



Universiteit
Leiden
The Netherlands

Decay or defeat ? : an inquiry into the Portuguese decline in Asia 1580-1645

Veen, Ernst van

Citation

Veen, E. van. (2000, December 6). *Decay or defeat ? : an inquiry into the Portuguese decline in Asia 1580-1645*. Research School of Asian, African, and Amerindian Studies (CNWS), Leiden University. Retrieved from <https://hdl.handle.net/1887/15783>

Version: Not Applicable (or Unknown)

License:

Downloaded from: <https://hdl.handle.net/1887/15783>

Note: To cite this publication please use the final published version (if applicable).

CHAPTER VII

THE STATES-GENERAL AND THE INDIES TRADE

The Indian adventure

Upon his return from Portugal, De Houtman specifically requested that the ships should not be larger than 230 last (460 tons), but nevertheless be equipped as men of war.¹ Because there was no possibility of sailing in convoy, in May 1594 the States of Holland decided to give their material support in the form of guns that were taken from municipal defence works.² Furthermore, De Houtman received moral support in the form of patents in Arabic and Portuguese, which served as his credentials in his dual role of representative of the shipowners and that of extraordinary ambassador of Prince Maurits.³ Both the material and the moral form of support created precedents. From now on the supply of artillery by the States-General became a common law for all ships leaving for the Indies and the name of the prince would be used frequently to give the Dutch admirals and captains more status and prestige *vis-a-vis* the native princes.

De Houtman left on 2 April 1595 with clear instructions from the shipowners regarding the rules of conduct, such as when to lower the flag in case his fleet would meet foreign ships. His captains were not allowed to engage in warlike activities, unless in self-defence against the attack by others. Because of the heavy armament of the ships, the commission from the States-General issued to the four captains must also have stressed the defensive character of the enterprise, because otherwise they might have been taken for privateers or pirates.⁴

The instructions told De Houtman to avoid Portuguese ships *en route* as far as possible. However, on his way he could not escape a friendly encounter with two Portuguese carracks with the archbishop of Goa on board. After an exchange of Portuguese marmalade against Dutch ham and cheese he could continue his voyage. Another encounter was that with a fleet of two Portuguese and five Dutch ships, loaded with sugar and black slaves, on their way from São Tomé to Lisbon.⁵

The end of June 1596 De Houtman arrived in Bantam, where he found a thriving international market with a large number of merchants from different countries, amongst them Indians, Chinese and Portuguese from Malacca.⁶ The foreign communities lived in separate quarters outside the city walls, with the Portuguese living

¹J.A. van der Chijs, *Geschiedenis der stichting van de Vereenigde Oost-Indische Compagnie en der maatregelen van de Nederlandsche regering betreffende de vaart op Oost-Indië, welke aan deze stichting voorafgingen* (Leyden 1857) 34.

²Van der Chijs 1857: 35-40.

³H. Hoogenberk, *De rechtsvoorschriften voor de vaart op Oost-Indië 1595-1620* (Utrecht 1940) 33, 45.

⁴Hoogenberk 1940: 37-45.

⁵G.P. Rouffaer, J.W. IJzerman (eds.), *De eerste schipvaart der Nederlanders naar Oost Indië onder Cornelis de Houtman 1595-1597* (The Hague 1915-1929) Vol. I, 3, Vol. II, 5, 119, Vol. III 107, 121, 139-140.

⁶M.A.P. Meilink-Roelofs, *Asian trade and European influence in the Indonesian Archipelago between 1500 and about 1630* (The Hague 1962) 239.

in the Chinese quarter, which was the largest.⁷ What the Dutch saw made them stare, but they still hesitated with the purchase of pepper. The Chinese had a dominant position in the pepper trade and their junks would normally arrive in February and leave in June,⁸ so they had probably just left at the time that De Houtman arrived. Consequently, the price of pepper must have been relatively low, but the Dutch were still hoping that they might get it cheaper somewhere else. They thereby not only established a reputation which the Dutch still have in the East, but their behaviour also raised the question, if they had not come to trade, why they had come at all and why with so few people? Not surprisingly, the Portuguese came to the conclusion that the Dutch were spies⁹ and did not hesitate to tell everybody else about their suspicions. This led to the first clashes between the natives and the Dutch.

On 14 August 1597 De Houtman returned to the roadstead of Texel and his voyage could hardly be called a commercial success, but within three weeks the States-General received eight requests for permission to make voyages in order to 'to take trade and traffic out of the hands of the Portuguese and to negotiate ourselves'.¹⁰ The next few years saw a proliferation of companies that wanted to sail to the Indies in order to buy pepper and spices.

Most of the voyages were applied for with a request for assistance from the States-General. This was given, in the form of extra men of war, guns, powder and shells. At the same time their commissions became more offensive and more and more directed towards privateering and against the subjects of the King of Spain,¹¹ '...because their enterprise would aim at damaging the common enemy and at the service of general Christianity'.

What was meant by the latter part was clear from the instruction to Oliver van Noort, who departed in 1598 for a voyage to the Indies around South America: 'well understanding that He, nor anybody of his People will require him to cause any damage in any way to the Subjects of his Imperial Majesty, nor to any other Kings, Princes or Potentates, of Germany, France, England, Denmark, Sweden, Poland, Scotland or others who are devoted to these Countries and to Real Christian Religion'.¹² The Portuguese and Spaniards obviously did not belong to this category. Both the States-General and Prince Maurits saw the voyages to the Indies in the first place as a way to thwart the Portuguese and Spanish by means of privateering, under supervision of the government, but at cost of the private investors. The merchants did not accept this new style of commission, but in December 1599 the States-General gave their official approval.¹³

⁷Leonard Blussé, 'Western impact on Chinese communities in Western Java at the beginning of the 17th century' in *Nampo-Bunka, Bulletin of South Asian Studies (Japan)* No.2 (September 1975) 28.W.P. Groeneveldt, *Notes on the Malay Archipelago and Malacca compiled from Chinese sources* (Batavia 1876) 40, gives a Chinese view, relating that during the years 1573-1620 the red haired barbarians (the Dutch and the English) kept a *toko* on the East bank of the great river near Bantam and that the Franks (the Portuguese) had another one on the West bank, where they came every year to trade, whereas there was a continuous flow of Chinese going in and out.

⁸Blussé 1975: 35, 29-30.

⁹Rouffaer, IJzerman 1915: Vol.I, 86.

¹⁰Van der Chijs 1857: 62.

¹¹Hoogenberk 1940: 60-62.

¹²Van der Chijs 1857: 70-73.

¹³Hoogenberk 1940: 67-69.

The most successful and profitable voyage was that by Van Neck, undertaken with eight ships on behalf of an extension of the first company. Its eighteen *bewindhebbers* (director-participants) included those of the first company and Plancius, the geographic expert, this time also as a participant. Van Neck's fleet departed on 1st of May 1598 and he returned with four of the ships after fifteen months, faster than the Portuguese could do it, whilst the other four followed soon thereafter.¹⁴ In view of this success, a second voyage was organized for him, which had a less happy ending.¹⁵

Two 'fleets' (one of two ships and one of three ships) departed from Zeeland. The South Netherlander Balthasar de Moucheron equipped the second one. In Rotterdam two companies were brought together, both with the intention to sail via the Strait of Magellan. One of them, the *Magellaansche Compagnie*, was founded by South Netherlanders. In total, in 1598 twenty-two ships departed for the East Indies; fourteen of them returned. In 1599 the southern Netherlanders established their *Nieuwe Brabantsche Compagnie* with twelve directors, of which two were Dutch, one was German and nine came from the South Netherlands.¹⁶

It has been said and repeated that the southern Netherlanders were more reckless and entrepreneurial than the Dutch.¹⁷ From the above summary one might conclude that this was certainly the case once northern Netherlanders had demonstrated that the risks of the navigation to the Indies were manageable. Thereafter, the amount of capital that had originated in the South Netherlands and that participated in the Dutch-East Indies' trade was continuously on the increase and its heavy weight would be fully established during the first subscription for the *Verenigde Oostindische Compagnie* (VOC).

Profitability of the early voyages

Regrettably, there are not sufficient data to make a fully satisfactory evaluation of the profitability of the early Dutch voyages. As far as income is concerned, most of what remains refers to the Amsterdam voyages that were undertaken around the time that the VOC was established. For some voyages it was reported that the outturn for their *bewindhebbers* was many times their investment, but the question why the Dutch voyages would have been so much more profitable than those of the *Carreira da Índia* is still justified.

