

Getting a Foot in the Door: Small-Firm Credit and Interest Group Politics in the Netherlands, 1900–1927

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This article explores the link between the history of small-firm associations and the development of Dutch financial infrastructure geared toward small firms. In particular, it tests Verdier's thesis about the origins of state banking using an in-depth case study of the Dutch small-firm movement. This article shows that Dutch small-firm associations did not simply become politically relevant and use their power to lobby for state banking, but rather used the topic of insufficient access to credit to rally support, mobilize members, and obtain subsidies from the government. During this associational process, they had to navigate local contexts and power structures that, in turn, also shaped the financial system. State banking was initially not demanded by small firms, but arose as the result of failed experiments with subsidized banking infrastructure and a changing position of the government on how to intervene in the economy.

Introduction

The origins and development of national financial systems have attracted much attention since Gerschenkron's seminal papers.¹

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1. Gerschenkron, *Economic Backwardness*; Forsyth and Verdier, *Origins of National Financial Systems*, 2.

Recently, the debate has emphasized the influence of politics and interest groups on the development of financial systems.² A special case of this relation between governments and financial systems is state banking, when governments directly intervene in the allocation of credit through state banks that finance their needs by issuing state guaranteed bonds.³ This article investigates the link between the formation of small-firm interest groups and the emergence of state banks geared toward small firms in the Netherlands during the early twentieth century. In particular, it analyzes how Dutch small businessmen succeeded in only seventeen years (1902–1919) to organize themselves sufficiently to obtain extensive government support for their needs, and how this resulted in state banking.⁴

State banking first appeared in the nineteenth century in many European countries and reached an apex in the 1960s.⁵ There were, however, large differences between countries in terms of state intervention and timing. Generalizing from empirical observations, Verdier put forward a novel thesis to explain the historical trend and cross-country variation. He claims that “state banking was the unintended child of class politics,” and argues this in three points.⁶ First, state banking was demanded by sectors that were pressed to invest but did not have access to long-term credit because of the marginal importance of small and local banks in centralized states. Second, the emergence of class cleavage made these groups politically relevant, giving them the power to extract state banking from central governments. Third, the decrease in state banking is conversely linked to the fading of class cleavage.⁷ Verdier also identified three waves of state banking. The first one took place between 1850 and 1900 and targeted farmers.⁸ The second wave came after World War I and was geared toward small firms thought to suffer from a “MacMillan gap.” The third wave took place after World War II and focused on financing (large) industry while keeping inflation under control.⁹

2. Carnevali, *Europe's Advantage*; Calomiris and Haber, *Fragile by Design*; Forsyth and Verdier, *Origins of National Financial Systems*.

3. Verdier, “Rise and Fall of State Banking,” 285; Monnet, *Controlling Credit*.

4. I use the term businessmen because, while the majority of small shopkeepers were women, the associations and lobby groups were almost exclusively male.

5. Verdier, “Rise and Fall of State Banking,” 291; Monnet, *Controlling Credit*, 9.

6. Verdier, “Rise and Fall of State Banking,” 284.

7. Verdier, “Rise and Fall of State Banking,” 284.

8. Verdier, “Rise and Fall of State Banking,” 285–286. For the United States, a more specific argument about the provision of credit to farmers is made in Prasad, *Land of Too Much*.

9. Verdier, “Rise and Fall of State Banking,” 286; Monnet, *Controlling Credit*.

Verdier draws a causal link from small-firm lobbying to the emergence of state banks during the second wave, but the story is not that straightforward. This article presents an in-depth analysis of the Dutch case, which reveals that it was neither obvious or necessary that lobby groups of small entrepreneurs, termed *middenstanders* in Dutch, would successfully form and instantly exercise large political influence, nor that they wanted to obtain state banking. This highly diverse group was divided by social status, economic activity, and religious affiliation, and had to go through a difficult process of group formation and institutional entrepreneurship to gain political relevance. The ultimate success of this process was all the more remarkable because Olsonian collective action theory posits that large social groups are hard to organize and keep together.¹⁰ Prospective members need persuading to donate time and resources to uncertain outcomes; interests are always varied, sometimes conflicting, threatening to pull organizations apart; and success distances leaders from membership, rendering it hard to keep free-riders away. In this case, leaders united members around a fictional common identity and common concerns, notably the lack of small- and medium-size enterprise (SME) credit, which they then used to obtain political support.

While collective action theory makes general predictions, Lemerrier argued that scholars should also pay attention to local power constellations, varying windows of opportunity, and available organizational repertoires.¹¹ This is in line with the literature on the *petite bourgeoisie* as a social group, especially pushed forward by Crossick, Haupt, Jaumain, Kurgan-Van Hentenryk, Nord, Zdatny, Bechhofer, Elliot, and Kocka, who each analyzed the associational processes of small entrepreneurs in Belgium, Germany, France, or Austria.¹² Crossick and Haupt were interested “in the ways in which the political activity and ideas of European petits bourgeois took shape within a framework of constraints” made up by the state and the political forces.¹³ And Peter Heyrman, who researched Belgian small entrepreneurs, chronicled the process of translation from socio-economic grievances into political action.¹⁴ However, this literature was inattentive to credit

10. The seminal work is by Olson, *Logic of Collective Action*. For a good compilation of the follow-up work to Olson, see Pecorino, “Olson’s Logic of Collective Action at Fifty”; Congleton, “Logic of Collective Action and Beyond.”

11. Lemerrier, “Looking for ‘Industrial Confraternity,’” 328–330.

12. Crossick and Haupt, *Petite Bourgeoisie*; Jaumain, *Les Petits Commerçants*; Kurgan-van Hentenryk, “Une Classe Oubliée”; Nord, *Paris Shopkeepers*; Zdatny, *Politics of Survival*; Bechhofer and Elliot, *Petite Bourgeoisie*; Kocka, *Industrial Culture*; Pilbeam, *Middle Classes*.

13. Crossick and Haupt, *Petite Bourgeoisie*, 134.

14. Heyrman, *Middenstandsbeweging En Beleid*, 13.

or financial system development. The influence of culture and religion, documented in various contexts but ignored by Verdier, deserve more attention when researching group formation, lobbying, and financial system development.¹⁵ Colvin showed the way here, arguing that one cannot detach financial development from social, cultural, and political contexts.¹⁶

This article connects the Dutch case to the international historiography on social movements and state banking, a dimension lacking in the historiography. The most comprehensive work on Dutch middenstanders is an unpublished thesis by Van Driel that examined the socio-economic position of small entrepreneurs between 1880 and 1940, and how they tried to better their position.¹⁷ Work by Pompe, van den Tillaart, and van Uxem focuses on describing the group of small entrepreneurs between the nineteenth and twentieth centuries and the context they operated in during the afterwar period.¹⁸ More recently, Dankers and Bouwens touched on these associations in the framework of wider business interest associations.¹⁹ One particular aspect of the Dutch case, SME credit institutions, received ample attention from Colvin.²⁰ This article adds to his work by showing how those banks were part and parcel of a process of group formation.

The period under research starts in 1900, right before the founding of the first national middenstander association, and ends in 1927 with the creation of the NMB (*Nederlandsche Middenstandsbank*, Dutch Middenstandsbank), which Verdier identified as the start of Dutch state banking.²¹ The main focus is on the period up to 1920, with a short excursion to discuss the 1921 financial crisis and its aftermath.²²

The article is organized as follows. I first sketch the social and economic backgrounds to European middenstander movements in the second section, then the emergence of the Dutch movement and the formation of a common identity in the third section. The fourth section discusses the Dutch political and social landscape and the

15. Colvin, "Organizational Determinants"

16. Colvin, "Religion, Competition and Liability"; Colvin, "Culture and Religion."

17. Van Driel, "De Vorming en de Ontwikkeling."

18. Pompe, van den Tillaart, and van Uxem, "Van Middenstander Naar Ondernemer."

19. Bouwens and Dankers, "Origins and Shifting Functions."

20. Colvin, "Organizational Determinants"; Colvin, "Banking on a Religious Divide"; Colvin, "Religion, Competition and Liability"

21. Verdier, "Rise and Fall of State Banking," 286.

22. Since the national federations maintained a large membership and continued to function, and the crisis has been thoroughly described by Colvin, de Jong, and Fliers, I only discuss the founding of the NMB in this period. See Colvin, de Jong, and Fliers, "Predicting the Past"; Colvin, "Organizational Determinants."

consequences of *verzuiling*, or pillarization, on the middenstander movement. This is followed by an analysis of how the movement gained political influence in the fifth section. The sixth section provides a brief overview of the developments during the financial crisis of the 1920s and the founding of the NMB. The final section concludes.

The Rise of Middle-Class Movements in Europe

The history of the Dutch middenstander movement in many ways runs parallel to the experiences in other European countries. The push for middenstander associations in the late nineteenth century was often sudden, but not accidental.²³ The Long Depression (1873–1896) decreased agricultural prices, which impoverished farmers and farming villages. This pushed many jobless farmers into self-employment (often into shopkeeping) to make an income.²⁴ At the same time, the belief in free markets and competition made countries remove entry barriers for many crafts and trades.²⁵ As a result, the retail sector and many low-skilled crafts became overcrowded.²⁶ Between 1870 and 1895, there were enough customers for everyone due to the rising purchasing power of urban workers. Then, real wage growth stagnated in France, Germany, Austria, and Belgium, and turned negative in the United Kingdom, prompting shopkeepers' associations to arise.²⁷ Shopkeepers took the lead, with small industrial entrepreneurs and craftsmen joining later.²⁸

In fact, those associations formed the response to wider social and economic movements and emerging class cleavage. Big business developed, growing in size, influence, and number of employees. Labor started organizing itself all over Europe, demanding better working conditions, and threatening to upset the status quo. Labor movements set up purchasing cooperatives to cut out middlemen and provide cheaper goods to members. Small craftsmen and shopkeepers feared

23. Wijmans, *Beeld En Betekenis*, 111.

24. de Nijs, *Op Zoek Naar de Verdwenen Middenstand*, 16–17; van Lente, “De Plaats van de Ambachten,” 215.

