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**In the shadow of the company : the VOC (Dutch East India Company)
and its servants in the period of its decline (1740-1796)**

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Chapter 7: Remuneration and corruption

Introduction

As a commercial enterprise the VOC had always pursued a policy of limiting its costs in order to free capital for trade. This cost-cutting mentality is also reflected in the way the Company paid its employees, who only received a basic salary with which they could barely make ends meet. For a very long time, this meagre remuneration had been offset by a policy of allowing the employees have a direct share in Company profits, in the expectation of guaranteeing their loyalty and dedication to their employer. This was an efficient way of organizing labour, since it was neither very capital intensive nor heavily bureaucratic. In their turn, employees knew that by serving the Company, they could make their fortunes. With the financial problems which marred the eighteenth century and the various solutions which were proposed to reverse indeed the declining trend in the Company's profits, employees were increasingly seen in the light of and were used as providers of capital. The increasing pursuit of fortune initially was not an unmitigated blessing for the servants. Whereas the fortunes of Company servants had initially been linked to VOC profits, dwindling profits meant that they had to make their own money by private trade or other personal endeavours. This required an investment of the employees' own money and time, in contrast to their previous situation, in which they had simply to sit back and profit from the investments of the VOC. The decline of the VOC was to some extent alleviated by placing the burden on servants, but as their situation deteriorated they became increasingly inclined to follow their own path as they held the VOC responsible for their worsened situation. The time has come to assess to what extent this change affected the relationship between Company and servants.

1. A troubled relationship

If we accept the assumption that making a fortune depends on freedom in trade, the VOC servants were certainly worse off than servants of other European companies. At the same time, the historiography also stresses that reality had strayed from the perceived paradigm, since it proved impossible to divert a VOC servant bent on pursuing private trade and consequently defrauding the VOC. *The general occurrence of fraud and private trade, thus –because inconsistent with the patent of the Company- illegal trade have been marked by some historians as one of the causes of the decline of the [Dutch East India Company] in the eighteenth century*⁵¹⁹ There has tended to be a heavy emphasis placed on the costly nature of maintaining the VOC monopolies. The monopolies were also seen as hindering Asian merchants from identifying with the fortunes of the VOC.⁵²⁰ In a nutshell, many of these assumptions have proved to be too simple. The purpose of this chapter is to point a fresh picture extrapolating on what we have already found in our chapters on Dutch private trade and of informal institutions.

A more symbiotic image of the relationship between companies and their employees has already emerged and originates from the servants themselves. In the primary sources, the relationship is often seen as reciprocal, both profiting fairly and entitled to their share. “(...) *It is also well understood that it can be left to the care of the Director General [De Klerk] to load the ships properly, so that neither the Company nor the sailors fall short, but both are given what they deserve –In these duties he has shown himself a honest servant - To take nothing for oneself, but to allow a reasonable profit to the industrious sailor, and other servants of the Company, is allowed and is no more than just, and should not be held against them in a country where one is daily exposed to sickness and death, and where also many, in the hope of making a fortune, end up stifled. (...)*”⁵²¹ This line of thought did not diverge greatly from a mentality which prevailed in

⁵¹⁹ Bayly, *Imperial Meridian*, 66 and F.S. Gaastra, ‘Constantijn Ranst en de corruptie onder het personeel van de VOC te Bengalen, 1669-1673’, in: *Bestuurders en geleerden* (Amsterdam : De Bataafsche Leeuw 1985), 126.

⁵²⁰ Watson, *Foundation for Empire*, 17.

⁵²¹ Ary Huysers, *Het leven van Reinier de Klerk, Gouverneur Generaal van Nederlands Indie* (Utrecht: Van Paddenburg 1783), 52, (...) Niets voor zig zelve te neemen, en egter toe te laten, dat een matig

the Republic or from that in the rest of Europe. Profiting personally from an official position was a normal state of affair, although a Company career presented relatively quick access to a fortune. From this perspective, we should be careful in questioning the conduct of VOC servants in Asia.⁵²²

The VOC management was prepared to balance its own interests against the acquisition of personal fortunes by its servants as long as its servants acknowledged the supremacy of the Company. The VOC used to control its greedy servants by citing the moral adage: 'For the good of the Company'. As shown in the previous chapter, this gave the VOC a means to survey and control the behaviour of its servants. The best way to assess the honesty of servants was considered to be to assume that servants who made too much money too quickly must have done so at the expense of the Company. At this stage, the monopoly on the transaction of money to Europe served as a safety valve for all the Companies; a very crude and not very efficient brake on excessive money-making. Even if the Company servants succeeded in making a large fortune, they would always be faced with the problem of sending a fortune home.

The relationship between Company and servant was to a certain extent based on the level at which the Company was able to provide for its servant. When we bear in mind that its prime aim was trade, the VOC was logically organized. Salaries were kept low in order to keep costs down. In turn, to lure competent people the VOC had to provide alternative sources of income, preferably those beneficial to its trade. Obviously the best way to approach this was to strengthen the common interest of Company and servant. In other words: the alternative sources of income had to be linked to the profitability of the Company. Another possibility to link the benefits of Company and servants was by allowing the servants to acquire an income in fields other than trade. Of course, the VOC was in a position to do so only in those regions which were under its direct control. In the hierarchy of VOC regions, those which seemed to offer the greatest

winstje aan den nyvren zeeman, en andere Dienaren van de maatschappij, werde toegestaan, is niet meer dan billijk, en kan in een land, alwaar men dagelijks blood staat voor ziekens en sterftens, en daar ook veelen, in de hoop fortuin te maaken, koomen te smooren, niet kwalijk geduyd worden.(...)

