutch or broadly European? Is its modern form truly a linear descendant of the corporate bodies of earlier times? Is it really a 'nursery of democracy' or simply a 'hothouse of rent seeking'? As an historical concept the polder model is a more elusive term than appears at first sight.

Nederland en het poldermodel

Het boek *Nederland en het poldermodel* van Prak en Van Zanden biedt een beknopt doch krachtig overzicht van maar liefst een millennium Nederlandse volkshuishoudkunde, door de ontwikkeling daarvan te beschrijven aan de hand van het begrip 'poldermodel'. Er staat veel bewonderenswaardigs in het boek, maar dit stuk richt zich op een aantal kritische vragen: bevordert het poldermodel de economische groei of is dat afhankelijk van een hoog welvaartsniveau? Is het poldermodel iets specifiek Nederlands of een variant op een breed Europees verschijnsel? Is het poldermodel in moderne gedaante echt een lineaire afstammeling van de corporatieve instellingen van vroegere tijden? Functioneert het poldermodel als een 'leerschool voor de democratie' of als een 'broeikas van kartelvorming'? Het poldermodel als historisch begrip lijkt uiteindelijk bijna ongrijpbaar te zijn.

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The book *Nederland en het poldermodel* [The Netherlands and the Polder Model] by Maarten Prak and Jan Luiten van Zanden covers a lot of ground.[1] In a brief compass, its authors offer the reader an account of the broad lines of Dutch economic development, of the evolution of its political institutions, and of the interaction between economics and politics over the past millennium. This can only be achieved by adopting a particular point of view and sticking to it rigorously. A distinctive theoretical perspective that is rigorous and illuminating to one reader might seem obsessive and sadly distorting to another. The lever by which Maarten Prak and Jan Luiten van Zanden propose to lift the whole history of Dutch political economy and expose the main lines of its development is the 'polder model'. This is a term that has come into fashion among the commentariat in the past two decades to describe a distinctively Dutch style of policy making in the social and economic sphere: consultation-intensive and consensus-seeking. It is exemplified by the 'Wassenaar Accord' of 1982, which established a grand bargain among trade unions, employer associations and a new coalition government to conduct a coordinated policy of economic renewal that required concessions by all parties and trust that each would (and could) honour its part of the accord.

This polder model did not emerge *de novo* onto the political scene in 1982; it had an obvious antecedent in the corporatist organisation of Dutch economic life constructed at the end of World War II. Then, too, labour, capital and the state – the social partners – were embedded in comprehensive planning and consultative bodies that guided post-war reconstruction, industrialisation, agricultural rationalisation and economic development generally for the next thirty years.[2] The Wassenaar Accord was an effort to revive that policy tradition, which had run aground in the difficult economic environment of the 1970s, and to adapt it to the pressing need for flexibility and restructuring in a new international economic setting.

As historians, Prak and Van Zanden recognize that the polder model refers to practices and institutions that stretch back farther than 1982, but also much farther than 1945. Their claim – and it is the premise that organises their interpretation of the whole of Dutch economic history and the long-term development of Dutch political institutions – is that the modern polder model is only the latest manifestation of a much older societal form. This is

1 Maarten Prak and Jan Luiten van Zanden, *Nederland en het poldermodel. De economische en sociale geschiedenis van Nederland, 1000-2000* (Amsterdam 2013).

2 The authors discuss the neo-corporatist institutions that implemented the post war guided wage policy as something specifically Dutch, but the bargain it represented – wage moderation by labour in return for increased investment by firms and expanded social security by the state – was attempted in many countries, underwritten in part by Marshall Plan financing. It worked better in some countries than others. See Barry Eichengreen, *The European Economy since 1945: Co-ordinated Capitalism and Beyond* (Princeton 2007) 31-47, 90-129.

characterised by organised and autonomous social groups that are embedded in political structures that recognise – even depend upon – the legitimacy of these particularistic institutions and provide a political space for negotiation and compromise between sovereign authority and subsidiary institutions. How much older? A thousand years older – it goes back to the very origins of a recognisably 'Dutch' polity. More correctly, it defines a recognisably 'Dutch' polity.

