

Subprime plantation mortgages in Suriname,
Essequibo and Demerara, 1750-1800.

On manias, Ponzi processes and illegal trade in the Dutch
negotiatie system

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Introduction

*Finally there appeared in the last place another new Fund, which, following the beaten track, was also represented by an agendaris , who without discrimination granted Credit thereby finally even the pettiest, yes craftsmen, were metamorphosed into planters (...)*¹

Adriaan Gootenaar, administrator and colonial agent, 1778

*The products which one according to just and determined Laws, all to the Fatherland ought to send, are indeed in majority sold or traded with North Americans, and with their own ships not anymore stealthily but openly in face of this Land's Ships (...)*²

Petition by slave traders against opening of the slave trade, 1788

This thesis is about subprime mortgages: 18th century subprime plantation mortgages. In the second half of the 18th century a tremendous flow of cheap credit went to the Dutch colonies in the West Indies, allegedly turning all who desired into real planters. All this credit allowed many to acquire an estate, but often together with deep debts that turned out too high to repay. Furthermore, while the system was devised to secure all the plantation's products, it appeared that in the two former Dutch colonies of Essequibo and Demerara, a lot of illegal trade was going on.

Plantation agriculture was not new in the 18th century. Since the 17th century a plantation economy had been developing in Suriname, but it was only in the 18th century that the number of export producing plantations started to rise quickly. Later in that century the neighbouring

¹ *Verslag over de toestand van de kolonie Suriname (door mr. C. Graafland en A. Gootenaar, voormalig secretaris van de kolonie). Met twee bijlagen, 1778, National Archive (NA), The Hague, Sociëteit van Suriname (SvS) 1.05.03, inv. nr. 509. Original quote: 'Eyndelyk vertoonde sig in de laaste plaatse nog een nieuw Fonds, het welk de gebaande wege volgende, en door een agendaris wierd gerepresentierd, dewelke sonder onderscheyd Crediet verleende waardoor eyndelyk de geringste ja ambachtsleiden in Planters gemetamosphoseerd wierden ...'*

² *Rekest aan de Staten-Generaal de Middelburgse Commercie Compagnie gericht tegen een eerder rekest van planters en ingezetenen van Berbice verzoekende om vrije invoer van slaven door middel van buitenlandse schepen, 1788, National Archive (NA) The Hague, West Indische Compagnie (WIC) 1.05.01.02, inv. nr. 1275C. Original quote: 'De Producten die men volgens de welgestelde en vast bepaalde Wetten, alle na den Vaderlande behoorde te zenden, worden immers voor het grootste gedeelte aan de Noord-Amerikanen verkogt of verruild, en met hun eigen Schepen niet meer ter sluiks maar opentlijk in 't gezigt van s'Lands Schepen (...).*

colonies of Essequibo, Demerara and Berbice³ managed to catch up: from a small figure of 20 plantations in 1713 in Essequibo, the numbers of plantations grew to 380 in 1780 for Essequibo and Demerara together.⁴ It was in the second half of the 18th century that the growth in the number of plantations had really taken off. This was made possible by the 1753 financial innovation called the *negotiatie*, a type of mortgage bond in which a fund director would raise money with investors in the Netherlands, to provide a mortgage on a plantation in the West Indies. Investors gladly furnished the required capital, attracted by the handsome return of 5 or 6 percent that the fund directors promised. The fund manager benefited as well, as the planter was obliged to send his commodities to the director and often had to attract all his supplies from the same man too— on all of which he paid a commission fee. Viewed this way, the system seemed to benefit everyone. However, just like in recent times, the mortgages turned out to be subprime and carried far more risk than expected. Heavily indebted planters lost their estates as they could not pay their debts, and the financiers saw their investments go up in smoke.

Research questions

How should we look conceptually at this system? That is the main question this paper seeks to answer. How is it possible that so much money went into a system with such fundamental flaws - as later became apparent- and who profited from this system? Was this *negotiatie* system simply a classic bubble, or was there more to it? Does it resemble a Ponzi scheme, or is it a failed transition to modernity, an attempt at modernizing the Dutch economy that somehow spiralled out of control?

To answer these questions we will have to look beyond the mere plantation loans and scrutinize the networks around the plantation, involving slave traders, interlopers, merchants and colonial administrators. This paper will try to do so in the following sequence. The first chapter will review the scholarly debate about the plantation loans, pointing to the areas in which further research is needed. The second part is about winners and losers: it investigates which of the players in the system profited the most, and in whose interest it was to continue the *negotiatie* system. The third and last chapter will then scrutinize several conceptual ways of looking at the *negotiatie* system, to test which one is the most satisfying. Ecology is the first candidate, the others

³ Since Berbice differed from Essequibo and Demerara in several respects, both administratively and with regard to its trade network, and because of limits in time and scope, it will not be part of the current investigation.

⁴ Alex van Stipriaan, *Surinaams contrast. Roofbouw en overleven in een Caraïbische plantagekolonie 1750-1863* (Leiden 1993) 438; Eric Willem van der Oest, 'The forgotten colonies of Essequibo and Demerara, 1700-1814', in: Victor Enthoven and Johannes Postma eds., *Riches from Atlantic commerce. Dutch transatlantic trade and shipping, 1585-1817* (Leiden and Boston 2003), 323-361, esp. 329.

are the classic mania, followed by Ponzi processes and borrowers, and lastly we will investigate if the system can be seen as a (failed) transition to modernity.

A word on sources

This paper will rely on different sets of sources. It will use secondary literature when available: the literature on Suriname is well developed, but for Essequibo and Demerara this is hardly the case. However, since the basic mechanisms of the *negotiatie* system were the same in the three colonies, insights gained from Suriname are often applicable to the neighbouring colonies as well. For Essequibo and Demerara more primary sources were used, including traveller accounts, letters of the director-general Laurens Storm van 's Gravesande, notarial records, auction data⁵ and petitions from planters and slave traders. Primary and secondary sources were combined to gain both a quantitative and a qualitative understanding of the *negotiatie* system.

Relevance

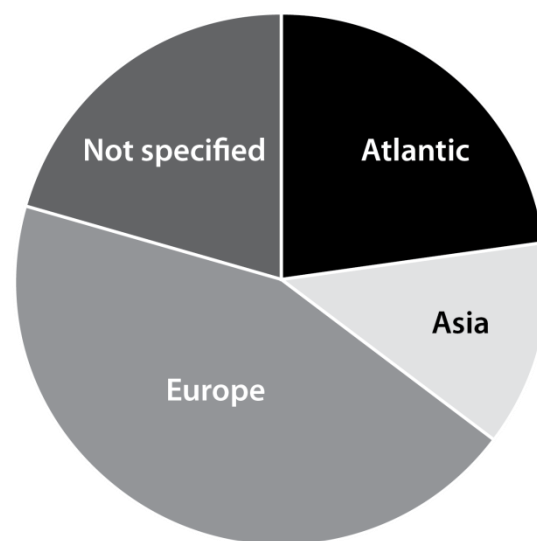
There are four reasons why the Dutch plantation mortgage system requires more attention. The first one pertains to concepts and the parallels with other crisis. While a debate has developed over the workings and failings of the *negotiatie* system, more conceptual clarity is desired. This paper will be contributing to that, by applying different concepts to see which one gives the most insight into the *negotiatie* structure. Additionally, a better conceptual understanding of the failure of the *negotiatie* system opens up possibilities for comparison with other economic crises.

⁵ For the auction data the new EURYI auctions database is used, which was compiled at Utrecht University and based on Amsterdam City Archive (ACA), Burgemeesters (5068, inv. nr. 70-129 and *De maandelykse Nederlandsche Mercurius* (1765-1796). A remark on the notarial records: while Van de Voort also made extensive use of notarial records, there are far more sources available. Not only were the notaries that Van de Voort investigated involved in more contacts than previously known, there are several more notaries active in the *negotiatie* business. This thesis offers only a small beginning in what this unused sources could offer.

The second reason for studying the *negotiatie* structure comes out of the lack of attention for the Atlantic system. In the Dutch historiography the West Indies could not count on as much attention as the East Indies. Apparently, the success of the East India Company (VOC) in colonial expansion attracted more interest than the failure of the West India Company (WIC). However, one needs to look beyond simply the WIC and focus on the entire Atlantic system, and it is only recently that more attention is paid to the contribution of the Atlantic region for the Dutch economy. Not only did Dutch financiers invest a large sum of money in West Indian plantation mortgages –around fl.80 million by 1776- but there were also important trade flows between the Republic and the West.⁶ Around 1780, trade with the Atlantic system was more important than with Asia, as we can see in Figure 1. While Europe clearly takes up the largest part of trade, the Atlantic share was twice as big as the one of the Asia.⁷ The Atlantic system has clearly been of substantial importance to the Dutch economy, but it has not received the corresponding share of attention and therefore merits further study.

Even as research attention for the Atlantic system has been scanty on the whole, it is also unequally divided between different regions, which points to the third reason why this study is useful. The knowledge accumulated so far mainly concerns the case of Suriname. We know relatively little about Suriname’s western neighbours of Berbice, Essequibo and Demerara. The latter colonies might initially have been smaller in terms of population and economic importance, however, they experienced profound changes too, as a consequence of the *negotiatie* system, and deserve their own story. The former two Dutch colonies were (together with Berbice) in 1796 annexed by Great Britain, to be reorganized in 1831 as British Guiana, and therefore a language barrier has hindered historical attention.

Fig. 1: Estimated value of Dutch overseas trade ca. 1780, percentages



Source: Enthoven, ‘Transatlantic commerce’, 444.

⁶ Victor Enthoven and Johannes Postma, ‘Introduction’, in: idem, *Riches from Atlantic commerce. Dutch transatlantic trade and shipping, 1585-1817* (Leiden and Boston 2003), 1-16; KITLV project ‘Dutch Atlantic Connections 1680-1795’.

⁷ Victor Enthoven, ‘An assessment of Dutch transatlantic commerce, 1585-1817’, in: *Riches from Atlantic commerce*, 385-44, esp. 444.

The fourth reason relates to the third, for this paper will offer a possible explanation for the divergence between Suriname and its neighbours. The colonies of Essequibo and Demerara managed to grow spectacularly throughout the entire 18th and early 19th century, whereas that is not at all the case for Suriname. The key should be found in the connection of Essequibo and Demerara to the intra-Atlantic, inter-imperial network, which offered substantial benefits, especially in the illegal trade. Illegal trade within the Atlantic world is by no means unique. The functions of Curacao and St. Eustatius as illegal trading centres have been studied, just as the interlopers in the slave trade under the WIC monopoly.⁸ But while illegal Dutch slave trading peaked in the late 17th century and declined until the monopoly was lifted in 1730, a lively trade with British slavers developed later in the century. This was made possible by a weak state structure in the developing colonies and by a high number of British planters, with good connections to the rest of the Atlantic. This thesis will argue that these connections set Essequibo and Demerara apart from Suriname and can explain the divergent developments.

⁸ See for example: Wim Klooster, *Illicit riches. Dutch trade in the Caribbean, 1648-1795* (Leiden 1998); Ruud Paesie, 'Van monopolie naar vrijhandel. De illegale slavenhandel tijdens het octrooi van de Tweede West-Indische Compagnie, 1674-1730', *Oso* 28-2 (2009) 103-21.

1: What we know and do not know

The origins of specie: the need for credit

The Dutch had acquired Suriname in 1667 and the neighbouring region of Essequibo was colonized in 1616. The colonies were all –after some administrative changes- directed by the West India Company, though different arrangements were made later. In 1683 the possession of Suriname was divided into three equal parts, between the city of Amsterdam, the WIC and the private person of Cornelis van Aerssen van Sommelsdijck. In 1770 the family van Sommelsdijck sold their share to the city of Amsterdam, giving Amsterdam an important interest in Suriname. This was different for the neighbouring colonies of Essequibo and Demerara, which remained under the direction of the Zealand Chamber of the WIC. Expansion of Essequibo and Demerara was to a considerable extent the result of the efforts of Laurens Storm van 's Gravesande, who governed Essequibo from 1743 to 1772 and Demerara until 1750, after which his son was granted the subordinate position of Commander of Demerara. A ten year exemption from the poll tax stimulated the development of Essequibo and Demerara, just like the availability of credit did.

For the roots of the system of *negotiaties* we have to go back to the early 18th century, when the Dutch economy was in a transition phase from a production economy to one based on financial services.⁹ Dutch capitalists had since long been investing in British government debt and Bank of England shares. After the collapse of the South Sea Company bubble in 1720 they started to invest in other foreign securities.¹⁰ The wealthy Dutch had also been active in lending money to foreign monarchs, on tangible collateral such as silver mines. Lending money to the plantations in the colonies was not new either, but had existed in the early 18th century, but only on a smaller scale. There were no proper financial instruments to invest on a large scale in the colonies and the need was not as high as it would become in the second half of the century. Alex van Stipriaan has calculated that in 1755 coffee plantations not in a *negotatie* fund on average had a debt of fl. 32,000, on an estimated value of nearly fl. 105,000. A sugar plantation had the same

⁹ Jan de Vries and Ad van der Woude, *The first modern economy. Success, failure and perseverance of the Dutch economy, 1500-1815* (Cambridge 1997).

¹⁰ Pit Dehing and Marjolein 't Hart, 'Linking the fortunes: currency and banking, 1550-1800', in: Marjolein 't Hart, Joost Jonker and Jan Luijten van Zanden eds., *A financial history of The Netherlands* (Cambridge 1997) 58; Marten G. Buist, *At spes non fracta. Hope & Co. 1770-1815. Merchant bankers and diplomats at work* (The Hague 1974) 19; De Vries and Van der Woude, *First modern economy*, 143-4. The South Sea Company was founded in 1711 and aimed at eliminating the high debt burden of the British government by convincing creditors to swap their bonds with Company shares. Since the South Sea Company had received exclusive trading rights, this was supposed to be a lucrative deal. For some it was, because share prices were inflated quickly, creating a bubble that burst in 1720.

amount of debt, but was considered to be worth fl. 129,000.¹¹ These debt figures were relatively small though, when compared to the later ratios in the *negotiatie* system.

What did it take to buy, or set up a plantation? One obviously needed three main elements: land, buildings (including equipment and machinery), and a workforce. Luckily for the prospective planter, land could be acquired for free in the colonies, to stimulate expansion of the plantation sector. The buildings and machinery were indeed costly, and while wood and horses for the mills could be acquired from North Americans, most of the stone and tools had to be imported from the Netherlands. A large share of the capital was invested in the forced labourers from Africa: slaves could make up 1/3 to 1/2 of the value of a plantation.¹² The West India Company held the monopoly and conducted the slave trade to the Guianas, but it could not provide an adequate supply for the planters. Consequently, illegal traders stepped in to fill in the gap. These interlopers evaded all the fixed costs of the WIC, such as the fort in Elmina, and thus were in a better position to make a profit. Since the WIC suffered mainly losses, they abandoned the Guiana trade in 1738, after which the slave traffic was opened to everyone, as long as they paid the required ‘recognition fees’.¹³

So, how much money would one need for a plantation? Since this depended to a considerable extent on the price of slaves, which was rising throughout the 18th century, the cost for an estate rose too. A contemporary estimate from 1787 stated a sum of more than fl.100,000, for either a sugar or coffee plantation.¹⁴ While that was a considerable sum of money, the times were favourable for those willing to try their luck. In the 1740s, when coffee prices soared, the possibilities for investing in the colonies increased. It was possible to receive credit from one of the Amsterdam merchant-banking houses, such as Dingeman Broer & Co, but only for a limited sum. Next to this, the duration of the loan was often relatively short, less than ten years, and interest was high, around 8 percent.¹⁵ However, if one could find the money to set up a plantation, prospects were good: demand in Europe was growing and especially coffee prices were high during the 1740s and 1750s.

¹¹ Van Stipriaan, *Surinaams contrast*, 206.

¹² Ibidem, 120, 125; Oostindie, *Twee plantages*, 19; Van de Voort, *Westindische plantages*, 196.

¹³ Ruud Paesie, ‘Van monopolie naar vrijhandel. De illegale slavenhandel tijdens het octrooi van de Tweede West-Indische Compagnie, 1674-1730’, *Oso* 28-2 (2009) 103-21; Henk den Heijer, ‘The Dutch West India Company, 1621-1791’, in Johannes Postma and Victor Enthoven eds., *Riches from Atlantic commerce. Dutch transatlantic trade and shipping, 1585-1817* (Leiden and Boston 2003), 77-112.

¹⁴ Van de Voort, *Westindische plantages*, 83.

¹⁵ *Notarial Records (NR)*, Amsterdam City Archive (ACA), Notarissen ter Standplaats Amsterdam 5075, inv. nr. 10741, fo 208; Ibidem, inv. 12677 fo 88; Ibidem inv. nr. 12682 fo 23; Ibidem, inv. 8965 fo 954.

The credit system

It was the major of Amsterdam, Willem Gideon Deutz, who provided the means for expanding the plantation economy. He was able to establish a connection between the needy planters overseas and the investors at home, searching for lucrative investments. The timeframe was favourable as well. A large amount of capital had become available in the Republic, as many loans to the state had been repaid.¹⁶ Deutz then created the first *negotiatie* in 1753, with his fund to ‘support the planters in Suriname’ and to ‘restore the broken credit’.¹⁷ This *negotiatie* fund attracted a lot of attention from both sides of the Atlantic, and the enterprise was quickly emulated by others, especially after Deutz’s death in 1757.

In the original *negotiatie* fund, investors would become bondholders by investing their capital in the fund. Each part, or ‘share’, had a value of fl. 1000.¹⁸ All the capital was combined in the *negotiatie* fund and given in loan to the owner of a plantation in the West Indies. In order to have some security that the loan would be repaid, the receiver was required to put up his plantation as collateral. This agreement was thus effectively a mortgage deal, comparable to taking a mortgage on a house. However, since the mortgage was split up in a multitude of shares, which were tradable in their own right, these *negotiatie* loans were more like financial securities. Each year a fixed amount of money was to be paid to the holder of the *negotiatie* bond, irrespective of the profits or loss of the plantation.

Some additional security was provided by another condition of the loan: the maximum mortgage a planter could receive was 5/8 of the estimated value of his plantation. The value was determined by *priseurs* (appraisers), who assessed everything of value on a plantation: the land area, number and quality of the slaves, the machinery, the housing and its inventory. The planter thus could not borrow 100 percent of that plantation’s value, which had two positive effects. Firstly it was supposed to deter the opportunists, because a would-be planter still needed to make a substantial down payment out of his own pockets, and we have seen that plantations were costly. Secondly, the debt ceiling of 5/8 meant that in case of default, there was a fair chance that investors could reclaim their money. Like in all forced auctions, a plantation that had to be put up for sale was unlikely to bring in its full value but even if it realized only 65 percent

¹⁶ Van Stipriaan, *Surinaams contrast*, 207.

¹⁷ Van de Voort, *Westindische plantages*, appendix XV.

¹⁸ Contemporaries spoke of *aandelen* or shares, while technically these were all bonds in our modern vocabulary. (Oostindie, *Twee plantages*, 289.) A share gives the shareholder ownership of a part of the company and thus the profit - the dividend-, which varies each year according to the business results. A bond is essentially just a loan and provides the holder with a fixed income, namely the interest and is not dependent on the business’ performance. Moreover, the loan is repaid after a specified amount of time.

of the assessed value the investors would be safe. Scenarios in which a plantation could be sold only for a quarter of its value, or not at all, were not envisioned.

In return for risking their capital, the investors would receive a very attractive 6 percent interest per year on each bond. The planter would have to begin repaying his loan after 10 years, with at least 10 percent per year so that after 20 years the investors should have received all their money back. In order to oversee that business ran smoothly, the investors appointed three commissionaires to watch over the fund manager, while the fund's agent in the colony, the *agendaris*, would monitor the planters.

<i>Service</i>	<i>Commission (%)</i>	<i>Remarks</i>
Insurance	0.5	on the value of the shipped products
Marketing the planter's products	2	on the proceeds
Buying imports	2	this was not charged by Deutz
Brokerage / Courtage	1.5 - 2.5	not for all fund managers

Source: Oostindie, *Twee plantages*, 291; Van de Voort, *Westindische plantages*, 84, 91-94; Van der Meulen, 'Plantage leeningen; Wolbers, *Geschiedenis*, 262; *Obligaties wegens planters in Suriname, Essequibo, Demerary, Catharina Heyliger te St. Croix en de ingelanden van de Krimpenerwaard, 1765-1803*, ACA, Archief van de Portugees-Israelitische gemeente 334, inv. nr. 1333.

The advantages for the director of the *negotiatie* resided in his position as intermediary in the trade between the colony and the Republic: he was both fund manager and a merchant-banker. The planters had to ship and sell all the produce via the fund director, who received 0.5 percent on the insurance of shipping the goods to Amsterdam and also charged a 2 percent commission for marketing the products. In later *negotiaties* the imports into the colony were subject to a 2 percent commission as well, but this was not the case for Deutz's fund. In some funds, the director would also receive a bonus of 1.5 to 2.5 percent of the mortgage value, as remuneration for his brokerage.¹⁹ The fund director also kept a bank account for the planter. The director would subtract his expenses and commission from the revenue of the sale of the products. The planter could then draw bills of exchange (*wissels*) on the fund director for the remaining sum, in order to finance his expenditures in the colony.

This system appears quite sophisticated and seemed to benefit all parties involved. The planter got his much desired capital, the *negotiatie* director secured some lucrative business for

¹⁹ Oostindie, *Twee plantages*, 291; Van de Voort, *Westindische plantages*, 84, 91-94; W.W. van der Meulen, 'Beschrijving van eenige Westindische plantage leeningen. Bijdrage tot de kennis der geldbelegging in de achttiende eeuw', *Bijdragen en Mededeelingen van het Historisch Genootschap* 25 (1904) 490-580, esp. 537-552; Wolbers, *Geschiedenis*, 262; *Obligaties wegens planters in Suriname, Essequibo, Demerary, Catharina Heyliger te St. Croix en de ingelanden van de Krimpenerwaard, 1765-1803*, ACA, Archief van de Portugees-Israelitische gemeente 334, inv. nr. 1333.

himself and the investors got a return on their capital that was unthinkable within their own borders, since interest rates in the Republic stood at 2 or 3 percent.²⁰

The amount of loans that were extended by Deutz and other directors grew quite rapidly. At the time of his death in 1757, we know that 89 planters owed Deutz a total sum of fl. 4.6 million, consisting of about fl. 3.7 million in *negotiaties*. This immediately reveals two other interesting characteristics of the plantation loans: not only had the planters failed to make good on their interest payments, but apparently Deutz had accepted that and loaned the planters fl. 900,000 without any collateral backing. It seems that he had paid his bondholders partly with his own money, even though he knew many planters could not pay the interest, let alone the main sum (principal) of the loan.²¹

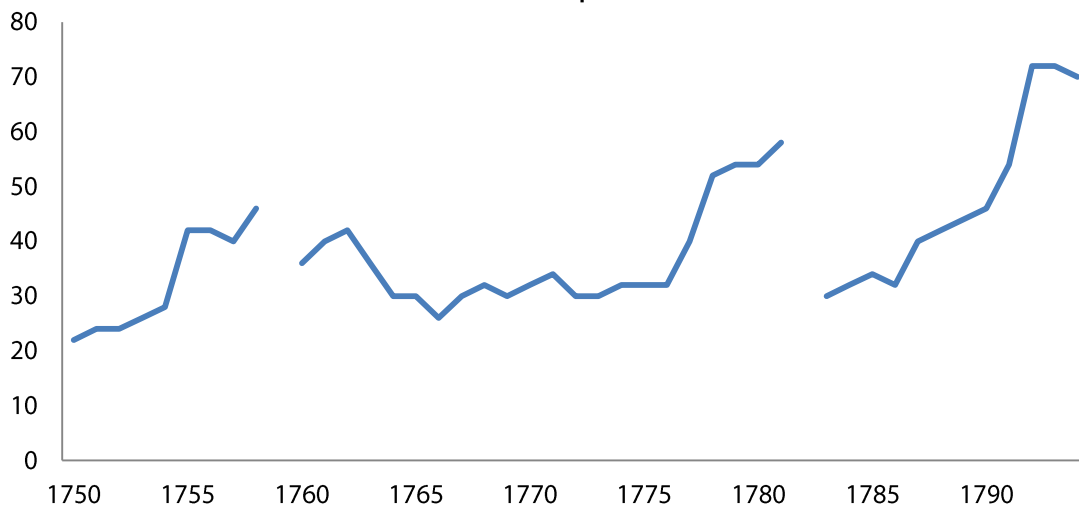
The ill performance of the loans was not entirely understood however at the time after Deutz' death, for a huge boom in *negotiatie* loans took off in the 1760s, especially after the Amsterdam stock exchange had recovered from a crash in July 1763. Together with peace agreements with the maroons and again rising coffee prices, this provided the optimism that fuelled the heyday of the *negotiaties*: Between 1753 and 1769 an astonishing fl. 17.7 million was put into mortgage deals in Suriname alone. This sum of money was not spread out evenly across the different production sectors in the colony. We have seen that the coffee industry provided the best opportunities for profit maximization, as commodity prices were rising (see Figures 2 and 3). Consequently, we find that the coffee sectors profited the most from the credit boom, as it received 85 percent of the mortgage loans.²²

²⁰ Marjolein 't Hart, 'Mutual Advantages: State bankers as brokers between the city of Amsterdam and the Dutch Republic', in: in Oscar Gelderblom ed., *The political economy of the Dutch republic* (Farnham 2009) 115-142, esp. 116.

²¹ Van de Voort, *Westindische plantages*, 95-6, 187-8; To explain this seemingly irrational behaviour we need to look at the importance of trust and reputation, see chapter two.

