

Name: _____

Date: _____

Period: _____



1568 William of Orange begins the Dutch Revolt against Philip II



1581 The Dutch Republic is created by the signing of the Act of Abjuration



1619 The Dutch East India Company conquers Jakarta, Indonesia



1625 The Dutch establish New Amsterdam in modern-day New York

The Dutch Golden Age (1588-1660)



The Eighty Years' War

In 1568, the Dutch people of the Netherlands rose up against their overlord, the ultra-Catholic Habsburg King of Spain Philip II in the Dutch Revolt. Philip II had inherited the Netherlands from his father the King of Spain and the Holy Roman Emperor Charles V, whose family had ruled the region for over a century. Philip II treated the Netherlands as a Spanish colony and trampled on the well-established rights of its many trading cities, including Amsterdam, Antwerp, and Brussels. Many wealthy Dutch merchant families had converted to Calvinism, which called

for democratic reforms in church governance. Dutch rebels led by the nobleman **William of Orange** rose up against Philip II after he occupied the country with a Spanish army to enforce his will and to persecute Protestants. The Dutch Revolt led to an 80-year-long war for independence called the **Eighty Years' War** which concluded in 1648.

The Eighty Years' War was complicated by religious tensions among the Dutch. Many Dutch leaders were Calvinists and saw the war with Spain as a war of religion. William of Orange was a moderate Protestant and hoped to create

Name: _____

Date: _____

Period: _____

a religiously tolerant Dutch state. In the 1570s, Philip II tried to make peace with the mostly Catholic southern provinces of the Netherlands. In response, seven northern Dutch provinces signed the Union of Utrecht in 1579, creating a new country called the **United Provinces of the Netherlands**. This new state was dominated by Calvinists who could not make peace with the intolerant Philip II. In 1581, the United Provinces signed the **Act of Abjuration**, which declared the Netherlands free from Philip II's rule. The United Provinces became known as the **Dutch Republic**. Due to the prominence of the state of **Holland**, the wealthiest of the seven provinces, the Dutch Republic was often simply called **Holland**. The capital of Holland, **Amsterdam**, would become the country's commercial center.

The southern Catholic provinces of the Netherlands remained part of Philip II's empire and became known as the **Spanish Netherlands**. This realm, also called **Belgium**, was made up of two regions: **Flanders** and **Wallonia**. Flanders spoke a dialect of Dutch known as **Flemish** while Wallonia spoke French. Philip II's continued persecutions led half



King Philip II (left) would have William of Orange (right) assassinated in 1584

a million Protestants in the Southern Netherlands to migrate to the newly independent Dutch Republic, which became an officially Calvinist state led by the **Dutch Reformed Church**. The Dutch Republic continued to try to liberate the Spanish Netherlands, and Philip II and his son Phillip III refused to recognize the right of the Dutch Republic to exist.

The Netherlands, meaning Low Lands, was blessed with a unique geography, with a third of it lying below sea level. Since 1000 AD, the Dutch had been claiming land from the sea by building walls called **dikes** when the tide was low. The dikes kept back the sea, gradually yielding new farmland. The Dutch also built **windmills** to dredge out water, whenever the seas flooded their fields. The Netherlands' flat landscape, with no

Name: _____

Date: _____

Period: _____

mountains to block coastal breezes, made it ideal for building windmills.

The Netherlands' geography made it difficult for the Spanish to conquer it. Its' marshy terrain made it difficult to move large armies, with wagons and horses often getting stuck in mud. The Dutch learned to strategically open dikes to wash away Spanish armies and to flood strategic roads. The Eighty Years' War also coincided with the **gunpowder revolution**, which saw European armies adopt large numbers of firearms and new tactics such as volley fire. **Volley fire** is the tactic of having a line of musketeers fire their muskets at the same time to maximize firepower. Early muskets were inaccurate and slow to fire, but volley fire made armies of musketeers extremely deadly. Armies in the late 1500s used **pike and shot** formations in which blocks of heavily armed pikemen protected blocks of musketeers moved from cavalry attacks. New fortifications were developed such as the star-shaped bastion forts with strategically placed cannons to hold the enemy at bay. These new military developments gave the Dutch defenders a decided advantage over the Spanish invaders.