The authors' claim that the practices of broad consultation and the capacity to achieve compromise among a multitude of organised bodies (such as rural open-field communities, polder boards, merchant and craft guilds, endowed charitable institutions, investment partnerships, town militias, town governments and provincial estates) emerged during the Middle Ages and established an 'open-access' institutional framework that endured for many centuries. They are at pains to note that such inclusive institutions and the consultative practices they encouraged were not strictly a Dutch invention, but they do claim that 'they were applied more consistently in the Low Countries and above all in the Northern Netherlands than in many [any?, JdV] other regions of medieval and early modern Europe' (17).

They attribute this uniquely intensive development of autonomous, interest-based corporate bodies to the physical and political environment of Holland in the eleventh to thirteenth centuries. Politically, Holland stood at the boundary of classical feudal institutions spreading from the Carolingian heartlands to the south, and of the individualist, small-scale, proto-democratic polities of local clans defending the realm of the 'Frisian freedom' to the north. In much of this transitional region, manorialism and serfdom were but weakly rooted. However, outside the Frisian lands themselves, feudal lords – especially the counts of Holland and the bishops of Utrecht – functioned as institutional 'dealmakers' in this uniquely free environment, as revealed by the drainage and settlement of the vast peat bogs, the chartering of town and the protection of infrastructural investments for navigation and drainage. Thus the region was neither too feudal (with labour immobilised on manors) nor too free (with insufficiently large concentrations of resources); it was an ideal environment for the proliferation of subsidiary institutions, self-financing, self-governing, and capable of negotiation with other such entities to solve common problems.[3] By Prak and Van Zanden's account the later medieval history of the region, the Revolt, and Republic that followed from it all rested on this institutional template. The Batavian Revolution was truly revolutionary, in their estimation, for it destroyed and discarded this

3 The authors draw inspiration here from the very original essay of B.H. Slicher van Bath, *Boerenvrijheid* (Groningen 1948), republished in *Economisch-Historische Herdrukken* (The Hague 1964). See also: Jan de Vries, 'On the Modernity of the Dutch Republic', *Journal of Economic History* 33 (1973) 191-202.

legacy. During the centralising era of Batavian and French rule 'the entire civil society of the Republic was destroyed' (208). The autocratic aspirations of King William I confirmed the finality of this act of demolition, and the constitution of 1848 only replaced autocratic centralisation with a liberal centralisation in which there was no room for subsidiary institutions.

Yet, somehow, beginning in the 1870s and continuing throughout the 'long twentieth century', the Dutch equipped themselves with a new civil society (a *maatschappelijk middenveld*) of interest-based, self-governed organisations. What is more, the state gradually accommodated this proliferation of subsidiary organisations and interest groups by developing institutions to incorporate them into the democratic decision-making processes. Thus, in the twentieth century, finally, the promise that 'the old times will return' appears to have come true; the Dutch could once again gather and discuss, debate and compromise, cultivate particularistic identities and particular interests – all under a big tent of institutions managed by a *spelverdeler* state.

Nederland en het poldermodel tells the story of a distinctive Dutch political economic tradition that stretches in two great cycles over a millennium. The argument is crisp; the historical narrative supporting it is cogent; and, if I may say so, the message to its Dutch audience is pleasingly self-congratulatory: they and their ancestors have (usually) been doing things right, and have (usually) been rewarded for this with reasonable government and relative prosperity. 'Keep it up!' one can almost hear the authors saying, 'hold fast to this honourable tradition, and all will be well'. Indeed, they recommend the Netherlands as a *gidsland* ('guide country') – or, as a nation with a *gidsgeschiedenis* – to the European Union, which would do well to study Dutch history as exemplary for Europe's current challenges.[4]

There is a great deal in this book's argumentation with which I firmly agree, and I very much admire the vigour and boldness with which they make their claims. Clearly, this is a book intended for a broad reading public and it succeeds both in making its historical material readable and in giving it a contemporary resonance. However I will devote the remainder of this essay not to the praise of its virtues, substantial though they are, but to a further exploration of several important aspects of the polder model that, to my tastes, the authors do not develop sufficiently or that are given a more benign interpretation that they deserve.

