BARGAINING FOR SHELTER

An entrepreneurial analysis of the Ostend Company, 1714-1740

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Introduction

Following the publication of the 'Panama Papers', much controversy has surrounded the use of so-called 'shell companies' for laundering money offshore. The business magazine *The Economist* in response listed the uses and misuses of these companies.[1] *"Pooling investors' money from different countries"* was named by the magazine as a fairly legitimate use of the 'shell company'. Although the use of this kind of business structures have been treated by journalists as a recent development, the use of offshore companies goes back further in history. The Ostend Company (1722-1727/1732), also known as the *Generale Keijzerlijcke Indische Compagnie* (GIC), was an early eighteenth century example.

In 1732, after ten years of existence, the GIC was definitively suspended from taking part in the Asian trade. Although the company (formed in the port city of Ostend) did only conduct trade with the East for a rather short period, the GIC certainly deserves attention because it clustered an international network of merchants that created new opportunities to participate successfully in the European-Asian trade, especially in the tea trade.[2] In 1722, Charles VI of Austria chartered the GIC for the duration of twenty years, after pleas from merchants based in Ostend for the issuing of a charter. The trading networks of merchants who were based in Ostend, including the Scottish, the Irish, the French and the Dutch, had already set up a profitable trade with the East between 1715 and 1721, but sought to enjoy military protection from the Habsburg Emperor to lower protection costs, stemming from threats from the Dutch East India Company (VOC) and its English counterpart (EIC), as well as an opportunity to break into the trade in the Indian subcontinent. For those merchants, the Eastern trade from Ostend and the subsequent GIC provided an excellent opportunity to get a quick

[1] 'Using (and abusing) offshore accounts', Graphic Detail Blog, *The Economist*, 07-04-2016. See http://www.economist.com/blogs/graphicdetail/2016/04/using-and-abusing-offshore-accounts.

[2] Chris Nierstrasz, 'The Popularisation of Tea: East India Companies, Private Trade, Smugglers and the Consumption of Tea in Western Europe, 1700-1760', in: Maxine Berg, Felicia Gottmann, Hanna Hodacs & Chris Nierstrasz (eds.), *Goods from the East: 1600-1800: Trading Eurasia* (Basingstoke 2015), 263-276, there 266-269; Karel Degryse, 'De Oostendse Chinahandel (1718-1735)', *Belgisch Tijdschrift voor Fililogie en Geschiedenis*, 52, 2 (1974), 306-347.

return on investment.[3] Charles VI resisted the pleas for a charter for several years before giving in, citing diplomatic fears of the Dutch and the English, but changed his mind when the trade became successful and profitable between 1715 and 1722.[4] In doing so, Charles VI, who had gained the Southern Netherlands territories after the War of Spanish Succession (1701-1713), re-interpreted the arrangements made in the Barrier Treaty (1715) and upset the Dutch and the English who had intended to keep the Southern Netherlands as a buffer zone against the French threat, stripped from commercial opportunities.

The GIC made large profits in the period between 1723 and 1727, but the charter was suspended by Charles VI after British and Dutch diplomats had threatened to retract support for the Pragmatic Sanction (1713), a decree issued by Charles VI to secure the Habsburg throne for his daughter Maria Theresa. The GIC was, in the eyes of the Dutch and the English, a dangerous competitor of the EIC and the VOC.[5] Indeed, the influence of the GIC on the English and Dutch trade in the East was significant. In the tea trade in Canton (China) the GIC won a market share of almost 30% in this short period, resulting in huge profits.[6] The GIC managed this by gambling on the trade in 'Bohea' tea, a low-quality type of tea that was also the cheapest in Canton.[7] Whereas tea was still seen as a luxury product in the early eighteenth century, the price drop as a result of the GIC imports made tea accessible to a larger public, both in the Southern Netherlands and in other parts of Europe. This resulted in high profits for the Company. Karel Degryse, one of the few historians who has worked extensively on the GIC, has called the GIC a 'hornet' on the trade of the VOC, even after the GIC was formally abolished in 1732.[8] The adventures of the GIC were significantly less successful

[3] Degryse, *De Antwerpse Fortuinen: Kapitaalsaccumulatie, -investering en -rendement te Antwerpen in de 18e eeuw* (Antwerp 2005), 294.
[4] Jelten Baguet, 'Politics and Commerce: a close marriage? The case of the Ostend Company (1722-1731), *Tijdschrift voor Sociale en Economische Geschiedenis*, 12, 3 (2015), 51-75.
[5] Victor Enthoven, 'Dan maar oorlog! De reactie van de Republiek op de Oostendse Compagnie, 1715-1732', in: Jan Parmentier (ed.), *Noord-Zuid in Oost-Indisch Perspectief* (Antwerp/Vlissingen 2002), 131-148: Gerald Hertz, 'England and the Ostend Company', *The English Historical Review*, 22, 86 (1907), 255-279.
[6] Parmentier, *Thee van Overzee: Maritieme en handelsrelaties tussen Vlaanderen en China tijdens de 18e eeuw* (Ghent 1996), 111; Nierstrasz, 'The Popularisation of Tea', 266-269.
[7] Nierstrasz, idem, 266-272.
[8] Degryse, 'De Oostendse compagnie als horzel voor de Nederlandse handel', *Tijdschrift voor Zeegeschiedenis*, 3, 2 (1984), 87-97.

and profitable in Bengal and on the Malabar coast,[9] but overall the Company made decent profits over the years. Other chartered initiatives of other Habsburg Emperors, were significantly less successful, as was the case of the *Imperial Privileged Oriental Company* (1719-1740).[10] A follow-up to the Ostend Company, known as the *Aziatische Kompagnie* (1775-1785) for operating mainly from that port, was equally unsuccessful.[11] These initiatives, however, were mainly directed top-down and not initiated by merchants in interplay with the Habsburg administration.

One important aspect of the success of the GIC was that it was mainly a bottom-up initiative by the merchants of Ostend: although the Habsburg administration was supportive of overseas trade from the Southern Netherlands, the merchants were always one step ahead of the administration. According to Casson and Della Giusta, important aspects of entrepreneurial behavior and success in networks are the ability to seek opportunity, acquire resources and market organization.[12] In the case of the GIC, the merchants were indeed capable of these three aspects. First, the merchants, both from the Southern Netherlands and from abroad, sought opportunity by basing themselves in Ostend and not servicing the EIC or the VOC. For them, the private tea trade in Ostend and later on in the GIC generated a quicker return on investment than was possible in the former companies: their merchant networks all over Europe enabled them to attract capital and knowledge to the Southern Netherlands within a short period of time. Second, resources should be acquired, mainly in finance. As Degryse has shown, the network of merchants within Ostend connected successfully with financiers from Antwerp, but also attracted financiers from England, Zealand and (in smaller numbers) Scotland.[13] For many foreign financiers, the Ostend trade provided an excellent

[9] Parmentier, *De Holle Compagnie: Smokkel en legale handel onder Zuidnederlandse vlag in Bengalen, ca. 1720-1744* (Hilversum 1992), 45-48.
[10] Charles W. Ingrao, *The Habsburg Monarchy 1618-1815* (Cambridge/New York 1994), 93 & 140.
[11] Helma Houtman-De Smedt, *Charles Proli, Antwerps zakenman en bankier, 1723-1796: een biografische en bedrijfshistorische studie* (Brussels 1983), 69-94.
[12] Mark Casson & Marina Della Giusta, 'Entrepreneurship and Social Capital: Analysing the Impact of Social Networks on Entrepreneurial Activity from a Rational Action Perspective', *International Small Business Journal*, 25, 3 (2007), 220-244, there 230-232.
[13] Degryse, *De Antwerpse Fortuinen*, 294-296. See also: Steve Murdoch, *Network North: Scottish Kin, Commercial and Covert Associations in Northern Europe, 1603-1746* (Leiden 2006), 145.

opportunity to shelter capital offshore.[14] Many of these foreign financiers were for instance large tax farmers in France or England, or were active participants in a transnational business that sought to store profits offshore, as well as a way to spread their risk.[15]

Building trust is essential in this step in the process: in the case of the merchants of Ostend, the Irish Jacobite Ray was fundamental in winning the trust of many investors, already having established a network of mainly catholic financiers and merchants in Antwerp and Ostend in the early eighteenth century.[16] Third, market organization is essential for successful entrepreneurs. According to Casson and Della Giusta, market organization is essential if the entrepreneurial opportunity relates to *"the innovation of a new product, or a better or cheaper variant of an existing product"*.[17] In the case of the GIC, the organization found the 'Bohea' tea as a cheaper alternative for tea types that the VOC and EIC imported, and created new markets for tea as it quickly became accessible to more people all over Europe.[18] By basing themselves in Ostend, the tea could quickly be brought to the market in Amsterdam or smuggled to London.

Recently, attention of several historians has rested on the nature of chartered companies and their relation to state formation. Philip Stern argues that the EIC was a 'Company-State', a state with its own court system and stress on authority and jurisdiction.[19] According to Stern, the legitimacy of the EIC rested in a complex set of English charters and Asian grants, leading to state-like behavior in Asia, even before the EIC became a formal territorial power after the Battle of Plassey in 1757.[20] For Stern, the EIC's claim of sovereignty over English people in Asia is instrumental: this may

[14] Ibidem, 55-59.
[15] Ibidem. For instance, the French tax farmer Crozat was an early investor in the private ventures, as well as the Dutch investor De Bruyn, who owned the De Bruyn & Cloots firm that operated a trade between Amsterdam and Lisbon.
[16] Parmentier, 'The Irish Connection: The Irish Merchant Community in Ostend and Bruges during the late Seventeenth and Eighteenth Centuries', *Eighteenth-Century Ireland*, 20 (2005), 31-54, there 34-47.
[17] Casson & Della Giusta, 'Entrepreneurship and Social Capital', 232.
[18] Nierstrasz, 'The Popularisation of Tea', 266-269.
[19] Philip Stern, *The Company-State: Corporate Sovereignty and the Early Modern Foundation of the British Empire in India* (New York 2011).
[20] Ibidem, 41-60.

also be an important reason why the EIC was so harsh on English supercargoes working for the GIC.[21] Arthur Wetsteijn has argued in line with Stern in the case of the VOC, describing the ongoing debate in the seventeenth century about the nature of the Dutch Company as both a commercial venture and an empire-building organization.[22] Gerrit Knaap has also taken the view that the VOC was definitively a Company-State from the outset.[23] Other historians, however, have questioned this view of companies as state organizations. William Pettigrew has conceptualized *"corporate constitutionalism"* as a different way of viewing the companies. According to Pettigrew, chartered companies could be governmental but not sovereign.[24] The pressure of renegotiating charters with sovereign states and the parliamentary authority made chartered companies dependent upon the state authority and jurisdiction.[25]

This debate is apt for companies chartered in the seventeenth century, but certainly not for the new companies of the eighteenth century, such as the GIC and the Swedish East India Company (SOIC). As Chris Nierstrasz and Andrew MacKillop have emphasized, the GIC was both a response and an adaption to the chartered companies from Britain, the Dutch Republic and France.[26] While the older chartered companies developed into a dualistic organization of both trading and empire-building, the business form of the GIC was deliberately organized to function as a lean trading enterprise, without responsibility or ambitions for an empire. The charter of the GIC did not give the company the right to conclude treaties with foreign powers or wage war. The Company was prohibited from owning territories overseas. Its only physical presence in Asia was limited to some

[21] Ibidem. See chapter 1 and 2 for the English reaction to English supercargoes working in the Ostend private ventures and the GIC.
[22] Arthur Wetsteijn, 'The VOC as a Company-State: Debating Seventeenth-Century Dutch Colonial Expansion', *Itinerario*, 38, 1 (2014), 13-34.
[23] Gerrit Knaap, 'De "Core Business" van de VOC: Markt, macht en mentaliteit vanuit overzees perspectief', Inaugural Lecture (Utrecht 2014).
[24] William Pettigrew, 'Corporate Constitutionalism and the Dialogue between the Global and Local in Seventeenth-Century English History', *Itinerario*, 39, 3 (2015), 487-501, see there 489.
[25] Ibidem, 493.
[26] Nierstrasz, *Rivalry for Trade in Tea and Textiles: the English and Dutch East India Companies (1700-1800)* (Basingstoke 2015), 107; Andrew Mackillop, 'Accessing Empire: Scotland, Europe, Britain, and the Asia Trade, 1695-c.1750', *Itinerario*, 29, 3 (2005), 7-30, there 15-19.

fortifications in Bengal and the Malabar coast, and some warehouses in Canton.[27] As a result, the GIC created no parallel legal system overseas. In short, the Company was a deliberate attempt not to get bogged down into empire-building and focus exclusively on the initial goal of a chartered company: conduct profitable trade.

Historians have treated chartered companies as the logical outcome and ultimate development of business organization in the early modern period. As Ann Carlos has noted, however, it was not always logic to choose a chartered company over a privately financed trade organization.[28] In the case of the Royal Africa Company (RAC), the bureaucratic organization and additional costs to conduct operations could not withstand private traders in the African slave trade, who operated on lower transaction costs and, without effective property protection, could trade freely.[29] Applying this idea of the 'balance chart' to the GIC case, it is not at all clear why there was a necessity to form a Company in 1717, the year in which the first push from the French trader Merveille sr. appears in the sources.[30] The tea trade from Canton was extremely profitable and the private financiering of the ventures meant that foreigners could invest in those voyages without being traced, as was the case in most company structures.[31] Furthermore, there was no need to set up an extensive bureaucracy to run the Company. There was also a political threat looming: the Dutch and English were not pleased with the new competition from the Southern Netherlands and did everything in their diplomatic and legal power to stop the trade from Ostend. Chartering a Company would only trigger more anger and the possibility of a Company was ruled out by Charles VI between 1717 and 1721.

How and why did the GIC come to materialize in 1722? This thesis strange connects the

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[27] Parmentier, *Oostende & Co: het verhaal van de Zuid-Nederlandse Oost-Indiëvaart, 1715-1735* (Ghent/Amsterdam 2002), 79-103.
[28] Ann Carlos & Stephen Nicholas, 'Theory and History: Seventeenth-century Joint-Stock Chartered Trading Companies', *The Journal of Economic History*, 56, 4, (1996), 916-924; Carlos & Jamie Brown Kroese, 'The Decline of the Royal Africa Company: Fringe Firms and the role of the Charter', *The Economic History Review*, 49, 2 (1996), 291-313.
[29] Carlos & Kroese, 'The Decline', 312.
[30] Parmentier, *Oostende & Co*, 79-103.
[31] Degryse & Parmentier, 'Agiotage en verkoop "op tijdt". De spekulatieve achttiende eeuw', in: Geert De Clercq (eds.), *Ter Beurze. Geschiedenis van de aandelenhandel in België 1300-1990* (Bruges & Antwerp 1992), 112-134.

question of why the merchants pushed for a Company with the larger debate over the nature of chartered companies. I hypothesize, following Nierstrasz and MacKillop, that the GIC was indeed an adaption and response to the large European companies that were formed in the seventeenth century. In addition to this, this thesis proposes a new approach to eighteenth-century trading companies, that of the 'institutional shelter' and the 'shell company'. I argue that the merchants of Ostend lobbied for a chartered company because of the institutional protection it provided, such as the ability to negotiate directly in the Indian subcontinent with rulers and receive military protection from the Habsburg Emperor (the 'institutional shelter'). The merchants lobbied for this institutional protection in order to form a 'shell company', a lean business organization that combined the advantages of the free agents within the Company with the institutional shelter and where capital could be protected in a profitable manner.

The merchants of Ostend, the financial elite in Antwerp and the Habsburg administration in Vienna shared an interest in the GIC. For the merchants, the Company provided the institutional (and thus military and diplomatic) protection that it needed to trade safely and profitably in Asia and Europe, especially in Bengal; the elite in Antwerp held the majority of the shares and played the role of intermediaries between the merchants and the political elite in Vienna; and the Emperor in Vienna tried to strengthen Habsburg authority in the new territories of the Austrian Netherlands by supporting the Company. In the years 1722-1727 support from the Habsburg state was indeed strong, as the Emperor established relationships with Indian and Chinese rulers in order to safeguard entry and protection for the GIC merchants.[32] These different groups as such held stakes in the Ostend Company, a situation that lasted until the Emperor retracted support in the wake of the negotiations on the Pragmatic Sanction. Furthermore, a complex set of institutions, including the High Council for the Netherlands in Vienna, the Estates of Flanders and Brabant and the Secretary of War and State in Brussels were concerned with the establishment of the GIC.[33] Jelten Baguet has

[32] Baguet, 'Politics and Commerce', 72.
[33] Ibidem, 56.

concluded that the Ostend Company was a 'close marriage' between various interest groups and especially between politics and commerce, although he also notes that relations were severely strained at some point between the Marquis de Prié, representative of the Governor Eugène de Savoie in the Austrian Netherlands, and the elites of Antwerp and Ostend.[34]

As noted, this thesis argues that the GIC was for a large part a bottom-up, rather than a top-down initiative from the Habsburg state. Nonetheless, the lobbying activities of the merchants who were active in the Ostend trade have not been studied by scholars of the GIC. This is curious because the Ostend Company makes up for one of the most interesting Companies in European history. Business decisions in the Company provide fascinating examples of entrepreneurial behavior in the early modern period. Although the financial support for the Company and the earlier private ventures have been described in detail by Degryse,[35] much is still unknown on the business decisions of the merchants associated with the GIC trade. Some authors detailing the history of the GIC have done so from an institutional viewpoint, viewing the GIC as a top-down creation of Charles VI.[36] In this thesis, however, I propose that the GIC was mainly a bottom-up initiative of various merchants who formed a trading network that sought institutional protection, as opposed to a more top-down initiatives as the VOC, where the States General played a decisive role in setting up the company. Whereas the VOC and the EIC gained ground in Asia *because* of its institutional structure, the GIC's *organization* gained ground because of the profitable trade in Asia. In other words, the institutional structure followed the trade of the merchant network, not the other way around.

To support my hypotheses, I look in-depth to the evolving relationship between the Habsburg administration and GIC merchants between 1715 and 1722, asking the following research question(s):

[34] Ibidem, 68-69.
[35] Degryse, *De Antwerpse Handelsfortuinen*, 293-297.
[36] Especially the older writers, for instance Michel Huisman and Norbert Laude. See Chapter 1 for a broader discussion.

"How and why did the merchants of Ostend lobby for a chartered company between 1717 and 1722, taking into account the initial situation in 1717 where, from an entrepreneurial point of view, a Company would not have been the preferred business form?"

This thesis combines several viewpoints and historical approaches. As Baguet has already observed, politics and commerce were inevitably intertwined in the case of the GIC.[37] As trade and politics were furthermore dynamic processes, focusing on the often slow development of- and within formal institutions does not do right to these dynamics. The thesis thus draws mainly from the theory of entrepreneurial behavior of Casson and Della Giusta, allowing greater flexibility in the study of the international merchant network associated with the GIC and providing well-deserved agency to the merchants who formed the core of the Company.[38] Interestingly, the directors in the Company were all from the Southern Netherlands, or had a strong link with the Southern Netherlands.[39] The process of the eventual ousting of the foreign merchants is also part of my analysis.

Although this thesis focuses mainly on business history, the geopolitical situation in the early eighteenth century in Europe is included in this study in order to conceptualize the entrepreneurial choices of the Ostend merchants. As soon as the first ventures set sail from Ostend to Canton and the Guinea coast, a diplomatic and legal battle ensued with the Dutch and the English, later also joined by the French.[40] Because the threat of military intervention was looming over the private ventures and the GIC, it is important to study the legal and diplomatic developments between 1716 and 1727, the year that the GIC was suspended at the Congress of Soissons in exchange for the acceptance of the Pragmatic Sanction. The Dutch and English opposition (legally and diplomatically) influenced the entrepreneurial choice to lobby for a Company in exchange for military protection. At

[37] Baguet,'Politics and Commerce' 51-75.
[38] Casson & Della Giusta, 'Entrepreneurship and Social Capital', 220-244.
[39] The directors were: Pierre Proli, Jacques Maelcamp, Thomas Ray, Jacques De Prêt, Paul de Kimpe, Jacques Bout and Louis de Coninck. Proli, De Prêt and de Kimpe were from Antwerp, Ray was from Ostend, Maelcamp, Bout and De Coninck were from Ghent. Although I will later introduce these men in more detail, see: Baguet, *De Oostendse Compagnie, haar Directeurs en de Oostenrijkse Bewindvoerders. Een Casuïstische Analyse van hun Onderlinge Interactie (1722-1731)* (unpublished MA Thesis, Ghent 2013).
[40] Frederick Dhondt, '*Delenda est haec Carthago*: The Ostend Company as a Problem of European Great Power Politics (1722-1727)', *Belgisch Tijdschrift voor Filologie en Geschiedenis*, 93, 2 (2015), 397-437.

the same time, it also partly clarifies the lean organization of the GIC. The legal and diplomatic entanglements are analyzed in chapter 2. Chapter 5 details the sequels that followed the suspension of the GIC, a development that was also influenced by the legal and diplomatic opposition of France, Britain and the Dutch Republic.

Political, legal and business history are thus intertwined. The case of the GIC is unveiled by examining various sources in the Netherlands, Austria and Belgium. Jan Parmentier and Degryse have thoroughly explored the archives in Belgium. Most of their work is about the daily organization and trade of the GIC.[41] Besides the official Company archives in the city archives of Antwerp, archives in Brussels and Ghent include sources on the GIC, which are included here, as well as the archive of the Proli family in the Dutch Historical Economic Archive.[42] These archives represent all the 'institutional levels' that Baguet has distinguished.[43] Most of these sources are official company records or official correspondence, mainly shedding light on the institutional organization and development of the GIC. The archival documents in Vienna, in contrast, contain more non-official sources such as merchant letters to the Habsburg administration vice versa.[44] As a result, the latter will form the most important piece of the archival work for this thesis. The Viennese collection shows how merchants used their influence on the Emperor to obtain a charter for their trade in Asia. The letters and other

[41] Stadsarchief Antwerpen (hereafter: BE-SAA), Archive of the Generale Indische Compagnie, nrs. 5602, 5922, 5555, 5582, 5584, 5600, 5619, 5659, 5670, 5766, 5816, 5817, 5818, 5819, 5895.
[42] Algemeen Rijksarchief Brussel (hereafter: BE-ARB), Departement van de Hof- en Staatskanselarij / Inventaire des archives de la Chancellerie autrichienne des Pays-Bas / T129, nrs. 38, 71, 640-642; BE-ARB, Geheime Raad onder het Oostenrijkse Bewind / Conseil privé. Inventaire des "cartons" de la période autrichienne. Nouvelle revision complétée / T 460, nr. 1153; BE-ARB, Raad van Financiën / Conseil des Finances / I 103, nrs. 8602-8604; BE-ARB, Admiraliteitsraden en -zetels / Conseils et Sièges D'Amirauté / T 094: nr. 563; Universiteitsbibliotheek Gent (hereafter: BE-UBG), Archive Fonds Hye-Hoys, nrs. 1874, 1880, 1891, 1929, 1932, 1938, 1950, 1996, 2006, 2066, 2069, 2073, 2077; Stadsarchief Ghent (hereafter: BE-SAG), Staten van Goed, inv. 332, nrs. 630/1 (J.F. Maelcamp); Nederlands Economisch Historisch Archief (hereafter: NEHA), Archive Collectie Aziatische Compagnieën in de Zuidelijke Nederlanden, inv. 544, nr 2.
[43] Baguet, 'Politics and Commerce', 51-75.
[44] Österreichisches Staatsarchiv, Haus-, Hof- und Staatsarchiv (hereafter: AT-OestA-HHSta), Kabinettsarchiv, Alte Kabinettsakten – Niederländische Korrespondenz, Fz. 36; AT-OestA-HHStA, Belgien DD C - Indices, Protokolle, Verzeichnisse, Inventare, Fz. 32-37; AT-OestA-HHStA, Grosse Korrespondenz (1517-1911), Eugène de Savoie: Fz. 84a-12 (Campo), 84b-15 (Cloots), 85a-7 (Daun), 85b-42 (Flandern), 93b-1 (Karl VI), 98a-7 (Maelcamp), 100a-29 (Merveille), 101a-13 (Neny), 102c-20 (Du Pret), 103b-c-2 (Proli); AT-OestA-HHStA, Ostindische Kompanien – Ostindische Kompanie Ostende, Fz. 1 & 2; Algemeine Verwaltungsarchiv (hereafter: AT-OestA-AVA), Familienarchiv Harrach, Fz. 491.33 (Benaerts), 496.25 (Carpentier), 574.3 (Ray).

sources from the GIC show how the merchants used their large network in early modern Europe to set up a profitable trade, and why they lobbied for a Company nonetheless. The letters also show how the networks of the GIC merchants were formed and how they developed in the period between 1715 and 1722, as well as in the period after 1727, when the GIC developed into a true 'shell company'.

Besides the sources from the archives in Vienna and Belgium, sources from the Dutch National Archives are used, as the Dutch Republic was an important part of the negotiations on the Pragmatic Sanction, and furthermore a party that was strongly interested in dismantling the GIC. Almost all of the sources in the Dutch National Archives contain official government diplomatic sources: as a result, the Dutch archives will be mainly used to illustrate the official diplomatic process as well as the 'pamphlet war' that I will address in chapter 2. Other documents include archives from Dutch diplomats with letters, private and public, regarding the negotiations from 1725 onwards over the Pragmatic Sanction and the GIC in general.[45] Although the individual collections have their benefits and disadvantages, the sources combined provide a new perspective on the GIC. The sources in the Dutch National Archives are biased against the GIC, but provide a good overview of the threat that the GIC posed to both the Dutch and the English, who acted in tandem to make sure the GIC was abolished as soon as possible, by invoking international law. The various archival sources in Belgium provide the viewpoint of the merchants in Ostend regarding their trade and the organization of the GIC. The Brussels and Vienna archives contain letters from various merchants associated with the GIC, while the Algemeen Rijksarchief Brussels contains official documents from the Habsburg administration in Brussels, adding an important element by reflecting the Habsburg viewpoint on the Company. In the Austrian National Archives, the letters from- and to the Emperor, Marquis de Prié

[45] Nationaal Archief Den Haag, The Netherlands (hereafter: NL-HaNA), Archive Hope, inv. 1.10.46, nr. 106; Archive Van Hoornbeeck, inv. 3.01.20, nrs. 359, 368, 369, 371, 372, 373, 374, 375, 376, 377, 379, 517; Archive Raadspensionaris van der Heim, inv. 3.01.22, nr. 758; Archive van Slingelandt de Vrij Temminck, inv. 3.20.52, nr. 126; Archive Surendonck, inv. 3.20.57, nrs. 312, 313, 314, 315; Archive VOC, inv. 1.04.02, 4742 & 4743; Archive Fagel suppl, inv. 1.10.94, nr. 281; Archive Verspreide West-Indische Stukken, inv. 1.05.06, nr. 23

and Eugène de Savoie will also provide the Habsburg viewpoint and the merchant's viewpoint. The contribution in this thesis especially lies in the interplay between the Belgian and Austrian sources, leading to a better understanding of the organization of the GIC and the relationship between the merchants of Ostend and the Habsburg imperial administration. The Dutch sources are nonetheless important to establish an overview of the political developments in Europe between 1700 and 1735, as well as to introduce the legal framework.

This thesis will consist of five chapters and a conclusion. The first chapter deals with the *formal* organization of the GIC, mainly based on the historiography of the GIC, in order to establish the state-of-the-art regarding the Company and its formal organization and financing. The second chapter deals with the political situation in Europe, and especially the Habsburg Empire, in the early eighteenth century, establishing the political and legal framework in which the Ostend merchants operated. The third chapter deals with the Austrian viewpoint and studies the policies of the Habsburg administration in- and towards the Southern Netherlands, mainly based on the work by Baguet and Klaas van Gelder on the relationship between the metropole in Vienna and the various institutional levels in the Austrian Netherlands, as well as on the correspondence of Eugène de Savoie, kept in Vienna.[46] The fourth chapter deals with the viewpoint of the merchants and their influence in the GIC, combing primary sources and the theoretical propositions on entrepreneurial behavior by Casson and Della Giusta. I conclude by returning to the main question, and point to the benefits of the approaches used here for future research, for instance for future research about eighteenth-century companies such as the Swedish East India Company (SOIC), which has been seen by various historians as the successor of the GIC.[47]

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[46] Klaas van Gelder, *Regime Change at a Distance: Austria and the Southern Netherlands Following the War of Spanish Succession (1716-1725)* (Leuven 2016); idem, 'The Investiture of Emperor Charles VI in Brabant and Flanders: A Test Case for the Authority of the New Austrian Government', *European Review of History*, 18, 4 (2011), 443-463; Baguet, 'Politics or Commerce?', 51-75.

[47] See, for the links between the GIC and SOIC: Christiaan Koninckx, *The First and Second Charters of the Swedish East India Company (1731-1766): A Contribution to the Maritime, Economic and Social History of North-Western Europe in its Relationships with the Far East* (Kortrijk 1980); Degryse, *De Antwerpse Fortuinen*, 65; Müller, 'The Swedish East India Trade and International Markets: Re-exports of Teas, 1731-1813', *Scandinavian Economic History Review*, 51, 3 (2003), 28-44.

Chapter 1: Historiographical overview on the Ostend Company – the current narrative

This chapter examines the historiography of the GIC, in order to understand the historiographic views on the business organization of the GIC and the private ventures. This body of literature is divided into different approaches. Nineteenth-century historians have seen the GIC as both a commercial and a colonial enterprise, with the goal of establishing an empire overseas, whereas Parmentier and Degryse have mainly researched various elements of the organization and financial aspects of the company. In these works, GIC historians debate the nature of the Company and as such, the broader debate over the nature of the chartered companies will also be addressed here.

The profitable tea trade of the GIC has received most attention in the historiographical debate. While this chapter looks to some aspects of the trade of the GIC, especially the tea trade, its main focus is on the organizational and financial aspects of the Company. In the first section, I address the main approaches to the history of the GIC; in the second section, the organization of the first private ventures; in the third section, the role of foreign merchants in the GIC organization and the private ventures; in the fourth section, the financial aspects of the organization of the GIC; in the fifth section, I discuss the relationship with other European companies in Asia, as this had implications for the organizational form of the GIC; in the sixth section, I follow up with some implications of the (tea) trade for the organization of the GIC; in the last section, I shortly pay attention to the break-up period of the GIC and the so-called 'Scandinavian epilogue', which will re-appear in Chapter 5.

The three strands of literature: colonial, commercial and revisionist

As Wim de Winter has observed in his recent work, the literature on the GIC should be divided in two main themes and periods: the first period, consisting of older Belgian writers such as Michel Huisman and Norbert Laude, sees the GIC mainly as a colonial enterprise.[48] The second group of historians does not see the GIC as a colonial enterprise and focusses, accordingly, on the trade, mainly by using

[48] Norbert Laude, *La Compagnie d'Ostende et son Activité Coloniale au Bengal (1725-1730)* (Brussels 1944); Huisman, *La Belgique Commerciale*.

'descriptive economics', according to De Winter. In this strand of literature, Jan Parmentier and Karel Degryse have published much on the finance, organization and merchants of the GIC.[49] Indeed, this strand of literature will form the backbone of the analysis of the historiographical tradition on the GIC, as most of the knowledge on the Company derives from the work of these historians. However, De Winter has recently proposed a third way to study the GIC. According to him, a cultural-anthropological approach should be applied to understand the intercultural aspects of the trade of the GIC in Asia.[50]. De Winter takes the work regarding trade by Parmentier and Degryse as the basis, but adds diplomatic and cultural observations based on travel journals by the Governor Alexander Hume. He concludes that the GIC was certainly not a colonial enterprise (and certainly not a Company-state), but a company without power that was dependent upon its contacts in Bengal and China and had to adapt to intercultural elements of the Asian trade to be successful.[51] De Winter strongly focusses, however, on the merchants of the GIC active in Bengal and Asia in general, whereas most work on the organization of the GIC is focused on the organization in Europe.

Many of the early authors that De Winter discusses have seen the GIC as some kind of a Company-state. Laude, for instance, in his work on the GIC in Bengal, argues that the directors believed in a modern vision, thereby needing colonies to educate people over the world.[52] Later authors have rightly focused on the trade and organization of the GIC and not on its state-like incumbencies. Baguet proposes a more institutional analysis on the relationship between the Company and the imperial administration in Vienna, also departing from the more descriptive economic work by Parmentier and Degryse.[53] While also looking at the trade of the GIC, Baguet

[49] Parmentier/Degryse, 'Agiotage en verkoop', 117-122; idem, 'Kooplieden en Kapiteins: een Prosopografische Studie van de Kooplieden, Supercargo's en Scheepsofficieren van de Oostendse Handel op Oost-Indië en Guinea (1716-1732)', *Collectanea Maritima*, 6 (1995), 119-241.
[50] Wim de Winter, 'Hofrituelen en Koloniale Recuperatie van de Oostendse Compagnie in 18e-eeuws Bengalen en China', *Handelingen van de Koninklijke Zuidnederlandse Maatschappij voor Taal- En Letterkunde En Geschiedenis*, 68 (2015), 119-138, there 119-126.
[51] De Winter, 'Hofrituelen en Koloniale Recuperatie', 126-134; see also, Meike Von Brescius, *Private Enterprise and the China Trade: British Interlopers and their Informal Networks in Europe, c. 1720-1750* (Warwick 2016, unpublished PhD thesis).
[52] Laude, *La Compagnie d'Ostende*.
[53] Baguet, 'Politics and Commerce', 51-75.

mainly discusses the political aspects of the relationship between the Habsburg Empire and the GIC, as does Klaas van Gelder in his work on state formation of the Habsburg Empire in relation to the Southern Netherlands.[54]

Some early historians of the GIC have, besides the colonial viewpoint, described the Company as successful proponent of Belgian resistance to Dutch and English primacy in world trade. Among them are Jacques Crocquaert, Adolphe Levae, and more recently, Eduard Baels.[55] Crocquaert writes in a nationalist framework and details the 'epic struggle' of the GIC against the Dutch and English domination, and pays almost no attention to the fact that the GIC was an effort with multinational backing under the wings of the Habsburg Empire.[56] Although these works, especially by Crocquaert, show strong nationalist tendencies, other studies of the late nineteenth and early twentieth century provide a good overview of the GIC history. Michel Huisman, for instance, published an extensive history of the GIC, covering the early eighteenth century until the death of Charles VI in 1740.[57] Huisman extensively discusses the run-up to the foundation of the GIC, but argues that the main motivation for Charles VI to charter the Company was to establish a colonial enterprise in the East.[58] Although Huisman concedes that the charter of the GIC did not enable it to wage war and conduct treaties on its own, he argues that the institutional arrangements of the GIC were established in order to conquer territory. As I will argue in Chapter 4, the causality ran the other way around, besides the fact that the GIC was not willing to conquer territory: it was not the Habsburg administration that was specifically interested in setting up a colonial venture in the Indian subcontinent, but a small group of the merchants based in Ostend. Only with the institutional protection of the Emperor, it was possible for those merchants to gain access to the market in

[54] Van Gelder, *Regime Change at a Distance*.
[55] Jacques Crocquaert, *De Oostendse Compagnie* (Brussels 1975); Adolphe Levae, *Recheches Historiques sur le Commerce des Belges au Indes Pendant le XVIIe et le XVIIIe Siècle* (Brussels 1842), 78-95; Eduard Baels, *'De Generale Keizerlijke en Koninklijke Indische Compagnie, gevestigd in de Oostenrijkse Nederlanden', genaamd: de Oostendse Compagnie* (Oostende 1972).
[56] Crocquaert, *De Oostendse Compagnie*, 19-38.
[57] Michel Huisman, *La Belgique Commerciale.*
[58] Ibidem, 528.

