University of Wollongong
Research Online

University of Wollongong Thesis Collection

University of Wollongong Thesis Collections

2011

Capitalism and accounting in the Dutch East-India Company 1602-1623: an historical study of determining influences and practices

Jeffrey Stephen Robertson
University of Wollongong

Recommended Citation

Robertson, Jeffrey Stephen, Capitalism and accounting in the Dutch East-India Company 1602-1623: an historical study of determining influences and practices, Doctor of Philosophy thesis, School of Accounting and Finance, University of Wollongong, 2011. http://ro.uow.edu.au/theses/3329

Research Online is the open access institutional repository for the University of Wollongong. For further information contact Manager Repository Services: morgan@uow.edu.au.

UNIVERSITY OF WOLLONGONG

COPYRIGHT WARNING

You may print or download ONE copy of this document for the purpose of your own research or study. The University does not authorise you to copy, communicate or otherwise make available electronically to any other person any copyright material contained on this site. You are reminded of the following:

Copyright owners are entitled to take legal action against persons who infringe their copyright. A reproduction of material that is protected by copyright may be a copyright infringement. A court may impose penalties and award damages in relation to offences and infringements relating to copyright material. Higher penalties may apply, and higher damages may be awarded, for offences and infringements involving the conversion of material into digital or electronic form.

CAPITALISM AND ACCOUNTING IN THE DUTCH EAST-INDIA COMPANY 1602-1623:

AN HISTORICAL STUDY OF DETERMINING INFLUENCES AND PRACTICES

VOLUME I

PARTS I & II

A thesis submitted in fulfilment of the
requirements for the award of the degree

Doctor of Philosophy

from

University of Wollongong

by

Jeffrey Stephen Robertson
B.Com(Hons) (UNISA), MBS (Massey University)

Faculty of Commerce
School of Accounting and Finance

2011

CERTIFICATION

I, Jeffrey Stephen Robertson, declare that this thesis, submitted in fulfilment of the requirements for the award of Doctor of Philosophy, in the School of Accounting and Finance, University of Wollongong, is wholly my own work unless otherwise referenced or acknowledged. The document has not been submitted for qualifications at any other academic institution.

8 February 2011

TABLE OF CONTENTS

VOLUME I, PARTS I & II

CHAPTER 1: INTRODUCTION **1**

Sombart: capitalism and bookkeeping *4*

Contribution of Dutch empirical evidence *9*

Aims of the Thesis *11*

Scope of the thesis *14*

Extant VOC histories *18*

Organisation of the thesis *27*

CHAPTER 2: HISTORIOGRAPHY AND ACCOUNTING HISTORY **33**

Traditional history: A critique of salient features *35*

Objectivity 38

Truth 40

Narrative 42

Scientific history *48*

Social history *52*

Marxist history 54

Foucauldian analysis 59

Archaeology 61

Genealogy 64

Annales history 71

Mentalités history 76

Accounting history: Emergence and development *82*

Traditional accounting history 87

New accounting history 90

Strategy adopted for this history *94*

Conclusion *99*

CHAPTER 3: CAPITALISM AND BOOKKEEPING IN THE EARLY 17TH CENTURY **102**

Capitalism and accounting: Sombart and Weber's hypotheses *105*

Sombart's hypothesis 107

The Last Centuries of Early Capitalism 111

The capitalistic firm 117

Criticisms of Sombart's thesis 118

Weber's Protestant ethic and spirit of capitalism 124

BryerThe relationship between socialised capital and capital accounting *126*

The EEIC in perspective 130

Sixteenth century Dutch bookkeeping: Purpose and practice *135*

Hanseatic business practices 139

Hanseatic bookkeeping: the empirical evidence 143

Netherlands 16th century business practice 145

A Netherlands' bookkeeping genealogy: 16th century bookkeeping texts *154*

Mansvelt's opinion of the VOC's bookkeeping *177*

Conclusion *180*

PART II **187**

CHAPTER 4: GEOGRAPHY AND NETHERLANDS' SOCIAL INSTITUTIONS **189**
Water management: A defining social influence *192*
The cope: the instrument of Dutch rural capitalism *200*
The Netherlands' rebellion *205*
The governance structure of The Netherlands Republic 210
The States-General 212
The States Provincial 215
The towns 217
Conclusion *220*

CHAPTER 5: NETHERLANDS' TRADE AND COMMERCE **223**
History of the pepper and spice trade. *226*
Amsterdam's ascendency to world entrepôt *230*
Trade and shipping *235*
Growth of the Dutch fleet 236
The key to Dutch maritime capital: Low bulk, high value or high bulk, low value cargoes 238
Expanding the range of the Netherlands' fleet 243
Dutch intrusion into the Asian traffic *247*
Attempts to discover a route to the East-Indies 250
Conclusion *252*

PART III **257**

CHAPTER 6: STATE AND COMPANY **259**
The Netherlands' Asian trade and the first Dutch East-India companies *262*
An unruly concurrency: amalgamation of the independent companies *273*
The unification of the Dutch East-Indian companies *282*
First attempts to Unite 282
The second attempt to force the companies to unite 286
The VOC's 1602 charter *298*
The VOC's Administrative Structure *308*
Heren Zeventien 309
The company advocate 311
The VOC Chambers 311
Conclusion *317*

CHAPTER 7: ACCOUNTING FOR THE VOC'S CAPITAL **321**
The prospectus *325*
The VOC subscription registers *330*
The participants' book *340*
Capital journals and ledger accounts *344*
Capital accounting in the Amsterdam chamber 346
Capital accounting in the Zeeland chamber 351
The VOC's capital bookkeeping after 1607 354
Parts, actions, shares, and receipts *362*
The VOC transfer process *369*
Conclusion *376*

CHAPTER 8: THE VOC'S GENERAL BOOKKEEPING **381**
Domestic accounting records *385*
Asian accounting records *394*
The general company's balances and financial reports *400*
The liquidation and equalisation statements 401
The balance statements 410
General participants' accounting 415
The bewinthebbers' response to the participants' protestations *422*
The influence of the 1623 Charter on the general accounting *425*
The audit of the accounts for the first twenty-one years *430*
Conclusion *441*

CHAPTER 9: CONCLUSION. **447**
Historical context: a rationale for the VOC's organisational structure *449*
The VOC's organisation *454*
The VOC's financial administration in the 17th century *462*
Rationality, double-entry bookkeeping, and the rise of capitalism *466*
The VOC and the social theories of the development of capitalism *473*
Possible future research suggested by this thesis *476*

BIBLIOGRAPHY
Primary reference sources. *479*
Secondary reference sources *482*

FIGURES AND TABLE

FIGURE 2.1 Interpretive research process 96
FIGURE 3.1 Account book of Symon Ryersz. and Reyer Dircsz. 147
FIGURE 3.2 Ledger of Collard de Marke of Bruges 148
FIGURE 3.3 Copy the Cunertorf, Snel and Jansz. ledger 150
FIGURE 4.1 Organisation of the Netherlands' governement 213
FIGURE 6.1 VOC's administrative structure. 309
FIGURE 6.2 Amsterdam chamber's committees in 1608 314
FIGURE 6.3 Amsterdam chamber's committee structure 315
FIGURE 7.1 VOC's bookkeeping system 325
FIGURE 7.2 Amsterdam chamber's bookkeeping records 347
FIGURE 8.1 Amsterdam ledger folio 12 388
FIGURE 8.2 Amsterdam ledger, 1603, folio 1 390
FIGURE 8.3 Sales, Amsterdam ledger, 1603, folio 444 391
FIGURE 8.4 1611 Liquidation statement 404
FIGURE 8.5 1618 Liquidation statement 405
FIGURE 8.6 1622 Liquidation statement 406

TABLE

TABLE 6.1 Independent Dutch East-India fleets 260

APPENDICES

APPENDIX I VOC charter (1602-1603) 519
APPENDIX II Continuation of charter (1622) 537
APPENDIX III Amendment to charter (1623) 547
APPENDIX IV Nootwendich discourse 551
APPENDIX V Tegen-vertooch 591
APPENDIX VI Audit report (1608/1623) 601
APPENDIX VII Zeeland balance statement 1607) 603
APPENDIX VIII Barent Lampe: VOC Bookkeeper-general 609

APPENDIX IX Capital transfer deed (1677) 617
APPENDIX X Subsidiary ledger: Ships Amsterdam and Sonne 619

ABSTRACT

Significant developments in the prevailing accounting paradigm offer a rare opportunity to understand the forces that prompted methodological change. One such significant event occurred about the turn of the 16th century when the capitalistic form of double-entry bookkeeping, which allowed the return on invested capital to be precisely calculated, was developed. This innovation, together with the contiguous emergence of the public company, caused early 20th century economic historians to suggest a direct association between capitalistic double-entry bookkeeping and the development of the public company and that this conjunction gave rise to the modern capitalistic economy. Although considerable doubt surrounds this hypothesis, it is generally conceded that the nature of the complex interrelationship between capitalism, the capitalistic corporation and bookkeeping, remains to be determined. Accordingly, the primary purpose of this thesis is to add to the extant understanding of that relationship.

Empirical studies to test the relationship between bookkeeping and capitalism have been compromised by largely being confined to English archives. This history extends the scope of the extant research to an analysis of the archived records of the first public company, the Dutch East-India Company (VOC), that have thus far been ignored. The neglect of Dutch empirical resources is surprising because, in the early 17th century, when full capitalism was believed to have first emerged, Netherlands' commercial organisation and bookkeeping practices led the world and informed English financial administration. To this end, the thesis combines information from the VOC's archives with a contextual analysis to establish that Netherlands' business practices were a consequence of the country's social history, and that the VOC's bookkeeping was a hybrid form based on northern European agents' bookkeeping adapted to suit the

northern European business venture. For the duration of the nearly two hundred years life, the VOC never produced public accounts of its financial affairs. Moreover, the VOC's financial accounting was never designed as an aid to rational investment decision-making but a means of promoting sound stewardship and ensuring that the economic activity generated by the company's activities was equitably distributed between the towns most directly involved in the company's business.

DEDICATION

I dedicate this thesis to the profound influence of two people without whom it could never have reached the light of day. A deep debt of gratitude is owed to my mentor and friend, Professor Warwick Funnell, who had the foresight to recognise merit in what I proposed when others could not, and for his tolerance, wisdom and enthusiasm that were critical in ensuring that the project survived its darkest days to reach a successful conclusion. Equally important to the successful completion of the thesis was the love, care and support of my wife, Melanie, who endured many years of research that completely disrupted our family life, and who ensured that I survived the times when I wanted nothing more than to abandon the entire project. For that, amongst many other things, I love her dearly.

Jeffrey Robertson

CHAPTER 1

AN HISTORICAL STUDY OF DETERMINING INFLUENCES AND PRACTICES

INTRODUCTION

> Firms and companies are interesting not so much for themselves as for what they can tell us: through the evidence that they offer, we can see beyond into the larger picture of economic life and capitalist practice (Braudel, 1992b, p. 433).

Momentous developments in the prevailing accounting paradigm occur infrequently (Hopwood, 1987, p. 214),[1] which means that such transformations are highly significant events that offer accounting historians a rare opportunity to study the forces that prompted the methodological change. Even more extraordinary, and more propitious, are evolutionary shifts in accounting that occur in conjunction with a major advance in the manner in which business is organised (Cushing, 1989, pp. 9-20). Such a contiguous set of circumstances presents accounting historians with a unique opportunity to integrate a disciplinary study with an analysis of the broad social context in which the change to accounting methodology occurred, thus developing a better understanding of the relationship between society, business entity and accounting. One such significant

[1] Double-entry bookkeeping represents the current accounting paradigm (Cushing, 1989, p. 13).

conjuncture occurred in the late 16th and early 17th centuries when Paciolian[2] double-entry bookkeeping[3] was transformed into the capitalistic form of double-entry bookkeeping,[4] and the public company fashioned from medieval business partnerships. The transformation in double-entry bookkeeping that occurred at this time were of a limited nature, being primarily manifested itself in the Dutch bookkeeping texts of Petri (1635), Mennher (1565/1979), and Stevin (1707/1979) rather than practice. The changes to Pacioli's system included a stricter observance of the distinction between the owner's and the firm's financial affairs, with private matters being excluded from the firm's accounts; the adoption of a profit and loss account compiled from data integral to the firm's bookkeeping system; increasing emphasis on the need to adjust inventory, to reflect its true value; and the closing of the profit and loss to the capital account.

Precapitalistic Paciolian bookkeeping was characterised by an *ad hoc* approach to financial administration that, while it required transactions be recorded as opposing debit and credit entries, typically did not prescribe a comprehensive system that distinguished between private and the business transactions, utilised a capital account that represented the shareholders' permanent investment in the business, distinguished between consumption and capital expenditure, or required that all transactions be reduced to a common monetary value. These deficiencies meant that net profit could not be internally

---

[2] Luca Pacioli is generally acknowledged to have published the first text (*De computis et Scripturis*, 1494) that described double-entry bookkeeping. Paciolian double-entry bookkeeping was primarily intended to provide a financial record for the medieval venturer. A more detailed discussion of the differences between Paciolian and modern double-entry bookkeeping is offered by Littleton (1928, pp. 131-140).

[3] This thesis treats the term 'accounting' as a relatively modern reference that includes the entire spectrum of financial administration, whereas bookkeeping is limited to the mechanics of financial record keeping. Furthermore, bookkeeping is considered to be the more appropriate term to use in reference to financial record keeping prior to the professionalization of the discipline in the latter half of the 19th century.

[4] Economic and accounting literature variously uses 'scientific', 'systematic' or 'complete' as synonyms for a capitalistic form of double-entry bookkeeping. For convenience, this thesis uses the term 'capitalistic double-entry bookkeeping' to denote such a system.

calculated to confirm apparent changes in net wealth nor could the business' capital sum at a given date be accurately determined. Therefore, investors had no way of objectively determining whether they were earning the optimal return on their investment. By contrast, the ultimate development of Paciolian double-entry bookkeeping, capitalistic double-entry bookkeeping, is a comprehensive system dedicated to maintaining a complete record of the all the transactions of a particular business entity. All relevant data are expressed in objective terms, as common monetary values, and all data necessary to calculate periodic net profit or loss is integral to the system. Consequently, the profit or loss can be calculated independently of the balance statement. Moreover, this figure can be independently confirmed, as it must reconcile with the change in net wealth over the intervening period determined by the balance statement (Yamey, 1940, pp. 336-337; 1947, pp. 105-106; 1964, pp. 117, 119). These characteristics endow a capitalistic double-entry bookkeeping system with the potential to produce a more orderly and more accurate financial administration. Consequently, the financial reports produced by a capitalistic double-entry bookkeeping system are believed to be more credible, and offer current and potential shareholders the most effective means of rationalising their investment decisions.

The defining characteristic of a capitalistic firm is that it has a permanent capital and is driven by the profit motive (Nussbaum, 1937, p. 147). In such a firm, profit earned is continually reinvested with the objective of earning ever-greater profits, thereby constantly increasing the stock of wealth invested in the business. Accordingly, it was assumed (Sombart, Weber) that such an entity would necessarily administer its financial affairs by means of a capitalistic form of double-entry bookkeeping, an important aspect of which is that it allowed the concept of the firm to be divorced from its owners. The separation of firm and owner through bookkeeping made it possible to

consider the abstract notion of a firm an independent legal body, and led to the development of the capitalistic company.

A capitalistic company can be regarded as a capitalistic firm in which the capital is jointly owned by a number of shareholders who may freely negotiate their capital holdings. For the purposes of this study, too, a capitalist or capitalistic economy is considered to be one based on the free exchange of goods and services for money. The aim of such an economy is not just to make a profit but to continually reinvest the profits derived from exchange in further goods and services that are in turn exchanged for profit.

SOMBART: CAPITALISM AND BOOKKEEPING

More so that any other, the proximate genesis of a capitalistic form of double-entry bookkeeping and the public corporation in the 17th century encouraged early 20th century historians to explain the expansion of Europe's commerce at that time as a consequence of these two events. Werner Sombart (1863-1941) was principally responsible for the hypothesis that the adoption of capitalistic double-entry bookkeeping united the spirit of capitalism and individual capitalists, thereby making the modern economy possible by substituting a focus on subsistence with one dedicated to the maximisation of business profits (Weber 1930/1992, pp. 17-22, 63-64).[5] More specifically, it was proposed that the joint stock company's funding by public share capital was made possible by capitalistic double-entry bookkeeping or, at least, the need to rely on publically subscribed share capital demanded the application of a capitalistic form of double-entry

[5] Werner Sombart and Max Weber were the most important of the social historians who hypothesised that a direct relationship between capital and modern double-entry bookkeeping deposed traditional or feudal economic concepts some time in the late Middle Ages (Bryer, 2005a, p. 26; Toms, 2007, p. 1). Both Sombart and Weber were influenced by Marx and proposed their hypotheses in opposition to his theory of capitalism.

bookkeeping (Sombart, 1916/1953, p. 38; Nussbaum, 1941, p. 528; Weber, 1930/1992, p. 25; Winjum, 1972, pp. 6-18; ten Have, 1976, pp. 7-10; Lane, 1977, pp. 177-178; Most, 1979, p. 248; Miller and Napier, 1993, pp. 635-636; Bryer, 2000a, pp. 132, 140-141; Bryer, 2000b, pp. 345, 369; Napier, 2006, p. 456).

Sombart intended his social economic history (*Der moderne Kapitalismus,* 1916-1928) as a critique of Marx's deterministic theory of capital. He rejected Marx's assumption that economic history was governed by certain laws, especially the notion that the key to understanding the development of the capital economy lay in the exploitation of the majority of society who did not own the means of production by those who did control these resources. As a result, Sombart also refuted Marx's conclusion that this social imbalance must promote class conflict that would inevitably conclude in a social revolution.

Rather than economic history being the consequence of immutable scientific laws, social historians, like Sombart and Weber, hypothesised that social context engendered a particular human 'spirit' (*Geist*) acted as the catalyst that caused societies to dedicate their economies to the pursuit of the capitalistic ideal of ever-increasing profits (Mitchell, 1929, pp. 305-306, 314-318; Weber, 1930/1992, pp. 17, 68-69; Carosso, 1952, pp. 28-30; Backhaus, 1989, pp. 601-602). Sombart maintained that the calculative properties of capitalistic double-entry bookkeeping, that is, the ability to determine profit earned in relation to capital employed, was primarily responsible for creating the very foundation of modern capitalism; the rational investor. Applying this logic, the prior development of the capitalistic form of double-entry bookkeeping must have been the necessary condition that made capitalism possible. Moreover, it suggests that the capitalistic enterprise would be required by its shareholders to administer its financial affairs by means of capitalistic double-entry bookkeeping (Sombart, 1915/1967, p. 125; Sombart, 1919/1979, p. 253; Yamey, 1949, pp. 99, 105-106; Carosso, 1952, p. 43;

Winjum, 1955, p. 7; Most, 1979, p. 254; Bryer, 2000, p. 131; Hodgson, 2001, pp. 129-130; Funnell, 2001, pp. 56, 72).

Although Sombart's general hypothesis has enjoyed substantial support from prominent economic historians such as Weber, Schumpeter, Eucken, Clough and Cole, and Robertson (Winjum, 1972, pp. 16-23), it was not universally accepted (Chiapello, 2007, pp. 268-276). A large body of historians reject it in its entirety or afford double-entry bookkeeping no more than a minor or a utilitarian (reactive) role in the development of capitalism (de Roover, 1938. p. 144; Yamey, 1947, p. 263; Carosso, 1952, p. 28; Odmark, 1954, p. 634; Yamey, 1964, p. 136; Most, 1972, pp. 730-731; Winjum, 1972, pp. 242-244; Cerboni, in Martinelli, 1974, p. xii; Yamey, 1978, p. 110; Yamey, 2005, p. 77; Braudel, 1992b, p. 575; Funnell, 2001, pp. 58-60; Napier, 2006, p. 454). Significantly, Sombart, too, was ambivalent as to double-entry bookkeeping's role in capitalism's progress. While he maintained that double-entry bookkeeping created the concept of capital and, thereby, the notion of the capitalistic enterprise (Sombart, 1919/1979, p. 253), he also admitted "One cannot say whether capitalism created double-entry bookkeeping, as a tool in its expansion, or whether perhaps, conversely, double-entry bookkeeping created capitalism" (Sombart, 1916/1953, p. 38).

The doubt surrounding Sombart's thesis notwithstanding, it is generally conceded that a complex interrelationship exists between capitalism, the capitalistic corporation and bookkeeping, the nature of which remains to be determined (Yamey, 1949, pp. 99-100, 113; Winjum, 1972, p. 231; Hopwood, 1983, p. 303; Carnegie and Napier, 1996, pp. 7-8, 15, 29-31; Hopwood, 2000, p. 763). Given the pervasiveness of capitalism in the world today, surprisingly few empirical studies have been undertaken to investigate the possibility, and nature of such an association. Bryer (2000b, p. 379) noted this gap in accounting history and was prompted to observe, "We need more theoretical and empirical research, however, before a plausible theory becomes convincing history."

Accordingly he was encouraged to undertake research into the English agrarian reform and the English East-India Company (Bryer, 2000b) in an attempt to demonstrate the capitalistic enterprise's reliance on a capitalistic form of double-entry bookkeeping.

Bryer (2000a, p. 134; 2000b, p. 328) fused Weber's notion that modern capitalism was made possible by the adoption of capitalistic double-entry bookkeeping (Weber, 1927/1981b, p. 275; Weber, 1930/ 1992, pp. 17, 22) with Marx's materialistic theory of the development of the capitalistic economy. Notwithstanding that Marx made no direct reference to capitalistic bookkeeping, Bryer (2008, p. 44) justified his synthesis by observing that when Marx "theorised capitalism by first theorising capitalist accounting", he implicitly acknowledged an association between the capital economy and capitalistic double-entry bookkeeping. Accordingly, Bryer reasoned that Marx's theory of the history of capital was distinguished (signatured) by merchants' adoption of a capitalistic form of double-entry bookkeeping to administer their joint (social) capitals. He also argued that the device of capitalistic double-entry bookkeeping was essential to appease social conflict provoked by social capital[6] replacing private capital (Bryer, 2000b, pp. 343-369). Bryer concluded that empirical evidence of the English agrarian reform and, more pertinently for this history, the English East-India Company, showed that a capitalistic form of double-entry bookkeeping was a necessary adjunct for economic reform after the mid 17th century, and the establishment of the publically funded business enterprise (Bryer, 2000b, p. 378).

The difficulty with Bryer's thesis is that, as noted above, a large body of accounting historians rebut the idea of a significant direct relationship between the development of the capitalistic entity and bookkeeping. Another extant study (Winjum, 1972, pp. 242-244) found that, while English archives for the period 1500 to 1750 offer

[6] By 'social capital' is meant business investment that is open to the public, the rights to which are freely transferable.

some support for the thesis that double-entry bookkeeping had influenced the development of the capitalistic firm, this did not occur in the manner Sombart or Bryer proposed. In doing so, he assumed that what was intended by Sombart was a system of double-entry bookkeeping that, as a result of the bookkeeper posting the value of each transaction recorded as both a debit and a credit, was constantly in equilibrium and which maintained a capital account and nominal accounts of "revenue, expenses, ventures, etc.", but which was infrequently and irregularly balanced (Winjum, 1971, pp. 334-335). This is a more limited process than that demanded for capitalistic double-entry bookkeeping.[7] On this basis, Winjum concluded that English firms did not utilise a capitalistic form of double-entry bookkeeping prior to the mid 18th century and, rather than the ability to make rational investment decisions, double-entry bookkeeping was generally valued for the order it imposed. It was the measure of confidence endowed by this orderliness that most likely encouraged the business investment that engendered the economic growth experienced during the 17th and 18th centuries. Even more damning of Sombart's thesis was Yamey's study (1959, pp. 534-546) of a number of English ledgers dated between 1665 and 1774. He refuted the entire notion that a particular form of double-entry bookkeeping was associated with the rise of capitalism in the manner Sombart suggested.

Notwithstanding the important influence of capitalism on modern society, and Sombart's acknowledgement that theory must be substantiated by being tested against empirical evidence, there has been little study of 17th century business to assess the degree to which business and bookkeeping were associated. Furthermore, the few

[7] Ten Have (1976, p. 6) cited a definition from the *Algemene Winkler Prins* (1956), which stated that double-entry bookkeeping was the "systematic recording and processing of changes in the composition and magnitude of proprietorship". In terms of this definition, systematic bookkeeping required a strict duality of entries that related to a stated capital sum with the ultimate purpose of preparing periodic financial summaries.

analyses that have been undertaken by Winjum (1972, pp. 213-235), Yamey (1959, pp. 534-546) and Bryer (2000b, pp. 339-369) have been limited to English evidence, while resources from the Continent, especially The Netherlands, have been ignored. The general neglect of bookkeeping's role in the development of capitalism, together with the narrow, English perspective adopted by the few extant studies undertaken, has undoubtedly contributed to the general failure to develop a proper understanding of accounting's role in society (Bryer, 2000b, p. 379). To rectify this gap in accounting history, this history extends the scope of empirical research to an analysis to the Dutch East-India Company's archived records dating to the first decades of the 17th century.

THE CONTRIBUTION OF DUTCH EMPIRICAL EVIDENCE

Accounting history's ignorance of the extensive Dutch business archives of the early 17th century, when Sombart believed full capitalism first emerged, is all the more surprising because, at that time, Netherlands' commercial organisation and bookkeeping practices led the world (Sombart, 1913/1967, pp. 128, 144; ten Have, 1933, p. 1; Chatfield, 1996, p. 128). Moreover, Weber, (1930/1992, p. 173) attributed the superiority of The Netherlands' economy in 17th century to the Dutch propensity not to invest their surplus funds in land, as was common in other parts of Europe at that time, but in further business enterprises. An even more persuasive argument for studying Netherlands' evidence is that the Dutch East-India Company (VOC),[8] which was established in 1602 on the cusp between traditional medieval business practices, heralded the advent of the capitalistic corporation, was contemporary with the earliest

[8] To distinguish it from the English East-India Company (EEIC), English authors commonly referred to the Dutch company as the DEIC. This work uses the Dutch reference 'VOC', which stands for *Vereenigde Oost-Indische Compagnie* (United East-India Company) to denote the Dutch East-India Company.

descriptions of modern double-entry bookkeeping, and was the first public company financed by a permanent capital. Together with the English East-India Company (EEIC), the VOC was also the first example of the modern multi-national corporation (Cohen, 2007, p. 43). The Dutch East-India Company also holds a major advantage over its English counterpart in that, unlike the EEIC, much of its administrative records, including a substantial quantity of bookkeeping records dating from the earliest period of the company's existence are preserved in The Netherlands' National Archives in The Hague (NL-HaNA, VOC, 1.04.02.). Consequently, the VOC suggests itself as an intriguing case study that will provide significant new evidence concerning the association between capitalistic business entity and bookkeeping. In addition, this history significantly advances the extant body of accounting knowledge by extending the analysis beyond capitalism to encompass the interaction between organisational form, bookkeeping and a broad range of social factors.

To establish why social institutions, such as a business entity, and social instruments, like double-entry bookkeeping, assumed the form they did it is necessary to incorporate the study a number of contextual phenomena (including geography, topography, climate, religion, history and politics) that shaped the environment that informed Netherlands' social decisions. An advantage in broadening the study in this manner is that it enhances understanding of the VOC's unusual organisational structure, and helps explain why its form and bookkeeping differed from what some historians expected (Mansvelt, 1922). Moreover, this approach, in turn, provides a basis for understanding business form and bookkeeping in The Netherlands as a whole. This basis of comprehension is important because many Netherlands' bookkeeping texts were also used in France, Germany and the Baltic countries. It also has significance for England because the 16th century English bookkeepers studied by Yamey (1959), Winjum (1972) and Bryer (2000b) probably relied on translations of contemporary Netherlands texts to

hone their bookkeeping skills (de Waal, 1929, opp. p. 285; ten Have, 1976, pp. 66-67, Bywater and Yamey, 1982, pp. 45, 56, 58, 80-82, 96).

One further factor favours the VOC as a subject by which to study the interrelationship between bookkeeping and the business entity. The VOC did not simply apply existing bookkeeping methods, it significantly advanced extant knowledge (ten Have, 1976, p. 68) by developing the innovative techniques necessary to account for a large public capital that was complicated by a substantial number of public capital subscriptions, multiple capital calls and investors' right to freely transfer their capital holdings. The means of accounting for such matters simply did not exist in 1602, the VOC's bookkeepers had to devise the manner by which these peculiarities could best be incorporated in the company's bookkeeping system. When an explanation of the VOC's method of accounting for its capital was attempted (Waninghem, 1639), the resulting description was confused and incomplete. Yet, essentially the same techniques as were applied by the VOC's bookkeepers in the first decade of the 17th century are still used for the purpose today, demonstrating both the efficacy of the techniques, and the skill of the bookkeepers involved. On these grounds, alone, the VOC's archived records represent a highly significant resource for research into the development bookkeeping methods.

AIMS OF THE THESIS

The maters outlined in the foregoing section establish the purpose of this history. The primary objective is to investigate whether empirical evidence preserved in the Dutch East-India Company's archives (NL-HaNa, VOC, 1.04.02) supports the notion of a significant association between the form of the 17th century public company and the nature of its bookkeeping, and whether the VOC's adoption of a permanent capital created a demand for a bookkeeping process that enabled the rate of return on

investments in the company to be readily calculated in the manner suggested by Sombart and Bryer. Complementary to this, the thesis also determines the manner in which Netherlands' social experience influenced the VOC's organisation and its financial administration in the early 17th century.

Corporate structure and financial administration play critical roles in Sombart (1913/1967, 1919/1979), Weber (1930/1992, 1981a) and Bryer's (2000a, 2000b) explanations of the transition from precapitalism to capitalism. Accordingly, before the VOC can be advanced as a suitable subject for study, the question whether the VOC can be construed as a capitalistic enterprise, and whether it employed a capitalistic form of double-entry bookkeeping, must be answered. To this end, empirical evidence of company's organisation and bookkeeping is analysed to determine the extent to which these aspects of the company accord with the criteria specified for a capitalistic entity.

The thesis also offers a provisional explanation of the thinking that shaped the company's organisation and financial administration. This objective is achieved by interpreting pertinent contextual evidence believed to have informed late 16th century Netherlands' society. The explanations deduced from this exercise are considered provisional because they rely on a subjective interpretation of the evidence selected by the author. As a result, this part of the study remains to be confirmed by future research. Furthermore, although not a specific aim of this history, the work was influenced by the belief that some conclusions drawn from Dutch evidence of the period can validly be extended to the accounting history western Europe as a whole.

The thesis establishes that, while the VOC was, indeed, a capitalistic enterprise in that it had a public, permanent capital, and its principal objective was to continually increase profit by reinvesting its returns in the business, its structure owed little to economic principles or to the perceived benefits of a particular bookkeeping method. Rather, the thesis finds that the manner of its organisation and operation were a

consequence of Netherlands' social history, politics and the practicalities of 17th century business. Moreover, financial reporting, as an aid to rational investor decision-making, had little discernable effect on the company's organisation or its bookkeeping. Instead, the company's archived bookkeeping records shows that although the VOC's bookkeeping generally complied with the requirements of Paciolian bookkeeping, it did not conform to a capitalistic method of double-entry bookkeeping but appears to be a hybrid form based on northern European factors' (agents') bookkeeping adapted to suit northern European ventures. Neither management nor the company's members were concerned with the bookkeeping's ability to calculate or communicate the company's net profit or the state of its financial affairs. Members did insist that the company's managers provide an audited report of its financial affairs in 1623 but the express purpose of this demand was to allow investors to assess the probity of management's stewardship, not to permit them to calculate the rate of return on their invested capital. In the event, the members' petition came to nothing. For the duration of it's nearly two hundred years the VOC never produced public accounts of its financial affairs nor did its bookkeeping system change significantly during its lifetime.[9] Importantly, the evidence also shows that the VOC's management were not ignorant of the principles and practice of capitalistic double-entry bookkeeping. Indeed, they applied the method when it suited their purposes. However, the study also shows that these purposes could differ quite substantially from those specified for a modern company's accounting. For example, the company's bookkeeping had quite unusual social function of ensuring that the economic activity generated by its activities was equitably distributed between towns that hosted a VOC chamber (NL-HaNa, VOC, 1.04.02, file 1, Article I, XIIII; file 100, folios 17, 172;

[9] See chapter 8 for details concerning the VOC's bookkeeping.

file 11353).[10] The conclusion to be drawn from this evidence is that both management and members believed the company's bookkeeping entirely appropriate for their purposes. Importantly, too, the evidence shows that 17th century bookkeeping practices cannot readily be dismissed as primitive merely because they do not meet the standards of modern financial accounting.

The objectives set out above necessitate that the evidential matter that the study depends on is quite extensive. Not only does it incorporate contextual elements, such as geographic features, collective mores and social institutions that require study over periods of time measured in centuries, but it must also consider empirical evidence drawn from business records and bookkeeping texts that cover a relatively short time span. The effect of this eclectic mix is a complex scope of study.

SCOPE OF THE THESIS

The contextual elements studied in this history largely span the 12th to the late 16th centuries. This broad interval is essential to develop an understanding of the governance principles and processes that evolved from the Dutch experience with local water authorities (*heemraden*), which subsequently informed both the organisation of The Netherlands Republic and the VOC. The same period is also necessary to comprehend why and how Netherlanders developed a monetary economy with strong capitalistic connotations at a time when the rest of Europe generally still relied on feudalism, subsistence farming and barter.

[10] The company's charter (NL-HaNa, VOC, 1.04.02, file 1) assigned Amsterdam fifty percent, Zeeland a quarter and the other chambers a one sixteenth share of the VOC's economic activity. This quota was determined quite independently of the amount of capital each chamber contributed to the company. To ensure that these quotas were adhered to, individual chambers had to compile financial statements after every fleet sailed (NL-HaNa, VOC, 1.04.02, file 11353) to reconcile a chamber's actual contribution and its assigned portion.

By contrast to the lengthy period examined to identify and understand the contextual elements deemed to be important to this history, the period from which empirical evidence of the company's formation, organisation and administration is drawn is more condensed. As a basis for making sense of the VOC's financial administration, which was largely fixed in the decade immediately after the company was formed in 1602, the bookkeeping practices prevalent in northern Europe in the 15th and 16th centuries are examined to develop an understanding of what these entailed, and the rationale that informed them. Even more restricted is the period from which evidence concerning the VOC's formation and operation is drawn. The events leading up to the company being established covers just the turn of the 16th century, whilst that necessary to analyse the company's organisational structure and its bookkeeping practice is limited to the two decades governed by the VOC's first charter (1602-1622), and the 1623 decision not to liquidate the company's capital at the conclusion of the first charter. Underlying the decision to focus on the period covered by the VOC's first charter is that the company's bookkeeping practices established during its formative years remained substantially unchanged for the rest of its life (Mansvelt, 1922, p. 16). At the same time, certain modifications were made to the company's organisational structure that had the potential to significantly influence its bookkeeping. Paramount amongst these was the decision to restructure the VOC as a permanent capital corporation in 1612, which transformed it from a traditional terminating venture into a capitalist association (Mansvelt, 1922, pp. 90-91),[11] and the 1622 decision to indefinitely extend the company

[11] Mansvelt believed that the effect of this change to the nature of the company's capital was evident from the trend within the company to increasingly refer to an 'action' (*actie*) rather than the traditional part (*paer*t). A 'part', which referred to part-ownership of a physical object like a boat or stock of commodities, was more suited to the transient nature of early 17th century merchant voyages that were commonly organised as terminating ventures. By contrast, an 'action' denoted a more abstract notion that was based on a legal right to a share of the profits produced by a permanent joint investment. Unlike commercial ventures, early 17th century English industrial enterprises were often organised as permanent capital entities (Walker, 1931, p. 102).

charter. The latter reinforced the 1612 decision to make the capital permanent for the duration of the charter, which was due to expire at the end of 1622, and extended it indefinitely. In addition, the VOC also took the decision to create a secret capital reserve in 1613 to finance its expansion in Asia. To this end it initiated an independent Asian bookkeeping system to administer this operation that differed quite significantly from that used by its European operations (Steensgard, 1974, p. 138).

Finally, as the thesis seeks to explain the nature of the VOC's bookkeeping, and whether the company could be expected to have employed a capitalistic form of bookkeeping, a study of Dutch bookkeeping prior to 1623 is required. Examples from both practice and pertinent texts are employed to develop an understanding of 16th and early 17th century bookkeeping. Although bookkeeping texts suffer the disadvantage that they might lag behind current practice (Kelly, 1805, p. ix; de Roover, 1974, pp. 178-179; Braudel, 1992b, p. 409), others have suggested that they offer a concise and reasonably accurate impression of the development of contemporary practice (de Waal, 1927, p. i). To this end, a study of Netherlands' bookkeeping might commence with Ympyns' *Nieuwe instructie* (1543), which described Paciolian bookkeeping. This text, published in Antwerp (southern Netherlands), was heavily influenced by Italian practice. By contrast, merchants in northern Netherlands, principally Holland and its capital Amsterdam, generally relied on a quite different bookkeeping method developed by the Baltic's Hanseatic merchants.