25. Belgium, France, and the Netherlands gradually removed the patent levy on small producers. The Netherlands abolished the mandatory entry exam for starting a drugstore in 1865. Commissie voor de Middenstandsenquête, “Verslag van den toestand,” 54.

26. van Driel, “De Vorming En De Ontwikkeling,” 92.

27. For France, Germany and the United Kingdom, see Williamson, “Real Wages,” Table 4. For Belgium, see Segers, *Economische groei*. For Austria, see Cvrcek, “Wages, Prices,” 25.

28. I use the terms artisans and craftsmen interchangeably.

getting squeezed between capital and labor following Marx's prediction that there would be no place for SMEs in a world divided into the haves and have-nots of capital.²⁹ In practical terms small shopkeepers felt their livelihoods were under threat from large, vertically integrated corporations with economies of scale, on the one hand, and from workers' consumer cooperatives, on the other hand.³⁰ At the same time, a political void opened. The rise of workers' movements and trade unions made liberal political parties, previously champions of middle classes, shift toward large capitalists. In response, industrial and commercial middling groups all over Western Europe, known variously as *petite bourgeoisie*, *classes moyennes*, *Mittelstand*, or *middenstand*, formed their own associations.³¹

Forging a Common Identity

The start of the Dutch *middenstander* movement is usually placed in 1902, with the founding of the *Nederlandsche Bond van Vereenigingen van den Handeldrijvende en Industriële Middenstand* (NBVHIM, Dutch Federation of Associations of the Trading and Industrial Middling Class). The federation modeled itself on *middling class* associations abroad and those of farmers and laborers at home.³²

The pioneers of Dutch *middenstander* associations noticed that in neighboring countries, especially Belgium and Germany, successful national small-firm lobby groups had developed that gained support of their local and national governments.³³ Several Dutch entrepreneurs attended conferences abroad about *middenstand* topics and invited foreign speakers to the Netherlands, resulting in knowledge networks between them. For example, in 1902, Belgian professor and head of a study group for the *petite bourgeoisie*, Oscar Pyfferoen, wrote an extensive report about the situation of the Dutch *middenstand* and compared it to Belgium.³⁴ The following year, these international collaborations were formalized in the International Institute for the *Middenstand*.³⁵

29. Crossick and Haupt, *Petite Bourgeoisie*, 2; van Driel, "De Vorming en de Ontwikkeling," 3.

30. Crossick and Haupt, *Petite Bourgeoisie*, 50.

31. Crossick and Haupt, *Petite Bourgeoisie*.

32. van Driel, "De Vorming en de Ontwikkeling," 34; Ingenool, *Vijf En Twintig Jaren Middenstandsbeweging*, 9–10.

33. Schepen, *Compte Rendu Sténographique*; Ingenool, *Vijf En Twintig Jaren Middenstandsbeweging*, 9–10.

34. Pyfferoen, *La Petite Bourgeoisie*.

35. Peter Heyrman, "Internationaal Instituut van de Middenstand / Institut International des Classes Moyennes / Internationaler Verband zur Studium der Verhaeltnisse des Mittelstandes (1903–[1978])," http://www.odis.be/lnk/OR_7333.

At home, labor unions, which were active since the late 1860s, had representatives in Parliament starting in 1897. Under pressure from increased competition and falling profits, farmers had successfully turned to the self-help solution: setting up unions to represent their interests.³⁶ In 1898 farmers gained official recognition when the government set up a department of agriculture within the Ministry of Internal Affairs.³⁷ The Dutch government was thus integrating interest groups into the formal state structures and decision-making processes. This set a precedent to continue on the same trajectory with the novel middenstander movement, if only because a widening of the franchise in 1896 turned lower-middle classes into voters.³⁸

According to Crossick and Haupt, a government's decision whether or not to insert the petite bourgeoisie into cohesive structures shaped the associational structure of the movement.³⁹ Pressure-group activities by national associations was much more common in countries where efforts were made to incorporate the middenstanders into the political constellation (e.g., Belgium, France, and Germany).⁴⁰ The same process can be observed in the Netherlands, where national associations arose to facilitate contact with the government and lobby for integration into the state. One can expect that pre-World War II state banking arose not only in centralized countries, as Verdier predicts, but also where national SME lobby groups took hold, such as in France, Germany, and Belgium. The United Kingdom was very centralized but lacked a shopkeeper or SME movement, and state banking was practically nonexistent.⁴¹

In the Netherlands, national middenstander associations became more common after 1900, when parties and politicians tried to attract support from the middenstanders.⁴² Most interest came from the side of the confessional parties, for whom middenstanders formed a natural target audience. Just like politicians on the left captured the growing discontent of laborers, confessional parties did the same with the middenstanders. There was an ideological readiness, or "poisedness," to support the middenstanders.⁴³ The confessional parties believed

36. Hendriks, "Financial Farmer," 20.

37. The middenstanders looked especially to the farmers' organization for inspiration in terms of organization and cooperative credit institutions.

38. van Lente, "De Plaats van de Ambachten," 222.

39. Crossick and Haupt, *Petite Bourgeoisie*, 144.

40. Crossick and Haupt, *Petite Bourgeoisie*, 155.

41. Winstanley, *Shopkeeper's World 1830-1914*; Crossick and Haupt, *Petite Bourgeoisie*; Verdier, "Rise and Fall of State Banking," 290.

42. Crossick and Haupt, *Petite Bourgeoisie*, 155.

43. The concept of *Organizational Poisedness*, meaning a sort of readiness or fertility for an initiative or idea, is developed in Johnson and Powell, "Organizational Poisedness."

strongly in the “antithesis theory” propagated by the prominent neo-Calvinist theologian and charismatic politician Abraham Kuyper, and tasked themselves with “moralizing society” and ensuring the protection of Christian values.⁴⁴ The goal was to maintain or reinstate the “God-given order” in society by preserving the middle classes and preventing class warfare. Furthermore, confessional thought promoted the idea of “sovereignty in spheres,” meaning that every sphere of life (economy, family, profession, etc.) should rule itself and was not subjugated to other spheres.⁴⁵

According to Verdier, class cleavage increased the importance of small firms, which then made themselves relevant by playing the part. The movement presented itself as a positive force, a social core representing admirable values such as independence, diligence, and moderation, which were stabilizing against class war.⁴⁶ Middenstand professions were seen as aspirational for members of the laboring classes. If they worked hard and saved well, they might be able to start their own businesses.

The societal importance of the middenstand was raised in parliamentary debates during the early 1900s.⁴⁷ Dutch government officials and members of Parliament attended international middenstander conferences in Belgium in 1900 and 1901. In 1901 Kuyper, then prime minister, addressed the international conference. Unsurprisingly, he praised the middenstand for starting to organize itself. However, he stopped short of promising support, saying no more than that the “government should decide whether something could be done to aid them” once the movement had become strong enough.⁴⁸

Building strength required finding ways of mobilizing an undefined and undefinable group of business people with distinct activities and interests. To achieve collective action, a joint social identity needed to be created.⁴⁹ Dutch middenstanders, like petite bourgeoisie in other European countries, were essentially a rather amorphous social-

44. Koch, *Abraham Kuyper*, 444–445.

45. Kuyper, *Ons Program*, 36–37.

46. Van Driel, “De Vorming en de Ontwikkeling,” 60–61; Pompe, van den Tillaart, and van Uxem, “Van Middenstander Naar Ondernemer,” 219.

47. Nouwens, “Verheffing van Den Handeldrijvenden Middenstand,” 12.

48. “Intusschen begint de middenstand zelf eerst nu in te zien in welk gevaar hij verkeert. Van lieverlede en langzamerhand begint hij pogingen aan te wenden om aan die gevaren het hoofd te bieden. De middenstand staat, wat initiatief en activiteit betreft, hierin ver bij de arbeidende klasse achter, en eerst naarmate de middenklasse uit eigen initiatief krachtiger en met meer energie zal opkomen, zal het mogelijk worden voor de Regeering om te zien of ook in het belang van die klasse iets kan worden gedaan.” In *Handelingen der Staten-Generaal 1901–1902*, 577, 26^{ste} Vergadering -14 December 1901, https://repository.overheid.nl/frbr/sgd/19011902/0000363497/1/pdf/SGD_19011902_0000130.pdf.

49. Thomas et al., “Testing the Social Identity Model.”

economic group wedged between the clearly defined groups of workers, on the one hand, and farmers, the free professions, and capitalist entrepreneurs, on the other hand.⁵⁰ They ranged from small mom-and-pop shops via artisans employing a few people and small manufacturers to department store and retail chain owners at the top. The demarcation between them was often paper-thin and fuzzy; even middenstanders themselves struggled to define their group.⁵¹ Most attempts simply shut out the smallest businesses by proposing an economic threshold such as a minimum capital of 5,000 guilders, or the status of independent entrepreneur as a demarcation from paid workers.⁵² Others gave much looser definitions, such as “those between small and large enterprises,” or anyone who was neither a wage-dependent worker nor a capitalist but rather people uniting capital and labor in their work.⁵³ In practice, this meant shopkeepers and master artisans but not farmers working their own land. Farmers had different economic interests and had their own associations that in turn excluded artisans and shopkeepers.⁵⁴

Dutch middenstander movements sidestepped the difficulty of defining their target group by opting for subjective categorizations, such as “those who feel they belong to the middenstand.”⁵⁵ That made joining a personal choice based on a desire to belong, and opened membership to anyone who self-identified as such. Such wide categorizations had the signal advantages of inclusiveness and power to unite, but the disadvantage of creating memberships with very heterogeneous interests and wants, an aspect often noted in the literature about European middenstanders movements.⁵⁶

Though the terms middenstand, petite bourgeoisie, and Mittelstand to denote a particular social-economic group already came into use

50. Crossick and Haupt, *Petite Bourgeoisie*, 134–138; Zalc, “Small-Business Owners.”

51. “Het geven van een juiste definitie van het begrip middenstand is welhaast een onmogelijkheid gebleken. Talloozen hebben zich daaraan gewaagd, maar geen enkele is er in geslaagd.” In van den Dungen, “De Middenstandsbeweging,” 7.

