

Pieter van Dam, *Description of the Founding of the V.O.C., the Dutch East India Company,*
1693-1701

Introduction: The Verenigde Oost-Indische Compagnie, the V.O.C. or United East India Company, was founded in 1602 with a charter from the States General of the Dutch Republic. It, along with the English India Company, was the most important of the European chartered companies during the early modern period, which acquired state monopolies to trade in the East. The chartered companies are often seen as the forerunners of modern corporations since its shares were sold to investors. The companies were, however, much more than businesses. In order for the companies to succeed in Asian waters, which had already enjoyed an extensive Asian international trade system for hundreds of years before the Europeans arrived in the Indian Ocean at the close of the 16th century, the European chartered companies had to provide their own military and governmental authority far away from their home countries. Both the Dutch and English East Companies were quite profitable during most of the early modern period and laid the foundations of both the British and Dutch Asian territorial empires of the late 18th to the mid twentieth centuries. Even though the companies were created within the most economically dynamic region of Europe—around the North Sea, few would have predicted that they would not only come to dominate the European-Asian trade during the early modern period but would also become major players in the inter-Asian seaborne trade.

Pieter van Dam (1621-1706) was the chief legal counsel of the VOC from 1652 until 1706 and wrote this *Description of the East India Company* for its Directors, published in 1693-1701. The excerpts below are from his *Beschryvinge van de Oostindische Compagnie*, ed. F. W. Stapel, Vol. I, in 1927, translated by Herbert H. Rowen, *The Low Countries in Early Modern Times: A Documentary History* (New York, 1972, pp. 145-49).

If Phillip II, king of Spain, had been capable of winking at the shipping and trade of the inhabitants of these provinces with Spain and Portugal and had permitted it to go on, it is very probable that they would never have attempted to extend it any further, for it was only when he began to interfere with it that they started to look beyond, even to the East Indies.

So long as these lands remained under the dominion of Spain, even during the government of Emperor Charles V, Netherlanders were not permitted to voyage either to the West Indies or the East Indies, lands belonging for form's sake to the first discoverers or to those who made the first journey to them in the East Indies, and hence assigned by the decree of Pope Alexander VII to the kingdoms of Spain and Portugal, each receiving for its share lands and realms to possess, travel, and trade in, with all other nations excluded. Therefore those who lived in these provinces at that time had to be satisfied to send their trading ships only to Spain and

Portugal and no further.

Besides, a very large trade to the Baltic and the adjacent lands had long been in existence, principally in grain and naval stores and timber, most of which was then re-exported from here to Spain and Portugal for the construction and repair of ships, especially the heavy carracks and galleons of a burden of a thousand, twelve hundred, and even more tons; for warships and merchantmen needed cables and cordage, masts, anchors, sails, and sailcloth, as well as pitch, tar, and other naval stores which all had to be imported from abroad, in exchange for which they brought back silver, spices, and other wares which came from the East and West Indies. This trade continued for many years, even after this country declared its independence from the king of Spain, under the name of various Baltic merchants and others with whom the Dutch formed companies.

Although this situation came to the attention of Philip II a number of times, he permitted it to continue unnoticed for some years in view of his own shortages and necessities, especially of naval stores, but also because it increased his revenues from customs tolls. It is also possible that he was afraid that if he interfered with this trade, the people of this country, who cannot survive without trade, industry, and shipping, would attempt to discover other distant lands and thereby cause him great harm and loss. But when various persons caused him to change his mind, he began, despite these considerations, to subject our shippers and crews to all kinds of vexations, which became more frequent and troublesome; ships were seized and detained under the pretext that the king needed their crews for his own service at very low pay. Then, declaring that they were rebels and heretics, he threw them into jail, where they perished from hunger and other hardships; he confiscated their goods, turned some of them over to the Inquisition; then finally he ordered a general seizure of all ships and goods belonging to Dutchmen to be found in his kingdoms of Spain and Portugal and had the rudders and sails removed. The Dutch began to abandon this trade, at least for a time, although the Council of Portugal let it be known that if the Dutch refrained from aiding France and England with warships, the king would continue to allow their shipping and trade. A short time later their ships were released, supposedly at the request of Archduke Albert, who had been named Governor General of the [southern] Netherlands and wished to make the United Provinces more friendly to him. But we could not

