



The Dutch East Indies Company - The Second 100 Years

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The history of the Dutch East India Company, founded in 1602 and declared bankrupt in 1799, spans almost the whole of the seventeenth and eighteenth centuries. For much of this time it was the world's largest trading company, owning, at the height of its wealth and power, more than half the world's sea-going shipping – with its characteristic ship, the 'fluyt', also being produced for the merchant marines of other countries, including England. It was known internationally by its distinctive VOC monogram, the initials standing for 'Verenigde Oostindische Compagnie' – or simply the United East India Company. Those who organized it did not find it necessary to add that it was 'Dutch' – in the commercial world of its time no-one needed to be told that, and indeed, at the beginning of the seventeenth century 'Dutch' was only beginning to be identified with an independent state. The VOC played not only a key role in the history of the Netherlands, but also in that of the other states in which it was involved, from England, France, Spain and Portugal in Europe, to any number of principalities, sultanates and empires along the coasts of Asia, going as far as Japan and China, and including most of the coasts of India, Ceylon, Malaya and what is now Indonesia, to say nothing of the odd port of call in Africa. The VOC's operations were entirely maritime, at least in principle, and, until late in the eighteenth century, its ports of call were in no sense part of a Dutch colonial empire. Its ships, although built for transporting goods, were often involved in war, from the North Sea to the furthest extremes of its trading empire – so much so that at one time or another battles at sea were fought off almost every coast where the company operated.

The foundations for the VOC's commercial empire were, in effect, laid down by Portugal in the sixteenth century, very largely as a result of the treaty of Tordesillas, agreed with Spain, in 1494. In 1488 the Portuguese navigator, Bartolomeu Diaz, had rounded the Cape of Good Hope, at the extreme southern point of Africa, to enter the Indian ocean, and in 1492, Columbus, in service to the Spanish crown, had discovered America. From then on 'globalization' would be the name of the game, as the Pope of the day, Alexander VI, realized with somewhat remarkable foresight. From his point of view (which contemplated an extension of the Christian empire he governed from Rome) the new world to be opened up must be divided between the two great Christian powers, Spain and Portugal. (France, the only rival that counted, was out of favour with Rome, and what is more, had contributed little to opening up the new world). On the basis of the recent discoveries Spain acquired the western, and Portugal the eastern hemisphere, but new discovery at the beginning of the sixteenth century led to Spain acquiring the Philippines, islands off the coast of South-East Asia, and Portugal acquiring Brazil, along the Atlantic coast of South America. Spain, from the middle of the century, effectively governed the Philippines from Mexico, with its galleons soon engaged in a remunerative trade across the Pacific, particularly since Manila, the main harbour, was well situated for trading with China – an empire long regarded as offering unequalled prospects for acquiring wealth, if only its rulers would open it up to foreigners.

Portugal, on the other hand, found itself on the threshold of a long-established network of maritime commerce, in which Arabic, Indian, Malayan and even Chinese traders had been active for hundreds of years, and here, in the course of the sixteenth century, its armed galleons, for which the merchantmen already operating were no match at all, soon reached a dominant position throughout a vast region extending from Africa, along the coasts of India and the Malayan peninsular, and including any number of

islands in the East Indies. The latter were to become the world's main source of spices, and under João III – who appropriately became known as the 'Grocer King' – Portugal lost little time in exploiting this new source of wealth, based on pepper, cinnamon and above all, cloves and nutmeg, from respectively, the spice islands of Amboyna and Banda. These belonged to the sultanate of Ternate – another island – whose rulers consistently, and quite legitimately, wanted a share of the action, provoking a succession of conflicts with Europeans. The success of Portugal allowed the capital, Lisbon, to flourish as never before, with much of the goods imported from the east traded on into Europe through the key North Sea harbour of Antwerp – now in Belgium -- which had recently become part of the Spanish empire.

The Portuguese soon discovered that the change of winds, particularly those of the monsoon, according to season determined the time-table of its commercial activities in the east, at least so long as their ships relied on ports of call along the coasts of Africa and India. (In winter the north-east monsoon gravely impeded access to the key Malabar coast of India, and in summer, the south-west monsoon made departure very difficult – so the lesson was to arrive as late as possible in the summer, and depart as soon as possible after the wind changed, a schedule that inevitably determined sailing times right back to Lisbon.) For the large, heavily armed Portuguese ships there was really no alternative, and it soon became clear that fixed bases must be established along the coasts of Asia to support them. In the language of modern air traffic these would be known as hubs, with a small number of main hubs supporting a number of subsidiaries. In the sixteenth century these were not 'hubs', but 'factories' and 'forts', the functions of commerce and defence being combined at the same location. Four main centres were established, Goa, on the Malabar Coast of India, Colombo on the west coast of Ceylon – now Sri Lanka -- Malacca, on the Malayan side of the narrow strait separating continental Malaya from the island of Sumatra (which is now part of Indonesia), and Macao, an island off the coast of China, close to Canton, the only imperial city open to maritime commerce with the outside world. Remarkably Portugal held on to Goa until 1755 and Macao until 1999, losing out, in the end, respectively to India and China. (Malacca, as will appear later, was lost to the Dutch in 1641, and Colombo in 1656.) At a lower level, Nagasaki was established as the Portuguese outpost in Japan.

Finally, for the Portuguese, the whole commercial enterprise had a substantial religious dimension. Given the historical background to the treaty of Tordesillas, Lisbon owed it to Rome to ensure that the new world to be opened up in the east was not lost to Christendom – a considerable challenge seeing that Islam, Hinduism and Buddhism – each with a pronounced local political involvement, were already firmly established along the coasts where the Portuguese were intent on trading. The Church, however, was undaunted – as can still be seen from the magnificent sixteenth century Christian architecture in Goa and Macao – and particularly under the leadership of the Jesuit, Francis Xavier, established missions at almost every port of call. (Even today, Nagasaki, his base in Japan, is a stronghold of Catholicism.) It mattered little to the church that its mission threatened local political leaders – whose power base depended on the already established religion – but to the Portuguese governors this meant a commitment to defending an institution which far from adding to the profits of commerce, detracted from them. From the materialistic perspective of commerce, Christian missions were not only a charge on profits, but also counter-productive for the way they antagonized essential trading partners.