One of the possible reasons could have been the lower operating cost. For the companies that had their basis in Amsterdam the costs of outfitting of the fleets and the value of the merchandise and

¹⁴The Lisbon correspondent of Ruiz Embito also wrote in July/August 1599 about the arrival of four ships from the East Indies, according to news from Antwerp, with 8,000 *quintals* of pepper en 4,000 *quintals* of cloves, which could mean the ruin of the Portuguese trade in spices. [J. Gentil da Silva, *Stratégie des affaires à Lisbonne entre 1595 et 1607. Lettres marchandes des Rodrigues d'Evora et Veiga* (Paris 1956) 63-64.

¹⁵L. Blussé, 'Brief encounter at Macao' in *Modern Asian Studies* 22 (1988) 647-664.

¹⁶Van Dillen 1958: 8-10, 51-53.

¹⁷S. van Brakel, *De Hollandsche handelscompagnieën der zeventiende eeuw. Hun ontstaan - hunne inrichting* (The Hague 1908) 5, Hans den Haan, *Moedernegotie en grote vaart. Een studie over de expansie van het Hollandse handelskapitaal in de 16e en 17e eeuw* (Amsterdam 1977) 68.

money they carried to the Indies are available.¹⁸ Also the tonnage of most of the ships that participated is rather well known¹⁹ and the two sources of information together make it possible to estimate the costs of outfitting per ton of freight capacity that was used by the Dutch.

Comparison of these costs on the basis of tonnage with that of Portuguese ships on the *Carreira da Índia* becomes more difficult because the definition of Portuguese and Dutch tonnage are not the same. Duncan's tonnage figures are based on the cargo carrying capacity in terms of wine casks plus the weight of the ship when empty, all in metric tons;²⁰ the Dutch tonnage as reported, is based on the grain carrying capacity of a vessel expressed in metric tons.²¹

This problem has occupied the minds of designers, shipowners, freighters, taxpayers, revenue collectors and historians for ages, but for the present purpose the approach by Frederic C. Lane seems to be adequate.²² Dividing Duncan's figures by two to get the weight of the Portuguese cargo²³ and adding one third of that weight to compensate for the empty space between the casks and between the cargo and the hull of the ship²⁴ would make them comparable to Dutch tonnages. In other words, a Portuguese ship of 500 *toneladas* would be able to carry the same freight of pepper as a Dutch ship of 330 tons and in order to compare with a Dutch ship of 500 tons one would have to look for a Portuguese ship of 750 *toneladas*. In fact, as shown in chapter 3, during the 1590s and 1600s the Portuguese were sending much bigger vessels than the size used by the Dutch, i.e. on average 1,100 *toneladas* per carrack and also this difference has to be taken into account.

An analysis of the cost data of the early Dutch fleets and a comparison with Portuguese shipping are shown in appendix 7.1. As can readily be seen, the first four Dutch undertakings were at relatively low cost per ton of freight capacity and it was only in 1601 that the costs of outfitting per ton of freight came very close to that of Portuguese ships (2.1 to 2.3 kilograms of silver per metric ton of freight, depending on the size of the carracks). Before that time the costs of building, manning and provisioning the Dutch ships were apparently lower than for the Portuguese ships. This was certainly true for the crews and other people on board: the carracks would normally carry not less than 0.4 men per *tonelada* or 0.66 per metric ton of freight (see figure 3.2 d) as compared to the Dutch ships of that time with not more than 0.22.

Compared to their private competitors of the *Carreira da Índia*, the early Dutch companies had a strong advantage in that they were

¹⁸F.S. Gaastra, *De geschiedenis van de VOC* (Bussum 1982) 22, table 2.

¹⁹J.R. Bruijn, F.S. Gaastra, I. Schöffer, *Dutch-Asiatic shipping in the 17th and 18th centuries, Volume II: Outward-bound voyages from the Netherlands to Asia and the Cape (1595-1794)* (The Hague 1979-1987).

²⁰T. Bentley Duncan, 'Navigation between Portugal and Asia in the sixteenth and seventeenth centuries' in E.J. van Kley en C.K. Pullapilly (eds.) *Asian and the West. Encounters and exchanges from the age of explorations* (Notre Dame, Indiana 1986) 9.

²¹Bruijn 1979: Vol. I 44, Vol. II page VIII.

²²Frederic C. Lane, 'Tonnages, Medieval and Modern' in *Venice and history. The collected papers of Frederic C. Lane* (Baltimore 1966) 345-370.

²³Lane 1966: 348.

²⁴Lane 1966: 364.

exempted from paying the convoy and licence fees.²⁵ As shown in chapter 3, in Portugal the pepper imports were also free of duties, but until 1600 the Asia contractors had to sell their pepper at an unrealistically low price to the *Casa da India*. It is unclear whether the freedom of duties also applied to the pepper exports by the European contractors.

It is regrettable that no more information is available on the prices that were paid in Amsterdam for the pepper arriving in the late 1590s. It would allow a comparison with the prices in Lisbon and an assessment of the competitiveness of the Dutch pepper trade during its early years. The first scarce, but concrete data originate to a large extent from the time that the pepper was sold by the VOC.

Of Van Heemskerck's ships five returned in 1603 and one in 1604 whereas in 1605 one cargo was saved in another ship. According to Pieter van Dam, altogether they returned with 1,491,258 Amsterdam pounds of pepper, which were sold for 1,645,488 guilders.²⁶ The price of the pepper would therefore have been 24.5 grams of silver per kilogram, or 41 *cruzados* per *quintal* and the contribution of the pepper to the overall profit would have been 23.3 per cent on the capital provided. This little piece of information is in line with the enthusiastic reports on the dividends paid out to the participants of the early voyages.²⁷

The VOC

Already in an early stage the States-General and in particular Johan van Oldenbarnevelt, the 'Advocate' (spokesman) of the States of Holland in the States-General, had an eye open for the problems that would arise from the greater demand for pepper in Bantam and the greater supply in Europe. In 1598 the companies were called together to get them to co-operate²⁸ and in 1599 the handling of a number of requests for licences and voyages was postponed 'to create some order one would have to adhere to in the navigation and planned actions in the East Indies and the said kingdom (of China)'.²⁹ In 1600 a commission was appointed to forward proposals for one single company and taking into account the many different interests³⁰ and the slowness by which decisions were generally taken, one can only conclude that the foundation of the VOC was a remarkably quick affair.³¹ The aim was to give the new company the exclusive

²⁵Den Haan 1977: 80, 211 note 41. Since 1582 convoy and licence fees were levied on the foreign trade. They were meant to cover the costs of protecting the merchant fleets against piracy after they had left the safe shores of the northern Netherlands or when on their return, they were approaching the English Channel.

²⁶Pieter van Dam, F.W. Stapel (ed.), *Beschrijvinge van de Oostindische Compagnie* I, I (The Hague 1927) 14.

²⁷Den Haan 1977: 111-114.

²⁸Van Dillen 1958: 12.

²⁹RSG: Volume 10, 808-809.

³⁰Van Dillen 1958: 14-19.

³¹The 'war party' in the States-General, composed of the inland provinces and the Admiralties, seem to have been talked around by Van Oldenbarnevelt, because he mentioned as one of the motivations for giving a licence 'that the King of Spain would lose a considerable part of his revenues and that as a consequence the said King would have to arm himself at sea at excessive great costs and that a great part of the treasures he was now using to ruin these and other countries and to exirpate

right of the navigation to and trade with the Indies. In order to gain support for this from the States-General, financial participation was no longer limited to a few, but opened to everybody.³²

Amongst the 1143 participants of the Amsterdam chamber of the VOC there were 785 (69 per cent) from the northern Netherlands, together contributing more than 2 million guilders (55 per cent of the total capital of the Amsterdam Chamber). The 301 (26 per cent) affluent South Netherlanders, some of them still living in Antwerp, contributed 1,4 million guilders (38 per cent). Still more significant, of the people who subscribed 10,000 guilders and more, forty were from the northern Netherlands with a total of 635,000 guilders and thirty-seven from the South Netherlands, with a total of 853,000 guilders.³³ As discussed before, there were only two Portuguese participants.³⁴ Of the first committee of directors ten out of the twenty-three were of South Netherlands' descent.

