

Dutch

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As the editors claim in the introduction of this edited volume, recent literature has shed light on the ‘considerable agency exercised by corporations in certain global theaters’ and has noticed the need to ‘proscribe corporations a global role’.¹ This chapter will primarily focus on the East India companies and especially on the Dutch East India company (VOC). It will ask how these East India companies managed to organize its activities that spanned the globe and if the editors of this volume are right in presenting them as protagonists in global history. Although they are the clearest example of corporations with ‘a global role’, historians have until now not necessarily considered them part of Global History. The study of East India companies more often than not has a strong national bias that stands in the way of more abstract conceptualization of their essential form. National historians have a hard time jumping over their own shadow and acknowledging that even East India companies are part of similar institutional developments elsewhere. For example, in an attempt to accentuate the peculiar history and ‘national’ identity of their East India Company, comparisons and connections with the histories of other East India companies are often simply not made, while East India companies are in general not considered similar to other corporations of their times.

As this volume shows, a more general conception of corporations helps us understand that East India companies were not that different from other corporations when we consider their constitutional form. The question that remains, however, is if a general conception based solely on English cases is also applicable to foreign corporations. This chapter of the book will focus on such a non-English case study, namely on the VOC. Does the ‘distinctive Global Sociology of the Corporation’ as brought forward in this edited volume also apply to the VOC? In order to answer this question, this chapter will first delve into the position of East India Companies within the field of Global History and will then try to relate the distinctive Global Sociology of the Corporation to the Dutch East India Company. In the last part of this chapter it will be argued

1 William A. Pettigrew & David Veevers (eds.), *The Corporation as a Protagonist in Global History, 1550–1750*, 13.

that, although a more general conceptualization of corporations is necessary, similar global constitutional frameworks often had different local outcomes. This argument will be based on a more general comparison of the monopolies of the Dutch and English East India companies.

Global History and the Distinctive Global Sociology of the Corporation

The first question of this chapter is if it is possible to integrate East India companies into the field of Global History. Until today, historians have mainly told the histories of East India companies from a national perspective. Historians have in general focused on one company, often simply ignoring the histories of other ones. When comparisons were made between different national companies, historians wanted to understand which one was most successful or which country had the first 'multinational company' or which one served as 'the early modern inspiration for modern joint stock corporations'.² As the editors of this volume mention in the introduction, it is the task of Global historians (or of New Global History as they called it in the introduction) to 'confront and adapt the traditional narratives [local, regional or national histories of other fields], especially those of a national perspective'.³

In theory at least, the history of East India companies, even more so than histories of other corporations, seems to tick all the boxes of the three 'methodologies of analysis' of Global History: 'comparativeness, connectedness and globalisation'.⁴ However, most global historians seem hesitant to include the study of East India companies as a topic of Global History. This is mainly due to the manner in which studies on this topic are often considered part of 'Western-centric analysis'.⁵ Due to the archival material of the companies,

2 For the debate on rivalry between East India companies see: Holden Furber, *Rival Empires of Trade in the Orient, 1600–1800* (Minneapolis: UMP, 1976). For the debate on the first modern company see: Pettigrew and Veevers (eds.), *The Corporation as a Protagonist*, 12–13; Nick Robins, *The corporation that Changed the World: How the East India Company Shaped the Modern Multinational* (London: Pluto Press, second Ed., 2012) or for similar Dutch versions of such stories: Henk den Heijer, *De VOC en de beurs: de Verenigde Oost-Indische Compagnie als grondlegger van de eerste aandelenbeurs = The VOC and the exchange: how the VOC laid the foundations for the world's first stock exchange* (Amsterdam: Stichting Vereniging voor de Effectenhandel, 2002) and Heijer H.J. den, *De geotrooieerde compagnie. De VOC en de WIC als voorlopers van de naamloze vennootschap* (Deventer: Kluwer, 2002).

3 Pettigrew and Veevers (eds.), *The Corporation as a Protagonist*, 10

4 Ibidem, 2.

5 Ibidem, 9.

it is difficult to write more than Asian history through European eyes. In recent years, however, the study of the VOC has clearly tried to move beyond this point.⁶

There is also a constant inherent danger in presenting the corporation (and their constitutions) as having its origins in Europe and being projected from Europe on Asia. Such projections of European institutions on Asia are Eurocentric and problematic. For example, Wallerstein's theory of how capitalism found its origins in Europe and was projected outwards in the era of European expansion has been strongly refuted.⁷ The question is then if defining a 'Global Sociology of the Corporation' helps historians to avoid these traps. Maybe even better, how such a theory be defined without falling into these traps that have already made so many victims.