4 For an insightful discussion of the role of historical example and analogy in policymaking, see: Barry Eichengreen, 'Economic History and Economic Policy', *Journal of Economic History* 72 (2012) 289-307.

This term is important to Park and Van Zanden's account of how the polder model, in its broadest, most general sense, could be preserved for so long, and how it was 'restored' in the past century. How might one translate this term? A *spelverdeler* is not simply a referee (*scheidsrechter*), who arbitrates between the parties in a game or dispute. The *spelverdeler* plays an active part in the game, as, say, a market maker at a stock exchange, or the house dealer at the blackjack tables of a casino. Yet the *spelverdeler* is not the overwhelmingly dominant player at the stock exchange or casino, since this would remove any incentive for others to participate. This leads us to the conclusion that a *spelverdeler* state is one that is neither too strong, nor too weak, but exercises powers that suffice – just suffice – to lubricate the processes of interest group negotiation and decision-making. I wish the authors had pursued this matter further than they did since it raises the critical matter of the long-term viability of the polder model.

If this polder model has characterised the Netherlands for most of the past millennium one might be tempted to attribute it to the Dutch character, or *volksaard*. The authors were quick to disavow any such claim (14) of course, but they might have invoked a more respectable social scientific term: path dependence. One could then argue that a set of institutions and practices, once established in the particular local circumstances of the Middle Ages, created a 'local equilibrium' that reinforced and perpetuated itself, even in the face of superior alternatives. Prak and Van Zanden make no such claim, correctly in my view. Rather they insist that the polder model was and remains highly vulnerable to the political and economic environment; it needed to be re-created or adjusted repeatedly, as external conditions changed. According to the authors, a flourishing civil society can survive only when several conditions are present, including an avoidance of extreme wealth inequalities, the maintenance of institutional arrangements to allow consultation and coordination among the numerous interest groups, and the maintenance of balance between the subsidiary institutions and the 'deal making' sovereign power (the *spelverdeler*). The latter needs to be capable of action, or credibly to threaten action, when particularistic interests are unable or unwilling to come to an agreement (15-16).[5]

5 This is another way of identifying the issue addressed by Charles Tilly. A durable nation state needs to combine coercion (the sovereign monopoly of violence) and capital (to support this monopoly and protect property). The viability of competing polities was determined not only by the abundance, but also by the relative balance of capital and coercion, and the institutions that supported each. *Coercion, Capital and European States, AD 990-1990* (Oxford 1990).

In much of Europe the autonomy of cities and the privileges of estates were diminished and often extinguished altogether by the growth of sovereign power. This is of course, a familiar theme of European history – the rise of the nation state, centralised power, rationalisation, and the suppression of privileged, corporate bodies. The Republic, famously, was a great exception to this larger historical process, and historians have expended much effort on identifying the sources of this exceptionalism. Prak and Van Zanden have their list as well but they are just as interested in the ultimate failure of the Republic. In their view, it failed to maintain a durable sovereign authority, or *spelverdeler*.

It is customary to frame this problem around the ambiguous role of the stadtholder in the Republican 'constitution': but the authors have little to say about this, assuming throughout that the Republic's centre of action was Holland. Once this province (which, of course, had its own diverse internal interests) was unable or unwilling to make credible threats and act in the absence of a broader consensus, the Republican version of the polder model was doomed. What Prak and Van Zanden appear to be arguing is that a polder model is vulnerable not only to conflicts for which no amount of discussion will lead to consensus but also to 'free riders'. A central authority must be able to act when there is no compromise (which undermines the polder model) and/or to absorb the costs of action when timely cooperation is lacking (which undermines the central authority).

The authors observe that the medieval-early modern polder model functioned much better under conditions of economic growth than in periods of stagnation or decline (163). The need to continually renew the understandings that allow interest groups to cooperate with each other brings costs with it that require the *spelverdeler* to function as a 'bankroller of last resort'. If this is so, then the polder model is not a superior institutional arrangement that *fosters* economic growth, but a costly institutional arrangement that *requires* a rich society for its maintenance. Did the polder model make the Netherlands prosperous, or did a prosperous region have the means to preserve (self indulgently?) sub-optimal institutions?