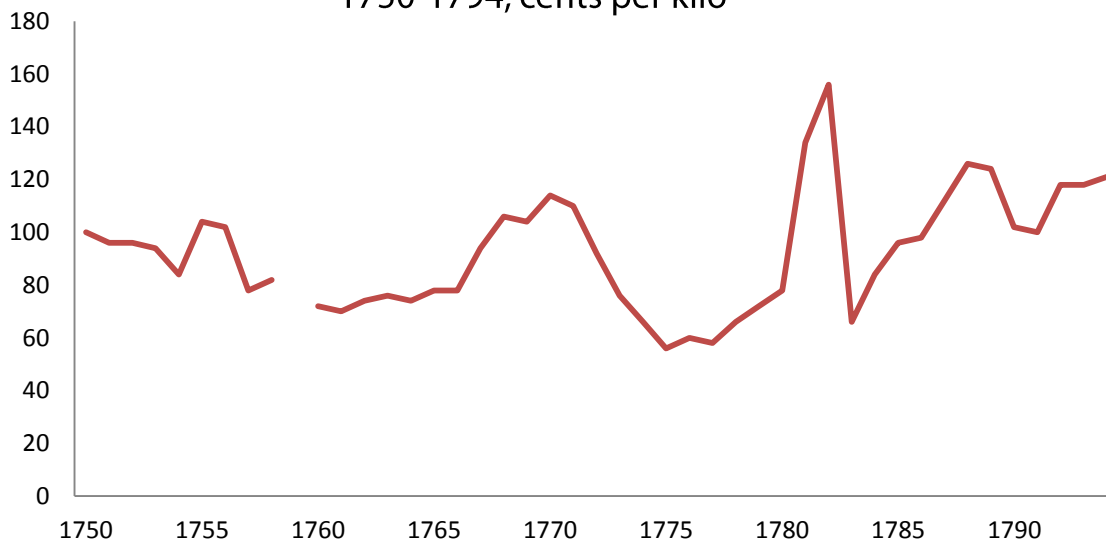
²² Ibidem, 100, 181; Van Stipriaan, *Surinaams contrast*, 217.

Fig. 2: Sugar prices in Amsterdam
1750-94, cents per kilo



Source: Van Stipriaan, *Surinaams contrast*, appendix 2.

Fig. 3: Coffee prices in Amsterdam
1750-1794, cents per kilo



Source: Van Stipriaan, *Surinaams contrast*, appendix 2.

The crisis and aftermath: the scholarly debate

The times of easy mortgage credit did not last forever though. Like with all booms, there was a point at which the trend reversed. For the plantation loans it was the crisis of 1772-3 that put an end to the unfettered credit facilities, or at least that is the subject of the debate. In early 1772 there was a crisis on the stock exchange in London, mostly triggered by speculation in the English East India Company (EIC) shares. Once unfavourable news about the EIC's future

dividends send its stock down, several speculators were faced with severe losses and a mayor bank went bust. The crisis was transferred to the Dutch Republic: as Amsterdam banking houses had also speculated heavily in London, they were exposed to the crisis and in December 1772 the firm of Clifford & Chevalier went bankrupt. This was unexpected for a well-respected house as the Cliffords, and together with the losses from speculation it triggered a crisis.²³

This had great consequences for the colonies as well. The crash allegedly provided a wakeup call for investors. As they were confronted with losses on the stock exchange, they felt the need to scrutinize their investments in the West Indies as well. Once the deplorable state of many plantations came to light, credit quickly dried up and a credit crunch ensued. This proved detrimental to the planters already deep in debts, who could not obtain the new credit necessary to continue their business. However, as cash was scarce in the colonies and a large part of the slave and commodities trade was depending on the use of credit, even financially sound plantations ran into trouble. Thus even the prudent planters were hampered in their business, and subsequently the entire colony went into a state of decline – that is at least the argument put forward in the older histories such as Wolbers's, and is today defended by Pieter Emmer.²⁴

The significance of this crisis is a contested topic in the literature on Suriname's plantation economy. In a 1778 memorandum by the contemporary authors Adriaan Gootenaar and C. Graafland, the crisis is portrayed as a severe blow because it ended the flow of credit. The crisis is seen as a watershed: before 1772 Suriname is depicted as a land of promise, where fertile soils provided the opportunity to become rich and successful planters. Afterwards the colony faced a downward spiral, in which lower commodity prices and lack of financing forced many planters to leave their plantations, only to let agents of their creditors take over their bankrupted estates. While it is noted that perhaps too much credit was extended to those who acted irresponsibly, Gootenaar and Graafland also pointed to circumstances outside their responsibility. For instance, a severe drought in 1769 had resulted in disappointing harvests in Suriname, and they also had to deal with renewed attacks of the runaway slaves. Thus many planters were in a difficult financial position already, and the crisis in Amsterdam provided the deathblow.²⁵

²³ J.G. van Dillen, *Van rijkdom en regenten : handboek tot de economische en sociale geschiedenis van Nederland tijdens de Republiek* (The Hague 1970) 610-11.

²⁴ J. Wolbers, *Geschiedenis van Suriname* (Amsterdam 1861; reprint 1970) 300; P.C. Emmer, 'Het zwarte gat: investeren in Suriname. De West-Indische plantagelening, 1751-1774', in: H.W. van den Doel en G. van Boom eds, *In het verleden behaalde resultaten. Bijdragen tot de Nederlandse beleggingsgeschiedenis* (Amsterdam 2002). 103-121.

²⁵ *Verslag over de toestand van de kolonie Suriname (door mr. C. Graafland en A. Gootenaar, voormalig secretaris van de kolonie). Met twee bijlagen, 1778*, NA The Hague, SvS 1.05.03, inv. nr. 509.

This image of promise and prosperity up to the crisis, followed by perennial decline afterwards also figures in the work of 19th and 20th century scholars such as Wolbers and Van Lier, before it was attacked on grounds that it was too simplistic. In 1973 J.P. van de Voort published his influential dissertation on the West Indian plantation loans, but he did not entirely break with the tradition. This was the first study to look more closely at the plantation loans, but mostly from the perspective of the Republic. Van de Voort tried to collect data on all the *negotiaties* and arrived at a figure of 80 million guilders for the entire region of the West Indies. A little over 40 million of this went into Suriname.²⁶ He furthermore shows that investors probably saw only as little as 25 percent of their money back after the crisis. These figures easily point to a state of decline for the colonial economy in the later 18th century. However, once we look at the colonies itself in more detail, it becomes untenable to speak of *the* decline of *the* Surinam plantation. Especially Gert Oostindie and Alex van Stipriaan have argued against this image.

Gert Oostindie conducted an in-depth study of two estates, the sugar plantation of Roosenburg, and the coffee plantation of Mon Bijou, both owned by the same family of Van Sandick. Oostindie's book deals with all aspects of the plantation life, and offers some important insights regarding profitability. The two exemplary plantations required more and more credit from its merchant-banker – Ferrand Whaley Hudig, and later Bienfait & Son – and did not succeed in repaying all of it during their considerable lifespan.²⁷ For both plantations were remained in operation far into the 19th century, pointing to the fact that the 1772-3 was not the end for Suriname. Additionally, Oostindie showed that productivity had been continuously rising, on both plantations. For Roosenburg this was to a large extent caused by the adoption of the superior type of Oteheite sugar cane.²⁸

A similar revisionism is found in Alex van Stipriaan's dissertation *Surinaams contrast*, which focuses on the entire colony of Surinam, and by doing so provides valuable quantitative data. Van Stipriaan showed that the crisis did not have an immediate effect on the credit flow, for it was only in 1776 that the amount of new loans became negligible, while the peak was already reached by 1770.²⁹ Additionally, the effect was much stronger on the coffee sector than on the sugar plantations. Coffee had more characteristics of a boom product: not only were far more coffee plantations mortgaged, but the sector had also attracted more parvenu planters: first-time adventurers who had little experience in plantation agriculture, but were attracted by

²⁶ Van de Voort, *Westindische plantages*, 184.

²⁷ The debt burden was not prohibitively high though, and if the managers had not engaged in *uitdelingen* in the 19th century, the plantation might have made good on its obligations (Oostindie, *Twee plantages*, 298)

²⁸ *Ibidem*, 220-3, 247-8.

²⁹ Van Stipriaan, *Surinaams contrast*, chapter VII.

the opportunities of cheap credit. Unsurprisingly then, it was the coffee sector that was hit the hardest by the economic crisis. While there were 295 export producing coffee plantations around 1770 this number was reduced to 248 twenty years later.³⁰ Additionally, we must note that the sugar sector revived and managed to do well, far into the 19th century. So the picture of decline seems more appropriate for the coffee sector than for sugar. This is supported by one of Van Stipriaan's main arguments: though substantial profits could be made in the plantation business, in the end it was exhaustive. Especially after the crisis, more and more was demanded from both the soil and the labourers, the slaves. Here the coffee sector was again the worst offender. On many coffee grounds there were no rotation cycles implemented, as was common on sugar estates. Additionally, there were more fortune seekers among coffee planters, focusing on short term gains and perhaps exploiting their workers more as a consequence of this.

Though useful in explaining why the sugar sector revived in the 19th century while the coffee sector was unable to keep up, the argument of exhaustion cannot explain why the crisis occurred or why it affected coffee estates more than sugar. By 1772 the effects of exhaustion were not visible yet, as most plantations were set up in the 1760s.³¹ Extra harsh demands on the slaves were more likely after the crisis, when it became harder to acquire new slaves and thus the present slaves had to work harder and soil exhaustion only became visible after multiple decades. The crop cycle for sugar cane was relatively short, as it had to be replanted at least every five to ten years. Experience over almost a century probably had learned that rotation could prevent exhaustion. For coffee things were different, not only because there was less experience among the new wave of planters that came with the *negotiatie* boom. Moreover, it was more common on coffee estates to have coffee trees on all land not otherwise in use, and it took about four years before the plant had matured. The coffee tree was very productive until 18 years or so, after which productivity started to decline slowly. However, it was not uncommon to continue to harvest from those trees for periods of more than 40 years, in the hope the next seasons would provide better results. This means that exhaustion for the coffee sector indeed became troublesome in the 1780s and 1790s and especially in the 19th century, for those plantations still in business.³²

So exhaustion is useful in explaining the later dynamics of Surinam's plantation history, but tells us less about the financial consequences of the mortgages on those plantations, which is

³⁰ Van Stipriaan, *Surinaams contrast*, 439.

³¹ Van Stipriaan argues that slaves in 1790 had to work twice as hard as those in 1750. Mortality was higher though between 1750 and 1774 than in later periods, because in the last quarter of the century the initial phase of laying out new polders and plantations, demanding many lives, had passed. (Van Stipriaan, *Surinaams contrast*, 132,318).

³² Oostindie, *Twee plantages*, 30, 215; Van Stipriaan, *Surinaams contrast*, 130-1.

something Emmer focused on. He advocated a return to the classical explanation, wherein investment is the key to explaining expansion and contraction. Emmer argued that it was not an economic crisis that brought trouble to the planters, but it were the planters who created the problems for themselves, by borrowing too much. Since most *negotiaties* were created in the 1760s, we would expect the first redemptions to take place in the early 1770s, when the 10 year interest-only period was over. But since planters could barely pay the interest, they would never be able to pay back the main sum of the loan, and once this became clear to investors a crisis was the logical result.³³

Of course this begs two questions: why did the fund directors just sit idle when the planters failed in their obligations, and were had all the borrowed money gone to? Emmer provides no solution for the first question though, and he answers the second by stating that the capital was not used for new plantations, but merely to expand the number of slaves on existing plantations. Inevitably, the planters would then face the law of diminishing returns, which undermined their profitability. Coupled with the bad harvests, incompetent planters and a high number of maroons who renewed their attacks on plantations, this prepared the ground for a crisis and a stop on the flow of cheap credit.³⁴

The discussion between these authors continued in three articles in the 1990s, in which Van Stipriaan again brought the revisionist view forward: capital was not entirely squandered, but also found productive use in the extension of the coffee sector. Moreover, the focus on the crisis takes us away from the real matters at stake and Van Stipriaan points to the two structural weaknesses of the *negotiatie* system. Firstly, the amount of credit was based on the assessed value of the plantation, rather than the plantation's turnover, and secondly the position of the merchant-director could give rise to misuse. The director 'like a spider in his web controlled all trans-Atlantic relations without exposing himself to too much risk.'³⁵ He was using other people's money, and a possible loss would fall on the planter or the investors, but not on him. Additionally, the possibility of fraud in the assessment of plantations could not be ruled out.

But even if we zoom in on the crisis, we must acknowledge that it was an imported crisis from London, and not caused by defaulting planters. While Emmer is right that investors might be dissatisfied with the planters' repayments, once the 10 year interest-only periods were over, we must take into account that most mortgages were granted only after 1765. So it was only after

³³ P.C. Emmer, *De Nederlandse slavenhandel 1500-1850* (Amsterdam 2000) 171.

³⁴ Idem, 'Suiker, goud en slaven: de Republiek in West-Afrika en West-Indië 1674-1800' in E. van den Boogaart e.a eds., *Overzee. Nederlandse koloniale geschiedenis 1590-1975* (Bussum 1982) 145-165, esp. 153.

³⁵ Alex van Stipriaan, 'Debunking debts. Image and reality of a colonial crisis: Suriname at the end of the 18th century', *Itinerario* 19-1 (1995) 69-84, esp. 75.

the crisis, in 1775, that these problems would have come to light, and this can explain why substantial credit was given until 1776. Only afterwards did it really dry up.³⁶

In a way Jan Luijten van Zanden seconded Van Stipriaan's views. Van Zanden also argued that the crisis should not be seen as a sufficient reason for Suriname's alleged decline. In this, Van Zanden opposed Piet Emmer, as the latter is said not to pay enough attention to structural developments in Suriname's economy, such as the agricultural developments that took place after 1773. The crisis is not a crucial blow, just like the Tulip bubble in the 17th century would not be able to explain a (hypothetical) downturn in Dutch flower agriculture. Rather, Van Zanden saw a cyclical development: first there is the mania of 1766-73 followed by a downturn, because of all the debts incurred. Later, in the 1790s, the necessary restructurings were made, as bonds were turned into shares and so profitability could return, completing the cycle. Additionally, Van Zanden pointed to the importance of slave imports, as the plantation complex continuously needed new slaves. He noted that the rate of demographic decline for slaves was about 5 percent in the 18th century up to 1774, declining to 3.5 percent in the period between 1774 and 1795. Acquiring new workers posed a significant cost to the planters. But while they received the necessary credit to buy slaves before the crisis, this became very hard afterwards. In the 19th century a transition was set in motion to a 'closed system', where slaves not simply bought, but increasingly had to reproduce themselves.³⁷

While Van Zanden was right in stressing the costs and importance of maintaining the size of the slave labour force on a plantation, this brings us back to the beginning. The question remains why Surinam planters were unable to make good on their obligations, if Suriname was such a promising colony as the contemporary literature suggested? Oostindie provided some answers: perhaps Suriname was not that promising after all. He pleaded for more comparisons across Atlantic plantation systems, and put forward some comparative disadvantages that perhaps held Suriname back. Firstly, while Suriname might have fertile soil, the land required much hard labour because each plantation had to be turned into a polder. This increased and hard labour demand might have resulted in a high death toll for the slaves, as well as more slave rebellions or marooning. Together with a tough disease environment – even for Africans – this meant that more slaves had to be imported, which halted the process of creolization. This was unfortunate for the planters, as American-born slaves were less likely to die in the colonies. We might see a vicious cycle at work here: 'the continuous entry of new African, necessary because

³⁶ Van Stipriaan, 'Debunking debts', 79-80.

³⁷ J.L. van Zanden, *The rise and decline of Holland's economy. Merchant capitalism and the labour market* (Manchester and New York 1993) 90-100.

of high negative growth rates, postponed creolization with its inherently better demographic performance.³⁸

The aforementioned marooning proved problematic for Surinam planters as well. Not only did about 10 percent of the slaves choose to run away, but an extra tax was imposed to pay for the expeditions against these maroons. Additionally, the Dutch planters had to deal with a third disadvantage, since ‘Dutch mercantilism offered the colony the worst of two worlds’.³⁹ On the one hand the plantation owners were tied to Dutch merchant houses, deprived of the advantages of free trade, but on the other hand they did not enjoy the higher prices of a protected home market, like their British counterparts. The commodity market in Amsterdam was open to all, and a lot of sugar and coffee was re-exported from France to the Dutch capital. So the planters probably paid higher prices for their imports, and got lower prices for their exports than their foreign counterparts.

In another respect Suriname was more comparable to the British and French colonies, namely absenteeism. In the classic accounts this was often depicted as one of the explanations for Suriname’s decline: after the crisis, many plantations came into the hands of the administrators, on behalf of the metropolitan creditors, and these agents cared more for quick debt recollection than for prudent long term plantation management. While absenteeism was far from unique to the Dutch case, it could have had a more detrimental effect because of the combination with the *negotiatie* system.⁴⁰

Again Emmer begged to differ, stressing that the disadvantages were far from unique to Suriname. Absenteeism was more widespread in the British West Indies, and recent research has shown that absenteeism there was not as harmful as previously thought. Subsequently, the harsh climate of the colony was probably balanced by the positive characteristic of the very fertile soil. Additionally, Emmer argues that the demographic regime was not very different from other Caribbean areas and that marooning also had its advantages: the slaves that stayed were probably a better and more obedient workforce and the possibility of escape reduced the incentives for rebellion, of which there were few in Suriname. Finally, merchant houses had to compete against

³⁸ Gert Oostindie, ‘The economics of Surinam slavery’, *Economic and Social history in the Netherlands V* (1993b) 1-24, esp. 16.

³⁹ Idem, ‘Economics’, 12.

⁴⁰ One could argue that in the British Caribbean planters repatriated because they had become rich and wanted to enjoy their wealth at home. Furthermore, they could advance their interest better at home, through the powerful West India lobby. In the Dutch scenario on the other hand, the repatriating planters would consist of bankrupted losers rather than the winners. The administrators then would at best represent the *negotiatie* fund’s interest, and at worst only their own. (Van de Voort, *Westindische plantages*, 202-3; Higman, *Plantation Jamaica*, 19, 28; Russell R. Menard, *Sweet negotiations. Sugar, slavery, and plantation agriculture in early Barbados* (Charlottesville and London 2006) 51).

each other, so they would not have been able to charge excessive rates, putting the planters at a disadvantage.⁴¹

What we do not know

The debate centres on the question whether Suriname suffered from structural deficiencies, caused either by its structure of colonial exploitation in general or the credit system in particular, or if the shock of the 1772-3 economic crisis was more important in explaining subsequent developments. The element that is lacking in the discussion is the place of Suriname's neighbouring colonies. Essequibo and Demerara experienced a rather different development than Suriname and seem far less affected by the crisis, nor hampered by structural disadvantages. If we compare at the number of plantation in Suriname with Essequibo and Demerara, we observe a slow decline in the former and a trend of continues growth in the latter, especially in the 1760s and after the British conquest in 1796. Somewhere in the 1780s the two colonies must have outgrown their former bigger brother of Suriname, as Table 2 shows.

Years	Suriname	Years	Essequibo	Demerara	Essequibo + Demerara
1713	171	1716	20		20
ca. 1750	366	1735	30		30
		1766	70	121	191
ca. 1770	406	1769	95	206	301
		1780	140	240	380
ca. 1790	389				
ca. 1810	383	1806			700

Source: Van Stipriaan, *Surinaams contrast*, appendix 4A; Van der Oest, 'Forgotten plantations', 329.

So the *negotiatie* system did not have the same outcome in the different plantation colonies and it might therefore be useful to note some of the important differences between Suriname on the one hand and Essequibo and Demerara on the other. Firstly, we can see a time lag, with Suriname having a longer history as a plantation colony, while the other two only developed later in the 18th century under Storm van 's Gravesande's command. Secondly, the British influence, in the areas of trade, credit and migrating planters, seems to have been bigger in the latter

⁴¹ P.C. Emmer, 'Capitalism mistaken? The economic decline of Surinam and the plantation loans, 1773-1850; A rehabilitation?' *Itinerario* 20-1 (1996) 11-18. On British absenteeism see also: John J. McCusker and Russel R. Menard, *The economy of British America, 1607-1789* (Chapel Hill and London 1985) 155; Franklin W. Knight ed., *General history of the Caribbean. Volume III The slave societies of the Caribbean* (London and Basingstoke 1997) 75; B.W. Higman, *Plantation Jamaica 1750-1850. Capital and control in a colonial economy* (Kingston 2005) 8-11.

colonies. Particularly after the British take-over the colonies received a large influx of capital and colonists.⁴² There is still a lot to be uncovered though, about the specific size and mechanisms of these flows.

Another important difference between the colonies, about which we know more, is governance structure. Suriname was administered by the Society, while Essequibo and Demerara were governed by the WIC Chamber of Zeeland. Consequently, Zeeland considered the trade upon the two colonies an exclusive right to its own merchants. The Chamber of Amsterdam had a different interpretation and wished for the trade to be open to all Dutch skippers. A conflict ensued between Zeeland and Amsterdam, which lasted from 1750 to 1772. Negotiation proved unfruitful and both parties filed petitions to the Estates-General, which further delayed a solution. Both sides stiffly held on to their positions, as they had different interests in the two colonies. Zeeland wanted to protect its slave trade, Amsterdam wanted to expand the commodity trade and had several *negotiatie* funds that increasingly invested in Essequibo and Demerara. In 1770 the relationship between Holland and Zeeland worsened and prince William V was asked to resolve the dispute. He declared that the trade on Essequibo and Demerara should be free, but that Zeeland should not be denied a share. From 1771 onwards every trader could apply for a permit to trade on the colonies, but the Chamber of Zeeland held the right to send out the first sixteen ships in the spring of each year. In case fewer ships would set sail to the colonies, merchants from other provinces could take their place, but they had to buy all their cargo and supplies in Zeeland. This solution satisfied neither side. In 1772 the rules were therefore changed: in the first half of the year only the Zeeland Chamber could issue permits, but to all Dutch traders. In the rest of the year all Chambers were allowed to provide ships with permits, though these were second in line to the ones of the first group when they wanted to take in their return cargo. This complex arrangement had finally resolved the matter, and afterwards we can see many more ships from Amsterdam heading out to Essequibo and Demerara. In Zeeland a new trading company was founded, aimed to counter the feared dominance of Amsterdam skippers, but its profits were meagre and it effectively ended its business 1788.⁴³

⁴² J.C. van Langen, 'De Britse overname van de Nederlandse koloniën Demerary, Essequibo en Berbice (Guyana): Van economische overvleugeling naar politieke overheersing (1740-1814)' (unpublished MA thesis; University of Amsterdam 2004).

⁴³ Van de Voort, *Westindische plantages*, 124-33; 43 Van der Oest, 'Forgotten colonies', 342-5. Ruud Paesie, 'De "Societeit ter Navigatie op Essequibo en annexe Rivieren". Op- en ondergang van een Zeeuwse rederij', in: A. Ebben, H.J. den Heijer en J.C.A. Schokkenbroek eds., *Alle streken van het kompas: Maritieme geschiedenis in Nederland* (Zutphen 2010), 295-316.

The three differences between Suriname on the one hand and Essequibo and Demerara on the other are more or less known, but their influence on the workings of the *negotiatie* system is not yet fully known. The state structure still in development, the British connection and the trade restrictions before 1772 are all intertwined, or so will this thesis argue. Together, these three conditions fostered links to the intra-Atlantic network rather than to the Dutch Republic, which can explain why the two colonies experienced a different development than Suriname.

2. Winners and losers

If we really are to understand the *negotiatie* system and how it could develop and crash, then we need to look into the issue of profits. We already know that enormous sums of money went into the system, but where did it end up? In whose interests was it to keep the system running? Were the profits spread out evenly across all actors, or did some acquire a disproportionately large share? And were the rewards proportionate to the risks the different actors took?

There was of course one group that did not profit at all: the slaves. It was their hard labour that made possible the fortunes of others. What is useful to note here is that labour was especially tough on sugar plantations, and this was reflected in the higher death toll on sugar estates. For the third quarter of the 18th century the average demographic decline is just below 5 percent. Afterwards it improved to a little over 2 percent per year.⁴⁴ To see which group of whites managed to acquire the benefits of all this labour, this chapter looks at the colonial side (colonial bureaucrats, commercial agents, planters, directors, administrators), the metropolitan side (investors and fund managers) and the traders in between (slave as well as commodity traders).

The investors

The financiers were the ones who had been looking for a profitable and reliable investment, but who ended up losing a lot of their capital in the long run. When many planters ran into trouble with their payments in the 1770s, the creditors basically had three choices. They could grant the planter more credit in the hope business would improve in the future, but that was not an attractive option. They could put the plantation up for sale to recover some of their capital, or they would have to replace the – apparently incompetent – planter and take over the estate themselves, for the sum of the debt. The trouble was that auctioned plantations brought in only some 1/3 of their estimated value, meaning that the creditors would have to accept an immediate 2/3 loss on their capital.⁴⁵ However, managing a plantation was not a bright prospect either. The *negotiatie* fund then had to find a reliable planter, to appoint as *directeur* (director) to arrange of the day-to-day routine of the estate, and additionally had to find an *administrateur* (administrator) to check on the *directeur* and do the bookkeeping. This construction imposed extra overhead costs,

⁴⁴ Van Stipriaan, *Surinaams contrast*, 316-18.