Although the Dutch East India company has mainly been studied from a national perspectives and methodologies, its story has also been situated 'within a wider, interconnected geographical context'.⁸ To a large extent, the 'processes of negotiation with external constituencies: foreign merchants, interlopers, European rivals, and foreign states' have been well studied in the Dutch case, albeit predominantly from the company's perspective.⁹ The VOC had trading posts flung out over Asia both to suit its European trade and its quite extensive network of trade within Asia. As historians have rightfully concluded: we should not overestimate the European trade compared to the trade conducted by Asian traders. Neither were Europeans always the party imposing their will on trade and other traders. In actual fact, as argued by the 'Global Sociology of the Corporation', this far-flung network of trade meant that the VOC took many different shapes and forms to suit its trading interests. This is also where I personally find the sociology most suitable for the analysis of East India companies as it leaves room for these more hidden stories of commercial, cultural and political interaction.

The goal of this edited volume is to 'uncover a transoceanic corporate sociology which integrated a common global framework in the years 1550–1750'.¹⁰ Again, the most inspiring proposition of the theory is the idea that corporations

6 Especially see the publications in the TANAP-monographs on the History of Asian-European Interaction of Brill.

7 Immanuel Wallerstein, *The Modern World-System I: Capitalist Agriculture and the Origins of the European World-Economy in the Sixteenth Century* (New York: Academic Press, 1974).

8 Pettigrew and Veevers (eds.), *The Corporation as a Protagonist*, 8.

9 Els Jacobs, *Merchant in Asia: The Trade of the Dutch East India Company During the Eighteenth Century* (Leiden: CNWS Publications, 2010).

10 Pettigrew and Veevers (eds.), *The Corporation as a Protagonist*, 3.

were intermediaries between the East and West. East India companies helped avoid a confrontation at the level of the state and helped avoid that institutional traditions would collide in order for trade to thrive. They allowed for a smoother transition to Asian contexts as they could ignore questions both institutional differences and of sovereignty. The history of the VOC illustrates this point even stronger than the history of the EIC as the VOC constantly tried to play the right cards in relation to Asian states. It should not be forgotten that in order for this game to work, Asian also needed to play along at some level. This also raises the question if the constitutional form of European companies was unique and special or if it mattered as much as claimed in this book.

The VOC went to great lengths to submit and adapt itself to Asian rulers in order to safeguard trade. The most famous example of such behaviour was the fact that it fully submitted to Asian sovereignty of Tokugawa Japan.¹¹ Its submission to Japanese sovereignty saved it from expulsion from Japan, which meant it was the only western power still allowed access to the island after 1639. The acknowledgment of Japanese power was symbolized by the yearly VOC-embassy with precious gifts to the court in Edo.¹² The case of the King of Kandy on the island of Ceylon (present day Sri Lanka) proves that the VOC was opportunistic in measuring if it should apply its military weight or pursue a more submissive course of action. Although the VOC was militarily stronger and held the King of Kandy in a commercial maritime stranglehold, for its trading interest it accepted to acknowledge him as sovereign through a yearly embassy accompanied by lavish gifts. The instruction of the High Government in Batavia to the yearly embassy to the King of Kandy in order to obtain permission to cut cinnamon bark on his land says it all: 'You have learned by experience that you will find the court [of Kandy] no better disposed than by flattering its grandeur and excellence, because without this, however distasteful in itself, we think it is almost impossible to obtain a satisfactory consummation of affaires, and since this is not expensive, it can be acquiesced in on all occasions.'¹³ Such behaviour underlines the conclusion that corporations helped to deal with the sensibilities of sovereignty and trade in Asia.

11 For the most recent publication on this remarkable episode: Adam Clulow, *The Company and the Shogun: The Dutch Encounter with Tokugawa Japan* (New York: Columbia University Press, 2014).

12 Cynthia Viallé, '“To Capture their Favour”: on Gift-giving by the VOC', in: T. DaCosta Kauffman and M. North (eds.), *Mediating Netherlandish Art and Material Culture in Asia* (Amsterdam: AUP, 2014), 291–319.