put any trust whatever in Spain, where, after the death of King Philip II in the year 1598, his son who succeeded him did not merely continue the cruel conduct of his father but treated our people even more harshly, throwing them into foul, stinking jails, putting some to death and sending others to the galleys, confiscating their ships and goods, and the like. Furthermore, because of the loss or obstruction of this trade it became necessary to find work and employment for the seamen, of whom there was now a large number. It became necessary therefore to seek out new trading routes to places as far as the East Indies, in order to buy and bring back the spices and other wares which otherwise we would have had to go to get from the Spaniards and the Portuguese, often at high prices, and then bring here for resale by our merchants in other countries. As a result, the first efforts were made to find a shorter route to these lands in the East Indies, to wit: China, Japan and others, by the northeastern route along Tartary, although it had been investigated by other nations, especially the English, for many years and found unprofitable (about which we shall say more later.) Others chose the route around the Cape of Good Hope because, although it was estimated to be a good 2,000 miles longer than the other, it was safer. Those who favored this route were nine in number, eminent merchants in Amsterdam, among them Hendrik Hudde, Reynier Pauw, and Pieter Dircksz Hasselaer, who were also members of the municipal government. They took the risk of sending out four ships on this voyage, including a yacht, all well-provided with cannon and ammunition for vigorous self-defense, as well as with the money and trading goods most wanted in those regions. This society was named the Company for Far Journeys. These ships met a Spanish ship between Africa and America which was returning to Europe with a valuable cargo and had become separated from the other ships of its fleet; they allowed it to sail on because they were instructed to act only on the defensive, not offensively, which the Spaniards, who had considered themselves doomed to defeat, reported on their arrival at Lisbon. This brought great renown to the Dutch....

After various private merchants joined with others in the 1590s and after the turn of the century to form companies, first in Amsterdam and then in other cities of Holland and Zeeland, to open up and undertake travel and trade with the East Indies, and from time to time equipped and sent out many ships, which returned, on the average, with no small success, the States General came to the conclusion that it would be more useful and profitable not only for the

country as a whole but also for its inhabitants individually, especially all those who had undertaken and shared in navigation and trade, that these companies should be combined and this navigation and trade be placed and maintained on a firm footing, with order and political guidance. After much argument and persuasion, this union was worked out by Their High Mightinesses, in their own words [i.e. in the charter], to advance the prosperity of the United Netherlands, to conserve and increase its industry and to bring profit to the Company and to the people of the country.

Their High Mightinesses later, by an edict of September 19, 1606, acceded to vigorous requests of the Company and granted to it a charter for a period of twenty-one years, permitting it to voyage east of the Cape of Good Hope or through the Straits of Magellan and excluding all others, under penalty not only of confiscation of ships and cargo but also of fines and imprisonment.

By another edict [1607], Their High Mightinesses declared that terms, franchises, and advantages already accorded were to be maintained and continued, without any direct or indirect infringement within this country or abroad in any matter, personally or through intermediaries, under penalty of imprisonment and fines and with the distribution of said fines.

Furthermore, the Company's charter authorized it to make alliances with princes and potentates east of the Cape of Good Hope and beyond the Straits of Magellan, to make contracts, build fortresses and strongholds, name governors, raise troops, appoint officers of justice, and perform other necessary services for the advancement of trade; to dismiss the said governors and officers of justice if their conduct was found to be harmful and disloyal, provided that these governors or officers could not be prevented from returning here to present such grievances or complaints as they think they might have to Their High Mightinesses. This was further confirmed by the eighth article of the instructions of the year 1617, approved and ratified by Their High Mightinesses, which established and regulated the government in the Indies in such a way that, as is easily seen, the Company after the date of this charter has made great progress in the Indies. It has captured a number of fortresses from the Spaniards and the Portuguese, its enemies, and has established trading posts at several places. It was decided as a consequence that it was desirable to establish a formal government in the Indies, with a Governor General and a

Council, and to provide it with proper instructions, and this was done by the assembly of the XVII [the Board of Directors of the Company] and by Their High Mightinesses. . .

The inhabitants of this country were permitted to invest as much or as little as they pleased in shares of the Company.

The subscription had to be made before September 1, 1602; the first part of the price had to be paid before October 1, with interest of 8 percent until the next April; the second third before October 1, 1603, and the remaining third before October 1, 1604, at the same rate of interest.

It was further agreed that a full third of the capital would be furnished for the equipment of the first fleet, the original paid-up capital amounting in all to 6,424,588 guilders. 8 stivers, as follows:

in the Chamber of Amsterdam	3,674,915:-:	guilders
in the Chamber of Zeeland	1,300,405:4 :	"
in the Chamber of Delft	469,400: -:	"
in the Chamber of Rotterdam	173,000:-:	"
in the Chamber of Hoorn	266,868:-:	"
in the Chamber of Enkhuizen	540,000: -:	"
	6,424,588:4 :	guilders,

in which connection it is to be noted that according to the resolution of the assembly of August 12, 1603, the subscribed capital then amounted to 6,459,840 guilders.

When the time for this investment or subscription had expired, various competent persons in different places presented requests in person or by sealed letter to the assembly of the XVII, asking that they be permitted to join the Company with the investment of certain sums of money; it was decided that no one else should be permitted to join in violation of the charter and to the detriment of the shareholders who had paid in their subscriptions before the expiration of the date fixed, and that the subscribed capital should be neither increased nor reduced, and it was

further resolved that the sum presented by the Chamber of Enkhuizen after the fixed date should not be accepted.