52. Janzen, *Het Middenstandsbankwezen*, 9.

53. This was much in line with the older liberal notions of *Bürgertum*. Lothar Gall described this well in his study of the Bassermann family whose creed was, “Be thy own lord and servant.” In Gall, *Bürgertum*, 96. (Also see the introduction in this book for a short description of *bürgertum*.)

54. Dumon, *De Middenstand*.

55. van den Dungen, “De Middenstandsbeweging,” 8.

56. Zalc, “Small-Business Owners”; Cruces, Perez-Truglia, and Tetaz found that people extrapolate their relative position based on a reference group, but do not take into consideration the selection process that led to that group. This bias plays on both sides of the distribution and means that, regardless of whether people were relatively wealthier or poorer, they all identified as a middenstanders if they met the criteria of not being a wage laborer or an industrialist. See Cruces, Perez-Truglia, and Tetaz, “Biased Perceptions,” 110; Kocka, *Industrial Culture*, 259.

during the late eighteenth century, they gained wider currency only around 1900.⁵⁷ This is underlined by the fact that the first Dutch middenstander organizations of the 1880s called themselves by different names. Some focused on shopkeepers and called themselves trade associations, such as the *Delftsche Handelsvereniging* (Delft Trade Association, founded in 1884). They tended to concentrate on local problems such as unfair competition from peddlers, fire-sales, or a local cooperative store. The first national organization for middenstanders, the *Bond voor het Maatschappelijk Belang* (Union for the Societal Interest, 1885), was also a shopkeepers' association with a single goal: fighting consumer cooperatives.⁵⁸ The NBVHIM, founded in 1902, was the first nationwide association with a broader set of goals and middenstand in its name. To better reflect the heterogeneity of its target group, in 1905 it added the term *Industrial* to its name to broaden its scope.⁵⁹

The impetus for association came from two distinct directions. A small group of wealthy and/or big city shopkeepers, feeling threatened by new social and economic forces, strove to unite middenstanders bottom-up to help them maintain or even improve their situation.⁶⁰ And Catholic priests, inspired by the Pope Leo XIII's bull *Rerum Novarum* (1891), set out to form Catholic organizations top-down with the goal to limit capitalism's excesses by creating or reinforcing social bonds.⁶¹

The most vocal priests came from the south of the Netherlands and favored organizing Catholics along lines of class (*stand*) rather than profession (*vak*).⁶² One of these priests, the influential and highly respected Dr. J. Nouwens, came from a middenstander family himself.⁶³ He considered association imperative, not necessarily because

57. This information was derived from the relative frequencies of the words "Mittelstand," "petite bourgeoisie," and "middenstand" in the corpuses of, respectively, German, French, and Dutch literature in Google Ngram as well as "middenstand" and "middelstand" in Delpher.nl. All results show a similar pattern in which the keywords are absent throughout most of the nineteenth century but become much more frequent between 1880 and 1920.

58. Oosterhuis, *Niet Om Het Gewin*, 55; Wijmans, *Beeld En Betekenis*.

59. Not much is known about the inner workings of the NBVHIM and its successors because the archives were lost during World War II. The only parts left of the archive can be found in the KDC in Nijmegen and are largely from after 1945.

60. Crossick and Haupt, "Shopkeepers, Master Artisans," 242; Nord, "Small Shopkeepers' Movement," 191.

61. Sengers, *Roomsche Socioloog*, 116.

62. Sengers, *Roomsche Socioloog*, 116.

63. Nouwens's father was a copper smith, his elder brother Cornelius became a wealthy butcher, and his other brother even became *Rijksmiddenstandsadviseur* (State Middenstand Advisor) in 1921. Family Nouwens, s.v. "Cornelis Johannes Nouwens," by Hans Nouwens, <https://nouwens.org/genealogie/cornelis-johannes-nouwens>. Also see the detailed biography and description of Nouwens's thoughts in Sengers, *Patens van de Sociale Actie*, 100–111.

small retailers and craftsmen were doing so much worse than before but as a means to prepare for the time when they would be under attack by “the organized forces of capital and socialism.”⁶⁴ Nouwens was encouraged to do so by two influential priests, Herman Schaepman and Gerlacus van den Elsen. Schaepman was the leader of the political Catholic Party and member of Parliament, whereas van den Elsen spearheaded the Catholic *Boerenbond* (Farmers’ Union) movement and strongly believed that shopkeepers should also be united under the Church banner.⁶⁵ In 1902 Nouwens cofounded a Middenstand Federation. Nouwens actively consulted van den Elsen about his experience with the *Boerenbond*, and it was van den Elsen who suggested the moniker *Hanze* for Catholic middenstand associations.⁶⁶ That term harked back to an idealized medieval past and an economy organized in crafts and guilds under firm Catholic Church supervision. Another Catholic politician closely involved with the middenstanders movement was P. J. M. Aalberse, the son of a confectioner-baker.⁶⁷

Pillarization

The support for small enterprise by Catholic parties was not particular to the Netherlands. It also happened in Belgium, France, and Germany where the petite bourgeoisie was “discovered” as a force to stabilize a society thought to be dangerously polarizing.⁶⁸ Nonetheless, the extremely close involvement of people like Nouwens and Aalberse with the Dutch middenstanders movement highlights a peculiarity of Dutch society at the time: *verzuiling* (pillarization).⁶⁹ Different social groups formed parallel organizations of particular social groups along religious or ideological lines: Catholic, Protestant, liberal, and socialist. As a result, people could theoretically live their lives within a single pillar providing all necessary services such as schools, trade unions, political representation, newspapers, insurance, leisure, and even finance.⁷⁰ The Catholic pillar was the largest and most extensive,

64. Nouwens, “Verheffing van Den Handeldrijvenden Middenstand,” 5.

65. Hollenberg, “Gerlacus van Den Elsen,” 173.

66. Hollenberg, “Gerlacus van Den Elsen,” 174.

67. Biografisch Woordenboek van Nederland, s.v. “Aalberse, Petrus Josephus Mattheus (1871–1948),” by J. P. Gribling, <http://resources.huygens.knaw.nl/bwn1880-2000/lemmata/bwn1/aalberse>.

68. Crossick and Haupt, *Petite Bourgeoisie*, 145.

69. Crossick and Haupt, *Petite Bourgeoisie*, 137.

70. Colvin, “Banking on a Religious Divide”; Blom, “Pillarisation in Perspective.” The concept of pillarization comes from Lijphart, *Verzuiling, Pacificatie En Kentering*. For a recent overview of the literature, see Maussen, “Pillarization.” In the

followed by the Protestant and socialist ones, whereas the liberal pillar remained relatively underdeveloped.

The middenstanders had to take into account this specific political setup of the Netherlands. Pillarization provided an obstacle to forming a strong and united middenstander organization. Already in 1892 some Protestant middenstanders had set up the Boaz *Patroonsvereeniging* (Boaz Employers' Association), a national organization with local branches. Boaz was a hybrid organization that strove to provide a compromise between capital and labor by uniting employers, middenstanders, and laborers through their common Protestant faith. Led by large industrialists and claiming to promote the interests of middenstanders, Boaz actually focused on big firms, not on its majority membership of small middenstanders. As a result, the organization remained small at around three thousand members nationally.⁷¹

The Catholics also started associating during the early 1890s. Leo associations were set up to further the interests of Catholic citizens, and included a large number of middenstanders.⁷² Leo associations were closer to the middenstand and organized hierarchically in the Church's effort to combat socialism. In April 1902, shopkeepers, together with the clergy, set up a proper Catholic Middenstands Union in Den Bosch.⁷³ Other Catholic middenstanders soon followed its example across the southern and central Netherlands, as a rule recognizable from having *Hanze* in their name. As often as not, it was the high clergy who took the initiative to set up associations.⁷⁴ Local ones started by middenstanders themselves still needed formal recognition from the Church to be accepted as Catholic.

Liberal associations emerged bottom-up and in response to local issues. They proclaimed to be open to anyone, including the politically and religiously neutral, convinced that the ideological separation of society diluted the group's forces. Dual membership of general and confessional organizations did occur occasionally. Socialist middenstander

literature on pillarization, the religions are usually capitalized but the liberal and socialist sections/groups are not, unless it is refers specifically to the political parties.

71. Wijmans, *Beeld En Betekenis*, 91.

72. "Leo-Vereeniging te Utrecht," Het Utrechts Archief, <https://hetutrechtsarchief.nl/collectie/609C5BB020744642E0534701000A17FD>.

73. "Katholieke Middenstandsbond, bisdom 's-Hertogenbosch," Katholiek Documentatiecentrum Nijmegen (hereafter KDC), http://www.ru.nl/kdc/over_het_kdc/archief/over_de_archieven/stands_en/archieven_van/archieven_i/middenstandsbond.

74. "Vakorganisatie in het Bisdom Roermond," 14.A003A/223, Bisschoppelijk Archief Roermond, RHC Limburg; *De Hanze*, December 29, 1911, 437–477 (Officeel orgaan van *De Hanze* Bond van Rooms-Katholieke Vereenigingen van den Handeldrijvenden en Industrieelen Middenstand in het Bisdom Haarlem (hereafter *De Hanze*), in Ta106, KDC.

associations did not form since Socialists believed the middenstand to be doomed anyway.⁷⁵

Pillarization handicapped the formation of large associations and caused a duplication of functions at the local level. The variously denominated associations had similar agendas and used similar tools but rarely collaborated. The Catholic Church only allowed interdenominational collaboration if Catholic organizations were insufficiently strong on their own.⁷⁶ As local organizations grew, cooperation decreased. As a result, a single town would have multiple insurance schemes, information offices, debt-recovery offices, and evening classes, one for each pillar and often in direct competition with each other. In a later stage, banks were also set up along ideological lines, with the Catholic *Hanzebanks*, neutral *Middenstandsbanks*, and the Protestant *Boazbanks*.⁷⁷

However, at the national level middenstand leaders did find ways to collaborate across pillars. They drew their inspiration from two international conferences for the petite bourgeoisie in Antwerp (1900) and in Namur (1901). J. S. Meuwsen, an Amsterdam hat-and-cap shop owner and president of the local neutral *Algemeene Winkeliers Vereeniging* (AWV, General Shopkeepers' Association) took the initiative to organize a third conference in Amsterdam (1902) and obtained the support of Aalberse and the Protestant politician J. Th. de Visser to get it off the ground.⁷⁸ Prime Minister Kuyper was invited for a second time to address the conference. This time, however, he promised government support if the middenstanders took action and organized themselves.⁷⁹ This promise was important for the young movement. At the closing of the conference, Dutch middenstand leaders of all denominations did just that, launching the NBVHIM and electing Meuwsen as its first president.⁸⁰ Aalberse and de Visser joined the association's advisory board.

