The Dutch Atlantic Economies

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Within twenty years of the establishment of the United Provinces, Dutch seafarers and merchants had ventured from their familiar northern European trade routes into nearly every corner of the world. Their exertions exposed them to the frosty rigors of Nova Zembla and the unexpected and unwelcomed sun of the Australian coast; they rounded (and named) Cape Horn and made their way to distant Japan. The seaborne empire they constructed was primarily an empire of trade, and it left its deepest marks in Asia, where the Dutch East India Company ruled over far-flung possessions and trading posts for 200 years, before the Dutch state succeeded it to rule over the Netherlands East Indies for 150 more.

By comparison, the Dutch presence in the Atlantic world has long appeared both unimpressive and unimportant. When compared to the other European powers the Dutch institutional and cultural legacy has seemed negligible, and in comparison to Asia the New World ventures appear to have possessed a distinctly subordinate historical importance. But if the Dutch Atlantic has, until recently, suffered the neglect and condescension of historians, it was not ignored by the Dutch of the seventeenth and eighteenth centuries. And if their enterprise in the West never assumed the institutional form of their ventures in the East, this was not the product of their indifference.

In fact, from the early days of the Dutch Republic an "Atlantic dream"—a New World redeemed from its Spanish/Catholic yoke, populated by Dutch settlers and Calvinist Indians, forming a productive and profitable part of a global trading economy—captured the imaginations of merchants, the House of Orange, and many Reformed clergymen and their followers.[1] In 1630 the new Dutch West India Company published a pamphlet with this bit of promotional verse[2]:

> Westindjen kan syn Nederlands groot gewin
> Verkleynt 's vyands Macht brengt silver platen in.
> [West India can become the Netherlands' great source of gain,
> Diminishing the enemy's power as it garners silver plate.]

The "Atlantic reality" never came near to fulfilling the high hopes of the early promoters, but this was not for want of trying. The Netherlands launched repeated efforts to achieve something in the New World.[3] It fought and worked to build an empire—indeed, to construct a *groot desseyn*—grand design—in the Western Hemisphere comparable to the intra-Asian trading network operated out of Batavia. When this failed, it sought to organize and dominate an international trading system that penetrated the plantation colonies of all the Atlantic powers. When this strategy was checked by the increasingly effective mercantilist policies of its rivals, the Dutch Republic set its sights on the construction of plantation economies of its own. And as these showed signs of failing, the Netherlands refocused its New World hopes on investment possibilities in the new American republics, especially the United States. These successive rounds of enterprise engaged the Netherlands and its advanced commercial institutions with the political and economic challenges of the Western Hemisphere. This engagement was filled with frustration and disappointment, never resulting in a territorial, political or cultural presence that answered to the grand visions of succesive generations of advocates. Economically, Dutch engagement with the Atlantic world resulted in both success and failure, and it is an engagement not yet finished.

Dutch Institutions in the New World

The first Dutch trading ventures beyond European waters—to the west coast of Africa, Asia, and the Caribbean—were all private initiatives by small partnerships of risk-taking merchants. Whether sailing to West Africa for gold, Southeast Asia for spices, or Punta de Araya (on the coast of Venezuela) for salt, the merchants made use of the commercial institutions already familiar to them from trade within European waters. They pooled their capital in *partenrederijen,* partnerships in which investors held shares such as one-eighth or one-sixteenth and entrusted their capital in the hands of the active partner(s), usually for the duration of a voyage. The partnerships were contracted before notaries, who filed the documents and provided legal recourse in the event of problems. This flexible form of organization allowed merchants to distribute their capital among multiple ventures, thereby reducing their exposure to risk, and they could finance their voyages by contracting with private lenders, again via notaries, for bottomry loans (*bodemerijbrieven*) secured by the hull of a ship serving as collateral.