13 Chris Nierstrasz, *In the Shadow of the Company. The Dutch East India Company and its Servants in the Period of its Decline, 1740–1796* (Leiden: Brill, 2012), 51.

The VOC constantly calculated the least costly solution in their search for profits by either searching for military conflict or subordinating itself to foreign states.¹⁴ As a consequence, the VOC has been typified as ‘a company of commerce but also of state’, which aimed at ‘internalizing protection costs’.¹⁵ In practice, this meant that the VOC waged continual war between 1602 and 1684 without letting costs run out of hand. This policy initially came at a cost for those who had invested with the VOC as it only started paying dividend to its shareholders after 1622.¹⁶ In conclusion, in the case of the VOC, war and imposition of power on Asians and other European powers were very much part of its repertoire even before 1750, while in the ‘Transoceanic Corporate Sociology’ based on English corporation subordination avoidance of conflict is stressed as only after the period under studied in this edited volume English military power started imposing itself on Asia.

The VOC also was quite independent in its choices of policy, which ‘allowed corporations to be jurisdictionally evasive’.¹⁷ The example mentioned in the introduction of the ‘Royal African Company and its alliance with the French Senegal Company in Africa at a time when the English and French states were at war in Europe’, was replicated in Asia too in the period leading up to the War of Austrian Succession (1740–1748). The French and English EIC had simply agreed not to wage war on each other during the War of Spanish Succession (1702–1715), and when tensions rose again afterwards decided to do so again in the event of war in Europe. After war broke out in 1740, the English and French crowns started sending their own fleets and armies to Asia in order to break the deadlock. With intrusion of state sponsored military support, it became impossible for European EICs to stay out of European conflicts. The VOC, who managed to keep state inference out, it only received minor military support from its home-state after 1780, still played according to the old rules. It was able to stick to a policy of neutrality during the War of Austrian Succession, despite the fact that its home state was involved in this war.¹⁸

14 Gerrit Knaap (ed.), *De Verenigde Oost-Indische Compagnie: Tussen oorlog en diplomatie* [The United East India Company between War and Diplomacy] (Leiden: KITLV, 2002).

15 Femme Gaastra, *The Dutch East India Company. Expansion and Decline* (Zutphen: Walburg Pers, 2003), 56; Niels Steensgaard, *The Asian Trade Revolution of the Seventeenth Century. The East India Companies and the Decline of the Caravan Trade* (Chicago: UP, 1974) and Niels Steensgaard, *Carracks, Caravans and Companies* (Copenhagen: Studentlitteratur, 1973).

16 Gaastra, *Dutch East India Company*, 37 and 23–27.

17 Pettigrew and Veevers, *The Corporation as a Protagonist*, 25.

18 Nierstrasz, *In the Shadow of the Company*, 31–34.

Surely, East India Companies were quite 'autonomous in Asia from the oversight of their domicile state' in far-away Europe, but could also easily lose this autonomy without a change to the official constitutional privileges it held. The freedom and flexibility of the EIC to decide on policy dwindled when the home state side-stepped the company and directly imposed its own military power in Asia. When the EIC started receiving military assistance from its home state, who started sending out naval forces and troops to help out against the French, this meant that although the military power of the EIC was thus enhanced, it lost its capacity to decide on the level of military conflict in Asia. In the process, it also lost its ability to subordinate itself to Asian states, while the VOC was still able to continue a more hybrid policy.¹⁹

Monopoly

In contrast to conventional wisdom, the editors of this study claim that the East India companies 'in their global operations [...] were not monopolies'. This somewhat cryptic message contains a high level of truth, but also leads to the question: if East India companies were not monopolies what were they then? What does such an imperfect form of monopoly mean for a story that puts the constitutional form of corporations at its center?

Although different East India companies all shared similar constitutional privileges, in fact the outcome of these monopolies took different shapes and forms. A comparison between the monopolies of the Dutch and English East India companies will even provide proof that the 'sociology of the Global Corporation' makes sense, but that local outcomes of monopolies were more elusive than a general theory makes us believe. Even stronger, East India companies were quite pragmatic in applying their constitutional privileges. Other East India companies fit less into the sociology of the Global Corporation than the EIC, but even when they do fit, their particular context could lead to dramatically opposed outcomes. What happens to the story when we compare the constitutional form of East India companies and the institutional context in which they functioned? What consequences did differences in the institutional context have on the interaction between the Dutch and English East India companies?²⁰

19 Ibidem, 14–17.

20 This part is mainly based on: Chris Nierstrasz, *Rivalry for Trade in Tea and Textiles. The English and Dutch East India Companies (1700–1800)* (Basingstoke: Palgrave Macmillan, 2015), especially on chapter 1.

