

Administrative Adaptability: The Dutch East India Company and Its Rise to Power

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The Dutch East India Company was the world's first multinational corporation. For nearly two centuries, from its inception in 1602 to its demise in 1798, the Dutch East India Company, or Vereenigde Oost-Indische Compagnie (VOC), set the standard for maritime trade in the East Indies. The VOC was a beacon of Dutch maritime prowess and administrative ingenuity. Indeed, it is no coincidence that the rapid ascension of the VOC coincided with the Dutch Golden Age, a period in which Dutch trade, technology, military and arts were at the world's forefront. By the mid seventeenth century, the VOC had established trade routes through India, China, and Japan, while warring for territories in the East Indies that eventually became official Dutch colonies in the early 19th century. Thus, from the Company's original charter in 1602 to roughly 1670, the VOC prospered mightily, due largely to Europe's insatiable demand for the once exotic spice, pepper. Yet, it was not merely a growing demand for East Asian spices that enabled the VOC to flourish. Integral to the prosperity of the VOC was its unique charter and the malleable administrative structure it outlined both domestically and in the East.

While many scholars have correctly identified the 1602 Charter of the VOC as a revolutionary acquiescence of sovereignty and bestowal of support to a state-chartered company, few have discussed the strong administrative bridge that the charter established both temporally and spatially. Temporally, VOC administration was rooted in a system of power structures established by the Unified Dutch Nations decades earlier in the 1570s. Many of the notions that undergirded the administrative structures of the nascent Dutch-state later surfaced in the initial VOC charter. While this temporal bridge of administration grounded VOC governance within the larger framework of the United Dutch Nations' organizational strategy, the VOC was always attune to local political circumstances, and they adapted keenly and accordingly. Due to the practical and versatile essence of VOC governance in the East, this temporal bridge should be understood as a bridge still in progress by 1602. This bridge, by the time of the Company's inception, merely outlined a foundation, which the two subsequent centuries of adaptive VOC administration would build upon. The spatial bond of administration that connected the Dutch Nations to imperial nodes in the East complimented the temporal linkage of administration, fostering a nexus of administrative network that spanned decades and miles.

VOC and early modern Asian maritime scholars have long overlooked the role that flexible VOC administration played in the Dutch dominance of the spice-trade and inclusion into the intra-Asian trade. Historians like Femme S. Gaastra and Douglas A. Irwin embrace a strictly economic lens through which to study the VOC. Gaastra and Irwin both point to the 1602 Charter as a key factor behind VOC success. Favoring an analysis of the Company's import and export numbers, both Gaastra and Irwin highlight the reducing influence of shareholders and the

economic shifts in managerial incentives that the 1602 Charter ushered in.¹ Gaastra and Irwin attribute the divergence of English and Dutch trade policies to these economic shifts produced by the original VOC charter.² For Gaastra and Irwin these divergent profit strategies, as later detailed, are the prime reason for VOC dominance.

Other VOC literature has focused on the indigenous side of the seventeenth century Indian Ocean market. Burmese historian Wil O. Dijk credits the intricacies and breadth of the Asian market as it extended out from Burma as integral to Dutch success. Yet, Dijk fails to mention any administrative advantages the VOC possessed, and instead concentrates solely on the natural and geographical value of Burma.³ George D. Winius and Marcus P.M. Vink center their analysis of the VOC on India. Winius and Vink, dismiss the economic scholars too concerned with numbers, and attribute Dutch success to VOC “emporialism,” or the targeting of markets and not territory.⁴ Om Prakash ascribes VOC prosperity to the Company’s solidification of trade with Japan, but fails to expand on the administrative adaptability the Dutch exhibited in maintaining that tenuous relationship.⁵

Reinout Vos and Karen Ward both address the pliable VOC administration, yet neither scholar considers this flexibility a fundamental facet of Dutch success. Vos’ study of the Palembang tin trade during the eighteenth century attempts to dispel the notion that the Dutch political trade system, or simply, monopoly, was doomed to failure.⁶ Indeed, Vos attests this system was directly responsible for two centuries of VOC dominance. Vos’ Janus image of the VOC, which is discussed later, reveals the adaptability essential to monopoly. Vos details the Company’s art of deciding when to use the soft skills of diplomacy or the soldier’s iron hand. Yet, while Vos highlights this administrative adaptability, his work aims to reexamine the causes responsible for the VOC demise around 1800. Ward too emphasizes the Company’s dynamic administration, but examines it with regards to the burgeoning of the Dutch imperial web. Ward focuses on the network of forced migration to explain how the Company coalesced as a system of intersecting fields of partial sovereignty.⁷ While Ward addresses this administrative pliability, she fails to connect it to VOC economic success. Thus, building off of Ward and Vos, I hope to illuminate the fruitful impact that administrative adaptability had on the rise of the VOC.