Judged by the prevailing standards of Italy, 15th and 16th century northern European (Hanseatic) bookkeeping is generally considered to rely on an incomplete system. Notwithstanding this apparent deficiency, the earliest north German (Hanseatic) bookkeeping records, which date from the second quarter of the 14th century and 16th century, display little variation in method. This suggests that the region had developed a bookkeeping system that was most appropriate to the particular needs of the region's

merchants. The practicalities of Hanseatic bookkeeping are reflected in early German texts published by Schreiber (*Ayn new kunstlich buech welches*, 1544) and Gottlieb[12] (*Buchhalten zwey kunstliche unnd verstendige buchhalten*, 1546). Both these texts provided the basis of the bookkeeping method subsequently expounded by popular Dutch[13] authors, such as Mennher (1550, 1560, 1563, 1565), Petri (1576, 1583), Mellema (1590), Goessens (1594) and Stevin (1604). The earlier of these texts must, in turn, have had a significant influence in the instruction of the VOC's bookkeepers (de Waal, 1927, p. 134; Kats, 1929b, pp. 275, 281-282; Mickwitz 1938, pp. 201-205; Yamey, 1947, pp. 265, 269-270; Posthumus, 1953, pp. 1-16; Penndorf, 1966, pp. 19-20, 138; de Roover, 1974, pp. 173-174; Kellenbenz, 1979, pp. 87-89). As the earliest of these texts date to the first half of the 16th century, and the VOC's bookkeeping practices had been set by extension of the company's charter in December 1622, the scope of the study required to comprehend the nature of Dutch bookkeeping at the time that the VOC's bookkeeping practices were established can be limited to the 16th and early 17th centuries. Notwithstanding that the texts that could have influenced the VOC's bookkeeping methods are limited to the first decade of the 17th century, it is argued that bookkeeping texts generally lag behind contemporary practice (Kelly, 1805, p. ix; de Roover, 1974, pp. 178-179; Braudel, 1992b, p. 409). With this in mind, the scope includes Dutch texts published in the first quarter of the century. Moreover, in order to sustain the argument that the capitalistic form of double-entry bookkeeping envisaged by

[12] The cover of the 1544 text *Buchhalten zwey kunstliche unnd verstendige buchhalten* names the author as Gotlib. In a list of German texts, Geijsbeek (1914/1974, p. 5) gives the author of *Ein teutsch verstendig Buchhalten* (1531) as Gotlieb. Bywater and Yamey, (1982, p. 37) refer to the author of both texts as Gottlieb. As these were one and the same person, references to this author can be confusing. To simplify the matter, the more frequently used 'Gottlieb' is adopted in this thesis.

[13] Northern Netherlanders are commonly also referred to as 'Dutch'. This nomenclature reflects their German (*Duits*) origins (Geyl, 1980, p. 18).

Sombart and Mansvelt, amongst others, dated from the late 19th century, the scope of the texts consulted was extended to include works from this period.

In summary, to provide the evidence needed to support the aims set out above, the scope of this history ranges from the 12th to the beginning of the 20th century. Referenced sources comprise a diverse range of contextual evidence, including geography, climate, soil, revolution, local and national politics and trade and commerce. In addition to these contextual features, the resources also encompass an array of historic bookkeeping texts and VOC records held by The Netherlands' National Archives. The effort required to examine this extensive and quite diverse set of evidence in its entirety would be considerable. Accordingly, it was planned to ease the work required by placing reliance, where possible, on extant VOC histories. The more relevant of these resources are reviewed below.

EXTANT VOC HISTORIES

The VOC is commonly agreed to be the largest and most powerful of the 17th century joint stock companies (Mansvelt, 1922, p. 6; Gaastra, 1981,p. 47; Glamann, 1981, p. 2; Gaastra, 1991, p. 11). Nevertheless, its business history remains relatively obscure. Mansvelt observed (1922, p. 1) that one of the most important deficiencies in Netherlands' history is the dearth of a scientific account of the Dutch East-India Company.[14] Similarly, de Heer (1929, p. 284) concluded that, in contrast to the company's military and political history, its economic history remained outstanding. More than 50 years later, Glamann (1981, p. 1) was still able to report that the VOC's

[14] "*Een der belangrikste leemten in onze vaderlandsche geschiedenis is het gemis aan een vakkundige verhandeling over de Oost-Indische Compagnie*".

commercial history had yet to be written.[15] This lacuna has significant implications for hypotheses that posit a particular relationship between the capitalistic organisation and its bookkeeping method because, as noted above, the VOC not only applied existing bookkeeping technology, it was also instrumental in devising innovative bookkeeping techniques to cope with the demands imposed by the nature of its organisation.

Notwithstanding that it is widely agreed that the history of the VOC's organisation and bookkeeping during its early years has remained unwritten until now, at least five major histories by Dutch and German authors are extant. Dating from the 18th century, these include: Pieter van Dam, *Beschryvinge van de Oostindische Companie,* 1701; J. A. van der Chys, *De stichting der Vereenigde O.I. Compagnie en de maatregelen der Nederlandsche regering betreffende de vaart op Oost-Indië welke haar voorafgingen,* 1856/1857; G. C. Klerk de Reus, *Geschichlicher überblick der administrativen, rechtlichen und finanziellen entwicklung der Niederlandisch-Oostindschen Compagnie,* 1894; W. M. F. Mansvelt, *Rechtsvorm en geldelijk beheer bij de Oost-Indische Compagnie,* 1922; and J. P. de Korte's *De jaarlijkse financiele verantwoording in the de VOC,* 1983. These works are reviewed to indicate their scope and show the extent to which they addressed the relationship between the VOC's organisational form and its bookkeeping during the company's early years. Of these histories, only Mansvelt's attempted to address the relationship between the VOC's form and its bookkeeping.

[15] Tawney (1933, p. 344) suggested that the general absence of an economic literature of commercial entities was because the keenest interest lay in their deeds. By contrast, the economic realities that shaped these organisations, together with their administration, were of little interest. Curiously, although Tawney did not acknowledge Klerk de Reus as a source, the latter had expressed (1894, p. III) a similar sentiment in regards to the VOC some forty years earlier. Klerk de Reus observed that: "*fast ausschlieszlich der politischen Geschichte der Comp. Aufmerksamkeit gewidmet worden. Ihre innere Organisation blieb so gut wie nicht behandelt*" (histories of the company have almost exclusively addressed the political aspects of the company's past. Its internal organisation has not been effectively dealt with).

The company's most senior official, Advocate[16] Pieter van Dam, compiled the first history of the VOC, entitled *Beschryvinge van de Oostindische Companie* (*Descriptions of the East-India Company*). Commissioned to commemorate the VOC's first centenary, van Dam's account is an institutional history[17] that deals with the internal mechanics of the company, rather than its accomplishments. The surviving manuscript was completed on the 10th March 1701 but so extraordinarily detailed was van Dam's account that the company's top managers (*bewinthebbers*)[18] embargoed its publication. As a result, the manuscript was not published until 1927.[19] Van Dam's history provides some insight into the company's bookkeeping but offers no explanation for the manner in which the company kept its financial records in the 17th century. Nevertheless, this history remains

[16] The advocate was the equivalent of the modern chief executive officer. He was the link between the top management and the company's operational divisions (Meilink-Roelofsz., 1982, p. 176). Pieter van Dam acted as the VOC's advocate from 1652 to 1706.

[17] See Previts, Parker and Coffman (1990b, p. 139) for details of this type.

[18] The literature refers to the VOC's senior management as both '*bewinthebbers*' and '*bewindhebbers*'. For convenience, this thesis has adopted the former spelling. Modern works sometimes translate the Dutch 17th century term '*bewinthebber*' (or *bewindhebber*) as 'director'. Although the VOC's *bewinthebbers* were the company's public face and acted as its most senior management, the modern term 'director' is not entirely appropriate to describe this functionary. Lichtenauer (1956, pp. 157, 161, 168) defines *bewinthebber* as being synonymous with an agent, trustee, or manager entrusted to deal with the funds of others. Meilink-Roelofsz. (1976, p. 205), too, uses the term as a synonym for manager, which was the sense in which it was used in the VOC. *Le grand dictionaire, Francois–Flamen* (1651) gives the same meaning, as does Sewell's *A new dictionary English and Dutch* (1691). Hexham's *A copious English and Nederduytch dictionarie* (1648) added 'director' to the list of synonyms. However, Lichtenauer (1956, p. 161) pointed out that, until the early 18th century, the Dutch term '*directeuren*' (directors) specifically referred those who financed the fitting out of a warship.

[19] Four volumes of van Dam's history are extant. A fifth, which was completed, no longer exists (1701/1976 pp. xix-xx). The published work eventually spanned seven volumes, *Rijks Geschiedkundige Publications 63, 68, 74, 76, 83, 87 and 96*. Volume 1 deals with aspects of the company's bookkeeping in The Netherlands; chapter three provides details of the company's capital; chapter four deals with the company shares; chapter twelve covers the annual financial balance; chapter thirteen, the company's quadrennial accounts; chapter fourteen, the functions and control of the bookkeepers and other officials; chapter fifteen details the company's dividends; chapter sixteen debt finance; chapter nineteen, bills and other debts; chapter twenty-one, the purchase of merchandise and other stocks; chapter twenty-four, the ships' pay and ration books; and chapter twenty-five, salaries and wages.

an important source of information concerning the VOC, not least because of the author's proximity to the events recounted, and his ready access to information, records and documents since lost. *Beschryvinge van de Oostindische Companie* is also significant in that it represents the first known history of a public company.

J. A. van der Chys[20] published the first edition of his history of the VOC in 1856 under the title *De stichting der Vereenigde O.I. Compagnie en de maatregelen der Nederlandsche regering betreffende de vaart op Oost-Indië welke haar voorafgingen* (*The establishment of the United East-India Company and the regulation of the Netherlands government concerning the voyages to East-India that preceded it*). A revised, second edition was published in 1857 under the more succinct title *De geschiedenis der stichting van de VOC* (*The history of the establishment of the VOC*). As the title suggests, this history chronicled the events leading up to the VOC's formation in 1602. It includes a description of the Portuguese and Spanish voyages to East-India, Dutch attempts to find an alternative to the Cape of Good Hope route to Asia, a review of the *vóórcompagnieën*, and details of the negotiations between the Netherlands' organs of state, provincial governments, city administrators and commercial entities that eventually lead to the formation of the VOC. Specifics of the company's activities, such as its financial management, were beyond the scope of this history.

German missionary G. C. Klerk de Reus' institutional history of the VOC in 1894, entitled *Geschichlicher überblick der administrativen, rechtlichen und finanziellen entwicklung der Niederlandisch-Oostindschen Compagnie* (*Dutch commercial companies that preceded the VOC in the East-Indies trade*) relied on van Dam for much of its 17th century data. Nevertheless, Klerk de Reus' work also included original 18th

[20] This author's name is variously spelt as Chys and van der Chijs. His *Geschiedenis der stichting van de Vereenigde O. I. Compagnie* (1857) spelt it as van der Chys, however his *Nederlandsch-Indisch Plakaatboek* (1885) spelt it as van der Chijs.

century archival data not previously published. Composed in the tradition of the then contemporary German historiography,[21] *Geschichlicher überblick* comprises a vast assembly of factual data divided into six parts covering the VOC's political history, its administrative structure, the company's East-India management, its legal and regulatory basis, the company's finances, colonial activities and a concluding judgement on the merits of colonisation. As Klerk de Reus' primary focus was the company's financial state, he referred only briefly to the technicalities of the company's Netherlands bookkeeping (1894, pp. 182-188) and the financial administration of its Asian operation (1894, pp. 194-202).

Klerk de Reus' extensive reliance on archival data and scant regard for analysis caused Mansvelt (1922, p. 3) to pronounce *Geschichlicher überblick* inferior, and no more than an ill-considered attempt to promote a Marxist perspective of the relationship between the Batavian[22] patriots and VOC management. Van Dillen (1923, p. 284), too, regarded Klerk de Reus' history as lacking, as did Glamann (1981, p. 313), who criticised it on the grounds that it relied too heavily on secondary sources and, in doing so, perpetuated the errors made by his predecessors. Despite questions about the scholarly merit of *Geschichlicher überblick*, this history has proved to be a valuable source of reference that has been cited by the vast majority of historians who have researched the VOC's financial affairs (Glamann, 1981, p. 312).

W. M. F. Mansvelt published the first and only history that attempted to analyse the relationship between the company and its bookkeeping system in 1922, entitled

---

[21] Klerk de Reus' methodological approach can be categorised as philology, a more extreme version of Rankean philosophy (Croce, 1960, p. 294). See chapter two for more detail of this methodology.

[22] Batavii was the name of a tribe that had resisted the Romans' occupation of the region bordering the Rhine delta. In the late 18th century, The Netherlands fell under the control of the French, who reconstituted it as the Batavian Republic in 1795. It existed under that name until 1806, when the French, for political reasons, redesignated it the Kingdom of Holland.

Rechtsvorm en geldelijk beheer bij de Oost-Indische Compagnie (*Judicial organisation and financial administration in the East-Indian Company*).[23] Mansvelt's primary purpose was to explain the company's demise, consequently, his history is limited to the final quarter of the 18th century. Although Mansvelt, acknowledges neither Sombart or Weber, the crux of the argument posited in *Rechtsvorm en geldelijk beheer* is that a company's legal form dictates the type of bookkeeping it must employ (Mansvelt, 1922, p. 16). More specifically, his premise required that a public, commercial company rationally manage its affairs so as to maximise returns to shareholders and, in order to do so, such a company had to accurately determine and report the overall net profit earned during a particular period to its shareholders. Thus, Mansvelt argued that a 'true' public company was compelled to use a capitalistic form of double-entry bookkeeping. That is, one that produced a statement of net profit or loss, together with a report of the entity's financial position that was intended for the shareholders' use. By corollary, any business that did not use double-entry bookkeeping for that purpose could not be a public company.

Mansvelt, like Sombart,[24] believed that extant bookkeeping texts influenced contemporary practice. Accordingly, he justified his argument on the grounds that, given the number of Dutch bookkeeping texts available at that time, late 16th century Netherlands businessmen must have been familiar with double-entry bookkeeping and, more importantly, recognised it as superior to any other form of bookkeeping. This assumption has not, however, found general support from other historians nor does it is this thesis (Nussbaum, 1937, p. 163; Winjum, 1972, pp. 230-231; and Chaudhuri, 1978, p. 413).Based on the belief that knowledge of double-entry bookkeeping was widespread

[23] This history constituted Mansvelt's doctoral dissertation, presented at the University of Amsterdam in 1922.

[24] Although his premise and definition of double-entry bookkeeping was strongly reminiscent of Sombart, Mansvelt made no specific reference to Sombart's work.

in 17th century Netherlands, Mansvelt reasoned that if the VOC was, indeed, a public company, it was not unreasonable to expect that it would have applied a modern form of double-entry bookkeeping to keep their accounts (1922, pp. 61-62). By 'modern double-entry bookkeeping' he intended a capitalistic form of double-entry bookkeeping that included all the firm's assets and liabilities, and incorporated an internal reckoning of changes to net wealth derived from a precise determination of net profit earned over a certain period (Mansvelt, 1922, pp. 13-14, 56-58, 79).[25] Importantly, he also believed that the compilation of a set of financial statements prepared for shareholders use was the very essence of such a bookkeeping system. Given these precepts, Mansvelt undertook to determine the nature of the VOC's bookkeeping by analysing a single quadrennial general statement for 1779.[26] He justified the scope of his study on the grounds that 1779 was the last 'normal' year before the company entered a decline that forced it into liquidation at the end of the 18th century (1922, p. 7). He concluded (1922, pp. 8, 10, 16, 76-78, 91-111) that the VOC did not use a capitalistic form of double-entry bookkeeping because it did not utilise a capital account, failed to distinguish between operational and capital expenditure, and did not have an appropriate costing system that prevented it from making a proper calculation of net profit or loss. He concluded, therefore, that the VOC's bookkeeping was primitive. Moreover, he reasoned that, as the VOC did not apply a capitalistic form of double-entry bookkeeping which allowed its management to rationally plan the increase of shareholders' net wealth, it could not be considered a public company.

[25] Curiously, given the nature of his topic, Mansvelt (1922, pp. 2, 4) confessed that he knew little about accounting. In part he compensated for his limited understanding by relying on the help of W. Haaksma, an experienced accountant, and supplemented that source with a range of early commercial arithmetic and bookkeeping texts.

[26] On the basis of an empirical study of 19th century English municipal accounting, Coombs and Edwards (1994, p. 176) concluded that it was not possible to accurately infer the nature of an entity's accounting from the type of financial statements produced by that entity.

Mansvelt's ideological perspective, which maintained that all public companies should employ a 20th century form of capitalistic double-entry bookkeeping, caused him to entirely ignore the fact that credible conclusions concerning the VOC's bookkeeping practices could not be drawn on the strength of a single financial statement dated a hundred and seventy seven years after the company was first established. Equally, he appeared oblivious of the argument that a 20th century perspective cannot validly be imposed on a 17th century set of circumstances without the risk of significantly distorting the conclusions derived from such an action. Indeed, rather than this history demonstrating that the VOC's bookkeeping was inherently deficient, it could be argued that the company's great profitability up to 1779 demonstrated that its bookkeeping system was perfectly appropriate for the purpose More importantly, if the VOC's bookkeeping system had been effective for at least one and three quarter centuries, it suggests that something other than the alleged deficiency of the bookkeeping system must have been primarily responsible for the company's decline into bankruptcy.

J. P. de Korte is the author of the only other major attempt at a history of the VOC's finances. Entitled *De jaarlijkse financiele verantwoording in the de VOC (The annual financial accounting in the VOC)*, this work was published in 1983). The principal objective of de Korte's history was not to explain the company's bookkeeping but to make archival data more easily accessible to contemporary researchers. This objective also led him to regard Klerk de Reus' work as the sole extant history of the VOC's financial progress (1983, p. v). Like his predecessor, de Korte offered no insight into the factors that might have shaped the VOC's bookkeeping practices. The major difference between de Korte and Klerk de Reus is that, while the former approached the task as a modern, technical accounting exercise, Klerk de Reus was concerned with demonstrating the social implications of the company on the Dutch East-Indian colonies.

A rash of histories investigating various aspects of the VOC's existence were published in last quarter of the 20th century. Most notable are: Steensgard's *The Asian trade revolution of the seventeenth century* (1974), which used the key Persian Gulf port city of Hormuz as the focus of a review of the developments in the Asian trade; Winius and Vink's *The merchant-warrior pacified: The VOC (Dutch East India Company) and its changing political economy in India* (1991), a chronicle of the changing fortunes of the VOC in Asia; Israel's *Dutch primacy in world trade, 1585-1740* (1990), a general history of Dutch participation in world trade between the years 1585-1740; Furber's *Rival empires of trade in the Orient, 1600-1800, II* (1976) that contrasted the activities of the great trading companies of the 17th and 18th centuries; and Boxer's *Jan Compagnie in war and peace 1602-1799: A short history of the Dutch East-India Company* (1979) which examined the changing fortunes of the company in war and peace, and its effect on the people it came into contact with. Glamann's *Dutch-Asiatic trade 1620-1740* (1981) examined the economics of the VOC's trade during the period 1620-1740, and the question whether the company's records provided the data to enable it to calculate its profit and loss. The general circumstances contributing to the company's decline during the final half-century of its life was the subject of Steur's *Herstel of ondergang: de voorstellen tot redress van de Verenigde Oost-Indische Compagnie 1740-1795* (1984). Meanwhile, Bruijn's *Dutch-Asiatic shipping in the 17th and 18th centuries* (1987) described the company's governance and management practices. Gaastra's *De geschiedenis van de VOC* (1991) was a general history of the VOC, and Urbantke published a doctoral thesis, *The United East India Company in the 17th century: A 20th century prototype* (1965), which attempted to demonstrate that the VOC was the forerunner of the modern international company. Finally, a three-volume work, entitled *Dutch-Asiatic Shipping in the 17th and 18th Centuries,* published by Bruijn, Gaastra and Schöffer between 1979 and 1987, chronicled the outward and

homeward bound Dutch fleets. Compiled as general economic histories, with the exception of Glamann, all these publications dealt with the VOC's bookkeeping practices only in passing and provide little insight into the association between 17th century company and double-entry bookkeeping.

Of the extant histories reviewed above, only van Dam (1701/1929-1943), Mansvelt (1922) and Glamann (1981) are useful sources of evidence to address the principal aim of the thesis, which to investigate the interrelationship between the VOC, as a prime example of the 17th century capitalistic firm and double-entry bookkeeping. Other than as a source of particular fact or data, the rest of these histories are of limited value for the purpose of this study. As a result, the extant VOC histories offer little means to effect significant efficiencies in this research and the evidence required must largely be obtained by independent research. To this end, the thesis is organised in the following manner.

ORGANISATION OF THE THESIS

The thesis is organised as two volumes, divided into three parts, and consists of nine chapters in total. In addition to this, the main body of the work is supplemented by set of appendices that provides copies of pertinent original documents and records referred to in the text.

Part I includes this chapter, which introduces the rationale for the study, provides a statement of the thesis' aims, outlines its scope, and reviews relevant extant VOC histories. As this work is essentially a history, before continuing with the accumulation and analysis of the evidence required to address the thesis' aims, chapter two reviews the historiographical clash between traditional and new history. The primary purpose of this chapter is to develop an appropriate methodology that will most likely result in a

credible history. A secondary objective is to develop a viable research structure that can be used as a guide to organise the work necessary to complete the study in an efficient and effective manner. Accordingly, chapter two establishes this work as a hybrid that partly relies an interpretive social history that depends on the interpretation of significant contextual issues. These factors will then be analysed and the results synthesised to provide an hypothesis that explains the VOC's structure and it's bookkeeping processes. Chapter three reviews Sombart, Weber and Bryer's theories that posit a direct association between the capitalistic firm and capitalistic double-entry bookkeeping. To put these claims into perspective, chapter three continues by examining extant 16th and early 17th century Dutch and German bookkeeping texts to determine what these sources understood by double-entry entry bookkeeping, and how they believed it should be applied. The literature shows that the term 'double-entry bookkeeping' has its roots in 18th century English bookkeeping literature, and that European businesses did not generally use a capitalistic form of double-entry bookkeeping before the end of the 18th and early 19th centuries. Instead of capitalistic double-entry bookkeeping, the evidence suggests that the VOC might have employed a northern European form of agency bookkeeping adapted for the circumstances of commercial venturing. This method incorporated some of the criteria specified for a capitalistic form of double-entry bookkeeping but was not concerned with others, especially capital and profit and loss accounts.

Chapters three and four study the context in which the VOC was organised, and its bookkeeping practices developed to provide a rationale for its convoluted structure and peculiar bookkeeping practices. Chapter four reviews the Dutch social environment of the 16th century to identify the principles that have informed Dutch social institutions since the 12th century. The chapter shows that the organisation and administration of the VOC can only be understood in the context of the principles developed by Dutch social

institutions, of which the Dutch water-boards were the genesis. Experience of these local authorities engendered the Dutch with a fine appreciation for the principles of democracy, and developed the notion of stakeholder consensus as an effective means of resolving social conflict. The principles and practices developed by these authorities also informed the organisation of Netherlands' government institutions which, in turn, directly influenced the organisation of the VOC.

Chapter five examines the history of Netherlands' trade and commerce. This chapter shows that, as a direct consequence of a lack of natural resources, the Dutch were forced to urbanise and develop a capitalistic economy much earlier than the rest of Europe. Central to the discussion of Dutch commerce is the traffic in pepper and spices, which not only gave rise to the VOC but also cemented The Netherlands' 17th century commercial hegemony. This chapter reviews the history of the pepper and spice trade, explains how Amsterdam usurped Antwerp's role as the principal European market for Asian pepper and spices, and acquired the necessary capital to participate in the traffic of Asian pepper and spices.

The history of the early independent East-Indian companies is reviewed in chapter six. In particular, this chapter considers the contextual elements developed in Part II to explain the archival evidence of the VOC's formal structure and organisation were a deliberate consequence of the particular political and social factors that prevailed in the Netherlands. Of particular importance in this respect were the social concerns that led to the public nature of the company's capital, its independent corporate status, and its members' limited liability. Chapter seven analyses the manner in which the public were invited to invest in the VOC and the company accounted for its capital. It demonstrates that the VOC carefully accounted for capital subscriptions and capital calls but that it, and the investors, perceived investment in the VOC more as a deposit than a share in the company. Once investors had fulfilled their obligation to invest in the company, capital

disappeared as an integral element of the company's bookkeeping system. Nevertheless, a meticulous record of the capital sum held by individual subscribers and their successors was kept because the absence of share certificates meant that the company' capital records were the only means of proving who the shareholders were and the extent of their capital rights.

Chapter eight analyses the VOC's journal, ledgers and other bookkeeping records to reveal the manner in which the company accounted for its trading operations during its formative years (1602-1623). The conclusion drawn from this material is that the company did not adhere to a particular type of bookkeeping but that it used whatever method was most appropriate in the circumstances. The chapter shows that the company's financial administration followed the Dutch governance model. Rather than a cohesive system of bookkeeping, the VOC's bookkeeping was fragmented and never consolidated into a single set of accounts. Each of the six domestic divisions (chambers) and the Asian operation maintained quite independent financial records. Analysis of the archived accounts show that the five northern chambers relied on a form of Hanseatic agents' bookkeeping, whereas Zeeland's early balances complied with the requirements of capitalistic double-entry bookkeeping. By contrast, the Asian operation always applied a form of agents' bookkeeping that was entirely consistent with the requirements of double-entry bookkeeping. Given Bryer's hypothesis that a social capital induced investor conflict, the nature of the protests raised by the VOC's members against the company's bookkeeping when the charter was rolled-over at the end of 1622 is especially important. Consequently, chapter eight examines the empirical evidence of these events to confirm that the VOC's participants were not concerned about calculating the return on their capital investment in the company but anxious that the company's management account for their stewardship during the preceding twenty years. Furthermore, this chapter shows that, as a consequence of the company's not

needing to seek additional capital from its members or the public, it was able to ignore participants' demands for a more effective general bookkeeping.

Chapter nine concludes the thesis by synthesising the analyses developed in the preceding chapters to refute the social explanations of the role of double-entry bookkeeping in the rise of capitalism offered by Sombart, Weber and Bryer. Furthermore, this chapter provides an understanding of why the VOC was structured and administered in the way that it was, and suggests areas of possible future research indicated by this study.

CHAPTER 2

HISTORIOGRAPHICAL DEBATES AND ACCOUNTING HISTORY: TOWARDS AN INTERPRETIVE METHODOLOGY

> It is not the poet's function to relate actual events, but the kinds of things that might occur and are possible in terms of probability or necessity. The difference between the historian and the poet is not that between using verse or prose; Herodotus' work could be versified and would be just as much a kind of history in verse as in prose. No, the difference is this: that the one relates actual events, the other the kinds of things that might occur. Consequently, poetry is more philosophical and more elevated than history, since poetry relates more of the universal, while history relates particulars (Aristotle, trans. 1995, p. 59).

Historians may choose to research and present their histories in any of a number of different ways. Some might endeavour to entertain by simply telling an interesting story, others intend to demonstrate how the lessons of the past could inform future progress. Certain historians might attempt to explain the past but, equally, their colleagues might be content to merely to relate it. One group might rely on economic or demographic data generated by a broad sweep of society, while the archives that account for the momentous deeds of the rich and powerful could be the source of other historians' inspiration. Historians could select the facts that substantiate their history on the basis of how interesting they think that information will be to the reader or they may be inclined to present all the unembellished facts concerning that past without regard to how rousing they might be. Certain historians might have a profound regard for objective truth, while their colleagues accept that all history is a product of the author's imagination. Some might envisage history as a definitive statement about the past, whiles others perceive it

as the product of the present. A history could be composed as a narrative in which contingent events are sequentially related or it could be rendered as an analytical report. Whatever approach is adopted will have significant implications for the credibility of the resultant history. Consequently, the historian is bound to exercise considerable deliberation before deciding what method to adopt for their research.

The strategy that an historian embraces is a factor of their epistemology and their ontological bent. Epistemology concerns what the historian believes can be known about the world, while ontology describes the means by which the researcher believes that which can be known about the past can be accessed. Both play a significant role in determining the extent to which a history will be regarded as credible or simply a work of fiction. Moreover, to avoid the risk that their readers might be misled, historians have a duty to clearly state the choices available and the implications that are consequent to those choices. Accordingly, this chapter encompasses a review of the approaches commonly used to compile a history, together with the central arguments tendered to support or refute particular historiographical approaches. The purpose is to provide a credible framework on which to base a social history of the Dutch East-India Company's organisation and related financial administration during the period covered by the company's first charter (1602-1622).

The study of historical method is generally known as historiography (Cartledge, 1997, p. 3).[27] Initially the term was limited to just a descriptive biography and a critique of the historian's methodology[28] but its scope was broadened after the 1960s to

[27] Bentley (1999, pp. ix-x) noted that the term 'historiography' is used both as a reference to the applied philosophy of history that explains what historians do and how they think about their subject, and as a reference to a detailed analysis of a particular writer or school of historical writing. It is used here in the former sense.

[28] By methodology is meant the epistemological and ontological assumptions that underpin the validity of the claims made in the history, rather than the means used to compile the history (Bryman, 1984, p. 89).

incorporate an explanation of how, and why, historians write histories in the way they do. After summarising the broad details of the contemporary historiographical debate, this chapter will provide a description of one pole of the debate, generally referred to as traditional history, and addresses the issues of objectivity, historic truth, and the value of the narrative as a means of reporting the past. This is followed by an examination of the counter to traditional history, scientific history, which reviews the arguments for and against a nomological approach to history and explores the notion of social history. In particular, this section examines the influence of the Marxist, Foucauldian and Annales' approaches that have exercised a dominant influence on modern historiography. The review of the historiographical debate is drawn together in the penultimate section of the chapter, which focuses on accounting history. It outlines the nature and progress of accounting history and discusses the implications of the historiographical debate pertinent to accounting history. The chapter concludes with a description of the method used for this history and the justifications for those choices.

TRADITIONAL HISTORY: A CRITIQUE OF SALIENT FEATURES

Thucydides (*c.* 460-400 BC) charged that Herodotus' (*c.* 484-430/420 BC) history of the Trojan War was not a credible account of the conflict (Collingwood, 1948, pp. 28-30; Elton, 1969, p. 6; Breisach, 1994, pp. 5-51). The basis of Thucydides' criticism was that Herodotus' history was unscientific, that is, it was too descriptive, the events related were not a dispassionate account of the facts, and Herodotus disregarded the causes of the war. In the eyes of its critics, such an account could produce the universal truths demanded of a history. The assumption that history should aspire to be scientific was widespread but not generally accepted amongst the ancient Greeks (*c.* 600-400 BC). While some held that the entire universe could be comprehended by rational logic and reduced to a single fundamental explanation or original cause (Dray, 1964, pp. 2-3;

Burns, 2000, p. 3; Collingwood, 1999, p. 246), Aristotle declared that the universal was more properly the field of poetry, whereas history treated the unique (Aristotle, trans. 1995, p. 59).

The controversy over the proper method of history first raised by Thucydides has not been resolved. Leopold von Ranke (1795-1886) observed that similar disagreements were endemic to all history (in Croce, 1960, p. 300). Much the same argument still prevails amongst philosophers and historians today. Echoing Aristotle, Ricoeur (1999, p. 3) defined historiography as "the paradigmatic case of a human science, which extends between the two poles of science and art". Contemporary students of history commonly divide the scope of the historiographical debate into two poles. Traditional, classical or idealistic history is located at one extreme, while scientific or positivistic history occupies the other pole.

Notwithstanding the enduring nature of the debate whether history should aspire to be scientific or idealistic, classification of histories into specific types is notoriously imprecise and quite fluid in practice. Proponents of the highly mathematical form of 20th century history known as cliometrics[29] regarded all history other than their own approach as 'traditional' (Stone, 1987, p. 77). Braudel, however, adopted a quite different interpretation of traditional history, which he perceived as history "on the scale not so much of man in general as of men in particular", and as "the history of events" (1980, pp. 3, 27). In other words, Braudel believed that the defining characteristic of traditional history was that it dealt with the grand event and prominent person rather than with society in general.

Other significant distinctions between traditional and scientific history are also apparent. One such distinction is that the former deny the possibility of scientific

[29] Cliometrics builds theoretical models that are tested by applying mathematical formula to the analysis of large, quantitative databases with the aid of computers (Stone, 1987, pp. 76-77).

objectivity and universal truths when dealing with the past. Exponents of the traditional mode of history (Dray, 1964, pp. 2-3, 8; Fogel, 1983, p. 40; Furet, 1983, p. 400; Napier, 2006, pp. 455-456) maintain that history, being a human science, cannot be regarded in the same way as the natural sciences. Consequently, idealists (traditionalists), such as Collingwood, Croce and Dilthey, argue that history requires a method and methodology quite different to that employed by those who study the natural sciences (Dray, 1964, p. 3; Walsh, 1967, pp. 14-15, 43-58). Another peculiarity is that practitioners of a traditional approach to history are more accepting of textual evidence than their scientific colleagues (Fogel, 1983, pp. 45). Most importantly, traditional history aims to tell a story about the past. Hence, it is written as a narrative in which a preceding event is intended to explain a subsequent occurrence (Mink, 1966, p. 29; Dray, 1971, pp. 153, 157; Furet, 1975, pp. 106-107; Ricoeur, 1984, p. 121).

The traditional approach to history has been subject to increasing criticism since the mid-twentieth century, principally on the grounds of traditional history's epistemological and ontological assumptions. Francois Simiand (1873-1935) noted that the difficulty with the assumption that history dealt with the particular is that research into a unique occurrence is neither replicable nor predictable. Such research is, therefore, deemed to be unscientific, which implies that such histories cannot be held to be a credible account of the past (Simiand, in Revel and Hunt, 1995, p. 8). More generally, Fleischman and Radcliffe (2003, pp. 7-9) noted that the necessity for historians to be objective, the degree of truth required of a history, and the efficacy of the narrative as a means to explain the past have been roundly condemned by those who support a more scientific approach to history.

Objectivity

A product of 19th century German[30] empirical positivism, objectivity is one of the least understood historiographical concepts (Walsh, 1967, pp. 93-115). It requires, in the first instance, that researcher and subject be independent so as to limit the extent to which the researcher's preferences, beliefs and values could influence the outcome of a scientific investigation. When applied to scientific research, objectivity is, therefore, a mechanism that helps to distinguish between fact and fiction. Furthermore, it is argued, if the concept of scientific objectivity is applied to history the conclusions reached by different researchers who had investigated the same phenomenon would be reasonably uniform and directly comparable. That, in turn, would allow other disinterested researchers to test the findings of previous historians (Carr, 1961, p. 67; Novick, 1988, p. 1). Notwithstanding this perceived advantage, traditional historians argue that there are some significant difficulties that militate against the application of scientific objectivity to history.

In the first instance, scientific objectivity necessitates that the subject being investigated has a constant, tangible representation. In other words, it must have existed in the past and must continue to exist unchanged. This condition raises a problem for the humanities in general, but especially for history because the past, unlike natural phenomena, does not have a constant, universal reality that can be accessed independently of any interpretation by the researcher concerned. Instead, historians are faced with an incomplete set of evidence as only discrete traces remain of what might have existed or what people might have thought remain.[31] In the absence of a general

[30] English-speaking historians only adopted the concept towards the end of the 19th century (Novick, 1988, p. 25).

[31] On the grounds that historians cannot reconstruct what was in the minds of historic actors, Collingwood (1948, pp. 307-309) denied that a history of memory or perception was possible. Consequently, in his opinion, only reflective, purposeful acts can constitute a history.

theory to regulate judgements in respect of the lacunae of the past, what might have existed depends on the historian's imagination. However, imagination rests on the historian's personal biases (Prost, 1992, p. 678; Ricoeur, in Burns and Rayment-Pickard, 2000, p. 282). Accordingly, if historians create the very reality that they purport to discover, they are likely to empathise with their subjects and unduly attribute motive, emotion, belief, or reason to aspects of the past. In doing so, it is clear that historians cannot be objective in a scientific sense and that, to some extent, they fictionalise the past (Carr, 1961, pp. 64-67). Walsh (1967, pp. 115-116) reasoned that the goal of scientific objectivity in history would remain elusive until a standard method of classifying human action was discovered. Similarly, Niemark observed (1994, pp. 90, 97) that if reason and knowledge is contingent on time and society, as post-modern historians claim, there are no absolute grounds for concepts such as reality and knowledge and reality, which is the object of knowledge, is defined by the historian in terms of their own world. Furthermore, language is not a neutral vehicle for representation.

Notwithstanding the problems associated with the concept of objectivity, Walsh (1967, pp. 107, 110-113) reasoned that a degree of objectivity, which he dubbed the "perspective theory of objectivity", could be demanded of history, if only because historians intend that their statements about the past should be regarded as true. Similarly, because the practice of history was dependent on a number of significant judgements and, more importantly, because imagination was needed to bridge the gaps between present knowledge and the past, Ricoeur (cited in Burns and Rayment-Pickard, 2000, p. 282) doubted that a history could be considered objective in the sense that it is used in the study of the natural sciences. Notwithstanding, Ricoeur maintained that a history must encompass a core of objective facts about the past. Croce (in Rayment-Pickard, 2000, p. 277) distinguished between impartiality, which implies a professional

detachment from the matter studied, and objectivity, which requires that the historian not have a view of the world. The latter state, Croce declared, was impossible. By contrast, impartiality, which rested on sound scholarly discipline being applied to an assessment of the traces of the past, and an honest presentation of that information, was feasible.