⁵²² Gaastra, *Constantijn Ranst*, 127.

freedom, were in general the least coveted, although Bengal was an exception which proved the rule.⁵²³

1.1 A legal share

The directors could not ban what they chose to view as ‘wrongdoings’ unless they remunerated the costs made by servants sufficiently. The VOC was under a moral obligation to allow its servants to amass a fortune, since the splendour which would accompany this radiated on the VOC and lubricated VOC policy. The prime substantiation of this statement is Ceylon. If a Governor did not have supplementary revenues, the costs made on behalf of for the VOC would have bankrupted him. In plain unvarnished terms, he needed extra income. Governor Falck (1765-1785) offers proof of this by dismissing the wages, subsistence money and allowances the VOC officially paid its servants as mere trifles, amounting to almost nothing. The expenditure a Governor of Ceylon had to produce from his own pocket for the Company were said to amount to a total of 20,000 rix-dollars a year. He specified an extra income of around 20.000 rix-dollars a year officially allowed in privileges by the VOC.⁵²⁴ The VOC granted this bonus to balance the expenditure Governors were obliged to make on behalf of the Company, among these paying for costs in his household, alms for the needy, the Kandian Embassy and the military, to name just a few.

Extraordinary income was bound up with the profits the VOC made and as such it is wrong to see servants as victims of the VOC monopoly. Since a monopoly then as now is based on enforcement, it was vital to the VOC that loyal servants on the spot scrupulously upheld it. This share in the monopoly was regulated by the VOC and was described in great detail in order to ensure that the boundaries were unequivocally

⁵²³ In three years in Ceylon, Van Eck also sent home more money than he had done in the preceding eighteen years. This emphasizes the fact that although private trade was not allowed, a position on Ceylon was coveted much more than a position on the Coromandel Coast. Van Eck was more than happy to postpone his return home in order to swap the position of Governor of the Coast for the position of Governor of Ceylon.

⁵²⁴ In a good year this could even rise to 25,000 rix-dollars.

circumscribed. In Ceylon, for example, the benefits deriving the cinnamon monopoly were strictly reserved for the Company and was rigorously guarded against any infringement. By allowing senior servants a share in the monopolies in the intra-Asian trade, mutual interest was created to serve the Company's needs. One such perk was the right the senior servants to share in the harvest of areca-nuts in different regions. The VOC sold these for their account.⁵²⁵ This benignity ensured that the Company and the senior servants had a mutual interest in upholding the intra-Asian monopoly against third parties; the same mechanism applied as in private trade to Batavia and the Opium Society. If the cinnamon monopoly were trespassed upon, it could be protected by withdrawing the profitable privileges in the intra-Asian trade.

Apart from a share in the VOC monopoly on trade, the Governor also participated in the income the VOC enjoyed from government. The higher-ranking servants in Ceylon were allowed a share of the taxes and profits from the sea.⁵²⁶ This extraordinary income had been agreed to in the official code and was meant to alleviate cost of living.⁵²⁷ The best known example of this income from government are ten villages known under the heading the Governor's *dispens-dorpen*. The Governor used the income from these villages, mainly from taxing fishing, orchards and rice cultivation, for the expenditure on his representative banquets.⁵²⁸ As may inexitably have been expected the amount of money taken from the local population exceeded the official specifications. The administration of indigenous people provided excellent opportunities for supplementing income without Batavia noticing. Since the indigenous people fully accepted such behaviour, Ceylon was teeming with possibilities to engage in all sorts of corrupt

⁵²⁵ On every ammonam (measure of 24,000 nuts) of areca-nuts from Colombo the Governor took a share of 2 ½ rix-dollars and on areca-nuts from Kulture he took 2 rix-dollars. Normally this would yield 8 to 10,000 rix-dollars, but before the war with the king of Kandy it had brought in twice as much. A second source of income was the excess on the purchased areca-nuts from the Colombo district, which could sometimes be 30 of 100 nuts, depending on size. In former days this was 15 on 100, so Falck restored his percentage and sold nuts for his own account.

⁵²⁶ This had been agreed by the code on the provisions of the servants of 31 May 1755. The Governor had the largest share (about a quarter of the total) and other highly placed officers also shared commensurate to their rank. According to Falck this yielded about 4 to 5000 rix-dollars a year.

⁵²⁷ Falck claimed his predecessor Van Gollonnesse had accrued enormous wealth in the pearl fishery, but he wanted to avoid requiring similar ill-gotten gains by giving up part of his income.

⁵²⁸ This is exactly what Falck estimated as the income derived from these rights. He probably obtained his information from the estate of Van Eck. This brought in 2,500 to 3,000 rix-dollars a year and was closely linked to the income enjoyed by Van Eck by renting out land for 2,500 a year. This was referred to as part of this *dispens*-rights.

behaviour. ‘No land better to skim off. People dare to offer money for anything, because of their depraved, inveterate habits. As the uncovering of many cases has revealed, many things are for sale. Kustumado on Ceylon, as is Hadat with the Javanese are highly significant words.’⁵²⁹ Despite their proclivity for such practices the servants liked to portray themselves as ‘righteous’,⁵³⁰ by underlining the principle of not making money at the expense of the Company and indigenous people.⁵³¹

Different situations in the regions where the VOC was active meant different solutions had to be sought to find a balance between Company and the servant. As already remarked upon, on the Coast, the VOC had much less to offer to its servants since it had neither a monopoly on trade nor territories to govern. Therefore, the main benefit permitted the servants was to allow them to take part in the intra-Asian trade of the Company. Later they had to conduct this trade themselves through private business. This transaction meant a deterioration in their situation as they had to invest their own money and time, and they now also ran the risk of losing their investment. Luckily, the link with the VOC meant its servants occupied a strong position and profit was almost certainly guaranteed along hierarchical lines. In the domains where the VOC was more lenient and less involved, the higher-ranking servants themselves exerted their power and position to take what was considered rightfully theirs. Broadly speaking, it was thought best to play along with the rules of the VOC. If something illegal happened, servants tried to hide their behaviour behind the creed of the Company: ‘For the benefit of the Company’.

Another way to make a quick fortune at the cost of the Company was profiting from war. The military power of the French and English companies exceeded that of the

⁵²⁹ A.K.A. Hodenpijl, de inkomsten van een rechtschapen Gouverneur van Ceylon in den Compagniestijd in *Indische gids*, 42, 192, (...) Geen beter Land anders om te schrapen, daer men door de verderfelijke en ingekanderde gewoonte, voor alles geld durft bieden gelijk ook volgens dese en gene ontdekte stukjes, veele zaaken te koop zijn geweest, Kostumado op Ceylon, Hadat bij de Javanen zijn woorden van betekenis. (...)