1. What caused the Eighty Years' War?

2. How did the Netherlands' geography help the Dutch fight the Spanish?

The Dutch Republic

The Netherlands was a republic consisting of seven provinces that sent representatives to a lawmaking body called the **States General** in the city of **The Hague**. Although officially a republic without a king, the Dutch Republic had a powerful hereditary ruler called the **Stadtholder**. Each of the seven provinces elected its own stadtholder, but it became a tradition for all provinces to unanimously elect the same member of William's **Orange dynasty**. After William was assassinated by a Catholic

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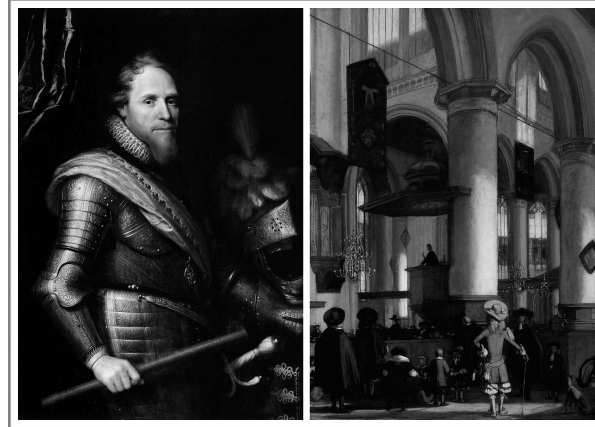
Date: _____

Period: _____

fanatic on the orders of Philip II in 1584, his militantly Calvinist son, **Maurice of Orange** became stadtholder. Maurice was a military genius and would play a critical role in turning the Netherlands into a major European power.

The Calvinist Dutch Reformed Church was the official church of the Dutch Republic and only its members could hold high public office. The Netherlands retained a large Catholic population, especially in the South. Under the **Union of Utrecht**, all Dutch citizens had the right to choose their own religion. Dutch Catholics were forbidden from practicing their religion in public spaces by the Calvinist-run government, but they were allowed to practice their religion at home and in private gatherings. Due to the Union of Utrecht, the Dutch Republic became a haven for religious tolerance. Many persecuted peoples would migrate to the new country including Portuguese Jews, French Calvinists, and even English Protestant separatists such as the Pilgrims.

The influence of the Dutch Reformed Church allowed for revolutionary new ideas in commerce and finance to



Dutch Calvinists including Maurice (left) would dominate the Dutch Republic

emerge in the Netherlands, which would lead to the rise of modern capitalism.

Capitalism is an economic system in which private individuals and corporations own and control property, resources, and businesses. Under Catholic law, it was illegal for individuals to charge interest on loans. **Interest** is the price you pay for the privilege of borrowing someone else's money.

Charging interest was seen as **usury** by the Catholic Church or a form of exploitation. They saw charging interest as taking advantage of the needy. However, John Calvin rejected the idea that interest was usury, so long as lenders did not charge excessive rates or exploit the poor. Under Calvinist rule, it thus became legal for bankers and merchants to loan money with interest. This made it much easier for businesses

Name: _____

Date: _____

Period: _____

to raise money since they could easily acquire loans, revolutionizing trade.

Calvinist-ruled states quickly became centers of commerce and finance including the Netherlands and Geneva in Switzerland. The charging of interest on loans led to the rise of a new banking system called **fractional reserve banking**. In the past, European banks primarily made money through transaction fees and by manipulating exchange rates. Dutch banks would make their money by keeping only a fraction of the money a person deposited in their account (a reserve) and loaning out the rest to individuals and businesses with interest. This policy of fractional reserve banking dramatically expanded the availability of **credit** - or loans - to businesses, which greatly grew the Dutch economy.

New attitudes towards interest led to the rise of the central bank, which would turn the Dutch Republic into a major economic and political power. The **central bank** was a government-regulated bank that sold government bonds to raise revenue for the state. A **government bond** is a debt certificate or



The Dutch Republic would become Europe's center of shipping, commerce, and finance

IOU given by a government to a buyer to raise money. The government promises to repay the bond with interest after a certain period of time. Government bonds would allow the Dutch Republic to finance a well-equipped army and navy and even expand its colonial empire in Asia and the Americas. By contrast, other European nations struggled to fund their armies and governments.

The central bank and the reforms of Maurice of Orange would allow the Dutch to build up the finest army in Europe and take on the Spanish Empire. The Dutch army was a **standing army**, which was maintained at all times. Its soldiers were paid by the Dutch government and given state-issued uniforms and weapons.