The struggle to apply a scientific notion of objectivity to history peaked during the late 19th and early 20th centuries. By the end of the 20th century, it was generally accepted by proponents of both approaches that a history is a rendition of the past that incorporates a contemporary reality. Consequently, it could not be expected to be objective in the sense of the natural sciences (Gardiner, 1959, p. 268; Dray, 1964, p. 22; Burns, 2000, p. 163). Instead of a disinterested historian as the basis for a credible history, modern historiography relies on peer and public review to moderate the credibility and the truth of published histories (Novick, 1988, pp. 2-7).

Truth

Oakeshott (1983, pp. 95-96) believed that histories could not be confirmed, falsified or tested against any independent criteria of credibility. The historian's 'facts' are part of the process of historical enquiry, which infers its 'facts' from the surviving remnants of the past. Extant traces of the past cannot convey meaning without the assistance of an historian to interpret them, but interpretation endows the resultant history with an element of imaginative fiction.[32] Nevertheless, histories depend on a degree of truth in order to be regarded as credible accounts of the past. To this end, historians generally subscribe to the correspondence theory of truth, the coherence theory of truth, or an amalgam of both.

[32] Interpretation is not limited to traditional history. It poses an even greater risk for social history.

The correspondence theory of truth holds that something is true if it accords with the known facts of the matter that exist independently of an historian's enquiry (Ratner, 1935, pp. 141-152). Fact is constituted by what the authorities[33] have provisionally agreed. Accordingly, knowledge can be accepted as fact if it can be shown that the experts in the field regard it as true (Blake, 1959, p. 330; Collingwood, 1999, pp. 154-158). However, not all historians subscribe to an authoritative store of historic fact. Oakeshott (1983, pp. 9-10, 44), who refuted the entire notion of a store of hard facts about the past, declared that historical fact was merely a particular historian's reinterpretation of extant interpretations of the past (Oakeshott, 1983, p. 9). Consequently, historic 'fact' is an abstraction created by historians' imagination that is continually reinterpreted in the light of new experiences (Dilthey, in Burns, 2000, p. 159; Blake, 1959, p. 329; Novick, 1988, pp. 1-2).

Coherence theory assumes that a statement is true if it is corroborated by another authoritative statement or set of statements generally accepted as being true. Coherence theory's reliance on generally accepted authorities does not escape the trap that historic 'facts' are created by rational thought because the authorities themselves are abstractions created by a shared human intelligence. Coherence theory merely shifts the rationale for believing something to be true from the dogmatic to a broad consensus. It does not determine the truth of the matter. The only real difference between the correspondence and coherence theories of truth is that the former posits that theory is a contestable hypothesis based on established fact, whereas the latter assumes that fact is itself a theory, albeit one which is generally accepted. Ultimately, both methods allow that historical truth is provisional, and that whatever an historian chooses to believe is conditional on how an historian regards the world.[34] Consequently, as it is relative to the

[33] Authorities include such resources as: archival records, contemporary accounts and respected secondary sources.

[34] That is, their ontology (The Oxford Reference Dictionary, 1986).

specific historical investigation, it is also open to reinterpretation in the future as succeeding generations and dominant cultures rewrite history from their particular perspective. In doing so, each age or civilisation also redefines the appropriate method of history (Furet, 1975, p. 123; Fogel, 1983, p. 13).[35] Moreover, the traditional medium of history, the narrative, has come under increasing criticism from those who doubt its ability to portray a realistic impression of the past (Funnell, 1996, pp. 47, 54-57; Gaffikin, 1998, pp. 637-638).

Narrative

Research into the past is not history until it is recounted. To this end, traditional historians have a variety of modes at their disposal. An oral or visual medium can be effective in conveying history, particularly where literacy is low. In more literate societies, history is most commonly related as a text, which can be compiled in a number of ways (Walsh, 1967, p. 176; Burke, 1991, p. 240; Breisach, 1994, pp. 101-102; Velleman, 2002, p. 5). An annal is a journal of events unembellished by detail, principally intended as a memory aid, in which temporal lists might be compiled, such as a set of financial accounts. Biographies are a form of history that describes the life of influential individuals, while genealogies or pedigrees report a detailed lineage. At a more complex level, chronicles provide a descriptive account of a central theme. Narratives, too, comprise a discourse on events relating to a central theme but, unlike a chronicle, the narrative's descriptions are ordered to disclose causal relationships between events contingent in time. The past may also be compiled as an interpretative analysis that demonstrates causation between discrete social structures across time. Of

[35] This concept, which originated in the 19th century, was referred to as historicism (Windschuttle, 1997, p. 16).

these, only the narrative and the interpretative analysis have the potential to provide the degree of explanation required of a history (Walsh, 1959, p. 299; Previts, 1990a, p. 2).

A traditional history relates the story of factual events as a narrative. That is, the traditional history has an episodic structure in which preceding events explain succeeding occurrences (Rayment-Pickard, 2000, pp. 274-284). Stone (1979, p. 3) defined the historical narrative as "the organization of material into a chronologically sequential order and the focussing of the content into a single coherent story, albeit with sub-plots". The historian's aim is to depict the past so that "all the elements hang together in such a way that each of necessity leads on to or arises out of the rest" (Collingwood, 1999, pp. 162-163).

The question whether narrative still has a role in history, together with the nature of that role, is a matter of intense debate (Furet, 1975, pp. 106-123; White, 1984, p. 1; Funnell, 1998, pp. 142-162). White noted (1984, pp. 32-33) that an historian's choice of language and the manner in which they presented their material could result in an historical narrative giving the reader a distorted representation of the matter. Munz (1997, p. 852) described the role of narrative in history as follows:

> In order to do justice to time, it must be described in narrative form. Any other form of description fails to take account of the fact that the past bears the mark of the arrow of time. Narrative is the only literary device available which will reflect the past's time structure.

Classical historical discourses differed from Stone's interpretation of the narrative in that they comprised two distinct segments (White, 1984, p. 3). First was a portrayal of the events studied, appropriately referred to as the narrative. Following this was a dissertation that conveyed the historian's concluding synthesis of the events narrated. According to this definition, the narrative is a fundamental component of a history that could exist independently of an accompanying dissertation. Such a discourse, however, would be trivial (thin) for being devoid of explanation. On the other hand, a dissertation is always dependent on a preceding, descriptive narrative. The advantage in viewing

traditional history from this perspective lies in an enhanced sense of the work's objectivity because the data is assembled quite independently of its subsequent interpretation.

Notwithstanding the apparent advantage in separating the presentation of the historical data from the interpretation of that data, Mink (in Burns, 2000, p. 9) denied that the process of writing history could be reduced to an "indefatigable collection of facts and then a great swoop of synthesis". The narrative, he argued, is a complex web of corroborative information that simultaneously provided both description and explanation. Similarly, Walsh (1959, p. 297) recommended that explanations of the past be developed by actively interpreting the historical evidence to produce 'significant' narratives in which both the sequence of events and the nature of their relationships are combined in a unitary process that concurrently yields description and explanation. The historical narrative has also enjoyed support from those not generally considered to be supporters of traditional history. Carl Hempel, a champion of scientific positivism, endorsed the narrative but qualified his endorsement by insisting that the narrative's episodic structure implied the use of scientific laws (Hempel, cited in Colodny, 1964, pp. 21-24). Gallie (in Breisach, 1994, p. 334) rebutted Hempel's notion, observing that a properly constructed historical narrative had an internal logic that did not need to rely on covering laws to explain the past.

Even strong supporters of the historical narrative acknowledged that its peculiar structure did not adequately serve the fundamental purpose of explanation in a history.[36] Collingwood (1948, p. 217) suggested that the quintessence of a traditional history was the actors' consciousness. What these actors thought was more important than what they did because it was their thoughts that initiated particular actions. Similarly, Danto (1965,

[36] Causation, like truth and objectivity, is a complex idea borrowed from the natural sciences that does not fit the practice of history without significant adaptation.

pp. 142, 235) allowed that the task of history was not simply to explain one event in terms of another but to reveal the connection between events, something not always possible in a narrative construction. Dray, too, admitted (1971, p. 155) that narrative should be prefaced with statements of historical context in which the action to be narrated is developed. In his view, any history that ignored the need for a cross-sectional 'breather' became progressively more difficult to follow. Consequently, it has been argued that history might usefully employ an amalgam of events-based narrative and analysis (Dray, 1966, p. 171; Mandelbaum, 1967, p. 417; Le Roy Ladurie, 1979, pp. 116-131; Burke, 1991, p. 245; Hérubel, 1994, p. 12; Funnell, 1998, p. 153).

Narrative's privileged position as the medium of history was increasingly threatened during the second half of the 20th century (Furet, 1975, p. 109; Dray, 1985, pp. 125, 128; Stone, 1979, pp. 3-4). White (1984, p. 1) considered that narrative merged fact and fiction and, thus, was methodologically unsound and theoretically deficient. These factors, he believed, resulted in narrative being discarded by the natural sciences as the preferred mode of explanation. The traditional narrative's ability to demonstrate causation has been heavily criticised. Both Gardiner (1952, p. 59) and Dray (1960, p. 18), who represent opposite poles of the traditional/scientific debate, accept that historians and natural scientists do not usually need to describe the world in the same way. Whereas scientists tend to be more precise in their use of language and rely on wide generalities, historians treat the detail of the particular in rich, descriptive terms. Furthermore, scientists use generalities to identify correlations, whereas historians use generalities as a guide to understanding their subject (Gardiner, 1952, pp. 60-61). Nevertheless, natural science utilises a nomological[37] process to explain its phenomena

[37] Windelband (1848-1915) is credited (in Burns, 2000, p. 178) with having introduced the term 'nomothetic' for sciences that explain their subject matter by general laws and 'idiographic' for disciplines such as history that are limited to unique events. Nagel (in Gardiner, 1959, pp. 374-375) uses the same basic terminology but refers to an 'ideographic' science. As Nagel's is the more common spelling, that version is used in this work.

(Walsh, 1967, p. 24). However, human action, unlike inert physical phenomena, is free-willed and uncertain. Consequently, human action cannot be subsumed under a complete set of precise laws. To counter this difficulty, Hempel (1964, pp. 13-15) suggested that, where such laws were not available, historians use statistical laws to infer the probability of an event's occurrence.[38]

Donagan (in Dray, 1960, pp. 145-149) denied that either universal or probabilistic laws could explain the cause of past occurrences on the grounds that not all humans of the same psychological types or sociological status will act in an identical manner when confronted by the same situation. Dray, an opponent of scientific history, countered this hypothesis. He proposed (1960, pp. 89, 157) that a satisfactory explanation about the past need not demonstrate the probability of something having occurred, only that the circumstantial evidence gave rise to the possibility of its occurrence. Similarly, Ankersmit noted (1983, p. 154) that when historians declare an intention to investigate the cause of something, they do not intend to deterministically relate two sets of events but sought, instead, a persuasive understanding of why something happened. Ricoeur (1999, p. 8), who did not accept that history should be limited to particular types of explanation, recommended that histories incorporate a variety of explanations, ranging from causality in the scientific sense to the reason for an individual's action.

Traditional historians have avoided the problem of cause and explanation by arguing that the historic narrative's structure simultaneously organised the past, revealed what had happened, and explained the changes that occurred (Danto, 1965, p. 255). Other have dismissed the causal advantage claimed for narrative's episodic structure on the grounds that the past, which was naturally chaotic, did not conform to any temporal

[38] A probabilistic explanation is inductive. Rather than demonstrating that a particular result is inevitable, as is the case when a conclusion is deduced from a set of conditions and an underlying universal law, Probabilistic reasoning suggests that, given certain underlying conditions and a statistical probability, a particular outcome is likely but by no means certain (Hempel, 1964, p. 14).

format unless such an order was imposed on it.[39] Febvre (in Revel and Hunt, 1995, p. 13) declared that the purpose of the historian was not to present the past as an unbroken sequence of events that purported to explain the past but to understand the past in all its rich and infinite variety. Even if such an order did exist, the critics of traditional history dispute that temporally contingent events are sufficient to describe the past or to demonstrate causality (Ankersmit, 1983, pp. 79, 154; White, 1984, p. 3). Mandelbaum (1967, pp. 414-415) challenged the traditional notion that history is essentially a matter of "constructing stories, narratives, or connected chronicles".[40] Narration, he believed, did not coincide with inquiry but was secondary to the discovery of the facts, which are the very essence of a history. Although the coincidence between the narrative's structure and descriptions of the past suggested the narrative as the medium of history, neither the sequential nature of historical explanation, nor the chronological pattern that past events could be fitted into, established the truth of those matters. To understand the past, Mandelbaum denied (1967, p. 417) that it was sufficient to sequentially relate events. Rather, he believed, it was necessary to associate the event in question with stable cross-sectional factors, such as general social conditions. The latter, that are not sequential in nature, cannot be formatted as narrative. Consequently, it was argued, the narrative was inherently unsuited to some types of history. Instead of a narrative approach, social historians, who support the notion of scientific history, propose an interpretative analysis of material social structures and trends that could be reduced to general laws capable of predicting or explaining the actions of all societies (Dray, 1960, pp. 11, 157; Oakeshott, 1983 p. 4; White, 1984, p. 2, Burke, 1991, p. 235; Hérubel, 1994, p. 12; Breisach, 1994, pp. 371-372).[41]

---

[39] Dray (1964, pp. 61-62) believed that history might be linear, circular or chaotic.

[40] Mandelbaum regarded these as synonyms.

[41] Carr (1961, pp. 79-80) observed that the distinction made between history and other sciences was a peculiarly English habit, founded in class biases.

SCIENTIFIC HISTORY

Grounded in material fact rather than metaphysical rationalisation, scientific history developed as a reaction to the idealism of classical dialectics.[42] Primarily driven by the philosophy of Auguste Comte (1789- 1857), those who reject an ideological approach to history argue that if history is to be more than just fiction it must employ the methods of science, that is, positivism. Positivism required that the humanities' search for ultimate truths be abandoned in favour of identifying factual regularities that could be developed into general laws to reveal the reasons for historical developments (in Morrison, 2006, pp. 150-151).

Walsh (1967, p. 45) defined historical positivism as a unitary method of science based on "observation, conceptual reflection and verification". By contrast, Collingwood (1999, p. 229) adopted a results perspective. He identified the essence of historiographical positivism as an attempt to discover the causes for particular past events.[43] MacRaild and Taylor (2004, pp. 13, 159) adopted a more nomological approach. They declared historiographical positivism to be a philosophy that assumes that history is governed by social laws.

---

[42] Dialectics is the classical means to discover the highest levels of human consciousness as opposed to empirical evidence about material things. Classical dialectics argues that nothing, even the physical, exists unless humans can think that it does, therefore the abstract is paramount. It incorporates a process in which a thesis is proposed and then opposed by an antithesis (a set of contradictory claims) intended to reveal inconsistencies in the original thesis. Progress is achieved by combining (synthesising) consistent elements of thesis and antithesis to create a new understanding.

[43] Droysen, following Schleiermacher (1768 – 1834), argued that a fundamental distinction existed between the philosophical method, the physical method and the historical method. The philosophical method sought to know the world, the physical to explain it, and the historical method to understand the past while the natural sciences explain, history's task was to understand (interpret) the texts of the past in terms of their context and time. It was not history's task to explain these phenomena (von Wright, 1971, p. 172; Ritter, 1986, p. 246).

All three definitions capture something of Comte's idea of scientific positivism, which was based on empirical observation and the discovery of the general laws that regulated society. However, Comte denied that empirical evidence alone could advance the understanding of society because every aspect of society was conditioned by its interrelationship with the rest of the social world (Burns, 2000, p. 101). For the same reason Comte believed that statistical probabilities could not be applied to sociology. Descartes, too, asserted that history lacked a rational method. Therefore, he argued, history could never be considered a subject of serious study. More so than any other, Descartes' criticism is thought to have stung historiographers to search for a method, similar to that which prevailed in the natural sciences, that would lend history the desired aura of academic respectability (Berlin, 1960, p. 1). Notwithstanding, the very idea of treating history as a natural science appalled Marc Bloch (1992, p. 19), who declared that

> history is neither watchmaking nor cabinet construction. It is an endeavor toward better understanding and, consequently, a thing in movement. To limit oneself to describing a science just as it is - will always be to betray it a little. It is still more important to tell how it expects to improve itself in the course of time. Now, such an undertaking inevitably involves a rather large dose of personal opinion (Bloch, 1992, pp. 10-11).

Rankean historiography, an example of empirical positivism, was the principal type of scientific history practiced in the late 19th and early 20th centuries (Stone, 1987, p. 76). It required that historians be objective and that the archive was the only valid means of scientifically establishing the facts of history. To maintain objective integrity, archival revelations could not be glossed by the historian's interpretations or other extraneous information. Empirical positivism dominated Anglo-American research by the end of the first quarter of the 20th century (Burns, 2000, p. 98) but came under increasing criticism (Walsh, 1959, p. 301) during the early 20th century on the grounds that the archives provided only disconnected traces of the past, and historical subjects

can seldom be interrogated to eliminate the gaps. This meant that a mechanism is needed to transform discrete archival data into meaningful information. The criticism of empirical positivism caused scientific history to explore a number of different methods. One variation that dominated the mid 20th century was logical positivism.

Karl Popper (1902-1994) first described logical positivism in a (1934) paper entitled, '*Logic of progress*'.[44] Popper stipulated that any subject be explained by reference to the rules of logic, that is, in terms of general laws[45] that simultaneously acted as both prediction and explanation (Blaug, 1985, pp. 3-4). Hempel explained logical positivism's application to history in his *Explanation and laws*: *The function of general laws in history*[46] and *Explanation in science and in history* (in Colodny, 1964, pp. 9-33).

American historians were collectively more enthusiastic about the merits of logical positivism that their English colleagues and have sought nomological or generalised explanations of history through explicit testing of social science theory and have substituted what purports to be an analytical model for the customary historical narrative (Breisach, 1994, p. 287; Berkhofer, 1995, p. 27). Some explanation for this predilection that created a significant gulf between English and United States historiography can be found in a report produced by the American Social Science Research Council entitled, *Theory and practice in historical studies* (bulletin no. 54, 1946). Following the advice of one of its members, Sidney Hook, this committee concluded that positivism, as explained by Hempel (1964), was the preferred method of history. Nevertheless, *Theory and practice in historical studies* added a qualifying caveat that conceded that the

---

[44] The method first came to the attention of the English-speaking world via Ayer's *Language, Truth and Logic*, published in 1936 (Burns, 2000, p. 98).

[45] The primacy logical syllogism in Popper's philosophy caused Dray (1960, p. 1) to label it the 'covering law' model of explanation.

[46] First published in the Journal of Philosophy (1946). Reprinted in Gardiner (1959, pp. 344-356).

application of logical positivism to history entailed certain concessions that included that history's subject matter is confined to "human activity in social contexts", that the historical laws upon which the method depended were vague bt comparison to the natural sciences, and that, although the logic of the evidence from which historians draw their conclusions was not unique to historiography, the report allowed that the historian's research techniques are autonomous (Dray, 1960, p. 11). Accordingly, despite their endorsement of logical positivism as the method of history, the American Social Science Research Council still conceded that history was a unique science and, therefore, its methodology varied from that applied in the natural sciences.

Hempel, too, conceded that history's laws cannot be known with certainty, and that the existence of such laws was an inherent problem in the humanities (Hempel, cited in Colodny, 1964, pp. 19-23). To overcome this impediment, Hempel claimed that historical explanation is genetic, in the sense that a preceding description in a narrative is linked by a general principle in a following event. This link, Hempel argued, is causal in that it makes the later event reasonably probable given the conditions of the earlier occurrence. The Achilles' heel in this argument lies in the dearth of such laws. In response, Hempel maintained that the general principles coherently linking two contingent events adjacent in time did not have to be explicitly stated but only implied by an interpretation of the collective evidence. Consequently, history's laws were rough probabilities that suggested a certain outcome and such an explanation is a partial one that depends on an assumption about how people will behave. The imprecision of such explanations was defended on the grounds that it was often necessary to qualify historians' laws with a wide *ceteris paribus* clause[47] (Gardiner, 1952, p. 94). Although this concession considerably weakened the case for nomological explanations in history,

[47] A simplifying assumption designed to eliminate confounding variables. The difficulty with such clauses that are unspecified, or 'wide', is that they render explanations that employ them almost impossible to rebut (Blaug, 1985, pp. 66-68).

it was countered by the claim that the difficulty with historic laws lay not with the circumstances involved but language's inability to properly articulate the situation (Gardiner, 1952, pp. 58, 115, 124-125; Dray, 1960, pp. 14-17).

United States' historians embraced logical positivism more enthusiastically than was the case in England, where the methodology failed to displace empirical positivism. Logical positivism, nevertheless, dominated historiography during the third quarter of the 20th century but its exaggerated claims subjected the method increasing criticism after the 1960s and led to empirical positivism being more vigorously endorsed by Annales and Foucauldian scholars (Dray, 1960, pp. 10-11; Ankersmit, 1983, p. 81; Merino and Mayper, 1993, p. 261; Blaug, 1985, pp. 1-2; Breisach, 1994, pp. 324, 377-378, 405; Oldroyd, 1999, p. 91). According to Furet (1975, pp. 121-123) not only had historians yet to succeed in producing scientific history but it was doubtful that history would ever achieve that ambition. Scientific history remains an ideal rather than an historiographical objective. Moreover, its methodological basis must be the interpretation of social phenomena. As Durkheim (cited in Burguiere, 1982, p. 428) reasoned "History can be a science only insofar as it explains, and one can explain only by comparing … Now as soon as it compares, history becomes inseparable from sociology."

SOCIAL HISTORY

Karl Lamprecht (1856-1915) rejected political history as merely the history of the individual. Instead he recommended a social history that encompassed the economic and social spirit of the nation. Similarly, Émile Durkheim (1858-1917) dismissed the traditional history of events as no more than the superficial manifestation of the real

history beneath,[48] noting that those disciplines that had been most successful in developing knowledge were the sciences, such as mathematics, physics and biology, which had adopted a positivist approach to developing understanding. By contrast, the humanities, such as economics, philosophy and history, which relied on a metaphysical approach, demonstrated least progress. Social history required the "elimination of studies in which the role of the historical individual is the principal or exclusive subject of research" (Durkheim, cited in Burguiere, 1982, p. 428).[49] In Durkheim's opinion, although the individual and society formed a whole, social structures and mechanisms were primarily responsible for shaping the past. Consequently, these structures and processes were the key to understanding the past, and social history could be broadly described as "an expansion of the historian's range of concerns beyond the actions of social and political elites" (MacRaild and Taylor, 2004, pp. 4-5).[50] It advocates a long-term, interpretative analysis of the social and physical structures of the past to discover the universal laws that determined society (Burke, 1991, pp. 2-6; Lambert and Schofield, 2004, p. 75). Durkheim's conception of society as an external, objective reality, manifested by particular structures and mechanisms that could be studied objectively (Morrison, 2006, pp. 149-155), meant that traditional history could play no more than a subsidiary role. At best, such histories provided only disconnected data that might be used to support the search for universal social laws (Megill, 2004, pp. 210, 213).

By the second half of the 20th century social history had become the dominant historiographical paradigm (Collingwood, 1948, pp. 115-166, 215-220; Stone, 1979, p.

---

[48] Durkheim published a journal entitled *L'Année Sociologique*, which first appeared in 1898. The Annales School's journal, originally entitled *Annales d'histoire économique et sociale* (1929-1938) was an ironic acknowledgement of Durkheim's pioneering work.

[49] Durkheim (cited in Burke, 1900, p. 9) suggested that events were "no more than superficial manifestations, the apparent rather than the real history of a given nation."

[50] The Annales' social perspective led Munslow (2003, p. 122) to succinctly describe their historiography as "factor rather than actor history".

3; Hobsbawm, 1980, p. 3; Davidson, 1984, p. 323; Munslow, 2003, p. 122) with Marxism, which considers society to be an external, objective reality, an early example of social history (Campbell, 1998, p. 189), as was the history produced by the French Annales school.

Marxist history

Marxist histories do not represent a particular method of research or means of verifying data[51] but are distinguished from other approaches to history by the concepts that underpin the research and the type of questions addressed (Rigby, 1987, p. 300). Its origins can be traced to Hegelian philosophy that considered the logical development of human consciousness to be history's central purpose.

Unlike Hegelism, Marxism discounted human consciousness (spirit) as the essence of history and denied that society, which included the nation state, was the manifestation the human spirit. It was not individuals who constituted society but society that shaped individuals through its control of the resources of production. Social deficiencies were not mere accidents of history but the result of deliberate state action intended to advantage the owners of capital. Consequently, economics, not human consciousness constituted the very base of the Marxist philosophy of history. It was the economic base, Marxists believed, that defined the social superstructure that consisted of all human culture.[52] Therefore, analysis of the economic base, to discover where conflicting material conditions clashed, would reveal the revolutionary process by which primitive and oppressed societies were converted into ideal, that is communist, states (Gardiner,

[51] Marxist philosophy in general, and the Marxist philosophy of history, is complex and often contradictory (Rigby, 1987, p. 299; Niemark, 1994, p. 89; Rayment-Pickard, 2000, p. 250).

[52] Heinrich Rickert (cited in Burns, 2000, p. 186) defined culture collectively as the values manifested in such social abstractions as religion, law, nation, marriage, family, economic organisations and science.

1959, p.125; Breisach, 1994, pp. 293-294; Bentley, 1999, p. 84; Hobsbawm, 2007, p. 180; Morrison, 2006, pp. 38-41).

The substance of Marxist history is the analysis of the process by which societies were transformed into ideal states. Dialectic materialism is the mechanism by which Marxists believed change would occur. This particular form of dialectics required that everything be explained in physical, economic terms, rather than by abstract human consciousness. Progress is advanced by a synthesis of the constant contradiction between propositions, or thesis, and counter-propositions, or antithesis (Tillinghast, 1963, pp. 188-191; Morrison 2006, pp. 139-140). Furthermore, Marxists believed that capitalism was an intermediate step in social development that precedes communism, the ultimate destiny of human progress. As capitalists were thought to be unlikely to voluntarily relinquish their privileged status, Marxism posited that revolution was the only means of moving from a capitalist to a communist state of development. Once that had been achieved, history would cease.[53] Historians in the new social order would only record "technical progress, production increases, contentment and happiness" (Breisach, 1994, p. 297). Consequently, Marxist historiography is directed at rationally determining the laws of history that can be applied to explain the revolutionary means by which capitalism will be overthrown. Historical facts were relegated to the subordinate role of external manifestations of the human spirit (consciousness) determined by the underlying economic factors (Tillinghast, 1963, p. 188).

[53] Comte believed that the development of positivism would alleviate mental uncertainty and relieve anarchistic inclinations that drove the masses to revolution. Once the laws of social development were fully understood the individual had no option but to comply (in Burns, 2000, p. 101). More recently, Fukuyama (1992, pp. xi-xii) argued that the triumph of liberal democracy over other forms of government signalled the conclusion of human evolution and, therefore, "the end of history". History, in the sense that Fukuyama used the term, did not mean that in the future nothing would happen but referred to history as a single, coherent development process as suggested by Hegel (the establishment of the liberal state) and Marx (the establishment of the communist state).

Other than to introduce new types of questions, and make economic historians more aware of the methodology they used, Marxism had relatively little impact on modern historiography (Braudel, 1980, pp. 76-77; Breisach, 1994, pp. 298-299; Napier 2006). A dearth of specific method is particularly apparent amongst Marxist historians in the latter half of the 20th century. In this respect, Hobsbawm observed (2007, p. 183) that it was impossible to tell whether a history was the work of a Marxist or not. Many Marxist historians, including Hobsbawm, Labrouse, Vovelle, Agulhon and Vilar are considered part of the French Annales school or, at least, to have an inclination for Annales historiography (Burke, 1990, p. 1).[54] Even at the philosophy's peak in the mid 20th century, relatively few historians were considered practicing Marxists (Hobsbawm, 2007, p. 182) Despite recovering briefly in the 1960s, their number in the developed countries dwindled still further after the 1970s (Jones, 2005, p. 62; Hobsbawm, 2007, pp. 180, 182). With the exception of Bryer (1991, 1993a, 1993b, 1994, 1998, 2000a, 2000b, 2005a, 2006a, 2006b, 2006c) little accounting history utilising a Marxist analysis of accounting has been published (Grey, 1994, p. 10, Fleischman, Radcliffe and Shoemaker, 2003, pp. 16-17; Napier, 2006, pp. 466-467).

Marxist history has been criticised on the grounds that it is based on an obsolete philosophy, premised on a simplistic 19th century notion of economic determinism, and directed at a final, idealist situation (Foucault, cited in Jones, 2005, p. 66). As the late 20th century rendered aspects of its philosophy untenable, Marxism responded by adapting it's thinking to accommodate contemporary experience. Most notable in this respect was Jurgen Habermas, who, in the late 1960s and 1970s, restated the theory of classical social researchers such as Marx, Weber and Durkheim (Lodh and Gaffikin, 1997, p. 447).

[54] Burke (1990, p. 97) noted that the affiliation between some Marxists and the Annales might have been initiated more by strategic expediency than philosophic coincidence.

Habermas did not advance his theory of history as a replacement for positivist theory but believed that it was necessary to strike a balance between the cognitive methods of the natural and human sciences. His approach can also be distinguished from the early Marxist theory of history that had dominated critical theory. While the latter assumed that economic factors had the most direct effect on society, Habermas believed that human beings, through he medium of language, were the primary influence on society. Consequently, Habermas argued that the Marxist relationship between an economic base and an attendant superstructure could no longer be sustained without incorporating human consciousness as an essential element of change. Besides the determining influence of the material base, Habermas observed that more mature civilisations also employed moral reasoning (knowledge)[55] as a means to organise their society. Reliance on moral reasoning, in turn, promoted the importance of rational discourse and language in resolving social problems. Moreover, although Habermas still believed that the principal objective of a critical analysis of the past was to comprehend that past as a means to determine how the present must be changed to ensure a better future (Laughlin, 1987, pp. 482-483), he was uncomfortable with the notion that social change occurred only as a consequence of revolutionary action as posited by classical Marxism. Instead, Habermas proposed a critical theory of history that is based on communicative freedom and rationality, and which posits that social change, when mediated through language, can be non-violent (Laughlin, 1987, p. 482; Power and Laughlin, 1996, p. 443; Habermas, in Rayment-Pickard, 2000, pp. 259, 271-273). Accordingly, twenty-first century Marxist history bears little resemblance to the ideas

[55] Habermas accepted that culture, including reasoned learning, was part of the Marxist superstructure but envisaged that culture exercised a more dominant role in changes to the human condition than Marx allowed.

first proposed by Marx and Engels (Villar, 1995, pp. 80-81; Fleischman and Radcliffe, 2003, p. 7).[56]

Habermas' analytical framework for primitive societies comprises two related elements, 'life-world' and 'systems'. Life-world, which is the core of his framework, is a discursively determined set of social relationships and normative values, combined with an intimate understanding of ourselves as individual human beings. Systems are the concrete mechanisms intended to facilitate the attainment of life-world ideals and needs. Furthermore, Habermas suggested that as primitive societies developed the ability to articulate their ideas another factor, which Habermas referred to as 'language decentration', was introduced as an intermediary between life-world and systems. Essentially the converse of language concentration or a self-centred mode of speech, language decentration is the reasoned use of language to promote common understanding and minimise conflict. Linking Habermas' life-world and systems in more advanced societies are conflicting, impersonal 'steering mechanisms' that primarily consist of political power and economic profits. These steering mechanisms use language to modulate the way society's systems actually operate. Steering mechanisms pose the risk to society that they will usurp the power of the life-world and create rogue systems that undermine the interests of life-world, rather than serving it (Laughlin, 1987, pp. 485-486; Broadbent, Laughlin and Read, 1991, pp. 3-6; Broadbent and Laughlin, 1997, p. 626; Power and Laughlin, 1996, p. 444).

Although a Habermasian approach has been proposed for accounting history (Laughlin, 1987, pp. 484-500; Broadbent and Laughlin, 1997, pp. 624-645), it does not readily fit the circumstances encountered in accounting history. As a result, Habermas' model must be reconstituted by substituting organisations for society, which alters the

[56] Oldroyd (1999, p. 96) criticised the deterministic basis of Marxist history by observing that evidence could always be found that fitted Marxist dogma because Marxist historiography "shows us how to interpret historical evidence before we have started to look."

model's focus from society in general to the micro level of individual business entities. The difficulty with this modification is that it is unclear how Habermas' conception of a life-world can be reconciled with a business institution. Moreover, because management accounting history regards accounting as a purely technical construction, a Habermasian approach is forced to substitute Habermas' abstract catalysts of change, the steering mechanisms, for more concrete structures. The effect is that the essential, abstract role that Habermas specified for language in human progress is undermined (Laughlin, 1987, pp. 490, 499-500; Broadbent, *et al*, 1991, pp. 7-11, 25-26; Broadbent and Laughlin, 1997, p. 626; Power and Laughlin, 1996, pp. 457-460; Laughlin, 2007, p. 277).

In its modern form, Marxist history has had to accept that capitalism will not be violently overthrown by irresistible economic forces. In place of a reliance on the primacy of the economic base, Marxism now tends to utilise a labour-process[57] approach to accounting history that draws from different disciplines and which represents a diversity of methodological approaches to critically analysing economic theory and other types of histories. Notwithstanding, sympathy for Marxist historiography declined during the late 1970s. It was relegated to a relatively minor role in critical social theory by the ascendency of Foucauldian analysis and the renewed vigour of Annales historians (Hunt, 1986, p. 213; Roberts, 2004, p. 86; Morrison, 2006, p. 60).

Foucauldian analysis

Generally considered a post-modernist,[58] Foucault was originally inclined towards Marxism, but later criticised Marxist historiography on the grounds that it distorted the

[57] A labour process approach focuses on the conflict between labour and management, especially the disempowerment of labour subsequent to the deskilling of labour and redundancy of labour as a result of the introduction of computerised production lines.

[58] Generally, one whose philosophy is critical of modern (post-enlightenment) norms for advancing knowledge about the human sciences. A modernist subscribes to a range of philosophy stretching from Kant to the mid 20th century.

representation of reality. Foucauldian history differs from Marxism in that it focuses on the individual or particular, rather than the universal; it aims is to rediscover suppressed knowledge not to construct economic theory. Foucauldian analysis uses numerous factors and conditions to analyse events, rather than relying on the Marxist perspective of ultimate social determinants; and Foucault opposed the idea that history has an ordered, linear structure (Smart, 2002, p. 16).[59] Notwithstanding this criticism, Marxism did have had a significant effect on Foucault's thinking (Smart, 2002, p. 14). At the same time, Foucault was both influenced and influenced by the Annales history after the late 1960s (Burke, 1990, pp. 84, 88, 102).

Foucauldian historical analysis has utilised two distinct approaches: archaeology and genealogy. The earliest of these, archaeology, was essentially an exercise in structuralism,[60] which considered that formal social structures could be identified and that these imparted meaning through only the non-human elements of structure. By contrast, Foucault's later work, genealogy, is usually classified as post-structuralism, which is characterised by a reaction to structuralism's negation of human consciousness, such as power, in the construction of meaning (Gutting, 1989, p. 228).

---

[59] Ancient Grecian history was circular, that is, following the example of the seasons, it was believed that things were destined to endlessly repeat themselves in a regular cycle. Linear history is reflected in the early Jewish and Christian apocalyptic belief that the past was the manifestation of God's will. As such, history had an objective, a beginning and end. The advantage perceived in linear history is that it offered enlightenment and the hope of redemption. By contrast, cyclical history destines humans to continually repeat the circumstances of the past (Rayment-Pickard, 2000, p. 301).

[60] Structuralism described the European philosophical argument (de Saussure, Barthes, Levi-Straus) that, because language was not neutral, it endowed texts with special meaning that had to be interpreted to discover the true meaning of what was conveyed (Rayment-Pickard, 2000, pp. 275-280; Smart, 2002, pp. 15-16). The originality and variation of his work makes Foucault particularly difficult to classify. He denied being a structuralist (Smart, 2002, p. 28), despite his early work being structuralist in nature. Munslow (2000, p. 57) and Rayment-Pickard (2000, p. 303) classify Foucault as a post-structuralist or post-modernist. Nevertheless, Foucault clearly had allegiances to both philosophical perspectives.

Archaeology

Archaeology is so-named because it delves into the past to discover and analyse the breaks (discontinuities) that indicate when one form of knowledge (episteme) superseded another. Epistemes represent epochs or rough divisions of time that serve as convenient reference points in discussions about the past.[61] During the 19th century, Comte applied the same approach when he stated that human knowledge progressed from a theological basis, to a metaphysical understanding, and finally to positive reasoning. The notion of Zeitgeist (spirit of the time), as used by German sociologists like Herder, Ranke and Weber, has the same purpose; as has Habermas' mythical, religious-metaphysical, and modern stages of reason; and the Annales' notion of *mentalités*.