¹ Femme S. Gaastra, “War, Competition and Collaboration: Relations between the English and Dutch East India Company in the Seventeenth and Eighteenth Centuries,” in *The Worlds of the East India Company*, ed. H.V. Bowen, Margarette Lincoln and Nigel Rigby (Woodbridge, Suffolk: Boydell Press, 2002), 51.

² Douglas A. Irwin, “Mercantalism as a Strategic Trade Policy: The Anglo-Dutch Rivalry for the East India Trade”, *Journal of Political Economy*, 99, no. 6 (1991): 1307.

³ Wil O. Dijk, *Seventeenth Century Burma and the Dutch East India Company 1634-1680* (Singapore: Singapore University Press, 2006), 5.

⁴ George D. Winius and Marcus P.M. Vink, *The Merchant-Warrior Pacified: The VOC (The Dutch East India Company) and its Changing Political Economy in India* (Oxford: Oxford University Press, 1991),5.

⁵ Om Prakash, *Bullion for Goods: European and Indian Merchants in the Indian Ocean 1500-1800* (New Delhi: Manohar Publishers, 2004), 17.

⁶ Reinout Vos, *Gentle Janus, Merchant Prince: the VOC and the Tighrope of Diplomacy in the Malay World, 1740-1800* (Leiden: KITLV Press, 1993), 3.

⁷ Kerry Ward, *Networks of Empire: Forced Migration in the Dutch East India Company* (New York: Cambridge University Press, 2009), 5.

Through this contingent nature of administration, the VOC gained entry into the notoriously exclusive and restrictive markets of China and Japan. Trade with these introverted nations not only assured the VOC a vital position within the intra-Asian trade market, but also, and equally significant, kept competing European powers on the outskirts of Asia's domestic trade. The 1602 Charter reinforced the Dutch belief in balances of power through the method of administration it established for the VOC. Thus, VOC administration and sovereignty, both afforded in the initial charter, stimulated Dutch fortune in the East.

However, before delving into a discussion regarding the initial VOC charter, it is essential to first outline the aims of this paper. Broadly, this paper seeks to illuminate the factors responsible for the VOC's sweeping success during the first half of the seventeenth century. While focusing on the administrative and relatively sovereign natures of the VOC, this paper intends to elucidate why the Dutch East India Company and not, say the English East India Company, came to monopolize the Asian spice trade from 1602-1670. By chronicling the VOC network throughout the East Indies, China, Japan and India, this paper endeavors to capture both the magnitude and breadth of VOC influence in Asia. In order to begin this analysis, it is necessary to examine the events that induced the capricious geopolitical landscape of Europe at the turn of the seventeenth century.

Portuguese explorer Vasco Da Gama ushered in a new era in the history of Euro-Asian relations with his arrival in Calicut, India on May 20, 1498.⁸ Da Gama's discovery of the all-water route to the East Indies, via the Cape of Good Hope, served to integrate the Indian Ocean into the nascent global economy. The three principle segments of this economy, Europe, Asia and the New World (Americas), were drawn in to a vortex of global trade that relied critically on the growth of trade in each region.⁹ This burgeoning world trade was so revolutionary that the progenitor of capitalism and modern economic thought, Adam Smith, in his work *An Enquiry into the Nature and Causes of the Wealth of Nations*, declared the discovery of the Cape of Good Hope, along with the discovery of America, 'the two greatest and most important events recorded in the history of mankind'.¹⁰ While there is undoubtedly an element of hyperbole in Smith's assertion, Da Gama's discovery in 1498 had immense implications on European interests and affairs both domestically and in Asia for the next three centuries.

Capitalizing on Da Gama's exploration, the Portuguese quickly became the dominant European force in the Indian Ocean by the early sixteenth century. With its headquarters in Goa on India's west coast, the Portuguese traded precious metals in return for spices, most notably pepper.¹¹ Although Portugal's royal monopoly of the Cape route was unchallenged during the majority of the 16th century, shortage of capital and poor profitability forced Portugal to reconsider its participation in the Asian trade.¹² By 1570, Portuguese withdrawal from intra-Asian trade was virtually complete, as the spice trade opened to free competition.

⁸ Prakash, *Bullion for Goods*, 13.

⁹ *Ibid.*, 40.

¹⁰ *Ibid.*, 29.

¹¹ Ward, *Networks of Empire*, 128.

¹² Prakash, *Bullion for Goods*, 46.

