

English Summary

To an important degree, this study which examines four different aspects of the United Dutch East India Company (voc) in Ceylon, present-day Sri Lanka, is based on eighteenth-century quantitative sources never before used and kept in the voc archives in The Hague and in Colombo. This material offers an unprecedented opportunity to make an analysis of the activities of the Company in Ceylon and, given the prominent position of the island in the commercial empire of the voc, of the multinational in Asia as a whole. The archival documents used are unequivocally Euro-centric, but this does not stand in the way of a nuanced use of them and in a number of cases has led to interesting new points of view. To give just one good example: viewed from the Netherlands the way in which a Company official went about his work is seen in a very different light to that which is offered by a careful study of daily practice in Ceylon. In this study a consequent choice has been made to adopt the viewpoint of Colombo. The third possible form of use to which this archive material might be put, the analysis of the Ceylonese society in the eighteenth century, will be left out of the picture. The doctoral thesis of Dewasiri (Leiden, 2007), a historian with roots deep in Sinhalese culture, is convincing proof of the richness and the promise of the voc archives for this purpose.

The matters discussed in the four chapters are respectively: a) the profit which Ceylon offered the voc; b) the system of bookkeeping in the settlement; c) the *assignaties* or bills of exchange sent to Amsterdam from Colombo; and d) a characterization of the Company officials in the island. A supplement to the first chapter examines the Indies and Dutch money in the bookkeeping of the voc. This appendix reveals a singularly remarkable financial-economic phenomenon, but without the author being able to offer an explanation for this (see below). Little or nothing has so far been published about these four topics and as far as Ceylon is concerned the work breaks completely new ground. General studies by De Korte (bookkeeping), Gaastra (bills of exchange, officials) and Lequin (officials) are used to test conclusions drawn about Ceylon. The chapters have succinct titles: Profit; Bookkeeping; Bills of Exchange; Officials; complemented by extensive footnotes they actually cover a far wider field and consequently offer a comprehensive picture of the activities of the Company in Ceylon in the years 1765-1795. Where this has been necessary, the thesis gives a retrospective view of the whole of the eighteenth century. The sixty-six tables contain the fruits of the study of the numerical data.

Chapter I looks into the profit which the Company made in Ceylon during the eighteenth century. The voc was a commercial organization, therefore Ceylon should be judged by its degree of profitability. The method chosen to undertake this is an extremely meticulous calculation of the difference between a) the amounts received for Ceylonese products at the auctions in the Netherlands and b) the expenditure on the settlement in Asia (Tables 4 to 10, 13 and 14). In his 1753 analysis, Jacob Mossel, Governor-General from 1750 to 1761, adopted the same principle, but his computation is too superficial to be workable. The trickiest component in all these calculations is the invoice value of the goods sent in the return fleet and the transport costs. In

1700 the Ceylonese products contributed 9.2 per cent, in 1760 16.4 per cent to the total profits of the VOC. After the war between the VOC and Kandy (1761-1765), their share fluctuated at around 15 per cent.

The growth in income made at the auctions in the Netherlands was attributable exclusively to the high prices fetched by the monopoly product cinnamon from the beginning of the 1750s. In its price management, the VOC pursued a deliberate policy: a high quality and Textiles purchased on the *Overwal* (south India and part of the Government of Ceylon) contributed 2¹/₂ per cent to the auction profits, the three combined products of pepper, coffee and cardamom did not yield any more than 1 per cent. Therefore the large profits were related to the possession of a monopoly (cinnamon) and were not generated by pursuing commerce as a merchant (textiles) or through the imposition of, in a sense, pepper, coffee, cardamom.

Up to this stage the meticulous calculations of Ceylon's share in the profits of the VOC have shown only the gross profit. The expenditure in the Netherlands on the whole of its Asian empire is known as a total sum (see De Korte). Within a reasonable range of certainty the share of Ceylon in these expenses could be determined (Tables 11 and 15). The problem of the prices on the invoice and the transport costs were thereby avoided. Accordingly, the net profit of Ceylon to the VOC appears (Tables 12 and 16). As one single ship was sufficient to carry for both all the supplies from the Netherlands to Ceylon and then for the dispatch of all the commercial wares from the island to the home country (Tables 1 to 3), it is acceptable to draw the conclusion that Ceylon had no need of the expensive intra-Asian trading network and the connection with Batavia. This conclusion has far-reaching consequences in making a judgement on the (inevitable?) bankruptcy of the Company in 1796. At the end of the eighteenth century some settlements were highly profitable, some not or not at all. Instead of a bankruptcy of the whole Company, a *sterfhuisconstructie* (the viable branches retained, the others lopped off) would have been the best option to keep the VOC alive.