⁵³⁰ The data on Falck have been retrieved from an article by A.K.A Hodenpijl, De inkomsten van een rechtschapen Gouverneur van Ceylon in den Compagniestijd, in *Indische Gids*, 4, (1920). Arriving in Asia in 1757 only as *onderkoopman* above the normal formation with the mediation of Hope. He swiftly made his career, outdistancing such members of the High Government, as Hilgers, Taillefert and Alting, although he himself was a mere secretary in the High Government, Falck was appointed Governor of Ceylon in 1765, much to his own surprise.

⁵³¹ Although Falck gave assurances that he stood by this principle, he had been mocked for it in Batavia. There, his friends had been assuring him that when he reached the stage of actually making money, these principles would evaporate like snow before the sun. To prove the contrary to his mighty protector in Holland, Falck showed to which guidelines he wanted to adhere. In order to define what he considered pernicious customs, he first focused on what he thought servants on the Ceylon were entitled to.

VOC and their servants had better opportunities to profit from war, just as much as European conflicts enabled them to abuse this newly acquired power for self-remuneration. Clive profited personally from the military success of the EIC in Bengal. In one fell swoop he made his fortune and other Europeans succeeded in enriching themselves by vastly resorting to similar behaviour. A French commander called Conflans wanted to repatriate on a VOC ship as he was afraid to return to Pondicherry. When he did not obtain permission to sail to Batavia on an East Indiaman, he even went as far as to buy a ship to go to Batavia. Rumour had it, he had accepted 10 lakh of rupees for handing Mazulipatnam over to the English and then made a run for it with the money.⁵³² In order to avoid repetition of such behaviour, the Gentlemen Seventeen and the High Government showed a blatant distrust of their employees when war loomed. At all costs, the management wanted to avoid giving in to warlike sentiments too quickly, since it was convinced its employees had a pecuniary interest in pursuing war. When Van Eck was pressing for war against the king of Kandy, one of the hurdles he had to overcome was to put forward a convincing argument showing the war was in the interests of the Company. In his efforts to convince his superiors, he promised not to profit personally or to pursue a protracted war. Only after this promise had been obtained did the High Government in Batavia fall in with his plans. Even though Van Eck lived up to his promise, he was not left empty handed when the booty was shared.⁵³³ He gave some of his loot away to his most powerful friends in the Republic, among them the Duke of Brunswick.⁵³⁴

⁵³² NA, Van Eck, 26, 46, 27 June 1759, Van Teylingen to Van Eck.

⁵³³ NA, VOC, 3200, 262, According to the official VOC archives, Van Eck's family ended up with the following items which had been plundered during the sacking of the palace of the king of Kandy: a statue of a Buddha made of copper mixed with gold, a machine of ivory, with a disc of metal engraved with a nicely decorated bow in gold at the bottom, an engraved quiver and arrows in gold, a sword with golden hilt and scabbard with gold mounts, yet the hilt of metal gilded with gold, a red lacquered command baton fitted with gold at both ends (...).

⁵³⁴ This is not all Van Eck plundered, he had already sent home the earlier-mentioned ornamented cannon, which had been presented as a gift to the Duke of Brunswick.

1.2 Down the hierarchy

The VOC granted the bulk of its privileges to the senior officials, whereas a governor on the spot had to make sure that other servants also profited according to their place in the hierarchy.⁵³⁵ The responsibility for upholding the peaking order was borne by the highest local VOC authority. Since private trade was seen as a reward or privilege, the highest official in the hierarchy was entitled to the most privileges. The same was true of income not related to trade. This practice was stimulated by the regulations and was adopted by the servants in the domains relatively unburdened by official regulations. In order to be effective as governor, it was essential to let the lower servants share in the remuneration in order to be assured of their loyalty. In return for the authority and the largest share of the privileges, the governor had to exert himself to see that everyone in the administration obtained his due proportionate share.

The commensurate share of every servant was judged by the highest authority on the spot. Even when the highest authority had already made his own fortune, he would not take it lightly if servants took a larger part than that to which the hierarchy entitled them. The Governor of the Coast always had to ensure receiving his part, a principle we have seen in the chapters on private trade. A prime example of this was when Clive dismissed EIC employees in Madras who had grabbed too large a share, denying Clive his cut. Clive castigated them for not honouring the ‘benefit of the Company’, although he had already taken a large sum for himself.⁵³⁶ Even when new opportunities of enrichment presented themselves, the governor or director had to step in quickly to claim his rightful share. As an instrument to keep the hierarchy intact, it was considered his

⁵³⁵ Falck shared the money he gained in the pearl fishery, round 15 to 20,000 rix-dollars with such other servants, as the Governor of the Coast Haksteen, the Chief of Tutucorin and the three delegates, Rose, Frankena and Van Angelbeek, in the hope of buying their loyalty. After buying off the other servants, everything left in his account was used to help fishers in financial problems because of the high lease money demed. His final conclusion was that the greed of those involved had spoiled this branch of acquiring an income. The Governor for his part had to pay a quarter to the commissioner, the two delegates and the indigenous servants of the areca-storehouse, keeping 4 to 6,000 rix-dollars for himself. In the Kalpetti region, the Governor received half of the excess on the nuts, bringing in 700 to a 1000 rix-dollars. A quarter went to the chief of that region, while the remaining quarter was split up between the lower-ranking servants at Kalpetti.

⁵³⁶ Sutherland, *The East India Company*.

bounden duty to seize and divide new opportunities of income as quickly as possible. Content with this laissez-faire attitude the VOC management decided to leave this responsibility to the senior officials posted overseas and intervene only in the case of excess. In normal times, this system functioned quite well and suited trade as it was neither capital-intensive nor energy-extensive to sustain.

2. Corruption

The gaining of illegal income, or what the Company termed corruption, was of course considered contrary to the interests of the Company. The main difference in definition was that in opposition to the allowed remuneration, illegal income would have entailed damage to the position of the Company. The problem in fighting illegal income was that it was by no means invariably detrimental to the position of the VOC and that generally only came to light if it did cause problems. Aware of the unwritten protocol, the servants walked a thin line between being caught and making a fortune. Sheer luck sometimes determined which side the coin would fall, but in most cases such transactions simply led to the servants growing rich. Even if they were discovered, punishment could be avoided because the High Government in Batavia could interfere and offer the culprit protection. The division of illegal income was split up in accordance with the sharing out or commensurate to the extraordinary income. The highest authority wanted the largest share and lower-ranked officials could claim a share commensurate with their position.