Meanwhile, in Europe, a revolt against King Philip II and his sprawling Spanish Empire threatened to upset the delicate balance of European powers in the late sixteenth century. Led by William of Orange, the united Seventeen Provinces of the European low-countries rebelled against the Spanish in 1568.¹³ This rebellion, known as the Dutch Revolt, signaled the beginning of the Eighty Years' War. Although by 1579 Philip II had managed to quell the majority of the rebellion, seven united provinces continued to revolt in the north. In 1579 these Seven Nations came together formally via the signing of the Union of Utrecht, a treaty that pledged each province's communal support in resistance against the Spanish.¹⁴ The Act of Abjuration signed in 1581 reaffirmed the Union's solidarity, as the Seven Nations declared formal independence from the Spanish Crown.¹⁵ Nevertheless, in 1580, following the death of Sebastian I, Philip II capitalized on the succession crisis in Portugal, by declaring his right to the Portuguese throne, thus forming the potent Iberian Union.¹⁶

Philip's annexation of Portugal had two particular effects that ultimately fostered the impetus for Dutch entry in the Asian spice trade and, in turn, the spawning of the VOC. Firstly, the closure of Seville and Lisbon in 1585 to Dutch vessels marked the end of Dutch trade with Portugal.¹⁷ This, coupled with the loss of Antwerp in 1585 via siege, forced the Dutch out of the European spice trade. Prior to the siege, Antwerp was not only the capital of the Dutch Revolt, but also the staple market for Asian goods in northwestern Europe.¹⁸ Thus, the ensuing Dutch blockade of the Scheldt River crippled Antwerp, but left the Dutch devoid of any access to major international trading ports. Excluded from three European centers of Asian goods markets, Dutch merchants were compelled to somehow gain access in to the spice trade. For many Dutch merchants, a strong incentive to challenge the Portuguese monopoly of the Cape route emerged. In short, there seemed no better option than direct Dutch participation in the Euro-Asian spice trade.¹⁹

Dutch involvement in the Indian Ocean trade arose in the 1590s. Harboring political animosity, Dutch merchants sought to injure Spanish commercial interests, while ensuring the maximization of their personal profits.²⁰ Renowned military historian, Geoffrey Parker described this retributive impetus as the Dutch waging "an element of economic warfare."²¹ By the turn of the seventeenth century, there were six Dutch pre-companies that had formed for trade in the East Indies.²² With Amsterdam, Zeeland, and Rotterdam each housing two pre-companies, competition became fierce. Inevitably, cost prices of pepper and other spices rose while their sale prices declined.²³ Some Dutch statesmen, like Johan van Oldenbarnevelt, quickly realized the economic

¹³ Geoffrey Parker, "Why Did the Dutch Revolt Last Eighty Years?", *Transactions of the Royal Historical Society* 26, no. 53 (1976).

¹⁴ *Ibid.*, 61.

¹⁵ Parker, *Ibid.*, 62.

¹⁶ Prakash, *Bullion for Goods*, 63.

¹⁷ *Ibid.*, 15.

¹⁸ *Ibid.*, 15.

¹⁹ *Ibid.*, 16.

²⁰ Parker, "Why Did the Dutch Revolt Last Eighty Years?", 63.

²¹ Prakash, *Bullion for Goods*, 63.

²² Gaastra, "War, Competition and Collaboration", 50.

²³ Prakash, *Bullion for Goods*, 16.

potential of the East Indies trade and the pressing need to restrict intense competition among the several Dutch companies.²⁴ Van Oldenbarnevelt was instrumental not only in petitioning the States-General (Dutch parliament) for a united company, but also in his mediatory role that brought the various companies together.²⁵ The States-General was interested in a united company for two primary reasons. First, by curbing competition via a united company, trade in the East Indies would be conducted more profitably. Second, a united company would be better equipped to challenge Spanish and Portuguese competition in the East Indies. In this capacity, a united company could then be used as a potent agent in the war against the Spanish.²⁶

For many Dutch statesmen, economic and political aspirations turned into reality, when on March 20, 1602 the States-General chartered the Dutch East India Company.²⁷ The charter granted the VOC a twenty-one-year monopoly over all trade east of the Cape of Good Hope. Further rights were extended to the VOC via its founding charter, such as the ability to pass and enforce its own laws and the power to engage in war with other nations.²⁸ While the charter did not allow the VOC to declare war on foreign forces, the VOC's ability to engage in warfare would prove to be extremely influential over the next century, as Portuguese and Spanish imperial nodes became ripe targets for Dutch merchants.²⁹

While the 1602 Charter was revolutionary in granting such relative sovereignty to a state-backed company, the charter drew heavily upon the political structures outlined by the United Provinces in the groundbreaking Union of Utrecht in 1579.³⁰ Through the charter, the States-General sought to establish a town-based corporate structure while capitalizing on the firm bonds among Dutch patrimonial elites: philosophies that had fostered the Dutch State's rapid ascension.³¹ Headquartered in Amsterdam, the VOC resembled an administrative microcosm of the United Dutch Nations' governing body. Like the States-General, which was divided into regional and civic chambers, The VOC was composed of six chambers—Amsterdam, Zeeland (Middleburg), Rotterdam, Delft, Enkhuisen and Horn.³²