Bengal, as the *nawab* would only give trading privileges to formal entities with the backing of a ruler.[59] In 1722, Charles VI and the governor of the Southern Netherlands, Eugène de Savoie, wrote to the *nawab* of Bengal for trading privileges for the merchants from the Southern Netherlands.[60]

Other Belgian historians have seen the GIC as some kind of a predecessor of later Belgian colonial ventures, for instance in Congo.[61] Huisman also takes this view, as he places strong emphasis on the colonial aspects of the GIC in Asia.[62] Laude, writing in 1944, concentrates on the activities of the GIC in Bengal, but emphasizes the colonial ambitions of Alexander Hume there. Laude also attributes the efforts of the GIC as predecessor to later colonial efforts of the Belgian government.[63] Laude, as opposed to Huisman, does not place Charles VI in the center of activity of the GIC, but Hume and his diplomatic efforts in Bengal.[64] Laude's narrative thus comes closer to the complex reality in which the group of merchants under the lead of Hume operated in Bengal, but this group was only just a fraction of the merchants working in the GIC: moreover, without the (financial) backing of the Habsburg imperial administration in Vienna setting up a profitable trade in the Indian subcontinent would have been nearly impossible. Furthermore, all of the relevant business decisions were made in Europe.

Carel Blankenheijm, in his 1861 dissertation on the GIC, still argues that the GIC was both a colonial and commercial enterprise, but also pays attention to the diplomatic context of the Company and the negotiations on the Pragmatic Sanction and especially to the relationship between the institutions in Vienna and the directorate of the GIC. According to Blankenheijm, the weak links between the investors in Antwerp and the imperial administration in Vienna were one of the main causes that led Charles VI to abandon the GIC in the negotiations over the Pragmatic Sanction, not

[59] Parmentier, *De Holle Compagnie*, 11-17.
[60] AT-OestA-HHStA, Belgien 35.
[61] See, for an overview: Parmentier & De Winter, 'Factorijen en Forten: Zuid-Nederlanders in Achttiende-eeuws India, in: Idesbald Goddeeris (ed.), *Het Wiel van Ashoka: Belgisch-Indiase Contacten in Historisch Perspectief* (Leuven 2013), 35-50, there 48.
[62] Huisman, *La Belgique Commerciale*, 95-154.
[63] Norbert Laude, *La Compagnie D'Ostende*, 157-217.
[64] Ibidem, 97-217.

unlike the argument made by Baguet over the weak ties between the various institutional levels.[65] Blankenheijm still works in the colonial paradigm, as is shown by the fact that he extensively describes the colonization efforts of the GIC employees after the suspension of the Company in 1727 in various places in Asia. Levae, on the other hand, mainly focusses on the diplomatic aspects of the GIC in the wake of the Pragmatic Sanction, employing traditional methods on early modern diplomacy, as does Huisman.[66] Baels, while writing from a colonial and classic diplomatic perspective, notes the fact that much of the traditional nobility did not invest in the GIC and that much of the policy-making was not based in Antwerp or Ostend but in Vienna under Savoie.[67]

The charter clearly shows that the GIC did not have the same powers as the VOC and the EIC had, such as the ability to wage war or conclude treaties. These were prerogatives in the hands of the Vienna administration, in order to keep a grip on the GIC and its policies. When noting that Alexander Hume blocked a port in Bengal to get the Bengal *nawab* to the negotiation table, this should be interpreted as a private initiative, more than a designated action directed from Vienna. Furthermore, the GIC never possessed territories and only held some factories, for instance in the Danish factory Oddeway or in French fortifications.[68] This was not only the case in Bengal, the same happened for the efforts of the GIC to establish a presence on the Malabar and Coromandel coasts. In Canton, all Western merchants were submitted to a strict regime, where every nation received its own quarter.[69] As a result, negotiation tactics such as the one Hume used in Bengal were useless, especially given the mounting importance of the tea trade from the 1720s onwards. De Winter has thus argued that these efforts could not be called colonial.[70] Although notable elements of the colonial studies by Blankenheijm, Huisman and Laude formed the basis for later work on the GIC, the

[65] Carel Blankenheijm, *Geschiedenis van de Compagnie van Oostende* (Leiden 1861), 81-87; Baguet, 'Politics and Commerce', 70-73.
[66] Levae, *Recherches Historiques*, 19-54; Huisman, *La Belgique Commerciale*, 1-94, 313-354, 379-454.
[67] Baels, *De Generale Keizerlijke*, 61-64.
[68] Parmentier & De Winter, 'Factorijen en Forten', 40-42.
[69] This is described in: Lisa Hellman, 'Life in the Foreign Quarters of Canton: The Case of the Swedish East India Company in the Long Eighteenth Century', *International Journal of Maritime History*, 27, 4 (2015), 798-802.
[70] Parmentier & De Winter, 'Factorijen en Forten', 48.

colonial view of the GIC has now largely been debunked by more recent works. The second wave of literature on the GIC was initiated by Parmentier and later followed up by Degryse, focusing on the organization of the trade, the merchants and the networks behind the private ventures and the finance behind the GIC. We will now turn to that strand of literature, in order to get a clearer view of the historiography on the organization of the GIC and the trade from- and to Asia.

The first years (1714-1720): private ventures to the East and the Guinea slave trade

Starting in the early 1710s, trade from the port of Ostend started to pick up. Piracy was one of the main activities of Ostend sailors, to the frustration of the Dutch and English. From 1714 onwards, various merchants who had formerly worked for the EIC or the VOC as supercargoes and came from diverse places in Ireland, Scotland, France and the Netherlands, took the opportunity to trade from the port of Ostend. After all, the fact that the Southern Netherlands became part of the Austrian Habsburg Empire after the Spanish War of Succession (1701-1713) had important implications for the trade of port cities: now that the Southern Netherlands were not under Spanish jurisdiction anymore, the trade with Cádiz was now cut off. Many merchants sensed opportunities to conduct a profitable trade from the port city of Ostend to the East, but also to the Guinea coast. No coherent strategy between the various merchants and financiers was known in these first years. In the period between 1715-1720, several voyages from Ostend took off to several places such as Mocca in the Arabian Peninsula, the Guinea coast and several places on the Malabar coast.[71] The port of Ostend was, for them, a good place to work from: a place known for its pirates and slave smugglers,[72] it presented an opportunity to set up trade out of reach for the Dutch and the English, and furthermore

[71] Parmentier, 'The Private East India Ventures from Ostend: The Maritime and Commercial Aspects, 1715-1722', *International Journal of Maritime History*, 5, 2 (1993), 75-102; Idem, 'De handelaars en supercargo's van de Oostendse Moka- en Indiahandel (1714-1735)', *Handelingen van het Genootschap voor Geschiedenis*, 22, 3-4 (1985), 181-208; idem, 'The Ostend Guinea Trade, 1718-1720', *International Journal of Maritime History*, 2, 1 (1990), 175-206; idem, 'De Oostendse Guineavaarders, 1718-1720', *Handelingen van het Genootschap voor Geschiedenis 'Société d'Emulation' te Brugge*, 127 (1990), 165-197; idem, 'De Specerijhandel van de Oostendse Oost-Indiëvaarders (1714-1735), in: Albert Deman (ed.), *'Specerijkelijk'. De Specerijenroutes* (Brussel 1992), 124-138.

[72] '*lorrendrayers*': see Ruud Paesie, *Lorrendrayen op Africa: De Illegale Goederen- en Slavenhandel op West-Afrika tijdens het Achttiende-eeuwse Handelsmonopolie van de West-Indische Compagnie, 1700-1734* (Amsterdam 2008), 313-317.

profit from the many seamen who lived in Ostend available for employment.

From 1715 onwards, thirty-four voyages were partly financed by investors from Ireland, Scotland and France, but also in large numbers from the Dutch town of Middelburg, a place close to Ostend, and a few English financiers. Although investors from Zealand and England were nominally prohibited to invest in foreign ventures and companies, many would do so in other ways, for instance by partnering with a merchant from the Southern Netherlands. The financiers from Zealand also set up an independent company several years later (1720), the Middelburgsche Commercie Compagnie (MCC),[73] specialized in the slave trade. In England, the government explicitly prohibited working for foreign companies after it appeared that many English supercargoes worked for the short-lived Company of St. Malo that tried to break into the slave trade on the Guinea coast, as well as for merchants in Ostend.[74] Investing in these ventures was prohibited, although it was of course possible to circumvent through ingenious financial structures.[75] Although many of the initial English financiers eventually dropped out, the first voyage was set up in 1715.[76] As mentioned, the trade to the East, in the first instance mainly to the Arabian Peninsula, was not the only trade where the merchants from Ostend tried to break in. Between 1718 and 1720, three voyages to the Guinea coast were financed by several wealthy financiers. The most important goal of these voyages was to explore the coast of Western Africa and to find ways to break into the slave trade that the Dutch West India Company (WIC) and the Royal Africa Company (RAC) thought they had monopolized. Private English merchants were considered to be interlopers by the British Crown and the RAC, especially since the English companies (especially the EIC) claimed sovereignty over Englishmen overseas.[77] Until 1712, the English government turned a blind eye to private slave traders, and many of these merchants had

[73] Idem, *Geschiedenis van de MCC: Opkomst, Bloei en Ondergang* (Zutphen 2014); Parmentier, 'De Oostendse Guineavaarders', 169.
[74] Stern, *The Company-State*, 195-196.
[75] Von Brescius, *Private Enterprise and the China Trade*, 82-85.
[76] Parmentier, 'The Private East India Ventures', 75-76; Degryse, 'De Oostendse Compagnie als Horzel', 91-92.
[77] Stern, *The Company-State*, 195-196.

lost their income after the monopoly was finally given to the RAC.[78] As a result, many English merchants and financiers were still interested in finding ways to circumvent the Company's new monopoly. Financiers from Zealand were also interested: the slave trade was still under the monopoly of the WIC, and several private ventures from Middelburg had taken place in the preceding years. The States General, however, had prohibited these ventures in the early eighteenth century.[79]

Not only the Southern Dutch merchants had interests in the slave trade from Guinea, for the England and Zealanders, the opportunities offered by Ostend could not be missed. Interestingly, some of the financiers were also shareholders of the WIC and the VOC: for these investors spreading risk by investing in several European companies was part of their business strategy.[80] Furthermore some of the supercargoes on the ships from Ostend to the Guinea coast came from Zealand.[81] Although this might seem a contradiction at first sight, it was not uncommon for sailors to hop between companies in order to ensure employment.[82] With lower profits for the VOC in the early eighteenth century investors looked to other opportunities to invest. The MCC is a point in case.

The first Ostend ship, the *Marquis de Prié* I, was taken by the WIC, in reaction to the Ostend hijacking of the WIC ship the *Commany*.[83] A diplomatic row ensued, and protests from the Dutch and the English were so fierce that the voyages to the coast of Guinea stopped soon afterwards (see chapter 2). Especially textiles, iron and weapons were taken on the first voyages to the Guinea coast to barter for slaves, gold and ivory. Competition of the Dutch and the English was so fierce that none of the three voyages made profit in the end, as one ship was taken by the English and the other two could not buy enough slaves from the Dutch or the English. Furthermore, the textiles, and especially

[78] William Pettigrew, *Freedom's Debt: The Royal Africa Company and the Politics of the Atlantic Slave Trade*, 1672-1752 (Williamsburg 2013), 179-209.
[79] Paesie, *Geschiedenis van de MCC*, 20-26.
[80] Parmentier & Degryse, 'Agiotage en verkoop', 120-121.
[81] Paesie, *Lorrendrayen op Africa*, 313-317; Parmentier, 'The Private East India Ventures', 79-84.
[82] Koninckx, 'Zuidnederlanders in Vreemde Dienst Buitengaats: een Schakel in de Overdracht van Nautische Kennis in de 18e Eeuw', in: Koninckx (ed.), *Nautische en Hydrografische Kennis in België en Zaïre* (Brussels 1987), 39-71, there 40-43.
[83] Parmentier, 'De Oostendse Guineavaarders', 180-184.

the iron, could not compete with the goods offered by other traders and companies operating on the coast. According to Parmentier, the negative experiences of the Guinea trade, especially the humble profits, led to the end of hopes for a Ostend Guinea Company in 1721, when Charles VI declined to issue a charter.[84]

Financial aspects and investments

Degryse, Ronald Baetens, Parmentier and Baguet have contributed to a deep understanding of the financing of the GIC and the private ventures from 1715 to 1723. Baetens has compared the investments of the GIC and its shareholders in Bengal and Canton.[85] According to Baetens, the amount of capital invested was comparable, whereas the profits of the Canton trade were many times higher than the Bengal trade, although the Bengal trade was not unprofitable. The trade on the Malabar Coast was notoriously unprofitable. In Bengal, prices were higher and the competition was stronger: not only the EIC and the VOC traded there, but also Swedish, French and Danish companies and many private traders from different origins. In China, only the EIC was a serious competitor, as the VOC had conceded the Canton trade to the EIC earlier in the seventeenth century. As a response to the strong profits of the GIC in Canton, the VOC started doing business in Canton again in 1729.[86] In 1720, when the first voyage to Canton was made by merchants later associated with the GIC, the merchants tried to pay the Chinese tea merchants with fake silver. This swindle almost led the merchants to be expelled from Canton, and the reputation of GIC merchants declined in the period between 1720 and 1724. Only when the GIC was formally founded and the Emperor used his influence to contact Chinese rulers, GIC merchants were welcomed again and started to rebuild their reputation. In the years thereafter, they quickly sized almost one third of the tea market in Canton.

Degryse and Parmentier have also weighed into the financial aspects of the GIC, and especially on the shareholders and the trade in the shares of the Company.[87] According to them,

[84] Ibidem, 195.
[85] Baetens, 'Investering en rendement', 17-42.
[86] Degryse, 'De Oostendse Compagnie als horzel', 96.
[87] Parmentier & Degryse, 'Agiotage en verkoop', 117-121.

some 10% of the shares were initially bought by Dutchmen. Overall, some 20% of the initial shares were bought by foreigners, sometimes through middlemen. John Law, the banker who had set up the pyramid system in which many investors lost money in the South Sea Company bubble in 1720, also tried to lure investors for the GIC, by finding investors for the Company through a French bank. The South Sea Company bubble, however, made French and English financiers hesitant to invest in the GIC.[88] As a result, many of the foreigners who invested were from the Dutch Republic, mainly from Zealand. Baels notes that the local nobility did not invest in the first shares of the GIC.[89] Only wealthy merchants from Antwerp, who made up the commercial elite in that city invested in the GIC: in total, investors from Antwerp made up two-thirds of the total investment (see Table I).[90] Political elites, for instance in Ghent or Bruges, with less ties to commerce, did not buy shares, as I will detail in Chapter 3. Another observation that Baels makes is the fact that the shares in the GIC quickly rose in value.[91] As a result, many of the investors feared for another bubble, as had been the case in the South Sea Company. However, the high profits of the China trade brought to an end the speculations regarding a possible bubble.[92] Degryse also shows that various French and English investors bought shares in the GIC, although they mostly did this via third parties, through smuggling or other networks, just as the Dutch merchant Paulo Jacomo Cloots did for the Dutch investors who wished to stay anonymous. Besides Cloots, several other financiers were intensively involved in the early trade of the private ventures and the GIC: Antoine Crozat from France,[93] and Daniël De Bruyn (from the firm De Bruyn & Cloots[94]) and Pieter Geelhand from the Dutch Republic (Amsterdam). Again, this suggests that the

[88] Ibidem.
[89] Baels, *De Generale Keizerlijke*, 61-64.
[90] Ibidem, 63-64.
[91] Ibidem, 64.
[92] Parmentier & Degryse, 'Agiotage en verkoop, 117-121.
[93] Crozat was one of the largest tax farmers in France under Louis XIV, although he was a Hugenot. Possibly he wanted to shelter his fortune from possible taxation of his wealth under a new regime. Crozat was also one of the founders of the Company of St. Malo, and a friend of the Duke of Orléans who ruled France as a regent during this period (1716-1723). See: Degryse, *De Antwerpse Fortuinen*, 55, also note 10.
[94] Paulo Jacomo Cloots was the brother of Jean-Baptiste Cloots, who set up the firm in Amsterdam. Their nephew, Paulo Cloots, set up the firm's operations in Lisbon with Willem de Bruyn, the son of Daniël de Bruyn. Possibly money was sent from Amsterdam to Lisbon and then to Antwerp: this investment by Daniël De Bruyn seems to be a direct investment in the GIC without the detour.

network of merchants around the GIC was rather diverse in the early eighteenth century. Moreover, Degryse names many Irish, Scottish, French and English merchants and financiers who were involved in the GIC trade.[95] As seen in Table I, however, they were able only to buy shares via third parties: Cloots, De Bruyn, Crozat and Geelhand cannot be found in this sample.

Table I: Large investors in the GIC, 11th of August 1723

Investor	*Number of shares*
Marquis de Prié	150
Count of Arenberg	120
Corneel Walckiers (tax farmer)	121
Eugène de Savoie	60
Count Leopold von Windischgrätz	100
Prince of Ligne	30
Count of Lalaing	30
Count Calemberg	80
Thomas Ray	70
Jacobus Maelcamp	50
Jacomo de Prêt	50
Proli, Baron of Schilde	50
Baron von Pentenriedter	50
Count of Stahremberg	30
General Wrangel	12
Count of Maldeghem	12
Count of Kieseghem	12
Prince of Rubempré	12
Lodewijk Frans de Coninck	90
Jaak Baut	80
Banker Peytier	54
Baron Ferdinand de Vecquemans of Antwerp	100
Paul de Kimpe	100
City of Antwerp	30
City of Ostend	12

Source: Baels, *De Generale Keizerlijke*, 63-64.

Nonetheless, many of the initiatives to set up the private ventures to the East came from merchants

[95] Degryse, *De Antwerpse Fortuinen*, 69.

from either Ghent or Antwerp.[96] Of the seven directors in the GIC, only Thomas Ray was not originally from the Southern Netherlands, although he became a citizen of Ostend quite early in the eighteenth century.[97] As I show in Chapter 4, several groups formed in the Southern Netherlands around several merchants from Ghent and Antwerp, who worked mostly with Ray to set up the private ventures. This included Jacobus Maelcamp, Jacomo De Prêt and Paul De Kimpe, three investors from Ghent and Antwerp who later became directors of the GIC. De Prêt was one of the merchants who had connections in- and ties to Vienna, and, as such, he was asked by the Habsburg government to buy government bonds and to rally other financiers to this cause in the late 1730s. However, De Prêt and other investors from Antwerp declined to buy bonds, as the risk of default was too high.[98] They in turn invested in several other trading initiatives, to which I return in chapter 5. Baguet, with regard to the financial structure of the GIC, also notes that the political elites of Vienna did not hold many shares in the GIC. Despite this apparent disinterest in the GIC by the Viennese elite, the directors of the GIC were strongly dependent on the imperial administration for the most important decisions and support.[99]

Foreign merchants in the GIC and issue of smuggling

Some of the merchants based in Ostend were from Scotland, Ireland, France or the Dutch Republic. Of the seven directors, however, only Ray was not from the Southern Netherlands. Many of these merchants, especially the Irish and the Scottish, established themselves in Ostend in the early eighteenth century.[100] Some Irish merchants had already traded in the early eighteenth century from other piracy nests such as St. Malo or Dunkirk.[101] Furthermore, strong links existed with the port city

[96] Ibidem.
[97] Parmentier, *Het gezicht van de Oostendse Handelaar: Studie van de Oostendse kooplieden, reders en ondernemers actief in de internationale maritieme handel en visserij tijdens de 18e eeuw* (Ostend 2004), 305-307.
[98] Degryse, *De Antwerpse Fortuinen*, 69.
[99] Baguet, 'Politics and Commerce', 66-70.
[100] Parmentier, *Het gezicht van de Oostendse handelaar*.
[101] Pfister, 'Dunkerque et l'Irlande 1690-1790', in: Dave Dickson, Jan Parmentier & Jane Ohlmeyer, (eds.), *Irish and Scottish Mercantile Networks in Europe and Overseas in the Seventeenth and Eighteenth Centuries* (Ghent 2007), 93-114; Mary-Ann Lyons., 'The Emergence of an Irish Community in Saint-Malo, 1550-1710', in: Thomas O'Connor, (ed.), *The Irish in Europe, 1500-1810* (Dublin 2001), 107-126.

of Cádiz in the early seventeenth century, at least in the case of the Irish merchants, but this link broke down after the transfer of power from Spanish to Austrian rule. Irish merchants in Ostend also brought information and knowledge from Cádiz, as well as a significant network of merchants.[102] One of the most important financiers and players in the early network of the GIC and its earlier private ventures was Thomas Ray, who later also became one of the mayors of Ostend. Paul Monod has stated that seven Irish merchant houses were set up in Ostend in the early eighteenth century: for him, the link to Jacobitism is instrumental as a factor in the Irish involvement in the Ostend trade, as I further detail in chapter 2.[103]

Parmentier has also pointed to the Irish Hennessey family that participated in some private ventures and it was especially successful in the smuggling trade to London and Ireland from 1715 onwards.[104] Combined with the Jacobite flight from Britain and Ireland, the presence of families such as the Hennessey's and the Ray's was an important pull factor for other Irish merchants.[105] Although Ostend became a smuggling port after the Peace of Utrecht (1713), its geography made other ports such as Nancy, Lorient, St. Malo and Dunkirk more attractive for smuggling activities.[106] Not only the Irish, but also the Scottish also took part in the international community of Ostend, mostly as supercargoes.[107] Most of them had worked for the EIC and thus brought knowledge of the Asia trade to Ostend. One important supercargo was Colin Campbell, who later went on to become one of the founding fathers of the SOIC.[108] Another Scot was Alexander Hume, who, after having served in the EIC, defected to Ostend because he had not been promoted to director in the EIC. Hume played a

[102] Fannin, 'The Irish Community in Eighteenth-Century Cádiz', in: O'Connor, & Lyons (eds.), *Irish Migrants in Europe after Kinsale, 1602-1820* (Dublin 2003), 135-148; Maria Del Carmen Lario 'The Irish Traders of Eighteenth-Century Cádiz', in: Dickson *et al*, Irish *and Scottish Mercantile Networks*, 211-230.
[103] Paul Monod, 'Dangerous Merchandise: Smuggling, Jacobitism, and Commercial Culture in Southeast England, 1690-1760', *Journal of British Studies*, 30, 2 (1991), 150-182, there 172-180.
[104] Parmentier, 'The Sweets of Commerce: The Hennessys of Ostend and their Network in the Eighteenth Century', in: Dickson *et al*, *Irish and Scottish Mercantile Networks*, 67-92.
[105] Idem, 'The Irish Connection', 38-47; Idem, 'The Ray Dynasty: Irish mercantile empire builders in 1690-1790', in: O'Connor, & Lyons (eds.), *Irish Communities in Early Modern Europe* (Dublin 2006), 367-382.
[106] Cullen, 'The Smuggling Trade in Ireland in the Eighteenth Century', in: *Proceedings of the Royal Irish Academy*, 67, 5 (1969), 149-175, there 149-160.
[107] Murdoch, *Network North*, 145.
[108] Patrick van der Geest, *A Scottish Merchant in Gothenburg: Colin Campbell and his diverse network between 1731 and 1757* (Leiden 2016, unpublished BA thesis), 25-27.

pivotal role in the setting up the trade of the GIC in Bengal, and was also appointed governor there in 1726.[109] In the face of fierce English, Dutch, French and even Danish opposition in Bengal, Hume managed to maintain good contacts with the *nawab* and retain a relatively profitable trade. In the end, Hume was given a directorship in the EIC, but only after the suspension of the GIC in 1727. Even after the GIC was suspended from trading, Hume managed to send various ships under Polish or Spanish flags from Bengal to Cádiz or Ostend, until the trade of the GIC was finally forbidden in 1735.[110]

The involvement of financiers and supercargoes from Zealand is also detailed by Parmentier and Degryse, pointing to the importance of Middelburg networks.[111] Furthermore, many of the supercargoes on the ships were from Zealand. Most of them already had worked in the WIC or the VOC, and provided well-needed knowledge on cartography and ships.[112] Table II details the workforce composition of the GIC, not including the workforce from the Southern Netherlands.

Table II: Proportional presence of foreign sailors on private and GIC ships from Ostend in %

	England	France	Ireland	Holland	Germany	Southern Europe	Scandinavia
Private ships to China	33,3	30,3	3	21	1,2	2,5	3
Private ships to the East (excluding China)	11	20	21,7	18,8	7,5	5,7	4,3
GIC China ships	4,4	63,3	3,8	9,8	3,5	8,3	6,8
GIC Bengals ships	4,5	52	7,5	8,1	4,9	14,3	7,5

Source: Parmentier, *Thee van Overzee*, 63.

[109] Parmentier, *De Holle Compagnie*, 29-36.
[110] Ibidem, 37-48; Indira Narang, 'The Ostend's Company's Records and the "Instructions" of Alexander Hume', *Indian Economic and Social History Review* (1967), 15-38, there 18-23.
[111] Parmentier, 'De Rederij Radermacher & Steenhart (1730-1741): Zeeuwse Guineavaart en Slavenhandel met Zuid-Nederlandse Participatie', *Tijdschrift voor Zeegeschiedenis*, 11, 2 (1992), 137-151; Degryse, *De Antwerpse Handelsfortuinen*, 296: Paesie, *Geschiedenis van de MCC*, 22.
[112] Parmentier, 'De Handelaren en de Supercargo's', 197-202.

Parmentier also stresses the links with the Portuguese empire in the first half of the eighteenth century.[113] The Portuguese, their Asian Empire in decline in the eighteenth century, still managed to play an important role in international trade, by providing Bengal textiles as a payment for slaves on the west coast of Africa.[114] Possibly, GIC merchants used their Portuguese contacts to be able to break both into the Bengal trade and back into the slave trade on the Guinea coast. Some French merchants were also based in Ostend, although many of them worked in the French Compagnie des Indes Orientales (CIO). One exception was the Merveille family: both father and son were active investors and supercargoes in the private ventures up to 1722, to whom I return in chapter 4. In Parmentier's study, no French merchants appear associated with the GIC, except for some mentions of contacts between Ray, Merveille sr. and Crozat.[115]

Lastly, several Dutch merchants were active in the private ventures. As noted, the most important of them was Paulo Jacomo Cloots, a Catholic from Utrecht. After having fled the Dutch Republic after the 1713 Peace of Utrecht, he became an important investor in the company. Based in Antwerp, as most of the largest shareholders and financiers from the GIC were, he also provided links to the open market in the Dutch Republic. Indeed, the Ostend market provided cheaper commodities than the Dutch and English market, especially in the case of the 'Bohea' tea.[116] On the Dutch market, private traders were allowed: many middlemen bought goods, mainly tea, in Ostend, and brought it over the border with the Dutch Republic, selling it on the Amsterdam market for a lower price or directly to wealthy Dutch clients. Cloots was one of the main initiators of this kind of trade, and also maintained contacts with both the middlemen and the Dutch clients. This trade, which was unpleasant for the VOC but not strictly illegal because of the free Dutch market, was one of the main

[113] Parmentier, 'From Macau to Rio. The Flemish-Portuguese relations in the East Indies and Brazil, 1715-1745', *Handelingen van het Genootschap voor Geschiedenis 'Société d'Emulation' te Brugge*, 132, 3 (1995), 373-400.
[114] Luis Felipe De Alencastro, 'The economic network of Portugal's Atlantic world', in: Francisco Bethencourt & Diogo Ramada Curto (eds.), *Portuguese Oceanic Expansion, 1400-1800* (Cambridge 2007), 109-137; Pedro Machado, *Oceans of Trade: South Asian Merchants, Africa and the Indian Ocean, c. 1750-1850* (Cambridge 2014).
[115] Parmentier, *Het Gezicht van de Oostendse Handelaar*, 305-307.
[116] Parmentier, *Thee van Overzee*, 128-129; Nierstrasz, 'The Popularisation of Tea', 66-70.

pillars of the Ostend trade. Furthermore, as Degryse asserts, some of the shareholders of the GIC were investing the money for another person, especially in the case of Dutch investors. Although it was not prohibited to invest in the GIC, many Dutch investors preferred to stay low-key through the network of middlemen set up by Cloots, through which they were still able to invest in the GIC.[117]

Not only under the wings of the GIC, but also as private merchants, Ostend merchants challenged the VOC and the EIC. According to Boucher, the captains on the ships of the GIC and the earlier private ventures from Ostend were allowed to conduct private trade. Drawing on databases of EIC and VOC ships from current-day South Africa, Boucher notes the presence of many of the captains of the private ventures from Ostend in these sources.[118] Boucher also notes the competition that these interlopers posed to the VOC and the EIC, as they lacked shipping and military hegemony in the Indian Ocean. Thus, the years between 1715 and 1723 saw a large influx in Asia of private Flemish merchants, who were able to challenge the trade of the VOC and the EIC. Especially the alliance with the Portuguese in present-day India and some partnerships with the French helped them to hop through Asia.[119]

Competition and cooperation with other European powers in Asia

Not only the relations with the Portuguese in Asia were important, but also with other Europeans. Competition with the VOC, EIC and CIO in Asia (and Africa also) was fierce, but some individual servants of those companies were also rather helpful for the early ventures, especially in the Indian subcontinent.[120] In the case of the Guinea slave trade, one of the first ventures came to a halt because of EIC ships. One of the difficult points for the VOC and the EIC was that the GIC had 'formidable' patronage, as John Keay has described it.[121] The institutional protection of the Emperor, also in Asia, led the two companies and their respective governments to put diplomatic pressure on

[117] Parmentier & Degryse, 'Agiotage en Verkoop', 117-121.
[118] Mark Boucher, 'Flemish interlopers beyond the Cape of Good Hope, 1715-1723', *Historia*, 21 (1976), 21-31, there 124-127.
[119] Parmentier, 'From Macau to Rio', 374-389; idem, *De Holle Compagnie*, 23.
[120] Parmentier, *De Holle Compagnie*, 23; Nierstrasz, *In the Shadow of the Company: The Dutch East India Company and its Servants in Period of its Decline (1740-1796)* (Leiden/Boston 2008), 31-34.
[121] John Keay, *The Honourable Company: A History of the English East India Company* (London 1991), 237-239.

the GIC, but refrain from full-scale interventions in the Southern Netherlands (see chapter 2). In Canton, all European companies were treated equally, making it difficult for the VOC and the EIC to intervene militarily. In other parts of Asia, for instance in Bengal, trade was monopolized by the large European companies.

Indeed, in the places where competition was open and monopolies of the VOC and the EIC did not exist, both the GIC and the Flemish private merchants were most successful in challenging the interests of the larger companies.[122] Writing about the Dutch trade in Asia, Els Jacobs also notes the challenge of interests by the GIC, especially in Canton.[123] As noted, the term 'hornet' has been coined by Degryse to describe the challenge that the GIC posed in Canton to the tea trade of the VOC and the EIC.[124] Jacobs agrees with Degryse and also notes that the VOC only started trading in Chinese tea again after the great profitability of the tea trade attained by the GIC.[125] Mackillop also argues in a likewise way that the GIC and the later SOIC were both a resistance and an adjustment to the VOC and EIC supremacy, as does Nierstrasz.[126] The adjustment especially is in line with the fact that the merchants of Ostend sought institutional protection from the Emperor: the private ventures were successful, but the institutional protection of the Emperor was necessary for the continuation and more successful challenge of the VOC and the EIC, especially in Bengal.

Despite the diplomatic pressure of the VOC and the EIC, many of the individual employees in these companies were actually rather helpful towards the GIC. According to De Winter and Parmentier, in present day India the only way to get pepper for the GIC was to profit from the private trade of Dutch, English and French merchants.[127] Although the VOC purged the Flemish merchants from the eastern coast of India, they could not hinder the GIC in setting up their trade in Bengal

[122] Boucher, 'Flemish Merchants beyond the Cape of Good Hope', 124-127.
[123] Els Jacobs, *Merchant in Asia: The Trade of the Dutch East India Company during the Eighteenth Century* (Leiden 2006), 181-186.
[124] Degryse, 'De Oostendse Compagnie als horzel', 87-97.
[125] Jacobs, *Merchant in Asia*, 184-185: Nierstrasz, 'The Popularisation of tea', 266-269.
[126] Mackillop, 'Accessing Empire', 15-19; Nierstrasz, 'The Popularisation of Tea', 266-269; idem, *Rivalry for Trade*, 107.
[127] Parmentier & De Winter, 'Factorijen en Forten', 40-42.

under the lead of Hume.[128] Moreover, the private trade of many of the employees of the VOC, EIC and CIO in Asia also enabled the GIC to survive in Bengal.[129] Possibly, the merchants from the Southern Netherlands provided an opportunity for the employees of the three large companies to transfer their assets to Europe, without catching the attention of their superiors. No evidence, however, exists in the sources.