The NBVHIM aimed to transcend pillarization and to provide one apolitical national umbrella organization for middenstander

75. The Socialist Party would eventually open up to middling groups in the early 1930s. In 1932 the Socialists formed their own "Modern Middenstandsbond." See Heyrman, *Middenstandsbeweging En Beleid*, 257.

76. "Vakorganisatie in het Bisdomein Roermond," 14.A003A/223, Bisschoppelijk Archief Roermond, RHC Limburg.

77. Colvin, "Organizational Determinants."

78. For example, De Algemeene Winkeliers-Vereeniging te Amsterdam, *Stenografisch Verslag van Het Derde Internationaal Congres*, 70–71. Contemporary works also attribute the start of the Dutch Shopkeeper movement to the International Conferences. Kellenaers, *Het handboek*, 22.

79. De Algemeene Winkeliers-Vereeniging te Amsterdam, *Stenografisch Verslag van Het Derde Internationaal Congres*, 78.

80. Ingenool, *Vijf En Twintig Jaren Middenstandsbeweging*, 216.

associations of all stripes. The NBVHIM claimed to be apolitical and have “only an economic, societal goal,” but that did not prevent it from welcoming the support of the confessional parties, which gave the NBVHIM legitimacy and access to political and financial resources.⁸¹ Similarly, the Belgian Catholic politician Julien Koch stated during the Amsterdam conference that politicians were keen on making use of the associations for their own gains.⁸²

Unity under the NBVHIM did not last very long. In 1911, the Catholic associations broke away over a policy dispute and an alleged lack of respect, to form a Federation for Catholic Associations, the *Nederlandsch Roomsche Katholieke Middenstandsbond* (NRKMB, Dutch Roman Catholic Middling Class Union).⁸³ Six years later, Boaz left the NBVHIM and the Protestant middenstand section split from the Boaz association to form the *Christelijke Middenstandsvereening* (CMV, Christian Middling Class Association).⁸⁴ The NBVHIM continued its neutral and liberal course alone.⁸⁵ As I show, this fragmentation at the top along denominational lines did not hamper the middenstander movement’s ability to obtain government support for its initiatives and requests. The federations kept in close touch, shared initiatives, attended each other’s conferences, and referred to each other’s viewpoints in their respective trade journals, although not always favorably.⁸⁶ Separation of forces on the local level had more to do with control over the membership, as the leaders were aware that cooperation on the national level was necessary to reach their shared goals.

Belgium, Austria, and parts of Germany experienced something similar to pillarization.⁸⁷ But the two main competing pillars were Catholic and Social-Democrat, with the liberal pillar being limited to certain cities. Given the lack of support from the Social-Democrats, this means that the Catholic pillar, and to a lesser extent the liberal pillar, absorbed the middenstander movements in those countries.⁸⁸ This

81. De Algemeene Winkeliers-Vereeninging te Amsterdam, *Stenografisch Verslag van Het Derde Internationaal Congres*, 10.

82. De Algemeene Winkeliers-Vereeninging te Amsterdam, *Stenografisch Verslag van Het Derde Internationaal Congres*, 59.

83. “Katholieke Middenstandsbond, bisdom ’s-Hertogenbosch,” KDC, https://www.ru.nl/kdc/bladeren/archieven-thema/subpagina-archieven-thema/stands-vakorganisaties/archieven_van/archieven_i/middenstandsbond/; Wijmans, *Beeld En Betekenis*, 91–92.

84. Stoop, *Om Het Volvoeren*, 48; Kuiper, *Tussen Observatie En Participatie*, 49.

85. Heyrman, *Middenstandsbeweging En Beleid*, 147.

86. *De Hanze*, December 29, 1911, 437–477, in Ta106, KDC.

87. Maussen, “Pillarization,” 3.

88. Heyrman, *Middenstandsbeweging En Beleid*

resulted in less competition within the movement and less duplication of functions compared to the Netherlands, which also had a Protestant pillar.

Mobilizing Members and the Government

Besides forging a social identity, the leaders of the middenstand needed to find ways to mobilize potential members and engage the government, all within the existing political constellation. The founding figures had little or no political experience, and public action representing their social group was fairly novel for them. Moreover, they encountered problems in attracting members and complained that middenstanders were difficult to unite because they failed to understand the commonality of their problems.⁸⁹ Conversely, middenstanders needed persuading that membership was worth their while, much like collective action theory predicts.⁹⁰ The only way to engage members was by offering benefits that would incentivize them to join and contribute to public goods such as political lobbying.

Motivations for joining associations differed from those for joining federations. Bennett showed that whereas members of associations want access to services and find collective representation to be of secondary importance, members of federations focus more on obtaining representation and lobbying.⁹¹ There is a similar distinction in the Netherlands. Local associations focused on providing services for their members. Federations of associations (unions) also provided services but focused more on representation and collective action.⁹² They aimed to organize and coordinate large club goods, such as banking infrastructure or large (interregional) mutual insurance funds, and to lobby the national government for subsidies and support.⁹³ Unions also thought about how to stimulate local membership since the size of the association determined its membership fee to the union.

Verdier sees state banking as a logical result of the rising political power of small firms, which would demand state banking to increase their access to credit. The historical example of the Netherlands tells a

89. Van Delphi, *De Nooden van Den Middenstand*, 15.

90. "Vakorganisatie in het Bisdom Roermond," 14.A003A/223, Bisschoppelijk Archief Roermond, RHC Limburg; Olson, *Logic of Collective Action*.

91. Bennett, "Logic of Membership."

92. These were called unions (*Bond*), but they were not labor unions (*Vakbond*).

93. This refers to little to nonrivalrous but excludable goods (meaning consumption by one person does not prevent consumption by another person, but someone can control access to consumption). Classic examples of the former are public golf courses and swimming pools.

different story. Initially, there were various themes to rally support around and convince potential members to join associations, and for associations to join a federation. Insufficient access to credit, not demand for state banking, was one of them, and not even the most important one at first. It gradually became a focal point of the movement, eventually leading to state banking, although this was not the original goal.

Credit was discussed on fourteen different occasions at the annual national middenstander conferences of the NBVHIM between 1899 and 1920, only third behind topics related to unfair competition (forty-six times) and organization of the movement (twenty-nine times). The majority of discussions about unfair competition was concentrated between 1899 and 1907 (thirty-six times), after which it became less current.⁹⁴ Furthermore, unfair competition was splintered into various subtopics, which were discussed only a few times each. However, credit was discussed from the start. The 1902 conference, for example, singled out purchasing cooperatives and concentration of capital as the main culprits of the middenstand crisis and defined two policy goals to combat them: strong associations and better credit facilities.⁹⁵ The first NBVHIM agenda adopted these issues and solutions almost verbatim and without much discussion from previous conference agendas, adding only a desire to improve vocational training.⁹⁶ From there, credit became more dominant over time.

The increasing relevance of credit is telling. Credit was a concern shared by all middenstanders, so it could function as a mobilizing force. Other topics such as cooperative movements, taxation, unfair competition, and trade education lacked the unifying potential of credit because they were not shared by all subgroups to the same degree, or were simply impossible to achieve without external help.

Opposition to consumer cooperatives had been a reason for shopkeepers to associate in the Union for the Societal Interest in the late nineteenth century, but it fell apart due to lack of achievements.⁹⁷ By

94. De Algemeene Winkeliers-Vereeniging te Amsterdam, *Stenografisch Verslag van Het Derde Internationaal Congres*.

95. "Bijzonder veroorloven wij on uw aandacht te vestigen op hetgeen te doen is tegen de groote oorzaken van uw crisis; reeds straks met een enkel woord zeide ik het: de coöperatie en de concentratie van het kapitaal. Overweeg vooral wat dienen kan tot vermeerdering van de Krediet-middelen tot verbetering en bestendiging van uw Vereenigings-leven. De vruchten van uw samensprekingen moeten doorwerken, doorwerken meer en lang." In *De Algemeene Winkeliers-Vereeniging te Amsterdam, Stenografisch Verslag van Het Derde Internationaal Congres*, 45.

96. Series of Stenographic Reports of the Middenstander Conferences, 1900–1923, in Tc5569, KDC.

97. van Driel, "De Vorming En de Ontwikkeling," 43.

1900 most competitive pressure on small shops came from upcoming retail chains and department stores, not consumer cooperatives.⁹⁸ Moreover, some middenstanders became pro-cooperative. Nonetheless, Protestant and Catholic groups remained divided on cooperation and cooperatives, and could not decide whether it was a just means of organization.⁹⁹ The situation continued until after World War II, with the exception of cooperative banking, which was embraced early on.¹⁰⁰ Even in neutral circles, purchasing coops were not a success. Contrary to consumer cooperatives, they were limited to one business line at the time and could only mobilize subgroups, often within a city or region. An overview of active middenstander cooperatives in 1912 lists forty-one cooperative banks but only twenty purchasing cooperatives.¹⁰¹

Unfair competition was the most discussed topic in this period, which definitely had unifying power, but it lost relevance over time because it was splintered into various problems all with different contexts and possible solutions. Furthermore, combating competition from fire-sales or peddlers often required legislation that was beyond the associations' reach when local governments did not cooperate. Taxation had also spurred several associations, but these were mostly local and concerned specific fees and taxes rather than the general income or corporate taxes (from which noncorporations were exempt) levied on the national level.¹⁰² The Dutch associations were quite effective in organizing vocational education through evening classes, training programs, and lectures, and successfully obtained government support, but they found their members less than enthusiastic to participate.¹⁰³

Poor credit facilities, by contrast, were a common problem for small firms, at least if one believes the middenstanders.¹⁰⁴ Sales credit forced shopkeepers to tie up capital in customer accounts. This was a socially useful function helping customers to smooth consumption, but slow repayments and demands from suppliers to repay at ever shorter notice made shopkeepers vulnerable to cashflow problems.¹⁰⁵ Artisans found themselves facing similar bottlenecks, plus having to find capital

98. Oosterhuis, *Niet Om Het Gewin*, 56.

99. Oosterhuis, *Niet Om Het Gewin*, 69–70.

100. De Algemeene Winkeliers-Vereeniging te Amsterdam, *Stenografisch Verslag van Het Derde Internationaal Congres*, 242.