Each chamber had roughly fifteen directors, or the so-called *bewindhebbers*. These directors were major stockholders who supplied and outfitted ships for the Asian spice trade from their respective chamber. Central authority of the VOC rested in the *Heeren XVII*, or The Seventeen Gentlemen. Selected from the *bewinhebbers* of the various chambers, The Seventeen Gentlemen served as the Company's Board of Governors. Amsterdam had the most influence in this directorate, as eight of the Seventeen Gentlemen were selected from Amsterdam's chamber. Four delegates were selected from Zeeland, and one delegate each from the smaller four chambers. The

²⁴ *Ibid.*, 16.

²⁵ *Ibid.*, 16.

²⁶ *Ibid.*, 16.

²⁷ Dijk, *Seventeenth Century Burma*, 58.

²⁸ Ward, *Networks of Empire*, 53.

²⁹ *Ibid.*, 53.

³⁰ *Ibid.*, 51.

³¹ *Ibid.*, 53.

³² Dijk, *Seventeenth Century Burma*, 58.

seventeenth seat rotated amongst all the chambers aside from Amsterdam, as the smaller chambers were wary of an Amsterdam majority within The Seventeen Gentlemen.³³

The overlapping patrimonial networks of the States-General and the VOC ensured protection for the Company and a vested interest in its success.³⁴ In a state where merchant elites formed the backbone of the wealthy and influential population, many men emerged as prominent figures in both the States-General and the VOC. Although the VOC was inextricably linked to the state through the 1602 Charter, this linkage was greatly bolstered by the overlapping network of merchant elites. The political discord, struggle for power, and quest for sovereignty that typically defined the relationship between the state and its sponsored ventures never manifested in seventeenth century VOC history. Instead, this elite merchant network obfuscated any political and ideological separation between the States-General and the VOC. As historian Kerry Ward attests, “the States-General protected the monopoly of the VOC from its inception until its final dissolution and did not effectively interfere directly in the empire.”³⁵ The Company’s incestuous relationship with the States-General garnered a great deal of sovereignty for the VOC, as interests between the two bodies were almost always shared. This sovereignty was no more evident than in the States-General’s allowance of the Company’s creation and circulation of its own currency, a right certainly not granted under the charter.³⁶

As renowned economic historian Douglas Irwin asserts, the VOC was able to promptly distinguish itself as the premier force in the spice trade through its unique institutional structure and economic objectives, both of which differed greatly from that of the rival English East India Company.³⁷ The 1602 Charter heavily diminished the role of the stockholders in Dutch maritime trade. In effect, as Irwin succinctly details, “stockholder control over the management of the company was supplanted by the government.”³⁸ Unlike the English Company, which was fueled by stockholder authority, the VOC charter served to reduce stockholder influence, while giving directors interests outside of the goal of high dividends.³⁹ The charter created managerial incentives to augment shipping volume, while insulating managers from the demands of investors.⁴⁰ This in turn allowed the VOC to prosper through a strategy of maximizing a mix of profits and revenues, which encouraged the Dutch to market a larger quantity of more goods, yielding ever-increasing, steady profits.⁴¹ The English strategy of profit-maximization proved less fruitful than the Dutch method of constantly increasing shipping revenue. Thus, while the English Company received no government stake or involvement (aside from the granting of the monopoly charter), the 1602 Charter cultivated close governmental ties for the VOC, ties that propagated the Dutch dominance of the spice trade.

³³ *Ibid.*, 58.

³⁴ Ward, *Networks of Empire*, 52.

³⁵ *Ibid.*, 52.

³⁶ *Ibid.*, 53.

³⁷ Irwin, “Mercantalism as a Strategic Trade Policy”, 1307.

³⁸ *Ibid.*, 1307.

³⁹ Gaastra, “War, Competition and Collaboration,” 51.

⁴⁰ Irwin, “Mercantalism as a Strategic Trade Policy”, 1308.

⁴¹ *Ibid.*, 1308.