Whereas the large companies thus tried to push the GIC out of the Asian market, their very own employees were instrumental in keeping the GIC in the Asian trade. Especially the employees of the CIO were engaged in smuggling and helping the GIC function in Bengal and the eastern coast of India, until the GIC was pushed out of the Malabar. In the case of the pepper trade, Armenian middlemen covered up the purchase of the pepper from the VOC, EIC and CIO employees.[130] In general, however, the situation in Bengal and the rest of the Indian subcontinent made strong protection necessary for the merchants from the Southern Netherlands: first, the VOC, EIC and CIO were very hostile towards the Austrian enterprise; second, the *nawab* in Bengal would only deal with institutionalized entities, backed by large European powers. Only when Cobbé was removed from the Governor's post and Hume took up the position, a concession from the *nawab*, the ruler of Bengal, enabled the GIC to establish a permanent presence there, even under great pressure and competition from the other European companies.

The importance of the tea trade and the effects on the organization of the GIC

In ample time the GIC had acquired some 25-30% of the tea trade in Canton and made large profits for the company. In other smaller companies, such as the SOIC, the profits were low or even non-existent, while the merchants behind the company were able to enrich themselves. It is uncertain

[128] Ibidem.
[129] See, for the case of the VOC for instance: Nierstrasz, *In the Shadow of the Company*, 31-34. For the English case, see: Peter Marshall, *East Indian Fortunes: The British in Bengal in the Eighteenth Century* (Oxford 1976).
[130] Ibidem, 46. For Armenian merchant networks in India and beyond, see: Sebouh Aslanian, 'Social Capital, Trust and the Role of Networks in Julfan Trade: Informal and Semi-Formal Institutions at Work', *Journal of Global History*, 1-3 (2006), 383-402.

whether this was also the case for the GIC, at least based on the work by Parmentier.[131] It is clear, however, that the GIC was profitable nonetheless mostly due to the Canton trade, the only commercial venture set up by a Habsburg Emperor to be and remain profitable.[132] In Canton all foreign merchants were treated equally, Company or no Company: furthermore, even without a Company the profits were sky high.[133]

Other trades, such as the pepper trade, were far less profitable for the GIC. However, much of this trade carried on during the period 1715-1735, as the prices in Ostend were simply lower than in the markets of Amsterdam or London, where the monopolistic organizations could dictate most of the prices, especially on the London market. The 'innovation' of importing the cheap 'Bohea' tea, led to low prices for consumers in both the Dutch Republic and Britain (albeit after smuggling it through Ireland), but still a large profit margin for the GIC. As a result, many of the commodities on the Ostend market were still cheaper to buy and smuggle to the Dutch Republic via middlemen. As can be seen in Table III, profits on porcelain were also very high, whereas the silk trade was also profitable up to a certain point. Nonetheless, if the tea trade would not have been so successful, the private ventures from the Ostend port would probably have not sustained themselves, due to the losses of the other ventures.[134]

The ventures to the Guinea coast to capture parts of the slave trade were unsuccessful[135]; setting up trade on the Indian coast was not as easy as thought, because the price of pepper was very low and the English, French and Dutch behaved very aggressively; in Bengal, the trade in textiles was profitable, but only to the extent that small revenues could be handed back to the investors. Hume tried, by setting up a factory in Bengal, to gain a part of the textile trade, but both English and Dutch competition was too fierce to make large profits. As such, the tea trade, and especially the pick

[131] Parmentier, *De Holle Compagnie*, 49-51.
[132] Ingrao, *The Habsburg Monarchy*, 140.
[133] Parmentier, *Thee van Overzee*, 94-97; Degryse, 'De Oostendse Chinahandel', 340-345.
[134] Parmentier, *Oostende en Co: Het verhaal van de Zuid-Nederlandse Oost-Indiëvaart 1715-1735* (Ghent/Amsterdam 2002), 89-103.
[135] Parmentier, 'De Oostendse Guineavaarders', 165-197.

of 'Bohea' tea, a cheap export product to Europe, was the factor on which the GIC organization drove. For the VOC, for instance, tea was at the start of the eighteenth century not of interest: the competition with the EIC in Canton was fierce, and profit margins on this bulk commodity was low.[136] Indeed, other companies that the Habsburg administration in Vienna set up, such as the Imperial Company of Fiume and Trieste in 1719, focused on the textile trade and were significantly less successful because of the lack of profit on those commodities.[137]

Table III: Gross profits on tea, silk and porcelain per expedition to Canton

Expedition	Tea profits (in %)	Silk profits (in %)	Porcelain profits (in %)
1724	459,20	71,41	203,83
1725	339,90	64,83	225,54
1726	419,23	71,57	333,38
1727	507,06	97,54	356,09
1730	261,89	69,91	209,25
1732	301,10	42,67	207,72

Source: Degryse, 'De Oostendse Chinahandel', 340.

Table IV: Net profits per expedition to Canton, in % of the invested capital

Expedition	Net profits in %
1724	137,52
1725	139,52
1726	201,43
1727	217,72
1730	93,50
1732	83,09

Source: Degryse, 'De Oostendse Chinahandel', 341.

In short, the success of the tea trade was one of the defining factors of the foundation of the GIC. The fact that there was no monopoly position for any of the individual European companies in Canton, was another factor for the relative success of the GIC. The organization was rather lean, compared to the VOC and the EIC, and made sailing quickly to China her main priority in the first years of existence.[138] The entrepreneurial chance that the GIC financiers and supercargoes saw in

[136] Degryse, 'De Oostendse Compagnie als horzel', 95-96.
[137] Degryse, *De Antwerpse Fortuinen*, 301-302.
[138] Degryse, 'De Oostendse Chinahandel', 345-346.

China, was the cheap 'Bohea' tea. This was one of the main reasons for the success of the GIC in the East Asian trade: furthermore, the EIC and VOC were taken completely by surprise by the high profits on the cheap tea.[139] The VOC only retook the trade in Chinese tea again after the unexpected success of the 'Bohea' tea in 1729. Although the tea trade was vital for the survival of the GIC in its first years, the tea market in Europe saw a sharp drop in prices in 1730 and 1731, a result of the VOC and the EIC jumping in to the market of the 'Bohea' tea. The GIC had already been suspended of taking part in the East India trade: still, the drop in prices nonetheless hit the port of Ostend hard.[140] According to Degryse, prices stayed really low for tea in the decades after 1730. For the EIC and the VOC, the drop in tea prices was not dramatic, as their trade was diversified enough to conduct a profitable operation: the EIC furthermore served a protected domestic market. For the GIC, several of the ships that left Ostend in the period 1727-1735 were indeed less profitable than in the period 1720-1727. Other commodities, such as pepper, had already very low prices, both in Asia and Europe, when the Southern Netherlanders arrived in the early 1720s.[141] The market for textiles from Bengal and silk from China was less profitable for the GIC, due to a combination of low prices and heavy competition from the English and the Dutch, especially in the case of Bengal textiles. For silk the market in Ostend and the Dutch Republic was large enough, as it was considered a luxury product and more expensive as such.

Indeed, tea was probably the commodity that fitted the pattern enunciated by Casson and Della Giusta. The opportunity was clearly there in the case of cheap 'Bohea' tea, an opportunity that the VOC and EIC thought would not be sellable in Europe. The resources were quickly acquired through finance from various sources from all over Europe, while the focus on the Chinese tea market enabled the GIC to organize the market for 'Bohea' tea in Canton very efficiently. Indeed, of the average three ships that were sent to the East every year, two went to Canton. Most resources of the GIC, along with their best sailors, were thus sent to China. The directorate and the financiers of

[139] Nierstrasz, 'The Popularisation of Tea', 266-269.
[140] Degryse, 'De Oostendse Chinahandel', 344.
[141] Parmentier & De Winter, 'Factorijen en Forten', 40-42.

the GIC, however, were mainly interested in profit and thought the opportunities in the Canton tea trade were higher. For the GIC, they were certainly right, as the average return on invested capital (profit) was 138,93% according to Degryse for the period until 1729.[142] For the period after 1729 the profits were still large, namely 80%, but already significantly lower than the period before 1729. Furthermore, the CIO overtook the GIC as second in line in the Canton tea trade after the EIC.[143] The high profitability of the GIC was thus probably a short-lived phenomenon, taking into account the drop in tea prices after 1730. Nonetheless, it formed the basis of the challenge against the monopolies of the VOC and the EIC in both Asia and Europe.

After 1727: the break-up of the GIC and the 'Scandinavian epilogue'

Michel Serruys has detailed the fall of the GIC and the subsequent demise of Ostend, up to 1780, when the trade in whales and goods picked up again.[144] Serruys, in line with the work of earlier historians of the GIC like Huisman, regards the trade from Ostend as a colonial enterprise. He pays specific attention to the period 1740-1780, as he explains that much of the invested capital in Ostend was transferred to other cities, such as Bruges, but also to the SOIC and the Danish Asiatic Company (DAC).[145] Serruys also points to the great importance of piracy in the early eighteenth century for Ostend, making it an attractive place for former EIC and VOC merchants to invest. Leo Michielsen has also paid attention to the break-up of the GIC, especially the liquidation of the Company.[146] Many of the shareholders of the GIC were disillusioned, as many of the financial investments were transferred to the SOIC: according to the charter of the SOIC, it was not allowed to transfer back the investments to Ostend.

Michielsen also calculates that the profits of the GIC ended up in 7,5 million guilders, a decent profit for a company that only formally existed for twelve years and operated only for four

[142] Degryse, 'De Oostendse Chinahandel', 342.
[143] Ibidem, 344.
[144] Michael Serruys, 'Oostende en de Generale Indische Compagnie: De opbloei en neergang van een koloniale handelshaven', *Tijdschrift voor Zeegeschiedenis*, 24, 1 (2005), 42-59.
[145] See note 119 for the literature on the subject.
[146] Leo Michielsen, 'Het einde van de Oostendsche Kompagnie', *Bijdragen tot de Geschiedenis*, 28 (1937), 128-143.

years.[147] Much of the merchants of Ostend moved on to the SOIC, for instance in the case of the already mentioned Colin Campbell. Indeed, Degryse talks about the 'Scandinavian epilogue' of the GIC.[148] Christiaan Koninckx, in his extensive study on the formative years of the SOIC, tries to dissolve the links between the two companies. According to Koninckx, capital was invested by several former investors of the GIC, but no capital was transferred as is commonly assumed by many scholars.[149] Others, such as Leos Müller, however, have questioned this view and pointed towards important aspects of the financing of the SOIC: some of the initial capital should have come from the GIC capital, as not all of the invested capital is known to have come from Sweden itself.[150] As the table below shows, various investors from the Low Countries invested in several expeditions of the SOIC, in this case the expeditions of the *Drottnig of Swerige* and the *Stockholm*. Among the investors, we can see Carlos Maelcamp, the son of Jacobus Maelcamp, one of the early investors in the private ventures from Ostend, coming from Ghent, along with Jean-Baptiste Soenens, the other large investor from that city.[151] Moreover, Jan Bosschaert was also a director of the GIC after 1728. The same goes for Pieter Woelaerts was also an investor in the private ventures.[152]

[147] Ibidem, 143.
[148] Degryse, *De Antwerpse Fortuinen*, 65.
[149] Koninckx, *The First and Second Charter*, 51-53 & 290.
[150] Müller, 'The Swedish East India Trade', 40-44.
[151] Parmentier & Degryse, 'Kooplieden en Kapiteins: Een Prospografische Studie van de Kooplieden, Supercargo's en Scheepsofficieren van de Oostendse Handel op Oost-Indië en Guinea (1716-1732)', *Collectanea Maritima*, 4 (1995), 120-241, there 181.
[152] Parmentier & Degryse, 'Agiotage & Verkoop', 117-121.

Table V: investors in the *Drottnig of Swerige* and *Stockholm* from the Low Countries

Investor	*Share in silver dollars*
Jan van Lancker	20000
Bernard Rottiers	70735
J.B. Van Schoonendonck	6000
Joseph Bartels	6869,3
Widow of J.B. Kogels	19515
Carlos Maelcamp	30000
Norbert Louis de Wael	9030
Joan Kramp	6000
P.J. Woelaerts	2800
J.P. Henssens	30000
Jan van Eersell	4000
Joan Carlo Bosschaert	8000
J.P. Gilberts	17545
Marie Joanne Goethals	3010
Paulus Jacobs	47558
Pedro Nicolas de Vos	4000
Waltherus Janssens	11200

Source: Koninckx, *The First and Second Charter*, 289.

In earlier literature about the end of the Ostend Company, Helma Houtman-De Smedt also presents the GIC as a predecessor to later Scandinavian Companies.[153] She argues that much of the capital of the GIC was not invested in the SOIC, but mainly in the Danish and Prussian companies. Furthermore, some of the capital was transferred through the Habsburg Empire towards Trieste, leading to the establishment of a company in 1781 by the English merchant John Bolte. While De Smedt heavily relies on Michielsen's work on the capital transfers after the suspension of the GIC, she nonetheless contradicts his points on the investments in the SOIC, pointing to larger investments in other companies than those in the SOIC. The outcome of the debate on the re-investments of the GIC is thus still unclear. However, that much of the capital of the GIC was transferred by the main investors in the Company to other places in Europe, mainly the Scandinavian countries, is clear. Furthermore,

[153] Houtman-De Smedt, 'The Ambitions of the Austrian Empire with Reference to East India during the Last Quarter of the Eighteenth Century', in: Sushil Chaudhuri & Michel Morineau (eds.), *Merchants, Companies and Trade: Europe and Asia in the Early Modern Era* (Cambridge 1999) 227-239, there 227-229.

many of the smaller investors earned a good profit with the GIC, as Michielsen and others have ascertained. Meanwhile, several ships from Ostend, Cádiz and ports in current-day Poland were still equipped by several merchants who had been active in the GIC, mainly by initiative of Hume. In 1735, however, the GIC finally equipped its last voyage. In chapter 5, I discuss in greater detail the spread of Ostend capital.

This chapter has tracked the organizational and financial aspects of the GIC by discussing the historiography on the Company. We can conclude that the GIC was not a colonial enterprise nor a 'company-state'. But if it was not a 'company-state' such as the VOC or the EIC, what was it? I argue that, due to a strange combination of events in both the China and the Bengal trade, the GIC was a 'shell company'. I continue by discussing the merchants of the GIC and their relationship to the Emperor. The third chapter is thus devoted to the viewpoint of Vienna towards the GIC, and the administrative levels of government in Austria and the Southern Netherlands. First, however, more context is needed to understand the complex diplomatic background in which the GIC originated. I turn now to the diplomatic history of eighteenth-century Europe, providing the political and economic context to understand the establishment of a 'shell company' in the Southern Netherlands.

Chapter 2 The political, legal and diplomatic rise and fall of the GIC

This chapter delves into two topics: first, the diplomatic history of Europe in the early eighteenth century; second the legal arguments that were brought to the table by the English and the Dutch in opposition to the GIC and by the Southern Netherlanders in favor of the Company. In the diplomatic narrative, I focus on two important and specific topics: first, the role of the Southern Netherlands in early modern diplomacy and its role as a buffer zone between the Dutch Republic and France, at least from the Dutch and English perspective; second, the shifting role of the Austrian Habsburg Empire during the early eighteenth century. These two elements explain why there was so much consternation over the Habsburg economic policy in the Southern Netherlands in Dutch, English and French diplomatic circles. The first part of the chapter focuses on the diplomatic and political situation in Europa after the War of Spanish Succession (1701-1713), as the treaties that were concluded after this war reshaped the political map of the continent, and had an influence on the Southern Netherlands that changed from Spanish to Austrian rule.

The second part of the chapter focuses on the legal arguments about the establishment of the GIC between the Habsburg administration and the Dutch and the English.[154] In the 1720s, in the Southern Netherlands, the Republic and England public opinion was heavily influenced by several writers, who wrote about the legality of the establishment of a Company in Ostend. In the legal arguments that both sides brought forward, much can be derived from the diplomatic situation in Europe that developed between 1714 (the moment of the first private venture) and 1727 (when the GIC was suspended). This, in turn, heavily influenced both the viewpoint of the Habsburg Empire and the of the merchants based in Ostend: I argue in subsequent chapters that the GIC could only be founded because of the empty threat of military intervention by the Dutch and the English. Furthermore, the business organization of the GIC was also adapted to the political and diplomatic situation in Europe, as it was a lean organization that was flexible enough to move abroad once real

[154] See: Hertz, 'England and the Ostend Company', 255-286; Enthoven, 'Dan maar Oorlog!', 131-148; Frederik Dhondt, '*Delenda est haec Carthago*', 397-437.

problems with the Dutch, English and eventually French ensued. After 1727, this was exactly what happened, as I will in Chapter 5. As such, the legal arguments against the GIC by the Dutch and the English influenced decisions made by the merchants regarding business matters, and thus should be presented here.

This chapter is based on several articles, as well as primary sources from the Dutch National Archives. For the English case, Hertz wrote already in 1905 an article that summarizes the debate over the GIC in Britain.[155] Concerning the legal arguments, Frederick Dhondt has summarized the arguments from both the Habsburg side as well as the side of the naval powers.[156] For the Dutch case, the reaction of the States General has been summarized by Enthoven, as well as a broader analysis of the Dutch position in Europe by Van Nimwegen.[157] In the Dutch National Archives, however, several interesting sources of the pamphlet war remain, for instance in the private archives of the Grand Pensionaries Heinsius and Van Slingelandt and their assistant Surendonck.[158] Although the use of these sources might lead to a strong bias towards the Dutch viewpoint, most of the secondary literature is written from either the English or Austrian vantage point, and the Dutch side of the pamphlet war is thus an interesting addition to sketch the diplomatic and legal situation of the Southern Netherlands in the eighteenth century, and more specifically the situation of the GIC. From the viewpoint of the Southern Netherlands and the Habsburg imperial administration, the sources from the Belgian and Austrian archives will be sufficient to balance the Dutch sources in the next three remaining chapters of this thesis.

[155] Hertz, 'England and the Ostend Company', 255-279.
[156] Dhondt, '*Delenda est haec Carthago*', 397-447.
[157] Enthoven, 'Dan maar Oorlog!'; Olaf van Nimwegen, *De Republiek der Verenigde Nederlanden als Grote Mogendheid: Buitenlandse Politiek en Oorlogvoering in de eerste Helft van de Achttiende Eeuw in het bijzonder de Oostenrijkse Successieoorlog (1740-1748)* (Amsterdam 2002).
[158] NL-HaNA, Archive Heinsius; NL-HaNA, Archive Van Slingelandt de Vrij Temminck; http://resources.huygens.knaw.nl/heinsiusrepublicpoliticswarfinance.

The situation at the beginning of the eighteenth century: the War of Spanish Succession and its aftermath

After the War of Spanish Succession, the Southern Netherlands were transferred from Spanish to Austrian Habsburg rule, a process that was sealed in the Treaty of Utrecht (1713). The war brought the dual Spanish-Austrian Habsburg dynasty to its knees: in Spain, the Bourbon won the war with France's support, while the Habsburg dynasty only kept its power over Austria and parts of Italy and the Holy Roman Empire, as well as the Southern Netherlands. The Dutch Republic and Britain had negotiated the transfer of power in the Southern Netherlands from Spanish to Austrian rule in order to check the power of France in Europe. The Bourbon dynasty in Spain was, after all, aligned with France, leading to an imbalance of power in the eyes of the Dutch and the English. They accepted the Bourbon dynasty, but only on the condition that power over the Southern Netherlands was transferred to the Habsburg Empire. The founder of the Habsburg dynasty, Charles V, was born in Ghent and power thus remained concentrated in the hands of descendants of this Flemish lord.[159]

The Southern Netherlands were at the crossroads of European history in the beginning of the eighteenth century. For the Dutch, it provided a much-needed buffer against the French threat, as well as for the English; for the French, the Southern Netherlands provided a way of keeping the Dutch Republic under constant pressure; for the Spanish, it provided a reservoir of tax income because of the strong trade links with Spain; and for Austria, it provided access to the North Sea and greater port facilities away from Italy. The Southern Netherlands were often a playing ball of the European diplomatic powers from the late sixteenth century onwards, when the Southern Netherlands were a battlefield of the Eighty Years' War (1568-1648) between the Dutch Republic and Spain, as well as a place of rest for the Spanish army stationed there. The Low Countries, under control of Spain from 1556 onwards, split in 1579 over the question of religion: the northern estates, from 1581 united in the Dutch Republic or the so-called *Unie van Utrecht*, whereas the southern estates remained part of the Spanish Empire, united in the so-called *Unie van Atrecht*.

[159] Kann, *A History of the Habsburg Empire*, 4-24.

After the Peace of Westphalia, and the subsequent Treaty of Munster (1648), which ended the Thirty Years' War (1618-1648) and the Eighty Years' War (1568-1648) that had divided Europe, the Southern Netherlands remained in the Spanish Habsburg Empire. For the Dutch Republic, France replaced Spain as one of its main enemies because of the expansionist policies of Louis XIV, and the Spanish sovereignty was thus seen as a useful buffer against the French threat. The War of Spanish Succession, however, plunged Europe into war again. On his deathbed, the childless Spanish Habsburg king Charles II appointed the grandson of Louis XIV, Philip of Anjou (a Bourbon), as his successor. Louis XIV used the appointment and thus support of the new Spanish king as an excuse to invade the Southern Netherlands, in order to remove the buffer between France and the Dutch Republic. Furthermore, Louis XIV refused to remove Philip of Anjou from the French line of succession, which opened the possibility for the unification of Spain and France, a horrific idea for the English and the Dutch. As a result, they formed the Grand Alliance in 1701 with Austria and Prussia, to counter the French threat and balance the power on the European continent and to support the claim of Charles VI of Austria to the Spanish throne. In 1702, the War of Spanish Succession broke out: although the Grand Alliance was able to force French troops out of the Southern Netherlands by 1708, the government take-over by the Tory party in 1710 led England out of the war. In the Treaties of Utrecht (1713) and Rastatt (1714), the balance of power in Europe was in the end restored: Philip of Anjou renounced his right to the French throne, while all domains of the Spanish Empire outside of Spain, being the Southern Netherlands and several territories in Italy, were relinquished to the Austrian Habsburgs.

After the War of Spanish Succession, the Southern Netherlands thus remained within the Habsburg domains, but it was transferred to Austrian sovereignty, as agreed by the Treaty of Rastatt. For the Dutch, the idea of buffer against the French remained intact. After the death of King William III in 1702, the English needed support of the Dutch Republic for the Hanoverian line of the royal house, for which they traded the sovereignty of the Southern Netherlands to the Austrian Habsburgs in order to fulfill the wish of a buffer zone for the Republic. Charles VI thus gained the Southern

Netherlands as an unwanted bonus for his support for the Grand Alliance. By the third Barrier Treaty of 1715 the by-then Austrian Netherlands were not allowed to participate in European politics or trade on its own, as the Southern Netherlands had to function as a barrier zone, confirming the agreements made in the 1648 Treaty of Munster: only by importing and exporting through other parts of the Habsburg Empire, the Southern Netherlands were allowed to develop economically. Charles VI was forced to sign the Barrier Treaties because of his dependence on the support of the Dutch and the English, although he was known to be privately unhappy with the outcome of the Treaty of Utrecht, in which he was also not involved, but by which he received authority and jurisdiction over the Southern Netherlands.[160]

Charles VI agreed to the formation of the GIC in 1722, leading to a diplomatic crisis and furious reactions by the Dutch and the English, because the GIC was seen as a threat to Dutch and English chartered companies, as well as a betrayal for the support that the Dutch and the English had given Charles VI.[161] However, the Emperor had another problem to deal with: the lack of a male successor. As a result, Charles VI issued the Pragmatic Sanction in 1713, in which his daughter Maria Theresa was allowed to be on the throne. After the War of Spanish Succession, it had become clear to Charles VI how important it was to secure succession. However, without the support and consent of other European nations the Pragmatic Sanction was doomed to fail. As a result, Charles VI was forced to start negotiations with France, England and the Dutch Republic over the acceptance of the Sanction.

Two issues were at stake in the Pragmatic Sanction: the first was the indivisibility of the lands of the Habsburg Empire under the reign of the Austrian Habsburgs. The second was the legal right to have a female heir to the Habsburg throne. Charles VI went to great lengths to get support from the European superpowers, especially to secure Maria Theresa his throne. Although eventually all the European powers (England, France, Spain, the Dutch Republic, Prussia) accepted the Pragmatic

[160] Ingrao, *The Habsburg Monarchy 1618-1815* (Cambridge/New York 1994), 93 & 140.
[161] Enthoven, 'Dan Maar Oorlog!', 136-143; Hertz, 'England and the Ostend Company', 265.

Sanction, Prussia attacked Silesia, part of Habsburg Austria, as soon as Charles VI died and even before the official investiture of Maria Theresa had taken place. As a result, the War of Austrian Succession (1740-1748) broke out. In the end, however, Maria Theresa was able to claim the Habsburg throne, despite losing some territory to Prussia. Economically, the negotiations over the Pragmatic Sanction also had costs for the Austrian Habsburgs. The charter of the GIC was suspended for seven years in 1727 and finally revoked in 1732 after strong pressure from the British and the Dutch.

The GIC was thus sacrificed by Charles VI for the acceptance of the Pragmatic Sanction by France, England and the Dutch Republic. The rest of the chapter will be devoted to the political, legal and political situation in which the GIC could 'rise and fall'. As I have shown in Chapter 1, quickly after the transfer of power in the Southern Netherlands, private ventures were initiated by Thomas Ray[162]: although this was, in the eyes of the Dutch and the English, forbidden, the private ventures were able to be formed up to 1722, when the GIC was formed. By then, Charles VI felt strong enough to set up the GIC.[163]

In the end, the dynastic problems of Charles VI presented the ultimate opportunity for the naval powers, England and the Republic, to press for the dissolution of the GIC in 1727. Furthermore, the English had aligned themselves with the French in 1725 in the Hanoverian Alliance, which had been up to that moment a rival in Europe and in Asia. Charles VI had managed to make peace with Spain again in 1725 in the Treaty of Vienna, which turned out to be a strategic mistake. Prussia, France, England and the Republic (after some disagreements with the English at first), joined together to oppose the Austrian Habsburgs, which proved to be too much for the Habsburg Emperor. For the French, the reason in joining Britain and others against the Austrian Habsburgs was mainly in the renewed partnership between Austria and Spain. To these four military and naval powers, the Habsburg Emperor had to retreat. The threat of not accepting the Pragmatic Sanction cast a shadow

[162] Parmentier, 'The Private East India Ventures', 89-94.
[163] Idem, *Oostende en Co*, 15-17.

over the reign of Charles VI, and he was forced to accept the harsh conditions of the four powers. The charter of the GIC was to be dissolved for seven years. Matters worsened in 1728 when Spain turned its back on Austria again, as it saw a better chance of formalizing control over Parma and Tuscany.[164]

I will here first examine the legal issues surrounding the establishment of the private ventures and the GIC, especially in the light of the Barrier Treaty and the Treaty of Munster. Thereafter, I describe the English and Dutch opposition to the GIC, specifically. Finally, I examine the implications for the business organization of the GIC.

The legal arguments on the GIC case

Legal problems with the GIC from a Dutch and English perspective were mainly found within the Treaty of Munster (1648) and the third Barrier Treaty (1715). The Treaty of Munster forbade the commercial ventures of Habsburg Spain into the East, except for the Philippines. The VOC, one of the main opponents against the GIC, appealed to two things to counter the establishment of private ventures from Ostend and later a Company. The first was that in the Treaty of Munster the Spanish Habsburg king was prohibited from establishing trading ventures to Asia: the Dutch and English argued that, *"if the exclusion of all Spanish subjects {i.e., establishing trade ventures to the East} included inhabitants of the Spanish Netherlands, this limitation had to be continued under Austrian rule"*.[165] By acknowledging Charles VI as the legitimate heir of the Habsburg line of succession, the Dutch and the English could turn this to their advantage by claiming that the conditions of the Treaty of Munster also applied to Charles VI and thus to the Southern Netherlands.[166]

The conditions of the Treaty of Munster were again confirmed in the Barrier Treaty between the Dutch Republic, England and the Austrian Habsburg Empire, as well as in the Treaty of Rastatt, where France and the Austrian Habsburg Empire accepted the transfer of sovereignty of the

[164] Michal Wanner, 'The Ostend Company as a Phenomenon of International Politics, 1722-1731', Prague Papers on the History of International Relations Prague-Vienna. S.I., 2006, 29-63, there 58.
[165] Dhondt, '*Delenda est haec Carthago*', 409.
[166] Ibidem, 409-411.

Southern Netherlands to Charles VI. These conditions, however, were explained differently. For the VOC, WIC and EIC the trade with the East was illegal under the Treaty of Munster. For writers from the Southern Netherlands like Patrice MacNeny, of the powerful Secretary of War and State based in Brussels, the Habsburg administration in Austria could not be held back in establishing commercial ventures from the Southern Netherlands.[167] This rested on three arguments: first, the commercial prohibition concluded with Spain did not apply to the Habsburg Empire in Austria, as they never signed the Treaty of Munster; second, even if the conditions of the Treaty of Munster were true, only the Schelde at Antwerp was closed, and not the rest of the ports in the Southern Netherlands; and third, there was the principle of the *Mare Liberum*, the free seas, which Hugo Grotius had advocated around 1648 to provide legal cover for the VOC and their right to trade with the East. Now, the VOC appealed to the principle of *Mare Liberum, Pactis Apertum*: the sea is free, but can be closed by treaties.[168] The GIC of course used the argument of *Mare Liberum* as the core of their argument, also pointing to the fact that French, Danish and Swedish ventures could freely trade with the East without attracting the anger of the VOC and the EIC.[169]

The argument played out in a pamphlet war. From the Dutch side, the Groningen law professor Jean Barbeyrac and a former lawyer for the VOC, Abraham Westerveen, were the main writers that engaged in the pamphlet war: both mainly focused on the interpretation of the Munster Treaty.[170] Writing from the Habsburg perspective, Neny and Jean Du Mont de Carels-Kroon, a historian at the Habsburg court, brought forward the three arguments mentioned above. From the English side, there were also two important contributors to the debate over the legitimacy of the GIC: the writer Charles Forman, who wrote in his 1725 *Letter to Pulteney "how pernicious the imperial company of commerce and navigation is likely to be to Great Britain"*, and an anonymous writer who wrote in the same year a pamphlet called *The Importance of the Ostend Company*

[167] Ibidem, 418-431.
[168] Ibidem, 438-442.
[169] Ibidem, 420.
[170] Ibidem, 406-417.

Considered.[171] Both writers focused on the commercial consequences for the EIC, and thus were eager to echo the legal arguments brought forward by the Dutch writers. In Britain, the opposition to the GIC in the public opinion only set in in 1725, when it became clear how quickly the GIC had won a large share in the tea trade. In the Dutch Republic, the works by Westerveen and Barbeyrac already dated from 1722 and 1723. The Dutch Republic and England also had political reasons to oppose the GIC, to which I now turn, starting with the Dutch case because of chronological reasons.

The Dutch reaction to the GIC 1717-1725

As Hertz has noted, historians have mainly paid attention to the Dutch reaction to the GIC, rather than to the English. The Dutch National Archives contain many archival sources, directly or indirectly related to the GIC. Not only the resolutions of the States-General say much about the formal reaction of the Republic on the formation of the GIC, but also the private documents and letters by several high-ranked diplomats can be found in the archives. Both Van Nimwegen and Enthoven emphasize the relationship between the VOC and the States General in this context.[172] In the Republic, a division of arguments took place: the VOC tried to persuade the States General to take military action against the Southern Netherlanders, but the States General did not want to lose their hard-won rights in the Barrier Treaties of 1714-1717.[173] Under the leadership of Simon Van Slingelandt, the secretary of the Council of State, and Isaac Van Hoornbeeck, the Grand Pensionary of Holland, the States General opposed the aggression of the directors of the VOC and the WIC, although they continued emphasizing the unlawfulness of the GIC. They reconfirmed the attachment to the Barrier Treaty, and asked Britain and France to do the same, in order to keep the diplomatic road to suspending the GIC open. The directors of the VOC, meanwhile, had given instructions to their employees in Batavia and other parts of Asia to destroy all the ships of the GIC, after some VOC personnel in Batavia had provisioned the ship *Charles VI* with food and other commodities for the return voyage to Europe in

[171] See, for both: Hertz, 'England and the Ostend Company', 265-266.
[172] Enthoven, 'Dan maar Oorlog!', 131-148; Van Nimwegen, *De Republiek*, 44-47. See also: Parmentier, 'Vriend en Vijand: De Zuid-Nederlanders en de VOC in de achttiende eeuw' in: Parmentier (ed.), *Noord-Zuid in Oost-Indisch Perspectief*, 149-166.
[173] Enthoven, 'Dan maar Oorlog!', 141.

1722.[174]

The problems with the private ventures from Ostend started early in 1719, when the WIC ship the *Commany* had been taken by the Ostenders, as a reaction to the hijacking of one of the early private ventures from Ostend, the *Marquis de Prié*.[175] The *Marquis de Prié* had set sail to the Guinea coast, in order to try to break into the slave trade, a voyage financed by Jean de Schonamille in Ostend.[176] A long diplomatic game ensued between 1719 and 1723: the Dutch resident in Brussels, Ernest Pesters, was instructed by the States General to secure the ship back by diplomacy, but he was rebuffed several times by Marquis de Prié, the representative for the Habsburg Empire in Brussels. Pesters argued that the Guinea coast was closed for everyone, except for the WIC and the RAC, an argument that was refuted by Prié by emphasizing the free navigation of the seas.[177] The conflict went on up to 1723, when the commodities on the *Commany* were sold in Ostend.[178] Meanwhile, the directors of the WIC had actively tried to influence public opinion in the Republic, by publishing several 'remonstranties' against the hijacking of the *Commany*.[179]

The resident Pesters urged the States General several times to take an aggressive stance against the trade from Ostend, because Prié was, in his eyes, unreliable, as well as the above-mentioned Neny. Both tried to pacify the Dutch (and the English), a successful strategy seen the fact that the States General were not willing to enforce the matter of the GIC militarily. Pesters also noted that many of the commodities that were shipped to Ostend were smuggled to the Dutch Republic or to England, in his eyes a breaching of the Barrier Treaty.[180] In the eyes of Pesters, especially Neny was to blame for the set-up of the private ventures from Ostend, especially the many ships that went to China from 1720 onwards. In the archive of the VOC director Thomas Hope, Neny is also described as

[174] Ibidem.
[175] NL-HaNA, Van Hoornbeeck 378; NA, Surendonck 312; Ibidem, Verspreide West-Indische Stukken 23; Ibidem, Van Hoornbeeck 359.
[176] Parmentier, 'De Oostendse Guineavaarders', 184-188.
[177] NL-HaNA, Van Hoornbeeck 368.
[178] Ibidem.
[179] Ibidem, Van Hoornbeeck 379: Ibidem, Verspreide West-Indische Stukken 23; Ibidem, Surendonck 312.
[180] Ibidem, Van Hoornbeeck 368.

the propelling power behind the commercial initiatives of the Ostenders.[181] In reality, as I will show in the next chapter, Neny was an important pawn in this chess game of European politics, but often did this in stringent synchronization with Savoie. Savoie was not seen by the Dutch and the English as the prime threat: as Governor he was nonetheless responsible for all the decisions that were made regarding the Southern Netherlands and the Ostend trade, for instance in giving permission for sending more ships to China.