⁴⁵ Van de Voort, *Westindische plantages*, 188. If the mortgage had been raised several times, it was not necessarily the case that earlier financiers were paid first: later loans were often *preferent*, which meant they carried a clause that they would be first in line when repayments were made. Sometimes this was the only way to raise more money for an estate in trouble (Oostindie, *Twee plantages*, 293; Hudig, *West-indische zaken*, 72).

but it also meant there was a possibility of turning the plantation into a profitable venture. Such a transition was often accompanied by a conversion of bonds into shares as the *negotiatie* fund was turned into a propertied Society. The bondholders exchanged their right to annual interest payments – regardless of profits – for a part of the ownership in the new venture, and they would receive dividends depending on the profitability of the plantation.⁴⁶

Alex van Stipriaan has calculated the yield for two of the largest *negotiaties*, called Letter A and Letter C as issued in 1766 and 1769 by the fund of Harman van de Poll. Together these two *negotiaties* encompassed 31 plantations, of which only three produced sugar, and they had attracted 3.9 million guilders in capital. Like in most other cases, the collateral increased in value: in 1770 it appears that 25 plantations were valued at fl. 5.5 million in total. But, in line with the general trend, we see that in less than twenty years the valued had dropped to fl. 1.8 million. Moreover, the plantations had a debt of more than fl. 6 million, of which a substantial part was back interest. It took a while before a change in course set in, for only in respectively 1829 and 1819 were these *negotiaties* converted into propertied societies. At this point the Letter A investors must have been disappointed, for they did not get their initial investment of fl.1000 per bond back. Of course they had enjoyed the interest payments over the years, but after the crisis these were mostly lower than the originally promised 6 percent. The yield over the entire lifespan of the bond was thus only a meagre 0.3 percent per year. The bondholders of Letter C fared better, as they got their principal back. This means that their annual return stood at 2.6 percent; lower than hoped for, but not worse than more conventional investments would have yielded.⁴⁷

Calculating yields is difficult, not in the least because the interest that was paid to bondholders varied considerably over the years. At least before the 1772-3 crisis the promised rate of 5 or 6 percent was usually met. This money did not necessarily come from the sale of the plantations' produce, for in several cases we find the fund director advancing some of his own capital to the investors, on the assumption he would later see it returned (but more on that below). When Jan and Theodore van Marselis took over the fund from Deutz in 1757, they lowered the interest rate for investors to 5 percent, but this remained unchanged until 1781. At this time the rate was again decreased, this time to 3 percent, and this would only decrease in subsequent years, to 1.5 percent.

⁴⁶ Van de Voort, *Westindische plantages*, chapter 7.

⁴⁷ *Ibidem*, 187-90; Van Stipriaan, 'Debunking debts', 81.

Table 3: Returns for investors in the fund of Deutz / Van Marselis

	Principal (fl.)		Interest payments (fl.)	Total profits incl. interest (fl.)	Average annual return (%) *
	Bought	Sold			
May 1753 - Nov. 1768	1000	1065	790	855	4.9
Nov. 1768 - Nov. 1773	1065	1026	250	211	4.1
Nov. 1773 - Oct. 1778	1026	900	250	124	2.8
Feb.1778 - March 1781	837.5	450.5	150	-237	-7.1

* based on the assumption that the interest would be put on a bank account or reinvested at 3 per cent.

Source: EURYI auctions database; Van de Voort, *Westindische plantages*, 188.

Since we know the interest percentages for Deutz /Marselis fund, we can calculate the returns for investors, see Table 3. In doing this, we must keep in mind that this fund was one of the better performing ones, so returns for other funds were lower. Nevertheless, we must do away with a simple picture of financiers who lost most of their capital. In the calculations above it has become clear that returns over the very long haul were meagre. It might however be more useful to look at a shorter investment horizon than half a century, and then it becomes apparent that timing was of the essence. If an investor had bought one of the initial fl.1000 mortgage bond from Deutz, it would have yielded him a sum of fl.855 fifteen years later. Even if we assume that all the interest payments were not reinvested in new *negotiatie* bonds but were just placed in a bank account, yielding 3 percent interest, the investor could be satisfied. He would have gotten more than his initial investment back, and enjoyed a total return on his capital of 4.9 percent. So these early investors were clear winners, for initially the *negotiatie* system proved to be a very lucrative investment.

Furthermore, the ones who joined later, and bought bonds in 1768, and sold when the 1772-73 crisis on the stock exchange had just passed, were still winners. While they lost some of their principal, the interest payments compensated for that. Next to this, it is clear that the crisis did not have a dramatic downward effect on the bond prices of the Van Marselis fund. While the price was lower than before, just after the crisis it was still above the starting value of fl.1000. Moreover, even the people started buying *negotiatie* bonds at the end of 1773 and sold them onwards five years afterwards, were not worse off than when they had placed it in the bank. Only those joining the system later in the decade suffered great losses. Indeed, they could lose a large share of their capital in only a few years, and holding on to the investments would not improve the matter. Bond prices would only go down further, while interest payments were generally low, comparable to other, but safer, investments in the Netherlands.

We must thus differentiate between investors joining early and those entering late, while also taking their investment horizon into account. The ones who bought and sold early were

clear winners, but the longer they held on to their investments the more their profit declined. The value of the underlying bond would decline, but the high interest payments compensated for that risk. When these payments were lowered during the 1770s and 1780s, the advantage of investing in *negotiaties* was gone. The crisis did not significantly hurt investors in the Deutz / Van Marselis fund, but the people who entered in the second half of the 1770s were very likely to lose quite a lot of money.

The fund directors⁴⁸

The most likely candidates to have profited from the *negotiatie* system are the fund directors. Since they occupied the crucial middle position between investors and planters, they were in a position of power. Crudely said, it would not be his problem if the investments failed, for he was using other people's money.⁴⁹

Table 4: Important negotiatie funds

<i>Director(s)</i>	<i>Origin</i>	<i>Primary investment region</i>	<i>Invested capital (fl.)</i>
W.G. Deutz / J. & T. Van Marselis	Amsterdam	Suriname	> 5 million
Johannes Lever & Cornelis de Bruine	Amsterdam	Suriname	> 3 million
Ferrand Whaley Hudig	Rotterdam	Suriname	> 1 million
Harman van de Poll & Comp.	Amsterdam	Suriname	ca. 4.5 million
Hermaal & Van den Bosch	Amsterdam	Suriname	> 2 million
Fredrik Berewout	Amsterdam	Danish-American isles	ca. 1 million
Abraham ter Borch & Sons	Amsterdam	Danish-American isles	> 8.5 million
Kornelis van den Helm Boddaert	Middelburg	Essequibo & Demerara	> 1 million
Tulleken de Vos & Comp.	Amsterdam	Essequibo & Demerara	ca. 1.9 million
Bartholomeus van den Santheuvel	Amsterdam	Essequibo & Demerara	> 1.5 million
Daniel Changuion	Amsterdam	Essequibo & Demerara	ca. 2 million
Sebastiaan van Nooten Jansz.	Amsterdam	Essequibo & Demerara	ca. 1.4 million

Source: EURYI auctions database, Van de Voort, *Westindische plantages*, 269-323.

This incentive structure meant that the fund manager had every reason to try and expand his fund. And indeed there are indications that the *agendarissen* (agents) from the fund were pushed to extend as much capital to as many planters as possible.⁵⁰ It might even be the case that there was more credit available than planters. For example, the agents of Ferrand Whaley Hudig – Van Steenbergh and Saffin- reported that they could not find an outlet for the firm's money. The reason for this was the fund of Harman van de Poll: on February 1 in 1766 Saffin and Steenbergh wrote: 'Everyone in need of money resorts to the bankers of Van der Poll. Presently,

⁴⁸ Table 4 shows the fund directors which are the most important to the rest of this paper. The list is by no means exhaustive.

⁴⁹ A situation described as 'moral hazard' in economics.

⁵⁰ *Verslag over de toestand van de kolonie Suriname (door mr. C. Graafland en A. Gootenaar, voormalig secretaris van de kolonie). Met twee bijlagen, 1778*, NA The Hague, SvS 1.05.03, inv. nr. 509.

there is money in abundance there.’ And the other agent, Walter Kennedy, confirmed this with his letter three days later: ‘Four years ago I would be revered for providing such credit, though since the erection of the fund of ‘Van der Poll’ and other private persons who advance almost the [full] value on rather embellished appraisals, people here became unbearable.’⁵¹

While this could very well have been the case, it did not necessarily mean that the fund directors took on no risk at all. For although the investment capital was put up by others, the fund manager had a vested interest in maintaining his business and keeping up his good reputation, as Oostindie has already shown for the case of Ferrand Whaley Hudig and his mortgages on Roosenburg and Mon Bijou. In the initial loan on the two plantations, not only did Hudig buy 9 of the 100 bonds himself, but his family was also among the greatest investors: three of them together provided fl.33,000 of the total capital.⁵² Hudig would have had a lot to explain if he simply engaged in gambling with his family capital. So like in most pre-modern business dealings, trust and reputation were crucial. Most of the fund directors were men of status and power, not just some parvenus with access to cheap capital. Deutz had been mayor of Amsterdam, and his successors Jan and Theodore van Marselis had been prominent magistrates in the same city. Kornelis van den Helm Boddaert was former mayor of Middelburg and a director of the West India Company. Additionally, the firm of Coopstad & Rochussen had slave trading as their core business, so they could not afford to be reckless with plantation mortgages either. Next to them we have the firm of Harman van de Poll, who came from a prominent family in Amsterdam. As their influence had been declining in the second half of the 18th century they had every incentive to act responsibly to try and regain their former position.⁵³ And even if a fund manager did not yet possess a great reputation, he often had to deal with persons who had, so he had an incentive to be a good partner if he wanted to enhance his reputation. For example, among the receivers of mortgages on their plantations we find powerful persons, both those who were active in the colonies and those living in the Republic. For instance, Suriname’s governor-general Jan Jacob Mauricius has apparently been instrumental in the founding of the *negotatie* system, by asking Willem Deutz to devise a better credit system than was currently in place in the 1740s.⁵⁴ We can see that he had some personal interest in this as well, for his son had a mortgage

⁵¹ Quoted in: Hudig, *West-indische zaken*, 36. Original quotes: ‘alzoo een yder die geld benoodigt heeft aan ’t Comptoir van de Heer VAN DER POLL hun toevlucht nemen. Daar is hier thans geld in overvloed’ and: ‘Voor vier jaar had men mij voor het negotieren van zoo een crediet op handen gedragen, dog sedert het opregten van het fonds van ‘Van der Poll’ en andere particuliere die bijna de waarde op redelijk opgesmukte prisatieën schieten werd men hier ondragelijk.’

⁵² Oostindie, *Twee plantages*, 356-7.

⁵³ <http://stadsarchief.amsterdam.nl/archieven/archiefbank/overzicht/183.nl.html>

⁵⁴ Wolbers, *Geschiedenis*, 233.

debt of more than fl.75,000 in 1751 and was quick to get into Deutz's fund.⁵⁵ Next to Mauricius, more ties exist between the *negotiatie* fund directors and influential persons, both in the colonies and in the Republic. We can see the even highest officials in the colony being indebted to the fund directors. To keep up their reputation, both actors had an incentive not to let their plantation loan fail.

Table 5: High level connections

<i>Name</i>	<i>Function</i>	<i>Fund</i>
Daniel Hogguer	Magistrate in Amsterdam	Van de Poll
Daniel Steven Schorer	Magistrate in Middleburg	Hageman
Louis Idsert Douwe van Sirtema,	Baron of Grovestins, director-general of Essequibo and Demerara, 1793-95	Changuion
Jan Cornelis van der Heuvel	Commander of Demerary	Changuion
Johannes Heijliger	Governor of Berbice, 1764-67	Changuion
Pieter Mauricius	Son of the 1742-51 governor of Suriname, Jan Jacob Mauricius	Deutz
Jan Nepveu	Governor-general of Suriname, 1756-57, 1768-79	Deutz
Wigbold Crommelin	Governor-general of Suriname, 1757-68	Hageman & Twisk
Mr. Cornelis Galenis Paspoort	Mayor of Middelburg	Hageman
Mr. Hendrik Noppen,	Raad Fiscaal in Berbice	Schumacher
Stephan Hendrik de la Sabloniere	Governor of Berbice	Schumacher
Jan L'Espinasse	Director-general of Demerara, 1785-1789	Van Nooten Jansz.
Joseph Bourda	Acting director-general of Essequibo and Demerara, 1784-85	Van Vloten

Source: *Notarial records*, ACA, Notarissen 5075, inv. nr. 16339 fo 183; *ibidem*, inv. nr. 11474 fo 177; *ibidem*, inv. nr. 14166 fo 6862; *ibidem*, inv. nr. 15229 fo 176; *ibidem*, inv. nr. 12725 fo 76; *ibidem*, inv. nr. 12733 fo 4; *ibidem*, inv. nr. 12733 fo 88; *ibidem*, inv. nr. 12733 fo 103.

A alteration to the standard sketch of an incentive structure is necessary to explain why many fund directors used their own capital to keep their fund running. We have already seen that Willem Deutz had issued credit without any collateral backing, up to at least fl.900,000, next to his mortgage backed loans of fl.4.5 million. This was money from Deutz' own pocket that he had used for paying the interest to the investors. Deutz was not alone in this. Oostindie showed how Hudig had also put considerable sums into the Roosenburg and Mon Bijou *negotiatie*, and in the archives we can find many more examples.⁵⁶ For we see that Hudig also had to supplement capital for his *negotiatie* on the plantation La Confiance. The original loan was fl.52,000, but apparently Ferrand Whaley had given another fl.18,000 in credit from his own capital, of which the commissioners were not aware. While he made profits through his commission fees, the

⁵⁵ *Notarial records*, ACA, Notarissen ter standplaats Amsterdam 5075, inv. nr. 12672 fo 43.

⁵⁶ Oostindie, *Twee plantages*, 357.

advances for this plantation must have outweighed the benefits to great extent, and indeed Hudig is far from pleased with the state of affairs.⁵⁷

But fund managers did not only extend extra credit to keep a plantation running, some of them were so confident in their ventures that they granted mortgages to planters from their own capital, without the assurance that they could convince their commissionaires to let the plantations into the *negotiatie* fund. The most extreme examples come from the funds of Fredrik Berewout and Lever & De Bruine. For in February 1770 Berewout had first given the enormous sum of fl.426,700 in credit to four planters (Martin Meyer Heiliger, Godfried Krausse, Fredrik Christian Moth, Jan Fredrik Tatman) on St. Croix. Subsequently he came to his commissionaires with the desire to transport fl.400,000 of this to his *negotiatie* fund. The commissionaires were willing to accept this, if Berewout could provide sufficient security. However, the necessary documents were not complete yet, so Berewout pledged to have the files in order within 24 months, or the sum would remain his private debt.⁵⁸ More than two years later, in November 1772, it appears that matters had not been entirely settled: the commissionaires agreed to issue fl.200,000 in bonds to cover part of the loans Berewout had given, and more with better proof of security. After this, Berewout showed them four more mortgages he liked to take in the fund. Interestingly, two of those mortgages were intended for the same planters as two years earlier, except now for a higher amount as the plantations had increased in value. The total amount for which Berewout would like to collect bonds was fl.702,000. It appears that he got his way: another batch of 234 bonds would be issued and if proof of mortgage would be provided, the remaining fl.260,000 would be furnished.⁵⁹

A similar case can be observed with Lever & De Bruine. They, in July 1768, had also, as private persons, promised fl.400,000 in credit, for the plantations Bettyshoop, French and De Glynn, owned by Robert Steward and James Johnson. The directors were given 18 months to make sure all the proper documents were provided: otherwise the mortgage would remain in their personal name. It is not entirely clear how these matters developed, but in 1771 we find a contract stating that documents were provided for a sum fl.400,000, which was subsequently taken on the books of the fund. Things did not always work out though, as we see in January 1772 with the plantation Hofwijk. The directors had tried to employ the same formula of advancing capital first and asking questions later, but now they had not been able to show the

⁵⁷ Verslag over de gang van zaken die geleid heeft tot de financiële problemen op La Confiance, uitgebracht door commissarissen aan obligatiehouders, ca. 1776, Municipal Archive Rotterdam (MAR), Fa. Coopstad & Rochussen (Hudig) / Ferrand Whaley (68), inv. nr. 531.

⁵⁸ *Notarial records*, ACA, Notarissen 5075, inv. nr. 12724 fo 39.

⁵⁹ *Ibidem*, inv. nr. 12734 fo 103.

necessary documents to their commissioners. As a result the mortgage could not be taken into the fund, so Lever & De Bruine proposed to hold the mortgage in private.⁶⁰

What is more, Lever & De Bruine apparently had so much confidence in their own *negotiations* that they were willing to guarantee their value. Or perhaps they were willing to do so because of the stature of the people investing in this particular *negotiation*. In December 1769 Lever & De Bruine had raised fl.100,000 with the prominent bankers of the Hope family. Thomas, Adriaan, Jan and Henry Hope had jointly supplied the money and they were given security: if, within 3 months, the *recipissen* traded for less than 100 percent of their value on the Bourse, then the directors would supplement the difference. And in April 1770 this arrangement was prolonged for another 3 months. This agreement seems to be the exception, which points to the idea that it was catered especially for the Hope family.⁶¹

Unfortunately it is very hard, if not impossible, to calculate how much the different fund directors profited. It seems fair to say that they could make sizeable sums in commission fees, but these profits would be eroded quickly if they had to advance credit out of their pockets, since it was quite likely that they would never see this money back again. And because of a timing problem, advancements were frequently given. The planter would draw a bill of exchange on his fund manager-*cum*-merchant-banker, based on the products that he would be sending home soon. The director could not wait this long, so he had two choices: either accept the bills and pay it himself, in the hope of covering his expenses with the sale of the sugar or coffee that was coming, or he would have to send the bill back. In that case, the protested bill would be 25 percent higher, as a result of protest costs, which would put the planter into trouble.

To gain some insights in the revenues of a fund manager, we could construct an example. In the case of a hypothetical plantation valued at fl.200,000 and carrying a mortgage of fl.125,000 we can calculate the annual profit for the director to be around fl.1000.⁶² This would be a good remuneration, but not above that of an administrator (see below). Furthermore, the money could evaporate quickly when the fund director used part of his own capital to cover the interest to his bondholders. In case a planter could pay 5 percent interest, but not the required 6, the fund manager could decide to step in and advance the remaining 1 percent, hoping the next

⁶⁰ *Notarial records*, ACA, Notarissen 5075, inv. nr., 12719 fo 102; *Ibidem*, inv. nr. 12739 fo 201; *Ibidem*, inv. nr. 12731 fo 16.

⁶¹ *Notarial records*, ACA, Notarissen 5075, inv. nr. 12723 fo 123.

⁶² This is a very crude estimate for argument's sake only. If a plantation had a turnover of fl.30,000, bought fl.12,000 worth of imports from the Dutch Republic, and insured all his trade (estimated at fl. 50,000) at 5 percent, the commission fees would add up to exactly fl.1000. These numbers seem in line with contemporary estimates (*Stukken betreffende moeilijke financiële positie der plantages en de pogingen tot verlichting, grotendeels afschriften over de periode 1765-1787*, MAR, Hudig 68, inv. nr. 162; *Begroting van de jaarlijkse kosten van een koffieplanter., z.d.*, NA The Hague, SvS 1.05.03 inv. nr. 536.)

harvest would be good enough to be repaid. However, this 1 percent would amount to fl. 1250 on this particular plantation, so all his profits would be gone for the year. Seen this way, the position of the fund manager was perhaps not so rewarding as on first sight.

There are however three ways in which the fund manager could greatly increase his income. Firstly, we have seen that for providing a mortgage on a plantation, it was not unusual for the fund director to receive a 1.5 to 2.5 percent *courtage* fee for his services. In a mortgage of fl.125,000 this would amount to fl.2500. And while this was not an annual amount, the merchant-banker could acquire a fairly steady stream of income if he issued new mortgages frequently.

The second way of increasing income was by abuse of his position: since the fund manager was the only one where the planter was allowed to buy his goods, the manager could charge artificially high prices for the shipments to the plantation.⁶³ This was a zero-sum game though: everything that the merchant-banker gained, was a loss for the planter. If the fraud resulted in payment difficulties for the planter, then the fund manager would be in trouble as well. So over the long haul this was not a viable strategy, but the easy profits might have been too tempting in the short run. By far the easiest way to augment income was of course scaling up: most fund directors were correspondents for many plantations. The precise amount is unclear for most funds, because often not all plantation names are mentioned and there might be more hidden in the archives. But as an indication, Lever & De Bruine had the direction over about 20 plantations, Hudig over 14, Hermaal & Van den Bosch probably at least 20, Harman van de Poll at least 30, and Deutz was the largest player with around 100 plantations.⁶⁴ Potentially, the fund managers thus could make enormous profits. There is some caution needed though. Deutz may have needed to advance almost fl.900,000 of his own money, it is important to note that Deutz had not given out the shakiest mortgages, to the contrary. If we look at the development of the bond prices of different funds on the Bourse, we find that the Deutz/Marselis bonds were among the best. In the first half of 1779 they were still trading at 87 percent. At the same time, the paper from Ter Borch traded at 57 percent Clifford & Chevalier (then taken over by Neufville & De Wolff) at just below 50 percent, Harman van de Poll just below 40 percent, Hermaal & Van den Bosch around 35 percent, Passalaigue at 28 percent and Rijdenius at 25 percent.⁶⁵ So at this point, quite some years after the crash, it had become clear to most what a mess the *negotiatie* system was, but the loans from Deutz were still well regarded,

⁶³ Van Stipriaan, 'Debunking debts', 80. Unfortunately we do not know to what extent this behaviour occurred and how much the prices were inflated.

⁶⁴ Van de Voort, *Westindische plantages*, 269-323; EURYI auctions database..

⁶⁵ EURYI auctions database.

indicating that at least a substantial sum of interest payments was coming in. This begs the next question: if the largest fund, with the best mortgages, was at least under Deutz not able to operate without extending ever more credit, how could the other funds have become rich? It seems as if it was not so easy for fund managers to attain the desired riches, and that profits could be volatile. On a sound plantation, with a bit of overcharging on the commodities provided, it was possible to make substantial profits. However, if a less competent planter sucked in tens of thousands of the directors private capital, especially when repayment of the principal loan sum was due, then profits would vanish quickly.

The planters

Since the fund managers were not necessarily the greatest beneficiaries, it seems possible that the planters were the ones profiting the most. After all, they were the ones receiving all the credit. It is useful here to distinguish between different types, and Jacob Price identified three: primary, secondary and tertiary credit.⁶⁶ Primary credit, which is used to conduct or expand business. In the plantation sector we could think of credit to buy more slaves or pay for imports of food and bricks. Secondary credit consists of more heavy obligations, that do not directly increase production, and mortgages would be the typical example. The existence of secondary credit encouraged investment because it stimulated demand: if potential buyers could take out a mortgage to finance the acquisition of the plantation, it became more likely that the estates could be sold. And because there is a market for plantations, more people invest in the sector, thereby enlarging the market even further. Thirdly, the form of credit having the least to do with production is tertiary credit. This involves borrowing for private ends, such as for dowries, luxurious estates or conspicuous consumption.

The money that a planter received from the *negotiatie* fund could be utilized as any of the described types, and for our purposes it might be better to speak of spending rather than credit. The different sorts of spending ended up in different hands. Primary spending would go to those supplying plantation inputs: the slave traders, the *vendumeester*, the commodity skippers, the American horse and molasses traders, the producers of bricks, tools, food and drinks, both locally and in the metropolis, and the coopers and carriers that facilitated all the trading. Secondary credit was provided by the fund managers and went to plantation sellers, or planters setting up new estates. In the latter case the capital would end up in the same hands as described

⁶⁶ Jacob M. Price, 'Credit in the slave trade and plantation economies', in: Barbara L. Solow ed., *Slavery and the rise of the Atlantic system* (Cambridge 1991) 293-339, esp. 296.

for primary credit, for the costs of clearing a piece of forest to build a plantation consisted of slaves to provide the work, plus the tools and food to facilitate this. The most interesting part would be the tertiary credit, to see how much money was wasted on conspicuous consumption. This sort of spending could end up anywhere: with slave traders, to pay for extra household slaves; with other planters, if it was spent in one of the gambling games; with producers of wine and other luxurious consumption items; with those producing the materials for an overtly pretty house or with the merchants providing all the luxurious items, charging higher prices for the high living planter.

Let us see how this played out in practice. Contemporaries provided a mixed image of the typical planter or director. On the one hand there is the image of the hardworking man, the rational capitalist. On the other there is a view of the lazy parvenu, a man spending more time with drinking, smoking and his female slaves than with the business of running a plantation.⁶⁷ The contemporary journal *De Koopman* provided clear accusations in 1773. It said the planters tried to model their living on that of the wealthy in the Dutch Republic, with luxurious mansions, boats and gardens. *De Koopman* also emphasized – and probably exaggerated- the drinking and gambling that took place: a loss of a few thousand guilders on a single evening allegedly posed no problem, the gambler would simply draw another bill of exchange. Accusations of conspicuous consumption can also be found in the writings of Ishak Nassy, like the one that ‘many planters have all their table settings of silver, except for plates and platters.’⁶⁸ And when Henry Bolingbroke described the differences between Dutchmen and Englishman he saw on his voyage to Demerara, he was not kind to the Dutch either: according to him the English had the aim of profit maximization firmly in mind, while ‘they [the Dutch] aspire only to a competency not to a fortune; and they waste labor, under an idea of having their estates look like gardens.’⁶⁹ *De Koopman* provides some additional insightful remarks. It stated that the luxurious consumption goods could not be acquired through the normal channel of the director of the *negotiatie*, so they were obtained locally and often at inflated prices.⁷⁰ The most interesting observation involves the financing of the plantations. The journal describes how one could buy a plantation without having any form of down payment. The *negotiatie* funds were eager to extend new mortgages and payments for plantations were conducted in different instalments, so if one

⁶⁷ Oostindie, *Twee plantages*, 88-93.

⁶⁸ Quoted in: Robert Coben, *Jews in another environment. Surinam in the second half of the eighteenth century* (Leiden 1991) 66.

⁶⁹ Henry Bolingbroke, *A Voyage to the Demerary, Containing a Statistical Account of the Settlements There, and of Those on the Essequibo, the Berbice, and Other Contiguous Rivers of Guyana* (London 1807) 37.

⁷⁰ *De Koopman, of Bydragen ten opbouw van Neêrlands koophandel en zeevaard*, volume 4 (1773) 113-128, esp.116-7; Idem, volume 5 (1775) 185-203, esp.191-4.

could convince the director to make the first two payments, then the new owner could try in the meantime to earn enough capital to pay for the next instalments. And if he was unable to do so, it was not his problem: the fund director could either decide to sell the plantation, most likely for a low price, or extend the rest of the credit in the hope the planter would pay it back in the future.⁷¹ Such an arrangement would be in conflict with the conditions of the *negotiatie*, as it would effectively constitute a 100 percent mortgage, instead of the allowed 5/8 of the plantation's estimated value. However, the situation was actually even worse than *De Koopman* suggested.