The tightly organized, responsive Asian branch of VOC administration facilitated the domestic administration of the Company directed by the six chambers and the Seventeen Gentlemen. The Dutch administrative structure in Asia greatly resembled administrative structures of both the VOC domestically and, more broadly, the United Dutch States. Integral to Dutch success abroad was the keen and progressive reliance on systems of checks and balances. Established in 1610, the post of Governor General served as the greatest Dutch authority in the Asian theatre.⁴² As a measure to guard against a despotic Governor General, the VOC established the Council of the Indies, a board of typically seven delegates who oversaw everything from the auditing of books to military affairs in Asia.⁴³

Administratively, the Dutch learned a tremendous amount from the blunders and overall ineffectuality that mired Portuguese involvement in the sixteenth century spice trade. Success, as the Dutch quickly realized, was predicated on a distinct, regionally bifurcated view of the Euro-Asian trade market. The Portuguese failed to realize that like Europe, the Asian trade market was multi-dimensional.⁴⁴ This error was manifest in the myopic and cursory nature with which the Portuguese managed their trade posts in the East Indies. Moreover, the Dutch understood the necessity to establish administrative and trading *centers*, not merely posts, in Asia. Prominent VOC scholar, Femme S. Gaastra adds, “The Portuguese example taught [the Dutch] the need for a center of shipping, trade and governance in the East.”⁴⁵ Largely speaking, the Dutch were able to avoid the detrimental affairs involving Asian political dynamics that plagued the Portuguese.⁴⁶ The futility of the Portuguese abroad engendered a Dutch regional focus on the Asian side of the spice trade, with great import placed on assessing the various indigenous political structures of the Asian market.

The VOC divided their trading enterprises into three categories.⁴⁷ Trade the VOC acquired via conquest was the first grouping, while trade conducted by virtue of exclusive contracts formed the second option. The third category was reserved for trade conducted by virtue of treaties. This organized, lucid method of categorization served to distance the Dutch from the Portuguese legacy of mismanagement in the East Indies and proved vital to the Company’s overall success. Indeed, seventeenth century Burmese history expert, Wil O Djik asserts that “the political structure of any region in Asia was a major factor in determining the degree to which the [VOC] could assert its influence.”⁴⁸

Naturally, the VOC would custom mold its dynamic administrative presence throughout the East Indies to the distinctive political structures of individual posts. For instance, the Dutch established a *Gouverneur* (Governor) in the small, vulnerable states of the Archipelago. In areas like Bengal and Surat, where trade was the foremost operation, the Dutch put a *Directeur* (Director) in power. Locations whose primary function was military (Malabar) called for a *Commandeur*

⁴² Dijk, *Seventeenth Century Burma*, 58.

⁴³ *Ibid.*, 59.

⁴⁴ *Ibid.*, 59.

⁴⁵ Gaastra, “War, Competition, and Collaboration,” 50.

⁴⁶ Djik, *Seventeenth Century Burma*, 81.

⁴⁷ Winius and Vink, *The Merchant-Warrior Pacified*, 10.

⁴⁸ Djik. *Seventeenth Century Burma*. 59.

(Commander), while authoritative empires like Japan and China had an *Opperhoofd* (Resident).⁴⁹ Unsurprisingly, each office, regardless of its status or importance, was, as Djik details, “run like a mirror image of Batavia,” the VOC headquarters in Asia. Thus, the Dutch ability to tweak their administrative and diplomatic endeavors in the East Indies within their larger, universal framework of governance proved vital to prosperity.

Any analysis of the VOC presence in the Indian Ocean almost certainly starts in one place—Java. In 1619, under the guidance of Jan Pieterszoon Coen, the fourth Governor General, the VOC invaded Jayakarta, a small port town on the island of Java.⁵⁰ Jayakarta, renamed Batavia by the Dutch, became the new VOC headquarters, leaving behind the former VOC headquarters in the poorly situated Java town of Banten.⁵¹ As the 1602 Charter allowed, Coen used military force to annihilate the indigenous inhabitants of Batavia. Battles on Java during the seventeenth century were bloody and for the most part, extremely one-sided. Batavia quickly grew in to the central hub of the VOC government, the meeting point for fleets, and the imperial capital of the East.⁵² The Governor General and the Council of the Indies, together as the High Government, exercised *de facto* independence over the East Indies, as the time and distance required to communicate to and receive instructions from the Seventeen Gentlemen became too much of a hindrance for both parties. Indeed it took as long as two and half years sometimes to write and receive a letter on the Batavia-Amsterdam route.⁵³ Thus, the evolution of VOC law in Batavia was determined locally by the High Government.

In 1620 Governor-General Coen designed the separation of the government and the judiciary in the East with the creation of the Council of Justice. This signaled a shift in the administrative structure of the VOC away from European oversight. Time and distance between Company nodes in Europe and in the East forced local officials to act independently. With its President and nine members, the Council of Justice had jurisdiction over all civil and criminal cases concerning VOC employees, servants, and soldiers.⁵⁴ Judicial administration of the VOC, like its governmental administration, was greatly influenced by the structures and customs of the United Provinces. In forming its principles of jurisprudence, the Council of Justice developed the “Concordancy Principle,” which determined the hierarchy of legal application.⁵⁵ Predominance was granted firstly to specific laws the VOC had established that catered to local circumstance, while the laws and procedures of the United Provinces fell next in line. Third in the order was the application of the laws of Holland and its cities.⁵⁶ Thus, the formation of councils and legal hierarchy within the Eastern legal administration of the VOC continued the trend of adopting native Dutch administrative structures and customs.