The participants of the chamber of Middelburg subscribed to more than 1.3 million guilders. Quite a number of them had come from the southern Netherlands, but amongst the big contributors there were also many traders and municipal officials who were born and living in Zeeland.³⁵

The contents and meaning of the first charter of the VOC, with a duration of twenty-one years, are well known. In the Netherlands it would be the only company that would be allowed to sail to the Indies³⁶ and it would have the right to establish fortifications, appoint governors, maintain an army and conclude treaties. Although the governors, public prosecutors and the military officers had to take an oath of loyalty towards the States-General or the 'Higher Government', the VOC in fact became a state outside the State.³⁷

On paper its objectives with respect to warfare against the Spanish and Portuguese were limited. During the discussions on the foundation of the company this had been a sensitive point. A number of the early pioneers of the Indian trade had even refused to participate in this company because they saw nothing in a trading

the true Christian religion would have to be sent there; and that his force could be resisted and the related costs would not only remain outside the countries' charges but even be compensated by the great profits of the said Vereenigde Compagnie'. [S. van Brakel, *De Hollandsche handelscompagnieën der zeventiende eeuw* (The Hague 1908) 20-21].

³² Van Brakel 1908: 46-49.

³³ Van Dillen 1958: 60.

³⁴ Van Dillen 1958: 54-57.

³⁵ W.S. Unger, 'Het inschrijvingsregister van de Kamer van Zeeland der Verenigde Oost-Indische Compagnie' and 'De Resolutiën der Compagnie op Oost-Indië te Middelburg, 1601-1602' in *Economisch Historisch Jaarboek, Bijdragen tot de economische geschiedenis van Nederland, uitgegeven door de Vereniging Het Nederlandsch Economisch Historisch Archief* 23 (The Hague 1947) 1-11 and *Idem* 24 (The Hague 1950) 1-33.

³⁶ In the beginning with the exception of the *Magellaansche Compagnie*, which however, should make use of their right to dispatch ships to the Indies through the Strait of Magellan within four years after the date of the VOC contract. [Groot Placaetboek Vol.I article 34, Van Dam 1927: I, I, 9-14]. Later on the *Magellaansche Compagnie* transferred her rights to the VOC [Den Haan 1977: 112].

³⁷ Gaastra 1982: 20.

enterprise involved in war and privateering.³⁸ For this reason article thirty-seven of the charter only touched upon the partition of the booty in the case that Spanish or Portuguese ships would attack and be taken by the Dutch.³⁹

Some Dutch historians have stressed the point that according to its charter,⁴⁰ the objectives of the *West Indische Compagnie* (WIC) were much more aggressive and warlike than those of the VOC. However, what one thought, said, wrote and did were totally different things. For the States-General the advantages of the VOC were in the first instance very close to home: the Company would 'in the course of time be able to provide a force of big ships, big guns and other necessities for the war as a support for the country's fleet; the revenues from convoys and licences and the trade with the neighbouring countries would increase; many sailors would find employment and finally the king of Spain would be obliged to send much money to the Indies, which otherwise he would be using for the war against the United Provinces'.⁴¹ As discussed in previous chapters, the latter expectation was a total misjudgement: for the Habsburg kings their wars in Europe remained a first priority which would determine which way the South American silver would continue to flow, this to the true benefit of the Republic.

In 1603 the seventeen VOC directors, called the *Heeren XVII*, (Gentlemen XVII), received an advice from the States-General that could not be misunderstood: they should send less ships to the Indies 'but sail with bigger vessels, well manned and armed, so that they could not only trade freely, but also do damage to the enemy in those quarters and protect the people with whom they are trading...'.⁴² The *Heeren XVII* adapted very quickly to the wishes of the High and Mighty Gentlemen. Their instructions to Steven van der Haghen, who sailed in 1603, were very clear: '...that we are obliged to take the offensive, in whatever manner, against the Spaniards, Portuguese and their allies. This in order to protect our people, the inhabitants of the islands and our other friends, also to the advantage and security of the East India trade' and they ordered him to position his fleet near Mozambique to attack the Portuguese ships coming from Lisbon and to conquer and burn Portuguese ships along the Indian coasts.⁴³

A few important participants and *bewindhebbers* were opposed to a warrior's role for merchants. They took the consequences and left the company, thus leaving its management in the hands of a more bellicose group. Some of its members were of northern descent, belonged to the great regent families of Amsterdam,⁴⁴ and did not hesitate to use war as a means to succeed in trade.

Joris van Spilbergen, who had departed on 5 May 1601 with the

³⁸ Den Haan 1977: 101.

³⁹ *Groot Placaetboek*, Vol.I, 530-538 article 37.

⁴⁰ *Groot Placaetboek* Vol.I, 566-578.

⁴¹ *Van der Chijs* 1857: 146. The commissions which the fleets received from Prince Maurits also used a clearer language and spoke openly about intended aggression against the Portuguese [*Hoogenberk* 1940: 71-73].

⁴² *RSG*: Vol. 12, 625-627. Van Dam 1929: I, II, 484-485.

⁴³ *Hoogenberk* 1940: 73-74, *De Jong Opkomst* III, 29, Den Haan 1977: 103-104. The mood in the States-General and amongst the VOC directors was therefore already aggressive before Van Heemskerck returned with the news of the events in Macao, which will be discussed hereafter.

⁴⁴ Den Haan 1977: 104-105.

three ships of De Moucheron, reported in April 1604 in the States-General on his voyage to the Indies and Ceylon.⁴⁵ In July of the same year he was followed by Van Heemskerck who came to tell them what he had heard about the vicissitudes of Van Neck's second voyage and its crew members, who had been executed by the Portuguese in Macao. As a revenge Van Heemskerck had taken the carrack *Santa Catarina* and had brought it all the way to Europe to sell the ship and its cargo.⁴⁶ As a result of the two reports, in August 1604 the *Heeren XVII* received a secret instruction 'to arm and man the ships to the East Indies against the hostility and tyranny of the Portuguese, which they exercised in the East Indies, not only against the inhabitants of the countries which fell into their hands, but also against the Indians who allowed our countries to trade, and whom they tyrannized or killed, against the laws and customs of all peoples...'⁴⁷

In September 1604 the court pronounced the booty of the *Santa Catarina* to be 'just' and its size confirmed again the tremendous wealth that could be earned by trade and privateering in the Indies.

However, behind Van Heemskerck's appearance before the States-General there was still another intention. On 6 January 1605 a letter from Van Heemskerck, which he had written also on behalf of his crew, was discussed in the presence of the VOC directors. The question was not whether the capture of the ship had been just, but whether a ship's crew had a right to a share in the booty and how much that should be.⁴⁸ Consequently it was established that henceforth sailors and other people on board could keep the clothing of the vanquished and would get 4 per cent of the cargo value, of course 'after subtracting the costs and the rights of the country and of the Admiral-General'.⁴⁹

The *Heeren XVII* showed themselves to be fast thinkers when they discussed their contribution to the equipment of the fleet destined for the blockade of Lisbon.⁵⁰ They stated that they were prepared to contribute fl 100,000, provided that in doing so, they

⁴⁵Joris van Spilbergen went in 1601 with three ships of De Moucheron, along the usual route, i.e. along the coasts of Africa and India, to the East Indies. On 30 May 1602 he arrived in Baticaloa on Ceylon and offered the king of Kandy the friendship of the Dutch. He received permission to establish a fort on behalf of the States-General and the Prince of Orange Nassau [N. MacLeod, *De Oostindische Compagnie als zeemogendheid in Azië* (Rijswijk 1927) Vol.I, 7].

⁴⁶L.Blussé, G. Winius, 'The origin and rythm of Dutch aggression against the Estado da India, 1601-1661' in T.R. de Souza (ed.), *Indo-Portuguese History. Old issues, new questions* (New Delhi 1985). The VOC directors only wanted to sell the ship, but some of them only under the condition that it would not come back into the service of the king of Spain. Because this condition would cause the price to be lower, they requested the States-General to take a decision, who in turn left it to the Chamber of Amsterdam to take a decision by majority vote [RSG: Vol.13, 504].

⁴⁷RSG: Vol.13, 224.

⁴⁸RSG: Vol.13, 499 and 501-504. The States-General finally decided that the Gentlemen XVII had to pay the crews of the two Dutch ships in total 98,000 guilders and that Van Heemskerck would receive 31,000 guilders and another 500 guilders for the manufacture of a gilded cup with inscription as a souvenir [RSG: Vol.13, 505 and 807].

⁴⁹RSG: Vol.13, 503.