The more powerful a company was, the greater the possibilities to extort money from its indigenous subjects. In their administration, servants adjusted to local habits and asked remuneration from the indigenous people on this promotion to a senior position. This was a custom to which the indigenous rulers in India subjected the VOC in return for extending existing trading rights. In the political section of this thesis we have seen how when he succeeded his much esteemed grandfather as Governor of Bengal, Siraj-ud-Daula demanded the recognition of his authority in money. The English ignored his traditional demands for a large present in cash, whereas both the Dutch and the French

paid him Rs 450.000 and Rs 350.000 respectively.⁵³⁷ The insult of the English refusal was not taken lightly and prompted Siraj-ud-Daula to capture Calcutta. After having retaliated at the Battle of Plassey, the English supported a new Nawab, Mir Jaffir. In return for the acknowledgement of his assumption of power in the place of Siraj, he privately offered the leading English commanders lavish bribes.⁵³⁸ Clive laid his hands on these 'gifts' and, in order to avoid detection by his own company, tried to send the money home through the VOC in Bengal so as not to attract attention.

Illegal income could be generated by the abuse of authority and power. Nevertheless, the power of the VOC was such that it only allowed its servants to succumb to such temptations on a smaller scale and at the expense of the indigenous subjects. It was the custom when a new Governor was appointed in Ceylon, the indigenous chiefs had to visit to perform *paresse*. This *paresse* symbolized submission to the personal power of the Governor by the swearing of an oath of obedience and the offering of gifts. The word is of Portuguese origin, indicating that the custom had already been accepted in the Portuguese era. In former times, the gifts had been small, perhaps chickens, eggs or fruit, sometimes small gifts of silver. Later, demands for gifts displayed a strong inflationary tendency and donations of cash were expected. For Jaffnapatnam, the amounts of cash changing hands are said to have amounted to 10,000 guilders, but often actually brought in six to seven times as much for the Governor. A similar branch of hidden incomes was the gifts of *paresse* which newly appointed indigenous chiefs had to pay in order to be recognized by the governor. This had been outlawed in Mossel's code of 1757, but such legal niceties did not deter Van Eck and other servants. A widow of a Singhalese nobleman by the name of Don Gasoar Nellepane wanted to be installed in her husband's rights as Wania. A gift of 2000 pagodas was thought by Van Eck to be very reasonable in view of the 6000 rix-dollars paid by their predecessors to former Governor Looten (1752-1757). And since she had not paid any *paresse* after being invested with the administration of the province of Meelpattoe, 100 pagodas had to be added.⁵³⁹

The official VOC hierarchy also offered opportunities to sell VOC positions to indigenous servants. Only two months after the death of Van Eck, six Ceylonese men

⁵³⁷ Winius, *Merchant-Warrior*, 124-125.

⁵³⁸ *Ibidem*, 126.

⁵³⁹ NA, Van Eck, 20, 730, 25 March 1763, Van Eck to Van Coeverden.

visited newly installed Governor Falck and told him that they were submitting a petition to the Governor-General in Batavia. In this document they were lodging serious complaints about extortions (*knevelarijen, extorsien en affpersingen*) of large amounts of money by the Late Governor Van Eck. They demanded restitution to the total sum of 50,933 rix-dollars. Anxious to keep any escalation in check, Falck manoeuvred carefully, hoping not to attract attention.⁵⁴⁰ In fact, the complaints were levelled at the late-lamented Van Eck, who had forcibly sold VOC positions to unwilling buyers. Van Eck had coerced contracts on two indigenous men, ordering them to pay up immediately.⁵⁴¹ Under threat of being summoned before the court, they were forced to raise the money by taking out a loan with interest. In another case, a translator had been imprisoned in order to extort 4000 rix-dollars from him for his freedom and social and professional rehabilitation, but after payment he was never restored to his former position as translator.⁵⁴²

The main danger of any misuse of the power of the VOC against its indigenous subjects was the risk of damaging one's reputation. Fortunately, or perhaps advisedly, servants tried to keep matters among themselves and a remedy was often concocted out behind the scenes. After having investigated the case, Falck was sad to have found the tenor of the issue so opposed to what he had hoped, with many witnesses hastening to testify against Van Eck. Although Falck wanted to save Van Eck's reputation, he could not deny the supplicants justice or satisfaction.⁵⁴³ The latter's family in Holland was asked how these problems should be solved. In the negotiating process which followed a solution to everybody's satisfaction was eventually worked out. The heirs answered that the claims had to be settled, but as advantageously as possible to the estate. A new investigation brought to light that the demands had been increased by the interest.

⁵⁴⁰ SLNA, VOC, 3194, 1, 3 February 1767, Secret Resolution by the Council of Ceylon. Falck sent this petition to Batavia through his private correspondence instead of with the official mail. He also assessed whether the people demanding satisfaction were suffering from pecuniary difficulties, so that, if they were, he could help them, again in order to stop them from voicing their complaints publicly. Van Eck's heirs had to pay two of them immediately, because the men were being hounded by creditors.

⁵⁴¹ Respectively 1100 rix-dollars for the first and 540 rix-dollars for the second. When two indigenous posts fell vacant, Van Eck drew up contracts for two persons, intending to receive money for the privilege.

⁵⁴² NA, Van Eck, 40, 7, Brother Van Eck to Falck.

⁵⁴³ SLNA, VOC, 3194, 1, 3 February 1767, Secret Resolution by the Council of Ceylon. The people who had financial problems were paid out of Van Eck's estate, the rest had to wait what the heirs had to say. The papers were kept in a secret vault until the answer was received.

Consequently, the demands were considered too high and the claimants were reimbursed to the tune of only 17,300 rix-dollars, considerably less than what had been demanded at first. The fact that all the petitioners agreed indicates that it was a quite acceptable deal.⁵⁴⁴ A contract in which they renounced any further claims was signed.⁵⁴⁵ Since the case was settled behind closed doors, no public investigation was deemed necessary.