Portugal also had problems on the home-front. First, whatever the opportunities offered by going to sea – and they were considerable in a poor country – the small local population could never supply the crews required by the Portuguese merchantmen. This problem was solved by recruiting both officers and men from any likely corner of Europe, including, notably, the Netherlands, where the population had long been engaged in sea-faring. Second, Portugal critically lacked the materials needed for shipbuilding – wood, in particular, had to be imported from far afield. Third – and most critically in the long run -- the local market was far too small to absorb all the wealth of goods coming in from the east. This problem – as already mentioned -- was solved by relying on trade with Antwerp, which in the first half of the sixteenth century became not only the richest port in Europe, but also a key source of wealth for the Spanish Empire. In 1550 Spain and Portugal's share of Antwerp's trade was larger than that of any other part of Europe¹. In contrast, however, to Holland and Zeeland, Antwerp neither built nor owned ships.

Looking at this mid-century year, what was there then to spoil the Portuguese idyll? The answer, which no one would have guessed at the time, was the Dutch, and they, of course, define the subject of my two lectures. To understand why this is so, we must look not at Portugal, but Spain. By a remarkable series of events in the dynastic politics of Europe, the Holy Roman Emperor, Charles V, became ruler not only of the old empire, but also of Spain – as King Charles I – and of the dukedom of Burgundy, which included seventeen northern provinces (comprising most of present-day Belgium, Holland and Luxembourg, together with a small corner of France) governed from Brussels. Because of the diverse local histories the political status of Charles V was different in every part of his empire, but in 1549 he persuaded the ‘States’ – or representative assemblies – of the seventeen provinces of the Netherlands (many of which were French-speaking) to accept consolidation as a state, independent of the Holy Roman Empire, and subject to his rule. Then, in 1555, Charles V abdicated to enter a monastery, dividing his empire between his brother, Ferdinand, who acquired the original realm of the Holy Roman Empire (which his Hapsburg descendants continued to rule as Austria-Hungary until 1918), and his son, Philip, who acquired Spain and, critically, the new United Netherlands. At this point Ferdinand drops out of the story, while Philip moves to centre stage.

The United Netherlands, as constituted by Charles V, might have been viable, but in the turbulent politics of sixteenth century Europe there was little hope of this – for three main reasons. First, the Netherlands, more than any other part of Europe, was a land of rich, powerful cities, enjoying long-standing privileges, acquired often at great cost and certain not to be yielded without a struggle. The cities knew, from long experience, that the sovereign ruler of the state needed them as much as they needed him, if not more so. Second, Philip II, as King of Spain, was confronted with continuous financial crisis, as a result partly of the steady devaluation of the silver imported from America – to say nothing of losses at sea to English privateers – and partly of the costs of war with France. Third, the protestant reformation was tearing Europe apart in the wars of religion, in which Philip committed Spain irrevocably to supporting the catholic side, regardless of cost.

All in all, if Philip was to maintain peace in the Netherlands it would require diplomatic skills and a balanced judgment that he never had. Instead he preferred to take the bull by the horns – an appropriate metaphor for a Spanish king – and impose unwelcome taxes on the wealthiest part of his empire, using soldiers under Spanish command – whose presence only added to the cost of his government – to enforce his will. To make things worse, he appointed the tyrannical Duke of Alva as his viceroy in Brussels. Sooner or later the Netherlands would no longer stand the strain: one by one its cities rose in protest, and if one was subjugated by the Duke another was certain to declare its freedom. In 1568 what had begun as an uncoordinated revolt acquired a leader in William of Orange, a German prince, with vast estates in the Netherlands, who, having been brought up in the court of Charles V in Brussels, was a loyal subject of the Spanish Crown – as is made clear in the first verse of the *Wilhelmus*, the Dutch national anthem. William – known as ‘the silent’ – had every virtue as a leader that Philip lacked. In 1568, answering appeals coming from almost every part of the Netherlands, he allied himself with the protestant cause, and led his people into a war against Spain that would last for eighty years – and transform the political line-up of Europe.

Although the course of the war was confused, the strategy followed by Spain was to make a stronghold of the two rich southern provinces of Brabant (in which Brussels was located) and Flanders (home not only to Antwerp but also to the wealthy late medieval trading centres of Gent, Bruges and Ieper), and from this base to enforce its writ in the northern provinces. Although here, before the sixteenth century, the population was relatively small, and economic development relatively little advanced, once the new century was under way, northern cities, such as notably Leiden, Delft, Middelburg and, above all, Amsterdam, soon began to claim their share of the rapidly growing international trade, still dominated, in the east, by Portugal. When the citizens of these cities saw the lengths to which the Duke of Alva would go to appropriate the wealth of the great southern cities, they rose in revolt to prevent the same happening on their own home ground. For four years, the two key maritime provinces in the north, Zeeland and Holland, fought to shake off their Spanish rulers, whose armies found the characteristic northern landscape of polder, dikes and inland waterways impossible as a field for the sort of battles that they were trained and equipped to fight. (Four centuries later US troops faced much the same problem in Vietnam’s Mekong delta.) Without the co-operation of local populations, the logistical problems of maintaining an army in the

field were overwhelming, and after four years the Spanish had to accept that the Dutch-speaking peoples of Holland and Zeeland, and of much of the other northern provinces, had effectively turned them into a 'no-go area'. And all the time the Prince of Orange was moving from one province to another, co-ordinating and directing, as best he could, the war against Spain.

While the Spanish were losing out in the north, which was separated from the south by the great rivers -- the Rijn, the Maas and the Schelde -- flowing into the North Sea, they succeeded, more often than not, in strengthening their hold on the south. The result was a flow of economic and religious refugees from the south to the north, so that many of the great merchants of Antwerp, with a considerable supporting cast from Brugge, Gent, Brussels and Mechelen, moved to Amsterdam, which -- booming as never before with the wealth imported from the south -- declared, as a matter of realpolitik after months of turbulence, for Protestantism on 26 May 1578, a day of significant rebirth, which made clear where the city was to stand in the eyes of a world divided by religion².