We have already seen that fund directors were sometimes willing to grant credit in their personal name, even before official mortgage documents were drawn up. And while plantations officially had to be free from debt before entering into a *negotiatie* fund, that was very often not the case. Even Deutz sought plantations with prior mortgages. The credit from Deutz's firm would then partly be used to pay off the older mortgage. For instance, the brothers Jacob Henriques and Isak Henriques de Grenada received fl.40,000, half of which was used to redeem their existing mortgage. And we have seen that in 1751 Deutz adopted the debts of Pieter Mauricius for fl.75,000, which the latter had with Dingeman Broen & Comp on the plantations Curcabo, Simitribo, Bleijenburg and Purmerend.⁷² The firm of Dingeman Broen had several mortgages already in Suriname before the 1750s and we find many planters eager to walk over to Deutz and transfer their mortgage. Thus we see that in May 1753 Benjarmin Henriques Moron applies to get into Deutz's fund with his plantation of Kleyn Curacao, and that within three months all is settled with his former creditor: Moron had two mortgages on his estate, from 1745 and 1749, and owed Dingeman Broen & Comp. the sum of fl.6905-14-8, but Deutz had stepped in and paid his debts.⁷³ But while Deutz might have been too lenient with credit, the Van Marselis brothers were less so. In 1763 they called upon their agents to recover the outstanding debts of the widow of Benjamin Moron.⁷⁴ The same happened to Ishak Nassy for his plantation of La Confiance. When the Van Marselis brothers came knocking in 1763 he had already passed away, but his son David was quick to transfer the mortgage to the fund of Nicolaas Brandt. The latter would however not provide Nassy with the credit he desired for expansion of the plantation, so in 1767 we find La Confiance transferred to Hudig⁷⁵

⁷¹ *De Koopman*, volume 4, 120-3.

⁷² *Notarial records*, ACA, Notarissen 5075, inv. nr. 12682 fo 14; Ibidem, inv. nr. 12672 fo 43; Ibidem, inv. nr. 12674 fo 73; Ibidem, inv. nr. 12677 fo 88; Ibidem, inv. nr. 12682 fo 13; Ibidem, inv. nr. 12682 fo 23.

⁷³ Ibidem, inv. nr. 14677 fo 47; Ibidem, inv. nr. 14677 fo 88.

⁷⁴ Ibidem, inv. nr. 10535 fo 894.

⁷⁵ Ibidem, inv. nr. 10534 fo 620; Hudig, *Westindische zaken*, 68.

It is not very remarkable that many existing planters wanted to convert their existing mortgage to one with Deutz: not only was the new mortgage credit significantly higher, the interest rate was often lower and the maturity longer. On the plantation Lunenburg we find a mortgage of fl.12,000 in 1743 carrying an interest of 8 percent and only running for 6 years.⁷⁶ Lunenburg did not end up with Deutz though, for Bartholomeus van den Santheuvel already bought part of the plantation with its 97 slaves in 1750 from Jan Hendrik Pijl for the sum of fl.63,000. Part of this was used to redeem the earlier mortgage.⁷⁷ The point to acknowledge here is that the capital that Deutz and others supplied was not used as primary credit (to expand production), but to a large extent as secondary credit, paying off older debts. Thus it was more a transfer of money between different merchant-bankers in the metropolis, rather than stimulating economic activity in the colonies.

It was not only under Deutz that these situations occurred, and several planter who started with Deutz went on to shop for a better mortgage elsewhere. For instance the coffee plantation Mon souci, owned by Joseph Strada. This planter went into a mortgage agreement with Hermaal & Van den Bosch in February 1769, receiving credit up to fl.142,239. Only two years later the *prisaatie* showed that plantation was worth fl.90,000 more, but apparently the fund managers did not want to extent as much credit as Strada desired, so Strada searched for another merchant-banker who was more willing. He succeeded: in August 1772 the fund of Hageman & Twisk issued fl.200,000 in bonds to cover the new mortgage. Interestingly, the majority of this loan, fl.177,815-13 to be precise, went straight to the previous fund director.⁷⁸ This illustrates two points: firstly, Hermaal & Van den Bosch had extended more credit than the initial fl.142,000 of the plantation mortgages and were now compensated. Secondly, the new mortgage consisted mostly of secondary credit. Joseph Strada effectively received a little over fl.20,000 in credit that he could really employ in the way he desired, a sum equivalent to only two years of compound interest. Perhaps the credit was used up afterwards, for in 1776 the Mon Souci bonds were down to 65 percent and in 1778 to 28 percent, at which point the plantation was with yet another fund, that of Valckenier & Du Quesne.⁷⁹

The last example is the plantation of Somersorg, founded in 1754 with a capital of fl.40,000 from Deutz.⁸⁰ In 1764 we find that the owner, Philip Carel Somers, had switched funds,

⁷⁶ *Notarial records*, ACA, Notarissen 5075, inv. nr. 8965 fo 954.

⁷⁷ *Ibidem*, inv. nr. 9494 fo 152.

⁷⁸ *Ibidem*, inv. nr. 12733 fo 89; *Ibidem*, inv. nr. 12733 fo 74; *Ibidem*, inv. nr. 12734 fo 39.

⁷⁹ EURYI auctions database.

⁸⁰ Alex van Stipriaan, 'Suriname: Somersorg. De plantages' in: Maarten Prak ed., *Plaatsen van herinnering. Nederland in de zeventiende en achttiende eeuw* (Amsterdam 2006) 400-11, esp 401-3; *Notarial records*, ACA, Notarissen 5075, inv. nr. 12676 fo 47.

for at that point power of attorney is given to the agents Steenbergen and Saffin to redeem the mortgage with Jan and Theodore van Marselis. Indeed, in 1767 a new mortgage of fl.56,000 is registered with Ferrand Whaley Hudig. The new planter is Jan Carel Somers, who had taken over the estate from his father. This was much to Hudig's delight, as Philip apparently was too quick to draw bills of exchange, until Hudig returned a bill of fl.25,000 in protest, leaving the planter with fl.6250 in protest costs. The relationship with Jan Carel was of short duration: on March 25, 1769 the plantation was sold for fl.202,500 to Jan Ysak de Haan, already owner of the coffee plantation of Duuringe. De Haan was recommended by Hudig's agent Adriaan Gootenaar, which probably explains why De Haan was able to buy the plantation without putting any money on the table. Jan Carel Somers had accumulated a debt to Hudig of more than fl.146,000, which de Haan could just take over. This way, Somers was relieved from his mortgage, but De Haan still owed him some fl.55,000 for the rest of the plantation. As De Haan did not possess such an amount, he proposed to place Duuringe in Hudig's fund. With the credit that he would then receive he could pay Somers. This is indeed what happened. However, Duuringe proved not to be such a solid investment as Gootenaar had stated: with the new mortgage from Hudig an older one – a sum of fl.45,406 with Chemin & Zoon – had to be redeemed, and the debt with Hudig only increased in subsequent years, to more than 5/8 of the appraised value. Luckily for De Haan, he could rely on Somersorg for more credit: since the mortgage on the latter was still below the 5/8 mark, he could convince the fund manager and commissionaires to transfer fl.15,000 of the debt of Duuringe to Somersorg. In the end this did not matter much. When De Haan died in 1777, the his debts on Somersorg had grown to nearly fl.200,000 while Hudig had to advance the interest payments himself.⁸¹

The previous owner, Jan Carel Somers, continued in plantation business after 1769. In May 1771 he bought De Nieuwe Hoop from the heirs of Daniel Schorer, for the sum of fl.150,000. One could ask where Jan Carel would have gotten such a large amount of money that enabled him to do so. The answer is: he did not have it, but he did not need it either. The firm of Roelof Hageman would supply all the capital in a crafty arrangement: the first part of fl.100,000 would become a mortgage on the plantation in the fund of Hageman, the next fl.50,000 would initially be vested as a second mortgage. The holders of this second mortgage would be the former owners, the heirs of Schorer. Later however, the sum of the second mortgage would also be supplied by Hageman, and everything in different instalments. The first fl.100,000 would be paid in four equal parts, and on all of carrying an interest rate of 6 percent. Hageman would pay the

⁸¹ Hudig, *Westindische zaken*, 27-9, 37, 53-59; *Overzicht van de ontwikkeling van de waarde en de schulden aan F.W. Hudig van Somersorg over 1767-1778*, MAR, Hudig 68, inv. nr. 312.

first fl.25,000 three months after the sale, and the rest every three months. The second mortgage would be paid by Hageman in five annual payments of fl.10,000, again everything with 6 percent interest. Indeed we find that fl.100,000 in bonds was issued, but it remains unclear how Hageman would recover the other fl.50,000.⁸²

Why would this ‘fund hopping’ take place, in whose advantage was it? A *negotiatie* fund holding the mortgage would lose the benefits of correspondence – the commission fees – but apparently preferred that to granting a higher mortgage. Especially if they had already extended some of their private capital to the planter it is understandable that the fund would agree to a transfer of the mortgage. Now they could get this money back from the next fund. The incentives for the *negotiatie* fund buying the plantation are twofold: at least they hoped to increase their pool of plantations for which they would receive fees, but we have seen that they often could pocket a 1.5 to 2.5 percent *courtage* or fee in facilitating the mortgage.. The planter beneficiary of the mortgage transfer was the planter. Not only could he receive more credit, but he could also reset the ‘teaser period’ in which he only had to pay interest on his loan.⁸³ In most funds the planter would have to start repaying the principal sum of the loan after 10 years. But if he could transfer the mortgage to a new fund, he would again have a decade in which he only needed to pay interest. Since that proved challenging enough for most, the transfer to another merchant-banker was not a bad move – except for the fact that the debt burden in the future would be even bigger.

The second tier beneficiaries: *priseurs*, *agendarissen* and *vendumeesters*

We have now looked into the central figures in the system, but it is also necessary to investigate the people operating in the circle around them, such as the appraisers, agents and auctioneers. These people had no direct contact with the flows of *negotiatie* credit, but it is very well conceivable that these actors could make a percentage, without being exposed to large risks. While it is beyond the scope of this investigation to delve deeply into these matters, several points have to be made.

Secondly, the *priseurs* form a group that is in dire need for further investigation. Their function of assessing a plantations’ worth was crucial to the workings of the *negotiatie* system, as a higher assessment meant that more credit could be taken out. However, it is currently unknown what the remuneration for their services was and it is unlikely that they worked for free – and if

⁸² *Notarial records*, ACA, Notarissen 5075, inv. nr. 12728 fo 18; *Ibidem*, inv. nr. 12733 fo 140.

⁸³ *Ibidem*, inv. nr. 12730 fo 37; *Ibidem*, inv. nr. 12877 fo 249; *Ibidem*, inv. nr. 12403 fo 326; *Ibidem*, inv. nr. 10580 fo 1058.

so, that would make them more vulnerable to corruption. Already in 1765 the position of the *priseur* raised doubts and the firm of Harman van de Poll was only able to raise the desired capital with investors once more firm agreements were made. An appraiser had to be sworn before the Court of Civil Justice and had to visit the plantation in person, accompanied by at least one witness. Apparently it had been possible in the past to get one's plantation valued while the *priseur* remained in his office in Paramaribo. To counter any malevolent practices, the fund directors sent out instructions to their agents not to use *priseurs* who were connected to the planter whose estate would be valued, and neither should they choose an appraiser who had an estate along the same river. Some appraisers had to appear before court and were convicted for fraud. In 1771 a fine of 1000 Surinam guilders was given to A. Geselschap, in 1773 there are some cases, involving a fine of fl.2000. Trustworthiness of the *priseurs* remained an issue though, for in 1774 and 1778 new decrees were issued in order to induce more honesty, and tighter rules were laid upon them, though apparently the effect on the valuation of plantations was not incredibly high.⁸⁴

The situation was not much different in Essequibo and Demerara. Even though not all the names of the *priseurs* are known, we can find some very influential people among them. For instance Joseph Bourda, who temporarily took over the administration of Demerara after the Fourth English War, since he then was the oldest member of the Court of Policy. Next to him, there was Baron van Sirtema, plantation owner who became the new governor in 1793 and Francois Changuion Jr., who was a planter, member of the Council and president of the Weeskamer. Moreover, he was the brother of Daniel Changuion, director of a large *negotiatie* fund in the Republic.⁸⁵ While on the one hand the status of these men could have had a positive effect on their functioning as *priseurs*, for they could perhaps judge with authority on the value of an estate and refuse the bribes. On the other hand, these men were probably well connected to the planters and were in a position to hand out favours. How the balance turned out should be subject of further research.

⁸⁴ A.J.A.Quintus Bosz, 'Geld, credietbehoefte en *negotiaties* in Suriname voor 1865 (oratie buitengewoon hoogleraar Rechtsgechiedenis aan Universiteit van Suriname, wo 1 dec 1971) 12; Cornelis Ch. Goslinga, *The Dutch in the Caribbean and in the Guianas 1680-1791* (Assen 1985) 329; Hudig, *Westindische zaken*, 60; Wolbers, *Geschiedenis* 304; *Notarial records*, ACA, Notarissen 5075, inv. nr. 12725 fo 63.

⁸⁵ P.M. Netscher, *History of the colonies Essequibo, Demerary & Berbice. From the Dutch establishment to the present day* (The Hague 1888, translated by W.E. Roth, 1929), 124; *Stukken betreffende de hypotheccatie van The Behive bij D.W.van Vloten voor - 112.000. 1776 januari 10-1777 december 6*, ACA, Firma Ketwich en Voomberg en Wed. W. Borski 600, inv. nr. 654; *Inventarissen van Le Repentir en een stuk land van 25 akkers. 1772 april 18, 1773 oktober 18, 1773 december 4 en 9. Metprisaties en bijlagen*, ACA, Ketwich 600 inv. nr. 663; *Inventarissen van The Coventgarden, met prisaties. 1772 juli 1 en 1774 maart 29*, ACA, Ketwich 600, inv. nr. 672; *Notarial records*, ACA, Notarissen 5075, inv. nr. 15326 fo 788; *Naamlijst van de ambtenaren, kerkedienaren, eigenaars en directeurs der plantages, de grootte der plantages en het getal slaven in Essequibo en Demerary., 1769*, NA The Hague, Verspreide Westindische Stukken (VWIS) 1.05.06, inv. nr. 139.

Continuing with the agents in the colony, it is useful to identify two types: correspondents for trading firms and *agendarissen* for *negotiatie* funds. First, the correspondent acted as a middleman, in the slave and commodity trade. He could arrange the sale of slaves, give advice to the slave captain on which planters were creditworthy and - if desired - could stand as guarantee for the payment of the slaves. Next to this, he could arrange return cargoes, and he also engaged in financial services, such as endorsing bills of exchange in his own name and recover debts. On all of these services a commission was paid to the correspondent, varying across time and persons. An agent working for a slave trading firm like the *Middelburgse Commervie Compagnie* (MCC) typically was paid 2.5 to 5 percent commission on the proceeds of an *armasoen* (cargo of slaves). Van de Voort argues that the position of the agents was strengthened after 1770 because of the financial difficulties in the colonies, for information was crucial: which planters were reliable, and whose bills should not be trusted? The recollection of debts and the transfer of capital were apparently the most important tasks of an agent. Anthony Meertens, correspondent in Demerara, charged the following fees in 1789: at least 10 percent for the recovery of old debts, 2 percent on the sale of slaves, and 5 percent to endorse bills of exchange. In 1792 the fees are a bit different: 2 percent if Meertens only was to provide advice to a slave captain, but 5 percent when he also had to guarantee payment of the slaves.⁸⁶

An agent often had multiple business ties. One could be a middleman for the Middelburg slave traders, provide a return cargo for a skipper from Amsterdam, act as an *agendaris* for a Rotterdam *negotiatie* fund and privately manage one or more plantations, all at the same time. This was the case with Adriaan Gootenaar, who was not only a correspondent for the MCC, but also for the Amsterdam trading companies of Wed. J.J. Schaap, Wed. Nic. De Ruyter & A.F. Schaap and Tellier & Chicot, next to working for the *negotiatie* funds of Ferrand Whaley Hudig, Marselis, and Hardehoorn.⁸⁷ Gootenaar was an influential man in Suriname and his business arrangements were more numerous than average, but it should be clear that the agents could perform multiple functions and so could make a nice sum in commission fees.

Secondly, we should look at the people most closely associated with the *negotiatie* system: the *agendarissen*. This agent worked for one of more funds and supplied advice to the fund director which planters would be eligible for a loan. He also had to make sure that the planters shipped their goods only to the fund director and if possible in ships owned by the *negotiatie* firm. Little is known about the remuneration of an *agendaris*: he did not charge a fee for handling the

⁸⁶ Van de Voort, *Westindische plantages*, 69.

⁸⁷ *Ibidem*, 166.

goods for the planter, since such fees were already paid directly to the fund manager. Payment thus had to come from the fund director, either as a salary or commission.⁸⁸ We find an example for the *agendarissen* Joseph L'Oreilhe en Jan Ferrand Jansz, working for the firm of Hermaal & Van den Bosch. In 1767, when the fund was set up, it was arranged that the agents would receive 0.25 percent of the investment sum for extending the capital to the planters, and later each of them was to receive 0.125 percent of proceeds of the plantations. This agreement caused some trouble though, for it was never properly registered and the 0.5 percent in commission to the agents was effectively paid for by the investors, who only received 5.5 percent interest in the first year. To set matters straight, the new proposal in September 1772 was to give investors 5.75 percent and give both *agendarissen* 0.125 percent.⁸⁹ The 0.125 percent was not a bad remuneration, perhaps two or three hundred guilders per year, but a real prize could be had if a new loan could be set up. In the above example, a quarter of one percent would result in fl.2225 for the two men.⁹⁰

We have already seen that the fund directors sometimes pushed their agents to come up with more planters eligible for loans, complaining that new mortgages were not forthcoming quickly enough, even to the extent that the credit was almost forced on the planters.⁹¹ So if the above mentioned remuneration structures were widespread, the *agendarissen* had every incentive to comply with these instructions. Ishak Nassy, mentioned earlier, describes the situation in the following, probably overdramatic, way:

In the year 1769 and at the beginning of 1770, one heard no other news in the colony than that of plans for advancing money to the planter. It seemed then that the golden age had been renewed for the colony in general ... in every street of Paramaribo there were to be found only agents furnished with powers of attorney to offer money in credit to the first customer. This intoxication struck not only the eyes of the last planters and inhabitants of the colony, but even had the same effect on all the inhabitants in general and from Governor Nepveu down to the last citizen, all were pitifully blinded (...) Christians, Jews professional people, even shoemakers who did not even have a penny to

⁸⁸ Or both: in the accounts of the Letter A *negotiatie* by Van de Poll we find both smaller sums of fl.112 and fl.250 owed to the *agendarissen*, next to fl.3000 in salaries, though it is unknown between how many people that would be divided. Nederlands Economisch-Historisch Archief (NEHA), Kleine aanwinsten, nr.2. (Today these documents are mostly like not in the NEHA anymore, but transferred to the Amsterdam City Archive. Unfortunately, there are no conversion tables available, so the old annotation is used.)

⁸⁹ *Notarial records*, ACA, Notarissen 5075, inv. nr. 12406 fo 759.

⁹⁰ This arrangement most likely refers to the Letter A fund of Hermaal & Van den Bosch, which consisted of a capital of fl.890,000, divided over 9 plantations. If the average turnover was fl.25,000, an *agendaris* would be paid around fl.280 annually (Van de Voort, *Westindische plantages*, 289).

⁹¹ Van Stipriaan, *Surinaams contrast*, 212.

purchase the hides necessary for their trade – all wished to be planters, and Monsieur the agent, with a stroke of the pen made agriculturalists and planters... and one saw only shoemakers, dandies and butchers become great lords.⁹²

Even when this went south and a plantation had to be sold, the *agendaris* could still profit. The sale of Montaban and Montpellier the agents involved were paid 5 percent of the sale price of the estates.⁹³ So while the *agendarissen* could profit from the expansion of the system, they apparently did not shoulder the risk of a loss in case the loans went bad. The case of fund of Hudig illustrate this: we can see that in 1767 Adriaan Gootenaar and Dirk van der Mey tried to get rid of two other *agendarissen* in Hudig's service, Steenberg and Saffin, illustrating the desirability of the position as *agendaris*. Gootenaar and Van der Mey told Hudig that the other two had supplied the firm of Coopstad & Rochussen with five new plantations in the previous year, while they had brought none to Hudig. This attempt at discrediting failed however, for all of the men remained active for Hudig. However, later we see that Gootenaar and Van der Mey were replaced, because the fund director was displeased with how the sale of the plantation La Confiance was handled. This plantation had belonged to the aforementioned Ishak Nassy, and Gootenaar and Van der Mey had sent a positive judgment about Nassy to Hudig. As we have seen earlier, Nassy got his desired mortgage in 1768, partly based on this advice. However, it became clear that the plantation was not adequately managed at all, and in 1771 Van der Mey proposed to sell the whole estate. Not pleased with this, Hudig replaced the two *agendarissen* with his son-in-law, Jean Rocheteau. The latter one later described the plantation as being in a deplorable state, with a lot of the slaves missing. Clearly Gootenaar and Van der Mey had made a misjudgment, and probably had not properly monitored the management of the plantation. However, they did not have to take part in the losses, which at the time amounted to fl.47,500 for the fund and another fl.18,000 which Hudig had extended privately.⁹⁴

The *agendarissen* were not the only ones profiting without taking any risks, the same held true for the *vendumeester* or auctioneer. Slaves could be sold in three ways: either on contract, or 'out of hand' by the ship captain to an individual planter, perhaps through a correspondent or by public auction, *publieke vendu*. In the last case the *vendumeester* came into play, demanding an extra 10 percent upon the price of the slaves, one half to be paid by the buyer, the other half by the seller. Unfortunately it is not exactly clear how much the auctioneer was allowed to keep himself and what part went to the colonial administration, and it is likely that this arrangement changed

⁹² Quoted in: Cohen, *Jews in another environment*, 69-70.

⁹³ NEHA, Kleine aanwinsten no.2.

⁹⁴ Hudig, *Westindische zaken*, 38, 69-72; MAR, 68/531.

over time. Van de Voort notes that the *vendumeester* in Suriname received a wage salary, sometimes augmented by a delcredere of 1 to 2 percent.⁹⁵ In Essequibo and Demerara the rules were different, where since 1730 officially all slaves had to be sold on auction. This was to prevent the large planters of buying all the best slaves on contract in advance. Whatever the rules stated, slaves were also sold out of hand, but then the *venu* fee still had to be paid. In a petition to the Estates-General a group of slave traders protested against this regulation, stating that the rule was unfair: in Suriname the fee was only 2.5 percent for the traders, compared to 5 percent in Essequibo and Demerara. Additionally, in Suriname one only had to pay the fee for slaves actually sold on public auction, whereas one always had to pay in the Essequibo and Demerara. According to the slavers, the auction expenses could amount to 4000, 5000, even 6000 guilders per ship, and make the entire journey unprofitable.⁹⁶ Indeed, if we look at a ship with 250 slaves, selling for 500 guilders per person, the captain would have to pay fl.6250 to the *venu comptoir*. So again we find a position in which a person could reap substantial profits from the *negotiatie* system, without being exposed to the risks of it. So while we can yet say little about the *priseurs*, it is clear that the *agendarissen* and auctioneers could siphon off some of the capital from the *negotiatie* network. And while the central figures had a find a way to balance risk and rewards, the secondary actors only enjoyed the positive sides.

The plantation managers: *directeuren* and *administrateurs*

In Suriname in the middle of the 18th century about 20 to 25 percent of the plantations had an absentee owner, a characteristic that only aggravated: in the 1790s about two-third of the owners was absent and in 1813 an astounding 83 percent did not reside in the colony.⁹⁷ The owner had appointed an administrator, who kept the books and conducted the correspondence with him – often this was the only source of information for the proprietor. The administrator resided in Paramaribo and could oversee up to 50 plantations. In fact, in 1796 about 40 percent all the plantations was under control of only 15 administrators.⁹⁸

The director, who actually ran the plantation, was either appointed by the owner or the administrator. He received a salary ranging from fl. 516 to fl. 1800 and served on average for 5.5

⁹⁵ Van de Voort, *Westindische plantages*, 62-3.

⁹⁶ *Stukken betreffende de slavenhandel in Essequibo en Demerary., 1767-1776*, NA The Hague, VWIS 1.05.06, inv. nr. 48; *Rekest aan de Staten-Generaal de Middelburgse Commercie Compagnie gericht tegen een eerder rekest van planters en ingezetenen van Berbice verzoekende om vrije invoer van slaven door middel van buitenlandse schepen, 1788*, NA The Hague, West Indische Compagnie (WIC) 1.05.01.02, inv. nr. 1275C.

⁹⁷ Van Stipriaan, *Surinaams contrast*, 293-4; De Vries and Van der Woude, *First modern economy*, 475. The contemporary David Nassay, in his *Historical Essay*, estimated an even greater absenteeism. According to him, only 80 or 90 of the plantations was inhabited by its owner. (Cohen, *Jews in another environment*, 71).