101. Visser, *MiddenstandSCOOPERATIE in Nederland*.

102. Crossick and Haupt, *Petite Bourgeoisie*, 138–140.

103. Several complaints are made about barely participating members in the trade journal of the Hanze of the diocese of Haarlem. For example, see *De Hanze*, December 8, 1911, 439, in Ta106, KDC; Ingenool, *Vijf En Twintig Jaren Middenstandsbeweging*, 167–168.

104. Pyfferoen, *La Petite Bourgeoisie*, 267.

105. Kymmell, *Geschiedenis van de Algemene Banken*, 248jj; Jonker and Sluyterman, *Thuis Op de Wereldmarkt*, 186–189.

for investing in newly developed equipment such as electrical tools.¹⁰⁶ The 1902 Amsterdam conference emphasized that small firms had no access to affordable credit on fair terms.¹⁰⁷ Both groups of middenstanders struggled with the key problem of being unable to offer collateral in a form acceptable to banks. Small firms rarely possessed the bills, promissory notes, or premises that bigger ones used to obtain bank credit. At the same time, the credit unions that had provided credit to small firms since the 1850s shifted to more lucrative, higher market segments.¹⁰⁸ The successful cooperative banks set up by farmers' unions excluded middenstanders from their credit facilities in 1903.¹⁰⁹

Whether there was a real credit problem is less relevant than contemporaries' belief that there was. Heyrman argued that in the Belgian case "it was not so much the real economic problems with which middenstanders had to deal that seem to have determined the political objectives of the middle-class movement, but the ways in which the organizations perceived the problems and rephrased them in their political programs."¹¹⁰ Dutch middenstanders similarly translated the problem of credit into a useful narrative to mobilize members and the government.

On the one hand, a lack of reliable information prevented government support, since it was unclear where to start. On the other hand, despite calls for a survey of the middenstand in 1902 and the creation of a parliamentary commission to investigate the middenstand in 1904, the government refused to organize a survey.¹¹¹ The associations also grappled with the lack of information, but they used it to their advantage. During the first national middenstand conference in 1903, they set up a commission to examine the problem of credit and make

106. van Lente, "Crafts in Industrial Society," 102 and 104.

107. Preadvice for the conference was published in a separate pamphlet. See C. A. Wienecke, "Het Crediet. Hoe Verschaft de Handeldrijvende Middenstand Zich Crediet?" 59–60, Bro N 1094/48, International Institute for Social History; De Algemeene Winkeliers-Vereeniging te Amsterdam, *Stenografisch Verslag van Het Derde Internationaal Congres*, 235.

108. Amaury de Vicq, "Caught Between Outreach and Sustainability: The Rise and Decline of Dutch Credit Unions, 1850–1940." In personal possession of the author. I thank Amaury de Vicq for the unpublished copy.

109. "Boerenleenbanken," *Tilburgsche Courant*, September 27, 1903, 2.

110. Heyrman, *Middenstandsbeweging En Beleid*, 14.

111. Passtoors was a cofounder of the Catholic Labor Union De R.K. Volksbond. See Biografisch Woordenboek van het Socialisme en de Arbeidersbeweging in Nederland, s.v. "Passtoors, Willem Caspar Joseph," by J. van Meeuwen, <http://hdl.handle.net/10622/53420BF5-D68C-4F32-8A46-4C3202BC5B27>; Nouwens, "Verheffing van Den Handeldrijvenden Middenstand," 12; Ingenool, *Vijf En Twintig Jaren Middenstandsbeweging*, 166; Commissie voor de middenstandsenquête, *Inleiding Tot Het Verslag*, 5–6, 24. See Summary of the Commission's Work, Governmental Budget for the Year 1907, 56, <http://resolver.kb.nl/resolve?urn=sgd:mpeg21:19061907:0001710&role=PDF>.

recommendations.¹¹² The commission devoted most effort to investigating whether specialized credit institutions for small firms should be set up (the answer was yes), and how they should function. There was not much attention as to why credit should be provided and even less to whom.¹¹³ The lack of precision was in part due to an absence of data.¹¹⁴ However, it was also convenient to the associations since different types of firms with different needs all felt their grievances were being addressed. Anyone, from the expansionist businessperson to the struggling entrepreneur, could imagine the plans being geared toward them. In this early period, credit was thus an effective way to convince a diverse membership that the associations were tackling their problems and working toward a solution.

Furthermore, incentives put in place by the government contributed to making credit central to the movement. Kuyper's 1902 promise clearly urged the middenstanders to take initiative, and only then would the government come to their aid. In response, the associations paradoxically searched for options that were attainable without government support in order to obtain government support. Credit was one of these, since it was possible to start banks without any government help, yet easily fundable should the government decide to step in. Middenstanders originally did not ask for subsidies, and argued they could organize without external help. However, they knew it was possible to receive financial support because they referred to multiple examples from the first wave of state banking. German farmers and Mittelstanders, for instance, managed to obtain government support for their cooperative banks, and the Dutch government was already subsidizing the farmers' cooperative banking system before 1902.¹¹⁵

The case of the *Hanzebanks* illustrates how credit became a clear-cut and practical issue for the government to support. In 1902 the AWV successfully founded a cooperative SME bank, demonstrating that it was feasible without external help. Following this, and having studied the cooperative farmers' banks, Catholic associations decided in 1904 to start a bank specially geared toward middenstanders, recognizably named the *Hanzebank*.¹¹⁶ Members were to fund the bank by buying shares, with owning at least one share being a prerequisite for using the credit facilities. However, the expected swift uptake of the shares failed to materialize. By the end of 1905, only a third of the total had been

112. van den Eerenbeemt, "Middenstandskrediet," 26–27.

113. Korthals Altes, *Het Credietvraagstuk*; Akkerhuijs, *Het Credietvraagstuk*; Bos, "Het Credietwezen."

114. "Overbezetting van den Kleinhandel," *Het Vaderland*, May 9, 1928, 6.

115. De Algemeene Winkeliers-Vereeniging te Amsterdam, *Stenografisch Verslag van Het Derde Internationaal Congres*, 242.

116. van den Eerenbeemt, "Middenstandskrediet," 43.

placed, so the bank's start was postponed and discussions began about lowering its capitalization.¹¹⁷ In 1907, with the project in jeopardy for lack of support, the Ministry of Agriculture, Industry and Trade stepped in and approved a subsidy of 4,000 guilders.¹¹⁸ That provided the necessary catalyst; a new campaign was set up to place the remaining shares, and in a few months' time the majority was sold.¹¹⁹

The subsidy did not signal a change in the position of the Liberal cabinet but was the result of the newly forged personal connection between the middenstand leaders and the bureaucracy. In 1906 J. C. A. Everwijn became the head of the Department of Trade of the newly formed Ministry of Agriculture, Industry, and Trade under J. D. Veegens.¹²⁰ Everwijn was closely involved with the founding of the Bossche Hanzebank in 1907 and several other Hanzebanks in 1909–1910. He earned Nouwens's gratitude and developed a close friendship with Nouwens, whom he respected greatly.¹²¹ Everwijn continued in his function until 1921 and became increasingly influential within the ministry.¹²² He remained a contact point between the government and middenstander organizations.¹²³ The latter also remained stable in terms of leadership, offices, and activities. After twenty-five years, the NBVHIM (including successors) only had three directors and five secretaries.¹²⁴ This allowed them to build up knowledge networks and foster personal ties.

These new relationships and the entirely confessional Heemskerk government taking office in 1908 boosted the state's interest and support for the middenstand. The same year, the government decided to organize the survey that the State Commission for the Middenstand had asked for in 1905.¹²⁵ At the same time, subsidies were made more broadly available.

To better capture these funds and increase their influence, middenstander associations improved cooperation between them and played the card of credit.¹²⁶ Credit was portrayed as having economic and

117. van den Eerenbeemt, "Middenstandskrediet," 44–51.

118. van den Eerenbeemt, "Middenstandskrediet," 43.

119. van den Eerenbeemt, "Middenstandskrediet," 53–54.

120. van den Aardweg, "Everwijn, Mr. Jan Charles August."

121. Correspondence between J. C. A. Everwijn and J. Nouwens, 1907–1911, especially the letter from Nouwens to Everwijn, September 27, 1908, 2.06.001/4373, Nationaal Archief (hereafter NA).

122. van den Aardweg, "Everwijn, Mr. Jan Charles August."

123. For example, see the correspondence between Everwijn and V. Augsprung, editor of *De Sigarenwinkelier: Orgaan van de Nederlandse Vereniging van Sigarenwinkeliers*, 1910–1911, 2.06.001/4678, NA.