In 1577, the Spanish forces in the south were reinforced by some 20,000 new soldiers: their leader, the Duke of Parma, used his command to establish, by the treaty of Arras -- a city well behind the Spanish lines -- an alliance of the French-speaking provinces of Lille, Douai, Orchie, Hainaut and Artois to confront the Prince of Orange. The latter's brother, Prince John of Nassau, responded by organizing the Union of Utrecht -- agreed in February 1579 -- of the Dutch-speaking provinces of Holland, Zeeland, Friesland, Utrecht and Gelderland.

The die was cast. The line-up was not linguistic, but religious, catholic versus protestant. In the words of C.V. Wedgwood³,

'William on his side, as Parma on his, each intended his Union as a magnet ultimately to attract all the provinces of the Netherlands. But the basis of each separate Union was religion: Arras was ... the Catholic protest, as Utrecht was the Calvinist, against the policy of toleration. Theoretically either might have served as nucleus for a reunited Netherlands; in practice neither would do so, because uncontrollable forces ... were to prevent for ever the closing of that fissure which had developed so fast during the last decade and which was to become a chasm during the next'.

It would not be long before the five Utrecht provinces were to be joined by two more, Groningen and Overijssel, to constitute what came to be known as the 'Seven' or the 'United Provinces', to be governed by the 'States General⁴'. To begin with the Utrecht Union sought to extend its reach to the south to include Antwerp, which in the years 1578-83 headed the rebellion against Spanish rule, but in the end Spain proved to be too strong, and Antwerp was lost. The consequences for the city were disastrous. Capital, and those who owned it, had fled north to Amsterdam, while the harbour, whose only access to the sea was the Schelde, was completely cut off because the mouth of the river (as it still is today) was in Zeeland, next to Holland the most important of the United Provinces. The closure of Antwerp, inevitably, was a severe setback to Lisbon, which lost its best access to the valuable north European market, just as the Kingdom of Portugal -- following the death of last king of the house of Aviz in 1578 -- had fallen to the Spanish crown in 1580 -- a loss of independence which it would only regain in 1640, by which time a very great deal of water had flown under the bridge. To make matters worse, by the end of the century English privateers were capturing increasing numbers of Portuguese ships carrying pepper.

This is the right point to look at the part played by England in all that was happening on the other side of the North Sea. If, in principle, Elizabethan England -- no friend to catholic Spain -- should have been allied with the protestant cause in the Netherlands, its support on the ground was intermittent and half-hearted, at least in the eyes of the Dutch. The most significant collaborative action was the defeat, in 1588, of the Spanish Armada, an attempt by Philip II to strengthen his hand in Northern Europe by sending reinforcements by sea -- a reasonable enough strategy as seen from Madrid. Although this was a signal victory it did engendered little will, in England, to get further involved in the Netherlands. By the end of the

century, indeed, many in England were beginning to fear the Dutch more as international trade rivals, than see them as allies in a war in which England did its best not to get involved.

In 1586 a small English force sent by Queen Elizabeth proved to be more of a hindrance than a help: its commander, the Earl of Leicester, was soon at odds with a leading Dutch politician, Johan van Oldenbarnevelt – a conflict that so greatly enhanced the status of the latter that he was elected Grand Advocate of the States of Holland. In 1589, with the power derived from this office, he persuaded the states of Utrecht, Overijssel and Gelderland, to appoint as their stadhouder Prince Maurice of Nassau, second son of William the Silent (who had been murdered by a catholic fanatic in 1584) and already stadhouder of the key provinces of Holland and Zeeland. At a critical moment the Dutch acquired two complementary, able and popular leaders, who would retain their power and influence – but not, in the end, the will to work together -- until well into the seventeenth century. At the same time, pressure from the Spanish forces in the southern Netherlands was greatly reduced by Philip II's decision to send soldiers to France to fight against the Protestant King Henry IV – a struggle in which they were ultimately victorious, so that France, from the seventeenth century onwards, was a catholic kingdom, with Louis XIV, at the end of the century, advancing his religion with almost the same zeal as Philip II had shown a hundred years earlier.

Returning to maritime commerce with the East Indies, in the stand-off between Utrecht and Arras – or between the United Provinces and what soon came to be known as the Spanish Netherlands – there was little question of Amsterdam, or any other Dutch city, simply taking over the trade with Lisbon: nor was there, by the end of the 1580s any inclination to do so. The numerous Dutch who had seen service in the Portuguese merchantmen sailing to the East – some of whom, such as Jan van Linschoten had reached high positions in Goa – could recognize an opportunity when they saw one, and were not slow to publicize it either. Prospects were further enhanced by a rise in the price of pepper following the depredations of the English privateers. One by one harbour towns began to organize so-called 'voor-compagnies' to finance expeditions to trade in the East Indies, not only by-passing Portugal, but anxious to compete with it, and any other state that got in the way, in a battle for markets in which they expected to give no quarter. Each separate company organized the finance of a fleet of ships to sail together for the East Indies : these were relatively heavily armed, so as to be able to win any encounter with the Portuguese – not unlikely seeing that over the routes to be followed Portugal had claimed a monopoly ever since Tordesillas. Following a slow and somewhat unpromising start in 1595, in the four year period, 1598-1602, 51 ships, divided into eight fleets, earned profits of several hundred per cent for the investors in the voor-compagnies. (Of these one took the route round Cape Horn at the southern extreme of South America, with the 'Liefde' – meaning 'love' – under an English captain⁵– bringing, in the year, 1600, the first Dutch traders to Japan). My present audience might like to note that the whole Dutch enterprise in the East Indies got under way at the same time as Gresham College first opened its doors.

By this time, the volume of Dutch trade already exceeded that of Portugal, with voor-compagnies organized in six towns: Amsterdam, Enkhuyzen, Hoorn, Delft and Rotterdam in Holland, together with Middelburg in Zeeland. The map shows how the first three were sited on the Zuiderzee, in reality a large salt-water lagoon – comparable to that of Venice – sheltered from the North Sea by the Wadden, or as known to the English, the Friesian islands⁶. Delft had its harbour on the Maas, as did Rotterdam, further inland: in both cases this meant direct access to the North Sea, as was true also of Middelburg located on the island of Walcheren, which belongs to Zeeland. With the vast success of the six fleets, it was clear to many that they would do even better if combined into a single organization: this was certainly the view not only of Oldenbarnevelt but also of the city of Amsterdam, where, on 20 March 1602, the United East India Company – that is the VOC – received a charter granting it a renewable 21-year monopoly of the East Indian trade, both around the Cape of Good Hope and Cape Horn, with capital to be invested for a minimum ten-year period rather than being raised anew for every time a fleet set sail. What is more the VOC was granted powers to make treaties and engage in war in the name of the States General. The guiding philosophy foreshadowed that stated by US President Coolidge more than 300 years later: 'the chief business of the American people is business⁷'.