Was the polder model a general European achievement, a special characteristic of the Low Countries, or something 'typically Dutch' (i.e., particular to the Northern Netherlands)?

Prak and Van Zanden do not deny of course, that the Netherlands shared with most of Europe many of the autonomous institutions of the medieval era. If the polders and water boards were typically Dutch, the chartered cities, guilds, militias and other corporate bodies were not. Indeed, a substantial literature, both historical and theoretical, argues that medieval corporate institutions set

western and central Europe *as a whole* on a distinctive path, relative to the rest of Eurasia.[6]

This historical interpretation was given a theoretical validation by Max Weber over a century ago and more recently, the New Institutional Economics has returned to it. Avner Greif for example, argues this point on the basis of game-theoretic analyses of the private-order institutions developed by Europe's medieval traders. Their individualist cultural beliefs made kin-based organisation relatively weak and the fragility and fragmentation of state power in the post-Carolingian era directed their efforts toward the establishment, in Greif's words, of

> Interest-based, self-governed, non kin-based economic and political corporations. [...] This historical heritage implied that gains from cooperation could not be achieved by relying on institutions that were based on either kin-based organization or the state.

This in turn, led to the development of private-order practices and norms that legitimated self-governance and to the development of Europe's distinctive corporate institutions. To Greif this medieval institutional achievement did possess an element of 'path dependence', since 'this particular societal organization has been behind the behavior and outcomes that led to European-specific economic and political outcomes'.[7]

Is the polder model simply a specific Dutch variant of a larger European tradition, or was it the strongest, and now the last surviving, example of what had been a more broadly shared European institutional legacy? Prak and Van Zanden appear to favour the latter interpretation. The institutions Greif describes, they argue, were most intensely rooted in a 'corporative' zone stretching from the Low Countries via the Rhineland and Switzerland to Northern Italy – the late, lamented, Kingdom of Lothar (843-870). This zone, squeezed between the emerging power centres of the East and the West Franks, was – and remains – where territorial power was most fragmented and, not coincidentally, where cities, including city-states, were most numerous. This is all reasonable as far as it goes. The Low Countries were more urbanised than any other large region of Europe and, as noted above, the specific settlement history of Holland strongly fostered corporative institutions: but the focus of this book on the history of the Northern Netherlands necessarily left the authors no room to present a comparative study of the fate of this institutional legacy elsewhere in Europe.

6 For a comprehensive assertion of this position, see: Michael Mitterauer, *Warum Europa? Mittelalterliche Grundlagen eines Sonderwegs* (München 2004).

7 Avner Greif, *Institutions and the Path of the Modern Economy: Lessons from Medieval Trade* (Cambridge 2006) 26.

This absence is of particular importance to the plausibility of their argument about the uniqueness of the polder model in the twentieth century. The term implies something specifically Dutch (polder), but it is closely allied to a cluster of closely related terms – Rhineland capitalism, coordinated capitalism, *organizierte Kapitalismus*, neo-corporatism, the 'third way' and, most generally, what sociologists, following Karl Polanyi, call an 'embedded' economic order.[8] All of these terms refer to some form of moderation of individualistic market economy (liberalism, or, in popular parlance, Anglo-Saxon capitalism) via intermediate institutions that are organised and coordinated by the state, but that are not wholly controlled by the state.