124. Ingenool, *Vijf En Twintig Jaren Middenstandsbeweging*, 216.

125. Commissie voor de middenstandsenquête, *Inleiding Tot Het Verslag*.

126. For example, all local associations in the Hague united under the General Union of Leaders of Middenstander associations of The Hague to better streamline

educational benefits in helping small firms overcome problems and teaching them how to “properly run a business.”¹²⁷ The NBVHIM managed to obtain subsidies from Syb Talma (Protestant), the minister of agriculture, industry, and trade, thanks to the intermediation of Everwijn. They received 2,000 guilders to organize an exhibition (500 guilders) and provide information about the developing SME banking system (1,500 guilders) that Talma and his predecessor subsidized.¹²⁸ In 1909 Talma gave a short speech at the NBVHIM’s annual conference, which that year was dedicated entirely to credit. He stated that the government supported middenstand credit and that its support would continue to expand if the middenstand kept improving its organization.¹²⁹ This was no lie, and in 1910 a specific advisor for small firms, named *Rijksnijverheidsconsulent* (State Industry Consultant) was appointed.¹³⁰ Going further, in 1911 Talma appointed a Commission to Inform the Middenstand, which gave lectures on various topics concerning the middenstand, among others credit, payments, and credit cooperatives.¹³¹ Simultaneously, the associations promoted the new credit options for their members. The Hanze of Haarlem, for example, published regular updates on the activities of their bank, tips on how to obtain credit, and a series of thirty-two-episodes on book-keeping that was also referred to by their banking institution.¹³²

The increase in subsidies stimulated the founding of credit institutions. The number of banks increased from 3 in 1905 to 12 in 1910, and there were 59 banks operating a total 133 offices in 1914.¹³³ The membership followed; however, it was difficult to maintain cohesion in the

cooperation. The first topic on the agenda was credit. Letter from the 's-Gravenhaagsche Winkeliersvereniging, November 1909, 0256-1/24, 's-Gravenhaagsche Boekhandelaarsvereniging, Haags Gemeente Archief (hereafter Haags GA).

127. This argument is present from the start of the movement and continues all the way through the 1930s. See Bos, “Het Credietwezen.”

128. Letter from Minister Syb Talma to the board of the Middenstandsbond, April 13, 1909, 80, ING Archive.

129. “De regeering steunt dat [crediet] en die steun zal steeds vollediger worden, wanneer de organisatie in den Middenstand zelf tot betere vormen komt.” In NBVHIM, *Stenografisch verslag van de zesde algemeene vergadering en van het zesde nationaal congres van den Nederl. Bond van Vereenigingen van den Handeldrijvenden en van den Industrieëlen Middenstand, gehouden te Amsterdam in het Paleis voor volksvljijt*, July 14/15, 1909, 56, in Tc5569, KDC.

130. Letter from W. Nieuwenhuizen to the head of the Department of Trade, September 4, 1907, 2.06.001/4521, NA.

131. Circulaire 7/40b of the Commissie voor Middenstandsvoorlichting, 1911, 0256-1/24, Haags GA.

132. *De Hanze*, 1911, in Ta106, KDC.

133. Based on UU Financial History, Banking Landscape Database, 2020. These figures are underestimates since I only count banks for which I have confirmed starting and ending dates.

diverse group, even within pillars. Small middenstanders complained their interests were not properly represented by wealthier, larger middenstanders who were out of touch with the struggles of the movement's majority.¹³⁴ The leaders also became more paternalistic and criticized incapable fortune-seekers and unviable small firms that contributed to overcrowding in the retail sector.¹³⁵ Additionally, the industry consultants largely focused on medium-size firms and pushed for mechanization and increasing scale of operations.¹³⁶ This fault line persisted, and the Catholic pillar had open debates about the position of small middenstanders in the organization and whether the Hanze was useful for them.¹³⁷ Obviously, leaders of the Catholic associations argued it was.

The friction within pillars was partially due to the exclusion of the smallest middenstanders from the new banking system. In the early period, the banking system was very locally oriented and provided relatively small loans. Most banks' statutes allowed loans between 50 and 3,000 guilders and appeared to stay in that segment.¹³⁸ In 1912 the average outstanding loan across middenstandsbanks was 755 guilders, almost the average household income at that time (848 guilders). The variance between banks was large, with many banks giving smaller loans on average of around 200 guilders, and others, such as Hoorn and Utrecht, giving on average of around 2,000 guilders.¹³⁹ Nonetheless, the poorer subsets were still often excluded from these banks because they were not credit-worthy or their firms were not viable, but sometimes because banks limited the amount of new loans due to capital constraints.¹⁴⁰

World War I was a catalyst for governmental support and the real starting point of the second wave of state banking in the Netherlands. The mass mobilization of soldiers, the scarcity of goods, and the maximum prices imposed by the Liberal cabinet of Cort van der Linden (1913–1918) heavily impacted the middenstand. On top of that, the war disrupted traditional trading credit lines as suppliers demanded cash payment for deliveries, causing cashflow problems for many craftsmen and shopkeepers.¹⁴¹ The new banking system was insufficient to deal

134. "Groote en Kleine Middenstanders!" *De Hanze*, July 21, 1911, 149, in Ta106, KDC.

135. Korthals Altes, *Het Credietvraagstuk*, 9.

136. van Lente, "Crafts in Industrial Society," 108.

137. "De organisatie der kleine middenstanders", *De Hanze*, March 15, 1912, 661–666, in Ta106, KDC.

138. Visser, *Middenstandsscooperatie in Nederland*.

139. van Riel, "Trials of Convergence," 715.

140. Janzen, *Het Middenstandsbankwezen in Nederland*, 44–45.

141. De Algemeene Borgmaatschappij voor den Middenstand, "Credietverschaffing"; Treub, *Oorlogstijd*, 218. The disruption of trade credit lines is also

with the shock. In direct response to the crisis, Minister of Finance M. W. F. Treub helped Bos and Meuwesen to set up a Central Middenstandsbank in 1914 to provide liquidity to the SME banking system.¹⁴² The government guaranteed 1 million guilders of national bank lending to the newly formed bank, making it a state bank.¹⁴³ The second wave of state banking started to save the private *middenstandsbanking* system, not because middenstanders planned to extract it.

Nonetheless, the direct effects of the state bank were small as it took a while before the Central Middenstandsbank was properly operating. While the government took measures, in 1915 Queen Wilhelmina urged Treub to do more, particularly for the smallest middenstanders.¹⁴⁴ By then, civil servants and the government fully recognized credit as a core problem, and they acted subsequently by increasing the budget for subsidies eightfold. The nominal value stayed roughly the same after 1916, but the high inflation eroded the real value quickly (Fig. 1). Nonetheless, the subsidy was more than enough to cover the operating costs of the Central Middenstandsbank and to subsidize other banks.¹⁴⁵

To help small firms, the government subsidized a set of regional *Adviesbureaux* (Offices of Advice), which provided inexpensive or free financial advice. Additionally, several experiments in private-public cooperation took place, where local middenstand associations set up institutions for small-firm credit that were subsidized by national and local governments.¹⁴⁶ Following the queen's intervention, Treub set up a Commission for Middenstands Credit in 1915 to help small firms get advances from participating middenstandsbanks by screening them and guaranteeing 55 percent of the default risk.¹⁴⁷ The commission helped 1,412 firms in this way and guaranteed 1.2 million guilders.¹⁴⁸

By the end of World War I, the middenstanders had put their problems, and credit in particular, firmly on the government's agenda. As a

often mentioned in the reports of the Amsterdam Borgstellingsmaatschappij during World War I. See 471/15, Rapporten uitgebracht door de commissie uit de Algemeene Winkeliersvereniging, betreffende aanvragers voor een voorschot N.B. Voornamelijk kleine winkeliers en handwerkpatroons, Archief van de Commissie ten Dienste van Nijverheid en Bedrijven, Stadsarchief Gemeente Amsterdam.

142. Treub was first the minister of agriculture, industry and trade (August 29 1913–November 19, 1914), and then he became minister of finance (October 24, 1914–February 8, 1916). He would retake the position as minister of finance between February 22, 1917, and September 9, 1918. Stoffer, *Het Ontstaan van de NMB*.

143. Stoffer, *Het Ontstaan van de NMB*, 35.

144. Treub, *Oorlogstijd*, 225.

145. Janzen, *Het Middenstandsbankwezen in Nederland*, 169.

146. Treub, *Oorlogstijd*, 218–232.

147. Ingenool, *Vijf En Twintig Jaren Middenstandsbeweging*, 171–172.

148. Ingenool, *Vijf En Twintig Jaren Middenstandsbeweging*, 172.

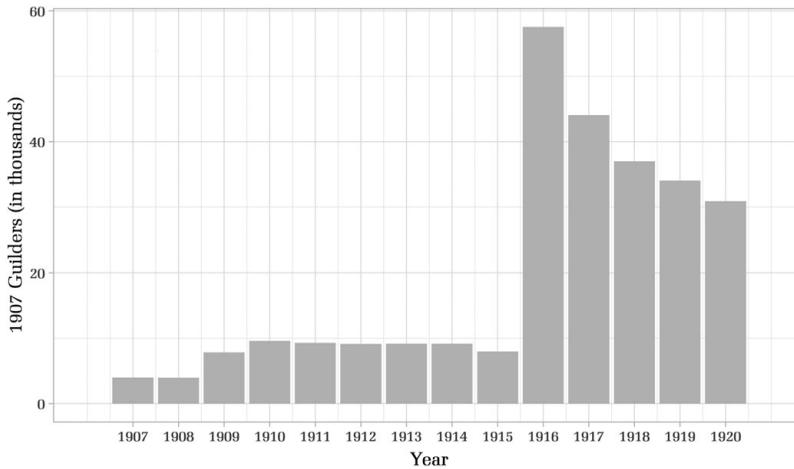


Figure 1 Yearly budget for Middenstandsbank-subsidy by the Ministry of Agriculture, Industry, and Trade, 1907–1920.

Source: Janzen, *Het Middenstandsbankwezen in Nederland*, 148.

result, they obtained extensive support for developing a separate small-firm credit system. Accordingly, the number of middenstandsbanks (including branches and correspondences) grew from 67 in 1915 to 95 in 1918. Including branches, the banks had 305 offices in 1918.¹⁴⁹ (fig. 2)

The apparent success of the new financial system raised the prestige of the associations and increased their appeal to (potential) members. The Catholic Hanze of Haarlem stated that the rapid growth in members (from five hundred to nearly three thousand members between 1910 and 1912) was thanks to their quickly expanding Hanzebank.¹⁵⁰ Their membership peaked around 1920 with close to ten thousand members, and fell after their bank went bankrupt in 1923.¹⁵¹

The middenstanders received ample support during the war, but the government also made decisions against middenstand interests, which left them with some resentment.¹⁵² In an attempt to strengthen their grasp on politics, the NBVHIM put forward the *Groninger Motion* in

149. van den Aardweg, “Everwijn, Mr. Jan Charles August.”