The VOC was to be governed by a council of seventeen 'gentlemen' meeting in new headquarters in

Amsterdam⁸, with eight elected by the city government, four by Zeeland's Middelburg, and one each by Holland's Enkhuyzen, Hoorn, Delft and Rotterdam; finally Middelburg and these four cities in Holland would in turn elect a governor – ensuring that Amsterdam, standing alone, would always be one vote short of majority. All six cities would, however, maintain its own 'chamber'. Any resident of the United Provinces could become a share-holder, with the right to transfer his shares, so involving – at least potentially – the whole population in what would become the largest single business venture of the seventeenth century. In practice the company was owned by a few large shareholders, with 40 per cent of its capital subscribed by exiles from the southern Netherlands⁹. The challenge to the VOC was to enforce its monopoly against all comers, so that long before the end of the first 21 years it confronted almost every significant maritime power in the world. Given that its political base, the United Provinces, was only created in 1579, this demonstrated, to say the least, quite unbelievable chutzpah.

The first fully-equipped VOC fleet sailed on 18 December 1603, with orders not only to engage in trade, but also to attack Portuguese strongholds in Goa and East Africa. This latter task was beyond its powers, and the same was true of the fleets that sailed in 1605, 1606 and 1607. The only Portuguese fort to surrender – and that without a fight - was on the remote, but valuable spice-island of Ambon. It became clear that the VOC had to get its act together: the key move was to establish a permanent base in the East Indies, with a governor-general with considerable local autonomy. This, at the same time, must serve as a meeting point for VOC ships, and a staple harbour for the goods they carried. In short, the VOC must set up a rival to the Portuguese Goa, established on the same scale, but without any missionary commitments. The wars of religion were not to be extended to the Indies.

Strategy required the chosen location to be close to the Sunda Strait, separating Sumatra from Java – and famous world-wide since 1883 for the devastating eruption of the Krakatoa volcano -- which critically allowed VOC ships to reach the islands of the East Indies without passing through the Malacca Strait, which was controlled by the Portuguese. The obvious site was Banten on the Java side of the Sunda Strait, but although the local regent¹⁰ was ready to allow the VOC governor-general to share his seat of government he would neither disturb the established Chinese trade in pepper nor force the English factory to close – a policy decisively at odds with the monopoly claimed by the VOC. In 1610 the Dutch, concerned about security, subverted the subordinate Pangeran, or 'prince', of Jacatra — a harbour city along the coast to the east of Banten – and with his support established a fort there.

In 1613 the VOC appointed as its director-general in charge of its trade in Asia a man who was resolved to sort out the company's problems. Jan Pieterszoon Coen, a ruthless and single-minded son of the VOC chamber at Hoorn, was convinced that Jacatra alone must become the centre of both government and commerce, a decision, which when acted upon, suited only the Dutch, who soon found themselves besieged, in turn, by the English, the Jacatrans and the Bantenese. At the last minute, when there was already talk of Dutch surrender, Coen mobilized the VOC ships in the seas to the east of Java and with a new fleet turned the tables on his opponents – who had never succeeded in co-ordinated their activities – and established Jacatra, once and for all, as the VOC command centre in the East Indies. The directors in Amsterdam recognised his achievement, and called the new Dutch town 'Batavia' – the old Roman name for the Netherlands. (Now known as Jakarta -- a modernized form of its old name -- it has been, since 1949, the capital of the Republic of Indonesia, with a present population of more than ten million).

Lecture 2: Wednesday 8 March 2006

Coen, appointed governor-general in 1619, was set to organise the VOC, in the East Indies, to operate in a way that would bring the largest possible profits to its shareholders, at the same time excluding all possible competitors from any share of the action. To his fury he was let down on the home front, both by the States General and by his own directors in Amsterdam. The political problem was simple. In 1609 a twelve-year

truce had been agreed between the United Provinces and Spain: given forty years of almost continuous war, peace suited both sides, although the terms agreed did not extend it outside Europe – an exception which, as things turned out, played into the hands of the VOC, whose ships consistently won more often than they lost in battles against the Portuguese subjects of the Spanish crown. In the years leading up to 1621, when the truce was due to end, this was for King Philip III of Spain reason enough for blocking its renewal, even though the Archduke Albert, his regent in Brussels favoured this course, while Zúñiga, his chief foreign policy adviser, noted that ‘To promise ourselves that we can conquer the Dutch is to seek the impossible ...¹¹’ In part Philip was influenced by the fact that the United Provinces had become bitterly divided between a party led by Oldenbarnevelt and the great jurist, Hugo de Groot, and supported by the directors of the VOC, and the party of Prince Maurits of Nassau, who believed that if the war was renewed the southern provinces lost to Spain might be retrieved. What Philip failed to appreciate was that in this conflict Maurits’ war-party had emerged as the winners, following the judicial execution of Oldenbarnevelt in 1619 and the imprisonment of de Groot – from which he escaped to France in 1621 – in the same year.

For Coen in distant Batavia these developments were most unwelcome. In 1519 the VOC directors in Amsterdam, fearing the repercussions of war with Spain, agreed with the English East India Company (EAST INDIA COMPANY) – which had been founded four years after the VOC – a ‘Treaty of Defence’ under which they were to fight the enemy in Asia together, with each company purchasing half the pepper offered for sale, while the VOC would be entitled to two thirds, and the EAST INDIA COMPANY one third of spices from the Moluccas¹².