⁵⁰See chapter 3.

would have paid the rights for any booty they would make.⁵¹

The VOC ideology

In the process of its establishment, the VOC involvement in war, privateering, piracy and trade became so integrated that not everybody was able to distinguish the difference, if there was any, between these activities. In 1605, through an initiative of the Holy Roman Emperor Rudolf II,⁵² one began to speak about peace negotiations.⁵³ This was a good reason to look for an ideology, to achieve an understanding of the company's objectives and to give guidelines to the negotiators. For that purpose it was useful that in 1604 the Company had taken Hugo Grotius in its service; in the first place to provide a legal basis for the capture of the *Santa Catarina*⁵⁴ and secondly, to define the position of the Company *vis-à-vis* Van Heemskerck and his crew. In the winter of 1604-1605 Grotius put his ideas on paper in *De Jure Praedae Commentarius*.⁵⁵

In this document he not only brought the laws of war, peace, trade, navigation and booty together in one system, but it was also a piece of aggressive anti-Portuguese propaganda, which until 1663 would serve as one of the driving forces within the VOC and which still showed its ruffles in 1673.⁵⁶ After an introduction that propagated the innocence of the Dutch, Grotius gave an exposé about the objectives and justice of war. Thereafter he explained on the basis of classical literature the conquest of 'prize' and booty as a deed of war⁵⁷ and this was followed by a clear explanation how the booty

⁵¹RSG: Vol.13, 506. During the negotiations this amount was apparently increased to fl 125,000. When in June 1606 the fleet of the admiralty returned from the blockade of Lisbon, the final account was presented as follows.

Income from merchandise, money and other booty	fl 248,000
Minus 1/10 for His Excellency	25,000
Idem for officers and sailors	25,000
Remains for the country	198,000
Receipts from East Indian Company	125,000
Total revenue	323,000

Headmoney and food for 2,060 men during 6 months	246,000
--	---------

'without counting the war equipment and ammunition, which today are impossible to account for'[RSG: Vol.13, 552-554 and 594].

⁵²A nephew of Philip II, who like his father Maximilian II and his brother Matthias, was against the Castilian suppression of the Dutch rebels and tried to intervene in the conflict [Geoffrey Parker, *The grand strategy of Philip II* (New Haven/London 1998) 79-80].

⁵³RSG: Vol.13, 361-365.

⁵⁴A number of Mennonites apparently withdrew as participants of the VOC, because they did not agree with the war task and privateering activities of the Company.

⁵⁵Huigh de Groot, Onno Damsté (transl.), *Verhandeling over het recht op buit* (*De Jure Praedae Commentarius*) (Leiden, 1934) and Hugo Grotius, G.L. Williams (transl.), *De jure praedae commentarius* (Oxford 1950) 2 vols., the second volume being a copy of the original manuscript.

⁵⁶In 1673 Rijckloff van Goens, then Governor General of the VOC in Batavia, wrote that the Portuguese were still to be considered as enemies, after a Portuguese ship from Goa had brought food supplies to the French in São Tomé [*Generale Missiven* III, 874].

⁵⁷*De Groot/Damsté* 1934: chapter I-IX, 1-113.

should be divided.⁵⁸ Subsequently he elaborated further on the circumstances under which the capture of the *Santa Catarina* had taken place and his further reasoning went as follows.

At the time that the situation in the northern Netherlands grew unsettled and when the two nations became enemies, the States-General had allowed the Portuguese who were living in the Netherlands or had their business there, to continue their trade and to travel and live safely. Also the Portuguese who lived elsewhere, such as in Antwerp or other towns in the South Netherlands and even those in Portugal (until four months after the prohibition on trade) had obtained more freedom of movement for their merchandise than others. Later on also the trade to Brazil had been allowed. The Dutch had expected to receive a similar treatment from the Portuguese, but instead, the latter had confiscated Dutch ships, taken the crews prisoner and put them on the galleys and had treated them with extreme cruelty.⁵⁹ To the modern reader Grotius' nationalistic views were about 250 years ahead of his time: to him a Portuguese was a Portuguese, regardless of religion or of the place he had chosen to live.

One may indeed ask oneself what would have happened with the Portuguese community in Amsterdam if this document had been published. However, by the time that Grotius had finished his book most of the problems around the *Santa Catarina* had been resolved. Only chapter twelve was anonymously published in November 1608 under the title *Mare Liberum*.⁶⁰ Together with other propaganda it was issued by the VOC in order to prevent Dutch negotiators at the truce negotiations giving in to the Spaniards, who refused to recognize 'the freedom of the seas, or the right of the Dutch to participate in the East Indian trade'. This was also the pamphlet, which caused Serafim de Freitas' reaction, which was published in 1625.⁶¹

Grotius' anti-Portuguese feelings were apparently not general in the United Provinces. As we have seen, they could be found in the statements of the States-General and of the VOC directors, but the pamphlets of that time only reflected anti-Spanish motives and triumph when a carrack had been captured. Nowhere is there a negative emphasis on the behaviour or characteristics of the Portuguese; not even in the description of the voyage of Cornelis Matelieff de Jonghe to the East Indies. He departed in 1605 with instructions to keep an eye on the Moluccas and to attack Malacca, and once in Asia, received another secret instruction to occupy Johore and to cruise in the Malacca Straits and the Chinese waters against

⁵⁸De Groot/Damsté 1934: chapter X, 119-151. Grotius made a difference between a private war and a general war. In the first case the initiator of the war had a right on all booty and not his subordinates or collaborators (read Van Heemskerck and his crew), unless this had been established beforehand in a contract. In case of a general public war, the state should get the booty, or the one to whom the capture had been delegated (read VOC), unless a special law or agreement regulated differently.

⁵⁹De Groot/Damsté 1934: chapter XI, 152-196, Hugo Grotius, G.L. Williams (transl.), *De jure praedae commentarius* (Oxford 1950) Vol.I 172-176.

⁶⁰R. van Deman Magoffin (transl.), J. Brown Scott (ed.) *The freedom of the seas or the right which belongs to the Dutch to take part in the East Indian trade. A dissertation by Hugo Grotius* (New York 1916).

⁶¹See chapter 1.

Portuguese shipping.⁶² Although he lost at least four ships in the process, Matelieff's negative remarks related mainly to his own skippers and crews, who were reluctant to go ashore, because 'they had not come to fight on land'.⁶³

Anti-Portuguese jargon that targeted the Portuguese and Spanish as 'the' common enemy was widely used in the correspondence between the States-General and the *bewindhebbers*. Between the *Heeren XVII*, Governors-General, their Councils and the 'people on the spot', like the local governors and captains at sea, it became a stereotype way of expressing oneself, meant for VOC in-house consumption.

Not all *bewindhebbers* agreed with the new ideology. In 1608, on request of one of them, three *bewindhebbers* of one of the early companies, who from the beginning had refused to participate in the VOC, lodged a statement before a notary. It stressed the point that the early companies had never sent soldiers or armed vessels with the purpose to attack and conquer Portuguese or Spanish property and that in 1601 they had even pertinently refused to do so, notwithstanding requests from the municipality and the States.⁶⁴ No doubt, it was meant to give support to a case that was already lost.

The Twelve Years' Truce

Already during the discussions about a possible truce the VOC position towards the war with the Iberians underwent a further shift 'to the right'. So far the States-General had always been the ones stressing the role of the VOC as a vehicle of war, with the *Heeren XVII* following suit, but now they themselves seemed to be taking the lead. When the negotiations began their great fear was that the political negotiators, eager as they were to establish at least a temporary peace, might give away the VOC 'rights' in the Indies. Their fear was not unjustified, because in the beginning of the negotiations the King of Spain had stubbornly refused to allow the Dutch free navigation and trade on the Indies and the *Heeren XVII* even proposed to equip and send twelve men of war to defend those rights. Furthermore they were of the opinion that a truce would only be possible if the native princes of the East, with whom the VOC entertained a contract, would agree.⁶⁵ Clearly, the VOC directors were not in favour of a truce and they were not the only ones.⁶⁶

⁶²De Jonge, *Opkomst* III, 47, 59-60. The aggressive instructions from the *Heeren XVII* were formally covered by offensive commissions, on request of the *Bewindhebbers* signed by Prince Maurits [Hoogenberk 1940: 76-78].

⁶³*Dutch Pamphlets ca 1486-1648*, Koninklijke Bibliotheek, The Hague, Knuttel catalogue nrs. 1511/1512.

⁶⁴Van Dillen 1958: 98-99.

⁶⁵RSG: Vol.14, 658.

