

Slavery, Colonialism, and the Financial Sector

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In April 2022, ABN AMRO Bank formally apologized for the role that its predecessors had played in the history of international slavery. Soon afterward, De Nederlandsche Bank (DNB) followed suit. ABN AMRO's most notable predecessor whose connections to slavery had been scrutinized was Hope & Co. This was one of the largest international trading and finance houses of the latter half of the eighteenth century. During this period, Hope & Co earned between a quarter and a third of its annual revenue from slavery-related activities. The financial giant provided and managed loans to plantations in Dutch, British, and Danish colonies, profited from trade in commodities produced by slave labor in Asia and the Caribbean, and lent money to other major European trading houses that invested in plantations. Though much of the firm was eventually sold off, it continued to finance the slavery economy well into the nineteenth century with investments in plantations in the southern United States, for instance.¹

The bank's direct participation in plantation loans was part of a much broader involvement in slavery and colonialism. One of the cofounders of the firm, Thomas Hope, was an administrator for both the West India Company (WIC) and the Dutch East India Company (VOC), and, in that capacity, acted as a representative of the Stadtholders, William IV and William V. On the British market, Hope & Co speculated extensively in shares of the British East India Company. As the issuer of government bonds, the firm also financed many colonial ventures and played a significant role in facilitating the Louisiana Purchase (1803), which gave the fledgling United States of America control over large plantation areas in the South. Hope & Co also directly depended on the success of European

colonial exploits to be paid back for state loans. For example, the revenues from the trade in Brazilian diamonds and tobacco, partially obtained through slave labor, served as collateral for large loans in the early nineteenth century.²

Hope & Co typifies Dutch banking and finance's historical stakes in slavery and colonialism, though the firm's involvement was exceptional in terms of its size. We know from recent research into De Nederlandsche Bank (DNB) that the financial sector remained deeply entangled with slavery and colonialism in the last decades of slavery in the nineteenth century.³

Between the late sixteenth and late nineteenth centuries, colonial and slavery-related enterprises were financed in many different ways. It is impossible to discuss all of these in this short chapter, let alone analyze the worldview and mentality that underpinned this widespread system of investing in human trafficking or products obtained through forced labor. Therefore, I will focus here on three prominent ways in which the Dutch were financially involved: the financing of colonial trading companies in the seventeenth century, the expansion of the West Indies plantation sector in the eighteenth century, and legacies of the colonial and slave economies in the nineteenth century and beyond.

Financing the VOC and the WIC

The rise of Dutch slave trading and the organization of slavery in Dutch-controlled areas was inextricably linked to the VOC and WIC. But these companies never operated in isolation. As States General-chartered companies with extensive trade monopolies, they were partly funded by private investors, many of whom tried to profit from an expanding colonial trade happening beyond the purview of the VOC and WIC. The VOC was responsible for one of the most important financial innovations in the history of capitalism; it became the first company in the world with permanent capital and tradable shares.

This corporate structure was already common before the VOC was established in 1602. At that time, a company was a temporary partnership between merchants. Each contributed their own capital to facilitate an enterprise, such as the outfitting of a ship. These investments were made for a single voyage or a limited period. After that, the partners dissolved the company, received their initial capital back and divided the profits or losses. This is how an entrepreneur like Balthazar de Moucheron (ca. 1552–1630),

who was tangentially involved in the slave trade on the African coast, organized various fleets to Asia before the establishment of the VOC. Johan van der Veken, one of the first known Dutch participants in the transatlantic slave trade, set up similar temporary companies for his trade voyages on which he dealt in sugar and enslaved humans in the Atlantic region.



Surinamese plantations were often financed by European banks. This is probably the Jagtlust Plantation, built in 1735 by Frederik Berewout, director of both the WIC and the Society of Suriname. This print by Hendrik Huygens shows an almost idyllic plantation scene.