An investigation of the relationship of the polder model to its larger European context can reasonably be deferred to another, most specialised study. However, the marginal importance attributed to the Southern Netherlands in this account surely calls for a robust defence. I have frequently availed myself of the English term 'Dutch' in this essay while discussing a period well before the existence of anything one might call the Northern Netherlands. This seemed necessary in order to convey the authors' rigorous focus on an institutional development they believe to be unique to the north. Theirs is a history that anticipates the emergence of the Republic five hundred years before the fact and that finds little of interest in the political economy of Flanders, Brabant and the Burgundian-Habsburg state. This deserves a more extended discussion than they provide. Were the guilds, militias, cities and provinces of the south significantly different in their capacity for consultation and consensus-forming than those of the north? Was their development cut short by the outcome of the Revolt?[9]

8 On organised capitalism as it developed in post-war Europe see: Andrew Schofield, *Modern Capitalism* (Oxford 1965); on 'third way politics' see: Anthony Giddens, *Beyond Left and Right: The Future of Radical Politics* (Cambridge 1998). Neo-corporatism is often associated with Roman Catholic social doctrines as adumbrated in *Rerum Novarum* of 1891. Its later association with the Fascist regimes of the Mediterranean region did not prevent it from influencing Christian democratic politics elsewhere in Europe. Karl Polayni introduced the notion of 'embeddedness' in his influential *The Great Transformation* (Boston 1944). He supposes that the nineteenth-century market economy was historically unprecedented in becoming dis-embedded from society. Economic sociologists use the term in this general sense. The polder model, presumably, is an example of re-embedding the market economy in society.

9 The authors indulge in a bit of counterfactual speculation (100) to suggest that, had the Revolt failed, the economic achievements of the united region, focused on Antwerp, might have been even greater than the Amsterdam-focused Golden Age of historical fact. Institutionally, a united Low Countries under strong royal authority would, presumably, have been caught up in the centralising tendencies of monarchical states of the time: but, this was certainly not the fate of the Southern Netherlands, which remained a decentralised polity as long as did the Republic.

Is the medieval-early modern polder model really comparable to the post-1870 polder model?

A central premise of this book is that the institutions of civil society (*maatschappelijk middenveld*) as they developed in the long twentieth century constitute a reestablishment of the corporate institutions of medieval and early modern society. But the organisations themselves are quite different. Beginning in 1798 the guilds and militias were abolished, chartered towns became mere municipalities, sovereign provinces became *departements*, polders and regional water boards became subordinated to a state institution, the *Rijkswaterstaat*. None of these subsidiary institutions, if they survived at all, ever again regained anything like the scope for action that had given them their vital roles under the old Republic and earlier. That role was founded on a financial autonomy that underwrote the principle of governance from the bottom up, from the towns to the provinces to the centre. The Batavian-French regimes could dismantle this ancient edifice with such ease because it was already bankrupt. The capacity to act from below via these institutions had leaked away, and no amount of discussion and debate, at which the Dutch continued to excel, could change that fact.

Prak and Van Zanden describe this institutional incapacity well, and they show some sympathy for the efforts to address the multiple problems of society via centralised government under both the French and King William I. They note further, that Thorbecke's post-1848 liberal regime accepted fully the necessity of centralised government. Liberal government added a role for input from below, of course, but that was to be – true to liberal doctrine – a role for individuals, unmediated by corporate organisations.

Even so, beginning in the 1870s and continuing through the next century, new institutions arose to fashion a civil society that, in time, would challenge the premises of classical liberalism and force the sovereign power to make accommodation for representation by extra-parliamentary bodies: trade unions, employer associations, industrial and trade cartels, farm organisations, and many other special interest groups.

Where did they come from? Did they simply represent the irrepressible urge of the Dutch to associate with each other, to meet and discuss, and to see their group interests ratified by the central state? Prak and Van Zanden do not discuss this in much detail, suggesting only that these organisations answered new needs arising from structural changes arising from an industrialising economy that led to a popular push to democratise the political system along neo-corporate lines (215-216).

This approach certainly helps explain the rise of trade unions, socialist political parties and their social institutions. This was a phenomenon common to all of Europe: but if the civil society constructed in the Netherlands differed from other countries it was, I believe, because of the far-reaching role played by the churches. Prak and Van Zanden refer to the churches only occasionally

in their book. Since it is a book about economics and politics this might seem reasonable, but in the nineteenth century they played a critical role in the redevelopment of civil society. When the revolutionary centralisers swept away the old corporate institutions, they did not touch the churches. On the contrary, by removing restrictions on the Roman Catholic Church they created, perhaps unwittingly, the competitive conditions that fostered the reinvigoration of 'faith-based' organisations of all kinds.