These early ventures of the 1590s were risky and even audacious in view of the monopoly claims of the Iberian colonial powers, but they were essentially trading ventures rather than colonizing projects. By 1600 discussions surfaced in both mercantile and governmental circles concerning the desirability of bundling the activities of private merchants into monopoly trading companies. The benefits of such a move were partially economic: a reduction of competition among the rival partnerships of the numerous Dutch trading cities, a larger capitalization for these long-distance trades, and a reduction of risk through the internalization of protection costs. But the establishment of such consolidated enterprises was also seen as a more effective way to do battle against the Spanish enemy in distant lands and, ultimately, to secure colonial outposts necessary to conduct trade more securely.

In 1602 the States General of the Republic chartered a United East India Company (Verenigde Oostindische Compagnie, or VOC)—united because it brought together the six merchant partnerships in as many cities already active in the trade with Asia. These merchants and many others, some eighteen hundred people in all, invested 6.4 million guilders to launch what would become for nearly two centuries the largest joint-stock firm in the world. The VOC quickly established itself as the dominant European trader in Asia. It augmented its large initial capitalization with short-term loans (5.6 million between 1613 and 1620) and with plowed-back profits (it paid few cash dividends for its first thirty years of operation) to amass a working capital stock of many tens of millions of guilders by the 1640s. The company moved quickly to supplement its Europe—Asia trade in spices with an intra-Asian trade, coordinated from its territorial base at Batavia on Java. From there it gradually secured strategic locations to enforce its control of Asian waters and territorial possessions to protect its access to Asian commodities. The Dutch empire in Asia was the possession of a company, not of the Dutch state.[4] The VOC was responsible for the defense and administration of its far-flung possessions and was expected to pay for this overhead cost from its trading profits (and the tax revenue it could secure from its colonial subjects), and so it would remain until the 1795 dissolution of the VOC in bankruptcy.[5]

The VOC had no dealings with the New World; its trading monopoly extended from the Cape of Good Hope eastward. But its dazzling success stood as a model for those urging the States General to charter a comparable monopoly company for the Atlantic zone. The government, which had pressed for the creation of the VOC in 1602, resisted such urgings in 1606 in anticipation of a hoped-for truce in the war with Spain—a truce secured in 1609. But when that truce expired in 1621 one of its first acts was to charter (fifteen precious years too late in the minds of the republic's most ardent advocates of colonialism) the West India Company (WIC), with monopoly rights over all trade in West Africa and the New World.[6]

Although the new company's organizational structure closely resembled the VOC (five chambers and a governing board of nineteen directors, compared to the VOC's six chambers and seventeen directors), the similar outer forms masked significant internal differences. Just as the VOC bundled the energies of predecessor trading ventures, so did the WIC, but while the Asian ventures had all competed in the same basic trade, the WIC predecessors were all different. Amsterdam's New Netherland Company was active in the Mohawk region fur and pelt trade;[7] various merchant consortia were active in the "Guinea" trade in West African gold and ivory; the merchants of Hoorn and Enkhuizen were committed to the Punta de Araya salt trade;[8] Zeeland merchants had their eye on the "Wild Coast" (the South American coast between the mouths of the Orinoco and Amazon rivers);[9] and yet others, in alliance with Portuguese "New Christians" who had settled in the Netherlands, sought their fortunes in the Brazilian sugar trade. It would be the WIC's task to knit these disparate interests into a single, coherent commercial company.

For aid in this task the newly floated WIC could hope to draw on the flourishing republic's abundance of capital, efficient commercial institutions, and enormous seafaring sector. But the new company initially found it difficult to gain access to these resources. It faced a reluctant investor community, which was suspicious that the new company, whose most enthusiastic backers were conspicuously motivated by religious and patriotic sentiments, would undertake costly military ventures that would undermine commercial profitability. It took two years and a great deal of government "jaw-boning" to assemble the initial capitalization of 7.1 million guilders.[10]

The First Dutch Atlantic Economy

In its first years the new company found it difficult to set a clear course. Its first military ventures, attacks on Bahia, Brazil, and Sa Jorge da Mina on the Gold Coast of Africa, both failed. In these years the WIC sustained itself on the existing trades of the predecessor firms and on privateering. Then in 1628 the company hit the jackpot, achieving suddenly the greatest financial success of its history. Adm. Piet Heyn captured the entire Spanish silver fleet, carrying a cargo of at least 11.5 million guilders worth of silver. That great prize filled the company's coffers while also making possible the payment of a 50 percent dividend (the only substantial return its investors would ever receive). This event in turn drove WIC share prices up on the Amsterdam *Beurs,* allowing the company to issue new shares, borrow even more funds, and thereby finance a large fleet to set out on the conquest of Brazil (see table 1 for the new sums invested).