Ceylon was at its most profitable for the VOC in the final years of the 1750s (Table 17). Every year the *Heeren XVII* would compile a list of which Asian products should be shipped back to the Netherlands as return cargo. For Ceylon the link between the orders given and the fulfilment of deliveries has been examined. The period 1765-1780 proved an ideal touchstone for this undertaking. Never before had there been so many complaints about the quality of the cinnamon and the textiles. It transpired that, when shortcomings should prove this necessary, the Board of Directors on the home front could make its authority felt. Around 1775 the quality of textiles and the cinnamon which were sent on order were judged superb and the quantity requested amounted to around 90 per cent. In this, what were known as the *rendementen*, specifying the sales price and an extremely detailed assessment handed down on each product played an important role. The *Heeren XVII* also conscientiously kept the settlement abreast of the commercial climate in Europe.

An addendum appended to the end of Chapter I examines the Indies and Netherlands money in the bookkeeping of the VOC. An analysis of the appendices in De Korte's study of the financial accounting of the VOC revealed that each conversion of Indies to Dutch money (the so called evaluations of the money in 1743 and 1768), and indeed earlier during the drastic revision of the bookkeeping system in the 1690s, the financial-economic results could, in the bookkeeping,

fluctuate radically from that in the previous year and the changes in the year after. (Table 18). It has proved impossible to explain how this incongruity could have arisen. The addendum concludes with a discussion of the method of calculating the percentages applied by the VOC for the conversion of Indies to Dutch money (De Korte and Steur followed this), by Jacobs and, by contrast, by myself. Although no solution to this problem is offered, it is crucially important that every researcher is aware that for the period 1743-1768 at least the numerical data are very much open to question.

Chapter II. The financial reporting of the VOC has attracted little interest so far. The second chapter of the dissertation examines in detail the bookkeeping system of the VOC in Ceylon. De Korte (1984) assembled and analysed the figures for the whole Company; in this particular study we look – so to say – for the very basis of his figures by delving as deeply as possible into the bookkeeping of this one factory. The general ledgers and the general journals show that incomes (and amounts due) as well as expenditure (and debts) were registered very scrupulously. Almost as painstakingly documented are the *restanten*, the term used for the money and goods which were still to be found in cashboxes and warehouses at the end of the financial year. Astonishingly, debit and credit always agree to the last penny with each other, a situation which virtually never occurs in any non-automated bookkeeping system of comparable complexity. There is always a more or less large and inexplicable difference solved by a credit or a debit balance. A hypothesis is adduced to cast light on this circumstance, but this is a makeshift solution for want of a better answer. The reality of the counting-house, where the books were kept, and that of the warehouse and the cashbox, clashed, but impossible from a distance of two and a half centuries to find out the truth. During his extremely thorough study of the numerical data, the author of this thesis was plunged from one burst of amazement to the next. It seems that at every turn something is just eluding his grasp, without it being possible to accuse anybody of any fraudulent dealings. Escher's graphics might be taken as a metaphor for this strange phenomenon. Nevertheless, these are the data on which the historian of the VOC judges the Company as a commercial enterprise.

On three levels each individual settlement accounted for itself to the headquarters in Batavia and to the *Heeren XVII* in the Netherlands. The first was that of the general ledger and the general journal composed in Batavia. Then came what was known as the *Korte Vertoning van Staat* and finally a kind of annual budget, for Ceylon only preserved for a few decades. Only on the basis of the last mentioned we get to know the eventual financial help which might be required from the home country to keep the income and expenditure in balance. Each of these three levels casts light on the financial-economic situation in Ceylon in a particular and specific way. The tables bear witness to this. A few of the most conspicuous conclusions drawn from the numerical data are: the extraordinary financial stability of Ceylon, the extremely low amount which the home country was required to help the settlement, the virtually negligible significance of the intra-Asian trading network for the Government and the enormous expenditure (70 per cent minimum) on the European and Asian staff members.