Prak and Van Zanden take note of the fact that the two realms of social life that escaped centralist rationalisation were poor relief and education. Both had been and would long remain the preserve of religious bodies. The authors take note of the fact that until well into the nineteenth century 'the only social organisations that functioned politically were the churches' (208), but they attribute little importance to this since the churches were 'tied to the status quo' and could not be powerful agents of change. Yet, when Abraham Kuyper's *Anti-Revolutionaire Partij* entered the political field, the cry for 'sovereignty in one's own sphere' was a profound rejection of the basic premise of liberal theory. In this view there is no 'common good', individuals must organise to bargain with the state for their principled 'particular good'. This position was far from the liberal status quo, and in interaction with the other organised interests of Dutch society it would lead to the phenomenon of *verzuiling* ('pillarisation') that shaped civil society through most of the twentieth century. So the question remains, does the modern polder model find its origins in this specifically Dutch practice of social organisation in competitive groupings, or is it best understood as resting on practices that date back to the early history of settlement and town formation?

Is the polder model really such a wonderful thing?

The Dutch are proud of their polder model (although many were rather embarrassed by the institutions of *verzuiling* from which it sprouted). Peaceful discussion to reach consensus among competing interests is preferable to most alternatives, and the confidence-building, trust-creating processes of repeated rounds of consultation might reasonably be thought to constitute a veritable training school for democracy (*leerschool voor de democratie*). The authors appear to share this general good opinion of corporatist organisation and make only a few critical observations. They note that the polder model is not generally capable of making decisive reforms. Indeed, the Dutch verb *polderen* may have caught on because of its similarity to *ploeteren* – to plod along. In addition, they note that it appears to need a growing economy in order to function properly. The 'deal-making' state must have the resources to force consensus, and this is unlikely in a stagnant economy. Indeed, they claim that there was no way the eighteenth-century Republic could negotiate itself out of its terminal crisis. Only external shocks – multiple shocks – could accomplish this (163).

They might have gone further in discussing the negative aspects of a society composed of extensive corporatist institutions, both historically and in contemporary society. No one wants to live in a society in which everyone must go 'bowling alone'.[10] Surely it is better that individuals learn to associate with each other, form organisations to pursue their common interests, such as sport leagues, book clubs, lending libraries – the list goes on. But the polder model is concerned with organisations in which individuals band together to advance their common economic and political interests.

The economist Mancur Olson called them 'distributional coalitions', and devoted his career to theorising about how they worked, whom they benefited and how they affected the larger economy and society.[11] When individuals combine in collective action the costs and benefits are such that narrow interests are more easily organised than broad, encompassing ones. The resulting organisations are called distributional coalitions because they are primarily oriented to struggles over the distribution of income and wealth rather than with the production of additional output. They engage in rent-seeking more readily than productive activity. Private interest organisations are hard to form, but once formed they tend to live on, protecting their achieved privileges. Over time society comes to be smothered in the embrace of protected interests, complex understandings, cartels *et cetera* that leads to social sclerosis and economic uncompetitiveness.

Historically, the autonomous corporate bodies of pre-industrial society offer many examples of the sort of problems that Olson took such pleasure in calling to our attention. It must suffice here simply to note that the urban communes, which to Max Weber and Henri Pirenne were sources of a unique and refreshing dynamism within the feudal world, were also distinctive power centres seeking coercive powers with which to subordinate others. Stephan R. (Larry) Epstein argued that the best predictor of high levels of urbanisation in late medieval Europe was not high economic productivity, or high trade volumes, but high levels of coercive power in the hands of cities.[12] Cities used their autonomy not only to nurture commercial and industrial activity, but also to extend jurisdictional control over their hinterlands.[13] The towns' monopoly powers sometimes gave urban investors the security they needed to invest in infrastructure and land improvements that raised regional economic performance, but the price for this was high: forced deliveries to urban markets (*Marktzwang*), forced sale of merchant goods (staple rights) and

10 Robert Putnam, *Bowling Alone: The Collapse and Revival of American Community* (New York 2000).

11 What follows draws on Mancur Olson, *The Logic of Collective Action* (Cambridge, MA 1965); Idem, *The Rise and Decline of Nations: Economic Growth, Stagflation, and Social Rigidities* (New Haven 1982).