To facilitate an archaeological analysis of the past, Foucault classified the period since the Middle Ages into three *epistemes* (Smart, 2002, p. 32).[62] The *episteme* signified particular relationships or conditions that governed what was ontologically possible to know at a given period of history. Foucault (in Smart, 2002, p. 32) defined the *episteme* as:

> The total set of relations that unite, at a given period, the discursive practices that give rise to epistemological figures, sciences, and possibly formalized systems ... The episteme is not a form of knowledge . . . or type of rationality which, crossing the boundaries of the most varied sciences, manifests the sovereign unity of a subject, a spirit, or a period; it is the totality of relations that can be discovered for a given period, between the sciences when one analyses them at the level of discursive regularities.

---

[61] Although he specifically referred to only three *epistemes*, Foucault implied that others could be identified (Breisach, 2003, p. 98).

[62] Foucault would argue that forms of knowledge, such as biology, economics and philology, were not simply the result of more advanced thinking but developed from discontinuities in the way of thinking about the world. A human science, such as biology, was ontologically impossible in the Renaissance or Classical *epistemes* (Smart, 2002, pp. 32-35; Oksala, 2005, pp. 26-28).

The first of Foucault's epochs was a 16th century (Renaissance) *episteme*. During this time, he believed, the world was comprehended on the basis of applied theological argument. Knowledge developed through the classification of phenomena according to the regularities observed to exist between them. Next Foucault envisaged a classical *episteme*, which prevailed from the mid 17th century to the end of the 18th century. Now knowledge was no longer accumulated by discovering similarities but by identifying the differences between phenomena. The empirical world was described via a process of comparison and ordering, organising known phenomena into representative structures (taxonomies). Language, itself, was not considered knowledge. Its function was to transparently represent knowledge. Finally, Foucault identified a modern *episteme*, which ranged from the beginning of the 19th century to the present day. Under the modern *episteme*, rational knowledge[63] is organised into empirical sciences according to the unconscious rules that govern such things as economics, desire, language, actions and rites.[64] Now, not only could the physical be known but the abstract too. Unlike traditional history, the modern *episteme's* focus is not historical events or persons but language. Language was now no longer simply a way of representing the concrete; it had the more active role of both interpreting and presenting the abstract. Two other factors distinguish the modern *episteme*. Firstly, whereas in the classical *episteme* knowledge had a universal basis, the modern *episteme* accepts that different sciences generate and classify knowledge in unique ways. Secondly, the modern episteme classifies the objects of knowledge spatially by their place in time, not only in terms of differences and similarities (Payne, 1997, p. 45; Rayment-Pickard, 2000, p. 303; Breisach, 2003, pp. 98-99; Oksala, 2005, pp. 21-27). The notion of *epistemes* was complicated by the

[63] "Being had a universal order that could be analyzed by a universal method and that could be represented by signs that mirrored perfectly this order of being" (Oksala, 2005, p. 24).

[64] Knowledge in Foucault's *epistemes* is not derived from just from attendant social, political, or economic conditions as these are themselves constructed by the episteme concerned and their genealogy can be studied (Payne, 1997, p. 45).

assumption that knowledge was constituted both by external factors and the episteme itself. The significance of this assumption is that it denied that the accumulation of scientific knowledge could be represented as a continuous, linear progression.

Foucault challenged the traditional idea that the concepts used to define the reality of the past are not influenced by culture or language. The past, he argued, is best viewed by reference to the conventions, practices and discourses of social behaviour rather than a natural reality that an historian can neutrally know (Rayment-Pickard, 2000, p. 303). Munslow, 2000, p. 107). Unlike conventional history, archaeology does not address the history of ideas or actions. Its purpose is not to reveal the origins of things or the progress from primitive to modern thought. Nor does it attempt to unify the diverse factors that comprise the past. Instead, archaeology is an analysis of historical systems of thought or discourse. It describes the archive[65] as a means of developing an understanding of the conditions in which a state of being is constituted as something that can be known (Smart, 2002, pp. 27, 33, 48). As such, archaeology does not attempt to demonstrate causality but to reveal the discursive interaction between power and knowledge believed to initiate transformations in the social state.

An archaeological approach has not been favoured by accounting historians. Hopwood's *The archaeology of accounting systems* (1987) is the only significant accounting history that purports to adopt an archaeological approach. However, notwithstanding the title, Hopwood (1987, p. 230) admitted that the study incorporated elements of both archaeology and genealogy. Armstrong (1994, p. 47) ascribed accounting history's relative lack of interest in archaeology to its reliance on presenting only "a static demonstration of discontinuity between discursive formations" that is

[65] By 'archive' Foucault (in Smart, 2002, p. 48) meant the system of rules that governs how thought is expressed and functioned.

ineffective in depicting change over time. More accounting histories have been based on Foucault's genealogical method of analysing the past.

Genealogy

In the late 1970s, Foucault proposed a genealogy of history in reaction to the deficiencies he perceived in structuralism and more traditional methods of history (Gutting, 1989, p. 228). The method was not, however, original to Foucault. His thinking in this regard was strongly influenced by Nietzsche's (1887) publication *On the genealogy of morals* (Foucault, 1977, pp. 139-164). Foucault did not abandon archaeology after he introduced genealogy but believed the two methods to be complementary. Nevertheless, Foucault never attempted to explain the details of that relationship.

The most apparent similarity between archaeology and genealogy is that both are means of critiquing the conventional (modernist)[66] method of history (Habermas, 1987, p. 249; Smart, 2002, p. 54). A fundamental distinction is that the archaeologist focuses on epistemology, that is, the way in which knowledge is constituted, whereas genealogy addresses the question of how certain knowledge is empowered, that is, comes to dominate a society, and how it is subsequently ousted (Flynn, 2005, p. 24). Another difference between Foucault's two modes of history is that while archaeology is not explicit about whether it permits discursive sources (statements, texts) and non-discursive sources (institutions, social relationships, economic processes and practices, political events and behavioural patterns) as evidence, both sources are necessary for a genealogy.

[66] By modernist is meant the range of philosophy that encompasses the Enlightenment, from Kant to the mid 20th century.

Genealogy is complex and definitions tend to be of limited use because they generally emphasise certain aspects of the method, rather than providing a definitive statement of what the method entails. This limitation notwithstanding, some statements concerning the method do offer a useful entrée to a discussion of genealogy. Habermas (1987, p. 248) stated that genealogy was a process that traces historically variable conditions of validity to their institutional roots in order to understand how historical discourses are established, come to prominence and are discarded. Similarly, Smart (2002, p. 48) observed that a genealogy reveals the emergence of the human sciences[67] through an analysis of the power relationships embodied in social practices. Miller and O'Leary (1987, p. 3) noted that genealogy was a process that discloses what constitutes human consciousness, not by identifying a particular point of origin for contemporary practices, but through an analysis of a complex series of events that, at first sight, might not appear to be directly related to the matter being researched. Foucault (1977, pp. 139-140) explained that a genealogy of the past should

> Record the singularity of events outside of any monotonous finality; it must seek them in the most unpromising places, in what we tend to feel is without history - in sentiments, love, conscience, instincts; it must be sensitive to their recurrence, not in order to trace the gradual curve of their evolution, but to isolate the different scenes where they engaged in different roles. Finally, genealogy must define even those instances where they are absent, the moment when they remained unrealized.

The essence of genealogical analysis, therefore, lies in its consideration of all surrounding contextual factors as a means of grasping a full understanding of human knowledge. This includes those sensual influences that bear on the matter being investigated but which, at first sight, appear not to exist or to have a history. Continuing this theme, Foucault (1977, p. 155) cited Nietzsche to the effect that conventional

[67] The science of man as man, as opposed to the natural sciences.

methods of history were incapable of dealing with the past because, although it is generally assumed that history has a natural order, the past is a chaotic state

> The world we know is not this ultimately simple configuration where events are reduced to accentuate their essential traits, their final meaning, or their initial and final value. On the contrary, it is a profusion of entangled events. If it appears as a "marvelous motley, profound and totally meaningful," this is because it began and continues its secret existence through a "host of errors and phantasms." We want historians to confirm our belief that the present rests upon profound intentions and immutable necessities. But the true historical sense confirms our existence amongst countless lost events, without a landmark or a point-of-reference.

Foucault's perception of the past as complex and chaotic, together with his conviction that the past must be comprehended through an understanding of both the concrete and the abstract, persuaded him that all human (social) knowledge was discursively created. The past, he believed, could only be properly comprehended by interpreting the discourses that created human knowledge. Histories are, therefore, bounded by a structured 'discursive formation' that initiates collaboration between writer, text and reader. Accordingly, the conventional notion that the facts of the past determine the validity of a history is rejected because interpretation suggests that the present dictates the meaning and logic of what is understood about the past, (Foucault, 1977, pp. 139-140). [68] Furthermore, as the past is compiled from the perspective of the present, history is inherently unstable and will be continuously revised (Munslow, 2000, pp. 108-109). Therefore, it is futile to seek origins or conclusions about the past, or attempt to discover the truth about the past from only authoritative historical documents. History's reliance on archival evidence to establish validity had to be realigned in favour of a history that is a consequence of dynamic knowledge relationships (epistemological

[68] In this regard, Nietzsche (1968, p. 464) used the German word '*schlecht*' to effectively illustrate the manner in which words assume different meanings over time. Originally a reference to the common or ordinary people, as distinct from the nobility, over time it came to mean 'bad'.

structures) that constantly create discontinuities in established power relationships.[69] Power relationships are the very core of Foucault's genealogy. In this respect, he quoted Nietzsche, observing that the relationship of domination is:

> Fixed throughout its history in rituals, in meticulous procedures that impose rights and obligations. It establishes marks of its power and engraves memories on things and even within bodies. It makes itself accountable for debts and gives rise to numerous rules, which is by no means designed to temper violence, but rather to satisfy it (Foucault, 1977, p. 150).

Social organisation and practices, Foucault believed, are grounded in social discourse and the only (temporary) stability apparent in history was the context in which such discourses occurred (Breisach, 2003, p. 100). Consequently, a genealogical perspective does not accept that history is linear and the only social order apparent in the past is that imposed by the dominant social ethic. Moreover, advanced forms of rationality did not depose outmoded social orders and established others in their place, rather it was social resistance to institutionalised domination that disturbed the status quo.

As the past comprises many 'beginnings'[70] but no absolute origins or final conclusions, and because there are no absolute truths about the past, merely interpretations of what might have been,[71] history is best served by historians concerning themselves with discovering how discursive claims of truth privilege certain forms of knowledge while demoting others (Breisach, 2003, pp. 96-97). History's proper concern is, therefore, to analyse the multiplicity of unpredictable and unstable power relationships with the aim of discovering how existing social orders were established and

---

[69] In the sense that Foucault used the term, power did not necessarily imply authority or the ability to subjugate but referred to "omnipresent webs of relations" that operates both top-down and bottom-up (Fleischman *et al*, 2003, p. 15).

[70] Beginnings should be understood as points at which an existing discourse is entered, rather than when that discourse originally commenced.

[71] Knowledge has a particular perspective. Not only is it grounded in a particular time and space, but the historian's biases also distort what is claimed to constitute knowledge.

how ascendant institutions usurped the role of established social states. The essence of such an analysis is endless[72] interpretation of the numerous contingent factors that privileged certain knowledge discourses and decided particular social orders, (Habermas, 1987, p. 251; Alagiah, Ratnatunga and Gaffikin, 1998, p. 9). The only means by which this can be achieved, Foucault suggested, was by historians adopting a genealogical approach to history.

A genealogy proceeds by first revealing the numerous chance 'beginnings' that collectively form a particular discourse. It does this by tracing the descent of historically variable conditions of validity to their institutional roots. The purpose is to grasp how particular conditions eventuated, and their implications for the matter being researched. Nevertheless, because these conditions become apparent and disappear in a quite random and discontinuous manner, descent does not require the genealogist to identify the complete chain of eventualities.[73] It is only necessary to disclose the multiplicity of conditions that gave rise to a certain historical event. Similarly, the genealogical concept of emergence does not represent the culmination of events, or the end of a process of development, as linear history suggests. History's ambition, Foucault believed, should be to disclose a transitory instant that illustrates the conflict between opposing power-relationships (Habermas, 1987, pp. 248-250; Smart, 2002, pp. 56-58).

A Foucauldian approach to accounting history aims is to reveal the social world from a fresh perspective (Alagiah *et al*, 1998, pp. 1-4). From a practical point of view, a

---

[72] The process of interpretation is said to be continual because the past has no ultimate meaning or origin waiting to be discovered. Rather the past comprises infinite layers of interpretation that have yielded an accumulation of knowledge that has been afforded the status of a truth, which are considered to self-evident, or are simply believed to be necessary (Smart, 2002, pp. 57-59).

[73] In contrast to Annales histories, genealogy endorses the event as necessary to reveal the constructed reality beneath the apparent reality. The aim is not to determine the origin of the thing in question but to clarify the dispersion, disparity and domination of the many of factors that constituted the event.

Foucauldian perspective has the advantage that can bridge the gap between competing philosophies in history. Its appeal lies in that it allows accounting history to be more receptive to different types of research problems. At the same time, it has encouraged accounting historians to question the conventional notions of a linear history, the existence of a base of historical fact, and to reject the notion that accounting and accounting information is value-free (Burchell, Clubb and Hopwood, 1985; Hoskin and Macve, 1986, 1988; Hopwood, 1987; Miller and O'Leary, 1987; Walsh and Stewart, 1993; McKinlay, 2006).

Accounting histories that have adopted a genealogical approach are more numerous than are archaeological accounting histories, though the former still represent only a small percentage of recent accounting histories. McKinley (2006, pp. 87-88) concluded that Foucault's approach had little affect on historiography in general and, with the exception of accounting history, had received relatively little attention from economics and business historians. Even in accounting history Napier (2006, p. 460) noted that, "only a minority of contributions to new accounting history are written from a Foucauldian perspective". Of the one hundred and forty three history articles published by Accounting, Organisations and Society over the thirty years prior to 2006, only twenty-six were based on Foucauldian method (Napier, 2006). Burchell *et al* (1985) employed Foucauldian genealogical analysis to demonstrate that accounting has no natural existence but that certain social conditions constitute it. Hoskin and Macve (1986, 1988) applied Foucault to an analysis of the cost accounting used by the Springfield Armoury in the 1830s and 1840s. Miller and O'Leary (1987) analysed the history of standard costing and budgeting during the first three decades of the 20th century to show how accounting and other human sciences combined to construct a governable 20th century labour force. Walsh and Stewart (1993) applied a Foucauldian analysis to Robert Owen's procedures to monitor workers, while McKinlay (2006)

provided an overview of the application of genealogies to management. During the same period the journal published only six histories (five of which were the work of R. A. Bryer) that had a purely Marxist orientation. A further seven (Armstrong 1985, 1987; Niemark and Tinker, 1986; Hopper and Armstrong, 1991; Oakes and Covaleski, 1994; Cooper and Taylor, 2000; and Uddin and Hopper, 2001) adopted a labour process approach. Furthermore, Napier (2006, p. 462) demonstrated that extant genealogical accounting histories (Hoskin and Macve, 1986; Miller and O'Leary, 1987[74]; Walsh and Steward, 1993; Hoskin and Macve, 2000; and Fleischman and Macve, 2002) are largely confined to research into costing (the 'governable' or 'calculable' man). An exception is Alagiah *et al* (1998), who addressed the question how the concept of income defined certain Australian families. Reflecting on the relative failure of Foucauldian history to impact accounting history, Armstrong (1994, p. 49) concluded that:

> The genealogical method (and its extension via the sociology of translation)[75] either fails altogether to engage with the problem of the direction of influence, depends on uncertainty-grounded assertions of similarity or demands the same kinds of evidence as traditional biographical approaches to the history of innovation.

The general view is that the difficulty that accounting historians have with Foucault's genealogy is that it regards cause as a circular process with truth being defined by the language and practices signified by documentary evidence, not the content of the archives (McKinley, 2006, p. 88; Napier, 2006, p. 461). Foucault's style,

---

[74] Armstrong (1994, p. 47) disputes that Miller and O'Leary (1987) can be considered a genealogical analysis because the authors trace "patterns of physical or mental resemblance" not the manner in which one thing leads to another. Armstrong (1994, pp. 48-49) also criticised Hoskins and Macve (1986 and 1988) on the grounds that, contrary to Foucault, they employ human actors to demonstrate how various discourses and practices produced the effect they did.

[75] To be useable, abstractions, such as concepts and principles, must be interpreted and presented in a concrete form. This process involves certain social roles between communicator and communicatee, the study of which is known as the sociology of translation (Katz, 1976, pp. 99-101).

rejection of narrative, unconcern with truth, confusion over historical facts, neglect of relevant historiography, and questionable historical explanations have contributed to the belief that Foucauldian analysis is not as compatible with the aims of accounting history as is often assumed (Carter, McKinlay and Rowlinson, 2002, p. 519; McKinlay, 2006, p. 87). In addition, in its original form, based on power-knowledge relationships, Foucauldian analysis suffers in that its theory of power relationships does not fit well with accounting controls, which means that it cannot explain accounting change, the spread of accounting ideas and practice, or resistance to accounting controls. Even the revised form of Foucauldian analysis based on the sociology of translations offers no definite advantage over traditional approaches to accounting history (Armstrong, 1994, pp. 50-51).

Annales history

Annales' historiography can be traced to scholars such as Durkheim, Burkhardt, Simiand and Berr who, in the latter half of the 19th century, rejected the inflexible objectivity that typified Rankean empirical positivism (Burke, 1991, pp. 7-8). Jules Michelet (1798-1874), widely perceived as one of the foremost influences on the Annales (Le Goff, 1980, p. 6; Burke, 1990, p. 13), declared that history had to be written from the bottom up, that is, from the perspective of ordinary people, who were generally absent from the archives (Burke, 1990, p. 8). In 1869, Michelet lamented that, not only had history failed to be sufficiently concerned with economics, it had also failed to properly acknowledge the spiritual. That is, what people believed and why they believed what they did (Le Goff, 1995, p. 244). As an alternative to the accepted methods of history, Henri Berr[76] advocated that historians not merely report their archival findings

[76] Berr, by contrast with Durkheim, advised historians not to neglect the individual (Burguiere, 1982, p. 428)

but that they also interpret those findings. Berr noted that "thought is useless if it does not mix freely with science, and science is vain if it does not stimulate thought" (in Siegel, 1970, p. 323).

In contrast to Durkheim, Henri Berr (1863-1954)[77] regarded history, not sociology, as the premier social science because it was only through history that human life could be understood. Berr believed that a science of history was necessary to advance understanding of human existence and that this could only be achieved by a synthesis of the chaotic facts of the past with a philosophy of history. The essence of Berr's view of history as a science, and a major point of departure from Durkheim, was his synthesis of historic facts and philosophy. In his view a science of history was not dependent on Rankean empiricism or positivism because the historian and the object of study could not be completely separated (Siegel, 1970, pp. 323-324).[78]Marc Bloch and Lucien Febvre, founders of the French Annales School of history, were enthusiastic supporters of Berr's approach to history. Collectively these men constituted the cornerstone of modern French history (Siegel, 1970, p. 334).

Following the lead given by Simiand, Berr and others, historians affiliated to the Annales School assumed that a synthesis between history and the social sciences was essential to promote the well-being of humanity in general. History's role, they believed, was to inform social science of the substance that would constitute the universal laws that were ultimately considered to govern all society (Gardiner, 1959, pp. 3-4; Revel and Hunt, 1995, p. 26; Megill, 2004, p. 221). The Annales' perception of social history was

---

[77] Both Durkheim and Berr were students of the historian Fustel de Coulanges and the philosopher Èmile Boutroux.

[78] In 1900, Berr founded the *Revue de synthèse historique* to promote his ideas (Siegel, 1970, p. 325) Amongst others, Boutroux, Lamprecht, de Coulanges, Croce, Durkheim, Simiand, Bloch and Febvre contributed to the *Revue de synthèse historique*. After the founding of the *Annales d'histoire économique et sociale* in 1929, the name of Berr's journal was abbreviated to *Revue de synthèse* and its focus was broadened to include sociology in general.

less ideological and more empirical than the Marxists. Although both Marxist and Annales history utilised a two-tiered perspective of society, unlike Marxism the Annales did not perceive the world as comprising an economic (material) base that determined an attendant social superstructure (Prost, 1992, p. 672; MacRaild and Taylor, 2004, p. 85). Annales history also accepted a broader set of sources than did Marxist history.[79] While the Annales regarded economics as an important tool in explaining the past, their emphasis on 'total' history meant that they afforded disciplines like geography, climate and psychology an important role in shaping the past (Revel, 1995, pp. 8-9, 13-14, 21; Clark, 1999, pp. 239-241; Revel, 1999, pp. 77-79, 84).[80] Their predilection for diverse evidential sources notwithstanding, the Annales preferred collective quantitative data to the textual evidence that traditional history relied on (Braudel, 1972-3, p. 21; Furet, 1975, p. 108; Fogel, 1983, p. 42).

The Annales' preoccupation with an interpreted collective past caused them to relegate traditional history's emphasis of the prominent person, the grand event and the narrative to a subordinate role (Renouvin, 1966, p. 11; Le Roy Ladurie, 1979, pp. 20, 113; Stone, 1979, p. 3; Furet, 1983, pp. 392, 409; Burke, 1990, pp. 89-91; Munslow, 2003, pp. 131-132).[81] The Annales regarded the specific as just an interesting anecdote. Accordingly, they rejected traditional history's emphasis on grand events and prominent persons as biased and oppressive (Burke, 1991, p. 9; Lambert and Schofield, 2004, pp. 62-63). Braudel (1980, p. 25) was particularly critical of the event, which he dismissed as "capricious and delusive". Le Roy Ladurie was probably more honest in his

---

[79] The very diversity of the *Annales*' approach rendered it incapable of being limited to a specific ideological perspective, as was the case with Marxism.

[80] Lucien Febvre conceded that the Marxist emphasis on economic determinism distinguished it from the *Annales*, nevertheless he maintained that the main division between Marxist and Annales history lay in the latter's regard for humanity as a contributing factor in history (in Burke, 1990, p. 14).

[81] Rejection of the event as a basis for history is not a recent development. It can be traced back to at least the 18th century (Burke, 1991, p. 233).

assessment of the Annales' relationship with the event. He observed that the Annales' repression of the event was a strategy designed to ensure the Annales' survival (Le Roy Ladurie, 1979, p. 111).

The key difference that distinguished Annales from all other forms of history was its focus on 'problem' history. Problem history attempts to understand why anticipated change did not materialise or why society displayed inertia when a certain response could reasonably be expected. Consequently, Annales philosophy did not incorporate an effective means for explaining major social upheavals (Stone, 1979, p. 5; Hunt, 1986, p. 22; Burke, 1990, pp. 1, 8, 74, 97; Revel and Hunt, 1995, p. 13).[82] The classic Annales' history is divided into two parts (Burke, 1990, p. 62). One part comprises the underlying material 'structures' of society and the other deals with cyclical trends such as prices, wages, demographics and production that the Annales referred to as '*conjonctures*' (Burke, 1991, p. 236; Marwick, 2001, p. 122). The data revealed by a comparison of such cycles is used to construct a model of the society being studied (Le Roy Ladurie, 1979, p. 26; Revel, 1999, p. 82).

Fernand Braudel's *The Mediterranean world in the age of Philip II*, first published in 1949, is the quintessential Annales history (Le Roy Ladurie, 1979, p. 19; Burke, 1990, p. 37; Breisach, 1994, p. 374). *The Mediterranean's* novelty was that it used three levels, rather than the two commonly encountered in other social histories. Each level was subject to a different time or rhythm. At the base of Braudel's analytical model was the long duration, which comprised time measured by the almost static rhythm of geography and climate. A particular geographic environment, Braudel hypothesised, had a powerful influence on the way that people who were subject to it thought and organised

[82] Oakeshott (1983, p. 95) denied that history's purpose was to resolve problems. He asserted that "An historical enquiry is not an explanatory exercise, nor is it a concern to solve a problem; it is an engagement to infer, to understand discursively and to imagine the character of an historical event. It begins in a present-past of survivals, and at each stage it is necessarily sustained only in terms of a reading of the circumstantial evidence it invokes."

themselves. The base provided the context by which the structures on the next level might be understood (Burke, 1990, p. 36). The second tier of *The Mediterranean* dealt with more rapidly changing institutional structures like economics, empire, government, poverty and war. Braudel reckoned time on the second level in half centuries, decades, or generations, rather than the millenniums that marked the rhythm of the base. The third level addressed the immediacy of personal action and events and was measured in months, years, or a decade. Although Braudel suggested that the longer-term influenced the shorter-term, he was never explicit about how this happened.[83] It is noteworthy that Braudel used narrative in both *The Mediterranean* and in his later work, *Civilisation and Capitalism* (1967). However, in the instances where he did employ narrative, such as the micro-histories in *Civilization and Capitalism*, it was the actions of everyday people, not the elite that were addressed.

By the second quarter of the 20th century, Annales history exercised the greatest influence on historiography and its journal was one of the most widely cited references (Prost, 1992, pp. 673-674; Revel and Hunt, 1995, pp. 16-17, 78, 80; Clark, 1999, p. 244; Roberts, 2004, pp. 78, 84). Jacques Revel noted that by the last quarter of the 20th century the Annales were widely regarded as the historiographical establishment. In his words it had become "a decisive intellectual authority" (Revel, 1999, p. 80). Similarly, Hunt (1986, p. 209) declared the *Annales: Économies et sociétés, civilisations* to be the most influential historical journal in the world.[84] That triumph owed much to the

[83] The modern perception is more complex. Not only is the third tier influenced by the mental structures of the medium term but that the third tier also influences the second tier (Hunt, 1986, p. 217).

[84] The Annales journal appeared under four different titles (Burke, 1990, p. 117, note 2). These were: *Annales d'histoire économique et sociale* (1929-39); *Annales d'histoire, sociale* (1939-1942 and 1945); *Mélanges d'histoire sociale* (1942-1944); and *Annales: Économies, sociétés, civilisations* (1946 to date).

Annales' enthusiasm for a deterministic, serial history[85] by Braudel, Labrousse during the 1960s and later by Chaunu (Le Roy Ladurie, 1979, pp. 15, 20-22). So successful were the Annales in promoting serial history that the late 1960s saw the approach heralded as the pinnacle of modern historiography (Megill, 2004, p. 209; Roberts, 2004, p. 78). While their concentration on the quantitative significantly reinforced the Annales' reputation, it also attracted growing criticism.

Both outsiders and the *Annaliste* themselves expressed concern that the qualitative factors, which many social historians considered essential to properly comprehend the past, had been neglected in the Annales' enthusiasm for serial history (Stone, 1979, pp. 23-24). Foremost amongst the latter were Jacques Le Goff, Georges Duby and Michel Vovelle. As a result, Annales historiography turned in the last decade of the 20th century to a history grounded in the abstract and the psyche (Stone, 1979, pp. 8-14; Stone, 1987, pp. 21-22; Hunt, 1986, p. 214; Breisach, 1994, p. 290; Burke, 1999, p. 79). This turn is variously known as 'new history'[86], 'cultural' history, or, more generally, as '*mentalités*' history. The development of *mentalités* history cemented the Annales position as the foremost exponents of history in the 20th century (Burguiere, 1982, p. 426).

Mentalités history

The historiographical approach, generally known as '*mentalités*' history, defies precise definition for a number of reasons. Furet (in Hunt, 1986, p. 215) considered the notion so vaguely specified as to encompass almost anything. A direct English translation is complicated by the subtle connotations intrinsic to the original French, while the problem of definition is exacerbated by contemporary usage that differs from

[85] Serial history relies on statistical data for its evidence (Le Roy Ladurie, 1979, p. 15). Bourdelais (1984, pp. 179-180) argued that the Annales always had a predisposition for serial history.

[86] The label 'new history', in the sense that it is used here, is said to have developed as a result of a series of essays edited in the 1970s by Jacques Le Goff (Burke, 1991, p. 2).

earlier interpretations (Hutton, 1981, p. 237; Vovelle, 1990, pp. 4-5) and recent practice that has seen *mentalités* used to demark 'new' history from the economic history that preceded it.[87]

Roger Chartier (1995, p. 288) described the purpose of *mentalités* history as an attempt to discover the "always-collective mentality that regulates, without their knowing it, the representations and judgements of social subjects". In other words, *mentalités* is the study of subconscious social decisions, not decisions made by individuals. Vovelle (1990, p. 9) cites Philippe Ariès (1914-1984) as describing *mentalités* as a collective unconscious that is not defined by psychology or anthropology but which is based on an autonomous, collective mental experience that conforms to its own rhythms and causalities. As such, *mentalités* is an intermediate stratum of gestures, attitudes and collective representations that is sometimes referred to as collective imagination and is quite independent of any socio-economic determinism.

More generally, *mentalités* history may be said to investigate how past societies, consciously or unconsciously, perceived the world and organised themselves in response. Whereas history had previously regarded society as a given or determined by economic factors, *mentalités* assumed that society (or the individual) is a product of all the constituent elements of the environment in which it existed (Le Goff, 1995, p. 244; Chartier, 1995, pp. 291, 295). For that reason, *mentalités* history could not be limited to the economic and quantitative. Le Goff (1995, p. 245) suggested that *mentalités* history comprised two distinct stages. First is the "archaeopsychology", that is, the process of identifying the different strata and fragments ('artefact-signs') of the past and interpreting the relationship between them and their creators, especially what they were

[87] Hutton (1981, p. 241) argued that there was a direct association between serial and *mentalités* history. In his opinion, the *Annales*' preoccupation with economic data during the 1960s and 1970s developed the quantitative skills needed to analyse *mentalités*. Similarly, Chartier (1995, p. 289) traced the advent of cultural history, which he considered developed into *mentalités*, from serial history.

meant to signify.[88] The second stage uses this knowledge to determine the psychic systems or organisations constructed by peoples of the past. As such, *mentalités* does not represent a causal mechanism of explanation, as is claimed for the traditional historical narrative, but a network of interconnected social attitudes, language, perspectives, customs, laws and other mental constructs ('webs of meaning') that have to be interpreted to discover what people of the past might have thought (Geertz, in Megill, 2004, p. 223).

Its association with the 'new' history of the 1990s notwithstanding, *mentalités* history was not so much a late 20th century innovation as a revival of the core of early Annales' philosophy. Bloch's *The Royal Touch*, published in 1924, is an early example of *mentalités* history (Burke, 1990, p. 18). Further evidence of the fundamental role played by *mentalités* in Annales history is apparent in Robert Mandrou's reference (in Burke, 1990, p. 70) to *mentalités* as the original method of Annales history (*Annales première manière*). Lucien Lévy-Bruhl (1857-1939), who taught Febvre, and strongly influenced his thinking, was a philosopher and anthropologist whose reputation was founded on the study of the ingrained mental attitudes of primitive societies.[89] *Mentalités* was a founding element of both Febvre's and Bloch's philosophy, and is evident in the first (15th of January, 1929) issue of the *Annales d'histoire économique et sociale* (Burguiere, 1982, pp. 428-431).[90]

Mentalités represents a junction where opposing historiographical forces collide, such as "the individual and the collective, the long-run and the everyday, the unconscious and the conscious, the structural and the conjunctural, the marginal and the

---

[88] For a discussion of archaeopsychology and signifiers, see Davis (1988, p. 184).

[89] *Les fonctions mentales dans les sociétés inférieres* (1910) and *La mentalité primitive* (1922).

[90] Febvre's philosophy initially differed from Bloch's in a fundamental way. Febvre believed that it was necessary to interpret the individual's consciousness, while Bloch initially believed that the focus must be the collective consciousness. By 1934, Bloch had moderated his view to accord with that of Febvre (Burke, 1990, p. 25).

general" (Le Goff, 1995, p. 245). The presumption was that an appropriate analysis of these intersecting elements could be used to address the problems raised by the past. The particular problem envisaged was the lag between an idea being formed and its eventual adoption by society. Because that lag was assumed to be a factor of society's mind-set, which induced an inertia that could delay the application of an idea for centuries, *mentalités* was initially regarded as a longer-term concept, similar to Braudel's *conjoncture* (Stone, 1979, pp. 8-15; Hunt, 1986, pp. 215-217; Burke, 1990, pp. 40, 53-59; Prost, 1992, pp. 675-678; Breisach, 1994, p. 375; Revel, 1999, p. 84; Megill, 2004, p. 221). The understanding that *mentalités* was a long-term approach to history was overturned by 'new' history, which endorsed short-term *mentalités* history. At the same time, the Annales were observed to have significantly tempered their preference for serial analysis and adopted a more relaxed attitude towards the event, micro-history and the narrative (Clark, 1999b, p. 253).[91]

That is not to say that the late 20th century turn to *mentalités* was entirely responsible for the Annales' growing acceptance of short-term history. By the end of the 1970s Braudel (1980, p. 30) had already noted a trend towards short-term history. The trend noted by Braudel was firmly established by the mid 1990s when Chartier declared that the short-term time scale was essential to understanding the past:

> It is on this reduced scale, and probably only on this scale, that we can understand, without deterministic reduction, the relationships between systems of beliefs, of values and representations on one side, and social affiliations on the other (Chartier, 1995, p. 296).

[91] Some confusion surrounds *conjontures* and *mentalités*. Hunt (1986, p. 212) suggests that Braudel's third tier, civilization, subsequently came to be referred to as *mentalités*. Civilisation was assumed to be dependent on the second level that comprised the material of life. By contrast, The Australian National University's history site states that; "Insofar as it is a moderately long-term phenomenon, the history of mentalities is an example of a '*conjuncture*,' as opposed to an 'event'" or a 'structure.' Retrieved on 28/03/2006 from http://arts.anu.edu.au/history/hist2110/hist2110_glossary.html.

Most notably, *mentalités* history also acknowledged the significance of the event, not as the central focus of a history but as an element within a history that could be analysed both at a particular point in time (synchronically) and across time (diachronically) for its significance for the past (Burke, 1991, pp. 19, 234; MacRaild and Taylor, 2004, p. 38). Le Roy Ladurie (1979, pp. 113-114) observed that history is not "entirely logical, intelligible and predictable from start to finish" because the event intervenes in that process. In an approach dubbed a 'structure-event-structure' process, Le Roy Ladurie (1979, p. 116)[92] signified the importance of the 'traumatic' or 'creative' event as a catalyst for social change, thereby re-establishing the event as a significant element in an analysis of the past. Using Paul Bois' *Paysans de l' Ouest* (1960) as an example, Le Roy Ladurie (1979, pp. 115-131) demonstrated that by starting with a contemporary structure, which can be attested to but the origins of which are obscure and move back through time (rather than forwards, as is the case with the classic narrative), it is possible to discover the 'initial traumatic event' that might have been the catalyst for that structure's creation. Once the traumatic event has been identified, it must be considered in the context of the structures that existed at the time it occurred.[93] That knowledge will allow the significance of the traumatic event and the way it might have initiated the movement from one structure to another, to be better comprehended. By analysing 'key' events Le Roy Ladurie believed it was possible to demonstrate linkages between the very short-term and the longer-term. A similar approach was followed by Francois Furet and Ran Halévli in their study, *'L' Année 1789* (1989) located on the cusp of the French modern era. The authors acknowledged that the French Revolution was, indeed, a significant event that profoundly altered French society

[92] Le Roy Ladurie was one of the most influential of the modern Annaliste (Harding, 2005, p. 96).

[93] Le Roy Ladurie (1979, p. 128) did not claim that the pre-existing structures caused the significant event but that they are likely to have influenced the event.

(Burke, 1990, pp. 90-91). Vovelle (1990, pp. 145-147, 155), too, argued that an analysis of the past might validly begin with the historian identifying an event and discovering the underlying structures that might have influenced its occurrence. Alternatively, an historian may start by undertaking a structural analysis intended to discover the underlying key events. *Mentalités* studies, structured as micro-histories,[94] have also had the effect of reinstating the event as a catalyst or indicator of change (Vovelle, 1990, pp. 232, 244; Jordanova, 2000, pp. 137, 214; Lambert and Schofield, 2004, p. 63).

The ascendancy of *mentalités* history has seen the narrative gain more acceptances in Annales histories. Le Roy Ladurie's *Carnival* (1980) used *mentalités* to explain peoples' behaviour. The work dealt almost entirely with the short-term and was presented in a narrative format (Hunt, 1986, p. 215). Stone (1979, pp. 16-17, 23) advised that a narrative-like structure could be employed to compile *mentalités* history.[95] At the same time he cautioned that a narrative approach was unlikely to be the most effective medium because *mentalités* history "rambles around inside people's heads", which negated the sequential structure of narrative. Stone (1979, p. 4) noted that narrative could not entirely avoid analysis but that the distinction is that the traditional narrative is not framed as an analytical device. The characteristics of Stone's (1979, p. 19) revised[96] narrative described a discourse that:

> Deals with the "lives and feelings and behaviour of the poor and obscure rather than the great and powerful".
>
> Depends on an analysis as an essential element of the research but may also include a descriptive narration. Consequently, these histories may switch from one mode to the other.
>
> May rely on data not previously considered by traditional history and which might not be susceptible to treatment in a purely narrative format.