⁶⁶Other opponents were in the first place Maurits, who was of the opinion that Spain would gain more financial and strategic advantages from a truce than the Dutch, secondly the towns concerned with the colonial trade and last but not least the people involved in the discussions for the foundation of the WIC [Jonathan J. Israel, *The Dutch Republic and the Hispanic world 1606-1661* (Oxford 1982) 35-36]. Finally the conditions of the Truce contained a certain degree of recognition of the Dutch trading rights in the Indies by the Spaniards. Outside Europe they were not allowed to visit possessions of the king without his specific agreement, but reciprocally a similar constraint applied to the Iberians who wanted to visit the Dutch settlements. If

Another hot item was of course the 'blockade' of the Scheldt, because discontinuation might cause the Amsterdam trade to suffer, but due to Van Oldenbarnevelt's persistence the procedure for the re-loading of freights from Antwerp was prolonged.⁶⁷

During the Truce the *Heeren XVII* continued to put pressure on the States-General to pay their part of the military expenditures. As soon as the war had come to a standstill they demanded a subsidy of 100,000 guilders per year for the maintenance of four hundred soldiers and the forts and other establishments in the Indies. Furthermore, they reminded them that it was the States that had caused the Company to navigate to the Indies in a state of war, which 'was not the work of merchants'. They requested an additional contribution of 120,000 guilders in the form of a deduction from the convoy fees the Company had to pay to the Admiralty.⁶⁸ In the end they were promised, on behalf of the Generality and Admiralty and in order to secure their forts, a support of eight thousand cannon balls and four hundred muskets with accessories to a one time amount of 25,000 guilders, 'to be discounted from the subsidy from the provinces'. On top of this, for three years, they were given a subsidy of 100,000 guilders per annum.⁶⁹

The instructions to the first Governor-General, Pieter Both, were equally of a precautionary nature. The *Heeren XVII* apparently expected the Portuguese or Spaniards in the Indies to make life difficult for him or even to 'forget themselves' and damage the interests of the Company, against which possibilities, of course, the Governor would have to defend himself, notwithstanding the Truce.⁷⁰

From 1610 the visits of the *Heeren XVII* to the States-General became a regular event. The company now had seven forts, six hundred soldiers, five hundred sailors and nine ships and yachts in the Indies against an annual cost of 420,000 guilders (4.6 tons of silver).⁷¹ Suggesting that the Portuguese did not seem to adhere to

the Portuguese outside Europe would impede Dutch negotiations with princes or kings by force or malpractice, the Dutch were allowed to do the same and if the Portuguese or Spanish would attack 'friends of the Dutch' and the latter would lend support, this would not signify a violation of the truce [RSG: Vol.14, 694].

⁶⁷Zealand merchants were also fierce opponents of the Truce, because they were afraid that the Antwerp merchants would divert their trade via Gent, Brugge and the Flemish seaports, as soon as the blockade of the Flemish coast would have been lifted. This is exactly what the southern Netherlanders tried to do, so that in 1612 the opinion could be heard that one might as well give up the 'blockade' of Antwerp. However, the town of Middelburg held on, hoping that soon war might break out again, putting an end to all these problems, which for the rest had no negative consequences for the Amsterdam trade [Israel 1982: 36-37, 41-42 and 48-49]. As from 1615 the revenues of the Amsterdam admiralty from convoys and licences increased very regularly from about Dfl 600,000 to more than 1 million in 1635. Israel's statement that Holland and Zealand in 1621 were against a continuation of the Truce, because during that time they had seen their trade diminish is therefore not quite clear [Israel 1982: 77].

⁶⁸RSG: Vol. 14, 694-696. For an explanation of the convoy and licence fees see Den Haan 1977: 80, 211 note 41.

⁶⁹RSG: Vol.14, 896.

⁷⁰Instructie voor Pieter Both, 14 November 1609, articles 28 and 29, in P. Mijer, *Verzameling van instructien, ordonnancien en reglementen voor de regering van Nederlandsch Indië vastgesteld in de jaren 1609, 1617, 1632, 1650 etc.* (Batavia 1848).

⁷¹Van Dam 1929: I,II 525-526.

the Truce, they stated that the number of soldiers should be at least one thousand or twelve hundred, that also the number of ships had to be extended and that the annual subsidy of 100,000 guilders, which they had received in 1609 should be raised to 175,000 guilders.⁷² Their next question was what to do if the Spaniards became aggressive? The answer of course was that the Company would not be allowed to attack, but if the Spaniards took the initiative, the Company could protect itself and its allies and counterattack. The subsidy for this purpose amounted to 20,000 guilders in commodities and 100,000 guilders in money.⁷³ Until the end of the Truce, reports of the Spanish attack on the Moluccas,⁷⁴ the dismantling of the VOC forts on Ternate,⁷⁵ and other Spanish aggression⁷⁶ in the Indies continued to be occasions for the Company to ask for more subsidy or more ships. In anticipation of the worst to come, in November 1611 the *Heeren XVII* decided to equip a war fleet, of which a part was destined for Amboina, where it arrived in 1613.⁷⁷

In the meantime the participants of the VOC had begun to worry about the first settlement of accounts for the shareholders, which should take place in 1612. The VOC charter of 1602 had a duration of twenty-one years, but every ten years a general settlement of the accounts had to be made, so that shareholders could take their share and opt out if they wished so to do.⁷⁸

Historians generally assume that the founders of the VOC did not realize the consequences of such an arrangement. But it can also be seen as a kind of compromise, meant to attract the *bewindhebbers* and participants of the earlier companies, who were used to receiving their full share in cash after the fleet in which they had invested had returned and the imported products and ships had been sold. For the *Heeren XVII* it was of course no basis to run a business that had a future beyond ten years and one can well imagine, apart from their inability, also their reluctance to comply with this requirement. On the other hand, the disquiet of the participants is also understandable: the VOC charter also stipulated that if 5 per cent of the returns would be in cash, this should be paid out to the participants.⁷⁹ In fact, it had taken until 1610 before they had received any kind of dividend. When it finally came, it was mainly in the form of mace and pepper. In 1611 again there was no dividend and in 1612 it was paid in the form of nutmeg.⁸⁰ In the meantime the small investors had begun to sell their shares to the ones who could afford to take a higher risk and by the end of 1612 the number of participants had been reduced by three hundred.⁸¹

Under the increasing pressure of the participants the *bewindhebbers* had to ask the States-General to allow them to postpone the settlement of the ten years' account and in the discussions

⁷² RSG NR: Vol.1, 254. See also Den Haan 1977: 119.

⁷³ RSG NR: Vol.1 350.

⁷⁴ RSG NR: Vol.1, 694.

⁷⁵ RSG NR: Vol.1, 701.

⁷⁶ RSG NR: Vol.1, 703.

⁷⁷ See chapter 8.

⁷⁸ *Groot Placaetboek* Vol.I 530-538 article 7, J.P. de Korte, *De jaarlijkse financiële verantwoording in de Verenigde Oostindische compagnie* (Leiden 1983) 4.

⁷⁹ *Groot Placaetboek* Vol.I 530-538, article 17.

⁸⁰ Gaastra 1982: 24. For further details see Den Haan 1977: 114-115.

⁸¹ Den Haan 1977: 122.

the deputy of the province of Friesland even threatened that if the accounts were not produced quickly, the Friesians would demand the right to trade for themselves beyond Cape of Good Hope and Strait of Magellan.⁸² The VOC directors explained that the expenditures on the first four fleets under Van der Haghen, Matelieff, Van Caerden and Verhoeff had absorbed all the capital and a part of the profits.⁸³ They therefore proposed that the States should take over the forts and warfare in the Indies and should begin with sending a new, large fleet, directed against the activities of Don Juan de Silva, the governor of the Philippines.⁸⁴ The States-General would of course never consider doing so, but authorized the VOC to use their capital and income to equip their fleets 'as they considered necessary'.⁸⁵

In 1614 the States-General confirmed their full support for an offensive approach, issuing a general commission to the Company for privateering against the Portuguese and Spanish who in their opinion, had not complied with the conditions of the Truce.⁸⁶ In response, the *Heeren XVII* repeated their proposal that the States should either take over the warfare or supply the ships with soldiers and agree that, to cover the costs and maintenance, the captured 'prizes' could be used.⁸⁷ In 1616 they came with another idea: the national share of booty should be reduced from 1/5 to 1/15, as was the case in the draft charter of the WIC. After subtracting Maurits' and the crews' part and the damages, the national share and that of the participants could then be used to pay for the war expenditures, with a six yearly settlement of the privateering accounts.⁸⁸ In their argument, they still made a sharp difference between warfare and privateering; activities, which in practice and in bookkeeping could easily become confused.