The VOC was not in a position to stop its servants pursuing illegal income, but it did have the authority to regulate these incomes in order to prevent its servants from eroding the interests of the Company and creating trouble. These instruments lay in the domain of trade and politics and the Company wanted to avoid trouble in these fields. When a servant sinned against this rule, he was in deep trouble. Although Van Teylingen had often been accused of conducting illegal private trade, it was actually his greed which brought political troubles crashing down on his head. The VOC almost went to war with the king of Tanjore, after a high-ranking nobleman in the king's service had complained of extortion.⁵⁴⁶ The subsequent investigation brought to light that Van Teylingen violently extorted 39,500 Pagodes, 1,500 Ducats and thirty-two bars of gold from the nobleman by exerting violence. The nobleman had fallen into disgrace with the previous king of Tanjore, who had accused him of stealing goods and then hiding his booty in Nagapatinam.⁵⁴⁷ By order of this previous king, Van Teylingen had extorted the goods in order to satisfy his Late Majesty, keeping some profit for himself. The events took a dramatic turn in 1765 when that king of Tanjore died at the result of poison. His disgraced son succeeded in seizing power after poisoning his nephew, who had been designated as successor to the throne by his father. On the disgraced son's accession, the nobleman was restored to grace.⁵⁴⁸ As an unforeseen consequence, the new king demanded retribution for the wrongdoings perpetrated towards one of his subjects, and if his demands were not met, threatened to go to war.

⁵⁴⁴ SLNA, VOC, 3194, 2, 26 January 1769, Secret Resolution by the Council of Ceylon.

⁵⁴⁵ SLNA, VOC, 3194, 3, 5 May 1769, procuration signed by Aresegere Modeliaar, Sittiaar Wiatelingen, Waari Tambi Modeliaar, Michiel Jurre Ondaetje and Ratnagigne.

⁵⁴⁶ Hodenpijl, *Christiaan van Teylingen*, 138-139.

⁵⁴⁷ NA, Hope, 94, 3, (...) 39500 Pagodas, 32 bars of gold, 1500 ducats, 4 bangles, 2 chains of ducats, 2 chains for the waist, 15000 Pandauws in 30 bags and bags with gold and silver ornaments among which 2 nose rings, 1 or 2 jewels for the chest with various fine stones (...).

⁵⁴⁸ NA, Hope, 94, 24, 20 December 1763, Van Teylingen to his brother, (...) Had been poisoned, but his brother's son, the good-natured king presumes to be his successor, has suddenly died ten days ago, so the present king had no competition in his climb to the throne (...).

The adverse consequences of irritating an allied native ruler on whom the trading privileges of the VOC depended forced the Company to take action. Van Teylingen's conduct was seen as highly regrettable.⁵⁴⁹ In order to defuse a confrontation, the VOC was forced to compensate the king of Tanjore. Although Van Teylingen was alleged to have extorted 2,158,295 guilders,⁵⁵⁰ he personally averted any public clash by paying the king an indemnity of 62,000 rix-dollars.⁵⁵¹ Bad luck indeed, since corruption normally had less dramatic consequences. During the investigation, however, one of the nobleman's servants pointed to Van Eck's term of office as the starting point of a harsher and more exploitative regime. It was specified that during Van Eck's term of office, 24,210 pagodas had been extorted.⁵⁵² Under Van Teylingen, this had increased sixfold. There is no doubt about the truth of the accusation, since Van Teylingen admitted having simply emulated the behaviour of his predecessor.

In attempts to explain the corrupt behaviour of VOC servants, it is all too easy to project the supremacy of the English of later time back to an earlier period. Having played under one guise with the English country traders, Van Teylingen fled and was very hospitably protected at Madras. He was allowed to return safely on board an English ship and continued to live the life of a man of means in England.⁵⁵³ This circumstance has led to the assumption that Van Teylingen had made a big fortune in illegal private trade with the English. In view of what we have said on private trade, this seems implausible. His fortune must have depended more on his relationship to Batavia than on the English. Since the English country traders were unquestionably on the rise, it is too facile to connect every case of corruption to the rise of the English. It is true that Van Teylingen had always been well disposed towards the English. He helped them

⁵⁴⁹ NA, Hope, 94, 23, De Klerk to Haksteen.

⁵⁵⁰ NA, Hope, 94, 11.

⁵⁵¹ NA, Hope, 94, 25, 8 December 1765, Haksteen, In return for solving the issue, Van Teylingen's wife was released from VOC custody. (...) thereupon I have reached an agreement with her on the 19 September as is shown from the certificate given by the local servants and according to which the court has conformed. It declares that it has nothing to claim on the Company, and has been completely satisfied by Van Teylingen. This act and all other paperwork concerning this matters, as well as the copies are forwarded to you. They do not want to say how much Van Teylingen has paid, but some Englishmen as well as indigenous aristocrats say he has paid 62,000 rix-dollars. (...).

⁵⁵² NA, Hope, 94, 3.

⁵⁵³ A.K.A. Gijsberti Hodenpijl, *De Gouverneurs van Koromandel: Christiaan van Teylingen (1761-1765) en Pieter Haksteen (1765-1771)*, in *Bijdragen voor Vaderlandsche Geschiedenis en Oudheidkunde*, 5th Series, 10, 130-134.

disembark a military expeditionary force for Madurai at Nagapatnam, lending them VOC lighters to perform the operation. If Van Teylingen had not given this order, the English success against Madurai would have been delayed at least. Van Eck thought that the damaging effect of Van Teylingen's conduct would depend on the outcome of the English campaign. If the expedition proved successful, problems with the VOC seemed unavoidable, but as long as it was unsuccessful Van Teylingen could acquit himself with an apology.⁵⁵⁴ In actual fact, he escaped from the consequences of his mistake scot-free.