---

[94] A level of social history concerned with everyday life on a small scale.

[95] In the main, Stone's allusion to a revival of narrative reflects his rejection of the highly quantified economic history that is a feature of American cliometrics (1979, pp. 12-13, 22).

[96] As opposed to traditional, events-based narrative history.

> Does not to tell stories based on archived fact but interprets the collective subconscious.
>
> Aims to relate the past, not for its own sake, but to explain problems that occur in what is known about the past.

The turn to *mentalités* history in the late 20th century was not universally welcomed. In Furet's view (in Hunt, 1986, p. 215), not only did the method offer no explanatory advantage but also it obscured the necessary distinction between the individual and the social. Rather than a hindrance, as Furet suggests, an acceptance of a range of philosophies and methods seems like a breath of fresh air. In particular *mentalités* incorporation of the event into social history, and its acceptance of narrative as a part of a social history, offers advantages that can be effectively applied to any of the types of history generally classified as 'new' history, including accounting history (Burke, 1991, pp. 1-2).

ACCOUNTING HISTORY: EMERGENCE AND DEVELOPMENT

Regarded as an integral part of economic history prior to the mid 20th century (Elzinga, in ten Have, 1976, p. 2), accounting history gradually developed into a vigorous, independent sub-discipline during the second half of the century (Fleischman *et al*, 2003, p. 2; Napier, 2006, p. 3; Mattessich, 2008, p. 39).[97] Although only recognised as a legitimate part of history during the last quarter of the 20th century (Arnold and McCartney, 2003, pp. 228, 248), many early bookkeeping texts included brief, quite simple histories that were intended to endorse the text's appeal. These early accounting histories generally acknowledged double-entry bookkeeping's Italian origin, and Pacioli's contribution to its propagation. An example of the genre is the address to the reader in Ympyn's English text, *A notable and very excellent woorke, expressing and*

[97] Carnegie and Napier (1996, p. 7) refer to an "explosion" of accounting history in recent years.

declaring the manner and forme how to kepe a boke of accomptes or reconynges (1547), which credited an Italian with the first work on double-entry bookkeeping and noted that the original Italian work was subsequently translated into Dutch, French and English.[98] The prologue in the same work acknowledged the publications of Pacioli (1494) and Tagliente (1525) on which Ympyn had drawn (Kats, 1927a, pp. 263, 264). Jacob van der Schuere (1625, folio 215) cited Simon Stevin to the effect that the double-entry method was founded in Italy, perhaps in Roman times. Similarly, in the introduction to *The merchants mirrour* (1660) Richard Dafforne wrote:

> A good friend of mine (faith Simon Steven) being exercised in the Old Histories, did see this forme of Book-keeping (meaning his owne) before it was perfected in the Presse; he was of judgment that it had not been used in Italy, but two hundred years: But that the same or one in many parts very like this, was used in the time of Julius Cæsar, and in Rome long before; and that some Reliques of Ancient time are come to the hands of them, that of late have received it again.

The first conscious attempt at an accounting history in any language was *The origin and progress of bookkeeping*, published by Benjamin Franklin Foster in 1852 (Parker and Yamey, 1994, p. 1). Foster's pioneering English work was the exception according to Hernandez Esteve, who observed that:

> The history of accounting is a question which (in the nineteenth century) primarily interests Italian scholars and those of German tongue; the first, possibly because the Italian authors were the ones writing the original texts on this subject; and the second, because Germans always manifested special interest in history (in Mattessich, 2008, p. 39).

Other significant contributions to accounting's history were made in the early part of the 20th century by: Volmer, *Paciuolo's verhandeling over de koopmansboekhouding (1896)*; Brambilla, *Storia della ragioneria Italiana* (1901); Sieveking, *Aus Venezianischen handelsbüchern* (1901); J. Row-Fogo's *History of accounting and*

[98] The Dutch title of Ympyn's book is: *Nieuwe instructie ende bewys der looffelijker consten des rekenboecks ende rekeninghe te houden na die Italiaensche maniere* (1543).

accountants (1905/1968, pp. 93-173); Bes, *Bijdragen tot de geschiedenis en de theorie van het boekhouden* (1908); Massa, *Opere antiche di ragioneria* (1911); Woolf, *A short history of accounts and accountancy* (1912); Penndorf, *Geschichte der Buchhaltung in Deutschland* (1913); Geijsbeek, *Ancient double-entry bookkeeping* (1914); de Waal, *Van Paciolo tot Stevin: een bijdrage tot de leer van het boekhouden in de Nederlanden* (1927); ten Have, *De leer van het boekhouden in de Nederlanden tijdens de zeventiende en achttiende eeuw* (1933); Littleton, *Accounting Evolution to 1900* (1933/1966); de Roover, *Aux origines d'une technique intellectuelle: La formation et l'expansion de la comptabilité à partie double* (1937); Peragallo, *Origin and evolution of double-entry bookkeeping* (1938); Melis, *Storia della ragioneria* (1950); Zerbi, *Le origini della partita doppia* (1952); and Martinelli, *The origination and evolution of double entry bookkeeping to 1440* (1974). These titles clearly support ten Have's conclusion (1976, p. 3) that, at that time, accounting history was preoccupied with the source and technical development of double-entry bookkeeping as the means of grasping accounting's past.[99]

Published histories notwithstanding, accounting's past, and the means by which it should be discovered, remains elusive (Laughlin, 1987, p. 479). Accounting's apparent failure to adequately deal with its past has led to it being censured for a range of deficiencies and meant that accounting historiography has been the subject of much debate (Yamey, 1947, pp. 263, 272, Yamey, 1949, pp. 99-113; de Roover, 1955, pp. 405-420; ten Have, 1976, p. 11; Yamey, 1980, p. 81; Yamey, 1981, p. 130; Hopwood, 1983, pp. 296-303; McAllister and Mills, 1984, pp. 531-532, 547-548; Carnegie and Napier, 1996, p. 8; Funnell, 1996, pp. 38-64; Bryer, 1998, pp. 669-681; Chua, 1998, pp. 617-628; Merino, 1998, pp. 603-616; Funnell 1998, pp. 142-143; Keenan, 1998, pp. 641-666; Bryer, 2000, p. 378; Mattessich, 2003, pp. 125-170; Yamey, 2005, pp. 77-88).

[99] Parker and Yamey (1994, p. 4) reported that English accounting histories of the mid 20th century still largely followed Brown's (1905) example that concentrated on the history of the accounting profession.

Significant disagreements are apparent in respect of almost every aspect of accounting history. These include questions concerning what constitutes accounting history's scope, the nature of appropriate evidence of accounting's past, accounting historians' objectivity, the veracity of published accounting histories, and the efficacy of the narrative as a means of undertaking and communicating accounting's past. In this regard, it is important to note that Bryer (1998, p. 669) observed, "methodological debates are a necessary part of the struggle to establish a mature research community".

Early criticism was directed at accounting historians' tendency to disregard archival research in favour of a reliance on the work of their predecessors. Not only did this neglect offer history that provided little that was novel, it also perpetuated the errors of earlier historians, thereby establishing them as fact (Martinelli, 1974, p. ii). Steensgaard (1973, p. 138) levelled much the same criticism against van Leur (1967), whose conclusions (1967, pp. 233-234) in respect of the Dutch East-India Company's financial administration were based on Mansvelt's flawed[100] 1922 study. De Roover (1937a, p. 171) reproached historians who addressed accounting matters but lacked the depth of knowledge to properly interpret the extant accounting records at their disposal. To illustrate his point de Roover singled out Sombart's analysis of the relationship between economics and double-entry bookkeeping. He accepted that Sombart's analysis did not lack economic context but argued that it suffered from Sombart's limited knowledge of accounting. It was Sombart's inability to properly interpret the bookkeeping archives at his disposal, rather than a dearth of archived material, that restricted his analysis and led to its subsequent criticism (Yamey, 1949, pp. 99-113; Yamey, 1964, pp. 117-136). Mansvelt (1922) was another historian who lacked accounting expertise but endeavoured to write accounting history. His slight knowledge of accounting forced him to rely on the technical assistance of a professional accountant

[100] For a criticism of Mansvelt's study see Westera, 1992, pp. 75-104.

to complete his study of the Dutch East-India Company's financial administration (Mansvelt, 1922, p. 4). His reliance on a contemporary understanding of accounting practice and its language meant that Mansvelt judged 17th and 18th century bookkeeping by 20th century norms (Westera, 1992, pp. 99-100).

Methodological difficulties subjected accounting historiography to a period of increasing criticism during the latter part of the 20th century. At the same time, accounting history's perspective, which had been econocentric, shifted to a sociocentric focus that questioned the very purpose of accounting history (Funnell, 1996, pp. 39-40). At issue were the priority of historical objectivity; the degree to which a history should accord with reality; the scope of accounting history; and a conception of time that accommodated the use of narrative as the principal means of explaining accounting's past and conveying accounting history (Funnell, 1996, p. 43). The consequence was a period of development after 1980s in which traditional approached were challenged by modern and post-modern methodologies (Funnell, 1996, pp. 38-59). This reappraisal polarised accounting history into two distinct modes usually referred to as 'traditional' and 'new accounting' history (Oldroyd, 1999, p. 86).[101] Notwithstanding accounting history's change in emphasis, the distinction between traditional and new accounting history might have been exaggerated, particularly as the challenge to accounting history had not incorporated significant post-structuralist critique[102] (Funnell, 1996, pp. 43-45, 59; Keenan, 1998, p. 642; Fleischman and Radcliffe, 2003, p. 1). Napier goes further. He

[101] The risk for a sub-discipline like accounting history is that its practitioners, enmeshed in the detail of their own area, become unduly introspective and loose sight of development in history as a whole. For that reason, Collingwood (1959, p. 77) encouraged historians to consider history in its entirety not merely from a particular perspective. Observing a different risk, Ricoeur (1984, p. 204) noted that any classification of an historic subject, for example, as accounting or gender history, imposed a degree of bias on the subject.

[102] Post-structuralism follows new history in that it has a social focus but it differs in that it considers that the past can only be known discursively and, therefore, that all knowledge is reflexive. A discursive basis for knowledge also means that post-structuralism does not regard history as linear.

suggested that “rather than being rivals, traditional and genealogical approaches to accounting history complement each other” (Napier, 1998, p. 696).

Traditional accounting history

Traditional accounting history’s perspective of accounting’s past was grounded in an economic rationality that assumed that accounting was a relatively independent, technical phenomenon, adapted and utilised to serve the need for a calculated strategy that could drive the quest for profit and act as an objective determinant of wealth (Hopwood, 1987, pp. 208-211, 213, 227). Accounting was held to have been neutral, with little or no effect on the manner in which a business was organised, or any impact on society in general. Such a limited perspective largely resulted in descriptive histories that traced the development of accounting from primitive record to contemporary accounting. A Darwinian logic, which argued that modern accounting methodology must represent the pinnacle of accounting’s development because only the most effective and efficient method would have survived the test of time, was integral to that heroic view of accounting’s past (Oldroyd, 1999, p. 87; Napier, 2006, p. 12). Furthermore, traditional accounting history was characterised by a firm belief in the existence of a core of indisputable, objective facts about the past readily accessed via the archives (Funnell, 1996, pp. 45-51). Consequently, the principal purpose of accounting history was to chart the progressive development of accounting from primitive record keeping to contemporary capital accounting (Hopwood, 1983, p. 289; Funnell, 1996, p. 54). However, a number of historiographical difficulties are associated with this approach to accounting’s past. One problem was that such histories rarely offered any explanation of what might have caused accounting to progress from one stage to another. Another was that they generally failed to elaborate on the objectives that particular stages in accounting’s development were meant to achieve (Hopwood, 1983, p. 290). Most

problematic was the view that, as contemporary accounting represented the peak of the discipline's development, the sophistication of all past bookkeeping practices could be measured against modern accounting practice. Histories that follow the line of reasoning that the story of accounting's past is a heroic progression are quite unable to answer questions about accounting's past because such histories inevitably led to the flawed conclusion that all previous accounting records are primitive (Yamey, 2004, p. 150).

Accounting historiography now recognises that accounting has no ideal or natural form and acknowledges that every example of accounting's past be evaluated in terms of the context in which it existed (Hopwood, 1987, p. 227; Oldroyd, 1999, pp. 94-97). The reason why 14th century Florentine firms, said to have been the most sophisticated businesses of their time, only adopted double-entry after the Genoese, whose business structures were relatively less advanced, can only be understood in relation to both city's circumstances at that time (Lane, 1967, pp. 153-154). Similarly, 16th century Italian monasteries accounted for financial matters (Pietra, *Indirizzo degli economi* (1586) quite differently to the manner in which a Venetian merchant or an English manor accounted for their affairs (Chatfield and Vangermeersch, 1996, p. 399).

A concern with social factors or context as an essential consideration in understanding accounting's past was not unique to the last years of the century. Well before the mid 20th century, Lane (1945, pp. 172-173) criticised accounting histories that failed to assess historic accountings in their proper perspective. He observed that:

> The older surviving (account) books have been graded according to the extent to which they anticipated modern methods, but the relation of the books to the business problems of the men who wrote them has usually been ignored, and necessarily so because the historians of accounting have not understood the business problems.

Similarly, de Ste. Croix (1956, p. 15) cautioned against the practice of transposing modern practices and language onto past accounting practices and Littleton (1961, p. 75) pleaded that social circumstances or context was the essence of sound accounting

historiography.[103] Later ten Have (1976, pp. 9-10, 109) argued that it was not ignorance that prevented the Hanseatic merchants, the Fuggers, or 18th century Americans from keeping their financial records by the standards of modern double-entry, rather it was their business circumstances that defined the most appropriate method for their purposes.[104] Rather than assuming what accounting should be, or positing a contemporary rationale for the use of a particular accounting method in earlier times, the reasoning behind a particular means of accounting being adopted by a specific organisation must be understood (Hopwood, 1987, p. 227). These accounting historians who first advocated that circumstances might influence accounting did not, however, acknowledge that accounting might also influence its environment. That is, that accounting was fully integrated into society. Most damning was the late 20th century criticism that traditional accounting history failed in its endeavour because it disregarded accounting's social nature (ten Have, 1976, p. 4; Hopwood, 1987, pp. 207-234; Miller and Napier, 1993, pp. 631-647; Carnegie and Napier, 1996, pp. 7-39; Funnell, 1996, p. 40; Macve, 2002, p. 466; Napier, 2006, pp. 6-11). In response to the late 20th century criticism directed at history in general, and the specific limitations perceived in accounting history, accounting historiography turned to what has been labelled 'new accounting history' (Carnegie and Napier, 1996, p. 7).

[103] However, Littleton also added the rider that past practice had a bearing on later bookkeeping methods, which allowed that accounting's history did demonstrate a heroic progression from the primitive to the sophisticated (1961, p. 75). Hopwood (1987, p. 227) refuted the notion that double-entry bookkeeping followed a simple, linear pattern of development.

[104] In this regard, see also Mickwitz (1938, p. 130), Weitnauer (1931, pp. 19-20) and Hartsough (1931-1932, p. 542).

New accounting history

Until the early 1980s accounting research was firmly grounded in a traditional (positivist) theoretical perspective. Since that time, accounting researchers, especially accounting historians, have rejected positivist theory as too limiting in its assumptions and have utilised an eclectic range of philosophies and practices to produce a more reflexive and contextualised body of research to comprehend the complex inter-relationships between accounting and society. More importantly, new accounting history has supplemented the relatively narrow economic basis that had prescribed accounting history and added a social base that is grounded in the present and permitted researchers to identify a much broader range of problems that history could resolve (Ricoeur, in Funnell, 1996, p. 55). Generally categorised as critical studies, such research can only be understood in relation to the researcher's ontology, epistemology, methodology and purpose (Lodh and Gaffikin, 1997, pp. 433-436). Critical accounting history, in the sense it is used here, is also known as new accounting history (Carnegie and Napier, 1996, p. 16) or interpretive accounting research. The latter label reflects the nature of critical history, which engages more directly in interpreting the discourses of the past than does traditional accounting history. The difference is one of degree however. All histories, regardless of their methodological orientation, have to rely of the historian's reading of the available evidence about the past (Funnell, 1996, pp. 51-53). Parker (2008, pp. 910-911) noted that the purpose of the new accounting history is to criticise conventional wisdom and challenge the status quo. New accounting history has tended to favour an interpretative form of history as advocated by the Annales School, Marxism and Foucault (Funnell, 1996, pp. 41-42).

Fleischman and Radcliffe (2003, p. 4) categorise the various methods that oppose traditional accounting history as 'critical accounting research'. By contrast, Laughlin (1999, p. 73) described critical accounting as pursuing the specific objective of changing

the status quo. Tilling and Tilt (2002, pp. 2, 3) similarly emphasise that critical accounting questions "the hegemony of the dominant social view" and is epitomised by "a call to action, to participate in an actual transformation of the system". As these offer quite different perspectives of what 'critical' might mean for accounting history, it is necessary to look at how Nietzche used the term in relation to history. Nietzche (*The uses and disadvantages of history for life*, in Rayment-Pickard, 2000, p. 137) identified three purposes of a history: monumental, which relates the great and glorious deeds and events of the past; antiquarism, which concerns itself with the nostalgic organisation of the traces of the past; and critical history, which analyses the past in order to judge and condemn the past and effect the changes that will improve the future. Because each serves as a control over the excesses of the others, Nietzsche believed that human history must embrace all three forms of history. Consequently, the term 'new accounting history' is preferred as a general reference for contextually driven accounting history, which may or may not be critical in the way Nietzche suggested.

New accounting history follows Hopwood (1987, pp. 207-208) in that it probes the "underlying processes and forces" that interact with accounting. Central to new accounting history is a rejection of the notion that accounting is a passive technical process or one that merely reflected contemporary needs. Instead, new accounting history considers accounting as a social phenomenon that interacts with its environment in complex ways (Burchell, Clubb, Hopwood, Hughes and Nahapiet, 1980, p. 6; Hopwood, 1987, pp. 207-209, 227; Miller and Napier, 1993, pp. 632, 636, 644, 645; Carnegie and Napier, 1996, p. 8; Funnell, 2001, pp. 55-56; Funnell, 2004, p. 60; Potter, 2005, pp. 268-269; Mattessich, 2008, p. 39).[105] Consequently, analysis of the context in

[105] Miller argued that accounting technique was determined by the 'rationalities' of accounting, that is, the language and meaning attributed to particular aspect of accountancy not only defined the resultant accounting but also determined the economic relationship between that accounting and its environment (Miller, 1994, pp. 3-5; Miller and O'Leary, 1990, p. 480).

which something happened is a central element of new accounting history (Fleischman and Coffman, 2003, p. 1).[106] Besides its interactive role, Napier (2006, p. 18) also noted that new accounting history had extended its scope, and had adopted a more eclectic methodology. He observed that new accounting history

> expanded considerably the domain of historical interest, utilised different approaches to historical writing, highlighted wide contexts in which accounting operates and the diversity of actors employing, and being acted on, by accounting.

Similarly, Miller, Hopper and Laughlin (1991) explained that the method and scope of new accounting history was more extensive than had been the case with traditional accounting history. They noted that new accounting history

> does not represent a unitary research programme with definite theoretical boundaries. It can be seen instead as a loose assemblage of often quite disparate research questions and issues (Miller, et al, 1991, p. 396).

New accounting history has adopted the Annales' objective of analysing accounting change in a social context. Hopwood (1985, p. 365) believed that new accounting history addressed questions such as "How had accounting become what it now is? How can we understand the processes of change? How have wider issues and concerns impacted on accounting practice?" These problems are very reminiscent of the type of questions that Dray's proposed for general history (Dray, 1964, pp. 18-20).[107] In this respect, new accounting history addresses what the Annales referred to as 'problem' history. More recently, new accounting history has been concerned with the question of

[106] Fleischman and Radcliffe (2003, p. 3) suggest that much of the early use of context in accounting history can be attributed to Tinker's attempts to demonstrate the normative origins of positive theory.

[107] Dray (1964, pp. 18-20) noted that besides questions concerning why something happened, historical explanation could answer questions such as "how something could be so, in spite of a presumption to the contrary" and "what an event really was."

why change, which could reasonably have been expected, did not occur (Napier, 2006, pp. 11-15, 23), that is, the problem of inertia identified by the Annales.[108]

This new accounting history is not without its critics. The approach's social focus, which caused it to expand its conception of time and consequently subordinate the historic event and the narrative, was not welcomed by those who regarded narrative as central to the task of history. Allied to this, new accounting history's reliance on critical, interpretative studies, which led to the demotion of the positivist concern with objectivity and factual accuracy, has been observed to permit almost anything as history (Funnell, 1996, pp. 50-53, 57-58; Merino, 1998, p. 604; Fleischman and Radcliffe, 2003, p. 4; Carmona, Ezzamel and Gutiérrez, 2004, pp. 25, 47; Napier, 2006, p. 4). Furthermore, new history's emphasis of the social and organisational have biased its research towards relationships and associations, which has been to the detriment of research into the fundamental principles and techniques of accounting and financial reporting (Napier, 2006, p. 22). Napier (2006, p. 25) pointed out that neither traditional nor new accounting history has really been successful in the endeavour to present accounting's past. As a result, he suggests a fresh approach that is neither traditional nor new history but an amalgam of the two extremes.

As demonstrated, it has been argued that the reflective nature of the interpretation required of any history throws considerable doubt on the validity of history's claim to provide knowledge. More particularly, the contextual nature of a socially oriented history has raised the damning criticism that it cannot accommodate the rigour expected of 'scientific' research. Consequently, many consider such histories incapable of credibly advancing human understanding. This criticism represents the very essence of the historiographical controversy, and one that every historian must take cognisance of

[108] The expression 'accounting inertia' refers to a resistance to new practices and ideas and a corresponding reluctance to abandon established ideas and practices (Oldroyd, 1999, p. 94).

when compiling a history. To ward off undue criticism in this respect, it is imperative that social historians openly explain their methodology and the means by which the research is to be undertaken before commencing their history (Merino, 1998, pp. 604-605).

STRATEGY ADOPTED FOR THIS HISTORY

The principal objective directing this research is to comprehend what the VOC's founders might have thought when they organised the business in the way that they did. Accordingly, the work is a social history, located within the domain of new, rather than traditional history. Laughlin (2007, p. 275) cautioned historians against utilising aspects of various theories, as a mix of ontological and epistemological approaches was unlikely to produce a credible result. Rather, when planning a research project, historians should

> choose a coherent way of thinking that needs to be operationalised in accordance with its ontological, epistemological and methodological underpinnings, without mixing and matching unrelated elements that lead to inconsistent and ultimately incoherent ways of undertaking research.

Laughlin notwithstanding, a persuasive argument has been advanced that accounting historians should avoid being wedded to particular research strategies that must be preferred at the expense of all others (Scapens, 1992, p. 371; Funnell, 1996, pp. 58-59). In the interests of a richer and more informative body of knowledge about the past accounting historians should borrow whatever historiographical strategies are likely to be the most effective under the circumstances.[109] Accordingly, this history represents an eclectic mix of method. Although presented as an analysis of pertinent contextual factors, which undermines the notion of a linear history that narrative is most effective at presenting, the history reflects elements of the traditional narrative format, especially as

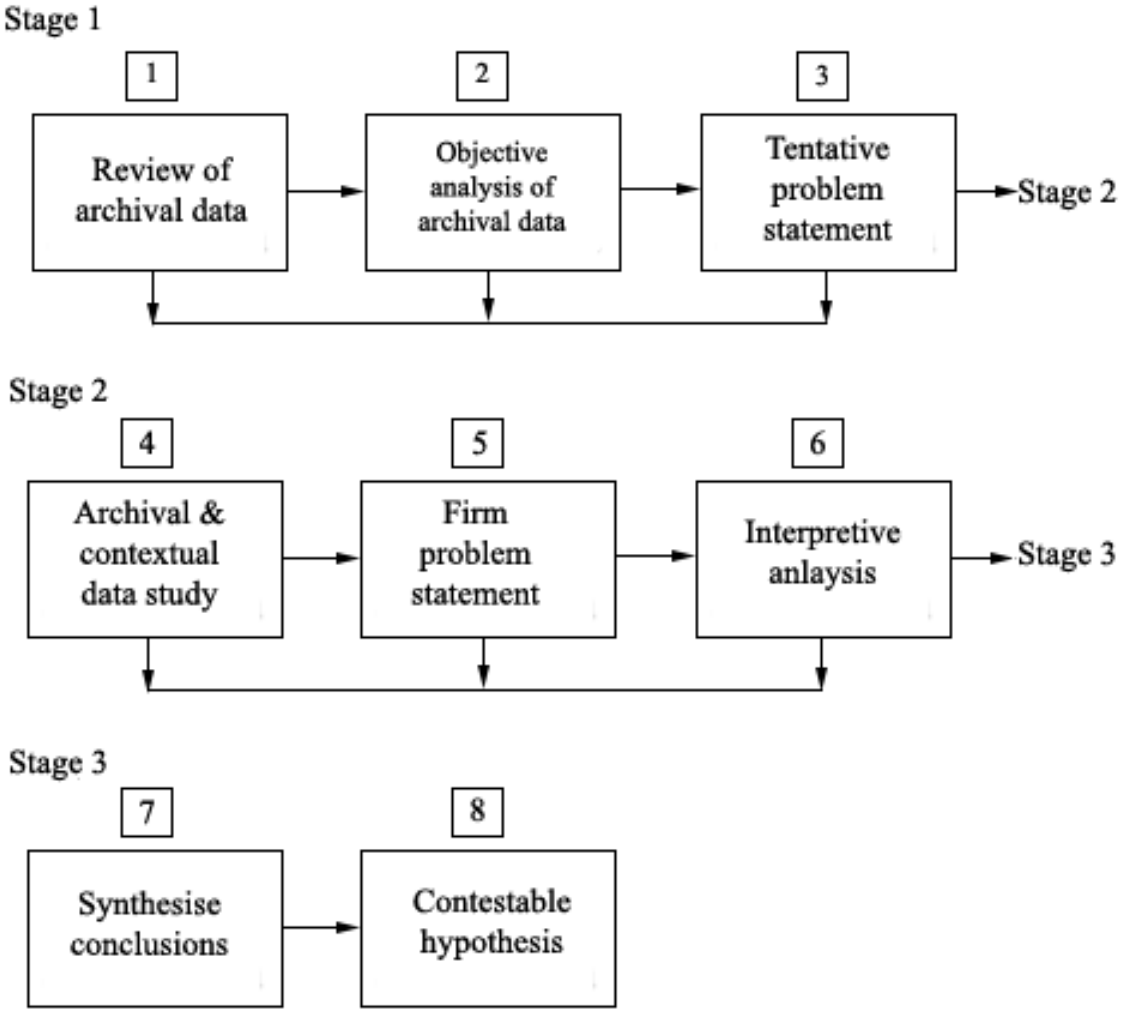
[109] See also, Napier, 1998, p. 697 and Merino, 1998, pp. 612-613.

a means to tie disparate analytical elements together. In addition, as considerable reliance is placed on archival data and the accounting texts of the time, this history reflects a traditional approach. Nevertheless, this history still relies on the interpretation of that data, and, more importantly, utilises the interpretation of related social data to explain why the VOC was constituted in the way that it was. Consequently, it is accepted that the resultant history does not offer any absolute truths. Rather it aspires to be a plausible explanation of why particular actions were taken.

As the proposed history does not intend to test economic theory, a Marxist approach has not been considered. However, this work is influenced by the Annales' rejection of history of the grand event and prominent person, and is inclined towards *mentalités* history as a means to access the thoughts of people long dead. Foucault's genealogy has also influenced this work in so far as it does not assume a linear past and accepts that things have a beginning but no origin or finality. In particular, genealogy's acceptance of the event as a factor in history, together with its tolerance of a wide, diverse range of evidence has influenced the method adopted for this history.

A social history proceeds by the historian undertaking an analysis of the discursive contextual elements relevant to the subject in order to interpret their effect on the subject (Dray, 1964, pp. 18-20). Following this is a synthesis of the interpretations (conclusions) reached in respect of the individual contextual elements. Ricoeur's (1999, pp. 3-15) model, comprising three distinct stages, has been adapted and applied to this history (figure 1 below).

Figure 2.1 Interpretive research process



Adapted from Ricoeur, 1999, pp. 3-15.

In the first stage the historian examines objective archival evidence to identify the questions or problems to be investigated.[110] Next, a range of contextual signifiers, such as economic, social, political and cultural structures are identified and used to propose explanations that can range from direct causality to the rationale that particular circumstances might reasonably have initiated certain behaviour. The mix of contextual elements possible in this stage also means that these histories could employ a variety of time-scales. Besides chronological time or solar time, geographic time, measured in millennia, or social epochs, such as the Renaissance measured in decades or centuries, could be utilised.[111] The combination of objective, external data and subjective interpretation that characterises this stage of the research means that the historian's task is an amalgam of the scientific and artistic. It depicts an iterative process in which data, questions and emerging conclusions are continually fed back into the process with the aim of allowing the researcher to gradually refine the research question or questions and develop an hypothesis to explain the matter. In the final stage, the historian compiles the history as a narrative.

By its very nature, the final stage of this process is categorised as literature. The model indicates that the historian's task is to select the hypothesis that best fits the available evidence, not to provide an absolute explanation of the past (Oldroyd, 1999, pp. 97-98). For that reason, the conclusion is depicted as a 'contestable hypothesis', rather than a causal theory.

The thesis' focus on a single entity, the Dutch East-India Company, establishes the work as a case study. In accounting, case studies have primarily been used as a means to

---

[110] Ricoeur believed that the historian acted as a scientist during this stage.

[111] Historians employ epochs to convey a characteristic period in history (Braudel, 1980, p. 12). Hegel used the notion of '*Zeitgeist*' or national spirit as an indicator of social time (Hegel, cited in Stanford, 1998, pp. 158-159), as did Ranke (quoted in Burns and Rayment-Pickard, 2000, p. 90). Similarly, Foucault's archaeology used different modes of thinking to divide the past into various *epistemes* (Smart, 2002, pp. 32-37).

research the nature of the management accounting systems and techniques used by the subject, as well as the way in which these systems and techniques were used (Scapens, 1990, p. 264; Broadbent and Laughlin, 1997, pp. 622, 626). Case studies can be classified into five categories (Scapens, 1990, p. 265) that are not entirely independent but depend on the particular researcher's objectives. Scapen's categories are:

1. Descriptive case studies that reveal contemporary accounting practice.
2. Illustrative case studies that depict innovative accounting techniques or systems employed by the subject.
3. Experimental case studies that are used to test and analyse innovative accounting practices and techniques devised by the researcher.
4. Exploratory case studies designed to discover the reasons why particular accounting practices were generally adopted.
5. Explanatory case studies that explain why a specific organisation adopted the accounting practices they did.

In terms of Scapens' taxonomy, the objectives of this history identify it as an explanatory case study. However, a requisite has been suggested for case studies that might rule out their use for some historical research. Yin (2003, p. 13) limited the use of case studies to the research of contemporary contextual phenomena. Nevertheless, accounting historians have used the method to investigate a range of accounting related matters that occurred before living memory (Napier, 2006, pp. 456, 473, 475, 482, 496). Miranti, Jensen and Coffman (2003, p. 143) note that the use of an historical case study supported by a general synthesis can be an effective strategy when conducting detailed research of a specific enterprise or process, especially if the subject incorporates dynamic processes that occur over broad periods of time. Gourvish (1995, pp. 13-14) and Scapens (1990, p. 276) recognise that a history based on an analysis of a single case yields an in-depth, albeit partial analysis, which, unless related to the wider context, is

only relevant to the specific circumstances studied. The necessity of relating the research to the wider context introduces the problem of the appropriate scope for that context. The criticism most commonly raised against case study based research is the method's lack of scientific rigour and the limited ability to generalise from case study results. These criticisms are dismissed on the grounds that, if such studies are properly planned and executed, case studies are subject to an internal rigour and the results are theoretically, if not statistically, generalisable (Scapens, 1990, p. 276). This history avoids the charge of insularity because the conclusions concerning the VOC's use of double-entry bookkeeping can be extended to the to the wider business environment.

CONCLUSION

This history analyses the VOC's organisation and financial administration to test the hypothesis that suggest a close association between the development of the capitalistic firm and capitalistic double-entry bookkeeping. Furthermore, it uses contextual factors to develop an understanding of the reasons why the VOC's founders organised it as a public company, and why they adopted the form of bookkeeping they did. These objectives identify the work as a social accounting history.

Social histories must be informed by both the subject matter's emergence over time, and its interrelationship with the wider social, economic and political environment, that is, the context in which it is located (Scapens, 1990, p. 268). Moreover, because the 17th century actors concerned cannot be directly interrogated, the extant archives offer limited information, and because the effect of the contextual circumstances have no meaning if considered in isolation, the conclusions drawn rely on an interpretation of that evidence to develop a plausible rationale for the founders' actions. The consequences of the need to interpret the evidence are that scientific objectivity, that is, dispassionate observation, is impossible, and absolute truth not attainable. Furthermore,

a reliance on the interpretation of contextual evidence means that this history is not structured as a traditional historical narrative. Rather, it is presented as an analysis of pertinent data that, while it has certain narrative features, does not attempt to demonstrate causation by reference to a preceding event. Nevertheless, the salient features teased from the analytical study are synthesised in the concluding chapter, which is has a strongly narrative form.

As this history focuses on a single entity, the VOC, it is classified as a case study. This structure has the advantage that it allows an in-depth examination of the circumstances that prevailed in the VOC. However, a study of a single entity has been criticised on the grounds that its perspective is too limited to constitute valid social research. A redeeming feature of the present history is the significance of the case studied. The VOC was the world's first public company, and its formation in 1602 was the first time that any entity had to account for large scale, public capital subscriptions; the subsequent allotment of the subscribed capital; capital calls that were payable in four tranches; and the right of ownership of the company's capital. The latter was particularly significant because, in 1608, the VOC became the first entity to be organised on the basis of a permanent rather than a terminating capital. In addition, the company's method of accounting for its capital was complicated because, although no share certificates were issued, shareholders could freely transfers any amount invested in the company. Another factor of the present history that offsets the inherent limitations of a case study is its analysis of contextual issues. As a result, the company and its bookkeeping are not studied as an isolated unit but as part of an integrated social system. This perspective lends the work the degree of breadth desirable in a social history.

To provide a rational basis for the specifics of the company's organisation and bookkeeping, the significant contextual elements that are a feature of this history are examined first. These contextual elements include the nature of early 17th century

Netherlands' bookkeeping theory and practice, the characteristics of the Oriental spice trade and The Netherlands' social, political and economic organisation. The forthcoming chapters in part two analyse each of those elements for insights to resolve the problems posed in terms of the VOC's organisation and financial administration.

The first of the contextual elements examined is that of double-entry bookkeeping. The question of what was understood by the term double-entry bookkeeping in the early 17th century, together with whether that understanding coincides with contemporary understanding is central to the problem of, not only why the VOC structured its bookkeeping in the way that it did, but why it continued to use that method of bookkeeping for the next two centuries. This analysis also throws light on the question of how innovative the company's bookkeepers were, and the extent to which they relied on theoretical expositions of bookkeeping practice. Accordingly, chapter three traces the emergence of modern accounting and contrasts the methods, terminology and objectives of contemporary and earlier descriptions and practice. To this end, the analysis relies on relevant, early bookkeeping texts; pertinent archival evidence concerning the VOC; and extant accounting histories relating to both the practice of bookkeeping and the VOC.

CHAPTER 3

CAPITALISM AND DOUBLE-ENTRY BOOKKEEPING IN THE EARLY 17TH CENTURY

> In the earlier Middle Ages capital had been the adjunct and ally of the personal labour of craftsman and artisan. In the Germany of the fifteenth century, as long before in Italy, it had ceased to be a servant and had become a master. Assuming a separate and independent vitality, it claimed the right of predominant partner to dictate economic organization in accordance with its own exacting requirements (Tawney, 1938, p. 95).

Social historians, such as Sombart (1913/1967), Weber (1930/1992) and Bryer (2000a, 2000b), hypothesised that capitalism lies at the core of the relationship between society and business organisation, and that capitalistic double-entry bookkeeping,[112] which was used by business' in the 17th century, was the stimulus that precipitated the development of capitalism or signified its existence (Chiapello, 2007, pp. 263-264). Moreover, it is claimed that social theory can predict the type of bookkeeping that a firm like the VOC should have used (Mansvelt, 1922, pp. 93, 106-107). Others (Yamey, 1940, p. 333; ten Have, 1976, pp. 9-10; Lane, 1977, p. 178; Napier, 2006, pp. 467-470) refute the claims made by social theorists for the role of capitalistic double-entry bookkeeping in capital's development, usually placing the adoption of capitalistic bookkeeping much later than the 17th century. Gras (1947, p. 108) traces financial capitalism (modern capitalism), upon which social theories that link capitalism and

[112] That is, a comprehensive double-entry bookkeeping system that incorporates both a capital and profit and loss accounts.

capitalistic double-entry bookkeeping rely, to the last decades of the 19th century, which would effectively exclude the Dutch and English East-Indian companies from any such analysis, and invalidate much of Sombart, Weber and Bryer's arguments.