The States General were concerned with the breaching of the Munster Treaty and the Barrier Treaty, but they were not willing to go to war in the period between 1719 and 1722. Although, as noted, the WIC and the VOC tried to push through tougher military measures against the GIC, the Republic tried to keep the military option at arms' length. Nonetheless, in a proposition of August 1721, the States General introduces the idea that more soldiers can be stationed in the south of the Netherlands, in order to stop the breaching of the Barrier Treaty.[182] The military option thus seemed to be taken seriously by the States General: not only the WIC had written several 'remonstranties', from 1722 onwards the VOC had also participated in the public debate over the lawfulness of the GIC, as they instructed their former lawyer Westerveen to write a pamphlet against the GIC.[183]

The WIC and VOC thus pushed for war with the Austrian Habsburgs over the GIC, but Van Slingelandt and Van Hoornbeeck stayed relatively calm. England, meanwhile, under Walpole, had set up the Hanoverian Alliance in 1725 as a reaction to the Vienna Treaty. The Republic was not invited to join this at first, due to the skepticism about military measures that the two statesmen had displayed in the eyes of Walpole, who had sent his brother Horatio to the Republic to act as the ambassador of Britain. In Horatio's letters to his brother he complained about the lack of Dutch opposition against the GIC.[184] According to Horatio, the Dutch Republic also sheltered several critical Englishmen who aided the GIC, such as the merchant Forman, who lived in Amsterdam. In a reply,

[181] Ibidem, Hope 106.
[182] Ibidem, Van Hoornbeeck 368.
[183] Dhondt, *'Delenda est haec Carthago*', 407-412.
[184] NL-HaNA, Van Slingelandt 126.

Forman angrily accused Horatio Walpole of being a GIC agent.[185] Nonetheless, Forman also wrote pamphlets against the lawfulness of the GIC, and accused Robert Walpole in these pamphlets of inaction regarding the GIC.[186] In Britain, public opinion was, at least until 1725, much more divided on the issue. The distrust between the Dutch Republic and England became apparent in the accusation of Horatio Walpole. As such, no joint action against the GIC was taken, up to the point in 1725 when the Hanoverian Alliance was formed. Up to that point however, the Republic had never intended to wage a full-scale war with the Austrian Habsburgs, for the importance of the Barrier Treaty was too high.[187] For the English, a war on the continent over a rather small company was equally unattractive, and moreover unnecessary because the balance of power in Europe was not in danger. Both the VOC and EIC were nonetheless angry with the position the two governments took in the matter: according to Van Nimwegen, Van Hoornbeeck bypassed the VOC from 1725 onwards in order to de-escalate the campaign against the GIC.[188]

The VOC, meanwhile, was not only intent on protecting its own trade, but also concerned with the outflow of supercargoes and employees towards the Southern Netherlands. As Parmentier has detailed, especially employees from Zealand took up service in the GIC, where the risk was high but so were the wages.[189] For the VOC, the commercial value was much more important than the diplomatic game on the European level: the States General, according to the directors of the VOC, did not do enough to help them protect against these new threat.[190] This was also the case of the WIC, who were angry with the States General for their inaction regarding the *Commany*. Van Hoornbeeck and Van Slingelandt however managed to persuade the States General to avoid a war: they preferred the diplomatic path. The next paragraph more closely analyzes the English opposition to the GIC and its importance.

[185] Ibidem, Van Hoornbeeck 372.
[186] Ibidem.
[187] Van Nimwegen, *De Republiek*, 48-66.
[188] Ibidem, 50.
[189] Parmentier, 'Vriend en Vijand', 150-152.
[190] Ibidem, 157-159.

The English opposition to the GIC, 1723-1727

English opposition towards the GIC rested on two pillars: fear that the Southern Netherlands harbored Jacobites and Catholic Scots and a threat to the monopoly of the EIC, especially in the tea trade of Canton. Furthermore, the EIC claimed sovereignty over British subjects overseas, and the role of British subjects in the GIC was a sting in the eye to the EIC.[191] According to Hertz, the English opposition has been given less attention than the Dutch opposition, which is indeed the case up to today. Quickly after the GIC was founded, English Parliament forbade English subjects to invest in- or work for the GIC. Interlopers were subject to large fines in case they decided to ignore the law.[192] For the English Parliament, a main problem was indeed that several Irish Jacobites as well as Catholic Scots had taken shelter in continental Europe, because they were persecuted in Britain as they did not recognize the protestant English king, especially after the Act of Union of 1707. Many of the Jacobites and Scots fled to continental Europe, including the Ray and Hennesey family in Ostend.[193] Others came to live in Dunkirk, St. Malo or other continental ports, where they could use their networks in Britain to smuggle commodities beyond the Navigation Acts.[194] English public opinion turned from mere commercial opposition to the GIC to full-scale political opposition, because the Jacobites played such an important role in the commercial initiatives.

The legal opposition towards the GIC was based on the same arguments as the Dutch, which I have set out earlier. As noted, only in 1725 pamphlets started to appear in Britain setting out the danger of the GIC trade for the monopoly of the EIC: this was a result of the influence of private traders in Britain, who were opposed to the monopoly of the EIC and other chartered companies, such as the RAC.[195] As such, the English opposition towards the GIC developed more slowly in Britain than in the Republic: furthermore, no English ship was taken by the Ostenders. Between 1720 and

[191] Stern, *The Company-State*, 195-196.
[192] Hertz, 'England and the Ostend Company', 265.
[193] Parmentier, 'The Irish Connection', 31-54; Idem, 'The Sweets of Commerce', 67-92; idem, 'The Ray Dynasty', 367-382.
[194] Cullen, 'The Smuggling Trade in Ireland', 149-175.
[195] William Pettigrew, *Freedom's Debt: The Royal Africa Company and the Politics of the African Slave Trade, 1672-1752* (Chapel Hill 2013).

1725, however, the resolutions of the English Parliament against the GIC became more strict.[196] In July 1725, Parliament passed a resolution that called the Treaty of Vienna (1725), which restored the relations between Spain and Austria, *"calculated for the entire destruction of the British trade"*.[197] George I reacted by setting up the Hanoverian Alliance, that allied England with France and Prussia against the Vienna signers. He was aided by the publication of the *Importance of the Ostend Company Considered*, which called for the complete destruction of the GIC and the ports from which it traded.[198] This pamphlet not only circulated in Britain, but also broadly in the Republic, seen the fact that no less than three versions of the pamphlet can be found in the Dutch national archives, in the archives of several Dutch diplomats and the companies.[199] Nonetheless, Charles Townshend, who acted as foreign minister under George I at the time in Britain, found that George I did not take enough measures against the GIC and the actions of Charles VI. George I was, at the time, still the Elector of Hanover and was thus dutiable to Charles VI in the Holy Roman Empire. Nonetheless, after the Whig takeover in 1721 under the *de facto* Prime Minister Robert Walpole, the tone against the Austrian Habsburgs hardened: the Tories, who had belittled the GIC as an 'upstart company' and argued that it did not pose a danger to the English commercial interests,[200] were now out of power. The fear under the Whigs was that the Austrian Netherlands provided a place for shelter for Jacobites to prepare another uprising or, even worse, an invasion of Britain.[201]

The EIC directors lobbied in Parliament for military measures against the GIC, but the Whigs, despite their opposition towards the GIC, did not want to risk a full-scale war on the European continent. As a result, English aggression was concentrated in Asia, and especially in Bengal. There, the limited power of the *nawab* enabled the EIC to incidentally shoot at- and often block GIC ships. In Canton, the EIC did not meet with such an opportunity, contributing thus to the GIC success in China.

[196] Hertz, 'England and the Ostend Company', 265.
[197] Quoted in: Hertz, 'England and the Ostend Company', 265.
[198] Ibidem, 266.
[199] NL-HaNA, Van Hoornbeeck 517; Ibidem, VOC 4742 & 4743.
[200] Hertz, 'England and the Ostend Company', 268-269.
[201] Ibidem, 271.

In Europe, meanwhile, the diplomatic opposition against the GIC increased, but it never escalated to war. As Wanner, Dhondt and Hertz conclude separately, the GIC was a relatively minor issue compared to the balance of power in Europe, which was the main pillar in English foreign policy throughout the early eighteenth century.[202] Especially when only private ventures were set up, the English government saw the danger to the English commercial advantage, but the balance of power was always the priority for both the Tory and Whig governments, despite their internal disagreements. Furthermore, George I was as Elector dutiable to Charles VI and did not want to risk a war on the European continent. As such, the petitioning of the EIC directors for military intervention did not lead to military action. Despite disagreements over the pressure that should have been put on Charles VI, the Dutch Republic and Britain joined forces in the Hanoverian Alliance in 1725 and negotiated, together with France and Prussia, the suspension of the GIC in 1727. Although the opposition between Parliament and the EIC directors was not as large as in the Republic, it was also the case that Parliament was not willing to go to war just to uphold the EIC monopoly. Although the tone hardened in 1725, the English government and Parliament continued to use the diplomatic route, especially after the Jacobite threat had somewhat receded after 1715.[203] Some violence was used, but only in Asia to scare off the GIC.

After 1725: Continuing legal discussion and suspension

When in 1725 the Hanoverian Alliance was concluded, France, Britain and the Dutch Republic finally started working together to suspend the GIC. In the Republic, especially the assistant to the Grand Pensionary Van Hoornbeeck and (later) Van Slingelandt, Surendonck, was active in the diplomacy of keeping the GIC out of the Asian and European trade. He wrote several pamphlets regarding the unlawfulness of the GIC, but was also rather active in writing letters to residents of the Republic. Surendonck threatened, in 1725, with a full-scale blockade of the ports of the Southern Netherlands,

[202] Wanner, 'The Ostend Company', 62-63; Dhondt, *'Delenda est haec Carthago'*, 445-447; Hertz, 'England and the Ostend Company', 265-271.
[203] Monod, 'Dangerous Merchandise', 172-180.

as had happened in 1585 in Antwerp, when the Republic blocked the Schelde.[204] Moreover, Surendonck wrote to Pesters that the States General also considered plundering all the fortifications in the Southern Netherlands that were under Habsburg control. In the situation before 1725, the French had probably interfered, but by joining the Hanoverian Alliance this threat was also gone. Surendonck argued that the GIC constituted a threat to the protestant religion in Europe, where earlier arguments mainly concentrated on the breaching of the Treaty of Munster.[205] Here, Surendonck joined his English counterparts in pointing to the threat of the Jacobites that had found shelter in the Southern Netherlands. According to Surendonck, the arguments against the GIC concentrated on three aspects: religion, freedom and the protection of the commercial charters.[206]

Surendonck was more open than Van Hoornbeeck and Van Slingelandt in his talks of full-scale war against the Southern Netherlands, probably because of the pressure that was applied by the directors of the two companies and the limited success of the diplomatic pressure that was put on the Habsburg diplomatic corps between 1717 and 1725.[207] Surendonck, in his letters to the diplomats who were involved in the negotiations over the Pragmatic Sanction and the abolition of the GIC, for instance, wrote in 1727 that the Republic would not hesitate to use its *"rightful means of defense"* and that it is not willing to take part in any negotiations or arbitrage.[208] Surendonck thus threatened with military intervention at last, and also addressed Savoie for his rejection to negotiate over the GIC (Prié, the representative of the Habsburg imperial administration in the Southern Netherlands, had been replaced in 1723).[209] Surendonck presented to his diplomats nineteen questions, that the Habsburg representatives in the negotiations should answer, before the end of the year (1727). Charles VI gave in to the diplomatic pressure of the Republic and England at the end of the conference: the French representative Fleury proposed the final proposition, in which the

[204] Nl-HaNA, Surendonck 313.
[205] Ibidem, Surendonck 313 & 314.
[206] Ibidem, 314: *"om religie, vrijheyt, ende navigatie en commercie omde octroyen".*
[207] Wanner, 'The Ostend Company', 29-45; Van Nimwegen, *De Republiek*, 37-43.
[208] NL-HaNA, Surendonck 314: "*regtmatige middelen van defensie'; 'negotiatie of arbitrage".*
[209] Ibidem.

Pragmatic Sanction was accepted by the naval powers and the charter of the GIC was postponed for seven years.[210] Probably, the threat of war would finally bring the Habsburg Empire to abolish the GIC, especially since Charles VI had now the urgent question of the Pragmatic Sanction on his mind: as Van Nimwegen has however argued, it was rather unlikely that the Dutch Republic would go to war, as all the Grand Pensionaries were against this idea.[211]

Nonetheless, the Dutch and English opposition to the GIC did not stop after 1727: the GIC directors quickly set up ventures via free ports such as Cádiz, which I detail in chapter 5. Surendonck, writing in 1725, already complains over Hamburg as a place of refuge for Ostend ships.[212] Anthony van der Heim, the Grand Pensionary after 1727, noted in his letters that the GIC was still trading.[213] In the new negotiations in 1731 and 1732, Van der Heim pleaded for new and higher tariffs on all commodities that were unloaded in the Southern Netherlands: in his eyes, this would make it less profitable to export commodities abroad from the Southern Netherlands, as taxes would have made the products more expensive. In this, he was rather successful: in the new Treaty, the arrangements from the Third Barrier Treaty are reconfirmed and new tariffs are set for products in the Southern Netherlands, in order to make them unattractive to smuggle to England or the Republic.[214] The Republic and England even drew another Treaty, in order to state their enduring support in their actions against the GIC, a strong wish of the States General.[215] However, as I show in chapter 5, this strategy of Van der Heim worked contrarily in the end: the GIC directors moved to direct their trade via free ports such as Cádiz and Hamburg, circumventing the problem of higher taxation. The 'problem' of the GIC was thus not solved, neither in 1727 nor in 1732. Due to the lean business organization, the GIC was able to circumvent the prohibitions in the Southern Netherlands:

[210] Enthoven, 'Dan maar Oorlog!', 142-143.
[211] Van Nimwegen, *De Republiek*, 46-48.
[212] NL-HaNA, Surendonck 313.
[213] Ibidem, Van der Heim 758.
[214] Ibidem.
[215] Ibidem.

moreover, they circumvented the conditions of the Barrier Treaty and the Treaty of Munster by trading via free ports all over Europe.

Conclusion: The influence on the business organization of the GIC

In both Britain and the Dutch Republic, there was a fundamental contrast between Parliament and the merchants who ran the major trading companies how to react to the economic initiatives in the Southern Netherlands, especially the trade from Ostend. Whereas the VOC, WIC and EIC saw the Ostend private ventures and the GIC as a major challenge to their profitable monopoly trade, both Parliament and the States General were more reluctant to act against the Habsburg Emperor, as Charles VI was a useful ally in the European power struggle against the aggressive French and the Spanish Emperor (at least until the Treaty of Vienna in 1725, which reconciled the Habsburg and Spanish Emperor), as well as upholding the balance of power in Europe. As such, both Parliament and the States General were reluctant to act, although they engaged in a pamphlet war with writers from the Southern Netherlands to prove to unlawfulness of the Ostend private ventures and the GIC under the Treaty of Munster of 1648 and the Barrier Treaty of 1715. The major trading companies, meanwhile, kept pressure on the respective decision-making bodies to act against the Ostend trade and the Habsburg policy-makers. Although the Dutch Grand Pensionaries Van Hoornbeek and Van Slingelandt were reluctant to wage a full-scale war against the Habsburg Empire for the reasons stated above. Their assistant, Surendonck, was nonetheless more open towards military intervention, but in the end the diplomatic way was preferred by the States General (and Parliament) to deal with the situation.[216]

The diplomatic opening for a solution came in 1725, when Charles VI made the strategic mistake to reconcile himself with Spain in the 1725 Treaty of Vienna. Spain accepted the Pragmatic Sanction and acknowledged the right of the Austrian Habsburgs to employ economic initiatives in the Southern Netherlands. As a result, the Dutch and the English put aside their differences with France (and to a lesser extent, Prussia), and joined together in the Hanoverian League in opposition to the

[216] Enthoven, 'Dan maar Oorlog!', 136-138.

Spanish-Austrian alliance. Now, Charles VI had no choice but to enter negotiations over the Pragmatic Sanction, as he knew that the Habsburg legacy would fall apart when France, England and the Republic would not accept the Pragmatic Sanction, which would allow his daughter Maria Theresa to occupy the throne. In 1727, at the Congress of Soissons, the GIC charter was suspended for seven years, and in 1732, at the Congress of Vienna, the GIC was definitively abolished. In return for the acceptance of the Pragmatic Sanction, the Dutch Republic and Britain had reached their goal: a diplomatic solution for ending the trade from Ostend.

What did this all mean for the business organization of the GIC? The GIC was, in the eyes of the English, a Company that was a threat to the EIC not only because of its share in the tea trade, but also because of the excellent organization: the GIC was, according to Charles Forman, well governed and it had an excellent charter.[217] Indeed, the organization of the GIC was extremely lean and cheap to run: as such, it was able to move their capital and trade very quickly after the suspension in 1727. But even before 1727, the lean organization meant that it could compete with the large companies, especially in the China trade: and whatever the members of the Hanoverian Alliance would do, the GIC would pop up all over Europe after the suspension in 1727 and even after the definitive abolishing in 1732.

I now move on to the view of the Habsburg administration, to get a clearer view of the reasons to set up a Company in 1722. In chapter 4, I examine the motives of the various merchants associated with the GIC to lobby for a Company.

[217] Hertz, 'England and the Ostend Company', 266.

Chapter 3 The view from Vienna: the institutional playing field for the GIC

As Klaas van Gelder has noted in his detailed study on the transfer of power in the Southern Netherlands to the Austrian Habsburg monarchy, the distance between Brussels and Vienna was quite a problem for Habsburg imperial rule in the Southern Netherlands to be consolidated.[218] Whereas earlier authors, such as Kann, still regarded Habsburg imperial rule as a top-down initiative with strong ties between the periphery and the core, Van Gelder's recent research has shown that cooperation with local elites was vital for the survival of the Habsburg regime in the Southern Netherlands.[219] This chapter presents the historiographical debate about the grip of 'Vienna' on the Austrian Netherlands after the War of Spanish Succession, not only based on secondary sources but also on various primary sources from the archives in Vienna, Antwerp and Brussels. By examining the relationship between the imperial administration in Vienna and the various levels of administration in the Southern Netherlands, I show the relevant institutional levels with which the GIC had to deal, both in Brussels and in Vienna. Furthermore, showing the Habsburg point of view has the benefit of determining the role of Charles VI and his policy makers in Vienna in the establishment of the GIC. In the next chapter, the view from the merchants in Ostend and the financiers in Antwerp is assessed.

After the War of Spanish Succession, the Barrier Treaty of 1715 gave Habsburg Austria the right to administer the territories of the Southern Netherlands. The first council (1715-1717) for the administration of the Southern Netherlands was still called the 'Spanish Council', and the language of instruction was Spanish, because of the long Spanish reign over the Southern Netherlands.[220] This council, along with its successor, the High Council for the Southern Netherlands, was based in Vienna. Although day-to-day administration was outsourced to the envoys of the Emperor in Brussels from 1717 onwards, the most important decisions still had to be approved by this High Council,

[218] Van Gelder, *Regime Change at a Distance*, 32 & 380.
[219] Ibidem, 240-242; also, Baguet, 'Politics and Commerce', 66-70.
[220] Erik Aerts *et al* (eds.), *De Centrale Overheidsinstellingen van de Habsburgse Nederlanden* (Brussels 1994), 109-115.

which acted as a 'traditional advisory council' to the Emperor.[221] Charles VI had furthermore appointed a Governor-General in the Austrian Netherlands, Eugène de Savoie. However, he never set foot on the territory. Instead, Marquis de Prié was appointed as his replacement in the territories itself, receiving all the powers that the Governor-General of the territories had. In 1725 Charles VI's sister Maria Elisabeth was sworn in as the Empress of the Southern Netherlands, aided by the count of Visconti.[222] Up to 1723, when he was fired, Prié had accumulated power in the Austrian Netherlands.

In some cases Prié was overruled by the Emperor in Vienna, for instance in the case of the GIC. The position that Prié occupied gave him many privileges, including the right to issue passports for private ventures from Ostend. The foundation of a chartered company would thus harm his private interests, but his pleas against the foundation of the GIC were ignored by Charles VI, who judged that the Company was necessary to strengthen Habsburg authority in the Southern Netherlands. Prié argued, to no avail, that a Company would be a sluggish organization with high costs, that would only trigger the anger of the Dutch and the English. The economic policy of the Emperor and policy makers in Vienna regarding the Austrian Netherlands nonetheless was strongly focused on reviving trade in the region.[223] After all, the Southern Netherlands had a long tradition of international trade since the High Middle Ages, and the Habsburg administration judged that the re-emergence of this kind of trade would be the best way to let the Southern Netherlands flourish again. Furthermore, Bruges and Antwerp had long been vibrant commercial centers in the period 1300-1585, when the center of trade in the Low Countries shifted to Amsterdam after the so-called 'Fall of Antwerp', after a naval blockade of the Schelde river by the naval armies of the Dutch Republic, and followed by the plunder of Antwerp after the Spanish siege.[224] Since then, the Southern Netherlands had partly functioned as a barrier zone for the Dutch against the French, especially in

[221] Ibidem, 120.
[222] Ibidem, 246-247.
[223] Van Gelder, *Regime Change at a Distance*, 263-266.
[224] Geoffrey Parker, *Spain and The Netherlands, 1559-1659: Ten Studies* (London 1979) , 18-44.

the seventeenth and eighteenth century. However, under Spanish rule, the Southern Netherlands were also of vital importance for the extraction of taxes and its strategic place in Europe.[225] The wars that had raged in the seventeenth century after the split from the Dutch Republic in 1579 had, however, deprived economic activity and made the territories poorer. Charles VI thus pursued a policy of economic stimulus by lowering barriers for trade and declaring Ostend a free port, along with the ports of Fiume and Trieste in Italy.[226] For the Habsburg administration, the Austrian Netherlands were especially valuable because of its access to the sea, as the Italian ports were ruined: to stimulate the trade, the Emperor lowered taxes in the port cities of Bruges and Ostend. Thus, England, the Dutch Republic, France and Spain had considerable naval advantage over the Habsburg Empire, as well as commercial advantages. For Charles VI, access to the sea was thus important to establish Habsburg power on the European playing field.

By lowering the barriers for trade in the Austrian Netherlands, Charles VI and his economic policy advisers hoped that trade would again pick up in the territories. Even before Charles VI had started to invest heavily in infrastructure and started other initiatives, such as setting up a Chamber of Commerce, the first private ventures from Ostend had already taken place. For Charles VI, this coincidence was actually more luck than wisdom, and he gave Prié the powers to regulate this trade. Prié, however, quickly overplayed his hand by giving too many licenses, driving down prices of tea in 1720 and 1721. According to Van Gelder, the reputation of Prié was thus one of being too greedy and too much focused on maximizing self-profit: as a result, a consortium of merchants in Ostend including Pieter Proli, De Prêt and Cloots were in the end recruited to set up the GIC, the former two becoming its first directors.[227] Not only did Prié conduct much of the trade for his own profit, he was strongly distrusted by elites both in Antwerp and Ostend because of his unpredictability and self-enrichment.[228] Because Savoie had also come to know the mismanagement of Prié via his trusted

[225] Ibidem.
[226] Van Gelder, *Regime Change at a Distance*, 267.
[227] Ibidem, 268-269.
[228] Baguet, 'Politics and Commerce', 69; Van Gelder, *Regime Change at a Distance*, 268.

informant Neny, the merchants were able, in 1722, to launch several formal complaints against Prié without having to fear for a decrease of trust between them and the administration in Vienna.

The fact that one man could make such an impact on the relations between Vienna and Brussels, led Charles to appoint his sister Maria Elisabeth as the Crown representative in the Austrian Netherlands in 1725, aided by Visconti and his staff. This led to a more balanced administration in the Austrian Netherlands, as the competent Visconti was aided by four staff members. Furthermore, policies for the dire financial situation of the Austrian Netherlands were implemented and infrastructural investments were maintained. The initial success of the GIC furthermore bolstered the economic policies of Charles VI and his advisers, whereas local elites in the Austrian Netherlands could invest in the GIC or in other trade-related projects. This cooperation, not possible under Prié, led to an increase in trade between 1725 and 1727.[229] Nonetheless, the investiture of both Charles VI and Maria Elisabeth in all the districts of the Austrian Netherlands was necessary to obtain the cooperative attitude of the elites, especially in Brabant and Flanders.[230] Although Charles VI never set foot in the Austrian Netherlands, the local elites were insistent on the fact that the investiture took place in the Austrian Netherlands: in the end, the investitures were drawn up, but only after Charles VI had to make several concessions to the local elites. As Van Gelder notes in his case study on the investiture of Charles VI in Brabant and Flanders, his authority strongly rested upon the negotiations with the local elites and the subsequent outcomes and as a result never exhibited full authority in the Austrian Netherlands.[231]

Baguet has studied in detail the cooperation between the elites and the administration in Vienna. Interest in the economy of the Austrian Netherlands by the elites in Vienna was limited, as can be seen in the limited investments in the GIC. Baguet distinguishes three institutional levels: the local urban government in Ostend, the central administration in Brussels and the imperial

[229] Parmentier, *Oostende en Co*, 15.
[230] Van Gelder, 'The Investiture', 448-454.
[231] Ibidem, 454-455.

administration in Vienna (see figure I & II).

Figure I: The Habsburg administration of the Southern Netherlands

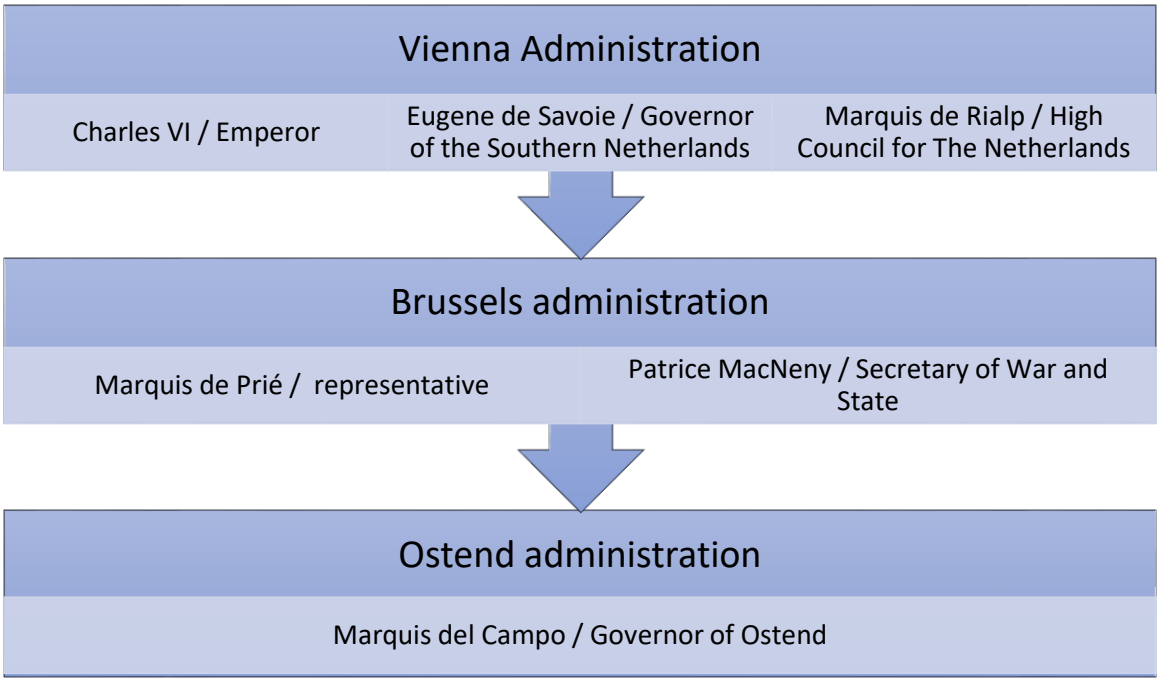
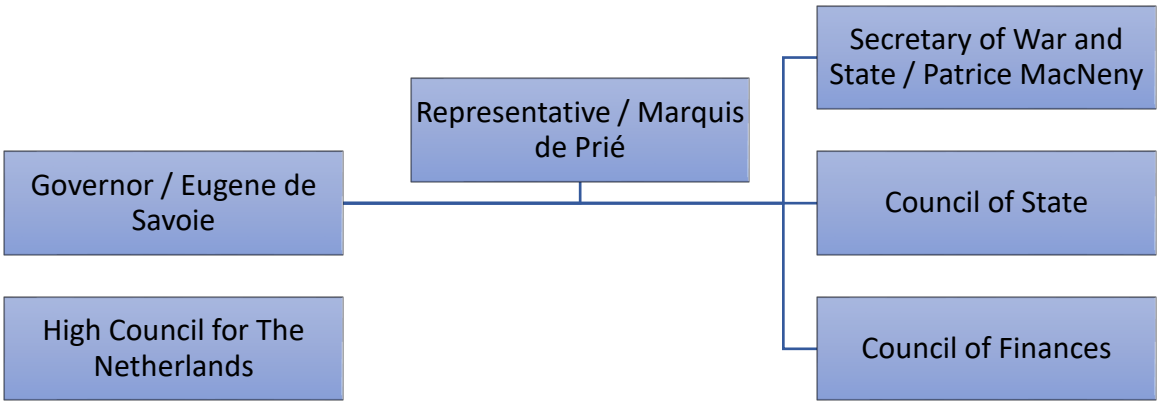


Figure II: Institutions in the Habsburg administration for the Southern Netherlands



Although the links with the urban governments of Ostend and Antwerp were rather strong, the links to the other two levels were far weaker, according to Baguet.[232] One of the reasons for these weak links were the distrust of Prié by the directors of the GIC and the associated merchants, who headed the central administration in Brussels and the most important link between Brussels and Vienna. Furthermore, the pressure of the Dutch Republic and England made Charles VI often hesitant to pursue far-reaching policies for the Austrian Netherlands, besides the infrastructural investments.[233] Indeed, lowering tariffs and barriers was considered a good idea by many of Charles' economic advisors, but strong diplomatic pressures from England and the Dutch Republic, reluctant for every economic reform of the Austrian Netherlands, withheld him from implementing too many reforms at one time. Nonetheless, for the Habsburg administration, an economic policy that would stimulate trade and consumption in the Southern Netherlands was an attractive perspective, as it could also stimulate trade with other parts of the Habsburg Empire, as well as being a reliable source of income.

Even within the elites of Ostend and Antwerp, several different groups had different relations and ties to the Vienna administration. Whereas the political elite was recruited by the Habsburg court to serve in the second institutional level, the commercial elite did not participate in these levels of government. In the GIC, meanwhile, the political elites held only a very small portion of the shares. According to Baguet, the urban administration had 7% of the shares in 1723 and only 5% of the shares in 1731.[234] Indeed, for all institutional levels the percentage of shareholders, shares or votes did not increase between 1723 and 1731, as can be seen in Table VI.

[232] Baguet, 'Politics and Commerce', 70-73.
[233] Van Gelder, *Regime Change at a Distance*, 285-286.
[234] Baguet, 'Politics and Commerce, 61.

Table VI: The percentage of shares, shareholder and votes in the GIC held by political elites, divided by level of administration (1723-1731).

	Shareholders (%)			Shares (%)			Votes (%)		
Institutional level	**1723**	**1727**	**1731**	**1723**	**1727**	**1731**	**1723**	**1727**	**1731**
Urban Administration	3	2	1	7	4	5	7	5	5
Central Administration	2	2	2	6	6	3	6	7	3
Imperial Administration	1	0,5	1	7	3	2	5	3	2
By Political Elites (%)	6	4,5	4	20	13	10	18	15	10
Total (N)	35	31	19	1152	768	571	39	29	17

Source: Baguet, 'Politics and Commerce', 61, based on: BE-SAA, GIC 5837-5846.

Thus, the elites in the Southern Netherlands, especially in Antwerp and Ostend, could be divided into two different classes: one commercial and one political. In the Southern Netherlands under the Austrian Habsburg regime, these two classes within the elite worked together, but lived nonetheless in different worlds, in contrast to what Julia Adams has showed for the Dutch Republic.[235] Whereas the commercial class was an international class of merchants and financiers from all over Europe, bringing together capital and knowledge, the political class was mostly a club of local civil servants, probably without the sufficient capital to invest in potentially risky investments such as the GIC. Furthermore, we can conclude that those classes worked together, but rather in a 'marriage of convenience' than in a real cooperative way. This partly contradicts the theory by Julia Adams, which states that merchants had active interests in the state and the political class strong interests in the commercial policy and outcomes of the state.[236] In the Southern Netherlands, a system developed in which the commercial and political elite only worked together in order to receive favors from the Habsburg administration and to protect its own interests: no real synergy and shared goals developed between the two groups. The political class of the Southern Netherlands, mainly appointed by the Habsburg imperial administration, had no real interests in the commercial ventures

[235] Adams, *The Familial State*, 197-198.
[236] Ibidem.

of the international network of merchants, but also did not want to contradict the economic policies of Charles VI and his policy advisors in Vienna. After all, much of their position was based on their relationship to the representatives of Charles VI in the Austrian Netherlands and their ties to Vienna. As a result, they gave way to the economic initiative of setting up the GIC by a commercial elite that was made up by several rich financiers from Antwerp and Ghent, as well as several foreign investors who sought to shelter their capital offshore from Dutch, French and English tax officers.[237]

From the Habsburg point of view, the absence of a 'national idea' or a common Southern Netherlands identity in the early eighteenth century was one of their main advantages: the local sense of identity was stronger than the idea of national state.[238] Although this did certainly not mean that uprisings were not common in the first years of the Habsburg regime (for instance, there was a large one in Brussels in 1718), no 'nationwide' uprising took place during the reign of either Charles VI or Maria Elisabeth. Another factor that made the Austrian Netherlands a relatively peaceful place, according to Van Gelder, was related to this same absence of the 'national' feeling: most of the individual estates did not act at all, unless their own particular interests were threatened.[239] As opposed to the States General in the Dutch Republic, the States General in the Southern Netherlands was thus too much occupied with guaranteeing the interests of all the individual estates and thus strained in its authority and decision-making. Although local elites in Brabant and Flanders, as noted above, objected to the authority of Charles VI without an official investiture, negotiating this process had to be done for every estate separately,[240] a tradition that can be traced back to the High Middle Ages.[241] No central objection was made towards the reign of Charles VI, however. Most anger of the local elites, and also of the people in general, was directed against Prié. His popularity declined in most parts of the Southern Netherlands quickly after he arrived in the territories because of his self-

[237] Degryse, *De Antwerpse Fortuinen*, 55-59.
[238] Van Gelder, *Regime Change at a Distance*, 375.
[239] Ibidem, 375-376.
[240] Idem, 'The Investiture', 454.
[241] Wim Blockmans, 'Voracious States and Obstructing Cities: An Aspect of State Formation in Preindustrial Europe ', in: Charles Tilly & Wim Blockmans (eds.), *Cities and rise of states in Europe, A.D. 1000 to 1800* (Boulder 1994), 218-250.

enrichment and disdain for the welfare of most citizens: only in case of potential profit Prié was accessible for commercial and policy initiatives. Only the intervention of several high-placed civil servants from the Southern Netherlands appeased the situation until the investitures: Van Gelder for instance points to the case of Neny, who paved the way for the investiture in Brussels by skillfully maneuvering between the estates of Flanders, Prié and the imperial administration in Vienna.[242] The Emperor, Prié and the policy advisors in Vienna had to make concessions nonetheless: for instance, against the wishes of the imperial administration, Brabant and Limburg were allowed to reunite as one province.[243] Only when Maria Elisabeth took the throne in the Southern Netherlands in 1725, things finally calmed down. Both Savoie and Prié were replaced, and with the help of Visconti, the Habsburg administration (both imperial and local) could exercise effective control over the Austrian Netherlands.