From 1630, with the conquest of Pernambuco (Recife), until the company was finally forced out of New Holland, as the Dutch preferred to call it, the New World enterprise was focused on Brazil and its sugar. The existing population of Portuguese *moradores* (planters), settlers, mestizos, and mulattos was quickly joined by WIC employees (some 10,000 at the peak in 1639), and by *vrijlieden* ("civilian"; former employees and immigrants), numbering 3,000 adult males by 1645. One-third of these settlers were Portuguese Jews, who had played a leading role in the Brazilian enterprise from the outset.[11] The WIC acted quickly to supplement its African trade in gold and ivory with a new trade in slaves in order to expand Brazilian plantation agriculture.[12] In the twenty years after 1630 the company sent 31,533 slaves to Brazil. Meanwhile the Dutch ports became

Table 1A: Capital invested in the West India Company by chamber

Chamber	*Initial capital*	*%*	*1629–39 shares*	*1641–71 bonds*	*Total*	*%*
Amsterdam	f.2,846,585	40	6,984,885	3,104,754	12,936,224	54
Zeeland	1,379,775	19	1,069,203	2,096,330	4,545,308	19
Maas	1,039,702	15	277,677	432,295	1,749,674	7
Noorderkwartier	505,627	7	782,683	618,370	1,906,680	8
Groningen	836,975	12	482,909	222,479	1,542,363	6
States General	500,000	7	500,000			2
Other cities			891,637		891,637	4
Total	7,108,664		9,981,994	6,474,228	23,564,886	

Table 1B: Capitalization of the Second West India Company in 1674, by chamber

Chamber	*Shares*	*Bonds*	*Total*	*%*
Amsterdam	1,608,466	931,426	2,539,892	56
Zeeland	367,346	628,899	996,245	22
Maas	197,666	129,688	327,294	7
Noorderkwartie	196,932	66,743	263,675	6
Groningen	193,246	185,511	318,757	8
Total	2,563,596	1,942,267	4,505,863	

Source: Norbert H. Schneelock, *Actionäre der Westindischen Compagnie von 1674,* Beitrage zur Wirtschaftsgeschichte, Band 12 (Stuttgart: Klett-Cotta, 1982), 28–37; H. den Heijer, *Goud, ivoor en slaven: Scheenvaart en handel van de Tweede Westindische Compagnie op Africa 1674–1740* (Zutphen: Walburg, 1997), 47. Note: The subtotals do not always equate perfectly with the aggregate totals.

Europe's leading centers of sugar refining. As all this took shape the hope arose that the settlements on the Hudson River could supplement their fur trade with an expanded production of foodstuffs for the developing plantation economies.

This, then, was the grand design, but it was too large for the WIC to control and to internalize. Unlike the VOC in Asia, the WIC in the Atlantic could enforce its monopoly privileges against neither foreign competitors nor Dutch private traders. The "leakage" of commercial benefits to private interests prevented the company from earning a satisfactory return on its capital, which meant that it continued to depend on the issue of shares and the sale of bonds to finance its activities. In contrast, the VOC could almost immediately begin to finance its expansion internally, through retained profits.

In this setting the WIC retreated from its comprehensive but unenforceable claims to monopoly rights. In 1638 it allowed its shareholders to trade privately in its Atlantic realm, hoping that this concession would at least help maintain the company's share prices on the *Beurs.* Likewise, to encourage settlement in New Netherland, in 1640 it threw open the trade in beaver pelts to private traders in return for a recognition fee of one guilder per pelt. Even these measures did not satisfy the merchant community, 159 of whom petitioned the States General to allow free trade in the New World; by 1648 the WIC retreated further, allowing any Dutchman to trade in its New World territory on payment of a recognition fee to the company. Thus was the WIC in the New World transformed from a trading company to an administrative entity.