A study of the Dutch East-India Company's organisation and bookkeeping can make a significant contribution to resolving this economic dichotomy but first it is necessary to develop an understanding of what social historians intend by the terms 'capitalism' and 'capitalistic', as these will be applied later in this work to a study of the VOC's organisation and bookkeeping practices. Further, as the existence of a capitalistic form of double-entry bookkeeping is central to the concept of capitalism, before any conclusions can be reached about whether modern capitalism was evident at a particular time it is essential to establish when this form first became available to bookkeepers.

To resolve these matters, the chapter begins by reviewing the explanations of the role played by bookkeeping in Europe's transition from naïve to fully developed capitalism as proposed by Sombart, Weber and Bryer. The purpose is not to engage in the debate *per se* but to utilise the substance of their argument to comprehend how double-entry bookkeeping was perceived and used in the late 16th and early 17th centuries, a necessary precursor to the analysis of the VOC's bookkeeping in Part III. The association between the VOC and capitalistic double-entry bookkeeping is especially important because social theory suggests that the socialization of their capitals caused large joint-stock companies of the late 16th and 17th centuries to administer their financial affairs by means of a capitalistic form of double-entry bookkeeping (Sombart, 1913, 1916; Weber, 1930/1992; Bryer, 2000b). The section concludes with a review of the main criticisms ranged against the Sombart/Weber hypothesis. Next, Bryer's (1993a, 1993b) fusion of Marx and Weber's theories, which argues that conflict generated by the

English East-India Company's adoption of a social capital[113] caused the company to administer its financial affairs by means of capitalistic bookkeeping, is addressed. In particular, Bryer's finding that the EEIC was forced to apply a capitalistic form of double-entry bookkeeping after adopting a social capital in the latter half of the 17th century is called into question. Following Bryer's examination of the EEIC, Mansvelt's (1922) use of the standards of capitalistic bookkeeping to critique the VOC's bookkeeping is analysed. Mansvelt's conception of double-entry bookkeeping is compared to accepted definitions to confirm that he applied a late 19th or 20th century model to his evaluation of the VOC's bookkeeping. Consequently, Mansvelt's analysis was flawed because it imposed a mode of bookkeeping that was contemporary to the time he was writing and failed to consider the company's bookkeeping in its historical context.[114] This omission raises the important issue that an analysis of the full capitalism depends on a determination of the period when the capitalistic form of double-entry bookkeeping is thought to have first appeared. Sombart's thesis is employed for this purpose. As noted above, Sombart's notion of the advent of capitalism rests on the assumption that the capitalistic firm was a consequence of capitalistic double-entry bookkeeping (1919/1979, pp. 253-254). Accordingly, it should be possible to fix the advent of the capitalistic method of double-entry bookkeeping, such as the use of a profit and loss that is closed to a capital account, and a physical inventory to confirm the book balances of inventory, from a study of the bookkeeping texts published during the time Sombart identified as the "last centuries of the early capitalist period" (Sombart, 1919/1979, p. 254).

[113] Bryer (2000a, p. 328) distinguishes between 'social' and 'socialised' capital. Both types refer to a pool of capital invested in a business entity, such as a joint stock company, but Bryer does not regard such capital as 'social' unless the attendant rights are freely transferable.

[114] That is, Mansvelt's analysis was based on an ahistorical perspective of bookkeeping.

The last two sections of the chapter generate a genealogy that allow the development of an historically justifiable norm by which the VOC's organisation and bookkeeping can be understood. The first of these presents an analysis of 16th century north European business practice to show that 16th century north Netherlands' business organisation and practice was directly influenced by the German Hanseatic League. Furthermore, the north German form of business association was, in turn, reflected in the 16th century bookkeeping manuals that originated from that region. Accordingly, bookkeeping texts generally available in the Netherlands during the 16th century are analysed in the final section of the chapter to develop a norm by which the VOC's organisation and financial administration can be measured.

Analysis of the evidence provided in this chapter indicates that the proposition that the development of capitalism and the capitalistic firm must have relied on the employment of a capitalistic form of double-entry bookkeeping cannot be sustained. Nor does the evidence support the assumption that a large 17th century joint-stock company, such as the Dutch East-India Company, used, or had to use, capitalistic double-entry bookkeeping to periodically report its financial results and the state of its affairs so that its investors could make rational decisions about their investment in the company. Moreover, this chapter shows that 16th and early 17th century Dutch bookkeeping was not greatly influenced by the Paciolian tradition of bookkeeping but was based on German factor's (agents') bookkeeping onto which elements of capital accounting were grafted towards the end of the 17th century.

CAPITALISM AND ACCOUNTING: SOMBART AND WEBER'S HYPOTHESES

The transformation of Europe's economy from traditional feudalism to modern capitalism, together with bookkeeping's role in that transition, has exercised the minds

of academics since Marx published the first volume of *Capital: a critique of political economy* in 1867. Werner Sombart and Max Weber built on Marx's social history of Europe (Giddens, 1992, pp. ix-x; Carosso, 1952, pp. 28-30). Notwithstanding their Marxist roots, Weber and Sombart differed from Marx in that they substituted Marx's theory that economic laws determined history with a physiological approach based on the notion that history was a synergy of events that manifested itself as the human spirit (Carosso, 1952, p. 28). Both Sombart and Weber acknowledged that bookkeeping was a significant influence on capitalism's progression but held quite different views on the nature of bookkeeping's role. Sombart declared scientific bookkeeping to be an essential prerequisite for capitalism, while Weber thought that scientific bookkeeping was merely an important aid in capitalism's development.

Uncertainty about what Sombart and Weber intended by 'capitalism' and 'double-entry bookkeeping' (Stehr and Grundmann, 2001, p. 3) resulted in their hypothesis being severely criticised (Chiapello, 2007, pp. 2-12). Napier (2006, p. 450) declared the notion that double-entry bookkeeping significantly influenced the development of capitalism nothing more than myth. Tawney adopted a broad interpretation of capitalism when he observed (1938, p. 225) that "The capitalist spirit is as old as history". Similarly, Gras (1947, pp. 83-84) described capitalism quite generally, as an organised means of deriving a living from nature. Capitalism, he believed, advanced civilisation by encouraging humans to progress from merely consuming natural products to developing rational strategies designed to create surpluses. Sée believed that while a modern capitalist society depended on the prior accumulation of capital[115] from large-scale commercial operations, its origins lay in the commerce of the early Middle Ages (Sée,

[115] References to 'capital' appear in 16th century Italian, English and French texts in the sense of a stock of cash on hand earmarked for a particular business purpose. Rather than 'capital', the terms 'principal', 'interest', or the English 'stock' were used before the 18th century to denote a sum invested with the purpose of earning a return (Sée, 1928/2004, p. 11). The current meaning ascribed to the term dates to the 18th century.

1928/2004, pp. 10-11, 46-51, 119-126). Although Sée identified the beginnings of commercial capitalism in 13th century Italian and Netherlands commerce, he claimed that the large joint-stock trading companies of the 17th century, epitomised by the Dutch East-India Company, signified the change from a traditional economy to commercial capitalism. Nevertheless, Sée did not equate commercial capitalism with modern capitalism. The latter, he believed included

> The flowering of a large scale industry, the triumph of machinery, and the growing power of the great financial houses. In a word, it is the present day union of all these phenomena which really constitutes modern capitalism (Sée, 1928/2004, p. 10).

Commercial capitalism, Sée believed, gave rise to financial capitalism, and subsequently to 19th century industrial capitalism.[116] It was the latter development that necessitated a social transformation in the relationship between labour and employers. Notwithstanding this apparent progress in the types capitalism, industrial capitalism did not replace commercial capitalism. All three types comprise aspects of the modern capitalised economy. Financial activities were central to Sée's perception of capitalism, yet he made no explicit reference to bookkeeping's role in the development of capitalism (1928/2004, pp. 12-25).

Sombart's hypothesis

Sombart's understanding of capitalism, which economic historians have accepted, placed double-entry bookkeeping at the centre of the development of modern capitalism. Furthermore, Sombart's understanding of the emergence and nature of double-entry

[116] Commercial capitalism implied a stock of goods held for trade as well as a distinct fund used to finance the acquisition of trade goods that is subsequently replenished on the sale of those goods. The concept of commercial capitalism includes not only investment in stock-in-trade but also the means to transport goods to and from the market. Industrial capitalism, which refers to investment in the means of production, occurred after the 18th century (de Roover, 1942, pp. 38-39).

bookkeeping is an accepted part of bookkeeping theory (Most, 1972, p. 724). He understood capitalism to be a

> system of exchange economy marked by certain distinctive characteristics. Two groups of the population, the owners of the instruments of production and the propertyless workers, are clearly differentiated, but cooperate in impersonal relations established through the market. The orienting principle of economic activity in capitalism is unrestricted profit secured or sought in competition with other economic agents by means of instrumentalities fully rationalized with reference to that end (Sombart, quoted in Nussbaum, 1937, p. 61).[117]

Sombart clearly recognised the distinction between those with access to capital and those who did not but he differed from the Marxist perspective in that he specified a rational profit motive as the reconciling force between the two groups. Following Sombart, Nussbaum defined the necessary conditions for modern capitalism as

> The first condition is that the wills of strangers, through the compulsion of money, shall have made economically active persons serviceable to a profit purpose; the second condition is that there shall be a disposition to reorganize economic activity, rationalizing it with a view to the highest possible profits (Nussbaum, 1937, p. 147).

Once again the compelling force is rational monetary gain, which presumably applies to both capitalists and workers who are able to sell their labour freely. These definitions largely reconcile with those of Birnbaum (1953, p. 127) who considered that modern capitalism incorporated a set of unique social values that "called for a maximization of efficiency in the means of production through a relentless application of canons of rationality, and prescribed unlimited gain as an end of economic behaviour."

A capitalistic economy, therefore, differs from precapitalistic economies in that it comprised an interaction between a small group who controlled economic resources (the capitalists) and a much larger group who did not enjoy access to these resources but who

[117] As noted above, Sombart was ambivalent about whether capitalism created double-entry bookkeeping as a necessary tool or whether double-entry bookkeeping created both the concept of capital and the capitalistic enterprise (Sombart, 1916/1953, pp. 38-39).

could sell their labour on an open market (the proletariat). The first employed the services of the latter to generate profit, while the second freely sold their labour to earn an income.

In the absence of Marx's deterministic economic laws, social historians, such as Sombart and Weber, explained the capitalist's motivation to incessantly increase profits as the result of a particular 'spirit' (*Geist)*. They perceived the capitalistic spirit to be the consequence of the sum human experience that resulted in the fusion of the preceding enterprise spirit, characterised by competiveness and motivated by pure greed, and a novel materialistic spirit that relied on rational business strategies devised through the precise calculation of the optimal return to be earned on investment (Nussbaum, 1941, p. 529; Bryer, 1993, p. 117; Funnell, 2001, p. 71). Precise rational calculation, so central to the social concept of modern capitalism, is made possible by the application of the calculative power of capitalistic double-entry bookkeeping that provides the rational basis necessary for the incessant pursuit of optimal profits.

Capitalistic double-entry bookkeeping is a particular type of double-entry bookkeeping that incorporates a profit and loss account, capital account and a balance account (Yamey, 1940, p. 337).[118] At the very core of this bookkeeping system is the capital account. It represented the business organisation by representing the business' net assets objectively as an abstract monetary value. Representation of the business' wealth in a capital account not only rendered the concept of capitalism objective, it also provided the means by which investors could make logical decisions about investment choices by comparing changes in net wealth with the sum of the capital employed. It was

[118] Ten Have (1976, p. 6) cited a definition from the *Algemene Winkler Prins* (1956) which stated that double-entry bookkeeping was the "systematic recording and processing of changes in the composition and magnitude of proprietorship." In terms of this definition, systematic bookkeeping required a strict duality of entries that related to a stated capital sum with the ultimate purpose of preparing periodic financial summaries.

this ability to calculate the rate of return on invested capital that constituted the rational business decisions that Sombart and Weber considered the core of modern capitalism.

The ability to facilitate rational business decisions was not the only important aspect of capitalistic double-entry bookkeeping. Equally important is that capitalistic double-entry bookkeeping provided the means to regard the business as a corporate body, quite independent of its owners. A separate corporate identity promoted the development of the large joint-stock company, the harbinger of modern public company, through the adoption of the principle that the shareholders of such firms were only liable for the company's debts up to the extent of the unpaid portion of their subscribed capital (Epstein, 1915/1967, p. 145; Robertson, 1933, p. 55; Nussbaum, 1937, pp. 162-163; Brulez, 1959, p. 432; Most, 1972, pp. 727-728; Winjum, 1972, pp. 213-214; ten Have, 1976, p. 68; Steensgaard, 1981, p. 255; Braudel, 1982, p. 408).[119]

To demonstrate the capitalistic form of double-entry bookkeeping's role in the development of the capitalistic enterprise, Sombart believed that historians had to provide the empirical evidence to answer the question "to what extent, and how thoroughly, did business management operate, during the last centuries of the early capitalist period, in conforming with the teaching and instructions of business theorists" (Sombart, 1919/1979, p. 254).[120] The 'business theorists' he referred to were the writers of contemporary bookkeeping texts. More problematical is what Sombart intended by 'the last centuries of the early capitalist period'.

---

[119] Sombart (in Most, 1979, p. 246) considered the capitalistic business comprised three elements: a legal entity, that is, a corporate body separate from, and independent of its human participants; an accounting entity, which measured the firm's performance and it made apparent through double-entry bookkeeping; and a credit entity that optimised transactions via an organised market.

[120] This reflects Sombart's epistemology, which attempted to meld the abstract and the empirical.

The Last Centuries of Early Capitalism

Sombart divided economic history into three epochs, each of which he believed displayed distinct trends (Carosso, 1952, pp. 39-40).[121] First was a period of development (early capitalism), next a stable plateau (high capitalism), and, finally, an age of decline (late capitalism). In Sombart's terms, early capitalism was a European phenomenon that encompassed the 14th to mid 18th centuries (Hodgson, 2001, p. 130; Funnell, 2001, p. 71; Chiapello, 2007, p. 265). Consequently, the 'last centuries' of this period, which was essentially a period dominated by a pre-capitalistic mentality (Hodgson, 2001, p. 130), must indicate the mid 16th to mid 18th centuries (Nussbaum, 1937, p. 150). The scope of early capitalism can, however, be narrowed still further. According to Ranke (quoted favourably in Sombart, 1915/1967, p. 144), 17th century Netherlands was the land of "capitalism par excellence", and the place where the rational pursuit of profit by double-entry bookkeeping and the capitalistic firm first flourished (Sombart, 1919/1979, p. 258; Nussbaum, 1937, pp. 158-162). Ranke, in turn, quoted Contarini (in Sombart, 1915/1967, pp. 145-146) as describing The Netherlands after the first decades of the 17th century as a highly capitalistic country. Furthermore, Dutch bookkeeping texts demonstrated all the qualities required of capitalistic double-entry bookkeeping early in the first decade of the 17th century (ten Have, 1933, pp. 1, 6-7). As it is reasonable to assume from these references that Sombart would have agreed that the early 17th century Dutch had, indeed, attained a state of high capitalism, the cusp

[121] Nussbaum (1937, p. 147) cautioned that the definition of historical epochs is a "necessary fiction" that cannot be precisely decided. Despite a lack of precision, such arbitrary divisions of the past serve a useful function in that they provide the researcher with a convenient means to infuse the past with a character assumed to encapsulate the spirit of that epoch. In that way, a pattern of meaning that distinguishes an age can be attributed to the study of a particular ethos, such as the spirit of modern capitalism (Carosso, 1952, pp. 33, 35, and 39).

between early and high capitalism in The Netherlands must, therefore, encompass the period from the late 16th century and the first quarter of the 17th century.

Sombart's allusion to "the teaching and instructions of business theorists" (1919/1979, p. 254), which he saw as key to understanding business practice of the time, referred to the bookkeeping texts published in the late 16th and early 17th centuries. As noted above, most of these texts were Dutch or based on Dutch publications (Nussbaum, 1937, p. 161). Notwithstanding The Netherlands' reputation for advanced business practices in the 17th century, knowledge and particularly the practice of a capitalistic form of double-entry bookkeeping was extremely rare in the region for most of the 16th century (Ympyn, 1543, in Brulez, 1959, p. 432; Petri, 1567, in de Waal, 1927, p. 159). The only exception was southern Netherlands, and more particularly Antwerp, where a close association between merchants in the city and their Italian counterparts, together with the publication in this city of Ympyns *Nieuwe Instructie* in 1543, suggests the method was used in Antwerp during the latter half of the 16th century. Merchants located further north seemingly remained unaware of it (de Waal, 1927, p. 159). Petri confirmed that this was still the case in Holland in the late 16th century. In the introduction to the 1635 edition of his *Practicque om the leeren,* first published in 1583, Petri stated (A2 recto), "*sampt Instructie van 'tboechoude op d'Italiaensche maniere, d'welc doen ter*

tijdt alhier noch niet seer gemeen was" (together with instruction on how to keep books in the Italian manner that, at this time, is very uncommon).[122]

Petri's two publications, *Boeckhouwen op die Italiaensche maniere* (1576) and *Practique om the leeren Rekenen cijpheren ende boeckhouwen* (1583) together with Stevin's *Koopmans bouckhouding* (1607) were regarded by Sombart (1919/1979, p. 258) as the most advanced of their time. Petri was a northerner by birth, with strong associations with the Hanseatic city of Deventer. Steven, by contrast, was a southerner. It was Petri's and Stevin's texts that Sombart principally had in mind when he alluded to 'the teaching and instructions of business theorists'. Petri's bookkeeping generally followed the precedent set by Pacioli (1494), Cardano (1539), and Valentine Mennher (1550/1565). In turn, his work influenced Mellema (1590), Goessens (1594), Stevin (1607) and Dafforne (1635), amongst others (de Waal, 1927, pp. 159-160, 198, and opp. 285). Simon Stevin's *Koopmans bouckhouding* expanded on Petri's method, which

[122] In the introduction to the 1635 edition of *Practicque om the leeren*, first published in 1583, Petri stated (A2 recto), "*voor eenige Jaren herwaerts uytgeven, een Chypherboecxken, gestelt ende gecalculeert opten munte, mate ende gewichte deser stede Amstelredamme, sampt Instructie van 'tboechoude op d'Italiaensche maniere, d'welc doen ter tijdt alhier noch niet seer gemeen was*". That is, *Practicque om the leeren* was a commercial arithmetic text that included calculations in respect of the money, measures and weights of Amsterdam, together with an instruction on Italian bookkeeping, which, at the time was very uncommon in Holland. Petri's similarly titled first book *Arithmetica. Practique omme cortelijcken te leren chijpheren na allerlije Coophandelinghe, op Amsterdamse maete / munte ende gewichte geordonneert*, published in 1567, did not include a section on bookkeeping, a fact the author emphasised in the introduction to the 1583 text (a5 verso) that reads "*myne voors. eerste in den jare 1567 gedructe boecxken, verbetert, ende met veel diversche exempelen tot den coophandel en dagelicksche trafficquen dienende verciert. Daer by gevoeght inleydinghe tot den regel Algebre ofte Coss sampt den liberale ende vrye conste Geometry, ende 'tboeck houden op die maniere Italiane*" (my forementioned book, first published in 1567, is improved by the addition of many different examples of commercial arithmetic based on the routine mercantile activities. Furthermore, it includes an introduction to the principles of algebra, the art of geometry and bookkeeping in the Italian manner). Consequently, de Waal (1927, p. 159) was incorrect to attribute Petri's statement concerning the relative anonymity of Italian bookkeeping to 1567.

included a regular balance to determine changes in net wealth, [123] by introducing the '*staetproef*', a crude profit and loss account[124] that provided an independent confirmation of the net change in wealth required to balance the balance account (de Waal, 1927, p. 285). Sombart erroneously credited Stevin with the requirement that financial accounts be balanced annually (Nussbaum, 1937, p. 159). In fact, what Stevin said (1607, chapter 9) was "*T' is by veel Cooplieden int ghebruyck, eens t'siars te overseen hoe winst en verlies op t'selve jaer afgheloop heft, t'welck sy Balance of Staetmaken noemen.*" That is, many merchants compiled an annual statement of open ledger account balances to calculate their net capital in a statement known as a balance (*staet*). He never insisted that it was necessary that the ledger be balanced annually. Stevin did, nevertheless, endorse an annual closing as good practice but he was not the first to do so. Pacioli (1494/1963, chapter 32) had similarly reported that: "In the best known places, such as Milan, the big merchants customarily close their Ledger every year". Practice also demonstrates that the idea did not originate with Stevin or Pacioli. Large, 15th century Florentine businesses, such as the de Medici, regularly compiled annual balances (Parker and Yamey, 1994, p. 253).[125]

Although Sombart reasoned that the mid 17th century was a period of high capitalism, and that the existence of capitalistic double-entry bookkeeping was a necessary precondition for modern capitalism, he also argued that the capitalistic double-entry bookkeeping system necessary for the establishment of the capitalistic firm was

[123] The differences in the book value of the goods on hand and the valuation after the goods had been counted and valued was taken to Petri's profit and loss account. Except for fluctuations caused by monetary exchange, Petri did not include nominal accounts in his profit and loss. He transferred the balance of the profit and loss directly to capital (de Waal, 1927, p. 176).

[124] Stevin's profit and loss account included only the gain or loss on parcels of goods sold.

[125] This practice might have been due to the Florentine firms being relatively permanent institutions compared to the terminating Venetian venture that formed the basis of Pacioli's exposition. More likely is that the Florentines deemed an annual balance necessary to allow them to maintain control over remote agents in foreign lands.

not complete at that time. Yet to be resolved, Sombart believed, was the need to confirm the inventory account balances with a physical stock-take (Chiapello, 2007, p. 266). According to Sombart, France's *Pour le Commerce* of 1673 provided the final step in this process when it stipulated that

> All merchants shall be held to make in the same period of six months[126] an inventory under their signature of all their effects, real and personal, and of their accounts receivable and payable, the same shall be remade and revised every two years (Pour le Commerce (1673). Title III. Concerning the Books and Registers of Tradesmen, Merchants, and Bankers, Article VIII, in Howard, 1932, pp. 91 – 92).

Sombart was mistaken in his assumption that the *Pour le Commerce* was the earliest reference to an inventory based on a physical stock-take on two points. It is clear that this document required only book balances, and did not specify a physical inventory. Nor is there any suggestion that its purpose was to confirm inventory balances (de Waal 1927, p. 137; Bywater and Yamey, 1982, pp. 55-56). Moreover, it was not the first to do so. Wolfgang Sartorius' *Buchhalten mit zwey Büchern, nach Preuszischer Müntze* (1592) prescribed a physical inventory (Kelenbenz, 1979, p. 14). Similarly, Petri's *Boeckhouwen op die Italiaensche Maniere* (1595) advised that the balance must reflect the merchant's 'true wealth' and, to this end, recommended that the balance statement's record of inventory on hand be based on a stock-count and valuation at current prices (de Waal, 1927, pp. 176, 283).[127] Even earlier, Mennher (*Büchhalten, kurtz begriffen durch zway Bücher*, 1563) recommended that inventory balances used to compile a balance account be confirmed by a physical inspection of the goods on hand.[128] Similarly, the bookkeeping introduction to Mennher's *Practique pour*

---

[126] That is, six months of publication of the ordinance.

[127] The differences in the book value of the goods on hand and the valuation after the goods had been counted and valued was taken to Petri's profit and loss account. Except for fluctuations caused by monetary exchange, Petri did not include nominal accounts in his profit and loss. He transferred the balance of the profit and loss directly to capital (de Waal, 1927, p. 176).

[128] "*besich auch in deinem packhaus, oder wo du deine gueter hast, das du dieselben wharen wie sie in der Balantze vermerkt sein, auch also befindet*" (in de Waal, 1927, p. 137).

brievement (*1565,* unpaginated) instructed that on balancing the bookkeeper must "*pareillement regardez quelle marchandise qu'il vous reste, & puis regardez dedans vostre Packhuys, que vous la trouuiez ainsi comme est dessus denoté en la balance.*" Which translates as "likewise check what goods you have left, and then look inside your warehouse to prove that what you have there accords with what is recorded in the balance". The practice of verifying the inventory reported in a balance statement by undertaking a physical count of the goods on hand and applying current values to this stock predated these texts. Notwithstanding that the Fuggers' did not use double-entry bookkeeping, the practice of confirming inventory balances by making a physical stock-count and valuation was apparent in their account books by 1511 (Kelenbenz, 1979, pp. 8-11).

The evidence presented above demonstrates that early 16th century bookkeepers had grasped the necessity of verifying the inventory's book values, and the concept had filtered through to the bookkeeping texts before the mid 16th century. Consequently, Sombart's argument for placing the completion of the double-entry bookkeeping system in the late 17th century is rejected. Rather dating capitalistic double-entry bookkeeping to the later half of the 17th century, Stevin's (1607) incorporation of a profit and loss statement (*staetproef*), which yielded independent verification of the amount used to equalise the balance account, marked the point at which the double-entry system was complete. Instead of casting the final years of early capitalism in centuries, this period probably covers less than the half a century between Mennher's *Büchhalten, kurtz begriffen durch zway Bücher* (1563) and Stevin's *Koopmans bouckhouding* (1607). On the basis of Sombart's reasoning, therefore, the conditions for the advent capitalist firm were in place before the end of the first decade of the 17th century. The problem that remains is to comprehend the nature of such a firm.

The capitalistic firm

The capitalistic firm, which is central to Sombart's thesis, is distinguished from earlier types by three elements: it constitutes a legal entity, that is, it is a corporate body separate from, and independent of, its human participants; an accounting entity, which recorded measured the firm's performance, and it made apparent through the action of capitalistic double-entry bookkeeping; and a credit entity that optimised transactions via an organised market (Sombart, 1919/1979, p. 246). The origins of the modern capitalistic firm can be discerned in the Italian business partnerships of the 15th and 16th centuries (de Roover, 1942, p. 36; Klein, 1981, p. 22; Cohen, 1980, p. 1345). Refined in north-western Europe, the medieval firm developed into the 17th century joint-stock trading company, considered the epitome of a capitalistic enterprise (Nussbaum, 1937, p. 162; Gras, 1947, pp. 95-96; Weber, 1968, p. 380; Winjum, 1972, pp. 214, 236-237).

The Dutch United East-India Company (VOC) met all the criteria for a public, capitalistic enterprise in the first decade of the 17th century (Epstein, 1915/1967, pp. 128, 144; Sée, 1928/2004, p. 48; Steensgaard, 1974 p. 127; Furber, 1976, p. 186; ten Have, 1976, pp. 39, 68; Meilink-Roelofsz., 1982, p. 172). It was financed by a public capital, investors could freely transfer their capital rights, shareholders liability was limited to the unpaid portion of their subscribed capital, and the decision had been taken to make the company's capital permanent. From Sombart's perspective, if the VOC indeed epitomised the capitalistic firm, it should have employed a capitalistic form of double-entry bookkeeping. This was especially important as it was argued that it was the peculiar characteristics of this method that allowed the company to assume a corporate identity quite independent of its owners, which, in turn, endowed the company's members with a limited liability for its debts. Moreover, the public nature of the company's capital, together with the public's ability to freely alienate their capital rights,

suggests that these investors would have felt compelled to rationally calculate the return on their investments to ensure they were earning optimal returns. These propositions are tested against the VOC's archives in Part III of this work.

Criticisms of Sombart's thesis

Chiapello (2007, p. 264) observed that Sombart's claims concerning the relationship between capitalism and double-entry bookkeeping could not be sustained for the period prior to the mid 18th century. Similarly, Yamey's (1949, pp. 99-113) studies of bookkeeping texts published between the 15th and mid 19th centuries and extant English merchants' bookkeeping records compiled between the 16th and 19th centuries (1964, pp. 117-136) failed to find any support for Sombart's thesis concerning the relationship between double-entry bookkeeping and the development of capitalism.[129] In particular, Yamey (1949, pp. 104-110) concluded that the texts provided no evidence that a capital account, profit and loss and balance sheet made a significant contribution to capitalism's development. Instead, double-entry bookkeeping records were more valued for the order they instilled on the death of the merchant, the termination of a business association, or where a dispute had arisen between debtor and creditor, rather than as a means of rational decision-making. Furthermore, the typical medieval businessmen did not rely on double-entry bookkeeping to provide a detailed knowledge of their business. Its principal value at that time was as an effective means of controlling partners, agents or managers (Yamey, 1949, p. 111). This view is supported

[129] Yamey (1949, pp. 112-113) rejected the idea that double-entry bookkeeping is inherently superior to other accounting systems. In his view, the repeated promotion by accounting teachers principally ensured the method was gradually accepted as the ideal. Other believe that, even though 17th century joint-stock companies did not always utilise double-entry bookkeeping, the demands of their inancial administration principally afforded double-entry bookkeeping its significance after the 16th century (Gras, 1947, pp. 103-104; Carruthers and Espeland, 1991, p. 46; Lamarchand, 1994, p. 122).

by Row-Fogo (1905/1968, p. 106), who ascribed to double-entry bookkeeping a role limited to detecting and preventing errors of omission and commission: "The fact seems to have been that the merchant regarded his bookkeeping by double-entry as a guarantee of the formal completeness of his posting, and trusted to careful comparisons for the detection of errors." By contrast, Yamey believed that double-entry bookkeeping, which employs a common trading account and profit and loss, provided the merchant and the firm's management with a less detailed record of their trading activities and less effective control over inventories than did the particular commodity accounts used by venture accounting (Yamey, 1964, pp. 124-125, 133). Nor were profit and loss and capital accounts intended to facilitate the calculation of total profit and capital by promoting the regular and frequent closure and balancing of the accounts. Instead, these accounts generally served the technical process of creating convenient summaries when closing a ledger. If Chiapello and Yamey are correct, Sombart's propositions clearly also do not hold for the early 17th century when the VOC was organised and its bookkeeping procedures set in place. However, others, such as Winjum (1971, 1972), Most (1972, 1976) and Martinelli (1974) have offered guarded support for aspects of Sombart's thesis.

Winjum's (1972, pp. 66-80, 245) analysis of English evidence between 1500 and 1750 supported Sombart's observation that merchants generally did not use scientific bookkeeping prior to the mid 18th century and, therefore, their accounts would have been quite confused and capitalism impossible. He also conceded (Winjum, 1972, pp. 231, 238-246) that Sombart was correct in hypothesising that double-entry bookkeeping had a positive effect on England's economic development between 1500 and 1750. Seventeenth century businessmen did not use double-entry bookkeeping to precisely calculate profits or the return on capital, but valued it for the order it imposed on the accounts, especially where matters of partnership or agency were involved. So in a

manner similar to Yamey, Winjum (1971, p. 350; 1972, p. 231) argued that, if used at all, a profit and loss account had a purely technical purpose when closing a ledger. When profit was calculated, the result was far less precise than the standard expected of capitalistic bookkeeping because 17th century merchants did not generally consider a physical stock-taking and asset revaluations a necessary exercise. Furthermore, the mix of business and personal transactions habitually included in the accounts confused any calculation of profit. Rather than a capitalistic form of double-entry bookkeeping, Paciolian venture accounting[130] was primarily responsible for encouraging a spirit of acquisitiveness and the rational pursuit of profit that is intimately associated with the rise capitalism in the 17th century. Consequently, rational decisions based on systematic calculations of profit were simply not possible before the mid 18th century.

Most (1972, pp. 722-734) believed the criticisms of Sombart's propositions to be largely unfounded, nevertheless he disagreed with Sombart on a number of details. In particular he argued that capitalism did not manifest itself only in the 16th or 17th century but that the capitalistic spirit had prevailed throughout history. Most also denied that the notion of capitalism resulted from the abstraction of wealth creation by double-entry bookkeeping, arguing that a capital balance could be calculated by other means. Furthermore, Most (1972, pp. 724-726) assumed that double-entry bookkeeping was introduced much earlier than Sombart supposed, and that its early use was primarily as a means of planning and exercising control in the public not the private sector. Importantly, he nevertheless accepted that double-entry bookkeeping created the conceptual elements that made the economic theory of capitalism and the separation of

[130] Paciolian double-entry bookkeeping and medieval venture accounting are directly related (Woolf, 1912, p. xxx; Chatfield, 1977, p. 19). Until the middle of the 19th century accounting texts generally treated commerce as a series of ventures, each of which had an account of its expenses and particular income (Jackson, 1956, p. 301). Nevertheless, venture bookkeeping, even when kept by double-entry bookkeeping, is considered a feudal form of bookkeeping because it represented only a temporary aspect, rather than a comprehensive account of the business' transactions.

firm and owner possible. Moreover, Most reasoned that the separation of owner and capitalistic entity demanded the communication of relevant data between the entity and other parties that could only be satisfied by the application of modern double-entry bookkeeping. Most (1972, pp. 726-727) refuted Yamey's observation that this information could be effectively provided by single-entry bookkeeping on the basis that Sombart had declared single-entry an emasculated version of double-entry.[131] That need notwithstanding, he acknowledged that, in contrast to a permanent entity, a capital account and profit and loss were of little value in venture accounting where the entire enterprise was liquidated on its completion (Most, 1972, pp. 727-728). Still, Most argued that the particular organisation of joint-stock companies made a capital account essential because, unlike a venture, the changing body of shareholders required reassurance that their share of the profits (or losses) was proportionate to that of other shareholders. Most (1972, p. 730) also rejected Sombart's assumption that the concept of capitalism emerged solely from the abstraction of the process of creating business profits on the grounds that capital could result from the sale of a business or shares in a business. Finally, Most (1972, p. 730) denied that speculation was an irrational, precapitalistic response to economic opportunities but reasoned that it was simply one end of a continuum of possible capitalistic actions.

Martinelli (1974, pp. 281-308) agreed that double-entry bookkeeping was an important factor in the development of capitalism but argued that rather than making the capitalist firm possible, double-entry bookkeeping must have developed in conjunction with the capitalistic enterprise, as only when firm and owners were independent entities would they have been motivated to continually monitor changes to the business' capital.

[131] Bryer (1993b, p. 114) explained "whereas double-entry automatically produces equity and net profit as the direct result of the system of basic record-keeping, single-entry produces them by subsequently calculating and deducting closing from opening net assets and adjusting for capital transactions".

Furthermore, Martinelli disagreed with Sombart that the double-entry bookkeeping system was completely developed during the late 15th and 16th centuries. Instead Martinelli believed that double-entry bookkeeping system was completely developed in the 13th century.

In summary, the arguments presented above deny Sombart's thesis that double-entry bookkeeping, in general, or particular features of double-entry bookkeeping, such as a profit and loss and capital accounts, were essential for the creation of capitalism. However, the largely English evidence presented in support of this thesis offers conflicting conclusions. Whereas Bryer found support for the notion of an association between the development of capitalism and the application of capitalistic double-entry bookkeeping, Yamey and Winjum found no evidence that conclusively supported the proposition that early 17th century capitalistic firms used a capitalistic form of double-entry bookkeeping or that such a bookkeeping method was essential for the separation of the capitalistic entity and its investors. Neither do the bookkeeping texts of the time recommend that capitalistic double-entry bookkeeping should be used to rationally plan business investments. Rational decision-making, the central argument of Sombart, Weber, and Bryer's theses, does not hold because many economic actions that could be considered capitalistic were not made on the basis of reliable information provided by a comprehensive accounting system but according to diverse unrelated accounting memoranda. In the rare instances where capitalistic double-entry bookkeeping was used, it sufficed to maintain order in the accounts, facilitate the closing of the ledger and controlling business partners and agents. However, while capitalistic double-entry bookkeeping was not widely used in the 17th century, venture accounting, the form of double-entry bookkeeping described by Pacioli, was widely used by merchants at that

time.[132] A characteristic feature of venture accounting is the absence of an integral capital account and profit and loss, as required by scientific bookkeeping. Separate accounts are also not kept for capital assets. Nor were these assets depreciated. Such accounts were redundant because the business was liquidated on the venture's completion. Where necessary, a venture account could be supplemented by external summaries and calculations to make an interim calculation of the venture's progress. Profit could only be determined on winding up the venture.

Capitalistic double-entry bookkeeping's ready ability to calculate and confirm periodic profit meant that it could be usefully employed by joint-stock companies, such as the English East-India Company, which were permanent in nature and had a relatively large, fluid body of shareholders that formulated its investment strategies on the basis of the business' periodic results and financial position. However, the evidence is that the English East-India Company did not employ the canons of capitalistic bookkeeping for most of the 17th century (Winjum, 1972, p. 231).

Before examining Weber and Bryer's explanations of the association between capitalism it is necessary to determine which early bookkeeping texts best described what Sombart believed constituted a capitalistic form of double-entry bookkeeping and why he held that these texts did, indeed, represent this form of bookkeeping. Sombart assumed that historians would provide the necessary empirical evidence to answer the question "to what extent, and how thoroughly, did business management operate, during the last centuries of the early capitalist period, in conforming with the teaching and instructions of business theorists" (Sombart, 1919/1979, p. 254).[133] As he hypothesised that capitalistic double-entry bookkeeping gave rise to full capitalism, the "instructions

---

[132] The lack of emphasis on periodicity reflected in the bookkeeping texts of the time was because they were generally based on Venetian circumstances that incorporated venture bookkeeping (Lane, 1977, p. 190).