The negotiations over the form of governance and authority of the Habsburg administration lasted almost ten years (1716-1725). The commercial elite, formed mainly by foreigners, had a much less complex relationship with the Crown in Vienna. From the Habsburg point of view, the economic initiative of the private ventures was perfectly in line with several economic goals of the imperial administration. First, the access to the sea was secured and fortified; second, the policy of stimulating trade in the ports of the Southern Netherlands was already being taken care of by the financiers and merchants in Ostend. Despite English and Dutch opposition, Charles VI decided to cooperate with the merchant class in Ghent and Antwerp and gave them the right to sail to the East to trade, with the institutional protection and patronage of the Emperor.

I first analyze the institutional arrangements and the various institutional levels and the playing field. As noted, Baguet has made an important contribution in this debate by distinguishing the three institutional levels with which the merchants had to deal. Some in the merchant networks also had personal connections to the Crown or imperial administration in Vienna, such as De Prêt.

[242] Van Gelder, 'The Investiture', 451-453.
[243] Ibidem, 454.

Furthermore, Charles VI had set up the consortium of merchants in order to lay the foundations for the chartering of the GIC, which suggests that personal relationships or the relationship of the network of merchants in Ostend was also very important for the GIC in its early stages. Although the influence of the merchants on Charles VI and the imperial administration will be discussed in the next chapters, it is clear that purely institutional arrangements cannot have been the main factor in the set-up of the GIC. Charles VI, for his part, saw the GIC as an important vehicle for increasing diplomatic influence in the European setting.

The Habsburg Empire did consist not only of its 'core' in current-day Austria, but also of the territories in current-day Belgium, as well as significant territories in present-day Italy. The Habsburg Empire could be conceptually characterized as a 'stakeholder empire', in which local elites were given significant control over local matters of taxation and were able to negotiate with the center over expenditure.[244] However, the situation of the 'stakeholder empire' as Grafe and Irigoin propose for the Spanish Empire is mainly meant for a colonial setting. The concept of a 'polycentric monarchy' may describe the situation of the Austrian Habsburg Empire better: an Empire in which different centers existed, with its own jurisdictions and a certain centrality to the Empire, where local leaders and elites also had a significant stake in the survival of Empire.[245] According to this theory, an Empire should not only be analyzed from the center, given the fact that in the case of the Iberian monarchies (the case study of the authors) there were more centers: in every center, elite co-optation was vital, as Van Gelder has also shown for the survival of Austrian rule in the Austrian Netherlands. In the case of the Habsburg Empire, there was a clear center, namely Vienna. Although the Southern Netherlands and several territories in current-day Italy were important territories in the Habsburg Empire, they had significantly less influence over general policy-making in Vienna, a strongly centralized process. Of course, the local institutions in Brussels could lobby the Vienna

[244] Regina Grafe & Alejandra Irigoin, 'A Stakeholder Empire: The Political Economy of Spanish Imperial Rule in America', *The Economic History Review*, 65, 2 (2012), 609-651.
[245] Pedro Cardim, Tamar Herzog, José Javier Ruiz Ibanez & Gaetano Sabatini (eds.), *Polycentric Monarchies: How did Early Modern Spain and Portugal Achieve and Maintain a Global Hegemony* (Sussex 2013), 3-10 & 217-226.

administration to make policy according to their wishes and elite cooperation was a prerequisite for the survival of Austrian rule, but policy-making was still firmly centered in Vienna. The approach of the 'polycentric monarchy' has the advantage of providing the negotiations with the local elites and the influence of the local institutions with its deserved agency over decision-making. The Austrian Habsburg Empire however consisted of one clear center, Vienna, and not of several centers as was the case in the Spanish monarchy.[246]

The political elites in the Austrian Netherlands were quickly incorporated into the local administration after the Austrian takeover because of their influence in the individual estates. In the case of the investitures, the local elites demanded from Charles VI that he took the territories seriously. In the case of taxation, Prié gave in to demands from local elites in 1718 and taxation remained a local matter, for instance in the Estates of Flanders, after he had first tried to centralize tax collection.[247] This was a pragmatic decision by Prié, who acted against the wishes of Charles VI: Charles VI had long sought to centralize tax collection in the Austrian Netherlands by creating new institutions and appointing his own intendants in the administration. Only when faced with stiff resistance from local elites, did Charles VI give in.

Charles VI initially tried to centralize power in Vienna and Brussels, but quickly faced threats from the local elites, which meant that Habsburg authority could rapidly erode. This was not only the case for the ceremonial aspect of the monarchy, but also for matters of taxation and political power of the individual estates. Centralization was the first point of objection by many. As noted earlier, many of the members of the individual estates were more keen on advancing the interests of the their own estates than on co-operating with other estates for a general advancement.[248] Although this was also a positive factor for the imperial administration by absence of common interests in the States-General, it made centralization, a wish of Charles VI, increasingly difficult. As opposed to the case of the Spanish Empire, Charles VI was, up to 1719 at least, not willing to give elites control over

[246] Ibidem.
[247] Van Gelder, *Regime Change at a Distance*, 194.
[248] Van Gelder, 'The Investiture', 454.

tax collection and expenditures. As the Southern Netherlands were politically decentralized and tax collection and expenditure control were mostly organized locally, the initial tax policy of Charles VI led to one of the heaviest conflicts with the local elite.[249]

Charles VI was unable to manage public finances and enact much-needed reforms of the tax policy is considered one of his greatest failures.[250] His unwillingness to give local elites a say in the collection and expenditure of the taxes was one of his main problems, although Prié here showed remarkable flexibility in dealing with the local political elites.[251] Thus, in the case of taxation, Prié was not the one who faced the largest problems, but Charles VI. The investitures posed another problem to the authority of Charles VI in the Austrian Netherlands, but this was ultimately solved by concessions to the local elites. The interests of the foreign commercial elite and the local political elite, meanwhile, were mostly intertwined, which led to limited co-operation between the two sides to protect their own interests. Although Charles VI was slow in acknowledging this, he made concessions to both the political and commercial elite: for instance the merger of the Estates of Brabant and Limburg for the former and the charter for the GIC for the latter, as well as infrastructural investments.

As noted earlier, the situation in the Austrian Netherlands also differed markedly from the situation in the Dutch Republic of the 'patrimonial' or 'familial' state. Van Gelder and Baguet point to the strong differences between the commercial and political elites in the Austrian Netherlands. Nonetheless, the two groups could work together well enough to establish a common ground. Classic tactics of elite groups, such as marriage strategies to intermingle with other elite groups in order to attain more power or merge interests, which was a familiar way of several important *regenten* families in the Netherlands,[252] were virtually non-existent in the Austrian Netherlands. Even in the case of local merchants, such as the investors Soenens and Maelcamp from Ghent, no strong

[249] Idem, *Regime Change at a Distance*, 196-204.
[250] Ingrao, *The Habsburg Monarchy*, 130-137; Kann, *A History of the Habsburg Empire*, 61-62.
[251] Van Gelder, *Regime Change at a Distance*, 193-195.
[252] Adams, *The Familial State*, 92-97.

evidence is available that structural strategies regarding marriage were used in order to advance the interests of the family in a political way.[253] That is not to say, of course, that the two strands of elite groups did not follow such patterns: indeed, for the commercial elite it was common to marry into another family and for instance run a business in Ghent, Bruges, Antwerp or Ostend together, as was the case with Maelcamp and Soenens.[254] For the political elites in the various estates, this was even more the case: indeed, the States-General in the Austrian Netherlands were in the hands of a few ruling families per estate.[255]

The political elites in the Southern Netherlands were nonetheless wealthy, not via merchant capitalism but because of a classic system in which they held control over land, capital and most of the labor supply.[256] Especially after the Fall of Antwerp in 1585, the economy of the Southern Netherlands strongly contracted. As a result, the population fell with approximately one third, both in cities and in the countryside.[257] In Flanders, commercial trade also contracted sharply and the merchant class lost influence in the Southern Netherlands, giving way to the traditional nobility to gain control over the markets of land, labor and capital once again. Only in the early eighteenth century, when trade with Spain expanded, a new merchant class could form again in Ghent, Bruges and Antwerp. For Charles VI, these two elites formed an excellent opportunity to follow a classic divisive line of policy, but his own inability to 'play politics' and the resistance of the political elites to the tax policy and the lax position of Charles VI towards the investitures led to the failure of such a policy, if it even existed. As a result, a model of influence of local institutions and elites in the case of the Austrian Habsburg had to be set up by Prié in the Austrian Netherlands, in which he partly succeeded. Only after Maria Elisabeth came to the Austrian Netherlands in 1725 to function as the representative for Charles VI, effective authority of the Habsburg Empire was established throughout the estates of the Southern Netherlands. Meanwhile, the 'polycentric' model developed in the lead-

[253] Parmentier & Degryse, 'Kooplieden en kapiteins', 181.
[254] Degryse, *De Antwerpse Fortuinen*, 57-59.
[255] Van Gelder, 'The Investiture', 444-446.
[256] Adams, *The Familial State*, 92-97.
[257] Parker, *Spain and The Netherlands*, 178-185.

up to 1725, with the political elite gaining significant concessions on local autonomy, while the economic elite gained the right to establish the GIC, as well as support for other economic initiatives. A patrimonial nexus, as was the case in the Dutch Republic, was not the case because of the lack of exchange between the two elite groups: nonetheless, a *modus vivendi* was established under the reign of Charles VI, where all the major parties could profit from the situation *vis-à-vis* to the other.

The institutional playing field: relations between Vienna, Brussels and Antwerp – insights from the sources

Although there was a strong distrust between the directors of the GIC and Prié, their letters remained cordial up to 1723.[258] Even Savoie, who never set foot in the Austrian Netherlands, sent direct letters to the directors, wishing them luck with their venture and the hope that the future would benefit both the Habsburg Empire and the Austrian Netherlands.[259] Savoie and Charles VI had probably instructed Prié to be positive about the project, despite his initial opposition to the establishment of the Company. Indeed, Prié's letters to the directors Maelcamp, De Prêt and Proli spoke of the establishment of trust and the hope for good cooperation in the future, a covert phrase for stating that cooperation with Prié was very difficult up to that moment.[260] In the first letter that can be found in the GIC archive in Antwerp, Savoie wrote to Maelcamp and others that the establishment of the charter had been postponed due to English opposition: apparently, the English ambassador in Vienna had received information about the establishment of the charter and sent the information to London.[261] Nonetheless, a few weeks later Savoie wrote that the charter has been granted to the merchants of Ostend and wished the seven directors (Pierre Proli, Jacques Maelcamp, Thomas Ray, Jacques De Prêt, Paul de Kimpe, Jacques Bout and Louis de Coninck) good luck with the venture.

[258] BE-SAA, GIC, 5579.
[259] BE-SAA, GIC, 5594.
[260] BE-SAA, GIC, 5579.
[261] Ibidem.

In the Vienna archives, much of the correspondence of Savoie has been preserved. From these letters, we can analyze his role in the establishment of the GIC. These letters contain the most interesting information regarding the view of the Habsburg imperial administration on commerce in the Southern Netherlands. In the next chapter, I will extensively analyze the correspondence of the merchants with Savoie. Here, I am mostly concerned with the correspondence of Savoie with the Habsburg officials in the Southern Netherlands.[262] It follows that Savoie was one of the leading figures of the Habsburg administration in dealing with the GIC. Not only was he the one that was responsible for the final decisions in consultation with Charles VI, he also participated actively in the debate over the GIC and how Habsburg rule should be implemented in the Southern Netherlands. For instance, as I show clearly later in this chapter how Savoie quickly intervened in economic policy in the Southern Netherlands when necessary, and was not afraid to change his support for various factions within the Habsburg administration in the Southern Netherlands when he deemed it necessary. Indeed, the ousting of Marquis de Prié in 1723-1724 was mainly the consequence of Savoie throwing his full support behind Neny. In 1721, Savoie already had Neny promoted to the Secretary of War and State, a fact that Van Gelder also notes as an important turn in the administration of the Southern Netherlands.[263]

Another important person with whom Savoie often communicated in the period 1717-1723 was Marquis Del Campo, Governor of Ostend after 1715. Already in 1717, Del Campo was convinced that opening the trade from Ostend was the only possibility for the small town to gain economic traction. Early in 1717, Del Campo wrote to Savoie to ask for permission to issue passports and charters for private ventures to the East and the Guinea coast in his function as Governor of Ostend.[264] In 1718, after having received these broad powers for commercial matters, Del Campo also tried to persuade Savoie to contribute less to the fortifications that surrounded Ostend under

[262] AT-OestA-HHStA, Alte Kabinettsakten 36; AT-OestA-HHStA, Grosse Korrespondenz 101a-13 Neny; HHStA Belgien 32-37; AT-OestA-HHStA Grosse Korrespondenz 84a- Del Campo.
[263] Van Gelder, *Regime Change at a Distance*, 329-330.
[264] AT-OestA-HHStA, Belgien 32.

the arrangements made under the Barrier Treaty. Under these arrangements, both the Estates of Brabant and Flanders and the village of Ostend had to contribute significantly to the fortifications, to the chagrin of the Ostenders. Savoie, in his reply, agrees with Del Campo and gives him permission to pay less to the fortifications.[265] Furthermore, the initial success of the first private ventures to China had also, apparently, persuaded Savoie that the trade to the East could be successful. The fortifications, where the Dutch still had military personnel stationed to observe the agreements made in the Barrier Treaty, made it more likely that the Dutch would take action against the trade from Ostend. Del Campo pleaded for a lower tax burden for Ostend to maintain these fortifications, mainly because the port of Ostend could not be repaired due to lack of funds. Whereas in 1717 Del Campo wrote to Savoie to persuade him for support regarding the commercial initiatives, a year later Savoie encouraged Del Campo to further support the merchants in their ambitions.[266] According to Savoie, writing in 1718, the merchants in Ostend should be given "*charte blanche"* for their private trade, as long as they were to benefit the economy of the Southern Netherlands.[267]

In 1719, Savoie again emphasized the "*charte blanche"* as an important tool for stimulating the economy. Del Campo was allowed to issue more charters for private ventures, despite strong Dutch opposition, that Del Campo had encountered in the previous years.[268] Savoie argued that the trade to the East is lawful from the Southern Netherlands: following the strong protests from the Dutch Republic, he asked Neny to write down the arguments (see chapter 2), and asked Prié to hold off the resident of the Republic, Pesters, after the capturing of the WIC ship the *Commany* and the *Flandria*.[269] Another move towards establishing a more constant trade with the East was the arrival of Cloots in Antwerp and Ostend in July. Cloots did not only bring capital, but also knowledge from the Republic. In 1720, the protests from the Republic had become heavier, but Savoie still sent Del

[265] AT-OestA-HHStA, Belgien 33.
[266] Ibidem.
[267] Ibidem.
[268] AT-OestA-HHStA, Belgien 34.
[269] Ibidem.

Campo regular letters supporting his position on free trade from Ostend.[270] Meanwhile, Del Campo reported that Merveille junior, a French merchant working in Ostend (see Chapter 4), had arrived at the Coromandel Coast on August 24. For the first time, Del Campo also pleaded for a Company, as he saw this as necessary for the protection of imperial interests in Asia.[271] Although Savoie was skeptical in his first letters about the idea of establishing a company, he warmed to the idea after a letter by Maelcamp.[272] Savoie argued that personnel costs would be too high in a Company, but was also in contact with Charles VI over the diplomatic pressure that the Dutch and the English applied: for Savoie, setting up colonial trade was in line with his economic ideas about the Southern Netherlands, but not in the form of a chartered Company. On October 20, Maelcamp was first named as a negotiator in the index of the correspondence of Savoie over 1720. I discuss this process in chapter 4, but for now it is important to note that Maelcamp argued for a limitation of the number of ships sailing to Canton: the profits on the tea trade fell sharply in 1720-1721 because of overflooding of the market. Only after Maelcamp convinced Savoie that this was a problem, did the idea of a Company was taken serious in the Habsburg imperial administration.

In 1721, Del Campo and Savoie extensively discussed the eventual foundation of the company in Ostend. The project floundered, apparently because several Habsburg civil servants, including Prié, were opposed to the idea. Savoie wrote to Del Campo that he saw the necessity of protection for the merchants in Ostend, but that a company would probably pay too much for personnel as opposed to licensed private ventures.[273] Furthermore, Savoie and Del Campo clashed over further reductions in the payment for the fortifications: Del Campo wanted to stop the payments entirely, whilst Savoie was reluctant to avoid agitating the Republic further.[274] The Estates of Flanders were also in favor of the fortification payments.[275] In 1722, the idea of the Company had

[270] AT-OestA-HHStA, Belgien 35.
[271] Ibidem.
[272] Ibidem: Idem, Grosse Korrespondenz, 98a-7 (Maelcamp).
[273] AT-OestA-HHStA, Belgien 36.
[274] Ibidem.
[275] Ibidem.

finally gained traction in Habsburg imperial administration circles, partly because Prié's reputation had tumbled in the previous years. Indeed, the letters between Del Campo and Savoie became more cordial again, and the Savoie's opposition against a company almost faded. In October 1722, Savoie wrote that only one demand for him remained, namely that Maelcamp should be director in the soon-to-be-founded company.[276] A few months later, the announcement of the company was made by Charles VI and Savoie, although several details had to be worked out in 1723, as I show in chapter 4.

Although the charter of the GIC promised freedom of policy for the Company in terms of controlling their own finance, number of ships and decisions whom to trade with, the imperial administration in Vienna tried to exercise a strict control over the economic policy. Charles VI tried to enact this control via Prié. The directors of the GIC were frustrated with this, as their right to decide where and whether the ships should go was largely blocked by Prié, who for instance waited longer with writing letters to Savoie to gain permission for establishing fortifications in Bengal.[277] Early in 1723, the directors of the Company had already complained over the interference of Prié in the matters of the Company.[278] Especially Proli made his disagreement with Prié clear. Indeed, in August 1723, Charles VI and Savoie already decreed that the Secretary of War and State and the State Council (Conseil d'Etat) in Brussels, which were dominated by Neny and his allies, should be given a greater role in matters of economic policy, especially supporting financially and militarily the expansion of GIC fortifications in the Indian subcontinent (see figure 2 for the relevant institutions).

Furthermore, their role in overseeing the GIC was strengthened, at the expense of Prié. In France, giving widespread powers over overseas expansion to the minister of the navy and the Secretary of War and State was common, and thus this strategy of Charles VI was not unprecedented in Europe.[279] In December of that same year, Prié was eventually stripped of almost all his powers,

[276] AT-OestA-HHStA, Belgien 37.
[277] Ibidem, Ostindische Kompanie Ostende I.
[278] BE-SAA, GIC, 5579.
[279] Van Gelder, *Regime Change at a Distance*, 70.

transferring the rights for giving out passports to Neny.[280] In the first instance, Prié was given almost unlimited power in the Southern Netherlands to dictate economic policy, but his failure to provide enough help for the merchants of Ostend turned his fortune.[281] Already in 1722, Charles VI decreed that the Council of Finance should take more initiative in overseeing economic policy, and much of the power was taken away from Prié by this measure.[282]

The director Proli was on the forefront of the battle to remove Prié from office. Others, such as De Prêt, also were quick after the establishment of the Company to criticize Prié in their letters to Savoie and Charles VI.[283] Nonetheless, De Prêt was also eager to protect his interests and those of the directors by praising the Emperor for his "*puissante protection*".[284] One of Prié's allies in the State Council, Snellinck, had personally made changes to the concept of the charter, giving greater control over the budget of the GIC to the State Council, triggering the anger of the directors-to-be.[285] The removal of Prié from office was thus a victory for the directors of the GIC. Neny was more willing to help, especially because his position was dependent on his support for the GIC. Furthermore, he had proven himself a very loyal ally for Savoie, both in Brussels and in Vienna, where Savoie was fighting a battle with Marquis de Rialp, who was a member of the High Council for the Netherlands in Vienna (see figure 1). Savoie also became increasingly criticized by the Southern Netherlanders for his absence.[286] Proli, never afraid to criticize the Habsburg administration, thus put pressure on Savoie to appoint a new representative, but one who would work with the directors to make the Southern Netherlands economically sound again.[287]

When, in 1725, the Count of Daun was appointed as the new Governor in the Southern Netherlands, the directors were quick to praise Savoie for this appointment.[288] Soon after, Savoie

[280] AT-OestA-HHStA Grosse Korrespondenz 93b Karl VI.
[281] BE-ARB, Departement van de Hof- en Staatskanselarij, 38.
[282] AT-OestA-HHStA, Belgien 36-37.
[283] Idem, Ostindische Kompanie Ostende I, 2.
[284] Ibidem.
[285] Ibidem.
[286] Van Gelder, *Regime Change at a Distance*, 164.
[287] AT-OestA-HHStA, Ostindische Kompanie Ostende I, 2.
[288] Idem, Grosse Korrespondenz, 85a-7 Daun.

was also removed from his post and replaced by Daun, Maria Theresa and Visconti.[289] Earlier, in 1724, Proli had played an important role in the definitive purge of Prié, writing several letters to both Savoie and Charles VI complaining about him.[290] In the final months of 1724, the decision was made by Charles VI to fire Prié and replace him with Daun.[291] Daun was not only responsible for dealing with the merchants in Ostend, but also with the hindering States, especially of Flanders and Brabant (see below). The appointment of Daun finally appeased the merchants, who were united in their antipathy against Prié.[292] Daun was thought to be more sympathetic towards the GIC and above all an ally of Neny, meaning that he would give greater freedom of navigation and control over expenditures to the GIC.

The question of 'colonizing' Bengal and other port cities in the Indian subcontinent, proved to be another headache for the Habsburg imperial administration. A group of the Ostend merchants was determined to build fortifications in Bengal, in order to break into the trade. This was the most important reason they wanted a 'shell company', as I explain in Chapter 4. Here again, Prié played an important role, not always liked by the merchants who were interested in trading in the Indian subcontinent. He took a very long time in 1723 to confirm Hume as the new Governor of the GIC in Bengal, after the resignation of Cobbé (who was in turn swiftly confirmed by the Vienna administration earlier that year[293]).[294] Furthermore, Proli complained in several letters that it took Prié more than a year to give permission to buy several factories and fortifications from the Danish Company.[295] Proli and Ray also wrote to the Council of Finance in Brussels to put pressure on both Prié and the administration in Vienna to speed up this process of publishing the charter.[296] Prié had taken his ire against several of the merchants, as he declined to aid Merveille sr. and Cobbé in their

[289] Van Gelder, *Regime Change at a Distance*, 353-364.
[290] AT-OestA-HHStA Grosse Korrespondenz 103b-c-1 Proli.
[291] Ibidem; Van Gelder, *Regime Change at a Distance*, 353-364.
[292] Ibidem 326-330.
[293] AT-OestA-HHStA, Belgien 37.
[294] BE-ARB, Raad van Financien, 8604.
[295] BE-SAA, GIC, 5594.
[296] BE-ARB, Raad van Financiën, 8604.

efforts to build up a base in Bengal after 1722.[297]

Prié also complained to Savoie about the lack of information he received from Merveille sr. and Cobbé. This stand-off led the French investor Merveille sr. and Cobbé to write directly to Savoie, asking for permission to set up a factory on the Coromandel Coast in July 1723.[298] In August, Savoie allowed some Habsburg money to be sent with the captain Merveille jr. to Bengal, to pay for some fortifications on the Coromandel Coast and in Bengal.[299] According to Merveille jr., the writer of the letters, Prié´s inability to support the merchants heading for Bengal, combined with growing English pressure in Madras, made it necessary to build fortifications in Bengal and the Coromandel Coast to be able to trade without being attacked by the Dutch and the English.[300] Savoie tried to contain the merchants from being too active in Bengal, especially as the EIC threatened with war in the Indian subcontinent if the Ostenders would increase their activity in Bengal.[301] I describe this process in detail in chapter 4, as the push for establishing fortifications was mainly a wish of several merchants.[302]

The increasing influence of Neny and the demise of the influence of Prié is clear in both the secondary literature and the sources.[303] In July 1723, Savoie ordered Neny to publish the charter of the GIC, something Prié and the Estates of Brabant had opposed up to that point. The Estates of Brabant had even opposed the establishment of a Company, as it feared that the economic gains were not evenly spread over the Southern Netherlands.[304] The publication of the charter was a strategy, for Savoie and Neny, to put pressure on both the Estates of Brabant and Flanders to rally for the Company. The Estates had hoped that by delaying the publication of the charter, public opinion would swing against the GIC and eventually delayed. Still the Estates of Flanders still complained until

[297] AT-OestA-HHStA, Ostindische Kompanie Ostende I, 3.
[298] Ibidem, 4.
[299] Ibidem.
[300] Ibidem.
[301] Hertz, 'England and the Ostend Company', 265-269.
[302] See also: Parmentier & De Winter, 'Factorijen en Forten', 35-50.
[303] Van Gelder, *Regime Change at a Distance*, 326-330; AT-OestA-HHStA, Belgien 37; Ibidem, Ostindische Kompanie Ostende I, 1; Ibidem, Grosse Korrespondenz 101-a13 Neny.
[304] Ibidem, Grosse Korrespondenz 101a-13 Neny.

September 1723, while the Estates of Brabant wrote their last appeal letter in December of that year.[305] Prié lined up with the Estates, as they also opposed the establishment of a Company.[306] As a result, Savoie transferred several responsibilities, including economic policy, over the course of the year to Neny and the State Council, where Neny's allies held a majority.[307] In October, a secret commission was formed and headed by Neny on the orders of Savoie. The commission was formed to lead the establishment of the GIC, without the knowledge of Prié and the Estates of Flanders and Brabant.[308] Moreover, the secret commission, consisting of several members of the State Council and the Secretary of War and State under the lead of Neny, were able to monitor the developments in Bengal, as Prié was failing to give the essential information to Savoie regarding the colonial developments in the Indian subcontinent.[309] Only with the foundation of this secret commission, Habsburg support for the fortifications and its employees in the Indian subcontinent could finally be instituted.

The last factor was thus the role of the individual states in exercising effective policy in the Southern Netherlands. Especially the Estates of Flanders were a constant source of irritation for the Habsburg administration, as it often opposed Habsburg policy. For the Estates of Flanders, the combination of high payments to the Barrier Treaty and their lack of control over matters of taxation were unacceptable, as they made clear in 1725.[310] According to Van Gelder, the investitures were an important point for the Estates to accept Habsburg authority over the Southern Netherlands, a point that was only satisfactorily resolved after the appointment of Maria Theresa in 1725. Savoie, writing in 1723, noted that it took a lot of effort to persuade the nobility in the Southern Netherlands to throw their weight behind the Company, but that he was grateful for their support in the end.[311] The political elite, after all, had profited from the demise of the merchant class after the Fall of Antwerp

[305] Ibidem.
[306] Van Gelder, *Regime Change at a Distance*, 268.
[307] AT-OestA-HHStA, Grosse Korrespondenz 101a-13 Neny.
[308] Ibidem.
[309] Ibidem.
[310] Ibidem, Grosse Korrespondenz 85b États des Flanders.
[311] Ibidem, Ostindische Kompanie Ostende I, 2.

and the subsequent increase in political power in the Southern Netherlands. Without their support for the Company the political elite would probably hinder the Company in several ways, for instance, by denying money for reparations to the port of Ostend. Earlier that year, it appeared that noble representatives in several Estates would block the establishment of the GIC. However, Charles VI took away powers from the individual estates and at the same time gave the powers to enact economic policy to the centralized State Council, and on the other hand convinced several nobles to support the charter of the GIC by promising them shares in the Company.[312]

This led to protests by the Estates and made the negotiations over the Habsburg authority even more precarious from the viewpoint of the Habsburg imperial administration. Only with the appointment of Maria Elisabeth in 1725, most problems with the Estates were finally solved. Even then, the States of Flanders protested against the lack of joint decision making in matters regarding commerce and the Barrier Treaty[313]: Flanders contributed significantly to the treasure chest of the Southern Netherlands, and was also heavily taxed under the Barrier Treaty.[314] The Estates of Brabant were also contributing heavily in taxes, but they had to stand by as most of the economic gains were made in Flanders.[315] Most of the money was earned in the cities of Ostend, Ghent and Antwerp and thus in Flanders, while the Estates of Brabant were heavily taxed under the Barrier Treaty. The Estates of Brabant were forced by the administration to pay these taxes, while the wealth mainly concentrated in Flanders, to the frustration of the Estates of Brabant. Only by negotiating their tax burden in relation to their net income, the Estates of Brabant could try to influence the Council of Finance, who had jurisdiction over taxation of the individual estates. Only after Daun had been appointed, taxes were lowered by the administration in Brussels and the Estates were involved in policy-making. As I have tried to show above, this could only be reached through settlements with many of the local elites, who were mostly strongly represented in the local Estates. After all the GIC

[312] Ibidem, 1.
[313] Ibidem, Grosse Korrespondenz 85b Etats des Flanders.
[314] Van Gelder, 'The Investiture', 451-453.
[315] AT-OestA-HHStA, Grosse Korrespondenz 103-b-c-1 Proli.

would have been significantly less able to trade without the support of the local elites, as they also formed most of the civil service in Brussels and on a local level. Especially Ray, as we will see in the next chapter, was skillful in lobbying this part of the administration for permission for passports and all the other things that were needed for the voyages to the East.

Conclusion

The Habsburg imperial administration had a difficult time establishing state control in the Southern Netherlands, and in commercial matters this was no different. For Charles VI and his administration, trade was an important instrument to improve the once-vibrant economy of the Southern Netherlands, as well as a large tax base. Nonetheless, opposition did not only come from the Dutch and the English, as could be expected, but also from 'internal enemies': the Estates of Flanders and Brabant and Prié. Furthermore, no strong 'patrimonial nexus' that existed in the Dutch Republic developed in the Southern Netherlands: although the administrative and commercial elites worked together if they had to, there was no strong interest in the administrative elite for a Company, as can be seen in the small number of shares they possessed. A 'polycentric' model developed in the Southern Netherlands, although policy-making was firmly centered in Vienna. Although the elite groups were mostly put aside in the case of the GIC and the State Council was given more power, in other matters the Estates, where the nobility was strongly represented, had more influence.[316] For the Habsburg administration, however, economic development of the Southern Netherlands through trade and industrialization were vital to stimulate the economy. Prié was appointed for this task, but he became notorious under the commercial elite for his failure to support commercial initiatives from Ostend. Only after Prié was fired, the GIC could be established and developed. In this process, Neny, the Irish-born civil servant of the Secretary of War and State, was vital. Furthermore, Marquis Del Campo, the Governor of Ostend, also was an important figure in arguing for the allowance of more trade from Ostend and, in the end, the establishment of the Company.

[316] Van Gelder, 'The Investiture', 444-446.

For the Habsburg administration, however, a Company was no end in itself: as Savoie had often argued, a Company would have high personnel costs, while it had no significant advantages over the business form that was common in Ostend in the period 1716-1723, namely the partnerships made by men such as Ray, Cloots and Maelcamp for individual voyages. The next chapter tackles these questions: why did the merchants in Ostend want a Company, and what advantages did that have? And why did the Habsburg administration in the end agree to charter the GIC? Whereas this chapter has taken the view of the Habsburg administration, the next chapter deals with the viewpoint of the merchants in Ostend. After all, the merchants led the push for establishing commerce in Ostend in 1716 and 1717, and quickly afterwards the push for a Company. We thus now turn to the process of establishing the GIC in Ostend in the period 1715-1722.