The Portuguese *moradores'* revolt against Dutch rule in Brazil, begun in 1645, exposed the economic and political weakness of the company. It was unable to finance the defense of New Holland by itself (indeed, a cost-cutting withdrawal of WIC troops had occasioned the initial Portuguese attack), but the merchant community at home was dubious of any intervention that would jeopardize trade within Europe (that is, Portuguese salt and wine).[13] At one point the Portuguese offered to return Brazil to the WIC in exchange for the restoration of Portuguese possessions in Asia. But in this the VOC showed even less interest than in a proposal to merge the two companies into a single Dutch colonial venture. To stop further talk of merger the VOC paid the WIC a onetime subsidy of 1.5 million guilders in 1649. It could be generous in this way for, in fact, the struggle over Brazil was a godsend to the VOC: so long as the Portuguese remained fully occupied in the Americas they were unable to defend their remaining Asian empire, which the VOC proceeded to pick apart. Meanwhile the WIC, without sufficient financial resources (its debt in 1649 stood at nearly 20 million guilders)[14] or sustained political support at home, had no choice but to abandon its last Brazilian foothold in 1654.

The Second Dutch Atlantic Economy

In the aftermath of the Brazilian adventure Dutch merchants stitched together a new Atlantic trading system. They made a virtue of necessity, exploiting the flexibility offered by the absence of a large territorial domain. This new Dutch Atlantic system integrated four key elements: (1) the WIC's monopoly trading functions were now restricted to Africa's gold, ivory, and slave trades; (2) private Dutch merchants and planters encouraged sugar production by extending credit to, establishing plantations in (many run by Sephardic Jewish planters who had left Brazil), and supplying manufactures to the Caribbean islands controlled by the British, French, and Spanish; (3) the expansion of food production was encouraged in New Netherland to sustain Curaçao (the slave entrepôt); and (4) Dutch shipping handled the transport of Caribbean produce to the Netherlands, specifically to the sugar refineries of Amsterdam. In this way the ships, African slave depots, and Amsterdam sugar refineries were kept operating despite the absence of a substantial base of production on Dutch-controlled territory.

This more modest version of a Dutch Atlantic economy, one focused on the trading center at Curaçao, proved to be more robust than the colorful but short-lived Brazilian escapade. In one respect this "interloper trade" was a more peaceful form of the privateering that had characterized the WIC—and especially its Zeeland chamber—from its beginning. So long as the Dutch were at war with the Spanish, the Dutch admiralties—again, with special gusto, the Zeeland admiralty—issued letters of marque (*kaperbrieven*). But after 1654 the Dutch were at peace with both Spain and Portugal, and the focus shifted toward the provision of commercial services to the entire Atlantic world.

As Dutch planters and merchants drifted away from Brazil they directed their attention to Barbados, speeding the transformation of that British possession from a tobacco-farming to a sugar-plantation economy.[15] Soon thereafter the French island of Martinique was similarly transformed. A third object of interest—renewed interest—was New Netherland. A publicist sought to console his countrymen over the loss of Brazil and attract settlers to the Hudson, Delaware, and Connecticut river valleys (the Noord [North], Zuid [South], and Verse [Freshwater] rivers, respectively, to the Dutch) with the following verse preface to Adriaen van der Donk's 1656 edition of *A Description of New Netherlands:*

> Why mourn about Brazil, full of base Portuguese?
> When Van der Donck shows us far much better fare;
> Where wheat fills golden ears, and grapes abound in trees;
> Where fruit and kine are good with little care;
> Men may mourn a loss, when vain would be their voice;
> But when their loss brings gain, they also may rejoice.[16]

A quickened pace of in-migration ushered in a prosperous period for the colony and helped raised the settler population of New Netherland to some eight to ten thousand by 1664.[17]

Everywhere in the Caribbean local planters tended to prefer Dutch commercial services to those of national monopolists, a preference reinforced by the Dutch hold over the slave trade. With Elmina (acquired in 1637), Luanda (1641), and some twenty other African forts under WIC control, the size of the Dutch slave trade was second only to the Portuguese until 1675. In the period 1650–74 the WIC shipped some fifty-seven thousand slaves, most destined for Curaçao to await sale to Spanish, French, and British planters. In the 1660s it looked for a time as though the buoyant French and British demand for slaves would revive the fortunes of the WIC while Dutch private traders would prosper as (illicit) suppliers of commercial services to the growing plantation economies. WIC shares, practically worthless in 1654, revived to 40 percent of par value by the end of 1664, and sugar shipments to the republic stood at least at the level achieved during the Brazilian adventure. In 1660 the republic's sixty-six sugar refineries, fifty of them in Amsterdam, supplied more than half of the refined sugar consumed in all of Europe.