To Coen all this was a massive sell-out, for the EAST INDIA COMPANY ‘could not pretend to a single grain of sand in the Moluccas, Ambon or the Banda islands’. He was determined to disregard the treaty and ensure that the VOC obtained a complete monopoly of the Molucca spice trade. The main commodities traded were nutmeg and mace from the Banda islands and cloves from Ambon and the small islands around it. The poor terms offered by the VOC left the local inhabitants -- who had to sell the harvests of their own trees -- close to starvation, leading inevitably to considerable hostility to the Dutch. In 1521 Coen reacted by invading the Banda islands, killing or deporting their inhabitants, so as to allow the land to be divided into lots, known as ‘perken¹³’ and allocated to new settlers, to be known as ‘perkeniers’ and recruited by the VOC. In 1523, in Ambon, Coen was equally ruthless with Englishmen from the EAST INDIA COMPANY exchanging trade-goods for cloves: ten were executed following confessions of treason exacted under torture, an act of justice which, nor surprisingly, put an end to the 1619 treaty. Coen, however, was where he wanted to be: as governor-general in Batavia he had established the power necessary to protect the local monopoly granted to the VOC by its original charter.

Coen had shown the way to his successors. He also tried to persuade the directors in Amsterdam to invest more in factories in Batavia and elsewhere in the Indies : when they failed to do so he set about generating capital, locally, by encouraging VOC ships to trade between one island and another, or with the Asian mainland. He made this policy clear in a letter written to the directors in Amsterdam in August 1619:

‘Guserat textiles must be traded for pepper and gold on the shores of Sumatra; pepper from Banten for reals and textiles ... Chinese goods and gold for sandalwood, pepper and reals; silver can be got from Japan for Chinese goods; the textiles from the Coromandel Coast for spices, other merchandise and pieces of eight; pieces of eight from Arabia for spices and other small goods, making sure that one compensates the other, and that all is done in ships without money from the Netherlands’¹⁴.

Silver, or goods that could replace it, were particularly important, because as result of the embargoes by Spain, the main source, it was in very short supply¹⁵-- which explains the VOC’s interest in reals or pieces of eight -- often smuggled from Manila¹⁶. Japan was an alternative but problematic source not only of silver, but also of gold and copper. The inter-Asian trade could be very lucrative, but although it meant that the ships were much longer away from home, this was acceptable to both the VOC and their crews – who had a right to a given proportion of the profits earned. The great risk for the sailors was the considerable chance of their not returning home alive, and this inevitably became greater the longer they remained in the

Indies. More died simply of sickness, often exacerbated by poor diet at sea, than as casualties in battle, whether on land or sea. The risk to each individual ship was much smaller – at a level of about 3 per cent over the years – but even so VOC wrecks, some with valuable cargoes, are still found off every coast from Holland to the furthest reaches of the Indies. Given the cramped conditions of life on board, it was a hard, even if occasionally profitable, way of earning a living.

When Coen finally retired, in 1629, the VOC still had to contend with the Portuguese, whose fortress at Malacca was a considerable obstacle in the way of its trading along the coasts of India, where the Portuguese also had forts, to say nothing of their strongholds in Ceylon. From a very early stage VOC ships got round this problem by sailing a southerly route from the Cape of Good Hope, well to the south of the monsoons, and then turning north to reach the Indies through the Sunda strait. Although problems of navigation and distances between landfalls were greater, this route from Holland was quicker and safer – at least so long as a ship, by sailing too far to the east, was not wrecked on the west coast of Australia – a continent discovered by the Dutch in 1606, although the first actual landing, led by Abel Tasman, was only in 1646/17. The VOC preference for the southern route also explains the decision to set up a victualling post at Cape Town in 1653: this new harbour not only played a key role in the supply and repair of VOC ships, but was also developed, quite exceptionally, as a colony for permanent Dutch settlers – whose descendants, today's Zuid-Afrikaners, are now counted in millions.

The VOC also worked hard to extend its reach to both China and Japan. Both countries required a strategy that recognised that they were long standing empires, not likely to be intimidated by the hand-highhanded methods effectively used by the Dutch in the Indies. In 1635 Fort Zelandia was established on the west coast of Taiwan to exploit the China trade at a time when the Ming empire was torn by strife. This venture was frustrated by a Ming loyalist, whom the Dutch knew as the pirate, Coxinga¹⁸, who, coveting Taiwan as a base for his own operations, succeeded in capturing the whole island in 1662. Thereafter the VOC's trade with China was mainly dependent on Chinese junks, sailing between Canton and Batavia.

As for Japan, in 1639 the VOC was granted a complete monopoly of the country's European trade. This reflected the policy of the Tokugawa Shoguns, who after subduing Japan in 1600 -- following years of civil war -- were determined to isolate it from the Europe and the influence of European religion, which, in their experience, meant the Catholicism propagated by the Portuguese missions in the sixteenth century. The decision made in 1639 was therefore directed against the Portugal, which as a result lost out completely in Japan. The reason for allowing the VOC a small factory on Deshima, a minute island off Nagasaki, was to provide a window to the world outside Japan: every year a delegation was sent to the Tokugawa court in Edo¹⁹, bringing goods, often exotic, that had been ordered in advance, and, at the same time news of this other world. The result was that for a period of more than two hundred years the Dutch were the only Europeans allowed to set foot there, and even then they were confined to Deshima – apart from the yearly visit to Edo.

In spite of its success in exploiting the wealth of the East Indies, without having to sail along the coasts of India, the VOC was never content to leave the Portuguese undisturbed in the Indian Ocean. Their continued presence, and even more that of any other Europeans – such as Englishmen in service of the EAST INDIA COMPANY – was still perceived as a threat to the VOC monopoly in the Indies: what is more, the harbours along the coasts of India offered trade-goods much in demand by the local populations cultivating the spices traded so profitably by the VOC. Whatever Coen may have thought, free and peaceful trade was still cheaper than its violent alternatives. Even so, the Dutch in Batavia, encouraged by Antonio van Diemen – governor-general in the tradition of Coen from 1636-1645 -- saw every reason for dislodging the Portuguese from their strongholds along the northern route to the Indies, which the Portuguese, in turn, were determined to retain. After a number of earlier attempts that failed, the Dutch finally captured Malacca in 1641, and by doing so extended the VOC monopoly to Aceh, Palembang and Jambi -- the key port cities of Sumatra, on the other side of the Sunda Strait. This was a severe blow to Portugal, particularly after it had regained its independence from Spain the previous year. Worse was to follow, although the States General, to the disgust van Diemen, agreed, after the fall of Malacca, a ten-year truce with Portugal. Once it ended, Ceylon, Colombo and Jaffna were soon captured by the Dutch -- in

1656 -- giving the VOC a monopoly in the valuable local trade in cinnamon and providing at the same time bases for exploiting the Malabar coast of India. Dutch interests were also threatened by local rulers in different parts of the Indies. In 1667, the VOC, by subjecting the city of Macassar in Sulawesi, broke the sultan's monopoly in cloves. On Borneo, however, it was forced to concede the valuable pepper trade to the Chinese. Finally, in 1684, by forcing the submission of the sultan of Ternate, the VOC consolidated its hold on the spice islands, while in the same year, by capturing Banten, it gained complete control of the key Sunda strait.

