

The Seventeenth Century

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This book is not the place to enlarge on the complex economic changes in the seventeenth century. I use this period as an example to make clear that economies rise and fall and do not show a regular or constant upward trend. Do you recognise any similarities with the present time?

The seventeenth century was the Golden Age for Holland (the Netherlands) and England, and the beginning of the end of Spain's world economic power. The conservative Habsburg Spain, or rather the stabilistic Castile, was leading the way politically and economically. Moors and Jews had already been expelled, but their influence continued to be strongly felt, like that of the Genoese and other navigators who penetrated further and further into America's interior looking for loot. STABILISTIC Castile was losing more and more power as a result of its *obstructing Hidden Goals*. The nobility's quest for honour and appreciation destroyed every sense of entrepreneurship. The nobility disdained any kind of economic activity. Religious inviolability was paramount. The Inquisition was the ultimate weapon against everything from outside. The fear of religious contagion was so great that they even enacted a law that forbade the nobility to learn to read, write and do arithmetic. Remember that, with the exception of

theology, Western science was the job of Moors and Jews. The nobility did not have to work, and whoever could not read and write, remained devoid of foreign stain.

Spain was one entity in name only, it consisted of many united small kingdoms. Spain was a kind of small-scale European Community, and formed, with a number of other Habsburg territories in Europe, an even larger bond.

By means of laws and especially import regulations Spain tried to restrain domestic and foreign EXPANSIONISTS and INDEPENDENCY seekers. Unfortunately, Spanish bureaucracy was far too slow to regulate such a great empire, “where the sun never set”.

Spain also had to defend itself against numerous enemies: the Turks, the pirates off the coast, the rebels in the Low Countries (the Netherlands) and elsewhere, even as far as in Mexico. Wars cost money, lots of money, just as the many exploring expeditions. Gold and especially silver were commodities that had been exploited in the newly discovered regions in South America and exported to Europe. Not Spain, but bankers and foreign traders in particular benefited from it. Spain was heavily in debt to all the major bankers of the time, borrowed large sums even from the church. Spain was rich in name only, and was kept on its legs more or less as a kind of multinational enterprise since many international investors benefited from it. Letting Spain go bankrupt would have harmed too many interests or even would have brought ruin.

By the end of the 17th century, Philip II could no longer repay Spain’s debts – incurred on behalf of the wars and stability measures in order to maintain Spanish hegemony – despite huge revenues from the new colonies. By one dash of the pen, he cancelled his debts to the Fugger bank – the Morgan Stanley of its time – that calculated compound interest. (The Grimaldi’s and the Doria’s took advantage of the opening left by Fugger and lent new money to king Philip.)

The vessels roaming the seas were becoming faster and faster, they were the major means of communication of that time. The shipbuilding reached its peak. The best shipbuilders were found in the Low Countries and in

England. Their technical ingenuity was in no way inferior to that in the field of computer science of nowadays. The power of a country or an enterprise was represented by the power of its communication, thus by ships. New Spanish laws and regulations should have prevented foreigners from benefiting from the Spanish discoveries and from “penetrating” into what Spain called its territorial waters. Nevertheless, it was particularly England and the Dutch province of Holland (and Zeeland) who defied all the Spanish rules and regulations. Queen Elizabeth of England, the States General of the Netherlands and the princes of Orange eagerly provided every owner of a large vessel with letters of marque and reprisal allowing him to “legally” attack enemy i.e. Spanish ships and seize merchant vessels of “the enemy”. It was left to the captain himself to find booty and to pay his crew. In this way the maritime “defence” cost nothing. However, the big operations, where fishing and other boats joined together forming a war fleet, were at the expense of the state. Practical experience with hijacking had made a military training redundant.

Big military actions between Spain, England and the Low Countries took place mainly at sea. That was where the power lay. Only once a year, Spain was able to ensure sufficient protection for its ships across the Atlantic. Only during that yearly occasion, many loaded ships sailed in convoy from Seville to Havana, Cuba and back again. It was a treasure fleet, which the Dutch called a “Silver Fleet”, for silver was the main cargo of the most important vessels. This fleet did not have to fear the pirates along the coasts. The great danger came from mighty pirates who were able to raise their own fleet of attackers – men like the Dutch Admiral Piet Hein (“his deeds were great”, as the song says) and the English Francis Drake. This kind of leader became Sir and Seigneur. And... into the activities of these men investors put their money, including Queen Elizabeth I herself.

What Spain called “pirates” were “heroes” to investors and to the general public in Holland and England. They were, either way, successful managers. Equally successful, though on a smaller scale, were the local pirates. They populated the European, Turkish and Atlantic coasts with their numerous pirates’ nests. The States General of the Netherlands felt obliged to deal with pirates, especially those operating from Barbary (Northern Africa). They

financed punitive expeditions for this purpose, such as those expeditions magnificently led by another Dutch hero, Michiel de Ruyter. But against whom had he to fight? The pirate chiefs at the North and West African coast were mainly “renegades” from... the Dutch states at the time Holland and Zeeland, who, for the sake of gain, adopted Arabic names and were converts. Most of them did not, however, forget their homeland. For the annual maintenance of their ships, Flushing and Middelburg in Zeeland, the Netherlands, were favourite. Piracy in the seventeenth century was a welcome profession for small businessmen and big enterprises. These INDEPENDENCY seekers were literally and figuratively versatile, they operated on their own or formed a fleet together with others. It was a time of fast shifting alliances.

In the seven years preceding the year 1600, Zeeland, Holland and Britain did manage to set up so-called companies that sought investors in order to obtain the seed capital for expeditions to the Far East (and later to the West).

In 1601 the Dutch statesman Oldenbarneveld made sure that the existing companies in the Netherlands came under one roof, the Dutch East India Company. (Other countries followed, but had little success because of *borrowed goals*.) A few months earlier, on the last day of 1600, Queen Elizabeth of England founded the *British East India Company*. For more than 250 years this company, colloquially referred to as *John Company*, had been one of the most powerful commercial enterprises. The Dutch East India Company was the largest trading company in the world in the 17th and 18th century, not only for trade between Europe and Asia, but also for trade within the Asian regions. From semioccasional privateers or pirate organisations, the Dutch companies became genuine commercial enterprises, and grew into colonial powers. They were semi states with their own laws, their own officials and militias.

The 17th century was a time of opportunities versus rules. The Dutch and English created new markets. The Netherlands had its Golden Age, and is still one of the richest countries in the world. England became a world power. Spain sank into rules and bureaucracy, and has never quite recovered economically; the same is true for Portugal.