⁹⁸ Adriaan Gootenaar was the one having more than 50. (Van Stipriaan, *Surinaams contrast*, 43, 294).

years on one plantation. The relation with the absentee owner was relatively good: even ill performing directors could remain long in position and could quite easily find new employment on another plantation. The relationship with the administrator was more problematic however, as administrators tended to take the credit for good performance and assign blame to the director in times of trouble. The director was dependent on the trust of the administrator, and could not afford to get into conflict with him. On Roosenburg, dismissal was the most frequent end of a directorship. The directors should be considered a winner in the *negotiatie* system, for they could live like a lord on an estate, apparently without being liable in person if the plantation operated at a loss. While contemporaries on the one hand described the average director as a hardworking man, capitalist trying to run a business, there are also many accusations of directors who only spend their time drinking, smoking and sleeping with female slaves.⁹⁹

The real winner however was the director's superior, the administrator. He would receive 10 percent of the sugar or coffee production and also took in a 10 percent commission on other revenues of the plantation, such as the sale of dram, molasses, bananas and lumber. The figure of 10 percent was relatively high, as the British West-Indian colleagues received only 5 to 6 percent. The administrator also had the luxurious position of not being tied to the *negotiatie* fund director for selling his products or shipping his goods. So he evaded the commission and higher costs the absentee owner had to pay. Additionally, who would monitor the administrator? The administrator was always better informed than the owner in the Republic, and sometimes concealed information that might upset the investors. For example, Hudig exclaimed in 1773 that the administrators had tried to keep the uprising of the Boni maroons of 1772 a secret.¹⁰⁰ The incentive was to maximize trade, not fiscal responsibility. As long as business continued, the administrators made bigger profits than the *negotiate* fund directors.

The picture of the administrators should not be entirely negative though. For while the position offered ample opportunities for exploitation, we might also consider the utilization of administrators as an early experiment in separation ownership and management.¹⁰¹ Absenteeism might be equated with neglect and extra costs and thus considered an extra burden on the *negotiatie* system but cause and effect should not be confused: the administrators were sent by the fund directors to try and clear up the financial mess, they were not the cause of it. Marten Schalkwijk therefore states that we should look at the quality of management. While some of the administrators could indeed make a fortune, that is not at all different from the remuneration of

⁹⁹ Van Stipriaan, *Surinaams contrast*, 286-93; Oostindie, *Twee plantages*, 88-93, 472.

¹⁰⁰ Oostindie, *Twee plantages*, 329.

¹⁰¹ Higman, *Plantation Jamaica*, 8-11.

today's CEOs, and this investment could be worth it if the plantation would continue operation. Schalkwijk traced 435 plantations in Suriname, out of which 65 percent survived to 1830. His numbers seem to indicate that separation of management and ownership was a good thing, rather than the other way around: when the owner was not involved in managing the plantation, the survival rate was higher than average, 73 percent, while it was only 62 percent if one or more of the owners were also managers.¹⁰² So apparently the administrators did not have such a detrimental effect in Suriname as to ruin the plantation sector in pursuit of short term gains.

For Essequibo and Demerara very little is known about the management structure, but widespread use of administrators seems less likely. This had partly to do with the different colonial structures in the two colonies. In Suriname the city of Paramaribo functioned as a nerve centre, where all the commodities and slaves were bought and sold. The administrators resided there, to be in the centre of the networks of trade and government. However, the neighbouring colonies did not possess such a defined nodal point. In Essequibo the most likely candidate, Vlaggeniland, was too small –even the governor did not reside there; Demerara had to wait for the French conquest in 1782 to see the city of Longchamps erected, which indeed became the administrative centre in the later periods, by the name of Straboek and later Georgetown. So while perhaps some British planters controlled their estates in Demerara from Barbados,¹⁰³ absenteeism as in Suriname appears unlikely.

The colonial administration

Since we are looking into a system of colonial exploitation, we might expect that the colonial authorities would secure a handsome return for themselves. Both the Society of Suriname and the WIC Chamber of Zealand aimed at making profits, but the former one had more success than the latter. For Suriname we know that the Society indeed succeeded initially: between 1705 and 1772 it generated a net profit of fl.3,015,000, an annual average of fl.45,000. Profits were larger in 1755-65 than in later years, and from 1773 the Society suffered losses, though it is unknown to what extent. We do know though that the WIC in 15 years had to invest almost a million guilders in the Society, after having enlarged its share in 1770 by buying out the family Van Sommelsdijck. Especially the continued warfare against the Boni maroons proved costly, resulting in a deficit of fl.1.3 million in 1784. Later on matters improved again, for in 1790-94 the

¹⁰² J. Marten Schalkwijk, *The colonial state in the Caribbean. Structural analysis and changing elite networks in Suriname, 1650-1920* (Den Haag 2011) 155.

¹⁰³ Van Langen, 'Britse overname' 58.

administration of Suriname recorded profits of fl.127,767 on average per year.¹⁰⁴ The revenue for the Society came from different sources, the main sum from the poll tax. This was levied on both whites and blacks and constituted a sum of fl.2,50 per adult and fl.1,50 per slave child between 3 and 15 years of age. This poll, or head, tax could also be paid with sugar, at a rate of 1 *stuiver* per pound, so 50 pounds per person.¹⁰⁵ Several duties and fees also contributed revenue. We have already seen that a part of the *vendu* fees went to the colonial administration, and additionally ships had to pay *lastgeld* (tonnage fee) of fl.6 per last, which was about two maritime tons. Furthermore, a 2.5 percent tax had to be paid on the export of commodities, and foreign traders paid a special tariff. Another 2.5 percent was lost on the *waaggeld*, or weighing fee. This was levied on a predetermined value, - set at 1 *stuiver* per pound of sugar and 8 *stuivers* per pound of coffee - and since these were lower than market values, the effective *waaggeld* was less than 2.5 percent.¹⁰⁶ One of the highest costs was consisted of the contributions to the *weglopers cassa*, or the fund for retrieving slaves who had run away and to fight the maroons. It is likely that the contributions varied as relationships with the maroons changed, but this tax could be 2 percent of the produce or more and easily outweighed the head tax.¹⁰⁷

For Essequibo and Demerara the precise accounts of profits and losses are unknown, and many different versions can be found in the archives. The numbers below are therefore more indicative of trends rather than hard data. The shared notion though is one of substantial losses. For Essequibo in its infant years from 1675 to 1749 we can find a negative result of about fl.7000 per year on average, a sum perhaps not very large for a colony in a developmental stage. The losses became bigger in later years though, for we find an accountant officially declaring that from 1728 to 1769 the WIC lost almost fl.850,000, or more than fl.20,000 per year. This is not to say that every individual year turned out unprofitable, for 1770 turned out to be a good year, perhaps delivering a fl.22,111 profit for both Essequibo and Demerara. The number for the rest of the 1770s diverge quite a lot but indicate a decade of dramatic losses for the Company, the annual average ranging from fl.50,000 to fl.70,000. Especially the years of 1776 and 1777 were disastrous, with negative results of more than fl.100,000 for both years. Continuing with the 1780s, we find a mixed and interesting image. While it might be expected that the Fourth English

¹⁰⁴ Schalkwijk, *Colonial state*, 95; Van Stipriaan, *Surinaams contrast*, appendix 5; Henk den Heijer, *Geschiedenis van de WIC* (Zutphen 2002) 187.

¹⁰⁵ Enthoven, 'Transatlantic commerce', 428; NA, 1.05.03/526.

¹⁰⁶ Johannes Postma, 'Suriname and its Atlantic connections, 1667-1795', in: idem and Victor Enthoven, *Riches from Atlantic commerce. Dutch transatlantic trade and shipping, 1585-1817* (Leiden and Boston 2003), 287- 322, esp. 317.

¹⁰⁷ *Stukken betreffende moeilijke financiële positie der plantages en de pogingen tot verlichting, grotendeels afschrijven over de periode 1765-1787*, MAR, Hudig 68, inv. nr. 162; *Missive van de geëligeerde Raden van Politie en Criminele Justitie aan de Staten-Generaal betreffende klachten over het bestuur van de kolonie. Met bijlagen. Gedrukt. Paramaribo., 1774 november 29*, NA The Hague, SvS 1.05.03, inv. nr. 526.

War (1780-84) would hurt the colony, since less ships would visit and fewer products could be exported in fear of confiscation, the reverse was true: losses diminished and in 1783 even a small profit was attained. When the war had ended, losses returned and between 1785 and 1788 the Company lost another fl.230,000 to fl.400,000.¹⁰⁸

So whatever the exact figures, we must note that Essequibo and Demerara never became the lucrative colonies they were aimed to be. Even if all the WIC branches together made a profit of fl.177,000 in the four years before the Fourth English War, Essequibo and Demerara did not contribute.¹⁰⁹ While Suriname turned out profits before the 1770s, this was not the case for its neighbours. How can this difference be explained? First we must note that Essequibo and Demerara were still developing in the period up to 1770 (and afterwards), while in Suriname the plantation business was more developed by that time. Additionally, the revenue collection in Essequibo and Demerara was less effective. While the poll tax was the same in all three colonies, not everyone in Essequibo and Demerara paid. A substantial number of British planters enjoyed a ten year poll tax exemption, offered from 1744 onwards to attract more planters. From the 129 plantations in Essequibo by 1777, still 16 were exempted, a number even higher in Demerara.¹¹⁰ Additionally, disputes over the land tax had been going on for years in the two colonies, and that tax was therefore hardly levied. Moreover, even greater problems had arisen with the head tax during and after the English War. Under the French occupation a double poll tax was levied, and when the colonies were returned the proposal was to increase this tax to fl.6 per head. Many planters deemed this an unjust measure by an unconstitutional government and simply refused to pay, stating that they would only pay the old amount of fl.2,50.¹¹¹

The problems however were not only found on the side of unwilling planters: the collection of duties for traders also posed a mayor problem, and next to that the WIC just spent a lot. Not only was it relatively easy to evade the different customs and duties (but more on that below) it also appears as if the Chamber of Zeeland had favoured traders from its own province: an accountant noted in 1772 that ships from Zeeland were never charged the official *lastgelden*. And while revenues were low, expenditures were high. In one account for the period from 1785 to 1788, the Company spent more than 4.5 times as much as it received, resulting in a loss of

¹⁰⁸ "Exacte Staat" van winst en verlies van de W.I.C. koloniën en Suriname. Met bijlagen., 1770-1789, NA The Hague, WIC 1.05.01.02 inv. nr. 1265D; *Copie-generale staat of balans van ontvang en uitgaaf van Essequibo over 1784-1788., 18 augustus 1789*, NA The Hague, VWIS 1.05.06, inv. nr. 116; *Aantekeningen betreffende de ontvangsten en uitgaven wegens Essequibo en Demerary over 1764-1783*, NA The Hague, VWIS 1.05.06, inv. nr. 69; *Aantekeningen omtrent de winsten en verliezen van de handel op Essequibo (1674-1769), de ontvangsten en uitgaven wegens Essequibo bij de Kamer Zeeland (1765- 1767), de recognitie en lastgelden van en naar Essequibo bij genoemde Kamer ontvangen (1764-1770)*, NA The Hague, VWIS 1.05.06, inv. nr. 71.

¹⁰⁹ Den Heijer, 'West India Company', 109.

¹¹⁰ Netscher, *History*, 69.

¹¹¹ Henry G. Dalton, *The History of British Guiana* (London 1855) vol. 2, 37-8.

fl.230,000. While military expenses, in the form of salaries, were significant (fl.63,000), the largest costs were salaries, totalling more than fl.140,000 in just these four years. Building materials (fl.67,000) and foodstuffs (fl.113,000) were also costly, but in both cases the most of it (77 and 60 percent respectively) was bought locally, which probably reduced costs.¹¹²

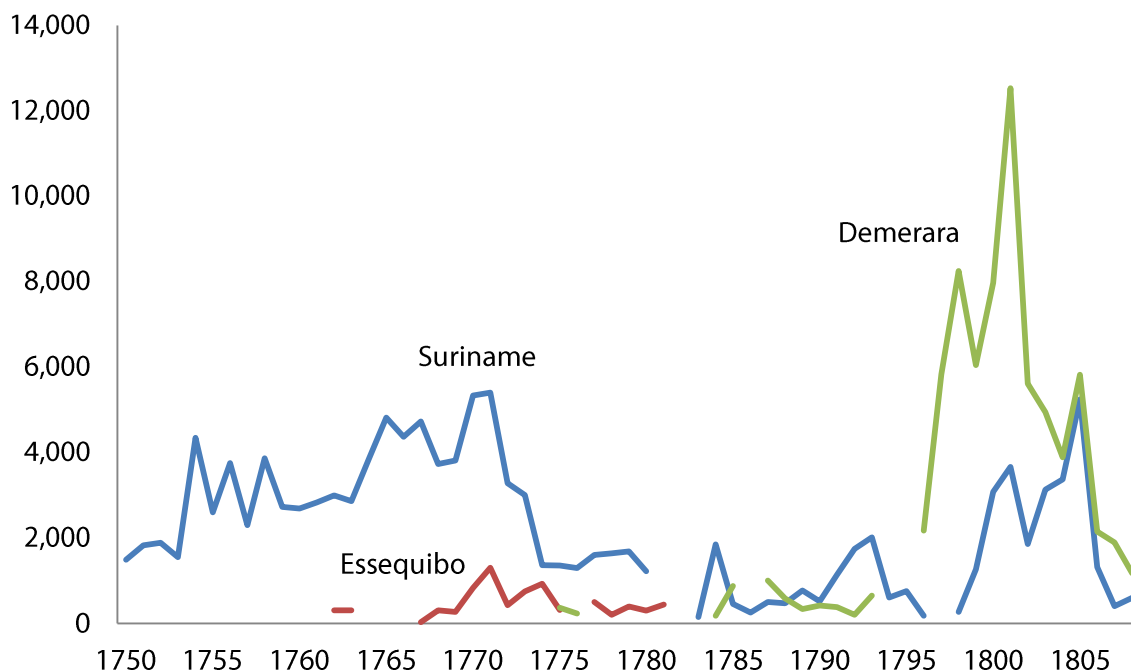
So, what do all these numbers tell us? Firstly, that colonial administrators and its shareholders could profit from exploiting a plantation colony. In the case of Suriname we could not identify the *negotiatie* structure as the prime mover, because the Society was delivering profits long before 1750. However, the earnings quickly vanished in the 1770s and 1780s because of the costly military expeditions. Since marooning and related warfare seemed less of a problem in Essequibo and Demerara, this could not function as an explanation for the continued losses in the two neighbouring colonies. Rather, the strength of colonial authority seems to be crucial. The two colonies, especially Demerara, developed rapidly, without a state structure to match. As we have seen before, the lack of a nerve centre such as Paramaribo prevented adequate control over trade flows, which explains why duty revenues were low. As a consequence of this situation, foreign traders were eager to do business in Essequibo and Demerara, either legal or illegal. Considering that foreigners supplied a lot of building materials and food, this was beneficial to the colonial administration. However, the illegal trade was not, and to this we must now turn.

Slave traders: the quantitative side of illegal trade

The most expensive 'input' of a plantation consisted of the slaves that performed the labour. Considering demand for slaves was high in all three colonies, we might expect the slave traders to have fared well. New slaves were needed for clearing the forests, to make way for all the new plantations, but also to replace slaves on the existing estates. A slave force on a plantation could not reproduce itself, and would decline by almost five percent per year if new souls were not brought in. We would expect the *negotiatie* system to stimulate the slave imports to the colonies, and we can indeed see such a development in Figure 4, parallel to the stream of credit to the colonies.

¹¹² *Aantekeningen omtrent de winsten en verliezen van de handel op Essequibo (1674-1769), de ontvangsten en uitgaven wegens Essequibo bij de Kamer Zeeland (1765- 1767), de recognitiën en lastgelden van en naar Essequibo bij genoemde Kamer ontvangen (1764-1770)*, NA The Hague, VWIS 1.05.06, inv. nr. 71; "*Exacte Staat*" *van winst en verlies van de W.I.C. koloniën en Suriname. Met bijlagen., 1770-1789*, NA The Hague, WIC 1.05.01.02 inv. nr. 1265D; *Copie-generale staat of balans van ontvang en uitgaaf van Essequibo over 1784-1788., 18 augustus 1789*, NA The Hague, VWIS 1.05.06, inv. nr. 116.

Fig. 4: Registered annual slave imports to Suriname, Essequibo and Demerara, 1750-1808



Source: Appendix A.

Both in Essequibo and Suriname a peak was reached in 1771. With the *negotiatie* system in difficulties, the number of official slave imports declined drastically. For Demerara an enormous spike is visible, corresponding to the British take-over of the colony in 1796 and the rapid expansion that followed suit.

In the case of Suriname it seems as if the *negotiatie* system was quite beneficial to the slave traders. But while the volume of the slave trade indeed expanded, the profitability per journey was not necessarily high. The returns for the MCC were about 3 percent. That means that its investors could just as well have placed their money in the bank, but the differences in financial outcome were great. When mortality on board was high, a voyage could easily make a 30 percent loss, but when this rate was better, profits of 50 to 80 percent could be attained. The MCC had to extent considerable sums of credit to conduct their business, and in 1777 planters in Suriname still owed the Company fl. 185,000.¹¹³

Making a profit in the slave trade on Essequibo and Demerara was even harder, for it appears more credit had to be granted. Up to 27 months of credit was given, but this resulted in payment difficulties more than once during the 1760s. Since several bills of exchange came back

¹¹³ Emmer, *Nederlandse slavenbandel*, 169-70; Johannes Menne Postma, *The Dutch in the Atlantic slave trade* (Cambridge 1990) 275.

in protest, the slave traders desired payment in kind, but that conflicted with the obligation to send all the plantation's produce to the *negotiatie* fund directors. This difficult situation led many slave ships to ignore Essequibo and Demerara and sell their human cargo in Suriname instead. The resulting scarcity pushed up prices and this was only aggravated by colonial regulations. We have seen already that *vendu* fees were higher than in Suriname, and it appears that in 1763 a maximum price per slave was installed, at fl. 280. While the intention might have been to enable even those short on cash to still buy slaves, the opposite effect was reached: since the MCC thought such a low price unprofitable, it decided to more or less evade the Essequibo and Demerara during the 1760s, as can be seen in Figure 4. The slave ships that still came to the colonies during this timeframe demanded high prices, an effect aggravated by the scarcity of supply. Not only in the 1760s, but in later periods as well, we can find slave prices to have been considerably higher in Essequibo and Demerara than in Suriname (Table 6).¹¹⁴

	<i>Essequibo (fl.)</i>	<i>Demerara (fl.)</i>	<i>Suriname (fl.)</i>	<i>Relative to Suriname (%)</i>
1768	725		464	+56
1771	628		494	+27
1775	479	602	481	-0.5 / +25
1779	712		461	+54
1785		860	618	+39
1792		934	661	+41

* The original data lists 'Cash prices in Jamaica in pounds Sterling'. To give an idea of the guilder values pounds were converted into guilders at a rate of 1 pound to 12 guilders.

Source: Appendix B

The problem of scarcity was signalled by Storm van 's Gravesande as well, and in 1757 he had suggested to the WIC directors to allow foreigners to deliver slaves to the colonies. His proposal was firmly rejected though.¹¹⁵ Petitions from the planters followed later, such as in January 1770, when they had asked the Estates-General for permission to buy slaves from English traders, offering to pay fl.10 per slave in recognition fees to the WIC. The MCC filed a counter petition, protesting against this idea. The MCC directors wrote that the petition signers were only Englishmen or planters in trouble and that opening up the slave trade would mean that plantation products would also end up in English hands.¹¹⁶

¹¹⁴ Van de Voort, *Westindische plantages*, 71; Van der Oest, 'Forgotten colonies', 338.; *Rekest aan de Staten-Generaal de Middelburgse Commercie Compagnie gericht tegen een eerder rekest van planters en ingezetenen van Berbice verzoekende om vrije invoer van slaven door middel van buitenlandse schepen*, 1788, NA, The Hague, WIC 1.05.01.02, inv. nr. 1275C; *Stukken betreffende de slavenhandel in Essequibo en Demerary.*, 1767-1776, NA, The Hague, VWIS 1.05.06, inv. nr. 48.

¹¹⁵ Van der Oest, 'Forgotten colonies', 339.

¹¹⁶ *Stukken betreffende de slavenhandel in Essequibo en Demerary.*, 1767-1776, NA, The Hague, VWIS (1.05.06), inv. nr. 48.

This ‘dispersion’ of colonial products would be a problem, and was signalled before in the debate between Amsterdam and Zeeland on the openness of the trade. Amsterdam merchants, many of them important *negotiatie* fund managers, had in a petition of 1768 argued how important free trade was: since Zeeland was unable or unwilling to adequately supply its colonies, that the inhabitants were buying their necessities from foreign traders.¹¹⁷

This was not new information: already in 1745 we can find Storm van ‘s Gravesande reporting that without the supplies from English merchants, which were expensive, they would be living on bread and water.¹¹⁸ How crucial the link with the English colonies was becomes clear from the last months of 1765 onwards. Storm complains that the warehouses were empty and all supplies were lacking. The only provisions the colonies received came from the British and Storm expresses his frustration – if only a ship would sail from Zeeland to the colony every two months they would not be in so much trouble. And in October 1766: ‘It has been 25 months since the colony has received goods which have now arrived. Is it possible to live 25 month with what that had been sent for a year? The plantations and slaves have suffered the most because of this.’¹¹⁹ Luckily for the two colonies, the connections with English traders and especially with the island Barbados, were good, not in the least because there were many English planters in Essequibo and Demerara, shown in Table 7.

Table 7: Slaves and plantations in Essequibo and Demerara under Storm van ‘s Gravesande

	Plantations				Slaves		Slaves per plantation	
	Essequibo		Demerara		Essequibo	Demerara	Essequibo	Demerara
	Total	English	Total	English				
1762	68	8	93	34	2571	1648	38	18
1769	92		206	56	3986	5967	43	29

Source: Villiers, *Storm*, 211.

The share of English planters could have been even higher, for on another occasion Storm states that the *het grote getal* (the great number) in the colony was English.¹²⁰ In 1762 Storm had some doubts about the numbers provided: ‘There is much reason to doubt if this reporting of the

¹¹⁷ 'Recueil OO', *verzameling (afschriften van) stukken betreffende Essequibo, 1750-1772, 6-5-1768*, Zeeuws Archief, Middelburg, Recueils van Citters (105), inv. nr. 20.

¹¹⁸ J.A.J. de Villiers, *Storm van 's Gravesande; Zijn werk en zijn leven uit zijne brieven opgebouwd* (The Hague 1920) 94.

¹¹⁹ Ibidem, 266-7. Original quote: ‘25 maende gelede was dat de selve goederen ontfangen hadde welke nu... gekomen zyn. Is het mogelyk 25 maende toe te komen met het geene voor een jaer gesonden word? De plantagien en slaeven hebben daer het meest door geleden.’

¹²⁰ Villiers, *Storm*, 200. It seems however unwarranted to draw the conclusion that English planters constituted a majority in the colony, based on just these three words.

slaves by the inhabitants is done true heartedly and justly, since there are many with a flexible conscience or perhaps none at all.’¹²¹

Two things stand out from Storm’s numbers: the relatively small number of slaves per estate, and, most of all, the remarkable growth that the colonies experienced.¹²² Such a rapid development would only have been possible if Essequibo and Demerara were well supplied by traders from the wider Atlantic network. While it was legal to buy food and building materials from foreign merchants, buying slaves was not. Still, illicit trading took place extensively. To get an idea of the importance of the illegal slave trade we could take a look at the numbers of slaves actually in the colony, and the numbers of slaves that were imported legally. Slaves could enter the colony in two ways: either supplied by Dutch traders, or brought by migrating British planters, taking with them their slaves from Barbados as they settled in Essequibo or Demerara. The size of the latter flow is unfortunately unknown, but is unlikely to be so big as to undermine the argument. Since the official imports are registered in the Slave Voyages Database¹²³, we can calculate how many slaves would have been in Essequibo and Demerara if we use the same figures for demographic decline as in Suriname. There, according to the calculations of Van Stipriaan, the demographic decline of the slave force would be 4.7 percent until 1774 and about 2.4 percent afterwards.¹²⁴ There is no reason to assume this situation was different for Essequibo and Demerara: while precise demographic figures for the 18th century are not available for the two colonies, in the 19th century rates were still negative and not much different from other colonies. If anything, we would expect that the high figure of demographic decline would remain in effect longer in Essequibo and Demerara: in Suriname death rates decreased as the hard work of digging new polders was largely completed by 1774, while in Essequibo and Demerara new plantations continued to be established.¹²⁵

¹²¹ Villiers, *Storm*, 212. Original quote: ‘Of nu den opgaef der slaeven van d’ingesetenen juist naer gemoede en regtvaardig geschiedt, is veel reden om aen te twijffelen, wijl veele sijn welke een ruijme consciëte hebben of mogelijk geene.’

¹²² There are two possible explanations for small number of slaves per plantation. Firstly, the average number could be misleading, since many plantations were not yet in full operation. In 1769 there were few estates with a slave force of more than 100, while several others reported having less than 10 slaves. (NA, 1.05.06/139) The other explanation is that the numbers are too low, and that in fact there were more slaves working in Essequibo and Demerara than official numbers would suggest.

¹²³ See www.slavevoyages.org.

¹²⁴ Demographic rates are usually written as a figure per thousand, which in these case would be -47/1000 and -24/1000. However, since the numbers are relatively large by modern standards and because percentages may be more familiar to most people, the latter notation is used here.

¹²⁵ B.W. Higman, *Slave populations of the British Caribbean 1807-1834* (Baltimore and London 1984) 314; Van Stipriaan, *Surinaams contrast*, 168-9, 318.

Table 8: Number of slaves in Suriname, Essequibo and Demerara, 1752-1806*

<i>Suriname</i>	<i>Voyages database</i>	<i>Van Stipriaan</i>	
1752	(37,835)	37,835	
1774	61,557	59,923	
1795	48,926	48,155	
<hr/>			
<i>Essequibo</i>	<i>Voyages database</i>	<i>Van der Oest</i>	<i>Storm van 's Gravesande</i>
1762	(2571)		2,571
1769	2,858	4,543	3,986
1780	6,878	7,714	
1782	7,265	8,550	
<hr/>			
<i>Demerara</i>	<i>Voyages database</i>	<i>Van der Oest **</i>	
1769	(5,967)	5,967	
1782	4,746	14,132	
1796	7,425	20,000	
1806	61,174	ca. 50,000	

* Until 1774 a demographic growth rate of -4.7 percent is used, afterwards a rate -2.7 percent.
** Van der Oest gives ca. 60,000 slaves in 1806 for Essequibo and Demerara together. This table uses the assumption that 50,000 of those would be in Demerara.