150. *De Hanze*, March 29, 1912, 691, and April 5, 1912, 709, in Ta106, KDC.

151. Handels- en nijverheidsverenigingen, 1920, 2.06.001/3924, NA; “Aartsdiocesane Katholieke Middenstandsbond,” KDC, https://www.ru.nl/kdc/bladeren/archieven-thema/subpagina-archieven-thema/stands-vakorganisaties/archieven_van/archieven_i/aartsdiocesane/.

152. The Distribution Law of 1916, which further increased the state’s control over prices and distribution of goods, was particularly despised since it hurt shopkeepers. The middenstanders asked F. E. Posthuma, the Liberal minister of agriculture, industry, and trade, to take their interests into consideration and proposed a

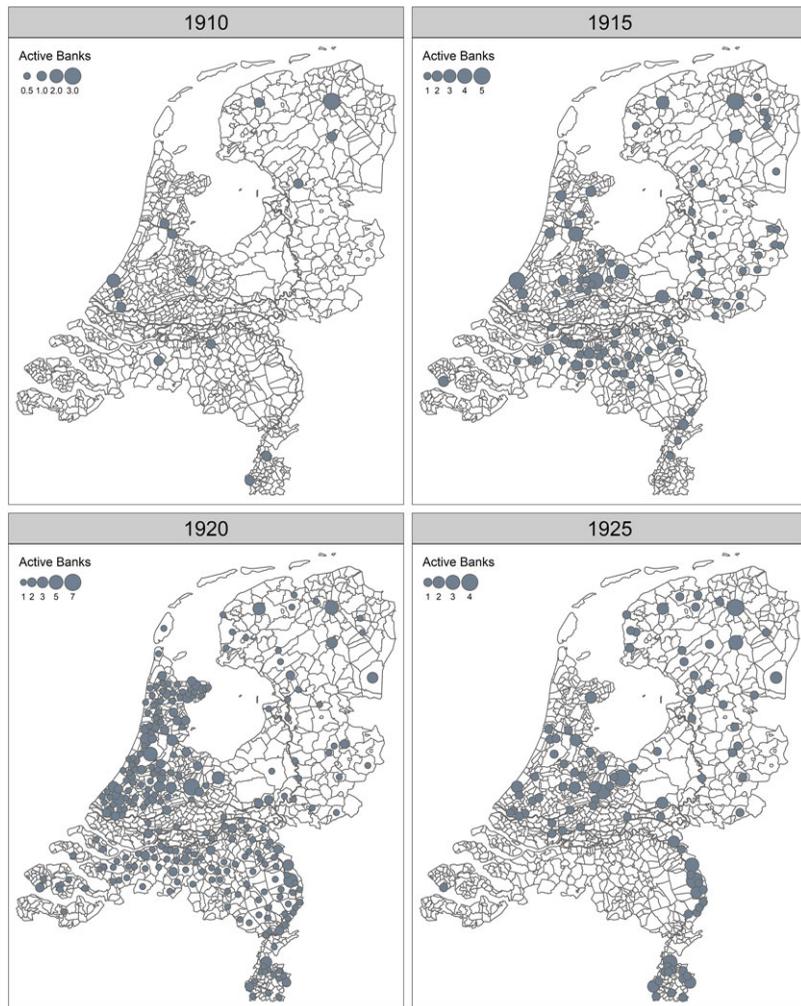


Figure 2 Number of active middenstandsbanks and branches, 1910–1925.

Source: UU Financial History Group, Banking Landscape Database, mapped on Boonstra, NLGIS Shapefiles. *DANS*, 2007, <https://doi.org/10.17026/dans-xb9-t677>.

1917. The motion was the middenstanders' way to make sure that their interests were represented on the various party lists. The idea was that "politics should be kept outside of the middenstander movement, but that the middenstand's interests should be brought into politics."¹⁵³

joint commission, but this fell on deaf ears. See Ingenool, *Vijf En Twintig Jaren Middenstandsbeweging*, 81 and 122.

153. "Noodzakelijk geacht moest worden de politiek buiten de middenstandsorganisatie te houden, doch de middenstandsbelangen in de politiek te brengen." See Ingenool, *Vijf En Twintig Jaren Middenstandsbeweging*, 81.

The NBVHIM proposed to formulate a political program that would be sent to the main political parties, and asked the parties to put suggested candidates on their lists and to support their candidacies.¹⁵⁴

It was a response not only to the frustrations of World War I but also to the changes in the electoral system. First, earlier that year, the Liberal faction, aided by the Social-Democrats, introduced universal male suffrage (for those older than twenty-three) with proportional representation. The change happened in an era of pacification, when many of the disputes from the nineteenth century were settled and the political consensus was shifting to more social care and state intervention.¹⁵⁵ The change had a big impact on the Dutch political landscape, as the number of voters increased from 15 to around 50 percent of the adult Dutch population.¹⁵⁶ Second, proportional representation increased the influence of political parties. Since every vote counted, parties for the first time operated nationwide and not only in areas where they hoped to obtain a majority.¹⁵⁷ Last, political parties set the list order and candidates were more likely to be chosen when they were higher on the list.¹⁵⁸

The motion was initially accepted in 1918 but later that year the AWV asked the NBVHIM to reconsider. The motion proved very divisive and threatened to tear apart the association.¹⁵⁹ The problem was that the NBVHIM would lose its strict political neutrality by directly interfering in elections. This would make confessional members leave the neutral organization as it conflicted with their convictions. The compromise was to leave the initiative to the individual members. They were encouraged to make use of their pillars by contacting their respective political parties and ask them to place middenstanders or people friendly to the middenstand on their list. If members were not bound to a party (mostly neutral members), they were advised to vote for the newly established Middenstands Party.¹⁶⁰ Most middenstanders apparently voted for their respective pillars because the Middenstands Party received only 12,674 votes (or around 23 percent of the combined

154. Ingenool, *Vijf En Twintig Jaren Middenstandsbeweging*, 86.

155. The nineteenth century was characterized by a struggle for power between confessionals and Liberals, which manifested itself mostly in the “school struggle” and franchise. These conflicts were resolved in 1917 when confessional schools were equated with state schools in return for universal suffrage. de Rooy, “Politiek van Rivaliteiten,” 155.

156. de Beaufort et al., *Tussen Geschiktheid En Grondrecht*, 9.

157. Bos, de Jong, and Loots, *Een Sprong in Het Duister*, 73.

158. Bos, de Jong, and Loots, *Een Sprong in Het Duister*, 74.

159. “Algemeene Winkeliers Vereeniging,” *Algemeen Handelsblad*, November 7, 1918, 6.

160. Ingenool, *Vijf En Twintig Jaren Middenstandsbeweging*, 86; “Algemeene Winkeliers Vereeniging,” *Algemeen Handelsblad*.

membership of the three unions).¹⁶¹ A quarter of those votes were concentrated in Amsterdam, indicating that mostly liberal shopkeepers voted for this party.¹⁶² The conflict shows how pillarization precluded direct cooperation. Rather than centralizing efforts, members were organized along religious lines at the base, and cooperation was limited to the top of the organizations. The compromise only entrenched this discord.

Besides trying to influence which officials got elected, the associations worked on expanding and formalizing their influence on the government. The NBVHIM did so by proposing a consultative body for the middenstand, named the *Middenstandsraad*, in May 1917. Everwijn responded positively.¹⁶³ Not much later, in September 1918, their long-term advisor Aalberse became minister of the newly created Ministry of Labor. Aalberse was a longtime advocate of letting organized business play a larger role in the creation of social and economic legislation as a way to reorganize economic life more harmoniously. Already in 1903, he proposed the formation of something similar to the *Middenstandsraad* and gradually found support for this idea.¹⁶⁴

By 1919 the political climate was ready for the progressive ideas that Aalberse promulgated. World War I had increased the number of unionized workers, during the war the government and business had experimented with cooperation, and the failed Socialist revolution in November 1918 upped the pressure for social reform.¹⁶⁵ The government declared its support for reforms, and a first consultative body for industry, named the *Nijverheidsraad* (Industry Council), was launched in January 1919. The Catholic parliamentarian and president of the Catholic NRKMB, J. A. Veraart, however, asked Aalberse to include representatives of small firms, nominated by the three middenstander federations. The original plan was to expand the *Nijverheidsraad*, but eventually they decided to create a separate council named *Middenstandsraad*.¹⁶⁶

The *Middenstandsraad* was operational by September 1919 and consisted of representatives of the Ministry of Agriculture, Industry and Trade, and the three main middenstand federations: Catholic

161. Handels- en nijverheidsverenigingen, 1920, 2.06.001/3924, NA.

162. Documentatiecentrum Nederlandse Politieke Partijen, "Middenstandspartij (1918–1933)," <https://dnpp.nl/dnpp/node/1324>.

163. Ingenool, *Vijf En Twintig Jaren Middenstandsbeweging*, 150.

164. Helderman, "De Hoge Raad van Arbeid," 51. Politicians and influential people started promoting similar ideas, for example, the Catholic Bishop of Haarlem. Joannes Aengenent promoted the same line of thought during World War I. See Sengers, *Roomsche Socioloog*, 122–123.

165. Helderman, "De Hoge Raad van Arbeid," 52.

166. Ingenool, *Vijf En Twintig Jaren Middenstandsbeweging*, 181.

(NRKMB), Protestant (CMV), and neutral (NBVHIM).¹⁶⁷ Its function was, similarly to the Nijverheidsraad, that of an independent advisory body to the minister of agriculture, industry, and trade. The Catholic parliamentarian and president of the Commission for the Middenstands Survey, Baron A. I. M. J. van Wijnbergen, became the council's first president and remained so for thirty years.¹⁶⁸

In February 1920, a third council, the *Hoge Raad van Arbeid* (High Council of Labor) was instituted. This council served to improve the communication and cooperation between employers, employees, and the state. As employers, the middenstanders occupied three out of the forty seats on this council: one for every pillar.¹⁶⁹ In both councils, all three pillars were on equal footing and relations were amical. This helped the groups to overcome the divisions caused by pillarization and to act as a unified front in defense of the middenstand on the highest echelons.