Chapter 4: Merchants and the need for sheltering

For the merchants based in Ostend, protection from one of Europe's leading military powers was a necessity. Indeed, several of the Ostend ships had been captured by the EIC, WIC or VOC and opposition towards the Ostenders was fierce, both in Europe and Asia. Although the Canton trade was extremely profitable for a network of merchants without real military protection, the Bengal trade was different: without the military protection and the diplomatic efforts of the Emperor, there was no possibility that the merchants in Bengal could gain enough influence on the *nawab* to conduct a profitable trade.[317] Furthermore, protection and transaction costs in the Bengal trade would have been sky high without a charter. Institutional protection, in this case the charter, was a strategy for the investors and the supercargoes in the GIC to lower the risk of expropriation and the capturing of ships by the larger European companies. The charter provided (limited) military protection, but also the possibility to propose treaties to the Habsburg administration and enjoy protection under international law.[318] The merchants also envisaged a lean organization that would still have the ability to profit from the advantages of free agents. In short, the GIC merchants were looking for the best of both worlds: the lean organization that enabled them to challenge the Dutch, English and French monopolies, and the institutional protection by the Emperor that provided risk management and the ability to the negotiate in the Indian subcontinent. After all, a chartered Company was a way for investors to know that risk was reduced due to the concept of limited liability and for operators a way of making it easier to get (cheap) insurance.[319] Indeed, Parmentier and Degryse find evidence that the interest rate for borrowing was slightly lower when the GIC was definitively established than was the case in the private ventures.[320]

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[317] Parmentier, *De Holle Compagnie*, 11-17.
[318] Dhondt, *'Delenda est haec Carthago*', 407.
[319] Ann Carlos & Stephen Nicholas, 'Theory and History: Seventeenth-Century Joint-Stock Chartered Trading Companies', *The Journal of Economic History*, 56, 4 (1996), 916-924; Carlos & Jamie Brown Kruse, 'The Decline of the Royal Africa Company: Fringe Firms and the Role of the Charter', *Economic History Review*, 49, 2 (1996), 291-313. For the development of limited liability in the chartered companies, see: Oscar Gelderblom, Ab de Jong & Joost Jonker, 'The Formative Years of the Modern Corporation: The Dutch East India Company VOC, 1602-1623', *Journal of Economic History*, 73 (2013), 1050-1076.
[320] Parmentier & Degryse, 'Agiotage en verkoop', 117-121.

Without the charter and thus the institutional protection of one of the great European powers, the step towards commercial power in Bengal was too difficult in the eyes of the investors in those voyages: the *nawab* would only negotiate with formal representatives of a European government.[321] On the other hand, they wanted to give the chance to free agents to do their work without too many restrictions because of their wide network, both within and outside the existing companies, besides the normal contractual obligations. For this relationship, a 'shell company' was the ideal type of organization. By posing as a company with a charter, the merchants of Ostend could be sure of the institutional protection of the Habsburg Emperor. In reality, however, free agents in the service of the Ostend Company could roam more or less free over the Asian continent, as long as they conducted a profitable trade and would not wage war in the name of the Habsburg Empire. In 1719, the investors in the private ventures, mainly the later directors of the GIC, started to lobby the Habsburg imperial administration for a charter. Although this might seem the same as the concept of the 'shell company', it is not: by referring to the 'institutional shelter', I mean the *process* of negotiating and bargaining for the definitive form of the organization. By referring to the 'shell company', I mean the actual organization form in which the merchants of Ostend had real institutional protection, safely embedded in the charter. In this and the next chapter, I demonstrate that the GIC was such a 'shell company'. To do so, however, it is necessary to look at the process of becoming a shell company: this can only be done by studying the negotiations over the charter and the surrounding circumstances. Hence, this chapter mainly focuses on the 'institutional shelter', or the process leading up to the establishment of the charter of the GIC. Chapter 5 focuses on the other attempts for an 'institutional shelter' by (mostly) the same merchants after 1727, when the GIC was suspended and which I have discussed in chapter 2.

Economic historians, working with social network theory, have recently argued for the importance of free agents in Asian and American trade in the seventeenth and eighteenth centuries, instead of established companies. Meike Von Brescius, for instance, studied the English, Scottish and

[321] Parmentier, *De Holle Compagnie*, 11-17.

Irish supercargoes in the China trade in the first half of the eighteenth century.[322] According to Von Brescius, both investors and supercargoes looked for opportunities in the Europe-Asia trade, but did not want to be stuck in one company. Kaarle Wirta has also taken the view that many merchants in the seventeenth and eighteenth century acted as free agents, basing their decision whether to work in a Company on entrepreneurial considerations.[323] Those merchants were mainly interested in spotting opportunities and making quick money, behaving like risk-taking entrepreneurs. Because these opportunities were not always present in the established companies, some merchants started to behave as free agents. The GIC, along with some other smaller companies, presented a great opportunity to quickly make money, especially in the China trade. For the directors of the GIC, meanwhile, the free agents were excellent personnel: they were flexible, had networks in both Asia and Europe and were able, most importantly, to play different roles at the same time.[324] Most important of all, these free agents possessed important know-how about the trade in the intra-Asian network and circulated this knowledge among themselves.[325] For these free agents, it was not sufficient to be bound by empire-building chartered companies.

Savoie and his relations to the Ostend merchants

Eugène de Savoie was instrumental in the process of establishing the GIC, as I argued in chapter 3. Many of his letters to- and from merchants from Ostend have been preserved and this chapter focuses on this correspondence to track the process of establishing the company between 1717 and 1723. One of the main findings in these letters is that Savoie extensively corresponded with both father and son Merveille,[326] French merchants that played a crucial role in speeding up the process.[327] Although Parmentier has paid some attention to the role of Merveille sr. in the private

[322] Von Brescius, *Private Enterprise.*
[323] Kaarle Wirta, *Dark Horses of Trade: 17th Century Northern European Overseas Entrepreneurship* (Leiden University, PhD thesis, forthcoming).
[324] Von Brescius, *Private Enterprise*, 96-109.
[325] Casson & Della Giusta, 'Entrepreneurship and Social Capital', 220-244.
[326] I will call them Merveille jr. and sr. from now on, as they are called that way in most of the archival documents. See: AT-OestA-HHStA, Belgien 32-37; Ibidem, Grosse Korrespondenz 100a-29 Merveiller.
[327] Ibidem. The Merveille family had already worked in the Company of St. Malo, along with Crozat.

ventures as a financier,[328] there is evidence that both Merveille jr. and sr. were pivotal figures in the establishment of the company, with Merveille sr. acting as an investor and Merveille jr. working as a supercargo. Not only were the two French merchants instrumental in financing many of the private ventures, they were also very active in establishing (pre)GIC presence in Asia, especially on the Coromandel coast.[329] Although the Habsburg imperial administration was somewhat skeptical about full-scale colonization efforts in the Indian subcontinent, the administration supported efforts for establishing fortifications by contributing financially. Furthermore, Merveille sr. sent several proposals to Savoie and Charles VI to establish fortifications in the East, starting with a plan to set up a fortification in Madagascar in 1717, an island where the French had set up an important base to manage their slave trade.[330] Merveille sr. had a network within France and the CIO, for instance corresponding with Crozat, one of the largest French tax farmers, who also was one of the investors in the private ventures.[331] According to Merveille sr., settlements in Asia were instrumental in gaining access to the heavily contested trade on the Indian subcontinent: as such, he asked for financial support to set up a fortification in Madagascar on March 24, 1717.[332]

Besides the influence of the Merveille family, several other merchants in Ostend played an important role in establishing the company. These merchants did not always share the same (economic) interests, an important reason for both the merchants and the Habsburg administration to establish a Company. As noted in chapter 3, Maelcamp quickly won the confidence of Savoie, apparently because of his role as one of the first negotiators in 1720.[333] Savoie extensively thanked Maelcamp for his proposals to regulate the trade to the East in 1720, besides his gratefulness for several presents that Maelcamp sent him after the successful return of one of the ships from China.[334] When the Company was established in 1722, Savoie insisted that Maelcamp should be one

[328] Parmentier, *De Holle Compagnie*, 9-14.
[329] Ibidem; AT-OestA-HHStA, Belgien 33-37.
[330] Ibidem, Belgien 32.
[331] See chapter 1 for details.
[332] AT-OestA-HHStA, Belgien 32.
[333] Ibidem, 35.
[334] Ibidem.

of the directors.[335] Both Merveille jr. and sr. were pushed out of the official organization of the GIC, although Merveille jr. was still active as a captain and supercargo in the Company: moreover, he was an important figure in setting up the fortifications in both Bengal and on the Coromandel coast, first under Cobbé and later under Hume and De Schonamille.[336] As was the case with Cloots (see below), the Habsburg imperial administration showed a strong preference for merchants from the Southern Netherlands instead of foreign merchants as directors of the GIC: after all, the Company was a tool to strengthen the economy of the Austrian Netherlands. Although the foreign merchants, including the Merveille family, may have protested this decision, ultimate authority rested with Savoie.[337]

Maelcamp indeed became one the most influential directors of the GIC, and formed with De Prêt and Ray a triumvirate who ran most of the business of the Company, according to Baguet.[338] De Prêt was also one of the early merchants contacting Savoie for financial support and writing proposals for a Company, or at least a form of institutional protection that the merchants in Ostend were asking for.[339] However, De Prêt was mainly burdened with the quest for finding good personnel for the voyages to the East because of his extensive network in the Southern Netherlands, as a result of his involvement in most of the private ventures and his network in Antwerp,[340] before he was later named the first director within the GIC.[341] Along with Maelcamp, De Prêt was the most important interlocutor with the Habsburg imperial administration for the Ostend merchants and the directors of the GIC, besides of course Merveille sr. who was pushed aside just before the GIC was definitively chartered.

Thomas Ray, whom Baguet has seen as one of the triumvirate, was mainly active in two other activities: first, getting the attention of the Admiralty of Ostend and the Council of Finance in

[335] Ibidem, 37.
[336] Parmentier, *De Holle Compagnie*, 9-14.
[337] Van Gelder, *Regime Change at a Distance*, 202-204.
[338] Baguet, *De Oostendse Compagnie*, 30-33.
[339] AT-OestA-HHStA, Belgien 37.
[340] De Prêt was the brother-in-law of Jacomo Cloots, and was seen as a valuable person to attract financial support for the GIC.
[341] BE-ARB, Geheime Raad onder het Oostenrijks Bewind, 1153A.

Brussels,[342] and second, courting Irish merchants and other Jacobites to invest in the GIC.[343] Ray was mostly busy with courting investors for the private ventures[344]: furthermore, along with the Ostend merchant Pieter de Potter, Ray was active in securing the necessary permissions for the private ventures, for instance by writing to the Admiralty of Ostend for permission for the ships to unload their commodities there, or by securing financial support of the Council of Finance for the voyages.[345] Almost no letters between were exchanged in the period 1717-1723 between Ray and Savoie. The only evidence we find of correspondence between both men are three letters dated in the later months of 1722, regarding the publication of the definitive charter. Furthermore, these letters are not only signed by Ray, but also by the 'negotiant' (negotiator) Kimpe, also one of the seven directors in the GIC: one of the letters is also signed by the merchant Danckaert.[346] In these letters, Savoie is concerned with several obstacles that remain in the charter, and asks the three merchants to act in the interest of all the negotiators (for instance Maelcamp and De Prêt). Apparently, Savoie was afraid that the different groups of merchants would end up in a power struggle for control in the Company.[347]

Although we do not know why Savoie wrote these letters to the three merchants, there were probably several disagreements between groups of merchants in Ostend. One group was formed by Ray, Kimpe and Danckaert, as we can see in these letters that they send together; another by the Merveille family; and probably another one by De Prêt and Maelcamp. Proli, another director in the GIC, was only added to the group of directors in a later stage because of his experience in financial matters and his network in Europe.[348] All these factions had in common that they wanted to profit from the trade on Canton, but paradoxically their involvement made the Canton trade in Ostend far less profitable: the market in Ostend was overflooded with tea, which drove prices and profits down.

[342] BE-ARB, Admiraliteitsraden- en zetels, 563.
[343] Parmentier, 'The Irish Connection', 38-47.
[344] Parmentier, 'The Private East India Ventures', 89-94.
[345] BE-ARB, Admiraliteitsraden- en zetels, 563; idem, Raad van Financiën, 8603.
[346] AT-OestA-HHStA, Belgien 37.
[347] Ibidem.
[348] Houtman-De Smedt, *Charles Proli*, 69-94.

In the next paragraph, I argue that Maelcamp was instrumental in fixing this problem, by acting as a broker between the several groups of merchants: Maelcamp was able to agree with several other investors to limit the voyages to the East, in order to restore profitability. Indeed, the Company formed not out of consensus but because of a strong need to curb internal competition. As such, this pattern is very much like the developments in the Dutch Republic just before 1602, when the VOC was founded.[349] The other directors, Baut and De Coninck, do not figure in the correspondence of Savoie at all, nor in the Belgian state archives, where Ray figures prominently because of his contacts with the Council of Finance.[350]

Finally, Cloots figures prominently in 1722 in the correspondence with Savoie, the year that the charter was finally accepted by the Habsburg imperial administration.[351] Cloots argued for a Company that would span both Africa and Asia, contradicting Habsburg policy that had prohibited the voyages to Guinea after 1719, because the voyages were not successful and invoked angry reactions by the English and the Dutch, even more than the voyages to the East.[352] Cloots was a valuable person for both the Habsburg imperial administration and the merchants in Ostend, because of his strong links to the Dutch Republic, as well as the fact that he was the brother-in-law of De Prêt. In a letter from 1721, Cloots writes that he has already contacted one of the burgomasters of Amsterdam to ask how the reaction would be in the Republic towards the hypothetical establishment of the GIC. This was very valuable information for the imperial administration, who needed to calculate the risk whether the Dutch Republic would wage a full-scale war in the case of the foundation of a Company in the Southern Netherlands.[353] In a discussion with Cloots that followed his proposal for a Company for both Asia and Africa, Savoie wrote that in such a Company personal interests would have to give way to safety under the protection of the Emperor.[354] As I have

[349] Femme Gaastra, *De Geschiedenis van de VOC* (Zutphen 1982), 16-23.
[350] BE-ARB, Admiraliteitsraden- en zetels, 563; Ibidem, Raad van Financiën, 8603; Ibidem, Departement van de Hof- en Staatskanselarij, 640.
[351] AT-OestA-HHStA, Belgien 36: Grosse Korrespondenz 84b-15 (Cloots).
[352] Parmentier, 'De Oostendse Guineavaarders', 192-195.
[353] Van Nimwegen, *De Republiek*, 42-44; Enthoven, 'Dan maar oorlog!', 136-143.
[354] AT-OestA-HHStA, Belgien 36.

showed above in relation to the other merchants who corresponded with Savoie, not all the merchants from Ostend acted with exactly the same intentions and interests, as we can see in the case of the letters of Ray, Kimpe en Danckaert. Cloots sided with De Prêt and Maelcamp in their quest for a Company. However, Cloots also argued for a Company whose charter also covered the coasts of Africa, not unlike the proposals made by Merveille sr.[355]

Table VII: Number of letters sent by Eugène de Savoie to merchants associated with GIC, 1717-1723

Recipient	*Number of letters*
Merveille (jr. and sr.)	57
Maelcamp	7
De Prêt	1
Kimpe	2
Kimpe/Ray	3
Cloots	5

Source: AT-OestA-HHStA, Belgien 32-37.

According to Table VII, there can be no mistake that Savoie exchanged the most of his letters with the Merveille family, both father and son. Indeed, although many of the letters to both Merveille jr. and sr. are rather short and clearly written in a hurried and irritated tone, stemming from their continuous stream of requests for money, the fact remains that Savoie corresponded mostly with them. Nonetheless, Merveille sr. was not appointed as a director in the GIC because he would obstruct the Habsburg ideal of putting Southern Netherlanders in charge of the Company. In the Brussels archive, we also find two lists that the Habsburg administration circulated in Brussels with several potential directors on them (in Spanish). Interestingly, Ray is not in the first list, but he is in the second, where the definitive negotiators over the Company are listed. The potential directors are classified in three categories, probably to distinguish their ability for the directorship (table VIII).[356] Table IX lists the definitive list of negotiators, as sent by Prié to Savoie.

[355] Ibidem, 32.
[356] BE-ARB, Departement van de Hof- en Staatskanselarij, 640.

Table VIII: List of possible directors sent by Marquis de Prié to Eugène de Savoie, sine dato

Group I	Group II	Group III
Jacomo De Prêt / Antwerp	El Baron de Cloots / Antwerp	Jacobo de Cleve / Antwerp
Luis de Coninck / Antwerp	Arnoldo De Prêt / Antwerp	Jacobo Schenaerts / Antwerp
Jacobo Malcampo / Ghent	Juan Bautista Soenens / Ghent	Martin Robins / Brussels
Pablo Kimpe / Ghent	Juan Bautista Schenaerts / Antwerp	Juan de Cleve / Brussels
Pedro Proli / Antwerp	Jodocus Goethals / Ghent	Juan Bautista Foulon / Brussels
Jacobo Baut / Ghent	C. Veranneman / Brussels	Pedro van Goeck / -
Franscisco Schilders / Antwerp	Juan Jacobo Moretus / Antwerp	Pablo Charle / Antwerp
		Juan Mayer / Ghent
		Andres Peytiers / Antwerp
		Pedro Potter / Ostend
		Juan de Schonamille / Ostend
		Jacobo de Koninck / Antwerp

Source: BE-ARB, Departement van de Hof- en Staatskanselarij, 640.

Table IX: Principal negotiators, according to Marquis de Prié, sine dato

Antwerp	Ghent	Ostend
Jacobus de Koninck	Paul Kimpe	Thomas Ray
Baron de Cloots	Soenens / Malcampo	Jean de Schonamille
Jacomo De Prêt	Jean de Mayer	Pedro Potter
Pedro Proly		
Jean Francois de Mayer		
André Leytier		

Source: BE-ARB, Departement van de Hof- en Staatskanselarij, 640.

Maelcamp and De Prêt are in both lists classified in the first category, probably meant to identify the best directors in Habsburg eyes.[357] Presumably, these two men were also the merchants with the best connections in Europe and the ability to find new markets for the tea and other commodities that were sold in Ostend. In the end, the Habsburg imperial administration settled on Southern Netherlanders, or at least men who had longstanding links to the Southern Netherlands: for instance, Proli, originally from current-day Italy, had already worked for twenty years in the financial sector in Antwerp, and Ray was already a 'naturalized' citizen of Ostend, despite his Irish origins.[358] All these merchants had strong links to merchant networks all over Europe: Maelcamp's family had for

[357] Ibidem.
[358] Houtman-De Smedt, *Charles Proli*, 69-94; Parmentier, 'The Irish Connection', 38-40.

instance owned a firm in Sevilla in the late seventeenth century,[359] De Prêt was connected to the Dutch Republic, Lisbon and Cádiz via his brother-in-law Cloots.[360] As noted, the Merveille family from France was left out of the GIC, although Merveille jr. was still important as a captain in the GIC. Cloots also did not become a director, although he probably did not want to because of his contacts in the Republic.[361] In the end, the Habsburg imperial administration settled for a geographically balanced group of directors, three from Ghent (Maelcamp, Kimpe and Baut), three from Antwerp (De Prêt, Proli and De Coninck) and one Ostender (Ray).[362] According to Savoie, the merchants from the Southern Netherlands would be able to work better in the interests of the country.[363] The foreign merchants, such as Cloots, meanwhile were kept 'on board' to find new markets outside the Southern Netherlands and keep up contacts with middlemen in the Republic or Britain, as well as finding new capital. It is noteworthy that the geographical choices of the directors align with the medieval balance of power between the individual cities: Ostend is the least represented, as it was also one of the youngest towns in the Burgundian territories.[364] Although on the first list that Prié circulated two persons from Brussels figure, the final list of negotiators includes no one from Brussels.[365]

As Baguet has noted, when the GIC had started, no problems surfaced between the directors from various cities within the GIC, for instance between Maelcamp (Ghent) and De Prêt (Antwerp).[366] Indeed, the lines between the negotiators ran deeper and not accordingly to cities, at least from what we can judge from the correspondence of Savoie. For instance, the Ghent director Kimpe often worked together with Ray, probably because of his contacts in the Ostend and Brussels administration. Maelcamp, also from Ghent, had contacts in Cádiz via his family firm and was also an

[359] John Everaert, *De internationale en koloniale handel der Vlaamse firma's te Cádiz, 1670*-1700 (Bruges 1973), 781.
[360] Parmentier & Degryse, 'Agiotage en verkoop', 117-121.
[361] Enthoven, 'Dan maar Oorlog!', 139-140.
[362] Baguet, *De Oostendse Compagnie*, 30-33.
[363] Van Gelder, *Regime Change at a Distance*, 268-269.
[364] Blockmans, 'Voracious States', 218-250.
[365] BE-ARB, Departement van de Hof- en Staatkanselarij, 640.
[366] Baguet, *De Oostendse Compagnie*, 30-40.

investor in other companies.[367] Probably the involvement of men such as Cloots, but also other merchants such as Colin Campbell, were important to protect his business investments: after all, his investments outside the Southern Netherlands also needed patronage and middlemen to act quietly.[368] Shortly after the foundation of the GIC, Campbell was sent out to Rotterdam and Bordeaux to establish business interests there for the GIC, probably to look for smuggling opportunities and find middlemen to conduct this trade.[369] Proli, one of the directors in the GIC who was only added last-minute to the club of directors, had financial links all over Europe and probably worked more with Maelcamp than with the group of Ray and Kimpe, who were closer to local merchants and financiers. De Prêt, meanwhile, tried to reconvene all the different merchants to work for the GIC, including Merveille jr. as a captain. De Prêt was, as a result, named as the first director immediately after the foundation of the GIC.[370]

In this paragraph, I have introduced all the main actors and their background. I will now return to the analytical framework presented in the introduction, to interpret the interests that played out in the Ostend-Asia trade. That should give a good overview of the reasons for the specific business forms that the Ostend trade used in the period 1717-1723, and why the drive for a Company became so inevitable in the end that the Habsburg administration was convinced to issue the charter for the GIC in 1723. I pay special attention to the difference between the tea trade to Canton and the trade in the Indian subcontinent, mainly Bengal.

Negotiating for the 'institutional shelter' (1): setting the stage in the Asia trade

Quickly after the first voyages to the Guinea coast and the East had left from Ostend in 1715-1716, the first financiers started lobbying with the Habsburg administration for the establishment of a Company in Ostend. For some merchants, including the Merveille family, a Company provided an excellent opportunity to intensify their interests in the Bengal trade, because a Company would in

[367] BE-SAG, Staten van Goed, 332, 630/1.
[368] Van der Geest, *A Scottish Merchant*, 26-28.
[369] BE-UBG, Fonds Hye-Hoys, 1996.
[370] BE-SAA, GIC, 5594.

their eyes strengthen the need for fortifications in the Indian subcontinent, for instance in Madagascar, the Coromandel coast or Bengal.[371] The Merveille family were passionate advocates for more fortifications in the Indian subcontinent, because a Company would probably mean more business for them in Bengal. For others, however, such as Ray, a Company was not necessarily the best option: indeed, for every voyage Ray could find enough investors, either from the Southern Netherlands or from his international network of merchants, especially after the quick success and high returns on the Canton tea trade.[372] This enabled Ray to drive down costs as no permanent personnel was to be hired, but also increased risk for the participants because of the lack of (military) protection. Nonetheless, this ad-hoc form of doing business was the preferred form of business for Ray *et al*. The difference between these two forms of business organization mainly had to do with the different nature of the market and the political economy in Bengal and Canton. Whereas in Canton a Company was not necessary to trade, the Indian subcontinent (and Bengal especially) was a more difficult market to penetrate, because private traders could not gain concessions from rulers in the Indian subcontinent. Ray was mainly attracted to quick profits from the Canton tea trade, whereas the Merveille family saw an opportunity to break into the textile trade in Bengal, which was of course also profitable for the VOC and the EIC,[373] but could not do this without a Company with a right to propose treaties.

Returning to the conceptual framework I have presented in the introduction by Casson and Della Giusta, I identified three tools to analyze entrepreneurial behavior[374]: seeking opportunity, acquiring resources and organizing the market. As I have also noted there, various merchants, both from the Southern Netherlands and from abroad, sought opportunity to participate in the lucrative Eastern trade outside the established trading companies (the VOC, WIC, EIC and CIO). Although this did not succeed in the case of the slave trade from the Guinea coast and it was equally unsuccessful

[371] AT-OestA-HHStA, Belgien 32.
[372] Degryse, 'De Oostendse Chinahandel', 340-345.
[373] Jacobs, *Merchant in Asia*, 181-186.
[374] Casson & Della Giusta, 'Entrepreneurship and Social Capital', 220-244.

on the Malabar and Coromandel coast, it was somewhat profitable in the case of the Bengal trade, and very much in the case of the tea trade from Canton.[375] The cheap Bohea tea provided, in the end, the best way to find the opportunity to break into the monopoly position of the large companies in the intra-Asian trade and the European-Asian trade. The fact that Canton did not grant monopolies to either the VOC or the EIC, was also an important factor. In short, without a Company the Ostend merchants were also able to find business opportunities.

Acquiring resources was also no problem for the merchants of Ostend without working under the banner of a chartered company. Indeed, it may have been even easier than in a company: costs were lower, as no permanent personnel had to be hired, and thus return on investment would be higher. Indeed, Savoie often uses the argument of high personnel costs against granting permission for the establishment of a company.[376] Furthermore, acquiring financial support for the voyages may have been easier for private voyages than under a company, especially for foreign investors[377]: the names of subscribers for the GIC were published in Antwerp, Ostend and other places in the Southern Netherlands. Dutch and English investors were thereby outed as investors in the GIC which was inconvenient, although they mostly found a solution in buying shares through middlemen.[378] Investing in one-off ventures was probably easier for investors from outside the Southern Netherlands, as the contracts were not published and the money was quickly paid out after the sales of the commodities.[379] As Ann Carlos has emphasized in several of her works, there was a specific tipping point for business organizations to switch to a Company, a point where managing the risk was better managed in a Company than in private portfolios.[380] Risk was still higher because of the lack of institutional protection for the private vessels: but seen the success of the subscriptions for the private voyages of Ray *et al*, this was apparently not a problem seen the high return on investment

[375] Huisman, *La Belgique Commerciale*, 95-154; Louis Dermigny, *La Chine et L'Occident: Le Commerce a Canton aux XVIIIe Siècle, 1719-1833* (Paris 1964), 160-173.
[376] AT-OestA-HHStA, Belgien 34-37.
[377] Parmentier & Degryse, 'Agiotage en verkoop', 120.
[378] Parmentier & Degryse, 'Agiotage en verkoop', 120.
[379] Ibidem.
[380] Carlos & Stephen, 'Theory and History', 916-924: Carlos & Kruse, 'The Decline', 291-313.

from the Canton voyages.[381] Seen the duration of the charter (twenty years), it is most likely that the merchants associated with the GIC argued that the long-term interests in both Bengal and Canton were more secure in a Company.

The third conceptual stage is market organization. Although in Canton there was no problem for the private traders to engage in business there, in Bengal the companies had clear advantages over private traders because of their ability to make up treaties with the *nawab*. Only after the establishment of the GIC, Hume and (to a lesser extent) Cobbé gained concessions from the *nawab*, the ruler of Bengal, in terms of trade privileges.[382] For the China tea trade, the absence of a Company may have been an advantage for the organization of the market: Ostend ships could quickly go to China to buy the cheapest tea, whereas the larger Company ships may have had other destinations first (such as Batavia in the case of the VOC) for other business. For Ostend ships, the only goal was to get to Canton as quickly as possible to buy the best quality tea for the lowest price.[383] As the Chinese sold the tea, including the Bohea tea, to the quickest buyer or highest bidder, the Ostend ships had a competitive advantage over the larger companies.[384]

For Bengal and the rest of the Indian subcontinent, however, the form of a Company had significant advantages. The private initiatives in Bengal were not very successful, let alone the initiatives on the Malabar and Coromandel coasts.[385] Because of this, several merchants, especially the Merveille family, started to plea for the establishment of fortifications on the Indian subcontinent and the need for a company to protect the interests of the Southern Netherlands in Asia, but not necessarily Canton.[386] A Company would indeed have advantages on the Indian subcontinent, also related to establishing factories there, but this was still risky for the Habsburg imperial administration, especially since the opposition from the Dutch and the English against the

[381] Degryse, 'De Oostendse Chinahandel', 340-345; Parmentier, 'The Private East India Ventures', 100.
[382] Huisman, *La Belgique Commerciale*, 267-312.
[383] Parmentier, *Thee van Overzee*, 94-97.
[384] Degryse, 'De GIC als horzel', 87-97.
[385] Huisman, *La Belgique Commerciale*, 267-312; Parmentier & De Winter, 'Forten en Factorijen', 40-45.
[386] AT-OestA-HHStA, Belgien 32.

Ostend trade mounted after 1717.[387] How did it come then, that apparently, despite the greater profitability of the tea trade from Canton, the interests of the Bengal trade and the trade over India prevailed? Indeed, a Company would probably not hurt the Canton trade, but there was no strong incentive to reform the business organization. The next paragraph looks into the actual negotiations over the charter of the GIC, by analyzing the letters and responses that Savoie sent to the merchants, as they can be found in the HHStA Belgien archive.[388] Unfortunately, not many letters from the merchants to Savoie can be found, but from the responses from Savoie to the merchants we can get a good overview of the issues that various merchants raised. In tracking the process of the negotiations over the Company, I demonstrate how the merchants associated with the Canton trade accepted the idea of a Company for practical reasons (low profitability as a result of overcrowding on the market), and how they stroke a deal with the merchants associated with the trade in the Indian subcontinent. Meanwhile, the Habsburg administration was also warming to the idea of a Company for reasons of self-interest (developing the Southern Netherlands economically and strengthening authority).

Bargaining for the 'institutional shelter' (2): why a Company, and how?

As I have noted in the introduction to this chapter, it is important to recognize the different interests that several merchants had in the Ostend trade. Whereas the Merveille family was clearly interested in the trade to- and from Africa, seen their plan to build a trading post in Madagascar, Ray and his Irish followers were mainly interested in profitability. Moreover, Ray showed himself to be a great advocate for the interests of the Southern Netherlands in his function as burgomaster of Ostend.[389] Maelcamp was a noted investor in several Scandinavian companies and many of the private ventures.[390] Cloots, meanwhile, was valuable for the Habsburg imperial administration for his financial resources, his contacts in the Dutch Republic and his ability to bring on board his brother-in-

[387] Enthoven, 'Dan maar Oorlog!', 136-143; Hertz, 'England and the Ostend Company', 265-269.
[388] AT-OestA-HHStA, Belgien 32-37.
[389] AT-OestA-AVA, Familienarchiv Harrach, 572.31 (Ray).
[390] BE-SAG, Staten van Goed, 332, 630/1; Parmentier, 'The Private East India Ventures', 90.

law De Prêt.[391] Furthermore, they note that after the initial success of the first voyages to the East, some new financiers appeared, including the rich De Coninck, later a director.[392] Parmentier and Degryse also note that, in 1721, the profit margins on the private ventures had gone down, as the large amount of tea that was brought to Ostend was more than enough to meet demand.[393] As Carlos has noted, the specific 'tipping point' for private business organizations to transform into a Company was mostly when the market was overcrowded: in the case of the GIC, this was clearly the case, as prices of tea were strongly driven down by the competition between the private ventures.[394] Only when several groups agreed to limit the trade by starting to lobby for a Company, the profitability of the trade could be restored. Parmentier and Degryse distinguish four groups that invested in the East India trade and that competed with one another for the best position in the trade from Ostend. I have added the Merveille family on basis of my own archival research (Table X).

Table X: Merchant groups working in the Ostend trade on Asia, 1717-1722.

GROUP	MERCHANTS
CLOOTS & COMPANY	Paulo Jacomo Cloots / Arnoldo de Prêt / Jacomo de Prêt / Thomas Ray / Daniël de Bruyn / Antoine Crozat
GHENT GROUP (1)	Jacobus Maelcamp / Carlos Maelcamp / Jean-Baptiste Soenens / Thomas Ray
GHENT GROUP (2)	Paulo de Kimpe / Thomas Ray / Mattheus de Moor
ANTWERP GROUP	Louis de Coninck / Jacobus Moretus
MERVEILLE GROUP	Merveille jr. / Merveille sr.

Source: Parmentier & Degryse, 'Agiotage', 118; AT-OestA-HHStA, Belgien 32-37.

Although the voyages to the East were profitable, the profit margins thus began to decline after 1719. The Cloots group and the first Ghent group began working together to limit the voyages to the East and thus the imports of tea that drove prices down.[395] Of course, it was not the case that these

[391] Parmentier & Degryse, 'Agiotage en verkoop', 118.
[392] Ibidem, 118-120.
[393] Ibidem, 118.
[394] Carlos & Stephen, 'Theory and History', 916-924.
[395] Parmentier & Degryse, 'Agiotage en verkoop', 118.

groups worked mutually exclusive from another group and did not mix at all: the Antwerp group, for instance, were also investors in several of the voyages of the first Ghent group.[396] The Ghent group was not able to find enough investors in the city to invest in the ventures, whereas the financial markets of Antwerp had plenty of credit to offer.[397] Also of interest, of course, is the fact that Ray is involved in all the first three groups: due to his good contacts with Prié and the Ostend and Brussels administrations, Ray was a skilled negotiator to arrange passports and the other necessary requirements for voyages to the East. In Savoie's letters of 1722, I notice that Ray and De Kimpe work together as brokers in the negotiations over the establishment of a Company, while Maelcamp and De Prêt have also clustered as a group in these negotiations.[398] De Coninck was also one of the negotiators, and named as a director of the Company because of his capital and network in Antwerp and abroad.[399] As the profits of the private ventures fell due to dumping on the markets in the Southern Netherlands, men like De Coninck with networks abroad may have been considered to be able to find new markets to export those commodities.

Indeed, the Merveille family is not noted by Parmentier and Degryse in their study of the shareholders in the GIC and the private ventures. Cloots, who because of his contacts with Prié was also considered as one of the potential directors in the GIC, gained too much opposition from several merchants in the Southern Netherlands, who feared that he would not work in the interest of the Southern Netherlands, but too much for his own profit.[400] Furthermore, his relationship with Prié did not do him any good. Indeed, his connection to Prié helped him in efficiently setting up several voyages to the East, but in the negotiations over a Company this worked against Cloots.[401] On the lists that Prié had sent to Vienna regarding the possible directors, Ray was missing in one list but Cloots was on both.[402] Nonetheless, the Habsburg administration decided to give Cloots several

[396] Ibidem, 120.
[397] Degryse, *De Antwerpse Fortuinen*, 53-65 & 293-297.
[398] AT-OestA-HHStA, Belgien 32-37.
[399] BE-ARB, Departement van de Hof- en Staatskanselarij, 71; idem, 640.
[400] Parmentier & Degryse, 'Agiotage en verkoop', 120.
[401] Ibidem.
[402] BE-ARB, Departement van de Hof- en Staatskanselarij, 640.

trading privileges related to overseas trade, in order not to waste too much of his knowledge and contacts in the Republic. For instance, Cloots could still use Antwerp as an offshore base for his uncle's trading firm that operated from Amsterdam and Lisbon, a place that was also interesting as port city with friendly authorities towards the merchants from the Southern Netherlands.[403]

The correspondence of Savoie demonstrates that Maelcamp was the director who corresponded most in the years 1720-1723. Maelcamp started writing early in 1720, asking for several *"particular charters"*, probably charters given to several individuals to regulate the number of voyages to the East.[404] According to Maelcamp, this was necessary to protect the profitability of the Ostend trade and to defend the trade from fortune-seekers. As noted, Maelcamp overwhelmed Savoie with presents in order to get things done in the same year.[405] Only after Maelcamp had presented his ideas for a company, Savoie warmed to the idea or, at least, the issuing of several licenses for individual traders, as opposed to the system in which Prié was able to do whatever he wanted for his own profit.[406] For the Habsburg administration, it had become clear that the China-Ostend trade could not remain profitable as long as the merchants would be in competition with one another. The economic development of the Southern Netherlands was vital for the establishment of effective authority over the territories.[407] Thus, eliminating competition between the several groups of merchants was an argument that the administration readily accepted. A Company was thus an almost inevitable option, given the fact that overseas commerce was one of the main pillars of the Habsburg policy for stimulating the economy of the Southern Netherlands. Moreover, the Dutch and English threat had proven to be more or less hollow in the years between 1715 and 1721, and Savoie and Charles VI became increasingly convinced that the naval powers would not attack the Habsburg Empire, partly based on information provided by Cloots.[408]

[403] Parmentier, 'From Macau to Rio', 172-176.
[404] AT-OestA-HHStA, Belgien 35.
[405] Ibidem.
[406] Van Gelder, *Regime Change at a Distance*, 266-270.
[407] Ibidem, 243-262.
[408] Van Nimwegen, *De Republiek*, 41-43.