In the meantime, in September 1615, the States-General had made an investigation into the subsidies and had come to the conclusion that some reimbursement would be necessary, because the VOC had received too much.⁸⁹ The subsidy had now risen to 200,000 guilders, whereas Holland proposed a total of 300,000 guilders for the years 1615, 1616 and 1617, to be deducted from the convoy charges, which were still outstanding.⁹⁰

One of the problems was that an official approval of subsidies did not mean that they were actually going to be paid,⁹¹ whereas the Admiralties were the rightful receivers of the convoy charges. In 1616 the VOC protested once again that they had to pay too much for the maintenance of the forts and the garrisons and requested payment of the authorized subsidies to an amount of 400,000 guilders and 'a ship to make prisoners which could be exchanged'.⁹² In 1617 the States-General decided that the subsidy for 1613-1614 would be 200,000 and for 1615-1617 300,000 guilders, but requested at

⁸² RSG NR: Vol.1, 359.

⁸³ De Korte 1983: 9-10, table 2. For the Amsterdam Chamber alone the total cost of the four fleets together was 887,775 guilders above the amount originally invested.

⁸⁴ RSG NR: Vol. 2, 154-155. See also chapter 8.

⁸⁵ RSG NR: Vol.2, 156.

⁸⁶ Hoogenberk 1940: 252-252.

⁸⁷ RSG NR: Vol.2, 338-339.

⁸⁸ RSG NR: Vol.2, 592.

⁸⁹ RSG NR: Vol.2, 507.

⁹⁰ RSG NR: Vol.2, 368-369, 454-455, 486, 493.

⁹¹ RSG NR: Vol.1, 722.

⁹² RSG NR: Vol.2, 692-693.

the same time the subsidy account to be closed.⁹³ In that year, the *Heeren XVII* reconfirmed the general commission of 1614 in an instruction to the Governor-General and his Council, which was approved by His Princely Excellence and the States-General.⁹⁴

By now the participants were generally of the opinion that the VOC charter should not be renewed, in view of the high costs for forts, garrisons and men of war for the 'defence of the natives and the Company's trade': they simply wanted their money back. On the other side, the VOC directors supported in 1618 the opposite, 'in view of the obligations towards the Indians, the costs made so far and the fact that the enemy would use the forts left behind'. At the same time they requested a continuation of the subsidy of 300,000 guilders.⁹⁵

Profitability of the VOC

What was behind the bellicose attitudes of the *Heeren XVII* and their continuing pleas for financial support?

It was indeed true that the initial capital provided was not enough to cover the total costs of the first four fleets: Amsterdam suffered a deficit of more than 880,000 guilders on its investment, which had to be taken from the profits on the return voyages.

This can easily be deduced from the data of appendix 7.2, but what this table also shows is that the costs per ton of freight of outfitting these 'warlike' fleets were not more than 10 per cent higher than that of the so-called 'peaceful' merchant fleet of Van Warwijck. The *bewindhebbers* would receive a provision of 1 per cent on the total costs of outfitting (excluding the ships and cannon),⁹⁶ but the VOC ships were certainly not more densely manned than during the early voyages (men per ton freight capacity). It is not possible to judge the differences in armament of the ships or the number of canon balls on board. By all appearances, it would seem that there was hardly any difference between a 'defensive' or an 'offensive' fleet, except for the freight capacity of the ships. On average this was larger in the Matelieff and Van Caerden fleets and would allow more cannon to be placed on board.

As 'men of war', the ships took a surprising amount of money on board. As one would expect, the merchant fleet of van Warwijck carried more than twice the amount of money and merchandise taken on board by the VOC fleets (see appendix 7.1 and 7.2 for the value of merchandise and money per ton of freight capacity). However, the 'offensive' fleets still carried about the same amount of money per ton of freight capacity as the first successful fleet of Van Neck. In other words, they were still expected to make their 'offensive' voyage a commercial success. The main difference

⁹³ RSG NR: Vol.3, nrs 631, 760.

⁹⁴ Hoogenberk 1940: 80-81, *Mijer* 1848: 23.

⁹⁵ RSG NR: Vol.3, nrs 2310, 2881.

⁹⁶ Douglas A. Irwin 'Mercantilism as strategic trade policy: the Anglo-Dutch rivalry for the East India trade' in *Journal of Political Economy* 99 (1991) 1296-1314 makes the point that the commission on outfitting costs and the returns induced the *bewindhebbers* to maximize the turnover of the company, but not necessarily the dividends of the participants. See also Femme S. Gaastra, 'Success and failure of a commercial enterprise: The Dutch East India Company (1602-1800)' presented at the international seminar *História comparada da expansão Portuguesa e Holandesa* (Arrábida, Portugal, 28-30.6.2000), still to be published.

with Van Neck was that all his ships returned safely. Of the Amsterdam share of their fleets (see also appendix 7.2), Van der Haghen and Verhoeff both left two yachts behind in the Indies to support the Dutch presence. However, the Amsterdam share of the fleet of Matelieff (a total of seven) one ship got lost, one broke up and two were burnt near Malacca. Of the same number of vessels under Verhoeff two were captured near Manila by the Spaniards.

No wonder that in March 1613 the VOC *bewindhebbers* invited their participants to take part in an insurance for the return cargo of the fleet that would be leaving that year. For a total value of thirty-two tons of gold, to return before August 1616, they would receive a premium of 5 per cent. If the cargo or part of it would not arrive before the indicated date they would reimburse the loss to the Company, up to the amount they had signed for. The response was somewhat disappointing. In the end the participants were allowed to sign for an amount that was equal to their original share in the Company, which would be used as a security against the possibility that they might not be able to meet their obligations. The total number of underwriters in the Chamber of Amsterdam was 252 and about one third of them were South Netherlanders who contributed half of the total sum that was guaranteed.⁹⁷ In this way the Company could rest assured that funds would be available for the fleet of 1617. As far as the underwriters were concerned, they must have judged that taking the premium was the best bet and that in the short term the return of the fleet in one piece had a better chance than receiving their dividends. They were right on all counts.⁹⁸

However, the lamentable position the VOC was in cannot only be contributed to costs and losses of the fleets to India; the main problem was the low profitability of the trade in Europe. Already in a very early stage the VOC *bewindhebbers* must have asked themselves the same question that was considered in chapter 3: how could a fully privatized *Carreira da Índia* ever survive? As discussed earlier, already in 1607 over-supply deflated the prices of pepper and spices and, to a certain extent with the exception of pepper,⁹⁹ the demand had a very low price elasticity. In 1607 the Mediterranean was still supplied overland or by the Portuguese. At the same time, the Hanze, but no doubt also the Dutch skippers, carried the Asian produce from Lisbon directly to the Baltic, and the English company was getting in full swing to become competitive in northern Europe and already had an almost guaranteed position in the Levant.

As argued in chapter 6, until 1621, notwithstanding the embargoes, Portuguese pepper and spices could move freely to northern Europe. However, the number of carracks arriving in Lisbon had dropped from forty-two during the 1580s to twenty-two in the 1590s (chapter 3) and it had been the resulting lack of supplies that initiated the early Dutch voyages with their very high profits.

⁹⁷Van Dillen 1958: 73-102.

⁹⁸The fleet came back with a valuable cargo, but it took until March 1620 before the participants received a dividend of 37.5% in cash [Van Dillen 1958: 76].

⁹⁹According to Irwin 1991: 1306 in 1622 the elasticity of demand for pepper was -2. However, in his model for two competing monopolistic companies, i.e. the Dutch and the English, he completely ignores the Portuguese. Glamann confirms that even in 1622 the Portuguese were still in competition. The total demand of Europe was estimated at 7 million pounds, with the Portuguese contributing 1.4 million pounds and the English and Dutch sharing the rest. [Glamann 1981: 74].

In the following decades, the increase in Portuguese arrivals during the 1600s (twenty-eight) and 1610s (twenty-eight) coincided with the early activities of the Dutch VOC, which also still had to sell the pepper and spices of the last early voyages. No doubt, the early decades of the VOC trade in Europe were very disappointing and the movements of the pepper price confirm this.