In its trade, the VOC was not particularly worried by the competition of English country traders, as it was far more concerned by internal intrusions on its trade. Company servants exerted extensive power over local merchants working for the VOC, as they often depended totally on the Company's orders. This was their achilles' heel which exposed them to extortion. As Chief of Palliacatta, Van Teylingen constantly had to ride out confrontations with local merchants. Van Eck was caught in the middle, inundated with reports from Van Teylingen and complaints detailing harsh treatment from the traders. In protest against this treatment, the merchants decided to leave the city and set up residence just outside its periphery in a wood beyond VOC jurisdiction. In a letter to Van Teylingen, Van Eck indicated that he had solved similar problems with the indigenous merchants when serving as Chief⁵⁵⁵ in Porto Novo. By confiscating the merchants' belongings in the city he had forced them to return. Van Eck discouraged Van Teylingen from notifying Batavia, since the first duty of a Company servant was to try solving his problems single handily. To help Van Teylingen out, Van Eck ordered the merchants to return immediately and desist from their unreasonable behaviour. At the same time Van Eck advised him not to give much credance to the merchants' reports, which were written with their own interests in mind and at the instigation of jealous servants.⁵⁵⁶ Van Teylingen was then given some time to sort matters out himself.

The VOC also had problems with illegal income effecting up its profits. Extorting money from the merchants indirectly impinged on the profits of the VOC. There was yet more to the financial side of the story, as the merchants had a great deal to complain about. Van Teylingen had extorted 13,533 pagodas from the merchants in Palliacatta and

⁵⁵⁴ NA, Van Eck, 20, 786, 25 August 1764, Van Eck to Van Teylingen.

⁵⁵⁵ Opperhoofd.

⁵⁵⁶ NA, Van Eck, 20, 573, 29 December 1760, Van Eck to Van Teylingen.

in Porto Novo, after having already extracted 14,474 pagodas at an earlier date.⁵⁵⁷ The problems with these *custumados*⁵⁵⁸ was that they were forced upon the indigenous merchants for the personal gain of individual servants, but not to be outdone the merchants would charge the VOC more for their cloths. In their official capacity the extortionist servants obtained instructions from Batavia to keep the price of cloth down. So a paradoxical situation evolved where the servants forced low prices on the merchants and at the same drove prices up by asking for *custumados*. Logically, this policy sparked a revolt the moment the merchants were no longer able to make any profit. As a consequence it was judged that if the ‘bad’ *custumados* were abolished, the annual *eijsch* could be easily fulfilled.⁵⁵⁹

The words ‘bad’ *custumados* implied that servants acknowledged that there were also ‘good’ *custumados*. In making such a distinction, the servants were acknowledging the existence of *custumados* as a normal practice in India. It even had some congruence with indigenous law and was practised with permission of the local authorities as long as certain rules were observed.⁵⁶⁰ Servants always had to watch their steps and be careful not to overreach their demands. A presumably somewhat uneasy Van Teylingen felt a constant urge to explain himself to his superiors in Batavia and for a long time they supported him.⁵⁶¹ The pernicious effects of individual greed did, however, have consequences for a VOC servant’s career. Likewise, Indian subjects of the VOC acknowledged the same distinctions and protested only in cases of rapacious extortion.

⁵⁵⁷ NA, hope, 94, 3, In a request from the Company’s merchants in Porto Novo, they complain about having been subjected to extortion by Van Teylingen and they request these 14474 ¼ pagodas be restituted. In two separate notes, it is said that Wenaygom Poele had taken 860 from them and Tragappa 320 pagodas. The Company merchants from Palliacatta complain that they have been extorted by godless tricks played by Van Teylingen and his servants for an amount of 13533 pagodas.

⁵⁵⁸ The financial remuneration for being invested with authority and the acceptance of the people placed under your supervision of that authority.

⁵⁵⁹ NA, Van Eck, 20, 348, 14 September 1759, Van Eck to Bronsveld, (...) Abolishing all bad *custumados* and the private sale of the most wanted goods above the official Company prices, as has been the custom until now, will without any doubt lead to better commerce.(...).

⁵⁶⁰ H.W. van Santen, *VOC-dienaar in India, Geleynssen de Jongh in het land van de Groot-Mogol* (Franeker: Van Wijnen 2001), 153, taking somebody hostage for longer than one day was not allowed.

⁵⁶¹ When the crisis with the indigenous merchants continued, Van Teylingen grew a little desperate, being afraid that his superiors in Batavia and Holland might begin to notice. He asked Van Eck to make sure that this episode did not tarnish his good name, as he was most afraid of rumours in Europe. Later he was firmly convinced that people would not believe rumours without proof. Just as Van Eck, at that time the High Government supported Van Teylingen and ordered the merchants to return. In the end the merchants did go back with Van Teylingen still in power and without their well-founded complaints being heard.

What should be considered normal in the range of *custumados* was common local knowledge. For instance, on his arrival in Bimilipatnam, Chief Loovenaar enquired the normal level of *custumados*, usually 50 pagodas per merchant. Unfortunately, unbridled greed inflated this *custumados* and Loovenaar convinced himself that 200 pagodas was customary. In order to obtain this sum, he abused his position and accused the merchants of failing to supply the VOC goods ordered. Since it was too late to have them made, he demanded to be compensate for the failure. Although merchants had actually been more deeply indebted to the VOC in the past, their debts had been balanced by goods already produced; ignoring this Loovenaar imprisoned different merchants who owed outstanding debts. He kept them goaled under harsh conditions until they all agreed to pay 200 pagodas in order to escape the brutalities to which they were being subjected.⁵⁶²

The sharing of this tacitly acknowledged illegal income followed the same rules as official income and was divided along hierarchical lines. Indeed if the system were to function effectively the lower-ranking servants had to share the largest part of what they had extorted with their superiors, just as much as their superiors had to share with their subordinates. All more highly-placed servants had an interest in the *custumados* and much of the money thus gained, siphoned upwards to the more highly placed officials who clamoured for their share. Even such an adversary of Loovenaar as Vrijmoet, his second-in-charge, thought of demanding money as quite normal. Murmurs of corruption only began to circulate when people became too greedy and asked too high an amount which is what happened to Loovenaar. Of course, the Governor always made sure that the largest share was acquired to him. Loovenaar and Vrijmoet had no choice but to share part of the money extorted with Van Teylingen.⁵⁶³ Some of these schemes were contrived to satisfy the seemingly unquenchable greed of Loovenaar's boss, Van Teylingen. The nephew of former Governor-General Mossel also found himself obliged to pay 100 pagodas. If a Governor was too obsessed with his own profit, this inevitably had a general impact on his relationship with his subordinates and subjects. Van Teylingen monopolized private trade to such an extent that indigenous traders had taken to their

⁵⁶² NA, Van Eck, 20, 348, 14 september 1759, Van Eck to Bronsveld.