Although judicial administration of the VOC was shaped by local Dutch strategy, the political landscapes indigenous to the East often greatly dictated the tone and presence of VOC

⁴⁹ *Ibid.*, 59.

⁵⁰ Ward, *Networks of Empire*, 67.

⁵¹ *Ibid.*, 67.

⁵² *Ibid.*, 67.

⁵³ *Ibid.*, 68.

⁵⁴ *Ibid.*, 69.

⁵⁵ *Ibid.*, 71.

⁵⁶ *Ibid.*, 71.

judicial presence throughout Asia. The VOC developed the “Conflict of Laws” theory to address the plurality of laws that applied within the imperial network.⁵⁷ Like the Concordancy Principle, this theory established a hierarchical system that determined jurisdiction, law, and enforcement for subjects who normally came under different legal codes. Batavian legal historian Remco Raben argues that this plural structure was not a Dutch invention, but rather the Company’s adaption to local Asian economic and social customs.⁵⁸ This accommodation to local practices was fueled exclusively by VOC desire to do business in the particular regions. Raben adds, “The plural structure offered a practical solution to the Dutch authorities, who refrained from interference with the indigenous population. The Company...left complicated issues such as civil jurisdiction to indigenous political leaders.”⁵⁹ Indeed VOC administration in the East embodied a practical and contingent nature. Only rarely did the VOC impose direct territorial sovereignty over its imperial nodes, as the Dutch proclivity for trade often trumped the hazardous urge to usurp local authority structures.

The VOC deferral to *adat* (the civil and customary laws of Indies societies) in many Eastern territories marked a prime example of the conditional nature of Company administration.⁶⁰ Relationships between the VOC and indigenous rulers emerged out of negotiations and treaties based on regulating trade. As the VOC was primarily concerned with securing revenue via trade, Company officials were often forced to comply with local guidelines for foreign traders. Indeed, as foreign merchants, the VOC assumed a relatively submissive position when dealing with authoritative nations like China and Japan. As Karen Ward states, “The extent to which the Company incorporated, adapted, or ignored local laws in crafting their own legal network was not uniform and could not be generalized across the empire except in terms of general principles.”⁶¹ The VOC masterfully modified its administration in Asia to protect its trade interests. Thus, the Company’s ability to acclimate to local legal systems in the East exposed new Asian markets and furthered VOC prosperity.

Renowned early modern Indian historian, Om Prakash is so emphatic about the importance of Dutch trade with the Japanese that he suggests it was one of two factors, along with the spice trade monopoly, that enabled Dutch trade to prosper.⁶² While there is perhaps a slight hyperbolic tone to Prakash’s assessment, the significance of Dutch trade with Japan cannot be overlooked. Under the direction of Governor-General Jan Pietersz Coen, VOC focus in the 1620s shifted from securing a monopoly over the spice trade (which they had already done), to establishing intra-Asian trade networks alongside their intercontinental trade with Europe. The impetus behind this decision, as Prakash attests, was simple, “[Europeans needed] to find means of replacing exports of bullion from their home countries and pay less dearly for the Asian goods they

⁵⁷ *Ibid.*, 71.

⁵⁸ *Ibid.*, 72.

⁵⁹ Remco Raben, “Batavia and Colombo: The Ethnic and Spatial Order of Two Colonial Cities.” Unpublished PhD dissertation. University of Leiden, 1996, 197.

⁶⁰ Ward, *Networks of Empire*, 74.

⁶¹ *Ibid.*, 73.

⁶² Prakash, *Bullion for Goods*, 76.

sought.”⁶³ In short, the Dutch sought to capitalize on the irresistible abundance of silver that Japan produced.

As arguably the largest indigenous producer of precious metals, Japan was willing to trade its metals against high value goods, particularly raw silk from China. Thus, Japan became a hotly contested region amongst the embattled European powers, which all suffered from chronically low supplies of precious metals necessary for the procurement of return cargo from India.⁶⁴ Yet, the true potential of this Japanese-centered trade was never fully realized, as the inherently restrictive and sea-wary Japanese often stymied potential foreign fortunes. Fortunately, for the administratively pliable Dutch, an assurance of exclusive trading privileges with the Japanese in 1639 brought seismic prosperity and, less fortunately, a myriad of headaches.

