



Oscar Gelderblom, *Cities of Commerce. The Institutional Foundations of International Trade in the Low Countries, 1250-1650* (Princeton NJ: Princeton University Press, 2013, 312 pp., ISBN 978 0 691 16820 3).

Oscar Gelderblom's book *Cities of Commerce* was published in 2013, and has already been widely read and debated. In this book, Gelderblom looks at the role of urban authorities in the creation and adaptation of commercial institutions in order to create a favorable framework for commercial exchange, and thus to attract merchants to a particular city in a context of multiple competing urban centers. He situates himself within the ongoing debate about the role of institutions for economic development. Gelderblom argues that institutions have been shaped and adapted throughout history, and that it was not so much the state as the urban authorities that adapted commercial institutions. The achievement of the urban authorities in producing successful commercial centers, such as the three cities under consideration in this book (Bruges, Antwerp, and Amsterdam), was to do so in an efficient way as a result of mutual competition. Because merchants were flexible in their choice of centers of activity, they could exercise pressure on the city governments to provide a favorable institutional environment, failing which they might move to another, more appropriate center. The cities were therefore compelled by the threat of losing the presence of the foreign merchant community to optimize their institutions.

In order to prove his hypothesis, Gelderblom analyzes the organization of international trade and the institutional framework, as well as the adaptations to it, in the three cities of Bruges, Antwerp, and Amsterdam between the fifteenth and seventeenth centuries. The book starts with two chapters respectively introducing the topic and his theoretical framework, and presenting the subsequent rise and decline of the cities as major commercial centers within the Low Countries, as well as their role in international trade during these three centuries. For Bruges and Antwerp, the author mainly uses secondary literature and some edited sources. For Amsterdam, he also draws on his own archival research. In general, the cities showed a tendency to create inclusive open-access institutions for all merchants instead of privileging particular groups. In Chapter 3, Gelderblom first focuses on the role of brokers and hostellers in the earliest period, particularly in late-medieval Bruges. The commercial origin of both Bruges and Antwerp can be found in their fairs, which was the reason why hostellers played such an important role as intermediaries for the non-resident merchants. The establishment of permanent markets in the sixteenth century, and the choice

made by merchants to settle on a permanent basis or to work with resident representatives, made the hostellers' position increasingly obsolete.

Chapter 4 gives a detailed overview of the commercial practices and techniques used in international trade. In order to cope with the risks of individual trade and the agency problems related to it, standards for bookkeeping, correspondence, and contracts had to be established. Public intervention was a necessary factor for the achievement of these goals. The urban authorities helped to provide services such as registration by the aldermen. However, they also withdrew from fields where merchants organized themselves, although they did respect the argument that some court action was in accordance with common practice among merchants. At the same time, merchants used the legal system in order to be able to take recourse to it in case of conflict.

In Chapter 5, the author deals with the legal system and capacity of urban legislators to adapt the existing framework to support the needs of the merchant community. During the medieval period, when trade activities were concentrated during the fairs, the city aldermen applied procedures in order to settle conflicts quickly during the temporary stays of the merchants. Later, when the fairs were replaced by a permanent market, foreign merchant communities were granted privileges to organize in corporations based on their place of origin, the so-called *nations*, with ample consular jurisdiction. Eventually, the merchant communities became more complex and heterogeneous, and therefore required an appropriate legal system to intercede in conflicts between members of different groups. The urban authorities managed to integrate different elements of commercial practice into their legal system, and established an efficient system of commercial legal practice. These changes were relatively simple, because the cities had strong legal autonomy and the changes were mainly addressed at the settlement of private disputes between two or several merchants.

Another issue was the protection of merchants against threats of violence and warfare. In this regard, Gelderblom shows that the respective governments, both territorial and local, were concerned with the protection of merchants. They either restrained from military action in order to prevent merchants from leaving their territory or, by contrast, actively provided protection via escorts or fortifications. More in general, political strategies were adapted to commercial interests. However, this did not prevent the occurrence of individual losses. Merchants dealt with this risk in different ways. The main solutions for risk management were not collective actions, such as boycotts, the collective departure from a particular center, or formal interventions by the governments involved, but instead private risk management. This could be in the form of spreading the risk over different ships or via participation in trading companies, but especially the creation of a market for insurance. These responses to individual risk were best developed in large, sophisticated markets, but in order to advance these mechanisms,

merchants depended on the assistance of the local authorities and the legal and institutional framework they could provide.

This survey of commercial institutions in the three cities of commerce offers excellent insights into the forms of commercial organization, conflict solving, and risk management, as well as the interactions between merchants and the urban, but also state, authorities. Gelderblom's argument, that the city governments of commercial centers such as Bruges, Antwerp, and Amsterdam contributed to the development of a set of inclusive open-access institutions for trade that helped to overcome the hazards of political fragmentation and that became common practice in Europe throughout the early-modern period, is quite convincing. It is certainly the case that this took place in the course of interactions between merchants and the urban authorities. It is also very likely that the incentive could be found mainly in the desire to attract and to attach merchants and their trade to their respective cities, as they provided a major source of prosperity. Urban authorities were interested in a swift, straightforward settlement of conflicts and trade arrangements.

However, the argument is perhaps too strongly centered on inter-urban competition as the decisive factor for the institutional changes. Throughout the book, the shifts of commercial activity from one city to the other are accurately presented as the combination of multiple factors, including political conflicts, the location, and the size of the cities involved. The competitiveness in terms of institutional efficiency is one of these factors, but in none of the three cases can it be considered the decisive one.

This reservation aside, the book is a very useful synthesis of the commercial practice and its institutional foundations in the three major commercial centers of the late-medieval and early-modern Low Countries. By stressing the contributions of the urban authorities in shaping a framework of inclusive open-access institutions, it furthermore adds a new aspect to our understanding of commercial practice in the transition between medieval and early-modern trade.

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