East India companies were subordinate to state authority home and abroad. As we have seen, they were subordinate to the home state, but through their constitutional privileges in their home state, they were even capable of undermining state authority in other European countries. This was especially true for the fiscal arrangements on trade that states had set for themselves. For example, the trade of EIC was mainly aimed at its home-market, consisting of Great Britain and its Atlantic colonies. After the Navigation Acts after 1651, the market for Asian goods in this area was theoretically sealed off from European competitors. Both the state and the EIC profited from this constellation as the EIC had an assured market for its import against monopoly prices, while the English states taxed the import of Asian goods accordingly. In contrast, the VOC had a very limited home-market and competed on the international market. This meant taxation on import and re-export of Asian goods was low in order to meet competition head-on. At the same time, the VOC had the monopoly on direct import of Asian goods from Asia, but the import of Asian goods from other European countries was allowed. The direct consequence of these differences was that the especially tea (not only from the VOC, but also from the other continental companies) was smuggled into England and sold at a much lower price than the tea from the EIC. In turn, this meant that the imports of continental East India companies indirectly undermined the constitutional privilege of the EIC and taxation by the English state.

The different constellations under which the monopolies of both companies operated in their home-countries become clear when we look at the exports of silver. A strange paradox existed in the attitudes towards trade with Asia as mercantilist theory prescribed silver should not leave the country, but trade with Asia was mainly conducted through export of this precious metal. While discussion existed on this issue in England, in the Dutch Republic the exports of silver by the VOC was never challenged or even put up for discussion. This difference was mainly due to the fact that the EIC imported goods for its own market (so in fact silver was really being exported), while the VOC exported most of the goods from Asia to other European countries with a profit (leading to the influx of silver to the Dutch Republic despite exports of silver to Asia). As such, trade with Asia was a drain (at least until empire in India was established) on English silver, while it was not in the case of the Dutch Republic. The lack of discussion on the issue in the Dutch Republic was not born out an unawareness of economic reality or an inability of understanding economic theory (as often implicitly argued by English scholars), but rather due to a different institutional set-up which made exports of silver acceptable.

The different context of trade also meant that competition between companies played out beyond what constitutional rules make us believe. Monopoly

was more often than not an illusion and could even be suspended for competitive reasons. This is true in the intra-Asian trade where servants of East India companies were allowed to conduct private trade as long as they did not interfere with trade that their employer considered part of its monopoly. Logically, the VOC had a wider range of goods it considered its monopoly than the EIC. On the ships of the companies to Europe, the situation was not much different: servants had private trade privileges, which they were allowed to use for private trade in certain items. For instance, the VOC allowed its servants the right to conduct substantial private trade to Europe in tea and Indian textiles, in order to hamper the trade of other East India companies. In turn, the EIC allowed its servants private trade to Europe in almost everything but Indian textiles, tea and pepper in order to hamper the trade of the VOC. In short, although East India companies have often depicted as strong monopolies, rules were in fact imposed pragmatically.

Conclusion

So to conclude, corporations, and especially East India companies, have the potential for being studied as protagonists in global history. Doing so from the perspective from English corporations is methodologically sound, but a comparison with corporations from outside England is potentially even more promising. Otherwise, there is a danger that the theory will fit for English corporations, but not for other corporations in Europe or beyond Europe. In many ways the theory proposed in this edited volume also fits well with the Dutch East India company. It was very similar to English corporations in its institutional form, but also followed its own trajectory. At the same time, we have seen how these companies were very much early-modern entities which meant they were very imperfect. This means that human capital and the way it organized itself, was just as important as its institutional form. As the activities of these corporations spanned the globe, they had to be very flexible and adapt to local situations. The strong point of the theory proposed in this book is that it acknowledges this flexibility, despite the apparent rigidity of constitutional forms. This flexibility helped conduct business as usual even when business reached uncharted waters.

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