Savoie explicitly refers to the institutional protection in his letters to Maelcamp, describing it as necessary to continue the profitable trade with Asia. Savoie, moreover, argues that individual profitability will probably fall down due to the high personnel costs, but Maelcamp counters that because of the lack of domestic competition, the rise in personnel costs will be undone by the larger profits.[409] At the end of the year (1720), Savoie begins to give the first positive signs of the eventual establishment of the Company: Maelcamp argued convincingly for a Company because of the profitability issue. Moreover, he urged Savoie to stick to his economic policy of aiding the economy of the Southern Netherlands through a regulated trade.[410] In 1722, most of the letters that Savoie and Maelcamp exchanged indeed touch on this subject, and the need to pay for reparations in the port of Ostend.[411] The only thing that Maelcamp feared, when setting up a Company, was the threat of the English and the Dutch. Savoie lets him know that Prié and other diplomats will take care of the issue, especially after the information that he had received from Cloots about the situation in the Dutch Republic.[412]

Cloots did play an important role in the establishment of the Company, although his possible appointment as a director was strongly opposed by some. Cloots mainly argued that the Habsburg Empire, being a European power, needed to show hard power in Asia, such as fortifications and maybe even colonies. In his letters of 1721, he extensively praises captain Harrisson, of the ship *Ville de Vienne*, who had reached Bengal and set up a fortification there.[413] Not only Cloots called on Savoie to support the efforts of the captains sailing under the Habsburg flag to the Indian subcontinent: Merveille jr., writing from Bengal, also frequently asked for (financial) support, while Merveille sr. also kept promoting the idea of a colonization of Madagascar.[414] For one voyage to the east under Merveille jr. as captain, the ship only got the necessary passport to leave after Cloots had

[409] AT-OestA-HHStA, Belgien 35.
[410] Ibidem.
[411] Ibidem, 36.
[412] Ibidem, 37.
[413] Ibidem, 36.
[414] Ibidem, 35-36.

petitioned Savoie.[415] There were sometimes profound disagreements between Savoie and Merveille jr. Savoie argued for a voyage to Mocca as he considered this to be safer, whereas Merveille jr. wanted to go to the Coromandel coast or to Bengal.[416] The difference of opinion arose because of different interests: for Savoie, the Mocca trade was a less risky way to conduct overseas trade, as the Bengal option would more likely end in military action by the English and the Dutch. For Merveille jr. and sr., the possibility to conduct private trade in Bengal was of course more attractive.[417] Merveille sr., meanwhile, also insisted several times for the need to finance and support the colonization efforts in Bengal and on the Coromandel coast.[418] This group, consisting of Cloots and the Merveille family, was thus rather active in the petitioning of the Habsburg imperial administration for protection for their ventures in the Indian subcontinent. Without the formal protection of the Emperor, it was indeed rather unlikely that the merchants could get a foot between the door in Bengal, the place where the most profitable trade was done, and where furthermore the textiles were bought by the Portuguese that could be used in the slave trade on the Guinea coast.[419] They thus needed both financial support and military support, in the form of a charter.

Although Savoie was skeptical, for the merchants setting up fortifications in the Indian subcontinent was a vital part in being able to trade there.[420] In early 1723, Cobbé was named as the first Governor of Bengal. Savoie writes to him stating that he has full confidence in his capabilities, although he was quickly replaced by Hume after a collision with the *nawab*.[421] From the Vienna sources, it appears that the turning point for permitting the fortifications in in India came about by a combination of factors: first, Prié, despite earlier instructions to modestly support the merchants in Bengal and on the Coromandel coast, had not given support to the merchants, leading to military

[415] Ibidem, 36.
[416] Ibidem, 36.
[417] Parmentier, *De Holle Compagnie*, 9-18.
[418] AT-OestA-HHStA, Belgien 35-37.
[419] De Alencastro, 'The Economic Network', 126-130.
[420] Kann, *A History of the Habsburg Empire*, 92-93.
[421] Parmentier, *De Holle Compagnie*, 21-28.

problems with the English in Asia.[422] Prié feared that his own position would weaken, as there would be less passports to be handed out for the ships to Bengal, once a Governor in Bengal could also issue passports for ships back to the Southern Netherlands. As a result, Savoie had to send more financial and military support for the merchants, in order to save the Habsburg honor there. Prié was quickly replaced after this incident. Furthermore, Cloots' pressure was strong, and when Maelcamp also expressed his support for establishing diplomatic relations with the *nawab* in Bengal, there was a consensus among the merchants that a Company was the necessary form for the new business organization.[423] Probably, Maelcamp was also instrumental in this argument, as Savoie only becomes more positive about support for the trade in the Indian subcontinent after Maelcamp's letter of 1720. One could argue that Maelcamp, Cloots and De Prêt had probably agreed on the need for a Company: Maelcamp had received his long-wanted limitation of competition with the Company, Cloots was still able to conduct his family business from Antwerp and gain from the Ostend trade via his shares in the Company and his family relationship to De Prêt. The interests of the two groups of merchants anyhow became intertwined in 1720, which ultimately led to the establishment of the GIC after the Habsburg imperial administration gave in.

Conclusion: the importance of the Bengal trade and the need for shelling

The foundation of a Company mainly had to do with the advantages that it brought in the trade in Bengal and other places in the Indian subcontinent. There, competition with the other European companies was strong and trade was mostly conducted under a monopoly position, and thus institutional protection of the Habsburg Emperor was a great advantage. Seen from this perspective, the GIC turned out to be a total failure: after all, the Bengal trade became only modestly successful after 1723 and the other trade on the Indian subcontinent flopped altogether, while the tea trade from Canton was successful as it had ever been. The only argument one can give to counter this view, is the fact that the GIC brought in line the interests of all the different groups of merchants.

[422] AT-OestA-HHStA, Belgien 37.
[423] Ibidem, 35.

Indeed, the profit margin rose again on the China trade after the foundation of the GIC: partly this was because of the individual merchants not competing with one another.

In short, the arguments of the Ostend merchants to plea for a Company consisted of two reasons: for the first group of merchants, headed by Maelcamp, it provided the opportunity to unite the merchants in one Company, instead of competing between several groups of merchants that slowed down profit growth. One disadvantage was the fact that a Company had higher personnel costs, as a bureaucratic administration had to be built up. On the other side, the voyages to China could now be limited by the seven directors, of which Maelcamp was of course one. Probably, Maelcamp calculated that restoring the high profitability would outpace the growth of personnel costs, and thus made the gamble to argue for a Company with Savoie. Although the institutional protection of the Habsburg Emperor would be somewhat beneficial for Maelcamp's trade to Canton, it was not the main reason for him to argue for a Company: indeed, due to the strict neutral policies of the Chinese Emperor, institutional protection was not an advantage nor a disadvantage. Ray and De Kimpe, for instance, can also be placed in this camp: they were mainly concerned with the protection of their own fortunes and local interests in Ostend and Antwerp. Indeed, in their letters, they focus mainly on securing permission for the China trade for a longer time.[424] For them, the China trade was the most profitable trade, and securing access into Bengal was not a priority.

For the second group of merchants, including Cloots and Merveille jr. and sr., the main reason to argue for a Company was the push to break in to the trade on the Coromandel and Malabar coast and Bengal. For them, establishing fortifications under the institutional protection of the Emperor was the way to break into the profitable trade of the larger European Companies in the Indian subcontinent. Indeed, the Southern Netherlanders only secured permission to trade in Bengal from the *nawab* after the GIC was established (and Alexander Hume was made Governor, replacing

[424] Ibidem, 36.

the failing Cobbé).[425] The trade was, in the end, only marginally profitable, and the trade on the Coromandel and Malabar coasts was an outright failure. Nonetheless, the merchants who worked in the Indian subcontinent, such as Merveille jr., De Schonamille and Hume stayed active there after the GIC was definitively suspended in 1732.[426] Indeed, they used the GIC as a way to break into the Bengal trade: already in 1728, there were reports that the GIC merchants in Asia tried to withdraw from their instructions given by the directors, in order to continue their trade, probably for their own account.[427] A 'shell company', for those merchants, was the best way to protect their own interests and profitability in the Asian trade.

And thus, the GIC was born in 1723. Two groups of merchants became entangled in combining their interests for the Asian trade, and found it in both their interests to lobby for a Company in the Southern Netherlands. Despite different arguments, their need for a Company was there: for the Maelcamp group, it promised to eliminate domestic competition and higher profitability; for Merveille jr. and others, it would provide greater protection in Bengal and other places in the Indian subcontinent to move with their long wish, namely colonization and breaking up the monopolistic trade of the EIC, VOC and CIO there. Especially for the second group, the GIC thus could act as a 'shell company': the form of the organization of a Company, with institutional protection of the Emperor, promised better results in Bengal, as the *nawab* would only give trading privileges to foreign entities, not private merchants. For the Habsburg administration, the pressure of the merchants for a Company became too large in the end. Their argument of high personnel costs was invalidated by Maelcamp, and the irritating Merveille sr. was left out of the director group, as was Cloots who was accused of only profiting from his friendship with Prié. Furthermore, De Prêt could act as a person who would merge all the interests together, a task that he indeed fulfilled in the years that the GIC existed: because of the family connection, Cloots agreed on naming De Prêt as

[425] Parmentier, *De Holle Compagnie*, 9-17: Floris Prims, *De stichting van Banquibazar, onze eerste kolonie (1724-1727)* (Antwerp 1930), 7-56; Wanner, 'Bankibazar – Ostend and Imperial Factory in Bengal 1722-1744', Prague Papers on the History of International Relations Prague-Vienna. S.I. 2009, 107-118.
[426] Parmentier, *De Holle Compagnie*, 29-91.
[427] BE-ARB, Raad van Financiën, 8602.

one of the directors.[428] Finally, because of the information it had received form its informant Cloots, the Habsburg administration could now be rather certain of the fact that at least the Dutch Republic would not attack the Southern Netherlands because of the foundation of the GIC.[429]

Thus, the sheltering of capital and the ability to work in the Indian subcontinent was an important motive for several of the Ostend merchants to lobby for a Company. I now move on to the period 1727-1750, a period in which the GIC was suspended and eventually abolished. Nonetheless, many initiatives were taken to keep the GIC alive, whether in Hamburg, Cádiz, Trieste, Stockholm or somewhere else in Europe. The next chapter tracks all these initiatives, that prove that many of the merchants indeed tried to shell their interests in other companies. After 1727, the GIC acted both as a 'shell company', as well as a mailbox company by setting up and supporting trade via foreign ports.

[428] AT-OestA-HHStA, Grosse Korrespondenz 102c-20 De Prêt; Ibidem, Ostindische Kompanie Ostende I, folio 1.
[429] Ibidem, Belgien 37.

Chapter 5: Other forms of sheltering after 1727

The GIC may have been the most successful and important company that Habsburg Austria chartered and supported during the eighteenth century, but it was not the only one. Besides the three companies established in Trieste and Fiume, many other initiatives were deployed by either the Habsburg imperial administration on economic development through trade or by individual or small groups of merchants, especially in the aftermath of the GIC, and in the period 1727-1760. As many of these initiatives have not been seen in the larger perspective of the interplay between the Habsburg imperial administration and merchant initiatives, this chapter looks at some of these initiatives from the merchants' side to continue the GIC trade after its suspension in 1727. The GIC was not the only sheltering initiative that European merchants undertook in the early eighteenth century. This chapter will hence look at several of these initiatives, which can be classified in three categories: Habsburg companies in Trieste and Fiume; investments in the chartered Scandinavian companies after 1730; and initiatives to find institutional protection outside the Southern Netherlands by various merchants, for instance in Gdansk, Cádiz, Lisbon and Prussia.

The push south: the Habsburg companies in Triëste and Fiume during the eighteenth century

The idea to trade from Ostend again gained traction on and off during the eighteenth century after the demise of the GIC. The directors of the GIC had a strong preference for the GIC to continue operating from Ostend, in order to serve their main markets (smuggling to Britain and flooding the Dutch market with cheap tea). The directors also showed a remarkable preference for staying within the Habsburg Empire and the protection that the Emperor could give them. In their letters immediately after the suspension of the charter of the GIC in 1727, the directors talk of moving the activities of the GIC to Trieste and Fiume.[430] Their preference, however, is to stay in Ostend: Proli sent a letter to Savoie and Charles VI before his diplomatic trip to Vienna with a request to continue the institutional protection.[431] Other instructions from that period for the latest ships that could be

[430] BE-SAA, GIC, 5602.
[431] Ibidem: "*versoeck van de continuatie van haere protectie*".

sent include detailed instructions to the supercargo, Jean Ley, to move to Ireland, Dunkirk or Hamburg in the event of potential danger of capture by the Dutch or the English.[432]

Other ideas for the continuation of the trade from Ostend are plentiful in the sources regarding the GIC. For instance, in 1736 several traders in Ostend send a proposal to Charles VI and the city council of Ostend to establish a 'Chamber of Commerce' in Ostend, to promote commercial interests in the port town.[433] In an apparent rebuke to the foreign traders who were active in the GIC, the drawers of the proposal wanted a condition that any member of the Chamber who wished to develop commercial initiatives in Ostend, should have lived in Ostend for several years.[434] In 1716, De Potter, one of the first merchants to be active in the private ventures to the Guinea coast and the East along with Maelcamp, was among the writers of a letter to the city council of Ostend complaining that the foreign traders who had arrived in the previous year were taking too many freedoms. Those foreign traders may have included several of the later investors, such as the Merveille family, who indeed quickly set up several voyages from Ostend with the help of Ray, who had contacts in the Ostend administration and could offer him the necessary paperwork. Merchants and investors from the Southern Netherlands, for instance Maelcamp, were probably afraid that their opportunity to set up a profitable trade to the Guinea coast and Asia was threatened by foreign merchants with experience in the VOC, WIC EIC or CIO.

In the same letter, De Potter and others asked for rules that would restrict foreign merchants, as was the case in Bruges at the time of writing.[435] Apparently, not all was well between the local merchants of Ostend and the foreign merchants who came to live and work there between 1715 and 1720. Similar to the letter regarding the 'Chamber of Commerce', Benaerts, the secretary of the GIC, wrote a proposal in 1735 to Maria Elisabeth, asking to declare Ostend a free port in order to lower the taxes on commerce.[436] Benaerts complained about the fact that the Danish and Swedish

[432] Ibidem, 5555.
[433] BE-UBG, Fonds Hye-Hoys, 2069.
[434] Ibidem.
[435] Ibidem, 2073.
[436] Ibidem, 2077.

were allowed to trade more or less freely with the East, while the Ostenders were forbidden to do so under the conditions that were laid down for the GIC in the negotiations over the Pragmatic Sanction. Nonetheless, the Habsburg imperial administration was not willing to help the Ostend merchants, knowing that the response from the Dutch and the English would be harsh. As a result, even Savoie (who fell out of favor in 1725 but returned to the Vienna scene in 1727) wrote letters asking Benaerts to keep up the orders he received from Charles VI. Savoie also complained that the 'secret commission' (see below) that was established in 1728 to equip several private voyages under a neutral flag was a diplomatically clumsy step, which would surely be discovered by the English and the Dutch.[437] Other possible places to trade from included Cádiz and other port cities in the Iberian peninsula. Indeed, after the rapprochement between Charles VI and the Spanish monarchy in 1725, the Spanish and Portuguese authorities became friendlier towards the GIC. This rapprochement was not the only thing that worked as an advantage for the GIC: the Portuguese king John V had married Maria Anna of Austria, a Savoie, in 1707. As a result, a change to Southern Europe, be it in Italy, Spain or Portugal, was attractive for the GIC directors. Cádiz, with its good facilities, is often named in the letters between Savoie, De Prié and the directors.[438] Moreover, the Spanish American markets and Brazil would have been profitable consumption markets if the GIC had been able to smuggle its commodities there. At least one voyage to Brazil was made in 1725, although this was no success.[439]

Even before Charles VI made the decision to issue a charter for the GIC in 1722, he had issued a charter in 1719 for the 'Imperial Privileged Oriental Company', a privileged company based in Trieste and Fiume (current-day Rijeka in Croatia) that focused on the trade with the Balkans and later also on trade with Portugal.[440] This trade was less profitable than the trade of the GIC, because too many private traders were active in the Balkans who were opposed to the charter of the Imperial Company. For the Habsburg administration, trade with the Balkans was meant to incorporate these

[437] Ibidem, 2066.
[438] BE-SAA, GIC, 5555; Ibidem, 5579; Ibidem, 5602; Ibidem, 5619.
[439] BE-UBG, Fonds Hye-Hoys, 1874.
[440] See, for the typology of companies: Carlos & Nicholas, 'Theory and History', 916-924.

territories into the Habsburg empire, and also as a way of providing counterweight to the threat of the Ottoman Empire in the East.[441] This Company was never as profitable as the GIC had been in the tea trade. Charles VI had declared the ports of Fiume and Trieste as 'free ports' in 1717. In practice, this meant that taxation on imports and exports was low. The decision to make those ports 'free ports', was made by Charles VI to strengthen their economic position. Both ports had been severely damaged by the wars with the Ottomans in the seventeenth century, and were thus exempted from tax in the early eighteenth century to recover trading activity in the ports. For shelling activities, the ports of Trieste of Fiume proved to be an excellent opportunity for merchants to conduct covert trade in the eighteenth century: furthermore, they had the advantage of being under Habsburg jurisdiction and thus institutional protection.

Although the Imperial Company was not profitable and quickly dissolved, the Italian city ports of Fiume, Trieste and Livorno remained interesting operating bases for merchants to from. In 1740 the 'Kompagnie van Trieste en Fiume' (Company of Trieste and Fiume) was set up by Maria Theresa, Charles VI's daughter and successor.[442] Both the Imperial Company and the Company of Trieste and Fiume focused on trade in manufactures, mainly textiles, with the Balkans. For this purpose, factories were built in both Trieste and Fiume. This Company of Trieste and Fiume of 1740 was slightly more profitable than its predecessor, according to Michielsen.[443] Especially the Proli family, for which Pieter was already a director in the GIC, was a heavy investor in this Company. His son Balthazar was one of the main investors in the Company, and also one of its directors. A significant part of the invested money came from the Proli family, as Michielsen has demonstrated.[444] The Proli family, with its Italian roots, was thus an important factor in driving investment southwards.[445] The other GIC directors, especially Maelcamp and De Prêt, were opposed

[441] Ingrao, *The Habsburg Monarchy*, 93 & 140.
[442] Leo Michielsen, 'De compagnie van Triëste en Fiume', *Bijdragen tot de Geschiedenis*, 27 (1936), 70-91 & 181-233.
[443] Ibidem.
[444] Idem, Michielsen, L., 'De familie de Proli', *Bijdragen tot de Geschiedenis*, 26 (1935), 273-307.
[445] Baels, *De Generale Keizerlijcke*, 139-140 & 146-148.

to moving the GIC to Trieste and Fiume after 1727, as they argued that the absence of the Dutch and English market nearby would hit the trade of the GIC disproportionately hard.[446] Only Proli was in favor of this move, as he assumed that Dutch and English eyes would be less present in that part of Europe. The other directors countered his proposal by arguing that the ports did not have the facilities to undertake such voyages and investments: indeed, the ports were wrecked by the Ottoman navy in the wars of the seventeenth century. Furthermore, the risk of Algerian pirates who roamed the Mediterranean was rather high. As a result, the six other directors were able to convince Charles VI not to move the Ostend trade to the southern European ports. Nonetheless, Proli was able to convince Maria Theresa to set up a Company in textile trade in Trieste and Fiume. The GIC trade was not affected by this Company.

In 1775 another initiative was launched under the reign of Maria Theresa. The English merchant John Bolte requested a charter for an East India Company that could trade from both Ostend and Trieste.[447] As the English and Dutch interest in the GIC had long waned, Bolte saw the opportunity to revive the profitable GIC in Asia, for instance from Canton. From both Ostend and Trieste, Bolte assumed, trade was possible, and capital was available from the Proli family and several other financiers from Antwerp.[448] In order to evade the attention of the Dutch and mainly the British, Bolte decided that most voyages should be made from Trieste. Maria Theresa agreed, and the company was chartered.[449] This 'Aziatische Kompagnie' (Asiatic Company) was allowed to trade on Asia, and was meant to mirror the GIC of sixty years before. However, the Asian landscape had significantly changed, as the English competition and control over large swathes of Asia had increased. In 1785, the Asiatic Company was abolished again by Maria Theresa due to large losses. Interestingly, Bolte's career resembles Alexander Hume's: Bolte was successful as a private merchant in Asia due to his extended network and service in various English companies, and relocated to

[446] Ibidem.
[447] Michielsen, 'De compagnie van Triëste en Fiume', 70-91 & 181-233.
[448] Houtman-De Smedt, 'The Ambitions of the Austrian Empire', 227-229.
[449] Michielsen, 'De compagnie van Triëste en Fiume', 70-91 & 181-233.

Ostend in the early 1770s, in order to be able to work with financiers from Antwerp. After several profitable private voyages from Trieste, among others financed by Charles Proli, another son of Pieter Proli, Bolte went to Maria Theresa with the idea for a Company that would trade in Asia. Bolte had thought that the form of a chartered company would protect its trade better against the English competition.[450]

The Asiatic Company died a quick death, due to the high risks in the Asia trade, where the English competition had become overwhelming. The Asiatic Company was unable to find a niche as the Bohea tea trade of the GIC. Nonetheless, shelling was not only a strategy of the GIC, but was used in several instances in the Habsburg Empire. The three companies based in Trieste and Fiume were not the only initiatives that merchants in Ostend (and financiers from Antwerp) undertook, nor the only initiatives that the Proli family financed. In their private archive, in the Dutch Economic History Archive, several documents remain about their involvement in the GIC and the various companies, along with several other investments the family made during the eighteenth century.[451] Besides the push by Pieter Proli to move the Ostend trade to Trieste and Fiume, other initiatives were supported by the family to keep at least some of the trade in Ostend. For instance, in 1782, Charles Proli pushed for the foundation of a 'Chambre Royale d'Assurance d'Antwerp', with its headquarters based in Antwerp and Ostend.[452] Voyages under the Asiatic Company would still leave from Trieste. Following this proposal, count Calemberg, a Habsburg official, answers Proli that this proposal might not get past the Vienna policymakers: instead, he proposed that the ships should either arrive in Trieste or Livorno, another important Italian port city, or that they should travel under a neutral flag and sail into every port in Europe, preferably Cádiz because of its status as a free port.[453]

The family Proli was thus, to limited success, responsible for investing in the Companies that

[450] Ibidem.
[451] NEHA, 544/2.
[452] Ibidem, 544/2o.
[453] Ibidem, 544/2t.

were established in Trieste and Fiume. Furthermore, Cádiz was an important port city that not only Proli and his sons often thought of as a place of refuge, but also was seen by the directors of the GIC after 1727 to trade from. The Scandinavian option (see below), however, was not considered in the letters by the directors. This is strange, seen the fact that many supercargoes joined the SOIC around 1732 and even some GIC directors invested in some of the Scandinavian companies. Probably the lack of Habsburg jurisdiction played an important role in this. Another interesting aspect is the fact that letters were sent to the Polish king, in order to establish a base in the port city of Gdansk. Indeed, we know that several voyages from the GIC were done under the Polish flag after 1730.[454] We will now discuss the Scandinavian investments, however, and return later to the Polish episode, as the first supercargoes immediately started to leave the service of the GIC after its suspension in 1727 and went to Sweden. The contacts with the Polish king only originated from the early 1730s, when the GIC was finally abolished.

The Scandinavian investments of 1728-1740

As noted, some supercargoes in the GIC went to Sweden after the suspension of the GIC in 1727. There, the Swedish king Gustav quickly took the opportunity to provide some merchants, including the Scottish merchant Campbell, an important figure in the GIC, with a charter.[455] The Swedish king was, however, not the only foreign sovereign trying to lure the merchants of Ostend into establishing a company in their territories. The Danish king also was trying to attract some of the merchants, and especially their capital, to Copenhagen. The Swedish and the Danish were still involved in heavy economic and political competition after the Great Northern War (1700-1721), in which Sweden lost several territories to either Russia or Denmark. Both offered institutional protection and several shares to foreigners who would make their knowledge of trade and navigation available, an offer that for instance Campbell gladly took up in the Swedish case.[456] Indeed, the Swedish Company offered more opportunities for foreign merchants, as the Company could be built from scratch by

[454] Baels, *De Generale Keizerlijke*, 146-148; Parmentier, *De Holle Compagnie*, 64-66.
[455] Van der Geest, *A Scottish Merchant*, 25-32.
[456] Ibidem.

those merchants, whereas in the Danish case, the elites held a large majority of the shares, making it more difficult for merchants to influence policy-making.

Indeed, the timing of the foundation of the two companies involved in the aftermath of the GIC tale is not coincidental. The Swedish Company (SOIC) was founded in 1731, the Danish Asiatic Company (DAC) in 1732.[457] Both kings saw both the capital and the experience of several of the Ostend traders as an advantage in the commercial contest for power and money in Asia. A lucky coincidence was the relatively peripheral place of the two countries on the map of Europe: as opposed to the Southern Netherlands, both Sweden and Denmark were not an important stake in the power struggle for control over the European continent, nor a stake in the balance of power. As such, the two countries could undertake their voyages to the East more quietly than the Ostenders had done. For the Dutch and the English, another reason not to oppose the companies in Scandinavia was the limited risk of smuggling towards the Dutch and English markets: first, the geographical distance was too far, and second, the domestic market was much more developed than in the Southern Netherlands. Indeed, an important complaint of the directors of the GIC was that the English and Dutch were too much focused on the damage that the GIC had done to their trade in Asia, whereas the Swedish and Danish could trade without Dutch and English opposition. Indeed, the Swedish company gained access to the Chinese tea market in the early 1730s rather quickly, as their ships were not attacked nor hijacked by English and Dutch ships in Asian waters, as was the case with the *Fredericus Rex Suicae* (see below). In the 1770s, the Swedish presence in Canton was thus still rather large,[458] and their share in the tea market stayed relatively stable during the eighteenth century.[459] For the SOIC, a reason they were able to re-export tea to Britain and the Republic in a

[457] See: Marten Aberg, 'The Swedish East India Company 1731-1766: Business Strategy and Foreign Influence in a Perspective of Change', *Scandinavian Journal of History*, 15 (1990), 97-108; Kristof Glamann, 'The Danish Asiatic Company, 1732-1772', *Scandinavian Economic History Review*, 8, 2 (1960), 109-149; Ole Feldbaek, 'The Danish Trading Companies of the Seventeenth and Eighteenth Centuries', *Scandinavian Economic History Review*, 34, 3 (1986), 204-218; Philip Kelsall, 'The Danish Monopoly Trading Companies and their Shareholder, 1730-1774', *Scandinavian Economic History Review*, 47, 3 (1999), 5-25.
[458] Hellmann, 'Life in the Foreign Quarters', 798-802.
[459] Müller, 'The Swedish East India Trade', 28-44.

profitable way was the fact that the SOIC only did business, as opposed to the EIC and the VOC, who had to deal with large-scale empires under their control, which was notably expensive for the two 'old' Companies. In this sense, the SOIC was also an important example of both a response and an adaption to the Dutch, English and French companies.[460]

In the first chapter, I have already detailed some important elements of the debate over the 'Swedish epilogue' of the GIC, the question how much of the capital from the GIC was reinvested in the SOIC.[461] Although the debate is still raging over how large the foreign contributions were in the SOIC, I am more interested in whether the Ostend merchants saw the Swedish Company as a business opportunity. In the Swedish case, foreign merchants could strongly influence policy-making and became important shareholders in the Company, as they possessed the knowledge and were active in the networks that would grant the Swedish Company access to the Asian market.[462] Again, it is interesting to look at the relationship between the local elites and the foreign financiers and merchants, both for the case of the SOIC and the DAC. In case of the DAC many of the shareholders were Danish.[463] Many of those shareholders were members of the Danish nobility: furthermore, many of the foreigners who held shares in the DAC were residents of Denmark, for instance consuls or residents from France.[464] According to Kelsall, in 1744, eighty-three of the four hundred shares were in foreign hands: still a large percentage, but not significantly more than in the GIC. Kelsall also notes that Carlos Maelcamp, the son of the (by then) late GIC director Jacobus Maelcamp, held several shares in the DAC. From the private archives of the Maelcamp family in the Ghent city archive, we know that Jacobus Maelcamp invested in the DAC shortly before his death.[465] Furthermore, he invested 10.000 Rixdollars in the *Fredericus Rex Suicae*, one of the first private Swedish ships that left Cádiz in 1730, with several sailors and supercargoes on board that had also

[460] Nierstrasz, *Rivalry for Trade*, 61-66; MacKillop, 'Accessing Empire', 15-19.
[461] See for the overview of this question: Michielsen, 'Het Einde van de Oostendsche Kompagnie', 128-143.
[462] Aberg, 'The Swedish East India Company', 101-107.
[463] Kelsall, 'The Danish Monopoly Trading Companies', 6-10.
[464] Ibidem.
[465] BE-SAG, Staten van Goed, 332, 630/1.

been active in the GIC. Parmentier also notes that the *Fredericus Rex Suicae* could be considered as the first chapter in the Swedish coda.[466]

As such, the Swedish initiatives to establish trade with Asia also started with private voyages with the tacit support of the Swedish king under merchants such as Campbell. Especially in the starting days of the Swedish push eastwards, the foreign influence was rather large.[467] Although the voyage of the *Fredericus Rex Suicae* started in the port city of Gothenburg, the ship quickly set sail for Cádiz to take more silver on board: after all, silver was the only currency that was accepted in China as a valid method of payment. In Cádiz, meanwhile, all of the silver that was mined in Latin America entered Europe and was traded for other commodities, in order to enable the buyers of the silver to pay in China.[468] Although the *Fredericus Rex Suicae* encountered an English war vessel near Cádiz, they were allowed to go onwards, as they sailed under the Swedish flag and not under the Habsburg flag.[469] Sweden had taken a neutral position through several treaties with Russia, England and others after the Great Northern War, in a time where the demand for neutral shipping strongly increased.[470] The Swedish flag thus was, at the time, an important asset for merchants wanting to trade inconspicuously. Other initiatives from Ostend merchants, including one to set up trade from Cádiz, were less successful as they sailed under the Habsburg flag or another associated flag.

The Swedish initiative was thus to a large extent an interplay between the Swedish king, who had long wished for Swedish overseas expansion, and foreign merchants and financiers who sought institutional protection after the demise of the GIC. After the initial success and profitability, however, the Swedish nobility regarded the foreign merchants in SOIC as a threat to their power base, as the several Swedish investors in the Company had quickly become rich: furthermore, the

[466] Parmentier, *De Holle Compagnie*, 58-63 & 71-78.
[467] Aberg, 'The Swedish East India Company', 101-107.
[468] See, for the origins: Dennis Flynn & Arturo Giraldez, 'Cycles of Silver: Global Economic Unity through the Mid-Eighteenth Century', *Journal of World History*, 13, 2 (2002), 391-427.
[469] BE-UBG, Fonds Hye-Hoys, 1929.
[470] See: Silvia Marzagalli, '"However Illegal, Extraordinary or almost Incredible such Conduct might be": Americans and Neutrality in the Mediterranean during the French Wars', *The International Journal of Maritime History*, 28, 1 (2006), 118-132.

foreign merchants had significant influence over policy-making in foreign affairs.[471] Moreover, they did not have shares in the SOIC, and could thus not take part in the profits. As a result, the Swedish nobility persuaded the Swedish king to provide them with shares in the company, a demand to which Gustav gave in by relinquishing some of his own shares.[472] After that, the nobility bought out or purged most of the foreign merchants in the SOIC after the trade with Asia was established, gaining a large majority of the shares.[473] The DAC, meanwhile, was from the beginning controlled by the Danish nobility, and thus such a coup was not necessary in the Danish case. In the older Danish East India companies, a majority of the shareholders always hailed from the nobility, and the largest part of the rewards of the East India trade thus always went back to the group.[474] Nonetheless, this might not be the whole story. From the Maelcamp family archive, it becomes clear that Jacobus Maelcamp had not invested the money in the DAC himself, but via a Danish middleman[475]. Such middlemen played an important role in several chartered companies, as foreign investment was often limited in the charter: this was also the case for the GIC, for instance.[476] It was also a familiar strategy for foreigners to acquire shares in the the GIC, where many, especially from the Republic, held shares under the name of Cloots.[477] Cloots was linked to the Republic via his connections in Amsterdam and Zealand, but also had valuable networks through his brother Jean-Baptiste, a banker who had a firm working from both Cádiz and Lisbon, which was of course of interest for the GIC directors (see below). Interestingly, Maelcamp spread his risk by investing in both the Swedish and the Danish Company. As we have seen in the case of the GIC, several Dutch investors also followed this strategy, by investing in both the VOC and the GIC (or the private ventures from Ostend).[478]

[471] Koninckx, *The First and Second Charter*, 39-54.
[472] Ibidem: Aberg, 'The Swedish East India Company', 101-107.
[473] Ibidem.
[474] Kelsall, 'The Danish Monopoly Trading Companies', 6-10.
[475] BE-SAG, Staten van Goed, 332, 630/1.
[476] Baels, *De Generale Keizerlijcke*, 56-61.
[477] Degryse & Parmentier, 'Agiotage en verkoop', 118-120.
[478] Parmentier, & Degryse, 'Agiotage en verkoop', 120.