Organizing the trade with Asia through ad-hoc companies quickly proved ill-suited to Dutch economic and military ambitions. Mainly thanks to the efforts of Grand Pensionary Johan van Oldenbarnevelt, the various “pre-companies” united in 1602 into a single company supported by the States General. This “United East India Company,” commonly known as the Dutch East India Company (VOC), was granted a monopoly on Dutch trade between Asia and Europe and was allowed to use its initial capital of 6.4 million guilders, raised by issuing shares, to wage war, establish colonies, and administer justice in areas that it conquered on behalf of the States General. In terms of financing structure, however, it resembled a traditional company; the VOC was to be liquidated after ten years for the

benefit of the shareholders, who could then decide to set up a new company. But the enormous costs of war and conquest weighed on trade profits and the dividends paid to shareholders. The States General feared that the financiers, upon the company's liquidation, would take their money and decline to reinvest in a similar enterprise. Therefore, they took a radical new step: in 1612, the Dutch state allowed the company to ignore the promised liquidation date and indefinitely postpone repayment of the originally invested capital. This naturally led to tensions with the shareholders. Some even tried to set up their own businesses to break the VOC monopoly. The tensions lasted until 1623, when new guarantees from the state, combined with the VOC's breakthrough in Asia—forced by Jan Pieterszoon Coen's brutal, and on the Banda Islands even genocidal, conquests—resolved the conflicts in favor of the VOC directors.⁴ Around the same time, the States General also granted a charter to the WIC, modeled after its Asian counterpart. Initially, investors were cautious, spooked by the VOC's move to renege on the promise of returning the initial investment after ten years. By 1623, however, a start-up capital of 7.1 million guilders had been raised.⁵ From the beginning, the WIC faced much more direct competition from private entrepreneurs than the VOC. Several goods were excluded from the monopoly, and the WIC was heavily dependent on private merchants for outfitting its trade fleets.

The historiography of Dutch overseas expansion has mainly focused on the two large trading companies. We know a great deal about their financial structure, profits and losses, and the conflicts between companies and shareholders. However, investing in a trading company was certainly not the only way to profit from colonial expansion. In the Atlantic region and in Asia, the VOC and WIC acted as umbrella organizations for all sorts of private activities, legal and illegal. These included investments by company employees and free citizens in the slave trade and goods produced by enslaved people, even in areas controlled by the VOC. Recent research on colonial commerce, therefore, focuses less on tracing the direct money flows through the companies and more on the private capital flows around and behind them.⁶

Financing the Plantation Sector

The Dutch States General granted the VOC and WIC total or partial monopolies on trade in “the East” and “the West” and broad powers to set

up colonial administrations. The companies did not hold a monopoly on the production of colonial agricultural goods. In some parts of the world, production remained largely in the hands of local elites who collaborated with the companies, while in other places, European colonists took control of agriculture or even established entirely new colonial export economies. The most extreme example of the latter strategy was the establishment of a fully slavery-based plantation sector in various places in the Americas.

The mid-seventeenth century writer Ottho Keye is the first Dutchman known to have systematically used the word “plantation” in its current sense. He calculated that investing 5,000 guilders in a colony on the South American coast would yield far more profit than a much larger stake in the Netherlands or an agricultural colony in North America. His hypothetical example assumed that the entrepreneur would spend 3,750 guilders of the initial capital on the purchase of “a number of thirty Slaves or Negroes.” The remainder of the 5,000 guilders would be spent on tools, building materials, food, and cheap clothing for the enslaved people.⁷ Before long, it became clear that Keye had grossly underestimated the capital required to establish and maintain a plantation. By the mid-eighteenth century, the estimated average value of a coffee plantation was 105,000 guilders, and that of a sugar cane plantation 129,000 guilders.⁸ Annual expenses to keep an average plantation running could far exceed 20,000 guilders.⁹ A Caribbean plantation required a much bigger investment than an agricultural business in the Dutch Republic.¹⁰ The plantations became the center of a vast, uniquely integrated network of overseas industrial investments, large-scale use of African enslaved labor, a cluster of business and financial services, and trade, processing, and consumption networks reaching deep into the European hinterland. Many experts see the plantation sector, with its large-scale integration of (forced) labor and capital, industrial agriculture, trade, and consumption, as an important precursor of the modern-day capitalist world economy.¹¹

VOC-controlled areas in Asia also had plantations where the enslaved were forced to produce goods for export. However, the VOC’s monopoly on intercontinental trade posed a significant barrier to direct private investment from Europe in Asian slavery. Nonetheless, merchants and bankers in the Dutch Republic profited from slavery in Asia by investing in the VOC, by reselling mace, nutmeg, and other goods produced by enslaved people, and by their family members amassing wealth while stationed in Asia. Systematic research is still needed to reveal how these various avenues of profit

from Asian slavery contributed to the accumulation of wealth in the Dutch Republic.