While all this was happening the war against Spain back home in the Netherlands finally came to end with the Treaty of Münster of 1648. In 1641 Spain had made a final attempt to send an army by sea to the Netherlands, but in the Battle of the Downs – fought just off the coast of England – its fleet was decisively defeated. The peace of 1648 proved to be definitive. The Dutch had nothing more to fear from Spain, on land or sea; on the other hand Prins Maurits' dream of retrieving the southern Netherlands was never realised. The treaty provided, however, for the permanent closure of the Schelde to maritime traffic a provision that would greatly help the United Provinces dominate the economy of the southern Netherlands. After 1648, the threat came not from Spain, but from Louis XIV, who became King of France in 1643. He was finally checked by an alliance including both England and the United Provinces, forged at a time when one man, William of Orange, was both king and stadhouder. In the meantime, as a result of continuous disputes about the rights to free passage of shipping, the Dutch, in north European waters, had fought the English to a stand-still in three wars at sea (1652-54), (1664-67) and (1672-74), in each of which the conflict between the VOC and the East India Company was a relevant factor. Although the Dutch often got a bloody nose, it is fair to say they always won the peace – in spite of considerable internal discord in the United Provinces – so that the VOC, in particular, maintained its dominant position in Asia until well beyond the end of the century.

The wars with France finally ended in 1713, with the Treaty of Utrecht, which laid down the peace terms, providing for the southern Netherlands to be ceded to the Austrian Habsburgs, who were never any threat to the United Provinces. Even so this was not a welcome change for the States General, which had every reason see the Treaty as a sell-out to the French by Britain, in exchange for considerable advantages granted to Britain, at the expense of the Dutch, in the Spanish Indies²¹. The result, at popular level, was a climate of opinion among the Dutch, which was extremely hostile to Britain and remained so throughout the rest of the century – in part because the British, intent on protecting their own trading interests, combined with the Austrians to frustrate the continued penetration of Dutch economic interests into the southern Netherlands. On the other hand the British did combine with Dutch to make life difficult for a rival company to the VOC, based on Ostend, set up the Austrians – so much so that their Emperor, under diplomatic pressure, suppressed it in 1731.

Throughout the eighteenth century Dutch misgivings about the British proved to be well-founded, even though, on occasion – such as with the suppression of the Ostend Company – their interests coincided. But even in this case, from the British point of view, the fall of the company meant less competition for the East India Company in the trade with India and China. This did not mean that the VOC was no longer seen as a rival: the opposite was the case, as the Dutch well-realised. What is more, the French were also competing for trade, although their position in India was significantly weakened by the British defeat of the Nawab of Bengal – whose army included French troops -- at the battle of Plassey in 1757, the second year of the Seven Years' War. The result was that the British Commander, Robert Clive, effectively became the ruler of Bengal, where the VOC, more than a hundred years earlier, had established an important factory at Hugli, some forty years before the East India Company built its first factory at Calcutta. By mid-century the latter had become much more important, and after Plassey Hugli rapidly declined: when, in 1759 Clive, without any difficulty, repulsed a Dutch expedition dispatched by the governor-general in Batavia to reinforce it²², its usefulness to the VOC was much diminished, as were also the company's prospects of exploiting Bengal – the richest province in India.

The fundamental problem facing the VOC in the eighteenth century was adaptation to the changing circumstances of world trade, particular as they reflected changes in consumer demand. This of course is a

massive generalization that could apply to almost any period of modern economic history. The VOC, if it was to continue to prosper, had to extend its range far beyond supplying Europe with nutmeg, cloves, cinnamon and pepper. For one thing its monopoly of the spice trade was seriously compromised by both France and Britain in the second half of the eighteenth century. In 1770 a French landing party managed to take away some young clove trees from Ambon, which were successfully planted on the French islands of Mauritius and Réunion in the Indian Ocean, and at later stage on the French Caribbean islands. At much the same time the British broke the Dutch clove monopoly in India.

Even so, because its ships were small, and the distances sailed by them very considerable, the VOC was effectively confined to the so-called 'rich trade' in commodities with a high value to weight ratio. This ruled out, for instance, any trade in tropical hard-wood, which is now a major export from Indonesia. The Dutch got the wood, essential for their vast and profitable ship-building industry, from Scandinavia and the Baltic lands, but this was a quite separate trade and the ships involved in it did not belong to the VOC. As for the East Indies, the new opportunities developing for rich trade in the eighteenth century came, above all, from tea and coffee, which, already by 1700, accounted for 25 per cent of the company's European sales, a figure that increased steadily during the following half century²³. By 1700 also English country traders – probably helped by corrupt VOC servants -- in India were getting round the Dutch monopoly in cloves and nutmeg.

Since neither tea nor coffee were indigenous to the East Indies, while both – at least by the seventeenth century -- were plantation crops, there was never any possibility of a VOC monopoly. Since, in the case of tea, Chinese plantations, in the days of the VOC, were the only source of supply, the company had to choose between buying from Chinese traders who shipped tea in their own junks to Batavia, or sending its own ships to Canton – as did the British East India Company. Having lost out with Fort Zelandia in the seventeenth century, the VOC, on entering the tea trade, preferred the first alternative, but once into the eighteenth century it soon saw the advantages of copying the British – which certainly proved to be the best policy after the suppression of the Ostend Company in 1731. Although the British were always ahead, the VOC, by mid-century, was not far behind in what was, in any case, a rapidly expanding sellers' market. In exchange for their tea the Chinese were paid by the British mainly in silver and 'dumped' English woollen cloth²⁴ – together with opium from Bengal later in the century -- and by the Dutch in pepper from Sumatra²⁵ and Borneo and tin from Malaya, both commodities in which the VOC controlled the main sources of supply. Here the Dutch competitive position was much stronger, so that, not surprisingly, when it came to pepper, if not tin, the East India Company was keen to have its own share in the action.