This hardy commercialism functioned in an essentially hostile environment of mercantilism and could survive only by adapting to constraints that became steadily more restrictive. In the course of the 1660s rival colonial powers gradually developed the economic and military instruments sufficient to enforce their monopoly claims, thereby shrinking inexorably the Dutch interlopers' room for maneuver. The English Navigation Acts of 1651 were intended, among other things, to exclude the Dutch as suppliers of slaves and manufactures to and buyers of sugar from Barbados and other English islands. But these islands and the southern mainland colonies were Royalist nests eager to undermine the Commonwealth government of England. Consequently, St. Eustatius flourished as a center of sugar smuggling while New Amsterdam swept up the tobacco of the Chesapeake.[18]

By the mid-1660s, however, a restored monarchical England had conquered New Amsterdam while the Navigation Acts were enforced on Barbados with sufficient vigor to cause the Dutch to turn their attention to the French island of Martinique. But French trade ordinances of 1664 and 1673 had much the same intention as the Navigation Acts. Moreover, by 1665 English slave traders could begin to supply their own islands' labor needs at competitive prices, while the French Compagnie des Indes Occidentales, established in 1664, and the English Royal African Company of 1673 gradually marginalized the WIC's position as a supplier of slaves.[19] Dutch traders responded by cultivating their long-standing interloper trade with Spanish possessions, especially Cuba and Puerto Rico, and the coasts of Venezuela. Spain's colonial trading system lacked the capacity to exclude the Dutch—indeed, the colonists long continued to depend on them.[20]

Historians can identify another moment in the 1660s when a major Dutch role in the Atlantic might have been salvaged. The Second Anglo Dutch War (1664–67) began badly for the Dutch as the English swept through the Atlantic zone taking over Dutch possessions from New Netherland to Tobago and Guyana. But the tide turned, and by 1666 the English were being forced out of most of their recent acquisitions by Dutch and French naval expeditions. Moreover, by then the Dutch had defeated English fleets closer to home as well and even sailed up the Thames to plunder the Medway naval base and tow away the English flagship as war booty. At this point, with London on fire and disorganized by plague, the continuation of French-Dutch cooperation in the New World could have accomplished much. Indeed, the restoration of New Netherland was not beyond reach; after all, Adm. Cornelis Evertsen did just this with little effort in 1673, while Adm. Michael de Ruyter struck heavy blows against English positions in West Africa as he showed the Dutch flag throughout the Atlantic theater in 1674. "Nor," in the opinion of Jonathan Israel, "would there have been any difficulty in laying down reciprocal Franco-Dutch guarantees for the defence of New France, New Netherland, and the French and Dutch Antilles and Guianas."[21] What stood in the way—here and at several other junctures in the seventeenth century—was the chronic disjuncture between mutually advantageous alliances of European powers in the New World and those that made sense to rulers within Europe. The latter always trumped the former, and in the summer of 1667 Louis XIV turned his sights once again on the Spanish Netherlands, capturing Lille. Immediately the republic was in need of English support to defend its interests close to home, and in order to secure this aid it subordinated its colonial interests. Thus was a North American empire lost.[22]

The republic's inability to deploy either diplomacy or sufficient naval power to break out of the mercantilist box being constructed by its neighbors had economic consequences that can be read directly from the fate of Amsterdam's sugar refiners. In 1668 only thirty-four of the fifty were in operation; by 1680 only twenty remained. In addition the combination of commercial losses and military expenditures overwhelmed the always fragile finances of the WIC, which was forced to reorganize in 1674.