⁵⁶³ Loovenaar had to pay 15,000 and 13,000 pagodas to Van Teylingen and Vrijmoet had to pay 7,300 pagodas.

heals and sought fresh pastures, which meant a loss of income from tax.⁵⁶⁴ The total sum of money extorted by Van Teylingen, from indigenous people and Company servants is estimated to have been in the region of 235,500 Pagodas or 1,059,750 rix-dollars.⁵⁶⁵

The reforms introduced by the VOC to shore up its foundering business activities, inexorably forced the Company servants to pay mounting attention to their private dealings if they were to acquire the riches they so coveted. Haksteen, Van Teylingen's successor as Governor of the Coast, claimed that the *custumados* was only partly to blame for the rampant problems and for a quarter of a century servants had been demanding more money in exchange for the merchants and weavers obtaining contracts to provide the goods required for the *Eijsch*. The nub of the matter was the Company servants were busy making their own private fortunes and left the real work for the Company to middlemen, who took care of themselves and added a few percent to the price of the cloth. This benefited both parties, since they retained the best cloth for themselves at the expense of that supplied to the VOC. Even with the 25 to 30 per cent levied on private freight on VOC ships, they were able to sell their superior cloth in Batavia more cheaply than the Company could its own textiles.⁵⁶⁶ Some of the old Governors recorded that the situation was much more complex. They sang the same old litany of interminable troubles on the Coast, including such as expensive living conditions, severe illness among the weavers and the violent behaviour of the English.⁵⁶⁷

⁵⁶⁴ NA, Hope, 94, 1, (...) Commerce and all that flows from it, concerning the tolls, the Company had been dealt a relatively greater blow, since Van Teylingen and his people have used violence to monopolize all trade. By the excessive rise in passes, all commerce to places close by had failed, which has had a perceptibly adverse effect on the Company's income (...).

⁵⁶⁵ NA, Hope, 94, 11, (...)The Company servants have extorted from the inhabitants as made known and demanded for restitutions so far a sum of 235,500 pagodas or rix-dollars 1,059,750 (...).

⁵⁶⁶ NA, Hope, 94, 23, (...) Most of the servants let their work be done by others, who have an inborn aptitude for disloyalty and, depending on the ability or ignorance of their masters, burden the purchase of textiles by several percent. This is also the reason the private merchants can pay 25 to 30 per cent on freight and still compete with the Company, apart from the fact that the privately imported textiles are often 15 to 20 per cent better in quality than the Company's bales (...).

⁵⁶⁷ NA, Hope, 94, 23, (...)The old litany of interminable troubles, expensive and high cost of living, severe illnesses among the weavers, violent treatment at the hands of the English, and all sorts of other reasons (...).

2.1 Up the hierarchy

As far as opportunities for making a private fortune was concerned, the servants on the Coast were worse off than those in Ceylon, largely because their corrupt behaviour had more direct consequences for the VOC. Even more importantly, the servants on the Coast strongly felt they had been heavily disadvantaged in having been stationed on the Coast. In Ceylon the Governor was able to make a living from income put at his disposal through privileges by the VOC. On the Coast, privileges were indeed likewise handed out, but these were inadequate the servants still had to make money in private trade. Because of the uncertain situation, success was by no means guaranteed as it was in Ceylon. Although the Company offered its servants the possibility to conduct private trade, they were not satisfied. The burden of their song was that it took more time and effort to make money in private trade than through government and a share in the monopoly; they felt they were saddled with arduous work in insalubrious, unpromising conditions and it was the VOC, which profited from the fruits of their labours.

This feeling of being cheated by their own Company, engendered a robust feeling of cantankerousness and contrariness among the servants disgruntled by having been posted there in the first place. It is not surprising that around the time Van Eck left the Coast a big case of corruption, involving his successor Van Teylingen erupted. When this man was accused of wrongdoing, in his defence he claimed that he had merely followed the same principles as his predecessors Vermont and Van Eck and was unaware of having made any mistakes.⁵⁶⁸ The VOC instigated a thorough-going investigation on the Coast to identify and eradicate all corruption. During the investigation, in a blatant face-saving exercise Van Eck's involvement in corruption was deliberately brushed under the carpet in order not to blemish his and his next of kin's reputations. Consequently most of the cases were linked to Van Teylingen or were follow-ups on the Van Teylingen case.⁵⁶⁹

⁵⁶⁸ NA, VOC, 11286, 2, 28 May 1765, Van Teylingen to Van Eck, (...) I am sure Your Honour, after your extensive investigations, will only find that I have done nothing differently from my illustrious predecessors the Honourable Messrs Vermont and Baron of Eck (...).

⁵⁶⁹ NA, VOC, 9734 and 11286. like the cases of Loovenaar, Hagemeyster, Haselkamp, Maudave, Loman and Keller.

They leave us with the impression that corruption was endemic on the Coast.⁵⁷⁰ As it depressed commerce, *Custumados* were judged indirectly harmful to the VOC trade. There were also blatant cases of undisguised corruption. Van Teylingen charged the Company for the recruitment of a company of 401 Sepoys, but he had only signed on 179 men, including children of between thirteen to fourteen years old, pocketing the rest of the pay himself; amassing a total of £6,000 to line his own, by no means empty, pockets.⁵⁷¹ To pull this off Van Teylingen had exerted undue influence on Luitenant Bonte, who had put some six to ten non-existent soldiers on the pay-rolls in order that Van Teylingen might enjoy their pay, he managed this by transferring the pay over to himself as a sweetener.⁵⁷²

Another method by which VOC-money was embezzled was by lending small sums from the petty cash. Servants were notorious for ‘borrowing’ money from the petty cash of the VOC, but this misdemeanour normally only came to light after a crisis. When Director Bisdom was dismissed after the fiasco of the Bengal Expedition, his goods were constrained and he was held accountable for the shortfall in the petty cash of the VOC on the Coromandel Coast.⁵⁷³ There was also a discrepancy in the money in the cash-box of the VOC on the Coast, for which Van Teylingen and some of the others servants were held responsible. Such a shortfall had often been forced upon a successor, indicating endemic malpractices. When Mossel’s nephew accepted his posts as keeper of the petty cash in Palliacatta, he was promised a shipment of wood in order to recompense him for this shortfall, but the timber never materialized. This is evidence that in times of crisis, individuals were saddled with the blame, but there was more to it than that.