More importantly, the councils gave real power to the three federations. The councils allowed direct access to the executive branch of the state, while the relations with the pillarized political parties and to a much lesser extent through the Middenstands Party (which had only one seat in Parliament) allowed them to put their topics on the agenda.¹⁷⁰

Weathering a Crisis

Shortly after this institutional development with the Middenstandsraad as capstone, the Netherlands was hit by a financial crisis (1921–1923).¹⁷¹ This was particularly destructive for the middenstandsbanks, causing distress for about a third of the banks.¹⁷² Colvin found that banking cooperatives were less vulnerable than incorporated banks as a result of the super-liability of directors.¹⁷³ On the one hand, the incorporated Hanzebanks failed spectacularly, shaking the faith in the SME banking system. On the other hand, the federations and most of the local associations continued their operations. The Catholic Hanze

167. Ingenool, *Vijf En Twintig Jaren Middenstandsbeweging*, 182.

168. Biografisch Woordenboek van Nederland, s.v. "Wijnbergen, Antonius Ignatius Maria Josephus baron van (1869–1950)," by A. H. M. van Schaik, <http://resources.huygens.knaw.nl/bwn1880-2000/lemmata/bwn3/wijnbergen>.

169. Ingenool, *Vijf En Twintig Jaren Middenstandsbeweging*, 185.

170. Documentatiecentrum Nederlandse Politieke Partijen, "Middenstandspartij."

171. Colvin, de Jong, and Fliers, "Predicting the Past"

172. Colvin, "Organizational Determinants," 679–80; Stoffer, *Het Ontstaan van de NMB*; van den Eerenbeemt, "Middenstandskrediet"

173. Colvin, "Organizational Determinants," 689.

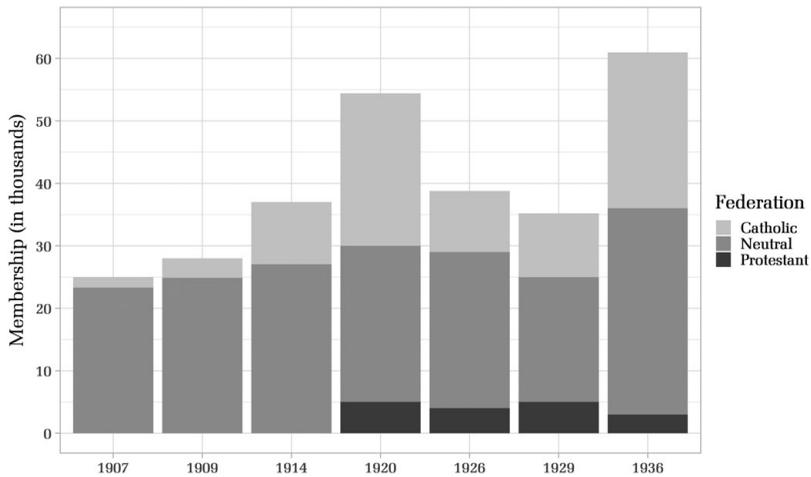


Figure 3 Membership of the middenstand federations, 1907–1936.

Protestant was counted under neutral until 1918. The Catholic Hanze of Breda is missing data for 1907. The Catholic Hanze of Limburg is missing data for 1926 and 1929. In 1920 the Catholic Hanze of Limburg had around nine hundred members Source: Afdeling Handel van het Departement van Landbouw, Nijverheid en Handel, *Overzicht van de in Nederland bestaende Patroonsvereenigingen*, 1907, 1909, 1914, 1921, 1926, 1929, and 1936, 2.06.001/3893, 3900, 3921, 3924, 3940, 3953, and 3986, NA.

unions suffered a sharp decrease in membership from around twenty-three thousand to less than ten thousand members, showing the link between the associations and the banks (Fig 3). Nonetheless, they continued to provide services, organize conferences, and publish local newspapers. Credit disappeared from the associations' agendas and much of the debate on credit and the situation of the banks moved to the background. The associations reported on the unfolding banking debacle, both with a mix of surprise about the situation and with optimism to minimize reputational damage.¹⁷⁴

The Central Middenstandsbank absorbed many of the failing middenstandsbanks, and by 1925–1926 ran into trouble itself, suffering heavy losses and exceeding the state guarantee.¹⁷⁵ The established political connections were eventually what saved the Central Middenstandsbank and the wider SME banking system. Treub, who was still heavily involved, pushed for centralization of the system into the Central Middenstandsbanks.¹⁷⁶ And the Protestant H. Colijn, minister of finance (1923–1925) and later prime minister (1925–1926), had strong

174. For example, *De Nederlandsche Hanze*, July 8, 1922, 896/77, KDC.

175. Stoffer, *Het Ontstaan van de NMB*, 135.

176. Stoffer, *Het Ontstaan van de NMB*, 115.

connections to the Boaz Banks. He further extended the state guarantees to the Central Middenstandsbank.¹⁷⁷ A governmental commission comprising bureaucrats, bankers, leaders of the Catholic and neutral middenstand federations, and a Protestant politician was tasked with assessing the viability of a centralized middenstandsbank.¹⁷⁸

Eventually, the Central Middenstandsbank, together with the Middenstandsbank of Limburg and the Boaz Banks, were integrated into the NMB in 1927. The deal made by the commission reflected the political influences and compensated for several grievances. The Central Middenstandsbank was valued at less since it had already received ample subsidies. The Catholics were compensated for the failure of the Hanzebanks, and the Boaz Banks were overvalued to ensure the support of the Protestant pillar.¹⁷⁹ Catholic association membership slightly increased between 1926 and 1929, while neutral associations declined. By the 1930s, when the NMB had regained the middenstanders' trust, membership sharply rose again (see Fig. 3).

The Middenstandsraad, as a voice for the three unions, barely interfered in the banking crisis of the 1920s. The direct connections between associations and politicians of their respective pillars not only sufficed but also were more appropriate when lobbying for the survival of their respective parts of the banking system. When in the 1930s the crisis hit middenstanders regardless of denomination, the Middenstandsraad did interfere and proposed government-funded guarantee institutions (named *Borgstellingsfondsen*) to help small firms. These started in 1936 and became a building block of the afterwar credit allocation system.¹⁸⁰

Conclusion

In the timespan of seventeen years, the middenstander movement evolved from a marginal phenomenon to a well-organized group that exerted real political influence. I described the path it took to reach that outcome and how it shaped that path along the way. Its quick rise to political relevance was not necessary nor evident. Middenstanders continuously adapted to local circumstances and effectively maneuvered the political realities to make their movement a success.

In line with Verdier, I argue that class cleavage aided the battle for relevance of small firms. The fear of class warfare made conservative

177. Stoffer, *Het Ontstaan van de NMB*, 137.

178. Stukken betreffende de werkzaamheden van de Commissie Centralisatie, Middenstandscredietwezen, 1926–1927, 2.08.41/920, NA; see G. J. Schras, “Ons Middenstandsbankwezen,” Rotterdam, 1929, 0256-01/24, Haags GA.

179. Stoffer, *Het Ontstaan van de NMB*, 244–46.

180. Stukken betreffende crisiscredieten, 1933–1941, A.064/128, ING Archive.

political parties more receptive toward a potentially stabilizing movement. However, small entrepreneurs in the Netherlands, as in other parts of Europe, had to navigate through a difficult Olsonian collective action process before being in a position to exert sufficient influence and obtain subsidies. Associations needed to forge a common identity for a notoriously heterogenous socio-economic group, and offer value to potential members to convince them to join.

The topic of insufficient access to credit was crucial in binding together a heterogenous group for small entrepreneurs and in lobbying the government for support. Insufficient access to credit was one of many possible unifiers. However, because of the commonality of this issue, the incentives set by the government, and for practical reasons, it became the central reason the associations could gain traction with members and engage the government. This turned it into a virtuous circle with expanding services drawing more members until the financial crisis disrupted many credit institutions. Nonetheless, membership remained high and the associations continued using their political power to lobby for the survival of their banks.

This in-depth case study nuances Verdier's thesis. Dutch small-firm associations did not simply gain political relevance or plan to extract state banking. Rather, state banking was the result of a decades-long interaction between the state and small-firm associations that started for reasons other than access to credit. It was coincidences, path dependencies, and personal connections that led to state banking. The NMB was not the successful starting point of the second wave of state banking in the Netherlands but the outcome of a failed attempt at creating a system based on subsidies rather than direct government intervention.

Throughout this period, associations had to operate within the political framework of constraints, much like Lemercier described. In line with Colvin, I found that socio-cultural and political contexts, especially pillarization, played decisive roles in shaping both the associational process and financial system development. The government's strategy to integrate interest groups into coherent structures spurred the development of national federations, but pillarization caused them to split along ideological lines. This led to duplication of functions and intragroup competition, but it also gave the young movement the support of established political parties. Personal connections also appeared to have been crucial for success, notably the relations between Nouwens and Everwijn and among Meuwssen, Bos, and Treub.

The Dutch case highlights several avenues for further research and reflection. First, there is a need for more micro-level qualitative research regarding financial system development and political association. Many things happen for reasons of personal interaction, context, or even chance, and these are not easily captured through more formal

quantitative research methods. Still, they deserve attention to fully understand these topics. Second, it is necessary to include SME lobby groups and petite bourgeoisie movements in the wider history of financial systems, since their links to state banking and state intervention were historically large, as demonstrated in the case of the Netherlands. Researchers such as Verdier, Carnevali, and Prasad have started along this path, but more explicit comparative research, especially between places where petite bourgeoisie associations failed to arise, as was the case in the United Kingdom or the United States, could help explain peculiarities in national financial systems.¹⁸¹

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181. Verdier, "Rise and Fall of State Banking"; Carnevali, *Europe's Advantage*; Prasad, *Land of Too Much*.

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