The rise of the Netherlands between 1550 and 1650

It is quite tempting to say that the Netherlands was simply in the right place at the right time, but the issue is much more complex than that. It is true however that the country's geographical location and relatively free political atmosphere combined with laws of change leading to the Commercial Revolution were highly important.

Netherlands is located at the heart of Europe and in great proximity to the Atlantic. The country's natural resources are not very rich, but she is quite small. As a result, it seemed a natural action to turn to the service industry. And this is very important. Since not many nations were providing shipping or banking and insurance services at that time, the profits on these sectors were quite high. Agriculture would not have been profitable either in such a small country so the people turned to ship building and the finishing of raw materials. These are also industries that were very profitable at the time.
The Netherlands managed to build the largest commercial fleet of Europe by the 17th century and Amsterdam became the most important financial center in Europe.

The free political atmosphere also played a key role. The Netherlands was made up of smaller provinces each electing a stadtholder. It can be seen that these provinces had great local sovereignty. However, the mostly elected the same stadtholder, usually from the House of Orange, to increase the bond between themselves. Still, the provinces had great control over the central government, which was less powerful here than in other countries. There was also a central legislative assembly, but it didn’t have much power. The government was mostly dominated by rich merchants who were quite successful in advancing their interests.

In contrast with France, for example, the power in the Netherlands lay with the rich upper class and these people were also the members of the merchant class. Thanks to overseas exploration, increasing domestic markets due to population growth starting...
in the 16th century, and increasing productivity, trade greatly expanded in 16th and 17th century Europe. Shipping emerged as a lucrative service industry and, thanks to favorable factors such as geography and politics, the Netherlands almost managed to monopolize this sector of the economy.

Also the low interest rate in Netherlands, which was about 3% in terms of real interest rate, played an important role. It led to the expansion of investment in the entire country and this led directly to the expansion of the economy.

It can be seen that there was no single reason for the ascendency of the Netherlands. Instead, it was an interplay of several factors that eventually led to her emergence as a commercial and financial center. It is still true however, that the Netherlands had the right geography at the right historical time to become great.
During the late 16th and 17th century the Netherlands was known as the leading commercial power in Europe. They obtained most of this power through extremely profitable trade. Even though the Netherlands didn't have a huge supply of natural resources, they got goods from all over the world. Furthermore, they had religious tolerance, a strong bank, fishing industry, ruled by rich aristocrats who believed in hard work.

The Dutch ships traveled all over the world collecting everything anyone could possibly want and bringing it back to their country to sell. This meant that people could travel to the Netherlands instead of traveling long distances to acquire what they wanted, such as material, spices etc. Another wise choice they made was to allow religious tolerance which brought many people from all over the world to the Netherlands ideas and investments. Moreover they had a strong centralized bank (first in Europe) which brought even more people to the Netherlands, which resulted in an even greater wealth for the Netherlands. Fishing was the cornerstone of the Dutch commercial power and wealth. They had the largest amount of ships in the world (around 16,000) making up half of
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Europe's total. The Netherlands also had quite a stable government which their highest position was the stadtholder. But it was mostly run by the rich aristocrats they had more the beliefs of the middle class. The reason for this is the large number of Calunists in the Netherlands who believed that by hard work and dedication it would please God.