The British company established a factory at Benkulu, on the west coast of Sumatra, in 1685. From this base it extended its reach southwards down the coast to encroach on the lands of the Banten Sultanate – opposite Java -- where the trading rights had been granted to the VOC. Here Lampung was at the centre of the pepper plantations. The British, however, set up a post near Krui – up the west coast of Sumatra on the way to Benkulu --from which, by subverting the local chiefs, they enforced the cultivation of pepper. The Dutch, although always claiming their rights, never formally protested, let alone take any military action to assert them. Discretion was plainly the better part of valour. Thus encouraged the British started buying pepper from pirates in the Sunda Strait, in exchange for ammunition – essential for their operations -- and in one case a whole ship²⁶. The operation depended on Chinese middlemen, to whom, in the 1750s, the East India Company had given passes to operate from Krui. Having bought pepper from the pirates, the Chinese then exchanged it for opium at the British factory at Benkulu. From the 1760s some fifteen to twenty Chinese vessels were engaged in this trade. From the 1780s the Chinese, defying the VOC monopoly, bought pepper directly from Lampung. The overseas Chinese also had their own pepper plantations, notably in Brunei and Malaya, from which they could themselves trade either directly with Canton or with the East India Company. Even so, much of the pepper traded by the East India Company in Canton, in the second half of the eighteenth century, belonged by rights to the VOC. Seeing that by the end of the century the British, in some years, accounted for up to 90 of all the pepper brought by European traders to Canton, the loss to the Dutch was considerable – and in the end unsustainable.

One might well ask why the VOC did not take more effective action against the pirates. The company did

its best, but its sailors were constantly defeated by the small ships, with both sail and oar, of local seafarers -- such as the notorious Bugis of Sulawesi -- who, by using local knowledge, could base their operations on countless local inlets and islands, completely inaccessible to Dutch ships designed for sailing the world's oceans. The pirates were present from the very beginning and are still there today, but their fortunes vary according to the circumstances of the day. In the final years of the VOC, in the second half of the eighteenth century, these -- for the reasons given in the preceding paragraph -- were particularly favourable to them.

Two new factors were fatal to the Dutch: first was the much increased British presence in inter-regional trade (which the VOC had dominated since Coen's day), and second the role of opium. Since local Chinese redistributed the opium throughout the Indies (where many of the consumers were also Chinese) the British and Chinese were effectively partners in crime. As such they continually by-passed the long established Dutch regime, based on exclusive treaties with local rulers to guarantee the VOC monopoly²⁷. By the end of the eighteenth century these were beginning to see that the British were the better horse to back.

The VOC's history of coffee is quite different to that of tea. The coffee plant, although native to Ethiopia, was cultivated from an early in Arabia, on the other side of the Red Sea, where the international trade was based on the harbour city of Mocha. To satisfy the growing consumer demand in the second half of the seventeenth century, the VOC, up until about 1720, imported coffee from Mocha, but even before the end of the century it had turned to operating its own plantations in Java, which proved -- subject to inevitable fluctuations in the world market -- to be extremely profitable²⁸. In the final years of the VOC coffee sales at auctions reached record levels, but this was too late to help the company in the face of all its other troubles.

What then did these add up to? First, on a business school analysis, the multifarious activities of the VOC led to considerable fluctuations in both costs and revenue. Their result, from about 1740²⁹, was a secular trend, determined by market factors over which the company had little control, towards a negative bottom line. This, in turn, was reinforced by poor management at home, increased administrative costs overseas, bad book-keeping, corruption among company servants and inadequate support from the banking system³⁰ -- in short, all the usual suspects.

Behind all this was a disastrous deterioration in the political climate in the United Province during the reign of the man who proved to be their last stadhouder, William V, Prince of Orange. For a federal republic to retain at its head a hereditary prince was always something of an anomaly, but given the major part played by the House of Orange in the birth of the republic, and its prosperity in the seventeenth century, the arrangement was always accepted as better than any alternative. During a reign of nearly forty years the unprepossessing William V accepted that 'he was not the man supplied by Providence to restore the fortune of his dynasty and his Fatherland³¹'. What is more, revolution was in the air, with success first in America, where Britain lost its most important colonies, and France, where the Ancien Regime was toppled. Both events were critical for the Dutch and ominous for their hapless and unpopular stadhouder.

Amsterdam, ever with its eye to the main chance, saw the American revolution as an opportunity for reviving its Atlantic trade, which throughout the century had been overshadowed by that of Britain. This opportunism was soon justified: citizens of Amsterdam made fortunes by trading with the American rebels. But when they started running guns from the Dutch Caribbean island of St Eustatius, this was more than the British would tolerate: the result, in the years 1780-84, was the fourth Anglo-Dutch war, fought, like the first three, at sea. At the same time the American rebels had a very able representative in Amsterdam, John Adams, who, in a successful appeal for Dutch solidarity, claimed that

'The origins of the two Republics are so much alike ... the history of the one seems but a transcript of the other; so that every Dutchman instructed in the subject must pronounce the American revolution just and

necessary or pass a censure upon the greatest actions of his immortal ancestors ...³²'

These words caught the popular mood of much of Holland : the Dutch, although they might not have realised it, 'were on the point of inaugurating Europe's revolutionary generation³³'. Open revolution broke out in 1781, with so-called 'Patriots' on one side opposed to the 'Prince's men' on the other. This did not help the war with England, which, during four years of intermittent fighting at sea, the Dutch lost all along the line. Although it was essentially an Atlantic war, Dutch ships, including those of the VOC were legitimate prizes for the British in any part of the world, including the East Indies, where – as already related – the Dutch were already losing out to the East India Company in the competition for the lucrative Chinese trade.