The product of this reorganization, the second WIC, was a slimmed-down affair shorn of the headstrong ambition that had marked its predecessor. It exercised monopoly rights to the Dutch slave trade until 1734, but from then until its dissolution in 1791 its only trading function was the Africa commodity trade. Otherwise its remaining task was administration of its colonial possessions (the African trading outposts with Elmina as headquarters, the six Caribbean islands, and the Wild Coast possessions, most notably Surinam), and its only revenues came from user fees and local taxes.[23] Until the fall of the republic the Dutch colonial empire was privately held (albeit subject to public pressure because of the periodic need to renew company charters).[24] With few exceptions public funds did not directly support either the East or West Indian ventures, a fact that placed Dutch empire builders at a distinct disadvantage vis-à-vis their competitors.[25]

In view of the WIC's early financial debility, its unpopularity with the merchant community, and the early abandonment of Atlantic monopoly companies by England and France, it is a wonder that the Dutch persisted so long with an institutional form manifestly unsuited to the New World environment. The WIC's bankruptcy in 1674 was a good opportunity to be rid of this chartered monopoly company; instead the States General pressured the holders of the company's worthless shares and bonds into injecting an additional 1.2 million guilders in order to float the second WIC.[26] It would appear that the Dutch Republic, a state with few central government powers over its constituent provinces, was not yet prepared to contemplate direct rule of its colonies.[27]

Ironically, the inability of the Dutch to project military power in the Atlantic zone after 1674 offered them some advantages. Spain turned to the Dutch as suppliers of slaves and commercial services to her colonial empire. The WIC and its

Curaçao trade center, its teeth having been drawn by British and French protectionism, prospered in the 1680s and 1690s as holder of the Spanish *asiento,* or slave supply contract, and as tolerated supplier of manufactured goods and shipping services to Spain's empire.

This Spanish connection provided a relatively stable setting in which the second WIC could actually pay some modest dividends (ranging between 2 and 8 percent; in 1687, 10 percent). But it usually paid nothing, and in 1713 even the possibility of participating in the Spanish *asiento* was lost as the Peace of Utrecht ending the War of Spanish Succession awarded this lucrative concession to England's new South Sea Company. The Curaçao slave entrepôt collapsed and with it the price of the second WIC's shares. The general expansiveness of the eighteenth-century Atlantic economy was such as to provide Dutch Caribbean trading centers (Curaçao and, increasingly, St. Eustatius) with occasional windfalls, usually the product of warfare among the major powers, but the idea that a second Dutch Atlantic economy based essentially on interloping could be a viable alternative to a colonial economy had been revealed much earlier to be wishful thinking.

The Third Dutch Atlantic Economy

By the 1680s it had become apparent that the only course of action still open was to develop plantation economies in the Dutch territories of modern Surinam and Guyana, and this can be said to inaugurate the third attempt to construct a Dutch Atlantic economy. The development of a Dutch plantation economy shared many similarities with the plantation economies of the other European powers active in the Caribbean. But it faced three important constraints unique to Dutch colonial policy. First, as noted above, the colonies remained the responsibility of the company, which is to say that the colonies had to pay their own way; the republic did not subsidize them in any significant way. Second, the colonies were subject to the typical mercantilist restrictions concerning where they could secure imports and services, but they did not enjoy any corresponding privileged access to the Dutch market. Their sugar, coffee, indigo, and other products fetched European market prices in Amsterdam, in contrast to the protected home markets enjoyed by the English, French, and Spanish colonies. Third, the planters could acquire slaves only from the WIC, which retained this monopoly until 1734. However, the WIC preferred to supply the Spanish market so long as it could since slave prices there were significantly higher. Consequently, 55 percent of the slaves shipped by the Dutch in the period 1674–1716 were destined for Curaçao (and Spanish America) while only 28 percent went to Surinam. The award of the Spanish *asiento* to England in 1713 was a bitter pill for the company but was greeted with enthusiasm by Dutch planters, who now expected a more elastic supply of slaves. Indeed, 78 percent of WIC-supplied slaves were directed toward the Surinam and Guyana plantations in 1716–38.