12 Stephan R. Epstein, 'Introduction', in: Idem, *Town and Country in Europe, 1300-1800* (Cambridge 2001) 13-14.

13 Tom Scott, *The City-State in Europe, 1000-1600* (Oxford 2012).

other constraints on competitive markets. Similarly, the sworn associations of burghers that defined the civic community might originally have been reasonably inclusive of the towns propertied inhabitants, but they tended, everywhere, toward greater exclusivity; republican rule became oligarchic rule, and the 'public goods' provided by the towns to traders and producers, tended over time to become privatised. They became 'club goods', the prerogative of closed communities of traders and producers.

How can we reconcile these two differing interpretations of a society populated with entrenched organised interests? Or, to put it differently, what determines whether an economy so organised prospers or stagnates? The answer takes us back to question one, above. Prak and Van Zanden correctly emphasise that a decentralised society of corporate bodies does not function effectively by itself. It needs a *spelverdeler* power centre to balance competing interests and check obstructionist behaviour. 'Balance' is all important; it makes the difference between a society of entrenched rent seekers resistant to all reform and a society of shared sacrifice and shared benefit, where interest groups have trust in the bargaining processes that bind them together: but it is an elusive requirement.

If the Netherlands prospered more and longer than other parts of Europe, was it because of its long attachment to the polder model, as the authors seem to suggest, or was it because of its particular success (usually) in extracting the benefits and minimising the negative influences of the polder model? That is, corporatist institutions were not unique to the Netherlands, neither in the Middle Ages or in the recent past. What was unusual, perhaps unique, was the flow of positive outcomes in the Dutch case. For example, Dutch cities, on the whole, did not succeed in imposing their jurisdictional power over rural territories, in part because of the large number of competing towns, in part because of the early assertion of provincial authority. One need look only as far as Flanders to observe a different outcome, where the three large cities achieved an exploitative power over their respective district. On the other hand, the development of 'open access' commercial institutions in Amsterdam owed a great deal to the precedents of Antwerp and Bruges, and the competitive urban system that checked the tendencies toward merchant exclusiveness that tended to prevail elsewhere.[14] Overall, the economic dynamism of cities in the Netherlands was not inherent in their institutions, but the result of a larger process of competition and interaction that draws our attention back to the authors' elusive term – the *spelverdeler* state.

14 Oscar Gelderblom, 'The Resolution of Commercial Conflicts in Bruges, Antwerp, and Amsterdam, 1250-1650', in: Debin Ma and Jan Luiten van Zanden (eds.), *Law and Economic Development: A Historical Perspective* (Stanford 2011) 244-276; Regina Grafe and Oscar Gelderblom, 'The Rise, and Fall of the Merchant Guilds: Re-Thinking the Comparative Study of Commercial Institutions in Premodern Europe', *Journal of Interdisciplinary History* 40 (2010) 477-511.

Jumping forward to the modern age, we can identify the superiority of the Dutch corporatist practice in its tendency to concentrate bargaining at the highest, national level. This mitigates, if it does not altogether remove, the particularistic and rent-seeking tendencies of distributional coalitions, since encompassing organisations (a national federation of trade unions versus a local union of, say, pipe-fitters) have some incentive to pay heed to the macroeconomic consequences of their actions. However, perhaps its greatest strength was the achievement, via a specific historical process that might not be generalisable, of a high level of trust. This was not the trust of individuals in a democratic process, but trust among the elites of the numerous corporatist bodies, organised on sectarian as well as political lines. In other words, Dutch corporatism worked well because it was regental. The *verzuiling* in which that regental trust was embedded has now crumbled away, the regents face the deep suspicion of a populist public, and the relevant decision-making processes must now incorporate European rather than exclusively national influences. One wonders how the polder model will fare in this new environment. ◀

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