Batavia was far away and without any means of control, seizing the main chance Company servants in outlying factories therefore also charged the VOC for maintenance costs although no actual work had been done. Availing himself of the opportunity, Van

⁵⁷⁰ Hodenpijl, “De Gouverneurs van Koromandel”, 134, (...) Maar dient eerder als een op zichzelf staand geval beschouwd te worden (...).

⁵⁷¹ NA, Hope, 94, 11, (...) That the corps of indigenous sepoy, for whose pay the Company had been charged for 401 heads, in reality consisted of only 179 heads. The pay of the missing men, as well as for their maintenance paid at the expense of the Company had been received by Van Teylingen. Furthermore that with the signing on of European soldiers and naval personnel, several children of thirteen to fourteen years had been included, as officers and as soldiers. This had been done on the orders of Van Teylingen, and their pay amounted to about 6000 guilders a year. (...)

⁵⁷² NA, Van Eck, 26, 31, 19 May 1759, Van Teylingen to Van Eck.

⁵⁷³ NA, Van Eck, 28, 21, 5 April 1761, Feriet to Van Eck.

Teylingen had been charging funding for the maintenance of the fortification of the castle in Nagapatnam to the VOC account.⁵⁷⁴ A perusal of the reports shows this must have been a custom for the last twenty odd years. This also implies Van Eck, who obtained large amount of money for supposed work on fortifications⁵⁷⁵ and who brushed aside the accusations of the High Government after being arraigned for embezzlement, was also busy indulging in such fraudulent practices.⁵⁷⁶ Even in the area of the protected commodities, Batavia was often not able to protect its goods from the greedy gaze of its servants. In 1757 the High Government warned Vermont to check for malpractices in the packing or *emballagie* of the cloth. The High Government was not happy with Vermont's written reply in which he claimed that he had found no wrongdoing, and subsequently demanded an official report. Apparently it was quite normal to steal VOC goods during the packing.⁵⁷⁷ These kinds of fraud were difficult to track down, and the VOC could not do much to prevent them.

Conclusion

In order to strike a balance between Company profits and servants' fortunes the VOC ruled that the accruing of private fortunes was only allowed if this did not obstruct the Company's profits. The first step was to set rules on what the VOC judged essential and it was made absolutely clear that servants were not allowed a share in this area. Afterwards, one level down, the servants were allowed a share in VOC profits on trade or

⁵⁷⁴ NA, Hope, 94, 11, (...) Furthermore that with the counting of the petty cash, a considerable sum was found to be missing. (...), (...) Concerning the maintenance of the fortifications and buildings of the Company, this has been greatly harmed, since most of the forts and all other have been neglected and with a lack of good maintenance have been found to be so decayed, that many of them are on the brink of collapse, although yearly large amounts of money have been put on the bills of the Company, being very prejudicial to the Company's income (...)

⁵⁷⁵ NA, Hope, 94, 23, (...) That considering the amounts invested over twenty years the fortifications should have been made out of copper, but in reality barely consist of sand and clay mixed with little lime (...).

⁵⁷⁶ NA, Van Eck, 20, 555, 22 October 1760, Van Eck to De Klerk.

⁵⁷⁷ NA, Hoge Regering, 309, 63-64, 24 June 1757, (...) Those and others, who will want to pursue such self-interested actions, will be learned not to put their hands on their master's possessions and to enrich themselves at the expense of the Company in such a punishable manner (...).

government. When the VOC lost its monopoly in the regional intra-Asian trade, to recompense them for their pains the servants received remuneration in the form of private trade privileges. Before 1743, servants had simply shared in the VOC profits, but this situation had to change as the VOC began to incur loss in the intra-Asian trade. Where the VOC held territorial possessions and spice monopolies, the servants never shared in the goods sent to Europe as a monopoly. In Ceylon profiting from cinnamon was categorically denied the servants, but they did obtain a proportion of the local monopolies used in the intra-Asian trade, for example, areca-nuts. When this trade was lost after the VOC relinquished intra-Asian trade in 1792, many Company servants had already evolved into plantation owners and suppliers to the VOC trade to Europe. Left largely to their own devices to fulfil their dreams of riches servants had to team up with the local elite to make the system work. In private trade, the mechanism was similar. Allowing private trade privileges replaced the share in the VOC profits from the intra-Asian trade with privileges in a trade which the VOC only partly or no longer controlled at all. Under such conditions, private trade was a step back for the servants. They now had to square up to competition; they had to invest their own money and time if they were to earn money, while the VOC reaped most of the rewards through taxation and its stranglehold on the trade to Europe. Since the VOC used the servants to help counter its decline and the servants were fully aware of this, they were more apt to resort to corrupt behaviour as they held the Company responsible for the relative decline in their position, although the new situation also offered them possibilities and empowered them.

Institutionally, the changes in remuneration put servants in a difficult position and disgruntled they did not respond positively to these changes. Since capital precedes trade, they expected the VOC to step in and solve the problem. They began borrowing money from the official VOC funds or stealing it outright to gain a financial foothold to launch their own trade. Since profit in private trade was not assured, this meant that occasionally trouble flared up over missing VOC funds. There were many ways to embezzle funds and the servants used all off them to make their fortune. One of the tactics was to extort money from those lower in the hierarchy or indigenous subjects, mostly the indigenous weavers and merchants. This had a knock-on effect and caused prices asked of the VOC to rise. In all, the reforms undermined the VOC as an organization and contributed to its

decline. As the servants were given more privileges and the VOC relied ever more heavily on their private fortunes and activities to function, it could exert less power over what they did. The servants even felt they had a moral right to take more and it was exactly this behaviour which failed to guard the VOC against its final demise.