The lure of silver compelled the Dutch to open their first Japanese factory at the port-city of Hirado in 1609.⁶⁵ From the onset, the Dutch were aware of the precariousness of their presence in Japan, understanding that business on Japan was nothing like business as usual on Java. Yet, in typical Dutch fashion, VOC merchants were able to maintain a trading relationship with the Japanese through the mid 1630s, while the respective English and Portuguese companies clumsily fell out of Japanese favor. However, a shift in Japanese foreign trade ideologies in the late 1630s and 1640s pushed Dutch trade with Japan to the brink. Distinguished early modern Sino-European relations’ scholars, Tonio Andrade and John E. Wills Jr. both highlight the Japanese philosophical transformation as a perplexing deviation from over a century’s worth of openness to European merchants, religious tolerance, and zeal for the expansion of Japanese maritime trade.⁶⁶ Andrade cogently argues that the emergence of small Japanese autonomous states in the sixteenth century, directed by lords known as *daimyo*, precipitated both foreign trade and maritime expansion.⁶⁷ The Warring States Period, which covered much of the *daimyo* era in the 1500s led many financially desperate lords to turn to foreign trade. *Daimyo* rivalries drove maritime expansion by Japanese traders’ creation of routes throughout Asia and Southeast Asia.⁶⁸

The *Sakoku* edict of 1635 cemented the transformation of Japanese sentiments toward foreign trade. Mounting fears over the destabilizing influence of Catholicism and escalating anti-European attitudes compelled the Shogunate to enact the edict of 1635, which forbade Japanese citizens from leaving the country, extirpated Christianity, and confined Dutch trade to the one port of Nagasaki.⁶⁹ These “closed country” policies marked the expulsion of the Portuguese from Japan and greatly altered the Japanese trade-relationship with the Dutch. The Dutch were spared the fate of the Portuguese, as issues of religion never obfuscated trade for the VOC. Although Dutch trade in Japan still possessed a pulse after the edict of 1635, it did not appear destined for

⁶³ *Ibid.*, 76.

⁶⁴ *Ibid.*, 132.

⁶⁵ *Ibid.*, 126.

⁶⁶ John E. Wills Jr., “Maritime Asia, 1500-1800: The Interactive Emergence of European Domination”, *The American Historical Review*, 98, no. 1 (1993): 103.

⁶⁷ Tonio Andrade, “The Rise and Fall of Dutch Taiwan, 1624-1662: Cooperative Colonization and the Statist Model of European Expansion”, *Journal of World History*, 17, no. 4 (2006): 434 <http://www.jstor.org/stable/20079399>.

⁶⁸ *Ibid.*, 434.

⁶⁹ Wills Jr., “Maritime Asia”, 103.

success with operation in only one port. Indeed, as the only European presence left in Japan, the Dutch were subject to demeaning physical and social restrictions.

Prakash discusses the commercially injurious limitations the VOC faced at Nagasaki. “The restrictions...both in matters of cultural interaction with the Japanese as well as in those of trade, were both severe and humiliating and represented a total departure from [Asian trade] norms.”⁷⁰ The number of Japanese allowed direct interaction with the Dutch was kept to a minimum, with trade as the sole purpose.⁷¹ The transferring of languages between the Dutch and Japanese was prohibited, as all communication went through interpreters in Portuguese.⁷² Commercial restrictions leveled upon the Dutch included a ban on the export of gold, the application of the *pancando* system, and the specification of days on which the Company could trade in Japan. Arguably the most constraining measure imposed upon the Dutch, the *pancando* system, a holdover from the days of sixteenth century Portuguese trade in Asia, placed pricing power on the Chinese raw silk imported by the VOC in the hands of the Nagasaki guild. Yet, despite these commercial and social impediments, the VOC maintained successful trade with Japan well into the middle of the eighteenth century. Thus, the Company’s knack for adaption and perceptive assessment of indigenous administrative structures and customs was tested and verified in Japan.

Perhaps the most intriguing storyline of land claimed by the Dutch during the 1600s is that of Chinese Taiwan. By the early 1620s, the Dutch desperately sought to usurp the Portuguese as China’s premier European trading partner. After an unsuccessful Dutch siege attempt on Macao in 1622 and subsequent occupation of the nearby Penghu Islands, Chinese officials offered Taiwan to the Dutch in 1624 and assured Sino trade opportunities there.⁷³ The ability of the VOC to contour to local circumstances so as to maximize revenue was glaringly evident in the tale of Taiwan. In 1629, the Dutch urged Chinese immigrants to plant sugarcane, providing them with plows, cattle, and money.⁷⁴ What began as an experiment soon became the *modus operandi* for Taiwan, as a thriving, land-oriented economy emerged in the 1630s. In 1636, the ruling body of Dutch Taiwan, the Council of Formosa, invited swarms of Chinese settlers to Taiwan through an enticing four-year tax-free period. Within roughly a decade, the Dutch had transformed Taiwan from a strategically positioned jumping pad into a self-sufficient agricultural powerhouse. Indeed, by the mid 1640s, Taiwan was exporting sugar and rice to China and other locations for profit.⁷⁵