Source: Voyages Database 2009, *Voyages: The Trans-Atlantic Slave Trade Database*, <http://www.slavevoyages.org> (accessed January 7, 2012); Van Stipriaan, *Surinaams contrast*, 311; Van der Oest, 'Forgotten colonies', 329; Villiers, *Storm*, 211.

So using these demographic assumptions and the number of slave imports, we can calculate how many slaves there ought to be in the colonies at different times, see Table 8. For Suriname we see that the Slave Voyages Database matches that numbers that Van Stipriaan provided in 1991. This is not the case for the other two colonies though. In the case of Essequibo, especially in the 1760s, there are far more slaves in the colony than registered numbers would suggest; we would have to increase import figures by more than 60 percent to get the registered imports back in line with the numbers that Storm van Gravesande provided, and even more if we take Van der Oest's numbers. Afterwards the smuggling seems to have decreased somewhat, but that image may be distorted as the lower rate of decline (-2.4 percent) is used after 1774. It is however likely that mortality did not decline so fast, as we can also see in the case of Demerara, where the Slave Voyages Database suggests more slaves than there actually were. In the time before the British annexation though, each decade more than 10,000 slaves are 'missing' in the statistics. Caution is advised in using these numbers, as we do not know the number of slaves the British planter brought with them, and there might be voyages missing from the database or sources lost. The figures are thus not to be interpreted as absolute values, but they do point very clearly in one direction: slave smuggling was very wide spread in Essequibo and Demerara.

Foreign traders: the qualitative side

Could all this illegal trade have taken place unnoticed? The planters of course had no problem with it, for the English slaves were both cheaper and better available. It appears though that the colonial administration was either unwilling or incapable of preventing illegal trade. An apt illustrating can be found in the argument that Storm van 's Gravesande had with the Council in Essequibo on November 25, 1767. A case of illegal trading had been discovered, in which the British John Bermingham had sold 40 slaves to fellow planters. Most buyers had confessed and the council member Changuion had testified having seen the slaves in Bermingham's boiling house. The case seemed clear-cut. Not for the other members of the Council though, who questioned the need to take action even though the prohibition on illegal slave trading was clear. Storm proposed to confiscate the slaves for the WIC and fine Bermingham for the value of the slaves. As Fiscal of the colony Storm had no say in the final decision, so he was not amused when the council decided to give Bermingham only a fine of fl.1000 and allowed the planters to keep their slaves, on the ground that the matter dated from a year ago. Lastly, the members of the council voiced the hope that in the future the illegal trade would be better monitored. Storm replied, asking if anyone knew a way to do this in Essequibo. 'No, this is impossible', was the reply. For Demerara the solution was to oblige all ships to register themselves and to search the bottoms for slaves.¹²⁶

So it was known that the smuggling occurred, but the means or willpower to really do something about it were lacking. The colonies of Essequibo and Demerara were still in a developing stage, and not every ship could be inspected or was registered. Moreover, the trade could fairly easily be conducted along the riverside. A slave ship would anchor close to a plantation, and goods and slaves could then be exchanged in smaller boats. This practice did not change in the decades after Storm's directorship, as we can see in the remarks by Bolingbroke. He stated that during the four months of peace between the English and the Batavian government, when the colonies were –again– in Dutch hands, 'the ships, obliged to leave the river in ballast, used to lay off and on the coast in the day, and would anchor at night to take in the produce which was brought off to them.'¹²⁷

Another reason why the trafficking was hard to combat was the difficulty in getting the offenders convicted. We have seen that planters were not so eager to report illegal trade, let alone strife for harsh measurements, as it was not unlikely that many of them profited from

¹²⁶ Villiers, *Storm*, 314-6.

¹²⁷ Bolingbroke, *A Voyage*. 296.

cheaply imported English slaves. In June 1770 we find Storm angered by the lack of cooperation from the WIC directors at home. They had written that there was clear proof of the illicit slave trade, as there were *wissels* given to English captains, stipulation the amount and price of the slaves imported. Storm finds it frustrating that he did not receive any copies of those bills, for then he would have a case against the offenders. Moreover, he could then have the bills protested which would reveal the network ties between planters illicitly buying slaves, as they were all connected, drawing on each other. Unfortunately for Storm, he did not receive his evidence. A year later the situation had gotten worse: ‘The imports of foreign slaves does not stop ... When I perceive it, it is either too late or the right evidence is failing me.’¹²⁸

It would only become harder to prove the illegal trade, for payment in bills of exchange became less common. At first these had been used, but a lot of them were returned in protest. The planter would then issue a new bills, including the 25 percent in protest costs, but this would only make matters worse. After three times the original debt would have been doubled. The English were not satisfied with this mode of business and at least from 1772 onwards increasingly demanded payment in kind.

So how did all of this play out in relation to the *negotiatie* system? There were four mayor Dutch funds active in Essequibo and Demerara, those of Van den Santheuvel, of Changuion, of Rijdenius and of Van den Helm Boddarta. None of the above underperformed the funds that extended their credit to Suriname or other colonies. To the contrary, until early 1777 they traded just below 90 percent on the Amsterdam stock exchange, which was not bad at all. This is not necessarily an indication that the plantations performed well in financial terms. Storm van ‘s Gravesande complains regularly about the lack of credit, the problems with protested bills and the short term vision that led owners to plant a maximum amount of coffee trees on their estates, at the cost of the all too necessary *keostgronden*: ‘The shortage of credit, the protested bills etcetera lead many into despair and they imagine a change by which the credit will revive and they will be saved.’¹²⁹

For the fund of Changuion there might be an easy explanation. It seems as if the fund manager, Daniel Changuion, stood as personal guarantee for the loans of his fund. On several

¹²⁸ Villiers, *Storm*, 374. Original quote: ‘Den invoer van vreemde slaeven houd niet op ...’ ‘wanneer ik het verneem is ’t te laet off de regte voldoende bewysen ontbreken my.’

¹²⁹ Ibidem, 384, 386. Original quote: ‘het manquement van crediet, de geprotesteerde wisselbrieven & c. maken veele vanhoopend en verbeelden sig by zoodanig eene verandering het crediet herleeven zal & zy gered zullen worden.’

occasion we find contracts stating that planters owed many to Changuion as private person and to his fund.¹³⁰

The precarious financial positions of many planters in Essequibo and Demerara is also reflected in the petitions concerning the opening of the slave trade, at least to other Dutch slavers. In 1770 planters complained about the high prices of slaves, a situation that had not changed in later years, in which the smuggling of slaves continued.¹³¹ In 1788 there is another petition filed, followed by a reaction from the MCC slave traders. Most interesting, we find Bartholomeus van den Santheuvel among the signers on behalf of the planters, arguing for opening of the trade. Similar to this, we find Jan van Marselis among the directors of Berbice. These directors had, on the planters' demand, temporarily lifted the ban on buying slaves from foreign powers, even though this was officially outside their judicial powers. It would be a real blow for the slave traders if such decisions would be made for the colonies of Essequibo and Demerara, so they rallied against it in a counter petition. While the planters argued that they do not sell products to foreign powers, except for cotton, for which there is no demand in the Netherlands. The slave traders in return asked aloud where all the commodities were going to lately, which they there were supposed to receive: 'but where then the products of sugar and coffee, deliveries of which have been less in considerable quantities since a few years, have remained, remains a mystery to us.'¹³² Next to this, a vicious circle was at work, they argued: because the planters had so many outstanding debts, the captain of a slave ship stayed in the colony to collect those, which impeded the outfitting of a new slave ship. This only reduced the supply, so slaves became more expensive, even though the blame is placed on the planters, as they were the ones bidding up the price. The MCC was willing to grant some credit, but the planters already had outstanding debt of almost fl.350,000 incurred since 1770, of which fl.300,000 was owed to the MCC. Another reason for not granting any more credit was the magnitude of products that went to North American traders rather than to Zeeland. There was ample proof, and the Estates-General were aware of this. For example that is given is the enormous difficulty with which ships can acquire a return cargo. Many MCC ships had sailed

¹³⁰ *Notarial records*, ACA, Notarissen 5075, inv. nr. 11479 fo 94; *Ibidem*, inv. nr. 11479 fo 95; *Ibidem*, inv. nr. 11479 fo 96; *Ibidem*, inv. nr. 5230 fo 18; *Ibidem*, inv. nr. 15234 fo 195; *Ibidem*, inv. nr. 15282 fo 263; *Ibidem*, inv. nr. 15229 fo 176.

¹³¹ *Stukken betreffende de slavenhandel in Essequibo en Demerary*, 1767-1776, NA, The Hague, VWIS (1.05.06), inv. nr. 48.

¹³² *Rekest aan de Staten-Generaal de Middelburgse Commercie Compagnie gericht tegen een eerder rekest van planters en ingezetenen van Berbice verzoekende om vrije invoer van slaven door middel van buitenlandse schepen*, 1788, NA The Hague, WIC 1.05.01.02, inv. nr. 1275C. Original quote: 'doch waar dan de Producten van Suiker en Coffy, die in een merkelyke quantiteit, zedert eenige Jaaren minder is als te vooren aangevoert geworden, gebleeven zyn, blijft voor ons een raadzels'.

back $\frac{1}{4}$ to $\frac{1}{2}$ empty because products were not available within a reasonable time, even in times of good harvests.¹³³

Attempts were made to fight the contraband trade in slaves and commodities, but these were only of limited success. Frans Smeer, captain of the patrol ship the *Maasnymph*, tells us how he tried to do catch his offenders and how his efforts were often thwarted. His 1787 report, full of frustration, provides insight into the willingness to combat smuggling, the difficulty in identifying offenders and the difference between British and North American traders.

The source of Smeer's growing discontent is the Fiscal, Anthony Meertens. Since Smeer was sent to Essequibo and Demerara with the explicit objective of fighting the illicit trade, he wanted to make some adjustments pertaining to the way trade was conducted in the colonies. At that time foreign ships were allowed to bring in wood, mules and food supplies and could take bricks, wood and rum as return cargo. However, such foreign ships were not susceptible to inspection, so they could easily take in some sugar, coffee or cotton as well. Smeer proposes to force the foreigners to get a clearance bill, stating which goods were on board and to whom they belonged. The same would have to apply to Dutch ships that did not have a statement from the Loader. Smeer is willing to perform this tasks, and the governor, Jan Lespinasse, seemed positive. However, Meertens blocked this proposal, based on the argument that instating a new rule would be assuming sovereign power, which the *Raad* did not possess. And no matter what Smeer pleaded, his original idea would not be made into law, though he did get the clearance to inspect ships.

Smeer thought the inspections effective: apparently an American captain told him that he had dropped 60 hogsheads of sugar overboard to avoid getting caught. This seemed at least overstated, since 60 hogsheads would constitute quite a large cargo, with a value of more than fl.8000.¹³⁴ The official fines were significant though: the goods would be confiscated and sold, the proceeds of which would go for $\frac{2}{3}$ rds to the WIC and for $\frac{1}{3}$ to the Fiscal. On top of this, the captain would have to pay a fine equal to the value of the products. This would also be shared, $\frac{1}{3}$ for the Fiscal, $\frac{1}{3}$ for one who had denounced the smuggler and $\frac{1}{3}$ for the colony's church and poor fund.¹³⁵ So that means that the Fiscal could have profited from fighting the contraband trade, but apparently he preferred not to. Rather, he made sure the fines were not excessively harsh. Smeer provides the example of an English ship, about to depart. The

¹³³ *Rekest aan de Staten-Generaal de Middelburgse Commercie Compagnie gericht tegen een eerder rekest van planters en ingezetenen van Berbice verzoekende om vrije invoer van slaven door middel van buitenlandse schepen, 1788*, National Archive (NA) The Hague, WIC 1.05.01.02, inv. nr. 1275C. See also the second quote in the Introduction.

¹³⁴ Based on the figures that Oostindie provides for a weight of an hogshead in the 1780s, and the value that Van Stipriaan provides for sugar (Oostindie, *Twee plantages*, 434; Van Stipriaan, *Surinaams contrast*, appendix 2).

¹³⁵ Van Langen, 'Britse overname', 75-6.

inspection reveals that there were six slaves on board, who did not have an owner, which made the ship suspect of trading slaves. Meertens sees to the investigation, and states that two slaves belonged to the plantation Belvedere, and four belong to the captain, Henry Balden. So, there was not much of a problem. This attitude angered Smeer: ‘The Fiscal, as usual, advocated as much as possible for the fraudster’. The story of the Fiscal surprised Smeer, because the slaves were not mentioned when the ship, *Betsy*, arrived in Essequibo. Moreover, Smeer reminds Meertens that the *Betsy* smuggled 57 slaves into the colony two weeks before, destined for Belvedere. Proof of this is available, but the Fiscal responded only with ‘Ha ha, is that so? Now I understand’, after which he quickly departed, saying that he would investigate the matter further. However, not much came out of this, for the same afternoon the ship was allowed to depart. Later Smeer asked Meertens how the matter was resolved, and learned that the *Betsy* was fined fl.1200, of which 1/3 went to the Fiscal, 1/3 to the colony’s fund for the poor, and 1/3 to Smeer as the *aanbrenger*, or denouncer. Smeer heavily protested against this terminology: he was not the *aanbrenger* – that was Jean Lavager, captain of another vessel-, he was only doing his duty and he therefore felt insulted.¹³⁶

The story above points the importance of co-operation: without the support of Fiscal it became almost impossible to counter the illegal trade. Smeer condemned Meertens in the harshest possible terms: Smeer could not perform his duty ‘... as long as there is a Fiscal in the colony, who cannot be viewed other than as a lowly, cowardly and mendacious man, unfaithful to his superiors, and a fervent hater of the country’s [the Dutch Republic] officers, if not also of their lords and masters.’¹³⁷ Additionally, we can also see that Smeer needed the help of others to discover the illicit dealings, for without the hint from Lavager, the English slave trader might simply have sailed away. It was impossible to monitor all trade on the Essequibo with only the *Maasnympb*.

The situation in Demerara was not much better for Smeer. There, he was not allowed to inspect ships which had an official pennant flying. Only ships from sovereign powers were allowed to do so, private traders were not. Smeers tried to circumvent the restriction on him by checking if the passing ships had the right to fly the pennant. Most offenders to this rule complied in lowering their colours, sometimes even immediately after having spotted the *Maasnympb*. A case was made out of a French ship, but Smeers did not provide the details about

¹³⁶ *Stukken betreffende de verrichtingen van de luitenant Frans Smees, kommandant van 's lands brigantijn De Maasnympb, tot wering van de sluikhandel in Demerary., 10 april 1787 - 18 december 1787*, NA The Hague, VWIS 1.05.06, inv. nr. 126.

¹³⁷ *Ibidem*. Original quote: ‘zoo lang als in die Colonie een Fiscaal is, die niet anders kan worden aangezien als een laag, laf en leugenachtig mensch, ontrouw aan zijne Lastgeveren, en een innige haater van 's Lands Officieren zoo ook niet van hunne Heeren Meesteren.’

this. He did note that the matter was in the hands of Meertens and that he had not heard anything about it for six weeks. Smeer left the question open if justice had had her way, but stated that he would be less patient if he was to return to Demerara in the future.

Smeer did not only report on the slaves that were smuggled into the colonies on foreign ships, he also commented on the commodity trade. Initially, foreigners were allowed to take coffee and cotton out of Essequibo and Demerara, because the authorities hoped this would limit the sugar smuggling. This proved ineffective though, and new rules were put in place in 1771 and 1773, stating that foreign ships could only export lumber, molasses, rum and metropolitan-made manufactures.¹³⁸ However, the illicit trade in sugar, coffee and cotton continued. Again, Smeer pointed to the co-operation of the Fiscal in this illegal trade. Apparently Meertens had ordered the colonial soldiers to assist an American ship, loaded with 3 barrels of sugar, 2 bales of cotton and 889 pounds of coffee, in sailing out of the colony.¹³⁹ Additionally, Smeer noted that it would be wise to have a ship patrolling the mouth of the Mahaijca river, since many cotton plantations were located in this eastern part of Demerara. He was not too optimistic though, for ‘as long as the foreign [ships] (...) are allowed to take everything in, and the so-called indigenous vessels and ships can transport everything without bill of passport, it will never be prevented.’¹⁴⁰

The illicit trade was not all bad, according to Smeer. He made a distinction between English and North American traders, and especially the latter were perhaps even more useful than damaging to the colonies. The Americans supplied much of the daily necessities, for which there was a lot of demand. As Storm van ‘s Gravesande had already noted, the colonies were not well supplied by Dutch merchants, and some foodstuffs could better be bought elsewhere. While Bread, peas and cheese could be procured from the Republic, one could get flower, bacon and butter more cheaply from the North Americans. So the American imports were valuable, and what they took in return was not so harmful either: perhaps they export around 2,000 hogsheads of sugar and some coffee, but if we were to value a hogshead at fl.100 the damage was only fl.200,000. The English on the other hand, supplied mostly slaves, and took away more than 2,000 bales of cotton, valued at 600 to 700,000 guilders. Most of it went through Barbados to

¹³⁸ Van der Oest, ‘Forgotten colonies’ 358.

¹³⁹ *Stukken betreffende de verrichtingen van de luitenant Frans Smees, kommandant van 's lands brigantijn De Maasnympb, tot wering van de sluikhandel in Demerary., 10 april 1787 - 18 december 1787*, NA The Hague, VWIS 1.05.06, inv. nr. 126.

¹⁴⁰ *Stukken betreffende de onderzoekingen in opdracht van de Admiraliteit op de Maꝛe door de luitenant ter zee Frans Smeer aangaande de sluikhandel in Essequibo, Demerary en Berbice., 1787*, NA The Hague, Admiraliteitscolleges XXA Paulus-Olivier 1.01.47.13, inv. nr. 44. Original quote: ‘zoolang als de vreemde (alvoorens uijtgeklaart de zijn) alles mogen Scheepneemen, en de zoogenaamde inlandsche vaartuijgen & Booten alles zonder Billet of paspoort mogen vervoeren zal het nimmer worden belet.’

the developing English cotton industry. So at the time of writing the illegal trade was deemed harmful but Smeer proposed a solution: open up the trade with foreigners and let them pay duties. The North Americans should be allowed to take home the sugar they desired, and if they had to pay fl.6 or fl.7 per hogshead it would provide the Company with a good return too, while currently the sugar was just smuggled out. The planters would benefit as well, since they would receive 25 percent more for their sugar by selling it to North Americans. For slaves a similar arrangement would have to be made, involving a recognition fee of fl.25 or fl.30 per slave. As long as this was paid with proper bills of exchange, or just cash, this would be advantageous to all.¹⁴¹

Smeer's well-intended suggestions were not put into practice though and it seems likely that the contraband trade only increased in subsequent years. Indeed, when Willem August van Sirtema, baron of Grovestins, and W.C. Boeij were commissioned in 1789 to investigate how the colonies should be reorganized, they also came to the conclusion that illegal trading was widespread.¹⁴² Indeed, in the later report by Bolingbroke we can observe how Meertens tolerance towards the illicit trading endured. In 1792 more ships were patrolling the rivers, but this could not prevent that large amounts of commodities, cotton in particular, were shipped off to Great Britain. Meertens was still facilitating this trade, also to his own benefit, so runs the accusation of Bolingbroke: "The fiscal's apparent indifference to what was going on never went unrewarded and if he did not absolutely smuggle his own produce out, he used to sell it to those who did."¹⁴³ Now we know that Meertens himself profited from the illegal trade, we can better understand why he allowed such practices to continue. Fighting the smuggling could have yielded him a nice sum as well, since he was entitled to 1/3 of the fines, but maybe the ability to trade freely with foreigners was worth more to him. And with him, the rest of the planters in Essequibo and Demerara were probably better off with these lax controls.

Suriname versus Essequibo and Demerara: crucial connections

What are the implications of all this illegal trade for the *negotiatie* system? That is the broader question we must now answer. Firstly we must note that the slave traders, based in Zealand, were clearly not among the biggest winners, and in the case of Essequibo and Demerara they

¹⁴¹ *Stukken betreffende de onderzoekingen in opdracht van de Admiraliteit op de Maꝛe door de luitenant ter zee Frans Smeer aangaande de sluikbandel in Essequibo, Demerary en Berbice., 1787, NA The Hague, Admiraliteitscolleges XXA Paulus-Olivier 1.01.47.13, inv. nr. 44.*

¹⁴² Van Langen, 'Britse overname', 99-100.

¹⁴³ Bolingbroke, *A voyage*, 284.

must be considered losers. It was not easy to get rich with the slave trade to Suriname, but it was very well possible. While the average return for the MCC was about 3 percent, an individual journey could be highly profitable if the mortality rate on board could be kept under control.¹⁴⁴ Potential profits in the trade to Essequibo and Demerara were different. The situation was complicated because until 1772 only slavers from Zeeland were allowed to supply the colonies and they were both unable and unwilling to do so. Only when the slave traders were willing to grant considerable credit it was possible to do business in the two colonies. But even though there is no reason to assume that planters in Essequibo and Demerara were either more or less indebted to *negotiatie* funds in the Republic, things played out differently. The relatively scarce supply of slaves has most likely set a vicious cycle in motion. With fewer slaves available, prices at the auction rose, and generally remained higher than in Suriname. This meant that planters had to obtain more credit –either from their fund manager or the slave traders- and would get deeper into debt. For the slavers this was not very attractive, and together with the higher duties, this might have induced many to sell their human cargo in Suriname rather than in Essequibo or Demerara. For the planters not only the high price, but also the persisting shortage of slaves was problematic. Demand for slaves in Essequibo and Demerara was high, as the two colonies were developing rapidly. A lot of labour was needed to clear forests for plantations, and a process of creolization had not yet taken place, so death rates must have been high. And since the Dutch slave traders could not satisfy this demand, planters gladly looked elsewhere. The English slave traders were more than happy to supply the required slaves, but had quickly found out that payment in kind was more secure than through bills of exchange. With a considerable portion of the two colonies' commodities going to North America and London, there was less available for the Dutch slave traders looking for a return cargo. With this opportunity denied to them, there were not many reasons why a slave trader would sail to Demerara instead of Suriname. The scarcity of imports did not only pertain to slaves, but also to basic foodstuffs and materials. Similar to the slave traders, commodity traders had few incentives to go to Essequibo or Demerara if they were faced with indebted planters and little return cargo. So again, the two colonies were again left to their own devices. Fortunately, the connections with the rest of the Atlantic network were strong. The planters, but the colonial administration as well, could acquire many goods at favourable prices from the North Americans.

The question then remains why Zeeland so stiffly held on to the two colonies, rather than opening them up for traders from the rest of the Republic, or perhaps even foreign traders.

¹⁴⁴ Emmer, *Nederlandse slavenhandel*, 169-70.

The WIC was almost continuously losing money on these colonies. Even though investors holding *negotiatie* bonds might have gained, most actors would have benefitted from more economic freedom. The planters would be better off if they had been supplied with more and cheaper slaves, something that more competition could have brought about. If the slavers, either Dutch or foreign, would have paid some recognition fees, then the colonies' deficits would have been far less. If planters would be allowed to sell their produce to foreign merchants, upon paying duties, they could seek out the highest bidder, and the same would apply to imports. This would seem to hurt the *negotiatie* fund directors of course. However, if the freedom enabled planters to stay financially healthy, resulting in regular interest and principal payments, it would do more good for the fund manager in the long run than having to deal with debt-ridden planters. Of course, if Zeeland was to agree to more openness, it would have to accept competition from Amsterdam. Indeed, when the trade was opened to other Dutch traders, we can in Table 9 observe a quick increase in the number of ships from Amsterdam to Essequibo and Demerara, though not necessarily at the cost of those from Zeeland.

Table 9: Bilateral shipping between the Dutch Republic and Essequibo and Demerara, 1700—1799

	<i>Documented</i>			<i>Estimated total</i>	<i>Annual Average</i>
	Zeeland	Amsterdam	Not specified		
1700-1709			13	13	1.3
1710-1719	1		14	15	1.5
1720-1729	11		9	20	2
1730-1739	9		10	19	1.9
1740-1749	18		13	31	3.1
1750-1759	39	1	20	42	4.2
1760-1769	64		7	71	7.1
1770-1779	70	66	10	146	15
1780-1789	82	123	9	214	21
1790-1799	16	90	1	107	16

Source: Van der Oest, 'Forgotten plantations', 342.

If we look at the financial side, we have to acknowledge that the Zeeland's interest were overshadowed by those of Amsterdam. Even before 1772, the Amsterdam fund of Tulleken de Vos & Comp. had more invested (fl.1.9 million), than the most important *Zeeuwse* fund manager Kornelis van den Helm Boddaert (just over fl.1 million, see Table 4). The dominance of Amsterdam based funds would only increase in the 1770s.¹⁴⁵ Perhaps the fear of Amsterdam further taking over the colonies from Zeeland, led the Chamber of Zeeland to tolerate all the

¹⁴⁵ Van de Voort, *Westindische plantages*, 269-323; EURYI auctions database.

losses, in a vain attempt to keep the colonies to itself. Time and again, demands came out of the colony to open up trade but they fell on deaf ears.

The Zealanders held on to its possessions, but in doing so they must have closed their eyes for the growing foreign influence. The magistrates in Zeeland received letters from Storm van 's Gravesande about the dependency of the colonies on English traders, and Van den Helm Boddaert saw the British influence right before his eyes: already in 1766 we can find several English names among the planters in Boddaert's fund, and this number only increased later. Although there is no thorough study on the influx of British planters in the two colonies, though we know that a large number of them left the exhausted soils of Barbados for the virgin lands of Essequibo and Demerara. To what extent their acquisitions were financed by British capital is unknown. It seems as if these were not only experienced and wealthy Barbadian planters, for even the influential merchant Gedney Clarke utilized the *negotiatie* system, just like the Dutch planters.¹⁴⁶ Capital flows from the Britain itself really exploded after the colonies were annexed in 1796: in just ten years some 15 million pounds Sterling flowed into the colonies, fuelling an unprecedented expansion. A stream of new British planters came, whereas many Dutchmen left. All the new estates needed slaves as well, and within a decade the slave number had more than doubled.¹⁴⁷ It appears that the British interest for Essequibo and Demerara was only really awakened when the colonies became theirs, and so we should not attribute the expansion from the 1760s to the early 1790s entirely to an influx of British capital and planters.