With the French revolution things went from bad to worse. The Patriots identified their cause with that of the French revolutionaries, so that when, in 1795, a French army invaded their country they readily submitted and constituted a new Batavian Republic subservient to France³⁴. William V fled to England where he was welcome as an enemy of everything the French revolution stood for. The VOC was out on a limb, and as its fortunes declined Amsterdam was powerless to rescue them. Final bankruptcy, when it came in 1799, left Britannia 'ruling the waves' throughout the oceans once dominated by the ships of the VOC. The company, to quote T.S. Eliot, had 'ended, not with a bang but a whimper³⁵'. For eighteen years, from 1795 to 1813, Holland simply did not count. During this period the British simply took over any Dutch possession in Asia they happened to covet, to the point even of taking Java itself – the heart of the VOC empire -- in 1811. Following the defeat of Napoleon at Waterloo the old world of the VOC was reconstituted on British terms, which meant that Ceylon and South Africa, together with the whole of Malaya and every fort and factory in India, became part of the British Empire. By the Treaty of Malacca, of 1824, the British condescended to allow the new Kingdom of the United Netherlands -- set up in 1815 by the Congress of Vienna and with the son of the last stadhouder as its first king ³⁶-- to recover the islands of the East Indies³⁷ and govern them as a new overseas empire ³⁸. A resurrected VOC was never part of the equation. The Dutch colonial empire was lost to the Japanese in 1942, but after the defeat of Japan in 1945 it survived for only four years, to become the new republic of Indonesia in 1949.

Endnotes

1. Parker, G., *The Dutch Revolt*, Allen Lane, 1977, p. 28.
2. Mak, G., Amsterdam, Harvill Press, 1999, p. 89.
3. *Ibid.*, p. 199.
4. As opposed to the Provincial States. This distinction between national and provincial government still holds in 2006.
5. See Giles Milton, *Samurai William: The Adventurer Who Unlocked Japan*, Sceptre 2002.
6. In 1931 it became a lake, known as the IJsselmeer, after a causeway had been constructed to link North Holland with Friesland.
7. Washington, 17 January 1925.
8. In a room still used by the university in a building now housing the library that provided most of the research materials for this lecture.
9. Parker, *op. cit.*, p.251
10. Acting for the Sultan, who was a minor.
11. *Ibid.*, 264.
12. Gaastra, F.S., *The Dutch East India Company*, Walberg Pers, 2003, p.40.
13. English cognate 'park[s]'.
14. Quoted Gaastra, *op. cit.*, p.121.
15. Israel, J.I., *The Dutch Republic: Its Rise, Greatness and Fall, 1477-1806*, Clarendon Press, 1995, p. 941, points out that no other European nation equalled the VOC in this trade.
16. Gaastra, *op.cit.*, p. 125.
17. The continent, named New Holland by Tasman, was for some time thought to be an extension of New Guinea, but separate from Eastern Australia, which was first explored at a much later date. Later he was also to give his name to Tasmania, but in his own day this became known as van Diemen's Land, after the governor-general he served in Batavia.
18. His correct Chinese name was Cheng Ch'engkung.
19. Although this city, renamed Tokyo, only superseded Kyoto as the capital of Japan in 1868, it was always the Tokugawa seat of government.
20. In the same year the Treaty of Westphalia ended the thirty years war.
21. Israel, *op. cit.*, p. 975.
22. Gaastra, *op. cit.*, p.60.
23. At the end of the seventeenth century sugar was also planted in Java. The initiative for the first plantations, close to Batavia, came from the long-standing local Chinese community, and as they developed, large numbers of new immigrants, arriving by junk from China, came to work as labourers. The collapse of the world market in sugar, in 1720, led to many becoming unemployed. For some twenty years armed groups of Chinese terrorised the countryside around Batavia, a process that in 1740 culminated in local massacres of the Chinese population, which the Dutch did little to prevent.
24. Ota,A., 'Piracy' and inter-regional trade: pepper, birds' nests, and opium in the Sunda Strait Zone, c. 1750-1800, paper presented to Shanghai Academy of Social Sciences, November 2005, p. 2.
25. Throughout the eighteenth century the Sumatran lands of the Banten sultanate supplied up to 70 per cent of the pepper sent to Batavia : *ibid.*, p. 3.
26. *Ibid.*, p.11.

27. Ibid., p.15

28. Indonesia is still a major coffee-producer, but most of the plantations are now in Sumatra in much the same areas as in the eighteenth century produced pepper.

29. This date is taken from the title of Jonathan Israel's *Dutch Supremacy in World Trade*, Clarendon Paperback, 1989.

30. Gaastra, op. cit., p. 173.

31. Schama, S., *Patriots and Liberators: Revolution in the Netherlands, 1780-1813*, Fontana Paperback, 1992, p.56.

32. Quoted *ibid.*, p. 60. The Netherlands was the first European country to grant diplomatic recognition to the US, who appointed Adams – who later became president -- as the first ambassador.

33. *Ibid.*, p. 63.

34. This only last until 1806, when Napoleon set up a new Kingdom of the Netherlands with his brother Louis Bonaparte as king.

35. From 'The Hollow Men' (1925).

36. Austria agreed to the former Spanish Netherlands become part of the new Kingdom. In 1830 this arrangement broke down, and the southern provinces became the independent kingdom of Belgium.

37. The northern part of Borneo, however, remained British, and now constitutes the Malaysian provinces of Sarawak and Sabah together with the independent Sultanate of Brunei.

38. As George Canning, who signed the treaty on behalf of the United Kingdom pointed out, 'The situation in which we and the Dutch ... both stand to the rest of the world as exclusive Lords of the East, is one more reason for terminating our differences as soon as we can'. Quoted N. Tarling, *The Establishment of the Colonial Régimes in The Cambridge History of Southeast Asia*, Vol. 2, Pt. 1, Cambridge 1999, p. 13. The presence of the Dutch in the East Indies, as also that of the Spanish in the Philippines, meant the exclusion of other, more powerful European states, notably France, and later, Germany, for as was noted by Lord Wodehouse in 1860 (Tarling, op. cit., p 17), 'The French might, if they possessed such an eastern empire, be really dangerous to India and Australia, but the Dutch are and must remain too weak to cause us any alarm'.

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