We can identify three main sources for the millions invested in the Dutch Atlantic plantation system. First, there were colonists who privately gathered enough capital to establish a plantation and who then reinvested the plantation's profits. For larger plantations, there was a second option: borrowing money from wealthy merchants in the Dutch Republic or elsewhere. A third option emerged in the eighteenth century: the *negotiatie-lening*. This was a type of loan, a mortgage in which the plantation and the enslaved people working on it served as collateral. The loan often went through an Amsterdam trading and financial house, but these firms did not lend their own capital. Instead, they set up a fund and issued bonds on the capital market. The bond issuers promised the bondholders around 5 percent interest. They paid this by taking control of the sale of goods produced on the plantations. In this way, the trading and financial houses at the heart of the *negotiatie* system carved out a central position in the lucrative trade in Caribbean goods and demanded various commissions on top of that. In the late 1760s and early 1770s, the *negotiatie* system saw an unprecedented boom. Between 1753 and 1775, wealthy investors from Amsterdam and to a lesser extent Rotterdam, Middelburg, and elsewhere, pumped over 63 million guilders into Caribbean plantations. A financial crisis in the early 1770s brought an end to the boom, but this did not mark the end of Dutch merchant financiers' significant stakes in slavery. On the contrary, the involvement of major financial players such as Hope & Co and Insinger & Co reached its peak—both financially and in terms of influence on plantation policy—after the crisis.¹² In the nineteenth century, many wealthy families possessed substantial portfolios of shares and bonds in the West Indies plantation sector. These securities, acquired through marriages and inheritances, often continued to yield returns after 1815 (when the British returned control of the colonies to the Dutch).

Dutch research into the financing of the plantation sector has tended to focus so heavily on the *negotiatie* loan that other forms of financing have been largely overlooked. In reality, the *negotiatie* system was probably only a predominant form of investment from 1765 to 1775. A company like Hope & Co typically combined *negotiatie* investments with direct loans based on their own capital. The excessive focus on the *negotiatie* system in the Dutch literature has likely obscured other large slavery-related capital flows.

Legacies

In the nineteenth century, slavery, colonialism, and the Dutch financial sector underwent significant changes. The Dutch state stepped into the role previously played by semi-private chartered companies by assuming responsibility for colonial administration. Slavery came under immense pressure from uprisings, shifts in European public opinion, and international campaigns for the abolition of the slave trade and, later, slavery itself. The center of the Atlantic plantation sector moved from the Caribbean islands to new expansion zones in Brazil, Cuba, and the southern United States. Meanwhile, colonial trade from Indonesia grew vastly, fueled by the introduction of a new type of forced labor, the Cultivation System, in Java. This growth was also reflected in the portfolios of financial and trading companies in the Netherlands, and their investment in the East Indies increased significantly. However, this did not mean that investors simply “traded in” their stakes in slavery for other forms of participation in the colonial sector. Insinger & Co took over the management of several plantations and tried in all sorts of ways to increase the profitability of their slavery investments. Hope & Co scaled down its investments in the Caribbean, but grew deeply involved in the Citizens’ Bank of Louisiana through a complex financing structure. This bank was specifically established to finance the expansion of the plantation sector in the American South. As part of this operation, Hope & Co even issued a new loan, accepting 203 enslaved people and plantation acreage as collateral, to the owner of the Oswichee Bend plantation in Alabama in 1840.¹³ Some of these attempts to profit from slavery were successful, but others left the bankers with significant financial losses. Although by the mid-nineteenth century, the moral reprehensibility of slavery was widely acknowledged in Europe, this had little impact on the bankers’ actions. Prospective profits—sometimes based more on illusory hope than realism—remained their guiding principle.

With the abolition of the slave trade, the number of new forced laborers from Africa arriving on Dutch overseas plantations eventually dwindled. In the Dutch East Indies, the colonial authorities formally opposed the slave trade, but sometimes turned a blind eye to it. Most of the people emancipated in the early 1860s were born to enslaved parents. Their ancestors had often contributed to the wealth of Dutch families for generations. The abolition of slavery offered these rich families one last opportunity to profit from the formerly enslaved status of the emancipated. In December

1835, Anna Geertruida van der Paauw claimed approximately 1,000 British pounds in “compensation money” from the British government. Her claim was based on co-ownership of the Gelderland and Rotterdam plantations in the former Dutch colony of Berbice.¹⁴ Van der Paauw, the mother of the later brewer Gerard Heineken, had acquired her share in these plantations through her marriage to her first husband, Pieter Jacob Schumacher, whose ancestors had managed a *negotiatie* fund and were prominent planters and traders in agricultural products from Berbice. This makes the Heineken family one of the many wealthy Dutch families whose nineteenth-century ancestors were compensated for the emancipation of their enslaved people. The Netherlands waited to decide on emancipation in the Caribbean colonies until 1863, and paid a total of 9.9 million guilders to the former slave owners. This compensation was not granted without a fight. Financiers and plantation owners like Fritz Insinger, head of Insinger & Co., aggressively lobbied to influence the form and size of this compensation.¹⁵