Still, British planters were crucial, in two ways. They brought with them the skill of rum making, as well as the connection to the wider Atlantic network. One of the by-products of sugar production was molasses, a syrup which in itself was not extremely valuable but could be made into rum. Demand for molasses in Europe was low, but it could be sold profitably to North American merchant. Such exports were legal and also took place in Suriname and was a nice addition to a planters' source of income. Rum was not made in Suriname until the 19th century, but a lively molasses trade existed with North America. There, the syrup would be distilled into rum, though this production increasingly took place in the colonies. In the 1760s Jamaican rum specialists were brought to Essequibo and Demerara, and apparently the quality of the liquor was equal to the original.¹⁴⁸ The rum produced on their estates not provided Essequibo and

¹⁴⁶ Van de Voort, *Westindische plantages*, 272-3, S.D. Smith, 'Gedney Clarke of Salem and Barbados: Transatlantic Super-Merchant', *The New England Quarterly* 76 (2003) 499-549, esp.511-12.

¹⁴⁷ Van de Oest, 'Forgotten colonies' 329; Bolingbroke, *A voyage*, 326-7.

¹⁴⁸ Stipriaan. *Surinaams contrast*, 167; Karwan Fatah-Black, 'The Atlantic making of Paramaribo, 1680-1795. Inter-colonial and inter-imperial shipping as a measure of Atlantic integration' (ESSHC paper, Ghent 2010); David Eltis, 'The slave economies of the Caribbean: structure, performance, evolution and significance' in: Franklin W. Knight ed., *General history of the Caribbean. Volume III The slave societies of the Caribbean* (London and Basingstoke 1997) 105-

Demerara planters with additional revenue, but could also be bartered for goods provided by the North Americans. This takes us to the next point about the Atlantic network.

While Paramaribo was an important nodal point in the Atlantic network, the network in which from Essequibo and Demerara operated was far denser. There were 185 voyages between North America and Paramaribo between 1775 and 1779, while in the same period more than 100 ships *per year* landed at Demerara alone, see Table 10. The number of North American ships arriving in Paramaribo in the timeframe from 1790 to 1795 was just over 500, for Essequibo and Demerara we must probably double that figure.¹⁴⁹

Table 10: North American shipping to Essequibo and Demerara, 1700-1817

	<i>Essequibo</i>		<i>Demerara</i>		<i>Total</i>	
	Total of document and estimated ships	Annual average	Total of document and estimated ships	Annual average	Ships	Annual average
1700-1709	30	3			30	3
1710-1719	60	6			60	6
1720-1729	100	10			100	10
1730-1739	140	14			140	14
1740-1749	170	17	42	4	212	21
1750-1759	220	22	205	21	425	43
1760-1769	268	27	415	42	683	68
1770-1779	232	23	1010	101	1242	124
1780-1789	205	20	952	95	1157	116
1790-1799	200	20	1920	192	2120	212
1800-1809	180	18	1500	150	1680	168
1810-1819	160	16	1000	100	1160	116

Source: Van der Oest, 'Forgotten plantations', 355.

We should not only look at the connection with the North Americans though, for the network was even wider. In the 1780s, ships from Demerara sailed not only to the United States, but frequent voyages were also made to Martinique, St. Eustatius, Tobago, Dominica and of course Barbados.¹⁵⁰ Enough has been said about slaves imported from Barbados, but this connection had another advantage that increased the survival chances of Essequibo and Demerara. For it was the aforementioned Gedney Clarke who had the military connections, as well the timely information, to save the colonies from the potential threat of a slave uprising. While the 1763 a

137, esp. 112; Van der Oest, 'Forgotten colonies', 358; Bolingbroke, *A voyage*, 101,140; Edward Bankroft, *Beschryving van Guiana, en een bericht van de rivieren Berbice, Essequibo en Demerary; In brieven. Uit het Engelsch vertaald en verrykt met de Aanmerkingen van den Hoogduitschen, en enige van den Nederduitschen Vertaaler* (Amsterdam 1794; translated by Gerbrand Roos) 298.

¹⁴⁹ Fatah-Black, 'Atlantic making'; Van der Oest, 'Forgotten colonies', 355.

¹⁵⁰ *Lijst van de te Demerary uitgeklaarde schepen gedurende, 11 maart 1784 - 12 mei 1789*, NA The Hague, VWIS 1.05.06, inv. nr. 150.

slave uprising in Berbice nearly destroyed that colony, the war ships summoned by Clarke prevented a similar fate for Demerara.¹⁵¹

By this point it must be clear that Essequibo and Demerara were better connected to the wider Atlantic network than Suriname, which enabled the two colonies to deal with problems more effectively than their bigger brother could. The planters in Essequibo and Demerara were less constrained by the *negotiatie* system: they could evade the duties and commission fees and were less susceptible to changes in credit conditions; they had the option of acquiring slaves even as their current accounts were negative; furthermore, they could always choose to barter their plantation's produce for cash or food and beverages, rather than to ship it to the metropolis where it would be used for interest payments to the investors.

The question that remains then, is: why was this exclusive to Essequibo and Demerara? Of course Suriname was not free from illegal trade, but its persistence and effects seem to have been less.¹⁵² Part of the explanation should be found simply in the presence of a high number of foreign planters in Essequibo and Demerara. This should not suffice though, for the structure of the colonial state also played an important role. In Suriname, Paramaribo functioned as a nodal point for doing business and colonial authority had been well established. For its neighbours such a centre did not exist, and trade was conducted often just by anchoring near a plantation and transporting goods and people in smaller boats. Next to this, physical points of control, such as forts, could also make a difference: in Suriname the erection of new fort at junction of the Commewijne and Suriname rivers was one of the preconditions for the *negotiatie* boom¹⁵³: it established authority over the river, opening up a new area for new plantations. In the Essequibo and Demerara such forts were lacking and even after the improvements during the French occupation they could be circumvented. Since the two colonies did not have a real nerve centre, the supervision of trade was to a large extent in the hands of the Fiscal. And as we have seen, exactly that man made little effort to do anything about all the illegal trade that was going on.¹⁵⁴ Together, these factors might explain why the colonies of Essequibo and Demerara could continue to expand and even outgrow Suriname.

¹⁵¹ Smith, 'Gedney Clarke', 519-20

¹⁵² Some administrators in Suriname were accused of having secret arrangements with American traders, but these pertained to the prices of American imports, not to illegal exports. The administrators had to incentive to bargain hard for necessities for the plantations under their supervision. In contrast, they would receive a higher commission when prices were higher. (van Stipriaan, *Surinaams contrast*, 305) In addition to this, Van de Voort notes that a lot of the molasses trade escaped duties. (Van de Voort, *Westindische plantages*, 35) While interesting, this would have far less impact than illegal trade in the cash crops.

¹⁵³ Van Stipriaan, 'Debunking debts', 74.

¹⁵⁴ Bolingbroke, *A voyage*, 305, 311-12.

3: Testing theories

After having identified the different winners and losers in the system, it is now time to take a step back and try to gain a broader conceptual understand of the *negotiatie* complex. Several (not mutually exclusive) theories will be used as an ideal type to see to which extent the plantation complex fits with them.

The ecological explanation

Van Stipriaan puts forwards the argument of exhaustion to explain the demise of the Surinam coffee sector. Land and people were pushed to the limit which resulted in decreasing returns and a high death toll. This was even more so in the coffee sector than on sugar plantations. Sugar production was better suited to crop rotation, because the crop had to be replanted every few years anyway. In contrast, it took four years before coffee trees reached maturity, and they continued to be productive for decades, with annual variations. The incentive to innovate declined, as planting new trees would demand more labour and investment, while the planter could also just hope that next year's crop would be better. While Van Stipriaan is right in stressing these matters, the argument does not explain why the *negotiatie* system failed already in the 1770s, instead of in the 1790s or later. He noted himself that most coffee trees would be at their productive peak in the 1770s, since it takes about 18 years before a coffee tree starts to yield less fruit, and most plantations were set up in the 1760s.¹⁵⁵

Emmer also seems to make a point of ecology. He emphasized that Demerara could expand throughout the rest of the 18th century and in the 19th century, because it was a relatively new colony with lots of virgin soil. Once it received the capital from British financiers to take the land in cultivation, there were little limits on its expansion, whereas Suriname was stuck with depleted soils and no credit to cultivate new grounds.¹⁵⁶ However, this explanation has more to do with credit availability than with ecology. If Suriname had still been able to attract credit, and be allowed to buy slaves from foreign traders, there is no reason why the colony should not have expanded. Indeed, in the western part of Suriname there were still new lands to be cultivated,

¹⁵⁵ Van Stipriaan, *Surinaams contrast*, 130-1

¹⁵⁶ Emmer, 'Suiker, goud en slaven', 153-54; Idem, 'De Nederlandse economie en de overzeese expansie, 1580-1795', in: Jan Parmentier and Sander Spanoghe eds., *Orbis in Orbem. Liber amicorum John Everaert* (Gent 2001) 235-249, esp.242-48.

and at the end of the 18th century many concessions were given to – British- planters.¹⁵⁷ So again it seems that the connections with the British networks were crucial.

Kindleberger and Minsky: the classic mania

Maybe the realm of economic theory can offer more insights. Let us start with the classical work of Charles Kindleberger, *Manias, panics and crashes* and look more closely at the concepts in use. Kindleberger starts with denouncing the monetary theory of crises, which claims that a crisis is created by an oversupply of money in the boom years and followed by a shrinking of the monetary base during the bust. The view of cheap credit in a boom, followed by lots of capital going up in smoke in the bust is too narrow according to Kindleberger. Rather, he sides with Hyman Minsky in allowing more room for human action. The typical crisis develops in five stages. It starts with the ‘displacement’, when the economic opportunities in a certain sector are changed. In order to seize the new chances, more capital is needed and thus banks enlarge the monetary supply. Increasing personal credit is one of the easiest ways and can continue virtually without limits. This expansion of credit will fuel a boom, in which the sector expands at a quick pace. In the next phase the ‘euphoria’ or ‘overtrading’ sets in: the speculative mood results in increased demand, and once production reaches its limits, or the supply of assets (such as plantations) dries up, prices will rise. This rise will in itself provide a new stimulus for investment, and a positive feedback loop occurs: higher prices, more investments, higher prices.

The overtrading that now takes place can take different forms. Firstly one could buy simply with the hope of selling a product or asset for a higher price later. Speculation so to say. It is also possible that people invest on good faith, but with a distorted view of the reliability: the euphoric moods causes an overtly positive evaluation of future profits. The last form of overtrading is the use of excessive gearing or leverage: people deciding to invest with borrowed money. This possible because there are low capital requirements in the euphoric phase: one could either borrow the necessary money or pay in instalments. Such arrangements are based on the assumption that the asset could be sold onwards if one wanted to evade paying the rest of the purchasing price. Even people who did not have a particular knowledge about the sector join in, thinking it must be a wise choice if everyone is making money from their investments. Moreover, jealousy plays a role as well: ‘There is nothing so disturbing to one’s well-being and judgment as to see a friend get rich’.¹⁵⁸

¹⁵⁷ Van Schalkwijk, *Colonial state*, 144.

¹⁵⁸ Charles P. Kindleberger, *Manias, panics, and crashes. A history of financial crisis* (2nd edition; New York 1989) 19.

So more and more fortune seekers step in and we enter the 'bubble', or 'mania', phase. In this third stage prices continue to rise and the circulation of money goes faster as well. More and more people enter with the sole desire to get rich, without having a thorough understanding of the underlying asset. This means that we can also expect to find swindlers and frauds. The bubble could be inflated further, until it reaches an equilibrium where the entrance of new investors is balanced by the exit of earlier traders. Prices flatten out. Now we enter the fourth phase, 'financial distress,' for an increasing number of people start to realise that the peak may have passed. The clearest signal of distress is often a bank or firm going bankrupt, the discovery of a major fraud or a fall in the price of the object of speculation. Since a lot of investments involved borrowed money, there will be a rush towards liquidity: this means a sell off, for large sums are tied up in the illiquid investments and people need cash or other forms of liquid capital to pay their creditors. However, all this selling inevitable pushes prices down, indicating that the good times are over. Bankruptcies follow as more and more firms are getting into trouble.

It is possible that a stampede for the exit occurs: enter the 'revulsion', or 'discredit'. By now it is plain that there is not enough money available for everyone and the outlook becomes more and more grim. Bank stop lending on collateral that is declining in value. This phase can – but does not have to- develop into a full blown panic, as everyone tries to get out before everyone else does. The panic then only feeds on itself: more sell offs lead to lower prices, resulting in more problems for debtors, who then start to sell more again. This vicious cycle will only end if there are certain circuit breaker mechanisms to stop it, or if there is a lender of last resort guaranteeing the necessary credit, so that the fire sales do not have to take place. Otherwise prices will have to fall further until they are so low that audacious investors step in again.¹⁵⁹

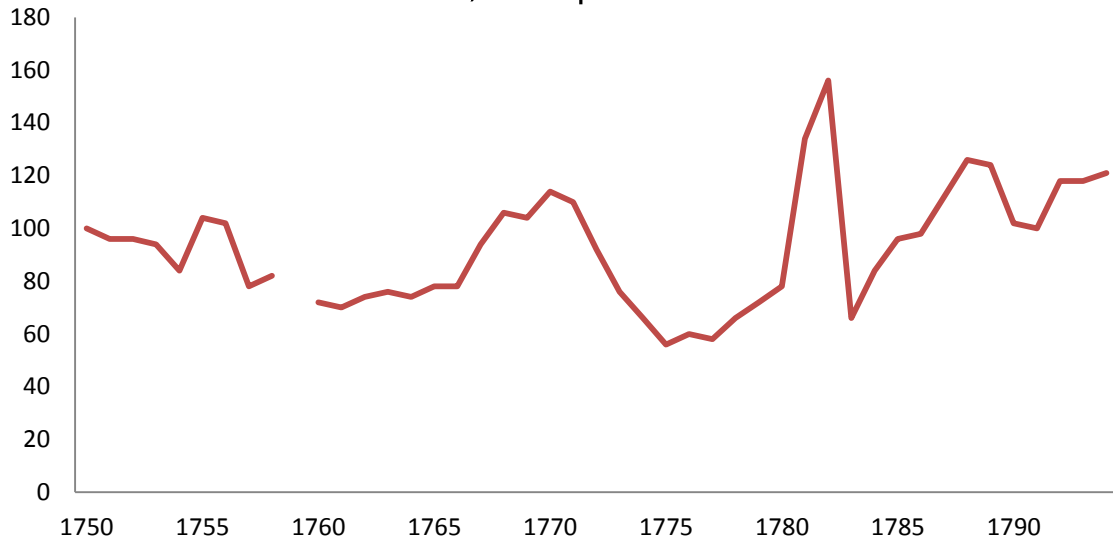
The application

Does the *negotiatie* system conform to the concept of a classic bubble, or mania? We can look for a displacement, which would be the invention of the first *negotiatie* fund by Willem Gideon Deutz. This opened up new opportunities for profit making, for investors as well as prospective planters. However, the efforts of Deutz proved perhaps not very lucrative, so his fund would not be the ideal candidate to identify as the displacement. This is testified by the fact that other funds only became active in the second half of the 1760s. So the real displacement should be found in the

¹⁵⁹ Kindleberger, *Manias*, 17-22.

steep increase in coffee prices from 1765 onwards, as Figure 3 again demonstrates. Now the opportunities for making a profit were indeed changed.

Fig. 3: Coffee prices in Amsterdam
1750-1794, cents per kilo



Source: Van Stipriaan, *Surinaams contrast*, appendix 2.

Fig 5: Plantation mortgages to Suriname,
1753-1792, million guilders



Source: Reproduced from Van Stipriaan, *Surinaams contrast*, 216.

The rapid increase in investment in plantation mortgages can be identified as the phase of euphoria. The subject of overtrading consisted not necessarily of the bonds on the plantations, but more of the mortgages itself. The pace with which new mortgages were handed out increased up to 1770, as can be seen in the Figure 4. Additionally, the increasing use of leverage can also be found in the *negotiatie* system, although speculation in the form of buying just to sell again at a higher price was less pervasive. The absence of the latter is explained by the fact that the investor did not completely own the object of speculation, like he would with a tulip or a company share. The overtrading occurred not so much in the plantation bonds, but more in the value of the plantation as a whole. While some of the mortgage bonds rose in price during the 1760s, they never exceeded 108 percent, which is far from the increases seen in the 17th century Tulip bubble. The euphoria was far from absent though. Firstly, there was a dramatic overestimation of future profits of the plantations. The repayment schedule suggested this: even for plantations still to be developed it was assumed that planters could pay 6 percent interest on a very substantial loan. And after 10 years profits would be so great as to enable the owner to pay 16 percent (6 percent interest, 10 percent principal) of the original sum. Overoptimistic assessments also came from the *administrateurs*, whose projections of next year's harvest were often too high.¹⁶⁰

In addition to this, we can also find the characteristic of buying on margin, or increasing use of leverage. As the euphoria progressed, it increasingly became possible to buy a plantation without contributing any capital of oneself. The *negotiatie* funds went along with this, agreeing to buy a plantation and providing a 100 percent mortgage even before they had the necessary capital themselves. Payment in different instalments solved the problem, for in the meantime new bonds could be issued to raise the money.

The next phase, the real mania or bubble, is also clearly visible, but it is difficult to separate the phases of euphoria and mania. Therefore it is hard to set a demarcation point after which a bubble was created, but we can state when it ended, which is different than is often presented in the literature. The peak of the bubble was not reached just before the 1772-3 crash triggered a burst, rather we can find the peak already around 1770, as Figure 3 and 4 show. The timing of the mania corresponds nicely with the price of coffee. As long as those prices were rising, the optimistic outlook of future profits could be sustained. However, once coffee declined in value, the phase of distress was entered. In the colony the bad weather, resulting in a disappointing harvest in 1769, and maroon attacks had made some qualifications to an all too

¹⁶⁰ Oostindie, *Twee plantages*, 384-5.

bright view of the future. And while new investments continued to be made, retreats from the system were visible as well: at least 59 plantations with a combined value of fl.9,1620,600 were sold before 1770, more than half of them in 1769. This picture is confirmed by governor Nepveu, who asserts that in 1770 at least 80 plantations were sold, for over 12 million guilders.¹⁶¹ In 1770 the price of coffee was at its peak, signifying the top of the bubble, and apparently those who understood this tried to get out. This explains why Hudig did not want to extend any more credit in 1770 and why we can already find remarks about the shortage of credit in 1771.¹⁶²

Another characteristic of a bubble - the increase in swindling - is harder to prove but far from absent. We can find such malpractices in the *prisaties* of the plantations. Already in 1766 Hudig's agent speaks of the 'embellished appraisals' used to get credit from Van de Poll, and *De Koopman* explains how this could work in practice. Probably the easiest way was to fool the *priseur* when he came to visit, by borrowing slaves from a neighbouring planter.¹⁶³ Next to this one could also question the intention of the appraisers, for some of them were planters themselves and perhaps befriended with the owner, or even worked for a *negotiatie* fund.

The last phase of discredit starts after the crisis of 1773, though not immediately. While indeed the credit flow diminished, this was not immediately so after the crisis. It took some time before the investors realized the possible impact of the crisis, as can be seen in the bonds prices, which stayed around 100 percent until early 1774. At this point the directorship of the fund of Abraham ter Borch changed, as a consequence of its bankruptcy. While Ter Borch had been insolvent since 1773, it was only now that the directors were replaced by Gabriel Bourcourd. It seems likely that this news informed even the more ignorant investors that the mania was over.¹⁶⁴

In conclusion it is fair to say that the *negotiatie* system can be classified as a classic bubble. Emmer, emphasizing over- and underinvestment, would probably agree with this, although Kindleberger and Minsky's framework is more elaborate. A qualification should be made though, for this concept applies mostly to the coffee sector, which received most of the mortgages. In the sugar sector a bubble did not occur to the same extent. This could be explained by the lack of price hikes for sugar, next to the fact that sugar producing required both more capital and more knowledge and thus attracted fewer inexperienced fortune seekers.

¹⁶¹ Van Stipriaan, *Surinaams contrast*, 69.

¹⁶² Hudig, *Westindische zaken*, 63.

¹⁶³ *De Koopman*, Volume 5 (1775), 185-203, esp. 188-190.

¹⁶⁴ EURYI auctions database; Van de Voort, *Westindische plantages*, 155-7.

The Ponzi element: Shiller and Minsky

We could take the failing of the *negotiatie* system one step further, by looking more specifically at why people were so eager to invest and expand the *negotiatie* system. It might be useful to see to what extent Ponzi processes are at work.

It would be too much to argue that a pure Ponzi scheme was at work. In such a scam, based on the story of Charles Ponzi in 1920, it is the fund manager who promises very attractive returns by stating that he has discovered a very lucrative way of investing. The first round of investors actually receive such high returns, but those are not paid out of actual investments, but from the capital of a later, second, round of depositors. The late investors supply the money for the earlier ones. So the system has no productive use and can only exist as long as there are new entrants to the scheme. When the influx stops, there is not enough money to go round and the scheme falls apart. Such a situation was clearly not at work in the financing of the plantation mortgages, for at least part of the capital was used in expanding the plantation complex. However, there are additional uses of the Ponzi concept that might be more compelling.

The first one is that of a ‘naturally occurring Ponzi scheme’, as put forward by Robert Shiller. He stresses the importance of feedback loops in the development of bubbles. In one version of the theory, feedback occurs because of adaptive expectations: a past increase in prices leads to the belief that prices will rise further in the future, therefore one should quickly enter the market. In a related version investor confidence in general is the motor: not a sudden increase, but a general upward trend fosters a positive attitude about future rises, inducing one to buy.¹⁶⁵

A Ponzi scheme relies heavily on stories, to give the necessary credibility. The first round of investors is usually quite sceptical and invests only a limited sum. But once these people have experienced the fantastic profits, they convince others to participate and are more likely to reinvest their money in the fund themselves. The proof that other people got rich entices a new round of investors to step in, even if there are doubts about the solidity of the fund.¹⁶⁶

In a bubble different types of dishonest behaviour usually manifest themselves: they range from downright fraud in bookkeeping, to deceit in painting overtly positive prospects of future possibilities, to exploiting the boom without believing in it. The latter is the most interesting. Even if a firm director knows a bubble is developing, he might decide to step into it to reap the profits, but to cash out early, leaving others to experience the downfall. However even without deliberate misbehaviour naturally occurring Ponzi processes – or speculative bubbles-

¹⁶⁵ Robert J. Shiller, *Irrational exuberance* (2nd edition; Princeton en Oxford 2005) 68-70.

¹⁶⁶ *Ibidem*, 74-76.

can develop. Stories suggesting further market rises can be found anywhere at any time and can be self-fulfilling. Just like in a Ponzi scheme, a series of price rises ‘proves’ the truth of the stories and attracts fresh investors. Shiller’s ideas are closely related to Kindelberger’s, but the focus is somewhat different. Shiller emphasizes how a bubble can effectively become a Ponzi scheme, without any deliberate fraud and without most people noticing in, for high returns generated can be sustained only as long as new investors are forthcoming.¹⁶⁷

Additionally, the concept of the Ponzi borrower, formulated by Hyman Minsky, deserves some attention. Minsky identifies three types of borrowers: the hedge, the speculative and the Ponzi borrower. The first one engages in solid investments and can pay both interest and principal out of his normal cash flow, just like one would expect of a normal and sound mortgage.

Secondly, there is the speculative borrower, who can only pay the interest on his loan and has to roll over (renew) his debt to pay of the old debt. The speculative borrower expects that in the future his revenues will have increased sufficiently to pay off the commitments he has right now. Put differently, this type borrows on short term to finance investments that hopefully pay off in the long run.

And lastly, we have the Ponzi borrower, who can pay neither the interest nor repay the principal. This obviously puts him in a difficult position. There are not many ways in which he can hold out. The first option for a Ponzi borrower is simply to sell some of his possessions to generate the cash for some repayments. A more difficult road would be to try and persuade his creditors to give him a new loan, but unless the situation changes, that would only aggravate the problem in the future and will lead to insolvency sooner or later. The only hope for the Ponzi borrower is that his possessions rise in value, so that he can either sell them to generate enough profit to pay off his creditors, or to take a new mortgage on his –now more valuable– possessions. If the windfall gain does not appear, this type of borrower only gets deeper into debt. On a different note, it is important to recognize that Ponzi financing does not necessarily have to be fraudulent, although it is often associated with malicious practices.¹⁶⁸

This division into different borrowers is not static. Changes in financial markets, such as rising interest rates or falling commodity prices, can move a borrower from one group to another. Such changes can endanger the entire system, as instability increases with more speculative or Ponzi borrowers.

¹⁶⁷ Shiller, *Irrational exuberance*, 76-8.

¹⁶⁸ Hyman P. Minsky, *Stabilizing an unstable economy* (Yale 1996) 203-8.