[133] This statement reflects Sombart's epistemology that attempted to meld theory and the empirical.

of business theorists," this is, the bookkeeping texts that first described capitalistic double-entry bookkeeping, must have published some time during the "last centuries of early capitalism."

Weber's Protestant ethic and spirit of capitalism

Weber's conception of modern capitalism was revolutionary in the sense that he regarded the sedentary merchant's employment of free labour as the essence of modern capitalism (Weber, 1930/1992, pp. 21-22). By contrast to Sombart, Weber believed capitalism to be the result of a combination of free labour[134] and the Protestant ethic. In summary, at the heart the Protestant ethic, and central to Weber's concept of the establishment of modern capitalism, is the idea that every one had a God-given calling that ordained one's occupation and station in life. and that it was a believer's duty to diligently maximise that opportunity while exercising moral restraint in their daily lives. Together with its ancillary ethical standards of maximising one's opportunities, diligence, thriftiness and general modesty, this calling, no matter how humble, was a Protestant's unavoidable duty (Giddens, 1992, pp. xii-xiii).[135]

If the base human characteristic to pursue gain is regarded as capitalistic, then capitalism has a long history. However, Weber argued that gains which were not rationally reinvested with the aim of earning a profit but spent on land or luxuries does not accord with the idea of modern capitalism. Only when profits earned were continually and rationally reinvested did it create the powerful force that stimulated economic growth so representative of modern capitalism (Giddens, 1992, pp. x-xii). Confirming the centrality of profit, Weber (1930/1992) observed that capitalism

[134] Waged, as opposed to feudal or indentured labour.

[135] Tawney (1938, p. 312) argued that rather than Protestant ethics formulating capitalism, capitalism was instrumental in shaping Protestant ethics.

> Capitalism is identical with the pursuit of profit, and forever renewed profit, by means of continuous, rational, capitalistic enterprise. For it must be so: in a wholly capitalistic order of society, an individual capitalistic enterprise which did not take advantage of its opportunities for profit would be doomed to extinction.

The effectiveness of the modern capitalistic firm depended on it being an independent entity, and access to a regular market that was not directed by speculative or political motives. To achieve its objectives, such a firm employed rational calculation to determine rational capitalistic action.[136] A rational capitalistic action "rests on the expectation of profit by the utilization of peaceful opportunities for exchange" (Weber, 1930/1992, p. 17). Weber emphasised that a capitalistic profit was not desired for its own sake but as the means to continually increase the original sum invested.

Although double-entry bookkeeping was important to Weber's model of capital development, unlike Sombart he did not see it as the initiator of modern capitalism but as a technology that facilitated capitalism.[137] Indeed, he denied that any particular form of bookkeeping was necessary but stated that the requirement for rationality is satisfied if

> a calculation of capital in terms of money is made, whether by modern bookkeeping methods or in any other way, however primitive and crude. Everything is done in terms of balances: at the beginning of the enterprise an initial balance, before every individual decision a calculation to ascertain its probable profitableness, and at the end a final balance to ascertain how much profit has been made (Weber, 1930/1992, p. 18).[138]

---

[136] By 'rational' is meant that decisions are not a consequence of impulse but result from logical consideration of the available data. Whether the base data is complete is not critical, provided the entrepreneur believed the information to be sound and acted on it.

[137] Weber's reluctance to acknowledge double-entry bookkeeping, which can be identified in the 14th century, may stem from his central theme that capitalism was born of the Protestant Ethic that manifested itself only in the 16th century (Cohen, 1980, p. 1341).

[138] The definition of rational action is not disturbed if the calculation is not entirely accurate or is an estimate. That lack of precision affects only the degree of rationality not the fundamental requirement that rational decisions are made (Weber, 1930/1992, p. 19).

Notwithstanding an initial reluctance to embrace double-entry bookkeeping, or any other specific form of bookkeeping, as the appropriate method of financial administration for a modern capitalistic firm, Weber later acknowledged that 'capital accounting' was required. In this respect he explained that generally:

> A rational capitalistic establishment is one with capital accounting, that is, an establishment which determines its income yielding power by calculation according to the methods of modern bookkeeping and the striking of a balance. The device of the balance was first insisted upon by the Dutch theorist Simon Stevin in the year 1698 (Weber, 1927/1981, p. 275).

Consequently, capital accounting means a system of double-entry bookkeeping that is complete in all respects (Winjum, 1972, p. 17; Cohen, 1980, p. 1341; Bryer, 2000a, p. 144; Tribe, 2006, pp. 29-30). Moreover, from Weber's perspective fully developed capitalism could not be conceived of in the absence scientific bookkeeping.

BRYER: EMPIRICAL EVIDENCE CONCERNING THE RELATIONSHIP BETWEEN SOCIALISED CAPITAL AND CAPITAL ACCOUNTING

Bryer (2000b, pp. 327-336) fused Marx and Weber in one of the few empirical studies of the relationship between the 17th century English capitalistic firm and double-entry bookkeeping. Prior to the 17th century, English commerce was dominated by a relatively small, elite group of wholesale merchants who organised their commercial affairs in the manner of 'feudal capitalism' and administered their financial affairs by means of 'feudal bookkeeping'. Feudal capitalism is distinguished by commercial opportunities being limited to a privileged few who invested their capital in particular mercantile expeditions that were terminated on the conclusion of the venture. Participants did not enjoy limited liability in respect of third parties, and dividends were frequently unequal and distributed in the order in which the participants had subscribed to the venture. As the participants in large-scale feudal business were generally

wholesale merchants, liquidation primarily comprised a distribution of commodities that might be supplemented by a relatively small amount of cash (Nussbaum, 1937, p. 163). Feudal bookkeeping might employ some or all of the principles of double-entry bookkeeping but was distinguished by the lack of a capital account, profit and loss and a regular balance of the business' affairs. It was typically limited to an irregular calculation of a merchant's net assets from data drawn from the bookkeeping records and other, external sources. As a result, it is assumed that feudal merchants had no regard for rate of return on invested capital when making investment decisions. Feudal bookkeeping is often referred to as single-entry bookkeeping.

Socialised capitalism describes the situation when a relatively large number of investors pool their financial resources in a joint stock[139] in a manner that is designed to minimise the investor's risk and maximise their cash returns. Socialised capital investments were considered permanent, in the sense that the investment was not advanced for a single venture. Notwithstanding that the capital sum represented a permanent investment in a particular entity, the investors were speculators rather than the owners of the business and could freely negotiate their shareholding. Consequently, investors represented a constantly changing body that required sound information of the demand for and supply of negotiable shares.[140]

The English copied the French in publishing commodity price indices. Robert Wooley published one such index, the *Prix Courant des Marchandises à Londres,* in London in 1671. Share prices, advertised as '*Actions des compagnes*', first appeared in

[139] Rather than individual trade, as was the case with the earlier English regulated companies.

[140] Speculative trading in company shares was a feature of Amsterdam in the early 17th century and most apparent in Isaac Le Maire's attempts to manipulate the price of VOC shares in 1609. London developed a similar market only towards the end of the 17th century (Barbour, 1950, p. 76, Mirowski, 1981, pp. 559, 563). EEIC shares do not appear to have been traded on the London market before 1710 (Mirowski, 1981, p. 569).

London in 1681. By the last decade of the 17th century, share prices were listed in *Whiston's Merchants Weekly Remembrance*, *Proctor's Price-Courant*, Houghton's *Collection for the Improvement of Husbandry and Trade*, and the *Course of the Exchange*. The latter was the first to report English share prices in 1690. Houghton followed in 1692, while Proctor's London share prices appeared in 1695 (Walker, 1931, p. 103; Mirowski, 1981, p. 564). Share price indices had no merit in the absence of a reliable and relatively free market in which shareholdings could be traded. Chaudhuri (1978, p. 417) noted the importance of such a market for the development of capitalism in the late 17th century when he explained how the

> principle which the private sale of East India stocks, both Dutch and English, established was a highly important one in the full development of commercial and industrial capitalism. It incorporated the notion that the fixed liabilities of firms or the state, giving rise to future income streams, can be viewed as liquid assets for individuals, the price of the assets being determined by the capitalisation of the discounted value of the expected future payments. Capital accumulation and its productive investment was at once made possible by this process.

Furthermore, investors and entity were also autonomous, which meant that the former enjoyed limited liability in respect of third parties to whom the firm was indebted (Bryer, 2000b, pp. 367-369). An Act of the English Parliament of 1662 provided limited liability to shareholders of the East India, Africa and Fishery companies to the extent of their unpaid share subscriptions (Walker, 1931, p. 103).

The nature of socialised capital meant that investors were not necessarily merchants. Consequently, they had little interest in developing commodity markets or receiving dividends paid in kind, as their feudal predecessors did. Instead, the capitalistic investor was only interested in receiving a regular cash return. This focus, Bryer argued (2000a, p. 335), elevated the rational determination of rate of return on invested capital to the forefront of English economic life during the 17th century and initiated a social conflict between public investors and capitalistic business entities. Bryer (2000a, 2000b)

identified this social conflict as the key that explained changes in English corporate bookkeeping during the 17th century. It was resolved by the adoption of capital accounting that readily permitted investors to confirm the rate of return on their invested capital. At the least, this implies a system approximating Winjum's fourth level of double-entry bookkeeping, that is, a complete system incorporating not only nominal accounts, but a profit and loss account closed to capital (Nussbaum, 1937, p. 162; Bryer, 2000b, pp. 368-369, Winjum, 1971, p. 335). If the rate of return is to form the basis of investors' rational decisions, such an bookkeeping system must also include a periodic revaluation of assets and, most importantly, a frequent and regular report of this data compiled in a consistent manner. Although Bryer (2000a, pp. 341, 368) suggested that double-entry bookkeeping was used in the EEIC by 1630 and complete capital accounting by the late 1660s, Chaudhuri (1978, p. 413) and Neal (1990, p. 200) concluded that the EEIC did not employ capital accounting before 1709. Furthermore, no evidence exists to support the proposition that such a system was employed in England during the 17th century (Winjum, 1971, p. 335). In pursuing his hypothesis, Bryer was either unaware of the earlier studies by Yamey, Winjum and Chaudhuri or he chose to ignore that evidence. As Bryer (1993b, 2000b) cited Yamey (1949, 1964), Winjum (1971, 1972) and Chaudhuri (1978) the former possibility is rejected.

Socialised capital demanded an equivalent rate of return for all investors on the capital they had invested in the business, which led Bryer to propose that double-entry bookkeeping emerged in response to the collective or socialised demand from investors for frequent calculation of the rate of return on capital as the basis for sharing profits (Bryer, 1993b, p. 115). A socialised capital elevated the calculation of the rate of return on capital to double-entry bookkeeping's highest priority (Bryer, 1993b, pp. 121-122). However, Bryer also had to admit that scant evidence existed to substantiate such a

claim nor was double-entry bookkeeping essential for the calculation of the rate of return (1993b, pp. 121-128).

The EEIC in perspective

A case study is the best means of testing the claims made by Sombart, Weber and Bryer for the relationship between organisation type and bookkeeping method. Furthermore, the 17th century English and Dutch East-Indian companies present a most apt subject for this purpose because the East Indian trade was a decisive factor in the development of 17th century capitalism and, more importantly, the EEIC and VOC exemplified the capitalistic enterprise (Epstein, 1915/1967, p. 145; Sée, 1928/2004, p. 52; Robertson, 1933, p. 55; Nussbaum, 1937, pp. 162-163; Brulez, 1959, p. 432; Winjum, 1972, pp. 213-214; ten Have, 1976, p. 68; Steensgaard, 1981, p. 255).[141]

Although both the English and Dutch East-Indian companies exhibited capitalistic traits during the 17th century, they were structured quite differently. For much of the 17th century, the EEIC was an association of particular persons, not capitals, whereas the VOC was always a public association of capitals. The EEIC was chartered in 1600 as a regulated company in the mould of the Levant Company (Evans, 1908, pp. 343, 349). For most of the 17th and a good deal of the 18th century it was not a single, homogenous organisation. The company's structure, name and bookkeeping methods changed significantly between 1600 and 1873, (van der Chys, 1857, p. 150; de Heer, 1929, p. 18; Winjum, 1972, pp. 215-216). Confusion surrounds its precise status at times. Sée

[141] The third largest of the 17th century East-Indian companies, the French Company, was not a commercial organisation but an arm of the State (Meilink-Roelofsz., 1982, p. 172; Furber, 1976, p. 202).

(1928/2004, p. 51) reported that the EEIC was structured as a corporation in 1622, whereas Evans (1908, p. 349) suggested an earlier date of 1613.[142]

In effect, the EEIC initiated a series of single ventures, each of which had a distinct capital, which its members could choose to participate in. The feudal characteristics[143] of the early EEIC are readily apparent in the company's restriction on membership and temporary capital. Prior to 1613, when a more permanent joint stock was introduced (Evans, 1908, p. 343), each EEIC venture was subscribed for a single voyage.

> Hitherto the voyages of the East India traders had been conducted on the terms rather of a regulated than a joint-stock company; each adventure being the property of a certain number of individuals, who contributed to it as they pleased, and managed it for their own account, subject only to the general regulations of the Company. Whether this was more adapted or not, to the nature of commerce, and the interests of the nation, it was less favourable to the power and consequence of a Governor and Directors, than trading on a joint-stock, which threw into their hands the entire management and power of the whole concern. Accordingly, they exerted themselves to decry the former method, and, in 1612, were enabled to come to a resolution, that in future, the trade should be carried on by a joint-stock only (Mill, 1826, p. 36).

The 1613 initiative to introduce a joint stock referred to above was unpopular and short-lived. In 1628, the EEIC regressed to a single-venture model and, even as late as the 1654, the general participants in the United Joint-Stock, formed in 1650, twice petitioned the English government to revert to a regulated structure (Mill, 1826, pp. 54-55). The mid 17th century change was probably motivated more by a desire to enhance

---

[142] The EEIC's first charter was granted for 15 years. In 1609, the company obtained a new charter that constituted it as a body corporate in perpetuity (Evans, 1908, p. 342).

[143] In this respect, the principal distinction is between the regulated company and the joint-stock company. Both types of organisation pursued profit maximisation. The major 'social' difference was that members of a regulated company traded as individuals, for their own profit, whereas members of a joint-stock company traded collectively, for a joint profit or loss. Moreover, joint stock meant that a single collective stock of merchandise accrued to the venture as a whole. Individual merchants involved in the venture were forbidden to trade on their own account and, accordingly, returns were cash dividends (Walker, 1931, p. 99).

control over commercial operations than shareholder needs as, contrary to the view that a joint-stock was a more democratic structure, the EEIC's directors and governor resisted the stockholders' petition for a regulated structure because they believed a joint-stock structure afforded them more direct power and influence over the company's affairs (Evans, 1908, pp. 349-350; Meilink-Roelofsz., 1976, p. 206). Indeed, the EEIC even resorted to being a regulated company between 1698 and 1708 (Braudel, 1992b, pp. 449-450).[144] The nature of the company's early organisation on the basis of a temporary stock meant that until at least the late 17th century its financial records were kept by the principles of venture accounting that linked physical commodities and cash. Goods destined for India were debited at cost to the London accounts. When inventory was shipped, the particular good's account was credited with the cost price and a voyage account credited with the same amount, thereby clearing the inventory account of an obligation to account for that parcel. On delivery in India, the voyage account was debited and an appropriate factor's[145] current account credited with the historic cost of the goods in question, which established the Indian employee's accountability for the parcel. Later, the credit on the factor's current account would be offset against the cost of goods shipped to London by the Indian factor. In London, cost of received goods, plus freight and other charges, were debited to a commodity account kept in the name of the storeman, for example, 'Pepper, Charles Aston', and credited with the value of London sales. Clearly, the primary purpose of this type of bookkeeping system is to establish and discharge accountability, not facilitate investors' rational decisions. Furthermore, although the early EEIC had an independent legal persona, the company's business was transacted at the member's own risk. When an EEIC fleet returned to England, the

[144] Reformist politics probably, rather than shareholder agitation, probably provided the spur that saw the EEIC adopt a more democratic constitution in the 3rd quarter of the 17th century.

[145] Factors were neither agent nor employee but a hybrid of both types. Factors were employees who, by virtue of their geographic remoteness, were relatively independent.

company sold the goods imported, together with the remnants of the fleet, on behalf of the investors. The capital was then liquidated and the proceeds distributed to those members who had invested in that particular fleet (Riemersma, 1950, pp. 34-37; (Winjum, 1972, pp. 231-232; Klein, 1981, pp. 23-26; Steensgaard, 1981, p. 249; Braudel, 1992b, p. 449).

Analysis of the EEIC's financial administration, the significance of the changes to the company's bookkeeping that occurred in 1664, and the rationale that motivated that change is problematical because the relevant records have been lost. Despite the 1664 bookkeeping system being referred to as double-entry bookkeeping, evidence is that it did not contain all the company's assets and liabilities. Nor did it record transactions in an orderly manner (Winjum, 1972, pp. 231-232). Accordingly, it is inappropriate to assume that the changes made to the EEIC's bookkeeping in the 1660s was intended to facilitate shareholders calculation of the rate of return on their invested capital.

Indeed, when applied to the 16th and 17th centuries the notion that the rate of return determined investment decisions is rebutted by the habit that time of paying dividends from capital, not profits (Walker, 1931, p. 101). Even after 1669, net profit determination was not a major objective of the EEIC's bookkeeping. The company's ledgers were closed and balanced only when convenient and profits usually not reckoned until the ledger was full. In Ledger B (1669) the determinant of total wealth (stock) took precedence over a calculation of profit. While Ledger C, closed on 30 April 1671, did determine the results on which a dividend was subsequently based, that, too, was flawed by modern standards of accounting. The profit reckoned for Ledger C was not the result of a complete, interlocking system of accounts but determined on the increase in net assets, after taking into account certain adjustments external to the bookkeeping system that depleted the book value of net assets from £843,644 to £645,827. The accrual basis of these accounts is also open to doubt as the dividend declared on 30 April 1671 was

only recorded when paid on 31 March 1672. More so than profit, it was the extent of the cash on hand that tended to trigger a dividend. Once declared, dividend payments were made as cash became available after the season's imported goods had been sold. However, members were frequently allowed to receive their dividends early if they agreed to offset that distribution against goods purchased from the company (Winjum, 1972, pp. 225-230).

The English evidence considered above does not support the hypothesis that capitalist firms, such as the 17th century joint-stock companies, must have used a capitalistic form of double-entry bookkeeping. In this respect, Chiapello argued (2007, pp. 282-294) that, as the conceptions of capital attributed to Marx, Engels, Sombart and Weber were derived from 19th century double-entry bookkeeping concepts and practices developed to account for the demands of the Industrial Revolution, capitalism could not have originated prior to that time. Toms (2007) has recently challenged Bryer's association of the rate of return with early capitalism. He argued that Bryer's notion of a feudal rate of return, together with the idea that the capitalist mentality is present only if there is evidence that the rate of return on invested capital is calculated, are Bryer's own conceptions that cannot be justified by relying on Marxist theory. At best, Bryer's interpretation is a possible interpretation of Marx but an unlikely one (Toms, 2007, pp. 2, 9). Further, although the calculation of the rate of return on capital employed in a business can be based on a variety of data it was extremely unlikely that businessmen of that time would have used accounts to calculate the rate of return on capital as suggested by Bryer. Neither, because, as already noted by Yamey, Winjum and Chaudhuri, the 17th century merchant's bookkeeping system did not provide the necessary data, were such calculations likely to have been used to equitably distribute profit before 1840 and only infrequently prior to 1914 (Toms, 2007, pp. 5-6, 10, 13-21). Use of the rate of return in the manner suggested by Bryer is more appropriately associated with the entity theory of

accounting developed in the 20th century (Toms, 2007, p. 19). Toms (2007, p. 9) did allow that joint-stock companies were the first to use double-entry bookkeeping to calculate the feudal rate of return but that these companies were, at best, semi-capitalist in nature .

English evidence from the 17th century clearly does not support the notion of a direct relationship between the capitalistic firm and capitalistic bookkeeping. However, as England was less economically advanced than the Dutch at this time (Sombart, 1913/1967, pp. 128, 144; ten Have, 1933, p. 1; Chatfield, 1996, p. 128), it is possible that Netherlands' evidence will lead to a different conclusion. The Netherlands, and more particularly Holland, together with its capital city Amsterdam, was the centre of nascent capitalism in the late 16th and early 17th centuries. In addition, it is believed that the country's economic success was made possible by the application of Italian double-entry bookkeeping, introduced into the Netherlands by Ympyn in 1543 (Sée, 1928/2004, pp. 11, 119, 126; de Roover, 1955, p. 420; de Roover, 1974, p. 179; Winjum, 1972, pp. 6-8, 23). Therefore, it would be injudicious to dismiss the theories posited by Sombart, Weber and Bryer without considering pertinent Dutch evidence.

SIXTEENTH CENTURY DUTCH BOOKKEEPING: PURPOSE AND PRACTICE

Italian double-entry bookkeeping was little used in 16th century Netherlands. In the introduction to his *Nieuwe instructie,* Ympyn observed that double-entry bookkeeping was still largely unknown in southern Netherlands. Petri (Claes Pietersz. van Deventer) confirmed that, as late as 1567, the Italian bookkeeping system was hardly used in Amsterdam. More recently, de Roover (1974, p. 170) noted that the

> relatively advanced state of Flemish book-keeping in the fourteenth century is without doubt due to Italian influences. Beyond Bruges, even in Holland, this was no longer true, and business techniques tended to depend upon the practices developed by the Hanseatic merchants.

These observations indicate that double-entry bookkeeping was little more than a curiosity in mid 16th century Netherlands. At that time commercial practice in north-western Europe was dominated by the practices of the Hanseatic League, who used bookkeeping for a different purpose than that for which Italian double-entry bookkeeping is best suited. To meet their objectives, they also employed a different method of double-entry bookkeeping to that of the Italians. Rather than an Italian model, Netherlands' business practices and bookkeeping were based on German norms.

Netherlanders[146] and Germans, especially those from Lower Germany[147] enjoyed close social and economic relations between the 15th and 16th centuries (Zimmern, 1891, p. 163; Posthumus 1953, pp. 4, 33; de Groote, 1961, p. 147; de Roover, 1963, pp. 111, 114; de Roover, 1974, p. 174; Geyl, 1980, pp. 25-26; Blockmans, 1993, p. 48). The Netherlands was an integral part of the Hanseatic commercial environment. Even where Dutch towns located around the *Zuider Zee*, such as Hoorn and Amsterdam,[148] were not formal members of the Hanseatic League, they used similar business methods and bookkeeping practices (Posthumus 1953, p. 33; de Roover, 1974, p. 174; Blockmans, 1993, p. 48). Moreover, Lower German, the language of north Germany and the Hanse, was similar to Flemish (de Roover, 1963, p. 92). Simon Stevin, a Netherlander, alluded to this when he explained that his *Vorstelicke Bouckhouding op de Italiaensche wyse*

---

[146] The Netherlands was commonly divided into northern and southern regions. South Netherlands comprised the area adjacent to the Schelde and included north Flanders. North Netherlands generally meant the Netherlands north of Rotterdam.

[147] The terms 'Upper' and 'Lower' relate to geographic elevation. Lower or north Germany refers to an ill-defined region, sometimes called the Hanseatic lands, which comprised the present northern Germany and most of the states bordering the Baltic and North Seas, and included north-west Russia, northern Poland, parts of Sweden, Finland, Estonia, Latvia, Lithuania, Denmark and the northern Netherlands. 'Upper' or southern Germany was the region relatively adjacent to the Alps.

[148] National boundaries were extremely vague notions in this age. One of the most powerful and influential businessmen of the second half of the 15th century, a resident of Hamburg, Hinrike von der Horst, was identified as a Hamburger in the east and a Hollander in the west.

(1607/1979) would use common Lower German words, such as *debet, credit, debiteur, crediteur, balance and journal*, rather than their Upper German counterparts (Stevin, 1607/1979, p. 3).

As northern Germany was the Netherlands' most important market, the latter's business practices would have been moulded by the Hanseatics.[149] It follows, therefore, that an understanding of German, particularly north German, business practices would facilitate the understanding of the Netherlands' subsequent economic expansion, business associations and bookkeeping practices in the 16th and early 17th centuries (Zimmern, 1891, p. 163; Posthumus, 1953, p. 4). Accordingly, rather than seeking a norm in Italian practice by which to understand the VOC's bookkeeping, it is more appropriate to examine Hanseatic practices for cues that could aid comprehension of the VOC's bookkeeping practices.

A potential drawback to using Hanseatic practice for a model of VOC practice is obvious in de Roover's conclusion (above) that German, and particularly Hanseatic business techniques, were lacking by comparison with those of southern Europe. Matthäus Schwarz, the Fuggers' bookkeeper, can be seen to offer some support for de Roover's view in this regard. He held his fellow German bookkeepers in low esteem, observing that, in general, they were "very neglectful, carrying their accounts in their heads, writing them in scrap-books or on bits of paper, and making their reckonings on the window-sill" (Schwarz, in Hartsough, 1931-1932, p. 544). Hercules de Cordes, Antwerp bookkeeper and teacher, with twenty years experience of bookkeeping in Italy, confirmed that things were no better in 1570. In response to a query as to whether Lübeck merchant, Herman Boeleman, kept any accounts of his business, de Cordes is

[149] The southern Netherlands city of Antwerp was the exception. Because of its ties with the Portuguese spice and pepper trade, Antwerp enjoyed a close commercial association with both Ausburg and Venice and its business methods were more akin to Venice than the Baltic (Brulez, 1959, p. 319).

reputed to have answered, "yes, perhaps in little notebooks and on pieces of paper"[150] (in de Groote, 1962, p. 164). A set of Hanseatic account books dated 1725, which still indicated no enthusiasm for Italian double-entry bookkeeping, caused Row-Fogo (1905/1968, p. 152) to pronounce that "it is quite obvious that the most primitive methods were in use even in establishments connected with such an important body as the hanse League". Such views, which are coloured by the assumption that double-entry bookkeeping represents the very pinnacle of development, must be regarded with caution.[151] From that perspective, any method of bookkeeping that did not conform must represent an intermediate stage in that progress and could justifiably be dismissed as primitive.

Notwithstanding Schwarz' scathing observation of German bookkeepers (above), southern Germany was influenced by Italian practices during the 16th century. Business firms were increasingly organised along Tuscan lines, as relatively permanent structures, and the region's bookkeepers tended to adopt the Italian method of double-entry bookkeeping (Mickwitz, 1938, p. 188; de Roover, 1963, p. 115; de Roover, 1974, p. 175). By comparison, northern Germany's manner of conducting business, its form of business organisation and its bookkeeping practices was dominated by the customs of the Hanseatic League. Merchant's account books from northern Germany only reflect progress towards the Italian model after the middle of the 17th century (Row-Fogo, 1905/1968, p. 142; Mickwitz, 1938, p. 188; de Roover, 1948. pp. 3, 60; de Roover, 1956, p. 170; de Roover, 1963, p. 109; Penndorf, 1966, p. 102; ten Have, 1976, p. 5; and Kellenbenz, 1979, p. 88).

---

[150] "*ja, mischien op boekjes en kladjes.*"

[151] This approach to history is commonly referred to as historism (Iggers, 1997, pp. 28-29).

The German Hanse were not alone in their rejection of Paciolian bookkeeping. Notwithstanding that the senior management of the south German[152] firm of Fuggers were formally schooled in Venice, and expert in Venetian double-entry bookkeeping, it elected not keep the account books by Italian double-entry, preferring instead the customary German method based on journal, personal ledger (*Schuldtboek*) and goods ledger (*kaps, caps* or *kapus*)[153] (ten Have, 1976, p. 9; Row-Fogo, 1905/1968, p. 96; Hartsough, 1931-32, pp. 543-551). Consequently, Hanseatic business practices warrant inspection as a means for establishing a norm by which to comprehend the VOC's organisation and practice (Posthumus, 1953, p. 4).

Hanseatic business practices

The Hanseatic businessman was neither ignorant nor primitive. On the contrary, they were very astute businessmen who had used bookkeeping as a means of control since at least the 13th century (Kellenbenz, 1979, p. 87). The proliferation and quality of 14th century account books from Lübeck indicate that bookkeeping was taught in that city from an early date and that these schools spread to Hamburg during the 1400s (Posthumus, 1953, pp. 8-9; Epstein, 1915/1967, p. 127). Nor were north German merchants ignorant of contemporary Italian business methods, which they encountered in the course of their business with southern Germany and Flanders (ten Have, 1976, p. 9; de Waal, 1927, p. 75). An explanation for Hanseatic bookkeeping practices must be

[152] Southern Germany is believed to have had less of an influence on the Netherlands, 16th century Augsburg, for example, is said to have had more in common with Venice than southern Netherlands (Brulez, 1959, p. 319).

[153] *Kaps*, from *capus*, means head or main. It is implied in the German term for the ledger, hauptbuch, literally, head book. Originally the kaps only recorded postings that reflected changes in mercantile stock and probably took precedence in early German bookkeeping (Penndorf, 1966, pp. 159, 177). The journal served much the same purpose as it does today, the *Schuldtboek* recorded only the firm's current accounts and cash account and the *kaps* typically contained inventories of various parcels of merchandise (Penndorf, 1966, p. 53).

sought in the mutual agency partnership (*gegenseitige ferngesellschaft*)[154] that dominated Baltic business organisation during the 16th century (Kellenbenz, 1979, p. 88).

The mutual agency partnership represented a very loose business organisation. At any one time a merchant could be involved in a multitude of businesses that were linked in an indirect and ill-defined way. Every businessman could simultaneously be both principal and agent in relation to other parties in the association. Such firms could endure for many years but they were never conceived of as a permanent association in the mould of the modern public company. In essence, it consisted of a multitude of small, short-term ventures that produced a fragmented form of bookkeeping.[155] But, unlike their Venetian counterparts, the Hanse could concurrently be both wholesaler and retailer. The Hanseatic firm was reciprocal in nature, that is, goods that were either owned by the business or despatched on consignment were continually passed between partners by being sold for cash or on credit, bartered, or goods could simply disappear from the system by being consigned to another agent. Every consignment exchanged between partners initiated a unique business association that had to be accounted for quite independently. Furthermore, each partner's claim over profits or obligation to meet losses was limited to the particular part of the business they had a specific interest in. Hanseatic bookkeeping developed from two needs: the primary motivation to enable a settlement between partners and the secondary objective of keeping a record of outstanding claims with third parties (Stieda, in Mickwitz, 1938, p. 189; Posthumus, 1953, pp. 9-10; de Roover, 1974, pp. 171, 175). Consequently, these firms did not have a

[154] A long-distance, reciprocal or mutual business association.

[155] An argument can be made against the label 'factor's' or 'agent's' bookkeeping being applied to the records of a *gegenseitige Ferngesellschaf* because true agent's bookkeeping is only concerned with the onus of accountability for stock, while each of the parties to a *gegenseitige Ferngesellschaft* had an interest in the profits made by the part of the business they had invested in.

common capital or standard method of organisation, nor did any partner exercise formal control over the actions of the others.

The wide geographic distribution of their commercial interests,[156] the difficult geography of northern Europe and its extreme climate made it imperative that the Hanse's trade was conducted via an agent. This depended on a merchant developing a reliable network of loosely structured business partners (friends) who acted in each other's interest for an agreed share in the profits. It also demanded a high standard of business ethics that was enforced on the pain of a miscreant being ostracised, which effectively excluded them from the means of earning their livelihood. The principal means of communication between partners, principals and agents was by correspondence (*Schriftlichkeit*), which kept a principal well-informed of their agent's activities (de Roover, 1963, p. 108).[157]

Hanseatic partners were simultaneously agent and principal, and separated by some distance from each other, which meant that they lacked the organisation and data to maintain a centralised bookkeeping system. As a result, their bookkeeping was limited to a record of debts, dues and goods on hand that they were accountable for or that had been consigned to another party. This basic financial record system was supported by an irregular settlement between partners and agents (Mickwitz, 1938, p. 195; de Roover, 1956, pp. 165-166; de Roover, 1963, p. 107). Most important under these circumstances was an orderly record that precisely described the goods concerned and allowed goods to be identified as the property of a particular person. An emphasis on physical accountability meant that inventories were usually expressed as a quantified, common measure (tons, pounds, ounces, yards, barrels). Bookkeeping in this environment

[156] The Hanseatic business sphere stretched from Russia to Britain and encompassed Sweden, Poland, Denmark and the Netherlands.

[157] Standard charges were published and circulated in merchant's manuals of the time (Lane, 1977, pp. 179-180). Amongst the best known of these was Pegolotti's manual, compiled about 1342 (de Roover, 1963, p. 94; Bischoff, 1977, pp. 103-108).

comprised a series of quite independent current accounts expressed in monetary terms, which reflected the extent of indebtedness for a distinct parcel of goods. This meant that the typical Hanseatic merchant would have to simultaneously administer current accounts for a number of ventures and complicated exchanges that were all in different stages of completion. The whole record was only compiled on the liquidation or termination of a partnership, or the disposition of a specific parcel of goods. The benefits deemed to accrue from the application of double-entry bookkeeping were generally redundant. Italian double-entry bookkeeping is more attuned to the needs of more complex hierarchical organisations that have to supplement direct personal control by mechanised means, and that allow interested parties maximum insight into the state of affairs and results of a business located in a narrow geographic region (Ewert and Selzer, 2001, p. 12). The difficulties of communicating over long-distances before the 20th century simply made it impossible for firms like the EEIC and VOC to timeously assemble all the relevant data required by a modern double-entry bookkeeping system.

Capital determination, the essence of Italian double-entry bookkeeping, was rendered more problematical by the Hanseatic custom of classifying assets as either 'active' or 'passive'. The latter were entirely omitted from the firm's accounts. Active capital, or '*coopscat*', comprised those assets intended for exchange and cash. Passive capital, known as '*coopmanscip*', was that part of a merchant's wealth not intended for trade or not yet committed for exchange. It included assets like warehouses and ships. Accordingly, these assets were usually not part of a formal financial reckoning. Three further reasons lie behind the manner in which the Hanse accounted for certain capital assets. First and foremost, because a merchant did not have to account to any one else for his own property, that information remained confidential. Secondly, passive stock remained under the merchant's direct control. Therefore, any additional bookkeeping control was redundant. Thirdly, Hanseatic business associations were usually organised

as a venture and liquidated on completion. This meant that assets were, where necessary, debited as an expense when acquired and the proceeds credited to the business' current account when they were disposed of. Accordingly, the concept of capital that endows the modern enterprise with a semblance of permanence was not an important Hanseatic concept (Posthumus, 1953, pp. 73-74; Riemersma, 1967, p. 57). Mennher, in common with others of the time, balanced the accounts back to cash on hand (Kishi, 1984, p. 354), a characteristic still found in the VOC's first public audit completed in 1623 (NL-HaNa, VOC, 1.04.02, file, 7169). In contrast to what Sombart had assumed, these accounts do not evidence the characteristics of a pedlars' economy but of rational, well-organised long-distance wholesale trade.

Hanseatic bookkeeping: the empirical evidence

Posthumus concluded (1953, pp. 8-9) that Hanseatic account books from 1330 to 1530 were generally well-kept, though incomplete by modern standards. They usually recorded credit transactions, the method used was consistent throughout the region, but the purpose behind the accounts depended on the particular circumstances of the merchant concerned. The oldest German bookkeeping records, those of the north Germans, Herrmann Warendorp and Johann Clingenberg, date from the period 1330-1336. These were kept in paragraph form, and used Latin narration and Roman numerals. The principal purpose of such accounts was to maintain accountability over goods entrusted to others (Posthumus, 1953, p. 4). Another set of Hanseatic accounts belonging to Johann Tölner (1345-1350) was consistent with Warendorp and Clingenberg's accounts but Vicko van Geldersen's accounts (1367-1399) demonstrated a transition. These accounts used Latin and German interchangeably (Posthumus, 1953, pp. 5-7). Their primary purpose was still control over credit transactions.

The accounts of Hildebrand Veckinchusen a merchant from Lübeck who dealt with Flanders and Venice (1396-1426) retained the typical north German bookkeeping method. Johan Pisz (or Pijr) was another Hanseatic merchant whose bookkeeping (1421-1454) appears incomplete to modern eyes. At times he recorded only part of a transaction and seemed to entirely omit other transactions for no good reason (Posthumus, 1953, pp. 7-10; Penndorf, 1966, pp. 19-20; de Roover, 1974, pp. 173-174; Kellenbenz, 1979, p. 88). Nevertheless, like Veckinchusen, Pisz' bookkeeping demonstrated some progress because it is relatively more systematic than earlier records. With the possible exception of the Veckinchusens, all early north German accounts were not intended to facilitate the rational management of the firm but maintain control over merchandise that was continually moving between various parties. To this end, Pisz' ledger, as was common in Germany at the time, was divided into three parts. The first contained only accounts relating to credit sales, the second purchases, and the third accounts in respect of goods on consignment. In all three sections, the transaction is described in detail on the left-hand page and payments recorded against the transaction on the right-hand page. Pisz' system was still not routinely complete, he frequently recorded only the part of a transaction relating to an outstanding debt and often deleted an entry before the recorded sum paid reconciled with the amount due (Posthumus, 1953, p. 8; de Roover, 1974, p. 174). The account books of Heinrich Dunkelgud (1479) are inconsistent, sometimes applying a bilateral structure and at other times not (de Roover, 1974, p. 174).