The compensation paid to the families involved in slavery forms part of the direct material legacy of slavery, as does the capital that large companies like Hope & Co acquired through their slavery-related activities. But for the Dutch financial sector, there were also less tangible legacies. Colonialism and slavery gave rise to innovations in the financial system, such as the seventeenth-century introduction of tradable shares in companies with permanent capital and the eighteenth-century refinement of the *negotiatie* system as a new form of investment.

These innovations facilitated a financial services sector which remained heavily focused on colonial trade even after abolition. Thus, slavery contributed not only to individual families’ fortunes but also to the very architecture of the Dutch financial sector. And then there is that other crucial point, which is so easily overlooked amid all the details of financial-historical developments: the cultivation of a mentality in which human suffering was effortlessly sidelined in favor of cold investment considerations and profit calculation.

Notes

- 1 Gerhard de Kok and Pepijn Brandon, *Het slavernijverleden van historische voorlopers van ABN AMRO: Een onderzoek naar Hope & Co en R. Mees & Zoonen* (Amsterdam: IISG, 2022).
- 2 Marten G. Buist, *At spes non fracta: Hope & Co. 1770–1815* (The Hague: Martinus Nijhoff, 1974), Chapters 1 and 14.
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- 7 Ottho Keye, *Het waere onderscheyt tusschen koude en warme landen* (The Hague: Henricus Hondius, 1659), 148–149.
- 8 Alex van Stipriaan, *Surinaams contrast: Roofbouw en overleven in een Caribische plantagekolonie 1750–1863* (Leiden: KITLV Uitgeverij, 1993), 206.
- 9 Humphrey E. Lamur, *The Production of Sugar and the Reproduction of Slaves at Vossenburg Suriname 1705–1863* (Amsterdam: Amsterdam Centre for Caribbean Studies, 1987), 132.
- 10 Jan de Vries, *The Price of Bread: Regulating the Market in the Dutch Republic* (Cambridge: Cambridge University Press, 2019), 182.
- 11 The classic text on this topic is Eric Williams, *Capitalism and Slavery* (Chapel Hill: University of North Carolina Press, 1944). Recently, this idea has been revived by the emergence of the “New History of Capitalism.” See, for example, Sven Beckert, *Empire of Cotton: A Global History* (New York: Alfred A. Knopf, 2015).
- 12 De Kok and Brandon, *Het slavernijverleden van ABN AMRO*; Joost Jonker, “De vroege geschiedenis van de firma Insinger & Co.,” *Jaarboek Amstelodamum* 94 (2002): 110–31; Joost Jonker, “Roeien tegen de stroom, 1813–1860: De geschiedenis van Insinger & Co.,” *Jaarboek Amstelodamum* 96 (2004): 135–55.
- 13 De Kok and Brandon, *Het slavernijverleden van ABN AMRO*, 76–80.
- 14 <https://www.ucl.ac.uk/lbs/claim/view/9374> and <https://www.ucl.ac.uk/lbs/claim/view/9376> (last accessed November 22, 2022).
- 15 Pepijn Brandon and Karin Lurvink, “With the Power of Language and the Force of Reason: An Amsterdam Banker’s Fight for Slave Owners’ Compensation,” *Navigating History. Economy, Society, Knowledge and Nature: Essays in Honour of Prof. Dr. C.A. Davids* (Leiden/Boston: Brill, 2018), 228–48.

Abstract

As early as the eighteenth century, the VOC forced the local population in Java to perform corvée labor and produce commodities. As the predecessors of the Cultivation System, these kinds of coerced labor coexisted with slavery. In the nineteenth century, colonial forced labor was vastly expanded and intensified under the authority of Governor-General Daendels. Javanese farmers fled to uncultivated areas in the hope of escaping this oppressive system, and in turn the colonial authorities tried to prevent them from leaving. After the abolition of slavery in 1860, the practice of forced labor continued.

Keywords: Dutch East Indies; Indonesia; Java; forced labor; corvée labor; Cultivation System; Netherlands Trading Society (NHM)