Meanwhile in Asia: private initiatives for protecting the GIC interests?

Not much is to be found in the Belgian archives on the Scandinavian coda of the GIC. Although shelling from Cádiz under the Swedish flag, is often named in the documents, it is clear that the directors did not want the GIC to be dissolved: they are willing to sail under another flag, for instance the Polish flag, but not under foreign jurisdictions, where other directors and investors could take over their role.[479] In 1730, when the *Fredericus Rex Suicae* set out for its voyage from Gothenburg to Cádiz and China, the directors under the lead of Proli were still in frequent contact with the Habsburg imperial administration to find a way to continue the GIC.[480] Maelcamp, meanwhile, had invested some of his money in the Swedish venture, but still signed the letter.[481] Possibly Maelcamp already knew that the GIC was a lost cause, considering his quick investments in the Swedish vessel. Besides this, there are reports of employees of the GIC misbehaving in Asia, and working for their own fortune[482]: although this was a concern for the directors of the GIC, mainly the Habsburg imperial administration was concerned with this problem, judging from the sources. Savoie and Charles VI, for instance, send letters to the Council of Finance in Brussels, asking them to keep an eye on the correspondence of the directors of the GIC.[483] Apparently, many of the employees of the GIC in Bengal and on the Malabar coast had, after receiving the news of the dissolution of the GIC, taken matters into their own hands and started to trade on their own.[484] Under the lead of Hume and De Schonamille, GIC employees demonstrated their ability to use their network within the intra-Asian market to continue trading in a flexible way. Most of this was private trade,[485] but some commodities were also sent to Europe on private ships or even ships of rival companies.

However, Alexander Hume, the governor in Bengal, and his successor after 1732, François De Schonamille, still tried to uphold the GIC, and thus the institutional protection of the Habsburg

[479] BE-SAA, GIC, 5555.
[480] Ibidem.
[481] BE-SAG, Staten van Goed, 332, 630/1.
[482] BE-ARB, Raad van Financiën, 8602.
[483] Ibidem.
[484] Not much is known about this for the GIC case, but see for the Dutch case: Nierstrasz, *In the Shadow of the Company*.
[485] Ibidem.

Emperor, in Asia. De Schonamille took note of the definitive dissolution of the GIC in 1732 and sought to swing his weight behind the initiative to trade via Cádiz.[486] In the letters, he argued that Cádiz was sufficiently out of sight for the Dutch and the English, and that he was able to provide the ships from Bengal with a neutral flag. Indeed, trade simply went on in Bengal, despite the diplomatic agreements and developments in Europe. Moreover, De Schonamille appealed to both Ray and Maelcamp to discuss the matter of the Cádiz trade with the Habsburg imperial administration.[487] Apparently, De Schonamille did not trust the Brussels administration, led by Maria Elisabeth at that time, for getting things done: instead, he urged Ray and Maelcamp to turn directly to Vienna for support.[488] Nonetheless, the Vienna administration tried before to distance itself from the GIC: in 1730, Savoie wrote in several snappy, short letters to Benaerts, who also asked for help to shelter the trade in Cádiz or somewhere else, to turn to Maria Elisabeth and Visconti, her first minister in the Austrian Netherlands, for help.[489] Furthermore, Savoie communicated to Benaerts that he was not content with the 'secret commission' (see below), as this would certainly get the attention of the naval powers.[490] Savoie thus warned Benaerts not to disobey orders from the Habsburg imperial administration after the suspension of the GIC charter in 1727.

Hume, meanwhile, had fled Bengal and went back to Britain after a fight with the *nawab* and the ever-present threat of the EIC. He left Bengal and appointed De Schonamille as his successor. Nonetheless, Hume was remarkably active in writing about the GIC to its directors and the Habsburg administration when he was still in Asia. In 1728, when Hume had heard that the charter of the GIC would be postponed for seven years, he wrote to the directors asking for financial support to maintain the Asian fortifications of the GIC. Hume also proposed to trade via Cádiz, and introduced the idea to buy several warehouses in Calcutta and set up its new headquarter there. According to Hume, the city was so large that the English probably will not notice that some GIC servants are there

[486] BE-UBG, Fonds Hye-Hoys, 1880.
[487] Ibidem.
[488] Ibidem.
[489] Ibidem, 2006.
[490] Ibidem.

(Calcutta was one of the most important bases of the English after 1700 on the Indian subcontinent). Moreover, its large port would provide the GIC with an excellent base to work from.[491] In 1739, Hume complained, in a long letter, that the directors of the GIC had done nothing with this advice, while he had already arrived back in London.[492] Indeed, out of fear that Hume would return to the service of the GIC or one of the Scandinavian companies, the EIC had offered him a generous sum of money and a position in the Board of Directors in 1738.[493]

As mentioned, an important initiative was to set up the "*geheime jointe"*, or the 'secret commission' in 1728.[494] The 'secret commission' was a group of three directors (Maelcamp, Proli and De Prêt) and two large shareholders of the GIC who tried to maintain trade with Canton and Bengal for the GIC, but under a neutral flag. The 'secret commission' was formed without the knowledge of the Brussels administration under Maria Elisabeth. Indeed, Charles VI and Savoie were unpleasantly surprised when they got to know that this commission was founded by the GIC, and headed by three of its directors, who happened to be the most active writers to the Habsburg court to save the GIC.[495] The Council of Finances was asked by the directors to support the secret commission, but because of the diplomatic developments after 1727 the Council decided that they would first propose the idea to Maria Elisabeth.[496] Maria Elisabeth, meanwhile, had received instructions about the GIC and the diplomatic side of the argument by Savoie and Charles VI just after the negotiations in 1727. When Maria Elisabeth was informed of this commission, she let her discontent be known with both the directors and the Council of Finances.[497] Maria Elisabeth prohibited the Council of supporting the 'secret commission', as they would hurt the Habsburg diplomatic position in Europe. However, she allowed the two 'permission ships' to unload their wares in Ostend in 1728, which was against the

[491] Ibidem, 1891.
[492] Ibidem, 1950.
[493] Parmentier, *De Holle Compagnie*, 36.
[494] Baels, *De Generale Keizerlijke*, 156.
[495] Ibidem.
[496] BE-ARB, Raad van Financiën, 8604; Ibidem, Departement van de Hof- en Staatskanselarij, 641.
[497] Ibidem, Geheime Raad onder het Oostenrijks bewind, 1153B; Ibidem, Departement van de Hof- en Staatskanselarij, 642.

wish of the Dutch and the English.[498] In her letter, she emphasized the importance of the 'permission ships', but also that they had to be unloaded quickly in order not to alert the Dutch and the English.

Other Habsburg officials in Vienna, such as Savoie, had also been surprised by the decision of the GIC directors and its shareholders to set up this secret commission.[499] Both Savoie and Calemberg, the father of the above-mentioned Calemberg, wrote to Benaerts, who had taken the task of diverting the trade to Cádiz, in 1730 and 1738, respectively.[500] While Savoie recommended that Benaerts should contact Visconti, he fended off Benaerts for further information, and warned him that he should not disobey orders from the Habsburg administration. Writing two years earlier, Calemberg was somewhat more helpful. He tipped Benaerts to unload the ships in Cádiz, after which Benaerts started corresponding with the Charpentier brothers (see below). For Calemberg personally, the Company should move to Trieste.[501] According to Calemberg, the port in Trieste was sufficient to unload, from where the rest of the commodities could be taken overland to the markets of Ostend and Amsterdam, among others. Interestingly, Calemberg was one of the few Vienna officials who refers to the Scandinavian companies: the Danish king had contacted Calemberg and proposed to shelter the GIC in Copenhagen. Nonetheless, the proposal did not go to Charles VI.[502] For Calemberg, the proposal was interesting, but should not be executed without the approval of Charles VI himself. Apparently, this idea died a quick death when it was presented to Charles VI and the directors of the GIC, but via a roundabout route still upheld, like Maelcamp's case.

Private initiatives for institutional protection in Europe: Hamburg, Cádiz, Poland and Prussia

Immediately after the directors of the GIC had heard that the company would be liquidated, they set out to find new ways to continue their trade with the East. Besides the 'Italian option', which we have discussed earlier, Cádiz was an important port to trade from. As already noted, Cádiz was both a

[498] BE-UBG, Fonds Hye-Hoys, 1880.
[499] Idem, 2066.
[500] Ibidem; Ibidem, 1932.
[501] Ibidem.
[502] Ibidem.

free port and the most important place for silver to be traded in Europe. Von Brescius has attributed to Cádiz the term of the one of the most important nodes in the European early modern system of trade, a term not undeserved.[503] Indeed, Cádiz was one of the most important port cities in Europe, and an important place to shelter semi-illegal activities, like the fact that most of the early Swedish voyages left from Cádiz. In the case of the GIC, the directors gave the secretary Benaerts the task of relocating a part of the trade to Cádiz.[504] Judging from his letters, Benaerts was relatively successful in relocating the Ostend trade to Cádiz, but only at a later stadium. Although his letters with the Charpentier brothers, his most important contacts there, start in 1732, the bulk of his letters are from the period 1738-1751.[505] These letters contain mostly practical matters and information, such as ships arrived in the Cádiz port.

Another initiative in the late 1730s is a push to transfer the trade to Hamburg, which was also a free port at the time. In the Brussels archive, many letters remain regarding the 'Compagnie de Hamburg'. The merchants behind this new company proposed to the Habsburg administration that the trade should be moved to Hamburg.[506] Over a period of two years (1737-1739), the plan was worked out in an intense correspondence between the Vienna administration and the merchants in Hamburg. The port of Hamburg had many advantages at the time: it was a free port, meaning that almost no tax was to be paid on import; it was a strategic port, rather close to the Dutch market; the port facilities were good; there were many merchants who were connected in merchant networks in Europe; and not unimportantly, Hamburg had an enormous hinterland and a jurisdictional status as a free port that let it function outside of the reach of German princely states. In the eighteenth century, it was one of the largest merchant cities in Northern Europe. As such, several merchants proposed to the Vienna administration and the GIC directors that the company, including all the fortifications in Asia, should be transferred to the control of this new company in Hamburg. The

[503] Von Brescius, *Private Enterprise*, 115-184.
[504] BE-UBG, Fonds Hye-Hoys, 1938.
[505] Ibidem: see also AT-OestA-AVA, Familienarchiv Harrach, Fz. 496.25 (Carpentier).
[506] BE-ARB, Departement van de Hof- en Staatskanselarij, 643.

merchants of Hamburg explicitly refer to institutional protection, as they refer to the Duke of Lotharing as the 'main protector' of this company-to-be.[507] The Dutch sources indeed are also concerned with the trade from Hamburg, as some of these complain of the smuggling trade from Hamburg as a violation of the agreements made in the various Treaties between 1727 and 1731, as early as 1734, and thus even before the merchant association was really formed.[508] At first sight, the Vienna administration was positive about moving the GIC to Hamburg. Indeed, many of the letters contain detailed proposals over the handover of the factories in Bengal and on the East Indian coast. However, in 1740 the deal was suddenly called off by the Viennese administration for no apparent reason, after the deal was initially brought to a close in late 1739.[509] Another proposal made by the Hamburg merchants in an earlier stage was to send all the incoming ships from Asia to the port city of Livorno, so that the Habsburg Emperor could receive taxes and the commodities and ships were kept out of sight from the English and Dutch ships and competitors. Because of the better port facilities in Hamburg, however, the Viennese administration picked Hamburg over Livorno in the first instance.[510]

The Estates of Flanders proposed, in 1729, to move the company to current-day Italy, preferably to Fiume or Messina.[511] The Estates argued that the trade from Antwerp and Ostend was doomed due to the looming threat of the Dutch, and that as such the Company could better move southwards. As this became known throughout Europe, the Prussian king, Frederick II, sent an envoy to Vienna to discuss this potential move, and tried to persuade the Vienna administration, who were considering the Flemish proposal, to move the company to Prussia.[512] The Prussian king promised to provide the institutional protection that the Emperor had given to the GIC up to that moment. For Frederick II, having a company could strengthen his reputation in Europe. Furthermore, Prussia had

[507] Ibidem: *'Protecteur des Comp*'.
[508] NL-HaNA, Collectie Fagel-supplement, 281.
[509] BE-ARB, Departement van de Hof- en Staatskanselarij, 643.
[510] BE-ARB, Departement van de Hof- en Staatkanselarij, 643.
[511] Idem, 642.
[512] Ibidem.

only recently gained the city of Emden, its first connection to the sea.[513] Presumably, the Habsburg imperial administration was not ready to give in to the Prussian demands, as in 1729 there was still hope that the charter of the GIC could be revived in subsequent years. Furthermore, the 'secret commission' had just been formed in Ostend. The Prussians, meanwhile, tried to set up several voyages to the East in the first half of the eighteenth century under Frederick II, but did not succeed. Only in 1750, Frederick II provided the Prussian Company of Emden with a charter, with several investors coming from Ghent and Antwerp (although no familiar faces from the GIC period).[514] The merchants in Hamburg, meanwhile, who had in the end failed to pull the GIC towards the city, saw the Prussian company as a large threat for their profitability, especially seen the military and naval power that Prussia had quickly acquired. However, the trade of the Prussian Company turned quickly into a failure because of the Seven Years' War (1756-1763), in which trade was severely disrupted.[515]

Frederick II of Prussia was not the only king trying to lure the GIC towards its territory. The Polish king was also interested in providing the GIC with protection in Poland. Indeed, several voyages were sent from Cádiz under the Polish flag in the early 1730s. In 1729, the Polish king thus sent letters to the GIC directors in order to lure them into moving to Poland. For the Polish king, it was probably possible to gain some taxes, even if the voyages would start in Cádiz.[516] In 1732, however, the Polish option became more attractive after the definitive suspension of the GIC. Maelcamp was even accused of setting up a private voyage from Gdansk, the Polish port city, with De Coninck and Kimpe, by English negotiators at the Congress of Vienna (1732).[517] Judging from archival sources in the *Algemene Verwaltungsarchiv*, Benaerts was especially active in finding opportunities outside Ostend, as we have seen in the case of Cádiz. Between 1732 and 1739 Benaerts maintained contacts with the Polish king in the name of Maelcamp, but was also active in writing to merchants in

[513] Florian Schui, 'Prussia's "Trans-oceanic Moment": The Creation of the Prussian Asiatic Trade Company in 1750', *The Historical Journal*, 49, 1 (2006), 143-160, there 143-147.
[514] Ibidem, 149-151.
[515] Ibidem, 154-156.
[516] BE-SAA, GIC, 5555.
[517] AT-OestA-AVA, Familienarchiv Harrach 491.33 (Benaerts).

Lissabon and Gibraltar in order to bring the GIC commodities there.[518] Interestingly, the voyage started in Gdansk was not only known by several of the former directors who set it up, but also by Visconti, the aid of Maria Elisabeth. Although there is no clue that Visconti played an active role in this process, the Brussels administration was apparently not unsympathetic towards new initiatives to 'shelter' the GIC in other places, even outside the Habsburg Empire.

Conclusion

The need for sheltering was high, in the eyes of the directors of the GIC. Although they had a strong preference for staying in Ostend and under the protection of the Habsburg Emperor, various ideas were considered by the directors and the Vienna imperial administration. The most concrete plans that the Habsburg administration supported was moving the company to Trieste or Fiume, or maybe to Livorno or another Italian port city. In that case, the company would have moved within the Habsburg Empire, which had obvious financial advantages for Charles VI. Nonetheless, the directors tried other possibilities, and were not always in the same line. Proli, for instance, was the most important advocate for moving the company to Trieste and Fiume, probably because of his earlier investments there.[519] Maelcamp, especially, played a double role: while he was one of the main advocates for keeping the GIC trading from Ostend, he was an early investor in both the first voyage of the Swedish and the DAC in the years 1730-1732.[520] Moreover, he was a director and initiator of the secret commission that was set up in 1728. Nonetheless, judging from the chronology, Maelcamp was firstly interested in keeping the GIC in Ostend through the secret commission, and only invested in the Scandinavian companies several years later.

Nonetheless, the directors of the GIC started to search for alternatives to Ostend seriously from 1729 onwards. Several rulers of other territories tried to seduce the GIC directors to come over to their territory. This included the King of Denmark, who tried to persuade count Calemberg, an

[518] Ibidem.
[519] Michielsen, 'De compagnie van Triëste en Fiume', 70-91 & 181-233.
[520] BE-SAG, Staten van Goed, 332, 630/1.

important member of the Vienna court[521]; Frederick II of Prussia, who sent an envoy to Vienna in 1732 to explore the possibilities of moving the Company to Prussian territory[522]; the Polish king, who was successful in luring the company into sailing under the Polish flag, albeit from the Spanish port city of Cádiz[523]; and a new merchant company based in Hamburg, that was also willing to take over all the fortifications of the GIC in Asia, but failed to convince the Vienna imperial administration in the end for unknown reasons.[524] All these initiatives were seriously considered by several GIC directors, but in the end, for various reasons these ideas were not executed. The secret commission, which had to take the place of the GIC, was finally discovered by the English and the Dutch, after which the GIC was definitively suspended in 1732. In Asia, De Schonamille and other men nonetheless traded on in Bengal under the GIC flag, having been disappointed in the Habsburg imperial administration for not protecting the GIC and the interests of the Company.[525]

Cádiz, an important connection in the European trade system towards both West and East, became one of the favorite places of the GIC traders to conduct business. Benaerts, the secretary of the GIC, set up business connections with Charpentier there; Maelcamp and the Scottish supercargo Campbell used Cádiz as a place to equip a voyage under the Swedish flag. Indeed, in the end the Scandinavian options proved to be the most safe and profitable options to move most of the GIC trade to.[526] The main advantage in using the Scandinavian companies as 'shelling' vehicles for the trade was the relative lack of Dutch, English and French attention to the SOIC and the DAC: other than the Southern Netherlands, the peripheral geography of Sweden and Denmark made that it was not a stake in pan-European diplomacy. Especially in the SOIC, the Swedish king Gustav allowed foreigners to influence the direction of the company to a large extent after its foundation in 1731. In the DAC, this was less the case, although we have indications that some Danes bought shares for

[521] BE-UBG, Fonds Hye-Hoys, 1932.
[522] BE-ARB, Departement van de Hof- en Staatskanselarij, 642.
[523] BE-SAA, GIC, 5555.
[524] BE-ARB, Departement van de Hof- en Staatskanselarij, 643.
[525] Parmentier, *De Holle Compagnie*, 79-91.
[526] See note 446 for the literature on the subject.

foreigners, for instance in the case of Maelcamp.[527] After the initial success the Swedish nobility committed a coup to gain control of the SOIC, whereas in the DAC foreigners probably never held more than 25 to 30% of the shares.[528] In one last revival of Flemish involvement in foreign companies, some investors were probably connected to the establishment of the Prussian Company of Emden in 1754.[529] Furthermore, the Proli family were active investors in the Habsburg companies in Trieste and Fiume during the eighteenth century.[530] The need for 'sheltering' and institutional protection was thus high, as risk for Southern Netherlanders was rather high in eighteenth-century Europe. The GIC was the main example of the 'sheltering' strategy, but was certainly not the only company this business strategy was limited to over the course of the eighteenth century.

[527] BE-SAG, Staten van Goed, 332, 630/1.
[528] See note 446.
[529] Schui, 'Prussia's "Trans-Oceanic Moment"', 149-151.
[530] Michielsen, 'De familie de Proli', 273-307.

Conclusion

Although the GIC formally existed only for ten years, the merchants working in the GIC had a wider and more enduring influence on the European economic system as a whole in the first half of the eighteenth century. Moreover, the merchants that set up the private ventures and lobbied for the GIC showed creative entrepreneurial behavior, which I have studied in this thesis. Interestingly, in the case of the GIC many of these merchants chose to opt for a Company from 1720 onwards, for two reasons: first, a limitation of competition in the Canton tea trade was necessary to restore profitability, which had fallen after more consortia of merchants had entered the market; second, without the formalized structure of a Company setting up a profitable trade in Bengal and the wider Indian subcontinent was virtually impossible. Especially the first reason shows remarkable similarity with the reason why the VOC was founded more than a century earlier: namely, curbing internal competition.[531] Meanwhile, the Habsburg administration under the lead of Savoie also bent for the idea of a Company after a strong lobby of several merchants working from the Southern Netherlands, including Maelcamp, Cloots and the Merveille family. For the Habsburg administration, economic development through overseas trade was the key economic policy in the Southern Netherlands. This had several reasons. First, an economic efflorescence would strengthen Habsburg credentials after the Austrian take-over in 1714; second, if the Southern Netherlands would once again become an economic powerhouse fueled by trade as had been the case in the High Middle Ages, tax income for the Habsburg state would increase; third, the threat of the Dutch and the English Parliaments to declare war on the Southern Netherlands because of the supposed breach of the Munster Treaty of 1648 and the Barrier Treaty of 1715 proved to be an empty one.

The 'institutional shelter' of the Habsburg Emperor was, for the merchants based in Ostend, Ghent and Antwerp, judged to be vital to strengthen and maintain their trade in the East. As a result, even after the suspension of the GIC in 1727 and its definitive abolishment in 1732, several of the merchants made pleas to the Habsburg imperial administration to keep up some reincarnation of the

[531] Gaastra, *De Geschiedenis van de VOC*, 16-23.

Company based in the Southern Netherlands, for instance by allowing smuggling trade. Others argued for the transfer of the GIC to Trieste and Fiume, in order to circumvent the problems posed by the Barrier Treaty that hampered the development of the Southern Netherlands. Several of the merchants associated with the GIC either invested in one of the Scandinavian companies (for instance Maelcamp, who invested both in the Danish and Swedish companies), while many supercargoes moved to Sweden to take service in the Swedish East India Company (for instance the Scottish merchant Colin Campbell). Although Maelcamp was actively involved in investments in the Scandinavian companies and Proli was a passionate advocate for moving the GIC to Trieste and Fiume, many of the effort by the directors were to either keep the GIC in the Southern Netherlands or find institutional protection from other royals to host the Company for the time being. Thomas Ray was the most important advocate for the first option, whereas especially the Company secretary Benaerts was active in setting up smuggling voyages via Cádiz, Gdansk, Lissabon and Hamburg.

This thesis has argued that seeking the 'institutional shelter' of the Habsburg Emperor was vital for the merchants based in the Southern Netherlands after the War of the Spanish Succession. That does not mean, of course, that such institutional protection was reserved only for the Habsburg Emperor: as I have shown in Chapter 5, the king of Poland was also willing to provide the shelter to the GIC. The case of the GIC thus provides an interesting wider question regarding entrepreneurial behavior in eighteenth-century Europe: what was it that made a Company an attractive business form for merchants to lobby for a Company in different parts of Europe? I argue that the 'shell company', the lean form of a chartered Company, was the ideal type of business organization for merchants in the eighteenth century. The established large companies, the VOC, WIC, EIC and CIO, had transformed from business organizations into hybrid organizations that also had the task of governing a large Empire in the Americas, Africa or Asia. That made those organizations sluggish and bureaucratic, whereas a 'shell company' had the advantages of both the more classic forms of business organization, such as partnerships, and of the chartered company.

To start with, the 'shell company' was a lean organization with only small bureaucratic tasks

and enough flexibility to provide free agents with an investment opportunity. These free agents, be it investors or supercargoes, had enormous networks both in Europe and overseas and could benefit from these networks of knowledge and human capital. For foreign investors, the private ventures in Ostend and the subsequent Company provided an investment 'offshore': various rich merchants from France, the Republic and Britain invested in the Ostend trade as a way of diversifying their portfolio, as well as shelter their capital from eventual taxation in their respective home countries.[532] From the company perspective, the free agents brought not only these knowledge, but also an opportunity to find new consumption markets, either by smuggling trade or by legal trade. This was the case, for instance, with the innovation of importing the cheap 'Bohea' tea in the Southern Netherlands. Not only was the tea bought and consumed in the Southern Netherlands because of its low cost, it could also be exported to the open market in Amsterdam or smuggled to the market in London (for instance via Ireland), where the low costs of the 'Bohea' tea proved an immediate success and the sales of the tea type shot up very quickly. In the period 1715-1725, the GIC and the preceding private ventures had conquered almost half of the tea trade from Canton to Europe.[533] It was no coincidence that in the so-called Scandinavian epilogue of the GIC, the Swedish East India Company (SOIC), the tea trade and especially re-exports of 'Bohea' tea were an important part of their trading portfolio.[534]

Not only had the 'shell company' the advantage of attracting free agents who could continue their profitable (private) trade under the protection of a Company, it also lacked the bureaucratic structure and responsibilities of the Companies of the two naval powers, the Dutch Republic and England. It had no Empire to govern, with all the additional tasks of securing labor supply, protecting territories and monopolies and, often, fighting wars. The GIC assumed it could not break into the trade in Bengal and the wider Indian subcontinent without institutional protection and a formal organization on the ground there, and thus built several fortifications in Bengal and on the

[532] Degryse, *De Antwerpse Fortuinen*, 55-59.
[533] Idem, 'De Oostendse Chinahandel', 397-437; Parmentier, *Thee van Overzee*, 101-106.
[534] Müller, 'The Swedish East India trade', 28-44.

Coromandel and Malabar coast and even appointed a Governor to Bengal (first Cobbé and later Hume). This was, however, not the colonization effort that early historians of the GIC have claimed to have existed.[535] Instead, it served the purpose of being able to negotiate with the *nawab* of Bengal, who refused to negotiate with private merchants. Only with the backing and protection of the Emperor could the GIC eat into the pie of the trade in the Indian subcontinent: however, only in Bengal this trade was modestly successful, whereas it turned out to be a disaster on the Malabar and Coromandel coasts. After the GIC was suspended in 1727, the men associated with the Company in Bengal kept up trading and fighting for a long time under the lead of Hume and later De Schonamille, sometimes in cooperation or even in service of other Companies.[536]

The GIC was not a 'Company-State', nor a true effort to establish colonies or an Empire throughout Asia.[537] The charter explicitly forbade waging war or concluding treaties without the consent of the Habsburg imperial administration: after all, the Habsburg Empire already was suffering from huge budget deficits after the wars with the Ottomans in the seventeenth century and the War of Spanish Succession in the eighteenth century. The Habsburg administration thus did not want to become involved in more wars, especially not in Asia. For the administration, the economic development of the Southern Netherlands through overseas trade was the main motive behind the establishment of the GIC. As a result, six out of seven directors came from the Southern Netherlands, and those six directors were also neatly balanced between Ghent and Antwerp. Only Thomas Ray, the Irishman who had settled in Ostend, became a director because of his role in setting up the private ventures, his useful ties to the local administration in Ostend and his contacts with Jacobite Irish and English financiers. In the eventual Company, many of the foreigners who were active as investor or supercargo in the private ventures were pushed to the background: in the charter, the percentage of shares that was allowed to be kept by foreigners, was also limited to 20%.[538]

[535] Parmentier & De Winter, 'Factorijen en Forten', 35-50.
[536] Parmentier, *De Holle Compagnie*, 37-70.
[537] Stern, *The Company-State;* Parmentier & De Winter, 'Factorijen en Forten', 40-42.
[538] Parmentier & Degryse, 'Agiotage en verkoop', 118-120.

The foreign merchants in the GIC were nonetheless useful in the sense that they provided knowledge of the Asian market and above all contacts in Asia. Only with the help of corrupt French, English and Dutch employees of the large companies the GIC was able to survive in the Indian subcontinent.[539] The Frenchmen Merveille jr., for instance, was an important figure in the establishment of the fortifications in the Indian subcontinent. The Scot Alexander Hume was instrumental in gaining trading concessions from the Bengal *nawab*, while the Scottish supercargo Colin Campbell had important ties in the China trade, although he later went on to serve in the SOIC. The Dutchman Cloots was one of the most important investors in the private ventures, and moreover instrumental in establishing contacts with other investors from The Netherlands along with his brother-in-law Jacomo De Prêt. He was, however, denied directorship after protests from several merchants from the Southern Netherlands. Although the executive roles were denied to most foreign merchants in the GIC, both in the private ventures and as shareholders in the GIC these foreigners played vital roles for the development of overseas trade from Ostend. As noted, for sheltering capital and spreading risk the Southern Netherlands presented an excellent opportunity to foreign financiers.

In the Habsburg administration in Brussels, the Irishman Patrice MacNeny was especially influential in supporting and establishing the GIC. Over the course of the years 1716-1723, he gradually won the full trust of the Governor Savoie and thereby was able to diminish the influence of Marquis de Prié, the representative of Savoie in the Southern Netherlands. Prié was finally fired in 1723 as the representative of the Habsburg administration, as he mainly worked to enrich himself by giving out too many passports for ventures to Canton between 1717 and 1721: as a result, Prié was strongly opposed by Maelcamp, Ray and other influential merchants who also made this clear on many occasions to Savoie and Neny.[540] In 1723, Prié was purged from the administration in Brussels and power was given to Neny in economic policy, also regarding the GIC. Soon after, Savoie was also

[539] Parmentier, *De Holle Compagnie*, 18-28.
[540] AT-OestA-HHStA, Belgien 32-37; Ibidem, Grosse Korrespondenz, 101a-13 Neny.

ousted from his position as Governor, following long-standing concerns that several nobles in the Estates of Brabant and Flanders had voiced: namely that there had been no investiture of Charles VI, and that as a result Habsburg authority in the Southern Netherlands was not legitimate. In an ultimate attempt to establish legitimate Habsburg authority in the territory, Charles VI appointed his sister Maria Elisabeth as the Governor of the Southern Netherlands, followed by several investitures.[541]

Although Maria Elisabeth and her personal assistant, Visconti, were sympathetic to the GIC, the Company was nonetheless suspended for seven years in 1727. The alliance that Charles VI had concluded with the Spanish Empire in 1725 proved to be a strategic mistake for the Habsburg Empire on the European diplomatic stage. The Dutch and English threat of interfering militarily increased because of the Austrian-Spanish alliance, and Prussia and even the once-enemy France joined this Hanoverian Alliance. Moreover, Charles VI was stuck with the problem of his heir: without a male heir, his daughter Maria Theresa would be his successor, but because of her femininity he could be sure that the other European powers would not accept this until they accepted his Pragmatic Sanction. In 1727, at the Congress of Soissons, Charles VI finally got the other European powers to accept the Pragmatic Sanction, but only in exchange for a seven-year suspension of the GIC, a deal orchestrated by the French minister Fleury.[542] In 1732, the suspension of the GIC was transformed into its definitive abolition. Although several 'permission ships' to Bengal were allowed to sail out by the French, Dutch and English, the intention was that the trade from Ostend would be finished by 1735.

The merchants of Ostend clearly thought otherwise. As noted above and in Chapter 5, the merchants sought creative ways to divert the trade to Trieste and Fiume, Scandinavia or free ports such as Cádiz and Hamburg. Although Maria Elisabeth and other Habsburg officials were sympathetic towards most commercial initiatives, they clearly thought it unwise to trigger the anger of the other

[541] Van Gelder, 'The investiture', 443-463.
[542] Dhondt, '*Delenda est haec Carthago*', 43-48.

European powers. As a result, many of the supercargoes, investors and even directors in the GIC started to invest in other Companies or ventures: Maelcamp for instance invested both the Danish and Swedish company,[543] whereas Proli and his sons were active investors in the companies based in Trieste and Fiume.[544] The GIC, despite efforts by the secretary Benaerts to divert the commercial traffic via Cádiz and Hamburg, led a slumbering life in the rest of the eighteenth century, until it was finally liquidated in 1777.[545]

Although the GIC only operated in full capacity between 1722 and 1727, I hope to have justified this study by pointing to the wider importance of the GIC. First, the entrepreneurial behavior of the merchants associated with the GIC provide a case study of complex decision-making processes of risk analysis and finding and consolidating new markets and innovations, which I have analyzed on the basis of the conceptual framework of Casson and Della Giusta. Second, the case of the GIC presents an excellent view of how negotiations (in this case over a Company) between merchants and states developed from complex starting points, in this case having diplomatic, dynastic, legitimate and economic aspects. Third, the flexibility of the supercargoes, investors and merchants within and outside the GIC (especially because of the search for shelter after 1727) contributes to our understanding of entrepreneurial behavior in the early modern period. As such, it also contributes to social network theory by providing examples of merchant contacts outside established institutions, in this case of the private ventures from Ostend in the period 1715-1723.

The study of entrepreneurial behavior, merchant networks and preferred business form, and especially the concepts of the 'institutional shelter' and the 'shell company', could be applied to other cases in the eighteenth century. After all, the eighteenth century saw a divergence in established Companies such as the VOC and the EIC, who developed into Empire-building machines. Other Companies and merchant initiatives, such as the GIC but also the SOIC, were explicitly founded

[543] BE-SAG, Staten van Goed, 332, 630/1.
[544] Houtman-De Smedt, *Charles Proli,* 69-94; Michielsen, 'De familie de Proli', 273-307; idem, 'De compagnie van Triëste en Fiume', 70-91 & 181-221.
[545] Idem, 'Het einde van de Oostendse Kompagnie', 128-143.

with the goal to focus on trade and not on Empire-building. For the VOC and EIC, these companies and merchant initiatives were at least irritating, as they ate into the profit margins of the established Companies, who were busy protecting monopolies and governing an Empire. The share that the GIC quickly won in the Canton tea trade is the most important evidence that the new Companies had an advantage over the VOC and EIC in Asia, because of their lean structure and thorough knowledge of local markets. They did not have to dress up a bureaucracy to govern an Empire, but could focus on what they did best: trade for high profits. As such, Andrew Mackillop and Chris Nierstrasz have been right when they described the GIC and the SOIC as both competition and an adaption to the VOC and EIC.[546] The 'shell company' was the most important and most successful way to accommodate this process, as I have shown in this thesis. As such, the concept could be not only be applied to the Swedish case, but also to the Danish case and to other private merchant initiatives in Europe throughout the eighteenth century. Moreover, it has the possibility of re-evaluating the role of several of the chartered companies that were founded in the eighteenth century to challenge the vested interests of the Dutch, English and French companies.

[546] Mackillop, 'Accessing Empire', 16-19; Nierstrasz, 'The popularisation of tea', 266-269; idem, *Rivalry for Trade*, 61-68.

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