Chapter III. Throughout the whole of the eighteenth century the Company officials in Ceylon sent no less than 12 million guilders in bills of exchange (the official term was *assignatie*) to the Netherlands. An explanation of the sudden and permanent quadrupling of the monetary value of the bills of exchange in the middle of the 1750s remains illusive. Taking account of the rel-

atively modest salaries of the officials, these transfers of money are an indication of income derived over and above salary. Chapter three analyses all 3,000 transfers during the eighteenth century from the depositor of the sum in Colombo to the designated recipient of the money in the Netherlands. This revealed that between 60 and 70 per cent of the sums transferred were related to such commodities as alcoholic beverages, tobacco, textiles, glassware, books and similar items which had been ordered in the Netherlands from Ceylon. A large variety of trading firms, especially in Amsterdam and Middelburg, provided the European and European-oriented population of Ceylon with articles which the VOC imported to only a very small extent. It is possible to resurrect the organization of this accepted form of private trade by reference to the *Prize Papers*. In times of war the British Navy captured Company ships; the correspondence as did the ships which carried it fell into enemy hands and was preserved. The money accepted in Colombo in the form of bills of exchange exempted the VOC from the obligation to send money from Europe to Asia. Although in the eyes of many authors the traffic in bills of exchange was tinged with illegality, it seems that as far as Ceylon was concerned, the monetary transfers were explicable and permitted and, moreover, advantageous to all parties involved. The bills of exchange in Ceylon give a clue to the complementary role of the Company officials who were able to assume some of the Company tasks by a certain degree of private business, and this helped to keep the wheels of colonial society running smoothly. At the end of the chapter there is a summing up of various forms of private business undertaken by the officials. In view of its unofficial character there are no unequivocal sources available and knowledge of this practice must consequently remain impressionistic and fragmentary, which is not to say doubt may be cast on the important role of the official in his private capacity.

A different use of the traffic in bills of exchange is found in the financial-monetary role of the coins with which the exchange was transacted. Until 1750 these were the pagoda and the ducat, but after this the *Heeren XVII* and Batavia gradually had to admit that these gold coins were too costly to purchase on the free market. The ducatoon, a silver coin, became the official coin for transactions until the Fourth English Sea War (1780-1784). After 1784 the financial and monetary strength of the VOC deteriorated dramatically; Batavia and Ceylon introduced paper currency (known as letters of credit) and the exchanges there were carried out using these. By contrast, the recipient in the Netherlands was paid out in gold or silver coin. In 1791 the Company prohibited this extremely lucrative form of monetary traffic to the home country. The private import of trading commodities from the Netherlands thereby ground to a halt. In this sense, the traffic in bills of exchange can be used as a barometer to measure the financial and economic strength of the VOC.

Chapter IV turns the attention to the employees or servants of the Company in Ceylon. Thanks to the ship's pay lists and the general muster rolls – two serial (that is to say current over a longer period of time) sources – it proved possible to retrieve data about the composition of the personnel in the island (Table 53), the career of the employee (Table 54), his future prospects (Table 55), religion (Table 56), age at time of first employment (Tables 57 and 58) and moment of death (Table 59), the like of which is not known for any other settlement in Asia. The number of its employees who extended their contracts, thereby choosing to make their home in Ceylon, was great. The share of the number of employees who were born in Ceylon and employed there (circa 30 per cent) is conspicuous. The number among them who reached the higher and highest echelons is also remarkable. Using the ship's pay lists it proved possible to cal-

culate what percentage of the officials who arrived in Ceylon each year was lost to the Company through death, desertion, returning home or some other reason: an amazingly stable percentage (Tables 61-65). In the annual reports which were sent to Batavia from Ceylon every year, a great deal of attention is allotted to the promotion policy for the higher and highest ranking personnel in the island. One group of the (administrative) elite consisting of thirty-eight people was analysed, looking at their careers, education and social backgrounds (Table 66). This showed that competence in the exercise of their function, revealed in the shorter or longer period of their apprenticeship in the lower ranks, was an important criterion. Colombo selected the official and, with one sole exception, Batavia and the *Heeren xvii* acquiesced in the decisions taken by the Ceylon Council pertaining to the appointment.

The four chapters in this thesis are four independent entities. This precludes the necessity of a general conclusion. The one message which they all bear is simply this: the enormous importance of the numerical data, the figures in the VOC archives to the historian. Therefore every researcher is cordially, but none the less urgently advised, if this is at all possible, to balance his or her qualitative argument with quantitative data.