Name: _____

Date: _____

Period: _____

Maurice promoted officers based on merit and encouraged them to study the military tactics of generals of the past. The Dutch Republic also pioneered the concept of a national budget, which kept its armies well-paid. A **national budget** is a year-long agreed-upon public report outlining how much money a country has and what it will be spending its money on. Having a national budget allowed the Dutch Republic to keep track of its finances and to limit corruption. By contrast, the Spanish kings did not keep a budget and routinely went bankrupt.

3. What is interest, and why did the Catholic Church outlaw it?

4. What is fractional reserve banking?

5. What are government bonds and how did they increase the power of the Dutch Republic?

The Dutch Golden Age

The financial revolution in the Netherlands led to the **Dutch Golden Age**, with the Dutch Republic expanding its influence throughout Europe and the world. With capital readily available, businesses flourished. Innovation was encouraged by a **patent system**, in which the government gave inventors patents for their inventions. A **patent** meant that only an inventor could legally build and sell their invention for a certain amount of years. This encouraged inventors to share their ideas since no one could legally steal them. Among the inventions patented was the 1593 wind-powered sawmill. The new sawmill could cut timber thirty times faster than earlier mills. This revolutionized shipbuilding, allowing the Dutch to build a formidable

Name: _____

Date: _____

Period: _____

navy that could take on all of Europe. Thousands of windmills would come to dot the Dutch countryside.

The availability of easy credit led to the unprecedented growth of **joint-stock companies** in the Netherlands in the early 1600s. Joint-stock companies were businesses founded by multiple investors who pooled their resources together. Each investor owned a percentage or share of **stock** in the company. The term stock comes from the fact that shares were measured using sticks which are called *stokjes* in Dutch. Joint-stock companies would be used by the Dutch government to establish colonies in the Americas, Africa, and Asia. The Dutch Republic gave monopolies to government-chartered joint-stock companies over certain regions, only allowing company-affiliated merchants to do business there. In 1602, a **stock market** was established in Amsterdam where merchants could buy and sell stock from different companies.

The most important joint-stock company was the **Dutch East India Company** or **VOC** in Dutch. The VOC focused on breaking into the Indian Ocean Trade



The Dutch colony of Capetown would greatly influence the history of South Africa

which had been dominated by Spain and Portugal. The VOC was given the right to maintain its own navy and even sign treaties with foreign powers. The Dutch would aggressively expand into the Islamic-dominated lands of **Indonesia** which they called the **East Indies**. This tropical region was home to coveted spices such as cloves, mace, and nutmeg which Europeans used to flavor their food and make life-saving medicines. In 1619, the VOC conquered the city of **Jakarta** on the Indonesian island of Java, which they renamed **Batavia**. From Batavia, the VOC consolidated its rule over Indonesia, pushing out the Portuguese. In 1658, they took the island of **Sri Lanka** from the Portuguese, which they called **Ceylon**.

The Dutch would challenge Catholic Spain's dominance of the New World.

Name: _____

Date: _____

Period: _____

The VOC would try to find a route to Asia through North America known as the **Northwest Passage**. It would hire the English-born explorer **Henry Hudson** to chart North America. The Dutch established their own colony in North America in modern-day New York named **New Netherlands** in 1624. Its largest city, **New Amsterdam** would later be conquered by the English and be renamed New York City, though many Dutch settlers remained. The Dutch claimed their own sugar colonies in the Caribbean, including the islands of **Aruba, Bonaire, and Curaçao**. In 1652, the VOC established a colony in South Africa called **Capetown** to control access to the Indian Ocean. The Dutch would become involved in the Trans-Atlantic Slave Trade, bringing many enslaved Africans to their Caribbean colonies. In 1657, the Dutch would add **Suriname** in South America to their growing empire.

The prosperity of the 17th-century Dutch Golden Age saw a blossoming of science, literature, and art. Many intellectuals were drawn to the Netherlands due to its religious and political liberties. Philosophers such as France's René Descartes immigrated to the Dutch

Republic to write and print their works without facing censorship or persecution. A vibrant art scene flourished in the Dutch Republic as its middle class exploded and began to invest in art. Dutch painters such as Rembrandt, Jan Steen, and Vermeer experimented with new compositional techniques and lighting to create lifelike masterpieces. These influential 17th-century painters would become known as the "**Dutch Masters**."

6. What is a patent and how did it encourage innovation?

7. What were joint-stock companies and what role did they play in Dutch history?