A brief examination of the chief sources through which the Dutch drew revenue in Taiwan reveals the financial ingenuity of the island’s economy. Andrade divides these sources into three categories. The first source of income for the Dutch was profits from Taiwanese goods sold abroad. This included Taiwanese sugar and deerskins, both of which demanded high prices in the Asian market.⁷⁶ The second came from a set of taxes the Company imposed upon the Chinese settlers.⁷⁷

⁷⁰ Prakash, *Bullion for Goods*. 128.

⁷¹ *Ibid.*, 128.

⁷² *Ibid.*, 128.

⁷³ Tonio Andrade, “The Company’s Chinese Pirates: How the Dutch East India Company Tried to Lead a Coalition of Pirates to War against China, 1621-1662”, *Journal of World History*, 15, no. 4 (2004): 423.

⁷⁴ Andrade, “The Rise and Fall of Dutch Taiwan”, 437.

⁷⁵ *Ibid.*, 440.

⁷⁶ *Ibid.*, 440.

⁷⁷ *Ibid.*, 441.

The third and most significant category of income was various licenses the Dutch sold to the Chinese immigrants. These licenses ranged from the deer-hunting license, to fishing passes, to trade rights with the indigenous Taiwanese.⁷⁸ Needless to say, these licenses fetched high prices from Chinese entrepreneurs.⁷⁹ Dutch income on Taiwan had become entirely dependent on the Chinese settlers. Andrade posits that the Dutch revenue in Taiwan revealed, “that nearly all of the Company’s profits came through Chinese intermediaries [, with] little revenue [coming] directly from aborigines or Dutch colonists.”⁸⁰ While Andrade accurately views this economic reliance on Chinese settlers as a precursor to the tensions that would culminate in Zhen Chenggong’s successful invasion of Taiwan in 1662, the striking ability of the Dutch to fruitfully tailor motives, systems, and policy to indigenous circumstances is undeniable.

Since its inception, the VOC was always a revenue-seeking commercial enterprise. While the Company never strayed from this objective, the sovereignty afforded in the 1602 Charter threatened to cloud economic interests, as the Company also became a political entity. As VOC historian Reinout Vos asserts, the Company transformed “into a hybrid creature—at once commercial and political.”⁸¹ Vos sees this creature as a “Janus: a two-faced figure with a merchant on its European side and its princely visage turned towards Asia.”⁸² Vos’ analysis is valid in that despite the overwhelming, potentially muddled course that this merchant-prince faced, financial success was a staple for nearly two centuries. The question this paper sought to answer was how exactly did the VOC balance this precarious, ostensible dichotomy of duties? As evidenced by the VOC legacy in Java, Japan, and Chinese Taiwan, this mercantile-political balance was maintained by Dutch adaptability. Whether it was through establishing or dissolving administrative structures, enforcing legal codes, or shifting economic motives, the Dutch seemed to grasp the notion that each territory was unique and thus required a responsive tailor-made form of the Company.

In examining the early modern European presence in Asia through the Dutch experience, three keys to prosperity emerge. Firstly, state backing, both financially, and politically was integral. While the VOC was a private company by name, it was in actuality, as Andrade states, “an official arm of the Dutch state.”⁸³ Companies like the English East India Company suffered greatly during the seventeenth century from a complete lack of governmental financial support. The second ingredient to success in Asia was a focus on the intra-Asian trade market. Once the VOC gained entry in to this wildly profitable, highly practical market, the Company’s foremost position was solidified. Thirdly, and most importantly, in order for a European nation to have⁸⁴ prospered in Asia, great attention must have been paid to local circumstances and customs. A haphazard, cursory assessment of indigenous conditions often resulted in expulsion, as evidenced by the Portuguese. The ability to not only properly evaluate local environments, but also to adapt to them, if necessary, gave the Dutch a tremendous edge. This flexibility opened new markets, new

⁷⁸ *Ibid.*, 441.

⁷⁹ *Ibid.*, 441.

⁸⁰ *Ibid.*, 441.

⁸¹ Vos, *Gentle Janus, Merchant Prince*, 1.

⁸² *Ibid.*, 1.

⁸³ Andrade, “Rise and Fall of Dutch Taiwan”, 435.

routes, and new goods to the Dutch. Thus, the VOC legacy owes much to this administrative practicality.