The pepper price for the Van Heemskerck cargo, 24.5 grams of silver per kilogram, mentioned above, was relatively high, because three years later, in 1607, in a reaction to Lisbon pricing, Amsterdam quotations were brought down to about twenty grams of silver per kilogram (about 35 *cruzados* per *quintal*). These data have to be compared with a Lisbon price of 18.5 grams of silver per kilogram in 1600 and somewhat less (about 30-31 *cruzados* per *quintal*) in 1607.¹⁰⁰ At that time, a price difference of less than two grams of silver per kilogram, or four to five *cruzados* per *quintal* was apparently considered adequate to keep Portuguese competition away.

The competitive position of the VOC was certainly not improved by their action to use the pepper of 1609 to pay off the participants. In 1610 a large part of the pepper that had been brought back by Van Warwijck still had to be sold. The established price was 15.3 grams of silver per kilogram (to be paid after fifteen months!). For smaller volumes spot-prices of 16 and 17.2 grams of silver per kilogram were paid.¹⁰¹ In 1613 the pepper that the VOC expected to return before 1616, was insured against a value of 16.7 grams of silver.¹⁰²

The latter price meant a drop of more than 30 per cent compared to the good old days of Van Heemskerck. The quantity of pepper at that time delivered by him was equivalent to more than 14,000 *quintals*. This volume approximated the 1588 Portuguese imports with four carracks, but exceeded the quantities that arrived in Lisbon, loaded on three carracks, in 1607.¹⁰³ However, the low Amsterdam prices of 1610 were a sure sign that the European market was being flooded with pepper, and this was certainly also the case with mace and nutmeg. It had a dramatic effect on the thinking of the *Heeren XVII*.

To cope with the challenging situation, the *bewindhebbers* had four options, or five, if one takes giving up as an option.

Firstly, they could flood the market with pepper and spices against such a low price or favourable payment conditions, that the competition had to pull out. This is what happened during the 1610s in the Mediterranean, to stop the overland supply via Alexandria.¹⁰⁴

¹⁰⁰GAA Not. arch. 107, fo 226v-228 Not. J.Fr. Bruyningh, dated 22/10/1607, Van Dam 1927: I, I 147. See also appendix 3.3.

¹⁰¹Van Dam 1927: I, II 148-149.

¹⁰²Van Dillen 1958: 73

¹⁰³Vitório Magalhães Godinho, 'Finanças publicas e estrutura do Estado' in Joel Serrão (ed.) *Dicionário de História de Portugal* (Porto 1981) Vol.III, 37-38, reports 16,000 *quintals* in 1588 and 10,000 in 1607.

¹⁰⁴A regular stream of Dutch pepper and spices began arriving in Livorno from 1609 and in Venice from 1612. By 1620, overland trade to the Mediterranean had stopped, the larger part came from the Netherlands, much less from England and Portugal. [Jonathan I. Israel, 'The phases of the Dutch Straatvaert, 1590-1713. A chapter in the economic history of the Mediterranean' in Pieter Emmer, Femme Gaastra (eds.)

Secondly, to make a deal with the competitors to share the amount of products brought to the European market or,

Thirdly, to build up a military presence in the East and block their access to the Asian sources of supply or chase their vessels once they were loaded with the desired products.

In Europe the discussions with the English Indian Company for naval co-operation and product sharing between the two companies began in 1613, whilst the Governor-General in the Indies, until an agreement was reached, took the more aggressive route.

In the fourth place there was the option to take full control over the production, which is what happened on Banda, but failed for quite some time in the Moluccas.

Looking from the year 1612, when the first accounts had to be settled, the fifth option, which was preferred by many of the participants, was not as bad as it looks. As the example of the *Carreira da Índia* had already demonstrated, making a profit on pepper and spices alone, without subsidies or exemption from import duties (or convoy fees as they were called in the Dutch Republic) was a difficult target. It was only during the 1630's that this could be achieved, also to the satisfaction of the participants.

Making a deal with the Portuguese was of course out of the question and the *Heeren XVII* had no choice but to adopt option three. It found its full reflection in their presentations to the States-General and in the wording of their messages to the East.

During the 1620s the number of Portuguese arrivals dropped again and (was it coincidence?) more or less simultaneously the *bewindhebbers* began to see some light at the end of a long and dark tunnel.

After the Truce

Towards the end of the Truce the umbilical cord of subsidies was rudely cut. In order to resume the blockade of the Flanders coast the Admiralty needed money. On 25 February 1621 the States-General demanded that the VOC should settle the accounts over the ships received from the Admiralty of Amsterdam, the amounts received from the States, the convoy charges on the merchandise imported from the Indies, the country's share in the booty and the agreed annual subsidies.¹⁰⁵

A month later it was even decided that the ships, in 1619 received by the VOC, were not to be considered as a gift but as a loan. Consequently, the Admiralty could claim back 490,000 guilders.¹⁰⁶ Half a year later the VOC obtained permission for their ships to attack Spanish vessels.¹⁰⁷ However, at the same time they received the request to deposit 1-1.2 million guilders for the WIC¹⁰⁸

The organisation of interoceanic trade in European expansion, 1450-1800 (Variorum, Aldershot 1996) 165].

¹⁰⁵ RSG NR: Vol.5, nr. 329.

¹⁰⁶ RSG NR: Vol.5, nr. 574. On that same day the trade on Spain and Portugal were prohibited again.

¹⁰⁷ RSG NR: Vol.5, nr 1948.

¹⁰⁸ RSG NR: Vol.5, 608. Because the time of renewal of their charter was approaching the VOC promised to contribute one million guilders. It took until 1647, when their charter was renewed again, before the VOC indeed gave 1.5 million guilders, thus buying off the WIC, which since 1634 wanted to amalgamate with the VOC [J.G.

and to provide six ships for the Nassau expedition, which was planned to create havoc amongst the silver transports from Peru to Panama or to intercept the Manila galleons to Acapulco.¹⁰⁹ Besides, the States-General who did not want to lose the material and financial support from England and France, began to exercise pressure on the VOC to settle the damages incurred to the English¹¹⁰ and French¹¹¹ ships in the Indies. Furthermore, they demanded that the VOC should pay the letters of exchange presented to cover the costs of the Dutch delegation which had been discussing the co-operation between the EIC and the VOC.¹¹²

The financial difficulties faced by the VOC became extreme when another ten years had gone and the end of the charter came in sight. The participants again demanded settlements of the accounts, wanted to distribute the cloves amongst themselves and refused to support a continuation of the VOC charter.¹¹³ The question raised in the States-General, whether the *Heeren XVII* would be willing to adhere to the agreement with the English and pay their debts was consequently answered with another question. Would the States-General still support the continuation and extension of the charter, now that the participants were creating confusion and made it impossible for the VOC to pay their debts?¹¹⁴

Because the everlasting insistence of the Admiralty of Amsterdam on payment by the VOC did not lead to anything, the debt was finally reduced to 200,000 guilders¹¹⁵ which was also not paid. In November 1623 the Admiralty complained that it had lost or lent seventy-nine cannon and 599 iron guns to the VOC and that in order to arm their own new ships, they had to ask for a subsidy.¹¹⁶

In the meantime the investigation behind closed doors into the VOC accounts had begun. On 13 September 1623 it had advanced as far as the year 1608. This meant nothing more than that the separate account for the 'fleet of Fourteen' under Van Warwijck was now under review.¹¹⁷ By then the States-General and the *Heeren*

van Dillen, *Van rijkdom en regenten. Handboek tot de economische en sociale geschiedenis van Nederland tijdens de Republiek* (The Hague 1970), 149 note 14, 173].

¹⁰⁹ RSG NR: Vol.5, nr 1948. The Nassau fleet was put together through deliberation between the States-General and the VOC and with support of Prince Maurits. First discussions began in 1619 and it departed in April 1623 from the Netherlands. The intention was to sail along the West coast of South America towards the Far East and to intercept the silver fleet from Peru before it reached Panama, or alternatively, to intercept the Manila galleons to Acapulco. See also chapter 8, note 86.

¹¹⁰ The English demand for payment of damages amounted to Dfl 280,000 [RSG NR: Vol.6, nrs 294, 529].

¹¹¹ The French demands were related to the complaints of M. Eustache from St Malo, whose ship had been set on fire at the roadstead of Bantam. The VOC finally agreed to pay half of the amount that was requested (Dfl 600,000) [RSG NR: Vol.5, nr 4048 and Vol.6, nrs 524, 1410].

¹¹² These costs amounted to Dfl 140,000 and Prince Maurits suggested that they should be taken from the VOC share of their booty [RSG NR: Vol.5, nr 4506a and Vol.6, 206].

¹¹³ RSG NR: Vol.6, 421, 441, 490, 452.