The application

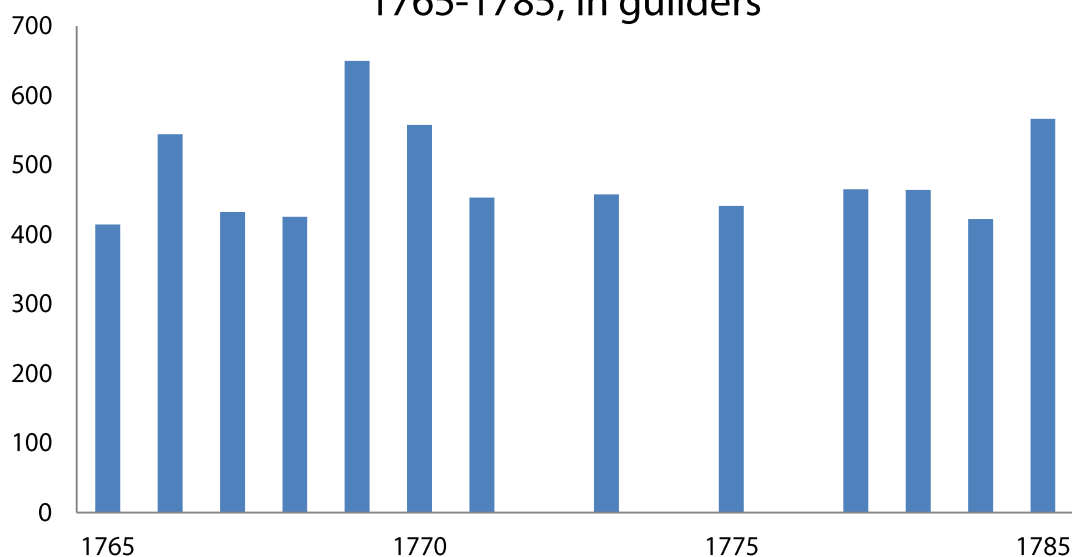
Could we identify Ponzi processes or borrowers in the *negotiatie* system? Most certainly, and the concepts of Ponzi borrower and a naturally occurring Ponzi scheme are very much intertwined.

The share of hedge borrowers could be said to be very small but it would require a lot of thorough investigation to find out how large that share was. If a planter wished to start repaying his loan before the 10 year 'interest only' period ended, he was allowed to do so according to most mortgage conditions, as long as he paid at least 10 percent of the principal. Sometimes he also had to pay a fine of 2 percent to compensate for the loss of income for the fund director.¹⁶⁹ In practice such preliminary redemptions were never mentioned and they were unlikely to have taken place. However, a planter repaying his mortgage in the stipulated twenty years would of course also be a hedge borrower. And although several examples can be given of fulfilled mortgages, it then remains unclear how this payment was made: did the planter pay off his loan out of his accumulated profits, or did he receive another mortgage from another fund that allowed him to repay his older debts?

Most planters must be identified as speculative borrowers at best. While their revenues enabled them to more or less pay the interest on their loan, paying of the principal sum would be too much of a burden. A positive change in profit opportunities would enable them to become hedge borrowers, an adverse one would push them into the zone of Ponzi borrowers. Rising slave prices would appear to be such a candidate. However, except for a price hike in 1769-70 (see Figure 6) there seems to be no reason to assume that rising slave prices made plantations unprofitable in the 1760s or 1770s.

¹⁶⁹ *Notarial records*, ACA, Notarissen 5075, inv. nr. 12723/85.

**Fig. 6: Slave prices in Suriname,
1765-1785, in guilders**



Source: Appendix B2.

So by looking at these statistics it is not immediately clear how speculative planter became Ponzi borrowers. However, it would not take much to push a planter over the edge and the conditions in 1769 and 1770 could have provided such a shock. Encouraged by high coffee prices the planter could take out more credit and bid up slave prices. However, once prices started to decline however, the planter would be left with an enlarged debt burden and very expensive slaves that had not yet proven their productive worth. With a rate of 6 percent the debt would quickly increase if the planter missed out a year or two, making him into a Ponzi borrower.

Those that had relied on ever increasing *prisaties* of their estates were already in Ponzi territory, but now others followed the same route. This situation would be aggravated if the 10 year interest-only period ended and repayment of the principal would have to start. The increase in obligations would make many planters into Ponzi borrowers, leaving them with basically only one way out: obtaining more credit. The planter could borrow more with his own merchant-banker, by obtaining a new and higher *prisatie*, or he could switch to another fund. This had the advantage of putting him back one step, making him a speculative borrower again. For if the mortgage was transferred to a new fund, the conditions often offered a new 5 or 10 year 'interest only' period.

So with this we really have arrived at the Ponzi characteristics of the system. The amplification mechanism was not as clear as in Shiller's model. For it is true that the prices of plantations continued to rise, resulting in the takeout of more credit, but that did not necessarily feedback into higher *prisaties*. Not all the credit was used in a way that would legitimate a higher assessment: part of it was used for conspicuous consumption, part of it to replace deceased

slaves (which would have no expansionary effect) and part of it on preparing new grounds with newly bought slaves. An important factor in the higher *prisaaties* was speculation and fraud, which are often associated with Ponzi schemes.

The fund director advancing capital from his own pockets to the investors could be understood in this fashion: just like the central figure in a Ponzi scheme needed the stories to encourage others to invest, the fund manager needed to maintain a story of reliability for his fund. The operation of a *negotiatie* fund depended to a large extent on trust: the investors had never seen the planter nor the plantation and had no knowledge of how he conducted his business. And while officially the fund manager had to open the books each year, this could be forestalled for years and only at the end of the 1770s did investors really demand openness or take judicial steps.¹⁷⁰ So trust had been crucial, and if doubts would arise, it would become harder for the fund manager to raise credit, either for his current planters or for future plantation loans.

The real Ponzi part however was that the *negotiatie* system could only function if there was ever more credit flowing into it. The large share of speculative borrowers made it instable and relatively minor shocks could make a lot of planters into Ponzi borrowers. Such planters could only continue business with ever more credit, like a Ponzi scheme can only last as long as there are new people provide new capital. The switching of funds could delay the transition from speculative to Ponzi borrowers, as long as new funds could be found. The crisis of 1772-3 made this far less likely. It undermined the confidence needed to continue the Ponzi scheme, so inevitable the *negotiatie* system crumbled down.

Evolution and transition to modernity

A different way of looking at the *negotiatie* system is by considering it as a failed transition to modernity. Joseph Schumpeter described the evolutionary character of economics in the following way:

“The fundamental impulse that sets and keeps the capitalist engine in motion comes from the new consumers’ goods, the new methods of production or transportation, the new markets, the new forms of industrial organization that capitalist enterprise creates... the same process of industrial mutation ... that incessantly revolutionizes the

¹⁷⁰Van Stipriaan, *Surinaams contrast*, 223; *Verslag van Johannes Petsch c.s. aan hun committenten, geïnteresseerden in de negotiatien ten behoeve van eenige planters in Essequibo en Demerary opgericht onder directie van Mr. C. van der Helm Boddaert wegens hun onderzoek van den staat dier negotiatien. (gedrukt)*, 1785, NA The Hague, VWIS 1.05.06, inv. nr. 22; *Notarial records, ACA, Notarissen* 5075, inv. nr. 16739 fo 115; *Ibidem*, inv. nr. 12456/1.

economic structure *from within*, incessantly destroying the old one, incessantly creating a new one. This process of Creative Destruction is the essential fact about capitalism.¹⁷¹

The most important similarities between the financial system and evolution are the possibilities of mutation and natural selection: new financial arrangements can be developed, new firms can spring up, and competition will determine which one is the fittest. More specifically, a transition to modernity can be equated with an evolutionary leap, a mutation in the system that brought society closer to the world we live in today. But just like in evolution, not every mutation is beneficial and natural selection will determine which one is and which one is not.

The development of the *negotiatie* system can be seen as an attempt at a transition to modernity as well. The Dutch economy had previously relied on its central position in the commodity trade, but the position of Amsterdam as staple market was declining, and economic activity increasingly shifted towards profit generation through financial services.¹⁷² The invention of the *negotiatie* system fitted nicely in this transition from commercial to financial services economy. For the investors it provided an outlet for their capital, which they could not invest as profitably at home, and for the merchant-bankers it was a way of procuring the tropical products that would perhaps otherwise have been marketed elsewhere. The *negotiatie* construction as invented by Deutz provided a new form of organizing capitalist enterprise, increasing the market for colonial products and stimulating the production of colonial consumption goods. This mutation initially seemed successful and therefore was copied by all the other *negotiatie* funds that sprang up.

The abundance of capital available in the Republic delayed the forces of natural selection though. If commissionaires and investors had been critical from the start, thoroughly scrutinizing every plantation that applied for a mortgage, and monitoring its performance closely over the subsequent years, then there would not have been so many mortgages as was the case in reality. The overconfidence that prevented them to do so is clearly visible in the character of the '*generale negotiaties*'. Up to the economic crisis of 1772-3 these were the most popular forms of extending plantation mortgages, according to the typology of W.W. van der Meulen. A general *negotiatie* was a prime example of overconfidence. The investors entrusted their money with a fund director, purely on good faith. The prospectus of the fund did not mention what the collateral would be for the mortgage loan, so the investor would put his money at risk without knowing to

¹⁷¹ Quoted in: Niall Ferguson, *The ascent of money. A financial history of the world* (New York 2010) 349.

¹⁷² Van Stipriaan, *Surinaams contrast*, 30; Van de Voort, *Westindische plantages*, 10-1, 26; De Vries and Van der Woude, *First modern economy*. 698, 711-22.

which planter on which plantation on what collateral it was going. Most of these *negotiaties* would only mention the region or colony in which it invested, without going into further detail. While the *negotiaties* explicitly mentioning the plantations they invested in outnumbered the ‘general’ ones, most of the capital was tied up in the latter. At least 40 of them existed prior to 1772, often carrying generic names like L.^a.A., L.^a. B and L.^a.C. After 1772 these types had disappeared, as investors had grown more weary and demanded more information. From then onwards mortgages were almost exclusively granted to single estates, rather than to bundles of ten or twenty plantations together.¹⁷³

The continued expansion of credit made it almost impossible to go bankrupt in the 1760s. Only after the displacement of 1770 and the crisis of 1772-3 were the forces of natural selection unleashed, triggering the process of ‘creative destruction’. One could state that the difficulties that mortgage funds experienced across the board indicated that the ‘mutation’ of the *negotiatie* fund was inherently flawed. And indeed these flaws can be identified, the most important one being the decision to base the amount of credit on the estimated value of a plantation, rather than on its productive capacity, or the capacity to repay the loan. However, we could also argue that these flaws only really became problematic once people started to exploit the system. In a situation with sincere planters, who used the credit only for increasing the productive potential of their plantation, the *negotiatie* system could have worked quite well. Even the *prisaties* that took place from time to time would not have to be problem, if speculation and fraud had not inflated the estimated value of land, slaves or houses. A higher assessment would then be based on real increases in productive capacity instead of on value on paper. Perhaps though the people involved did not grasp the extent to which the system could be exploited.

Maybe the *negotiatie* system had been too great a leap, and it was therefore in need of refinements. One of the first improvements was made by the Marselis brothers in 1757, by reducing the interest rates to investors from 6 to 5 percent. Although it is unclear where they used all this money for, the idea was to build a buffer to weather bad times. More adjustments came after the crisis, such as the new rules for assessing the value of the plantation. Though it is not known how these rules exactly changed, but we find that planters feared that a *prisatie* under the changed conditions would be less favourable¹⁷⁴. Even the erection of Propertied Societies for a plantation could be seen as such an improvement: now returns to investors became dependent

¹⁷³ Van der Meulen, ‘Plantage leeningen’, 616-8.

¹⁷⁴ Hudig; *Westindische zaken*, 60; *Verslag over de toestand van de kolonie Suriname (door mr. C. Graafland en A. Gootenaar, voormalig secretaris van de kolonie). Met twee bijlagen, 1778*, NA The Hague, SvS 1.05.03, inv. nr. 509.

on the actual profits of a plantation, instead of begin a fixed burden. This, however, was too late to rescue the *negotiatie* system.

While it is true that the *negotiatie* structure could not survive in the long run, we must acknowledge that it had profoundly different effects in Suriname on the one hand, and in Essequibo and Demerara on the other. The *negotiatie* system was effectively a renewed version of the old dogma of mercantilism. It was a way of making sure that the Dutch-Atlantic region remained tied to the changing Dutch economy. For the Dutch economy itself this was not of vital importance: sugar and coffee could just as well be bought from France or England, who already supplied half of the Dutch market.¹⁷⁵ For the plantation colonies the restrictions of the *negotiatie* system were unfavourable as well. The planters did not have the choice of buying the cheapest imports, choosing the most advantageous transporters or sell to the highest bidding merchant. If that would have been the case, then the plantation mortgages might have encountered less trouble. In Essequibo and Demerara the strains of the *negotiatie* structure were less problematic, as they could fairly easily be circumvented, for legal and illegal trade with the rest of the intra-Atlantic network occurred on a great scale. It would go much too far to state that Essequibo and Demerara experienced a free trade regime, but their trade networks should be considered more modern than that of Suriname: less mercantilist and more open to the rest of the Atlantic world.

¹⁷⁵ Van de Voort, *Westindische plantages*, 10; Emmer, *Nederlandse slavenhandel*, 173.

Conclusion

This thesis aims to scrutinize the *negotiatie* system in its wider context. For Suriname its characteristics are well known: we know how a large stream of credit from the 1750s onwards flowed to the colony, we know that many parvenu planters, especially in the coffee sector, failed to repay their mortgages, and we know how that hurt Suriname as a plantation colony, even though the sugar sector revived in the 19th century. While the idea that the 1772-3 crisis provided a deathblow to Surinam's prospects seems attractive, there are good arguments to move away from a focus on the crisis. To do so, however, we need a better conceptual understanding of the *negotiatie* system.

When testing different economic theories, we find that the *negotiatie* system fits very well in Kindleberger and Minsky's model of a classic bubble. Rising prices, especially for coffee, together with a form of financing the new *subprime* plantation mortgages, provided the 'displacement'. This seemingly profitable business attracted many a planter, fund director and investor. Once some setback occurred between 1769 and 1771 – drought, declining prices and maroon attacks- the mania started to crumble down. Those with a keen eye, selling their plantations or bonds before the phase of distress began, were winners. Those who held on to their investment were losers. The 1772-3 crisis was not the event that destroyed the *negotiatie* system, it was just another way of pointing out to the ignorant that the phase of discredit had arrived. This also explains why there was no immediate stop in granting mortgages: there were still people who had not accepted the system defeat. After Ter Borch's bankruptcy was effectuated in 1774 this became even harder to ignore, so that is why the stream of mortgages almost dried up in the two years afterwards.

Classifying the *negotiatie* structure as a classic bubble is not enough though. The fund managers occupied a crucial place in the system and must have known quite well how problematic their subprime mortgages were, we need to understand why they kept the system running. This requires arguments beyond simple economic rationale. While the fund manager might be a spider in the web, and could in theory pass the losses onwards to the investors, this does not satisfy as explanation. For then we cannot explain why investors were not confronted with losses already in the 1760s, nor why the fund director would put considerable sums of his own money into the system. Trust and reputation must have been crucially important: the fund manager needed to keep up his reputation: not only towards his investors – who were not simply anonymous persons, but often family members- but also towards partners in his other business arrangements and to the influential people he had granted a mortgage. The fund manager could

not simply walk away. However, there was always the possibility of passing the mortgage onwards. If all the commission fees had proved as lucrative as they seemed, the director would have no incentive to sell his fund's mortgages. If the revenues were disappointing though, it would be wise to get rid of the investments. Planters would have little problem in changed funds either, for that could provide them with two benefits: firstly they could obtain a higher mortgage with the new fund, and secondly they could forestall the repayment of the mortgage. When switching to a new fund, it was not unthinkable that the planter entered a new phase in which he only needed to pay interest on his loan, instead of starting to repay the principal. The question then arises why the new fund manager would take in such a plantation, already deep in debts, from a fellow fund manager who apparently wanted to get rid of it. The answer could be that the *agendaris* provided a recommended or that the new manager was interested in the brokerage fee of 1.5 to 2.5 percent of the mortgage sum. This was an bonus that he could immediately cash, while problems could be dealt with later. We must not forget though that the *agendaris* had a clear self interest in providing new plantations for his fund director: more plantations would only increase his remuneration, and even if the plantations were sold the agents could receive a commission. One last point to note here is that these mortgage transfers from one fund to another have few effects on actual business in the colonies. This meant that a large part of the *negotiaties* missed their initial goal, that of stimulating expansion of plantations, either in size, productivity or number. A large part of the mortgage capital must therefore be considered as secondary and tertiary credit, rather than primary credit.

With the above observations we have come to the Ponzi aspects of the system. The points is that the *negotiatie* structure could only continue as long as new money was put into it. A naturally occurring Ponzi process was created as early investors were rewarded with high interest payments and it is likely that their positive stories, next to those of the fund managers, convinced more people to put their money into the system. This was badly needed, for there were few hedge borrowers in the *negotiatie* structure. Most planters could at best pay the interest on their mortgages, making them speculative borrowers. However, they were vulnerable to shocks, such as decreasing product prices and droughts, and this could add to their debt burden, just like conspicuous consumption did. If this continued, the planters became a Ponzi borrowers and obtaining more credit was then the only way forward. Either a higher *prisatie* or a new mortgage with another fund would suffice, but this could not go on forever. As the share of Ponzi borrowers in the system increased, it became unstable and was bound to collapse.

This is not to say that everybody lost, for we can clearly identify winners and losers. For instance, early investors were winners, late investors lost. The image for planters is mixed: some of them might have gotten rich, some lost their estates, and others were deeply in debt but lived a good life on other people's money. Fund managers could win if they had competent planters in their fund, or if they got rid of the incompetent ones quickly enough, before losses became too great. The rewards could be high, but the risks were high too. That was not the case for the people in the periphery of the *negotatie* system, such as the auctioneers and *agendarissen*. They had little or no exposure to the risks, but profited in good times, and sometimes even in bad times. Dutch slave traders were not among the big winners. While in Suriname they could attain fairly good business results, but they were not the first in line of creditors and thus could not steer the large capital flows of the system in their direction. Things were rather different in Essequibo and Demerara though. There, the Dutch slave traders were losing, while the English ones were winning.

Due to the lack of a vested colonial structure and without a nodal point like Paramaribo, the two colonies of Essequibo and Demerara were far more open to the wider Atlantic network, which made a crucial difference for their development. While Suriname was more constrained by the ties of the *negotaties*, planters in the neighbouring colonies took more freedom in trading with foreigners, whether that was allowed or not. Illegal trading was difficult to prevent, and as powerful people profited by looking away, little effort was made, at least in the 1780s and 1790s. For its survival as plantation colonies, Essequibo and Demerara could not do without the imports from the intra-Atlantic network: while Zealand was determined to hold on to the colonies as their privileged domain, they did not take the necessary efforts to supply it properly; neither with capital, which came to a large extent from Amsterdam houses as well as from British, nor with an adequate military structure, nor with the required slaves, nor with food. The open structure of the two colonies allowed planters to take matters into their own hands, and the large share of British planters provided the necessary connections. All the illegal imports had to be paid of course, and here conflicts with the *negotatie* system arose. Creative constructions with bills of exchange could be used but were far from satisfying, not in the least because planters in Essequibo and Demerara were not necessarily in a better financial position than those in Suriname. Paying with products was easier, even though it entailed some risks of getting caught. Since the chance of being fined was quite low, it was well worth the risk. In the context of the *negotatie* system this illegal trade was not necessarily all bad. Since food, building materials and slaves could all be acquired more cheaply in the intra-Atlantic network, the planter had more financial headroom. He could send less products to his fund manager of course, but he also

needed less of the expensive imports. Moreover, the planter still could acquire the slaves he needed, and thus was less vulnerable to tightening credit conditions in the Republic. Whereas a planter in Suriname would see his slave force decline and thus the production hampered and debts increased, this was less the case for planters in the two neighbouring colonies.

The orientation of Essequibo and Demerara towards the Atlantic network proved better over the longer term, as the two colonies managed to outgrow Suriname and expanded quickly, especially after the British annexation at the turn of the 19th century. The *negotiatie* system itself could not survive successfully into the future, even though some mortgages were granted in the 19th century. It had proved to be a failed transition to modernity. At first glance it seemed like an innovative system which could not only secure a stable stream of tropical commodities but also provide a profitable investment for the abundance of capital in the Republic. This way, it would be a good combination of both the commercial and financial strengths of the Dutch economy. However, there were several inherent flaws in the system, it was very susceptible to shocks and it could be abused by those willing to do so. Some of the design flaws were later corrected, for example by keeping a financial reserve to weather difficult times, but it was too late. The propertied societies of 1790s, with shares rather than bonds, were a good step, but one that came only after the system had already failed. A structure in which access credit and pay-outs were based on appraisals of collateral, rather than on productive capacity, was doomed to fail.

Thus the tradition to modernity had failed, but more so in Suriname than in Essequibo and Demerara. The *negotiatie* system was effectively based on mercantilist ideas, operating not long before more modern ideas concerning free trade would gain ground. As Suriname was, through the *negotiatie* structure, more tied to the Dutch economy, it could also be said to be less modern. Such ties were less strict in Essequibo and Demerara, were connections to foreigners in rest of the Atlantic world not only proved useful, but also necessary. We could say that Suriname was more tied up in a Dutch-Atlantic system, while Essequibo and Demerara were part of the wider Atlantic world, which enabled them to be more successful as plantation colonies.

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9494 fo 152	12406 fo 759	12724 fo 39	12733 fo 103	15230 fo 18
10534 fo 620	12456 fo 1	12725 fo 63	12733 fo 140	15234 fo 195
10535 fo 894	12674 fo 73	12725 fo 76	12734 fo 39	15282 fo 263
10580 fo 1058	12676 fo 47	12728 fo 18	12734 fo 103	15326 fo 788
10741 fo 208	12677 fo 88	12730 fo 37	12739 fo 201	16339 fo 183
11474 fo 177	12682 fo 13	12731 fo 16	12877 fo 249	16739 fo 115
11479 fo 94	12682 fo 23	12733 fo 4	14166 fo 6862	
11479 fo 95	12719 fo 102	12733 fo 74	14677 fo 47	
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Appendices

Appendix A: Number of slaves disembarked in the Guyana region, 1750-1808

	<i>Suriname total*</i>	<i>Essequibo</i>	<i>Demerara total **</i>	<i>Grand total</i>
1750	1,490	357		1,847
1751	1,824			1,824
1752	1,885			1,885
1753	1,549			1,549
1754	4,349			4,349
1755	2,597			2,597
1756	3,754			3,754
1757	2,302			2,302
1758	3,868			3,868
1759	2,727			2,727
1760	2,690			2,690
1761	2,830			2,830
1762	2,993	302		3,295
1763	2,864	307		3,171
1764	3,858			3,858
1765	4,814	316		5,130
1766	4,369			4,369
1767	4,728	28		4,756
1768	3,727	305	302	4,334
1769	3,812	269		4,081
1770	5,337	831		6,168
1771	5,406	1,301		6,707
1772	3,278	428		3,706
1773	3,000	750		3,750
1774	1,361	930		2,541
1775	1,351	310	362	2,247
1776	1,297		226	1,523
1777	1,598	500		2,098
1778	1,642	200		1,842
1779	1,682	398		2,080
1780	1,217	300	304	1,821
1781		437		437
1782			279	279
1783	150			150
1784	1,852		180	2,032
1785	455		878	1,483
1786	249			249
1787	497		998	1,495

	<i>Suriname total*</i>	<i>Essequibo</i>	<i>Demerara total **</i>	<i>Grand total</i>
1788	469		580	1,049
1789	773		331	1,104
1790	513		417	930
1791	1,140		379	1,519
1792	1,745		202	1,947
1793	2,012		649	2,661
1794	603			603
1795	754			754
1796	179		2,170	2,349
1797			5,832	5,832
1798	266		8,248	8,514
1799	1,263		6,045	7,308
1800	3,082		7,974	11,056
1801	3,663		12,532	16,195
1802	1,857		5,616	7,473
1803	3,131		4,947	8,078
1804	3,369		3,887	7,256
1805	5,244		5,823	11,067
1806	1,317		2,148	3,465
1807	404		1,893	2,297
1808	595		1,175	1,770

* This category 'Suriname total' includes the numbers for the category of Paramaribo

** This category includes the number for the Cumingsberg, Stabroek and Kingston (Demerara)

Voyages Database 2009, *Voyages: The Trans-Atlantic Slave Trade Database*, <http://www.slavevoyages.org> (accessed January 7, 2012).

Appendix B1: Slave cash price 1752-1795, in pounds Sterling in Jamaica

	<i>Suriname</i>	<i>Paramaribo</i>	<i>Essequibo</i>	<i>Demerara</i>
1752	41.2			
1754	37.2			
1755	32.8			
1756	34.1			
1757	28.8			
1758	24.8			
1759	25			
1760	21.6			
1761	38.1			
1763	39.5			
1764	39.2			
1765	37.7			
1766	49.5			
1767	39.3			
1768	38.7		60.4	
1769	59.1			
1770	50.7			
1771	41.2		52.3	
1772			44	
1773	41.6			
1774			45.1	
1775		40.1	39.9	50.2
1776				46.2
1777		42.3		
1778	42.2			
1779	38.4		59.3	
1785	51.5			71.7
1787	53.2			
1789	57			
1790	52.9			
1792	55.1			77.8
1793				70.9
1795	58			

Voyages Database 2009, *Voyages: The Trans-Atlantic Slave Trade Database*, <http://www.slavevoyages.org> (accessed January 7, 2012).

Appendix B2: Slave cash price 1752-1795, in pounds sterling in Jamaica converted to guilders*

	<i>Essequibo</i>	<i>Suriname</i>	<i>Paramaribo</i>	<i>Demerara</i>
1752		453		
1754		409		
1755		361		
1756		375		
1757		317		
1758		273		
1759		275		
1760		238		
1761		419		
1763		435		
1764		431		
1765		415		
1766		545		
1767		432		
1768	664	426		
1769		650		
1770		558		
1771	575	453		
1772	484			
1773		458		
1774	496			
1775	439		441	552
1776				508
1777			465	
1778		464		
1779	652	422		
1785		567		789
1787		585		
1789		627		
1790		582		
1792		606		856
1793		0		780
1795		696		

* The conversion rate is 1 pound to 12 guilders (Postma and Enthoven, *Riches*, 463.)

Voyages Database 2009, *Voyages: The Trans-Atlantic Slave Trade Database*, <http://www.slavevoyages.org> (accessed January 7, 2012);