¹¹⁴ RSG NR: Vol.6, 421.

¹¹⁵ RSG NR: Vol.6, 497.

¹¹⁶ RSG NR: Vol.6, nr 2294.

¹¹⁷ RSG NR: Vol.6, nr 1838. The investigation took place in one closed room, whereas the reading out took place in a second room. Hardly anyone of the participants,

XVII had already agreed that during the discussion of the accounts no disagreement should arise about the equipment of ships, military expeditions, fortifications and the like which had been decided upon by the *bewindhebbers* with the approval of the States-General and Maurits. Only 'malversations' could be a point of discussion.¹¹⁸ With regard to missing cash-books, a statement by the administrators and heirs of the treasurers, that they did not know where they were would be sufficient.¹¹⁹

Obviously, the *bewindhebbers* had used their position in a manner, which could be expected in a business environment where no rules, legislation, or codes of conduct existed which would put limits to their self-enrichment. Speculation in shares with previous knowledge, falsification of information on the short term prospects of the business in order to manipulate the market, and the purchase of products directly from the company at an extremely low price, to re-sell them for a nice personal profit when prices were high, were common practices.¹²⁰

Participants and directors continued to accuse each other, bringing the conflict into the open with pamphlets and counter-pamphlets. The position of the participants, amongst whom were the immigrants from Brabant and Flandres, was a weak one. Because the VOC had a role as a vehicle of war, they could easily be accused of acting against the interests of the Dutch Republic. Besides, because the directorial positions were gradually being filled by the regents who also had a seat in the municipality of Amsterdam and in the States-General, they found little sympathy in those circles.¹²¹

Nevertheless, at the renewal of the charter in 1623 the freedom of action of the *bewindhebbers* was limited somewhat. The 1 per cent provision on the costs of outfitting the fleets was abolished, they were excluded from supplying the victuals, shipping materials and merchandise to the outward bound fleets and, like everybody else, they were restricted to buying their share of the returns at the public auctions. After 1623 the participants received their payments more regularly, and after 1630 almost every year,¹²² but two requirements for a well-run shareholders' company were never fulfilled: accountability of the directors and the possibility to discharge them.¹²³

In September 1623 Governor-General Coen arrived in the Netherlands after he had resigned from his post in Batavia. He used the opportunity to give his views on the profit potential of the trade with China and to explain his plans to establish a permanent trading capital in Asia.¹²⁴ Taking into account the critical attitude

who had been fulminating so much, attended the reading of the conclusions.

¹¹⁸ RSG NR: Vol.6, nr 1555 B Secreet.

¹¹⁹ RSG NR: Vol. 6, nrs 2211, 2214, 2195.

¹²⁰ Different forms of abuse by the administrators have been discussed by S. van Brakel, *De Hollandsche handelscompagnieën der zeventiende eeuw. Hun ontstaan-hunne inrichting* (The Hague 1908) 131-133.

¹²¹ Mr. O. van Rees, *Geschiedenis der Staathuishoudkunde in Nederland tot het einde der achttiende eeuw* (Utrecht 1868), Vol.2 'Geschiedenis der koloniale politiek van de Republiek der Vereenigde Nederlanden' 144-172. Den Haag 1977: 125-127.

¹²² Gaastra 1982: 25.

¹²³ Van Rees 1868: 169.

¹²⁴ RSG NR: Vol. 6, nrs 1838, 1839a, 2293, 2322 and Coen IV, 577. Coen appeared on 21 September 1623 with two deputies of the Gentlemen XVII at the meeting of the

of the participants and the financial problems of the VOC, his message came at the appropriate time and he must have found very eager listeners.

During the 1620s, notwithstanding the financial problems in the Netherlands, the VOC was still able to send sufficient ships to the Indies, albeit with a lower tonnage, so that in order to comply with the desired return shipments from the Indies, fewer ships could be kept in Asia.¹²⁵

In the years 1626-34 the attention in the Republic was in particular directed towards the war in the Netherlands and the profits and losses of the West India Company. However, in the second half of the 1630s the Republic was able to generate a renewed enthusiasm for colonies; this time with the conquest of Brazil in mind and again with the Portuguese as the opponent. It was also the time that a new Governor-General in Batavia, Antonio van Diemen, confronted the *Heeren XVII* in Amsterdam with a *fait accompli* by taking the initiative into his own hands and laying a continuous siege on Malacca.

What, until that time, was done with the 'offensive' fleets and the support from the States-General and the Admiralty will be subject of the next chapter.

Summary

The first Dutch voyages around the Cape, as from 1595, were purely private initiatives, with substantial support of capital from the South Netherlands. However, the States-General supplied the artillery and the *Stadhouder* gave moral support in the form of patents and lent his name in treaties as 'head of the state'. As far as the entrepreneurs were concerned, the purpose of the early voyages was trade and not warfare. They were initiated because of the uncertain and sometimes total lack of supplies via the *Carreira da Índia* and Lisbon during the late 1580s and early 1590s and almost certainly because the English had already made their first attempt in 1592.

The first four Dutch undertakings were low cost enterprises compared to Portuguese shipping, but the cost of outfitting of the ships per ton of freight began to rise with the fourth voyage and thereafter became more or less equal to those of the Portuguese carracks. The main advantage of the early Dutch voyages was the limited competition and the fact that they did not pay any form of duty.

The competition amongst the early Dutch companies led to the decision to bring them together and to establish the VOC. The objective of the States-General, who had to approve the charter, was to use the VOC as a vehicle of war against 'the arch-enemy' and to deviate the Spanish funding of war efforts in the Netherlands to Asia. Already in 1603, that is before the news arrived in how the Dutch had been treated in Macao, the States-General began to sharpen up their commissions to the captains and as from 1604 their instructions were specifically directed against the Portuguese.

States-General, reported on four, what he called 'successful expeditions' in the East Indies and explained which decisions had been taken to avoid that in the future the Company would have to make similar large expenditures [Coen IV:610]. See also chapter 8.

¹²⁵See appendix 8.1.

Grotius' writings on the conquest of 'prize' and booty as a deed of war and his explanation how the booty should be divided became handy guidelines for the *bewindhebbers*, the States-General and the admirals and captains at sea, but did very little for the VOC participants.

Over-supply of pepper and spices on the European market, with the Portuguese and English as the main competitors and the overland supply to the Mediterranean still in working order, had a damaging effect on the financial results of the Company. In particular the performance of the *Carreira da Índia* can be directly related to the financial results of the VOC. During the first two decades of the seventeenth century the supplies to Lisbon were almost back to normal and they had a negative effect on the income of the Dutch company.

Survival and elimination of the competition became therefore the main objectives of its directors. Even during the Twelve Year's Truce this coincided very well with the half hidden agenda of the States-General. Warfare, piracy, privateering and trade intermingled and the costs and profits therefrom were difficult to separate. Abuse by the directors made the financial situation of the company still more opaque.

The 'ten yearly' settlements of accounts were the occasions where the participants of the VOC took stock of the amount and kind of dividends they had received so far and lodged their protests against the manner the VOC was being run. When the VOC charter was due for renewal the participants argued that it should not be renewed, but they received little support from the States-General. It would take until 1630, i.e. after the Portuguese supplies faltered again, before the Company was able to silence its participants by paying dividends regularly and the collapse of the *Carreira da Índia* during the 1630s meant the survival of the VOC.

One may well argue that until the Twelve Years' Truce, the whole VOC affair was much ado about nothing. The VOC directors must have been aware of this, but presented the costs of their presence in the Indies as a heavy burden. At the same time, they must have feared that as a result of the Truce the States-General would lose interest and that their material and financial support might therefore be stopped. For this reason, they reminded them from time to time that the Dutch settlements in the Indies were still under Spanish threat and that warfare was not a merchant's business. With this argument they were able to ensure, at least on paper, a continuous and growing flow of subsidies in the form of hardware and exemption from convoy fees. Towards the end of the Truce this support was cut off and in order to revitalize the overall war effort, heavy demands were made on the VOC's financial and shipping capability.

During the 1620s the financial situation of the VOC was not desperate, but it was abundantly clear that the privateering in Asia and the profits made in Europe would never cover the costs of this military-commercial complex and allow at the same time a dividend to the participants. However, the report by Jan Pietersz. Coen, on 21 September 1623 to the States-General, describing the potential of the intra-Asian trade in general and the China-Japan trade in particular and the great prospects of maintaining a permanent trading capital in Asia, must have given many of his listeners the feeling that there was still a future for the VOC.