Tönnis Smidt's records (*c.* 1547) represent a transitional phase. Smidt followed German tradition by dividing his ledger into two but, as Gottlieb had suggested, both sections were recorded in a single book. Folios 120-160 were allocated for entries arising from sales (*Schuldbuch*) and cash, while the rest of the ledger was reserved for debits generated by goods movements (the *kaps*). Progress can also be discerned from

Smidt's use of cross-references to entries in the *kaps* and *Schuldbuch*. In addition, he employed columns to arrange numerical data and expressed all numerical data in Arabic figures (Mickwitz 1938, pp. 201-202). Despite the advances evident in his ledger, Tönnis Smidt's bookkeeping was still primarily Hanseatic in nature. This is principally because the system did not allow an opportunity for an internal calculation of profit (Mickwitz, 1938, p. 205). The bookkeeping examples in both Schreiber (1544) and Gottlieb (1546) seem to refer to this well-known Hanseatic firm.

Finally, the account books of the firm of Bernt Kron and Bertram Bene (1550), those of Hamburg land-owner and merchant Mattias Hoep, which date from the latter half of the 16th century (*c.* 1573 to 1590) and the accounts of tailor, Hermann Bielfeld, (1562-1565) and a set of Hanseatic account books, dated 1725 still provide evidence a strong affiliation with traditional north German practices (Mickwitz, 1938, p. 206; Penndorf, 1966, pp. 100-105; ten Have, 1976, p. 48; Kellenbenz, 1979, p. 88), which caused Row-Fogo (1905/1968, p. 152) to observe that "it is quite obvious that the most primitive methods were in use even in establishments connected with such an important body as the Hanse League." Nevertheless, the Hanseatic model of bookkeeping prevailed throughout the region during the entire 16th and early 17th centuries. Moreover, it was not ignorance or a lack of sophistication that caused the Hanseatic method to be accepted as the standard method of bookkeeping throughout northern Europe but because it was perfectly adapted to north European circumstances at that time.

Netherlands 16th century business practice

Like Germany, north and south Netherlands demonstrated a marked difference in business practices. Up to the 16th and early 17th centuries, practices in south Netherlands were generally believed to have been more advanced than those employed by the north, with the south being aligned with the best south German practices.

Knowledge and practice of Italian business methods was specific to particular regions, primarily the cities of Bruges and Antwerp. Even in Zeeland, just to the north-west, Italian influence was far less pronounced. Further north, in Holland, and around the Ijssel (Zuider) Sea, progressive Italian business methods were largely unknown (de Roover, 1974, p. 170; and (de Vries and van der Woude, 1997, p. 132), and the Hanseatic method of organisation and bookkeeping prevailed into the late 16th century. This suggests that it is likely that German bookkeeping methods would have influenced Netherlands bookkeeping practices. Consequently, northern Netherlands, principally Holland and its city of Amsterdam, relied on a quite different method of bookkeeping to that commonly utilised by southern Netherlands' cities such as Antwerp and Bruges. The contrast between north and south Netherlands' bookkeeping is vividly illustrated if the format of the account book of two Amsterdam merchants Symon Reyersz. and Reyer Diricsz. for the period 1485-1490 (see figure 3.1), which are typical of the Hanseatic model (de Roover, 1974, p. 174; Posthumus, 1947, pp. 1-16), are compared to the (1366 - 1369) ledger of Collard de Marke of Bruges (figure 3.2), which is more than a century earlier.[158]

Notwithstanding that the Bruges records are more than a century older, they have a distinctly modern appearance. In comparison, the Amsterdam records are still in narrative form, and display none of the structural advances apparent in de Marke's bookkeeping, which was kept *ad modum banchi*.[159] Although not kept strictly according to the principles of Paciolian double-entry, de Roover (1948, p. 21) believed that this form of bookkeeping was widely used by Italian firms operating in the southern Netherlands after 1400. By contrast, indigenous Flemings appear not to have adopted a similar method before the mid 16th century. Mickwitz disagreed (1938, p. 205) with de

[158] De Marke was a banker, whereas Reyersz and Dircsz were merchants. The former are generally believed to have had to keep more meticulous records than the latter.

[159] That is, in bilateral form.

Roover's contention (1937b, p. 280) that three Bruges' account books, dated between 1498 and 1503, were kept by double-entry bookkeeping. Instead he considered that these records indicated a transitional form of bookkeeping at best. In Mickwitz' opinion, the earliest Flemish bookkeeping kept according to the principles of double-entry bookkeeping were the 1561-1565 accounts of Antwerp merchant Geerard Gramaye (Mickwitz, 1938, p. 206).

Figure 3.1 Account book of Amsterdam merchants Symon Ryersz. and Reyer Dircsz.

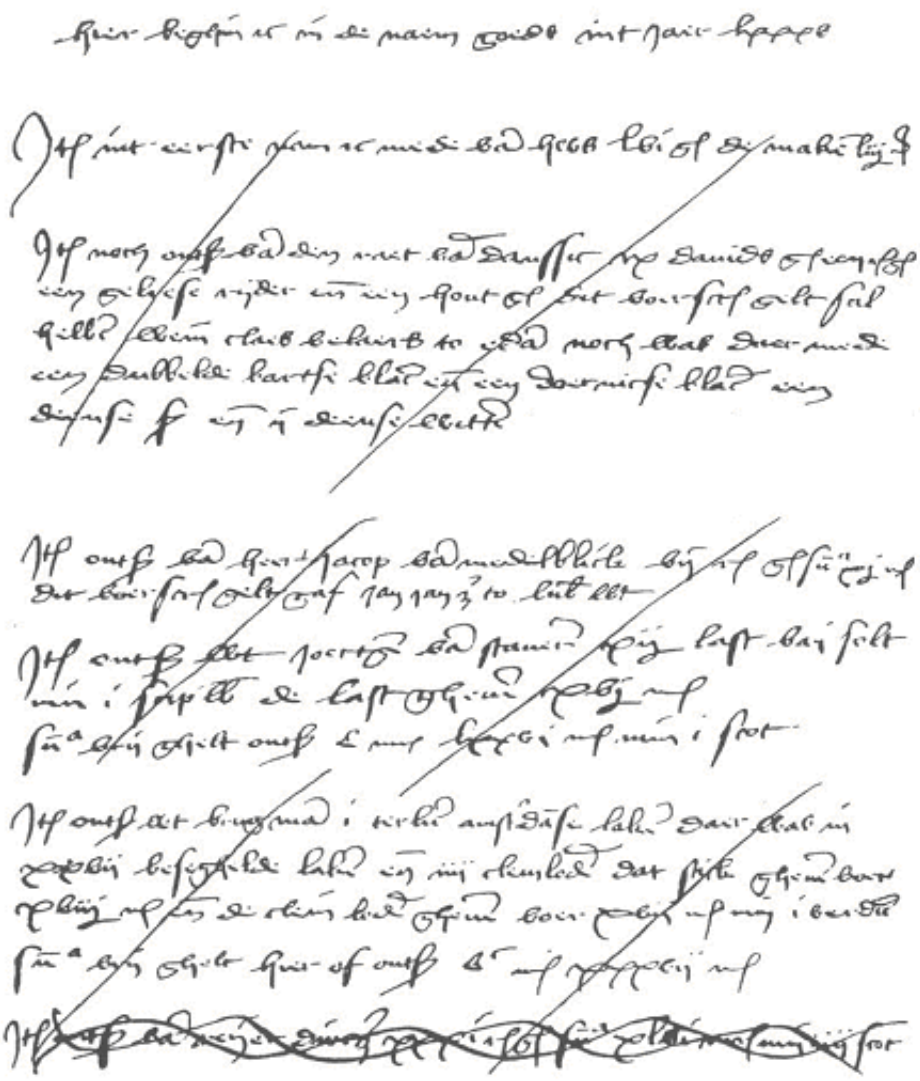
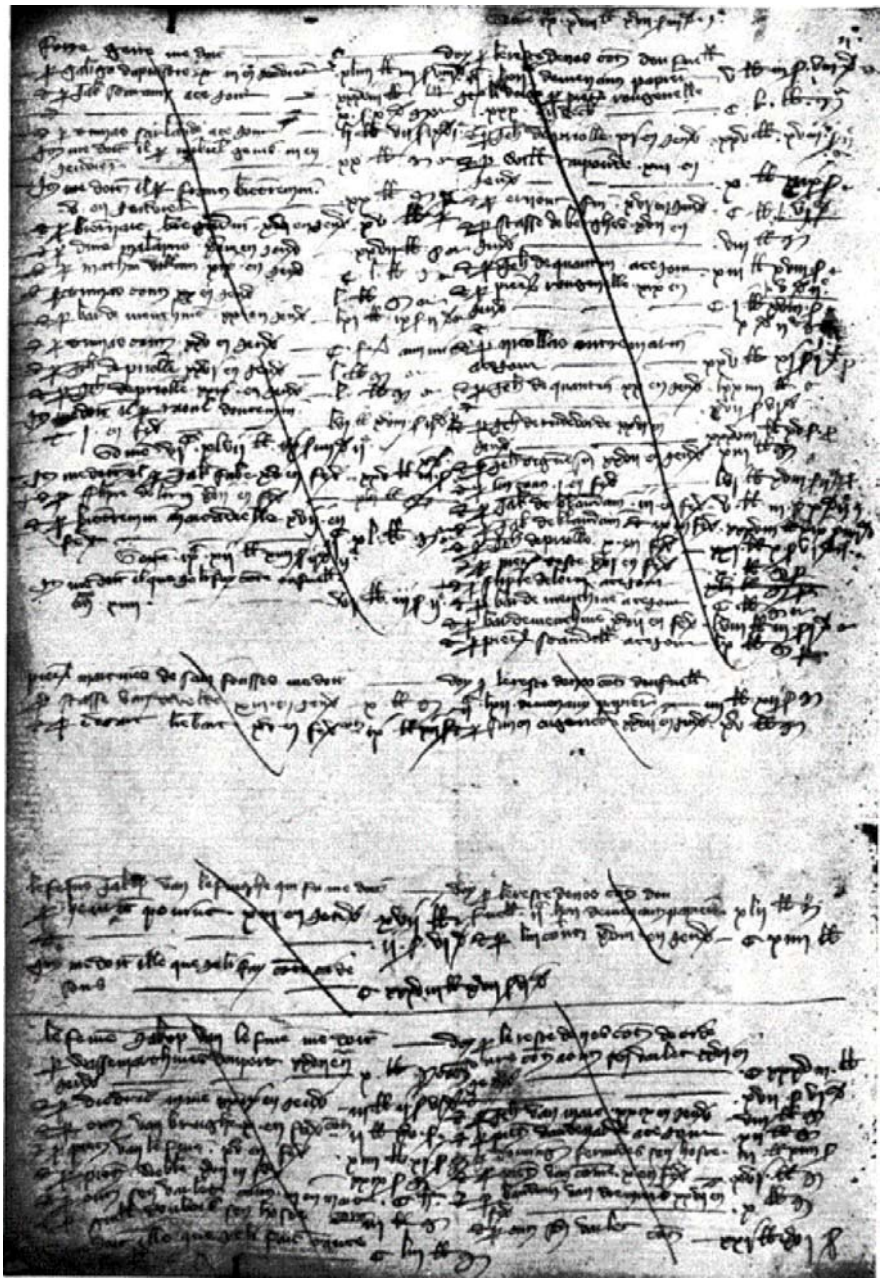


Figure 3.2 Ledger of Collard de Marke of Bruges



The Dutch firm of Cunertorf, Snel and Jansz. provide a most interesting example of late 16th century Netherlands bookkeeping in the Hanseatic tradition. The partners came from the Overijssel cities of Kampen and Deventer in north-eastern Netherlands, and engaged in trade between the Baltic, Netherlands and Portugal (Uitterdijk, 1904, pp. IX, XI, XXXII). Cunertorf and Snel were based in Lisbon where they dealt in high value goods such as ivory, pepper and spices. Jansz., the firm's northern agent, roved throughout the Netherlands and Baltic region. Uitterdijk's transcription (1904, pp. 439-524) of Cunertorf's accounts with Jansz. for the period 1578-1588 are typical of Hanseatic practice of the time and show a significant advance in format over those used by Symon Reyersz. and Reyer Diricsz. a hundred years earlier (see figure 3.1).

Despite the modern appearance of the firm's bookkeeping, Cunertorf, Snel and Jansz. did not utilise a centralised bookkeeping system. Instead, as was common in northern Europe at that time, each partner kept current accounts in the name of the other partners, which the partners concerned irregularly reconciled. The source for the firm's bookkeeping entries was an extensive correspondence conducted between the partners in Dutch (Uitterdijk, 1904, pp. 1-438). As with their correspondence, Cunertorf, Snel and Jansz.' accounts were compiled in Dutch and all quantities were expressed as Arabic numerals.

Folio 1. 482

	Anno 1588.	
	Laus Trinitati semper. In Lisbona.	Reesse.
	Voor reeckeninge van mij Gaspar Cunertorff allene, Joan Jansz. van Campen is schuldich a die 17 Mayo a⁰ 1578 syn 29 ℔ 325 r., voor hem verlecht vnde betaelt voor $^1/_4$ part van 391 moyen solts, durch syn orden geladen jn Joan Sipkens van Staueren, kompt vor Joan Jansz. $^1/_4$ pardt $97^3/_4$ moyen solts, die andere $^3/_4$ parten hefft die schipper seluest betaelt a 300 reess ider moyo . . . . . R	29 ℔ 325
Anno 1578	A die 17 Mayo 66 ℔ 900 Reess, welgk bedraegen 223 moyen voor reeckeninge van Joan Jansz. van Campen gelaeden jn Andrees Jalques van Staueren, kostet ider moyo jn Sentuuall a 300 r. eerstkoops R	66 ℔ 900
	A die dito 26 ℔ 250 r., welgk bedraegen $87^1/_2$ moyen solts, gelaeden vor syn reeckning jn Hillebrandt Hillebrandtsz a 300 rees ider moyo. . . . . R	26 ℔ 250
	Betaelt makeldie p. $408^1/_2$ moyen solts voor Joan Jansz. 2 r. p. moyo. . . . . R	℔ 816
	A die dito 600 ℔ 000 r. ouer soo vele voor reeckeninge van Joan Jansz. vnde Anna Galoa geintregiert an Joan Snel voordt capitael van Joan Jansz. van Campen vnde Anna Galoa, woo wel dat ick Joan Jansz. niet meer schuldich was tho leueren als 550 ℔—, tho weten 300 ℔— reesz, die ick Joan Jansz. belouet hadde tho geuen voor syn dynst vnde 250 ℔ reesz, die ick hem belouet hadde ten howelijk tho geuen vnde omdat Joan Snell anders niet weeten solde, durch bede van Joan Jansz. dan dat ick Anna Galoa jn howeligk gatt 300 ℔ rees, daeromme an Joan Snel getelt 600 ℔ r., soo modt Anna Galoa heredieren jn die compania voor 300 ℔ r. summa an Joan Snell geleuert voor Joan Jansz. vnde Anna Galoa . . R	600 ℔ 000
	A die dito 35 ℔ 986 r. ouer soo vele Joan Jansz. kumpt tho verlysen vp 32 moyen 12 alq. roggen voor hem gekofft a⁰ 1577 van Cordt van Doorne R	35 ℔ 986

Folio 1. 483

	Den 8 Nouembris a⁰ 1579 geslooten in myn bogk disse voorsz. rogge.	Reesse.
Anno 1578	A die 4 Julyo 1 ℔ 120 r., die my Joan Jansz. in reeckning brenget voor my ontffangen tho hebben van Arendt Brandt 5 golden guld. syn 7 curent g. a 160 r. den gulden . . . . . R	1 ℔ 120
	A die dito, segge 28 January a⁰ 1579 syn 32 ℔ 000 ouer soo vele dat Joan Snell my in reeckning brenget ontffangen tho hebben van die moder van Timen Wendelingk 200 gulden corent licht gelt, a 160 r. ider gulden up reckninge, dat Timen Wendelingk an my Gaspar Cunertorff schuldich was . . . . R	32 ℔ 000
Anno 1583	A die 6 Junio a⁰ 1583 kompt 5 ℔ 500 r. ouer soo vele hebbe ick moeten betaelen voer Joan Jansz. $^1/_8$ part, soo hy herediert in 2100 moyen solts, die Joan Jansz. op voerkoop anno 1578 jn Hollandt verkofft hadde, om durch my jn Sentuuall tho leueren, hebben soo lange in process gegaen, hebbe moeten dubbelde impositien betaelen, kompt Joan Jansz. voor syn $^1/_8$ part . . . . . R	5 ℔ 500
Anno 1584	A die 13 Febrero anno 1584 kompt 15 ℔ 500 r., die Joan Jansz. schryfft ontfangen tho hebben van die moder van Timen Wendelingks, voor 3 jaeren rente a⁰ 1580, 1581, 1582 alle jaer 36 gulden curent, syn 108 gulden, daertegens hefft see schattinge betaelt 11 gulden 6 st., blyfft alsoo schuldich 96 gulden 14 st., die hy liquido van juffrowe Wendelingks ontffangen hefft a 160 r. swaer gelt den gulden . . . . R	15 ℔ 500
	Summa soo komt disse partien R	813 ℔ 397

Figure 3.3 Copy the Cunertorf, Snel and Jansz. ledger

In common with modern practice, Cunertorf, Snel and Jansz.' ledger utilises a columnar structure, with the date is on the extreme left, a central column reserved for a paragraph explaining the transaction, and a money column on the right. Furthermore, an initial scrutiny suggests that the accounts are set out in the Venetian manner, with debits recorded on the left page of the open ledger and credits on the right. The ledger's folios also appear to be consecutively numbered in the Venetian manner with both left and right folios bearing the same folio reference number. Closer inspection, however, reveals that this is not the case. Folio numbers for the entire ledger do not form a continuous sequence (Uitterdijk, 1904, pp. 488-489), as would be expected with the Venetian method, but stop and restart. Where a continuous sequence is present, each folio might not be uniquely numbered. Following pages could bear the same number as a preceding folio, and, contrary to the Venetian method a left-hand folio could carry a different number to that on the right (Uitterdijk, 1904, pp. 484-485). Moreover, while debit entries are generally recorded on the left-hand folio and credits on the right, the ledger does not consistently apply this principle (Uitterdijk, 1904, p. 508). This suggests that the practice at that time was not to prenumber account book pages but to number these as they were used or it might indicate that the data was originally been kept in loose-leaf form.[160] Furthermore, notwithstanding that Cunertorf's ledger folios are numbered, and his entries are recorded as debits and credits, the entries are generally not cross-referenced to an opposing entry in another account. The only exception was when an account balance was transferred from one folio to another (Uitterdijk, 1904, pp. 484-485) or when recording a capital transfer or a partner's indebtedness for the proceeds realised on the sale of goods (Uitterdijk, 1904, pp. 502, 505).

[160] The accounts transcribed by Uitterdijk were compiled to serve as evidence in a legal dispute between Cunertorf and Jansz.

From the transcription of the firm's extant accounts it is clear that the bookkeeping procedure followed by each partner was reasonably consistent. When a partner despatched goods to another, the recipient debited his current account with the other partner with the cost price of the goods received and any incidental expenses incurred. Following that, the value of the sales was recorded. Sales, less the net cost price of the costs sold, yielded the net profit. In addition, the partner recorded all outstanding bills receivable and the cost price of trade goods sent to the other partner and the costs incurred in doing so. The other partners followed the reverse procedure. Clearly, this system did not allow for the calculation of the firm's net profit nor could it incorporate the concept of a capital account for the firm.

A feature of the firm's bookkeeping is the phraseology used in the bookkeeping entries, which was essentially the same as that used in Petri's text, *Boeckhouwen op d'Italiaenshe maniere and* other Netherlands' texts of the time. Moreover, it also accords with the phraseology employed by the VOC some years later. For example, if Jansz. was recorded as a debtor in Cunertorf's records the account narration read "Joan Jansz. owes the company"[161] (Uitterdijk, 1904, p. 502). On the other hand, if Jansz. was a creditor the entry read "Joan Jansz. must have"[162] (Uitterdijk, 1904, p. 52, folio 6). When closing an open account with a debit balance, the narration read "Joan Jansz. of Kampen remains debtor to close this account on the 7th of June (monetary sum), which amount I will carry forward and again make Joan Jansz. debtor on another page numbered folio 8." (Uitterdijk, 1904, p. 511).[163]

---

[161] "*Joan Jansz. is schuldich voor die Compagnia .*"

[162] "*Joan Jansz. modt hebben.*"

[163] "*Joan Jansz. van Campen blyft schuldich om desen tho scluyten a die 7 Junio 277 - 969, welgk ick weder draege op Joan Jansz. debito in een ander bladt f° 8*" (Uitterdijk, 1904, p. 511).

The empirical evidence presented above runs counter to the generally accepted view that early 17th century Netherlands' bookkeeping practices developed from the Paciolian model introduced into the Netherlands by Ympyn in 1543 (Camfferman, in Chatfield and Vangermeersch, 1996, p. 431). Moreover, it refutes the notion that double-entry bookkeeping was an indispensable element in the development of Dutch 16th century wholesaling and instrumental in Amsterdam's emergence as the financial centre of Europe (ten Have, 1933, p. 21; Winjum, 1972, p. 8). Except for a few firms that had strong associations with Italy, 16th century Netherlands' bookkeeping was predominantly Hanseatic in nature and characterised by the absence of a profit and loss account and capital account (van Houte, 1977, pp. 191, 206-207).[164] However, as the Netherlands' economy developed during the late 16th century, it became increasingly necessary to adapt the individual perspective of factor's[165] bookkeeping to accommodate more permanent associations of capital and multiple shareholders. To this end, elements of double-entry bookkeeping were grafted on to the Hanseatic tradition.

A different perspective of the emergence of 16th century Netherlands' bookkeeping practice can be discovered from the extant bookkeeping texts. Before commencing a study of the extant 16th century texts, it is necessary to consider the extent to which this source has the potential to accurately reflect commercial life at the time of publication, whether the texts anticipated commercial application, or whether the texts and commercial reality bore no resemblance to each other. In particular, it must be remembered that the most celebrated Netherlands' bookkeeping text, Ympyn's *Nieuwe*

---

[164] This conclusion is further substantiated the analysis of the VOC's bookkeeping in chapters seven and eight.

[165] The term factor (Italian *fattore*) did not previously mean the same things as it does today. In the 14th century it referred to a firm's employee (it could include a partner) serving abroad, and who was entitled to a salary but not share in profits. Factors who acted as managers normally also had power of attorney to allow them to act on behalf on the company (de Roover, 1948, pp. 32-33).

instructie (1543), was a rendition of earlier Italian work and, therefore, did not accurately reflect a Netherlands' context. By contrast, texts that appear primitive in comparison to Pacioli's *De computis et Scripturis* (1494) might offer a much better insight into contemporary Netherlands practice and thinking.

A NETHERLANDS' BOOKKEEPING GENEALOGY: EVIDENCE OF THE 16TH CENTURY BOOKKEEPING TEXTS

Cotrugli, Pacioli and their immediate successors are said not to have been innovators but to have merely described the mechanics of bookkeeping practiced by the merchants of the time (Chatfield and Vangermeersch, 1996, p. 183). In this respect, Peragallo (1938/1974, p. 73) noted of bookkeeping texts prior to the mid 16th century that "practices then current in business were far superior to treatises on the subject'. Kelly (1805, p. ix) was equally disparaging of the bookkeeping texts that followed Pacioli, dismissing their authors as mere "Schoolmasters and Teachers" who copied each other's methods and based their tutorials more on extant literature than actual business practice. Consequently, Yamey (1940, p. 336) concluded

> It is difficult to determine to what extent the textbooks are accurate mirrors of mercantile practice, and how far the observations made by teachers concerning the system were shared by business men.

By contrast, Braudel (1992b, p. 409) had no doubt that bookkeeping texts were a useful means to facilitate the understanding of past bookkeeping practice for, although many 16th and 17th century authors of bookkeeping texts were indeed teachers, a good number were also skilled businessmen. Moreover, given that the texts were not substantially at odds with evidence of established practice, the former probably provided an adequate reflection of bookkeeping practice that lagged behind the latest practice. In this respect the evidence of Genoa community's ledgers demonstrates that Italian bookkeeping practice of the 14th century preceded known manuscripts and texts by at least a hundred

years. This was still true in the 17th century. Waningen's *Tresoor van het Italiaens Boeck-houden*, first published in 1609, remained an extremely popular text for at least the next half-century but it attempted to follow VOC bookkeeping practice. A reason for the apparent lag noted by Peragallo might be because textbooks generally provided simplified examples of business practice. Moreover, as these examples were intended to serve specific pedagogical objectives they often did not fully reflect commercial reality (de Roover, 1974, pp. 178-179). In contrast to opinion that the texts generally lagged behind practice, de Waal (1927, p. i) declared that 16th century Netherlands bookkeeping texts provided a more accurate depiction of the development of bookkeeping than did the extant account books of the period.[166] His position can be explained by his belief that Italian double-entry bookkeeping, as described by Ympyn in his *Nieuwe instructie* (1543), as the standard for Netherlands' bookkeeping practices. Any merchant's accounts that did not meet that norm were deficient by default.

Opinion on whether or not the extant bookkeeping texts anticipated or followed practice is clearly mixed, though the balance of probability suggests the latter. Nevertheless, this uncertainty is not of great concern here because the objective is not to determine the cause of bookkeeping progress, or to measure that progress, but to construct a reasonable representation of how bookkeeping was conceived by businessmen in the late 16th century.

Relatively few bookkeeping texts are generally thought to have significantly influenced 16th Netherlands' bookkeeping practices. Of these the seminal work is Luca Pacioli's text *Summa de Arithmetica, Geometria, Proportioni et Proportionalita* (1494), which was followed by Ympyn's *Nieuwe instructie ende bewys der looffelycker consten des rekenboecks* (1543). Other texts of this era that must be considered include:

[166] "*Zij geven, beter dan koopmansboeken uit dien tijd dat kunnen doen, een inzicht in de ontwikkeling van de techniek*" (de Waal, 1927, p. i).

Matthäus Schwarz' *Musterbuchhaltung* (*c.* 1518); Heinrich Schreiber's (Grammateus) *Ayn new kunstlich Buech,* Johann Gottlieb's *Ein Teutsch verstendig Buchhalten fur Herren oder Gesellschafter inhalt Wellischen* (1531) and *Buchhalten, Zwey Künstliche und verstendige Buchhalten* (1546); Valentin Mennher von Kempten's *Practique brifve pour cyfer et tenir Livres de Compte* (1550), *Buechhalten* (1560) and *Buechhalten kurtz Begriffen durch zway Buecher* (1563) and *Practique pour brievement apprendre a Ciffrer, & tenir Livre de Comptes* (1565). Petri's (Claes Pietersz.) *Boeckhouden op die Italiaensche maniere* (1576) and *Practicque om the leeren Rekenen cipheren en boeckhouden* (1583); and Simon Stevin *Vorstlicke bouckhouding* (1604).

Pacioli's *Summa de Arithmetica, Geometria, Proportioni et Proportionalita*, which described double-entry bookkeeping under the sub-title of *Particularis de Computis et Scripturis* (*Particulars of the Reckonings and their Recordings*), is generally believed to have exercised a significant influence on European bookkeeping during the 16th and 17th century (Geijsbeek, 1914/1974; Peragallo, 1938/1974; Bywater and Yamey, 1982; ten Have; 1976; Kats, 1929a).[167] A century after its publication, Ympyn stated that he wanted

> to emphasize the fact that Pacioli's work is the real foundation of all books published in Germany, Holland, France and England within the first hundred years after it was written (in Geijsbeek, 1914/1974, p. 9).However, as already shown, Paciolian double-entry did not significantly influence northern European bookkeeping prior to the mid 18th century. Furthermore, Pacioli was not the originator of the method described, which had been in use in Venice for more than 200 years.

More recently, Row-Fogo (1905/1968, p. 111) observed that "it is remarkable how many of our present methods are described in the quaintest language by this monk of four hundred years ago".

[167] General opinion is that the *Particularis* was not an original work (de Roover, 1955, p. 418) but a revision of a manuscript that had long circulated amongst teachers and pupils of the Venetian *scuole di abbaco*, that is, the schools of commerce and arithmetic.

Pacioli was not the source of the material in the *Particularis.* In this respect, he acknowledged Leonardo of Pisa (Fibonacci), a notary and author of a text entitled *Liber Abaci*[168] in 1202, as one of the most important contributors to the development of modern bookkeeping practice (ten Have, 1986, p. 33). Furthermore, Pacioli attributed the invention of double-entry bookkeeping to a Ragusian, Benedetto Cotrugli,[169] the author of *Della Mercatura et del Mercanto Perfetto*, chapter thirteen of which described Venetian venture bookkeeping based on a memorial, journal and ledger.[170] Besta, on the other hand, considered Pacioli's book a reworked version of a 15th century manuscript penned by Troilo de'Cancellaris (Galassi, in Chatfield and Vangermeersch, 1996, p. 446).

The defining feature of Paciolian double-entry bookkeeping is that it presents the financial records from an owner's perspective. Consequently, his system revolves around a capital account. As a minimum, the system requires a journal and single ledger in which both personal and goods accounts were recorded. It could also include a memorial, which typically served as a memory aid, and various subsidiary books in which numerous petty amounts could be initially recorded.[171] The central underlying principle of Paciolian bookkeeping was that the system must record all transactions as a pair of opposing ledger entries, that is, once as a debit and again as a credit. In this way the ledger is in a state of constant equilibrium. The ledger included a profit and loss account that was closed to the capital account, as were the balances on all other accounts

---

[168] The third chapter of which deals briefly with the rules of accountancy, as it was then understood.

[169] While Benedetto Cotrugli is generally thought to be Italian, he was, in fact, born in the modern Dubrovnik, formerly Ragusa. The territory was a Venetian protectorate until 1358.

[170] Although written in Naples in 1458, the manuscript was published in Venice in 1573.

[171] Ympyn noted (in de Waal, 1927, p. 101) that, in Italy, household expenses would be recorded in a small book kept by the merchant's wife for that purpose. The total in the subsidiary book was periodically transferred to the main bookkeeping record. General business expenses were kept in a Goods Expenses book and the total transferred monthly to the main record. A similar book was commonly kept for the valuation of foreign coins.

when the ledger was closed. Pacioli's journals were readily recognisable by the use of the Venetian terms 'Per' to indicate the debit and 'A' for the credit.

As noted above, maximisation of profit was central to the arguments concerning double-entry bookkeeping's role in the development of capitalism. However, Pacioli considered the primary purpose of bookkeeping to be the compilation of a credible set of records that could be used as a defence against claims made by other parties. One aspect of this general aim was to make a satisfactory profit in accordance with Church law. That is, profits were governed by the ethical requirement that they were fair, a feature of Paciolian double-entry bookkeeping that runs counter to Sombart and Weber's hypotheses (Sée, 1928/2004, pp. 32-33). Evidence of this priority is apparent in Pacioli's recommendation that the value of inventory be inflated so that when the goods were sold they produced a bigger profit (Pacioli, 1494/1963, p. 46).[172] At first sight this appears incorrect but although inflating the value of the initial inventory would reduce recorded profit, it would also allow a merchant to legitimately realise a larger profit than reported by his bookkeeping records.[173] This also explains the perpetual losses reported in the Genoa commune's accounts for commodities like wax and pepper in the early 14th century. Unlike the rest of the city's financial records, these trading accounts were kept by perfect double-entry bookkeeping, which, when considered together with the perpetual losses they reported, suggest that double-entry bookkeeping was used by the authorities to conceal usurious loans.

---

[172] In the 1963 translation by Brown, Johnston and Jennings, the author's name is written as Paciolo. For a discussion of this matter, see de Roover (1944a, pp. 68-69) and Taylor (1944, pp. 69-76).

[173] To emphasise to others that the merchant recognised God as omnipresent, Pacioli advised that businessmen include an invocation to the deity's glory at the beginning of their books and to conduct their affairs accordingly (Pacioli, 1494/1963, p. 27). The sign of the cross and other religious invocations were used in Medieval and Renaissance account books as a means of control against dishonest entries and to enhance the credibility of the bookkeeping. In a sense, a prayer exercised the same function as an internal audit would today (Carman, 1935, p. 114).

Ympyn introduced Paciolian double-entry bookkeeping to the Netherlands through his treatise entitled *Nieuwe instructie ende bewys der looffelycker consten des rekenboecks* (1543),[174] which he described as based on the 'Venetian method'[175] by Brother Lucas de Bargo & sancty sepulchry of the order of St. Francis.[176] Ympyn, in contrast to Pacioli's '*Per*' and '*A*', prefixed debit entries with the term '*Bij*' and credits with '*Aen*'[177] (Ympyn, chapter 8, in Kats 1927a, p. 267; de Waal, 1927, p. 103). German texts describing the Paciolian method of bookkeeping include Wolfgang Schweicker's *Zwifach Buchhalten* (1549), a direct translation of Manzoni's (1543) *Quaderno doppio* (de Waal, 1927, p. 83); a manuscript, *Ein huepsch Püech* … (1552), attributed to Johann Neudörfer; Sebastiaan Gamersfelder's *Buchhalten Durch zwey Bücher nach Italianischer Art und weise (*1570) and Wolfgang Sartorius' *Buchhalten mit zwey Büchern, nach Preuszischer Müntze*, (1592). These texts are not examined in more detail here because, as determined above, Paciolian bookkeeping was a novelty in the Netherlands for much of the 16th century. While these texts cannot make a significant contribution to an understanding of Netherlands' bookkeeping thought and practice, texts that describe north German bookkeeping are believed to have directly influenced the thinking and practice of bookkeeping in 16th century Netherlands, especially in Holland (Posthumus, 1953, p. 33; de Roover, 1974, p. 174; Blockmans, 1993, p. 48).

---

[174] Ympyn credited Juan Paulo di Bianchi of Perugia, thought to have been an Italian merchant resident in Antwerp, as the source of the manuscript used to compile *Nieuwe instructie* (de Waal, 1927, p. 94).

[175] Ten Have (1976, p. 33) is guarded about the use of the seventeenth century expression, 'in the Venetian method'. He suggests that this does not always refer to a double-entry system of bookkeeping but simply means that the ledger is arranged so that debits are placed on the left-hand facing page and credits on the right-hand facing page. This method contrasts with that in which a single page is divided vertically to accommodate both debits and credits on a single page.

[176] Assumed to be a reference to Luca Pacioli (Row-Fogo, 1905/1968, p. 128). Ympyn also acknowledged Tagliente as a source of inspiration (de Waal, 1927, p. 93).

[177] Which is also the source of the English convention of phrasing a journal entry in the format: 'By cash, to sales'.

Accordingly, texts that have their origins in Hanseatic business practices are analysed in the rest of this section. The basic principles of Hanseatic bookkeeping, as practiced by the 16th century merchant Tönnis Smidt, are evident in the bookkeeping described by Schreiber (1544) and Gottlieb (1546). That these texts were well considered at the time is evidenced by van Ellenbogen's *Buchhalten auff preussiche Müntze* (1537), which synthesised elements of Schreiber and Gottlieb's earlier bookkeeping texts (Mickwitz, 1938, pp. 200-204; Penndorf, 1966, p. 119, Bywater and Yamey, 1982, p. 38).

Paciolian double-entry bookkeeping is more attuned to the needs of complex hierarchical organisations that supplement direct personal control by bookkeeping, and require that parties who are not directly involved in the management of the business have a credible insight into its state of affairs and results (Ewert and Selzer, 2001, p. 12). As a result, north German bookkeeping exhibits some stark contrasts when compared to Paciolian double-entry bookkeeping. The texts of Schwarz., Schreiber, Gottlieb, Von Ellenbogen and Mennher owed nothing to Paciolian bookkeeping (Kats, 1929a, pp. 204-207). Most notably, these texts addressed factor's (agent's) rather than owner's bookkeeping. Consequently, this approach did not feature a unified, entity perspective, as found in Paciolian bookkeeping, but a dispersed bookkeeping in which individual transactions undertaken by an individual could be accounted for quite independently. This emphasis meant that north German bookkeeping did not appear to be as 'complete', as was the case with Paciolian bookkeeping, nor were the profit and loss and capital accounts ascribed the same importance. Another idiosyncrasy of the earliest German texts was the practice of splitting the ledger into *Schuldbuch*, that is, personal ledger, and *Kaps* or goods ledger (Row-Fogo, 1905/1968, p. 152; Mickwitz, 1938, p. 208; de Roover, 1963, pp. 44, 111).[178] Notwithstanding Gottlieb's (1546) criticism that the split

[178] The practice of maintaining a separate goods ledger goes back to Roman times. In more recent times it continued to be a feature of German bookkeeping (Kats, 1930, p. 316; Kishi, 1984, pp. 353, 357).

ledger caused too many errors, was difficult to cross-reference and was inefficient because it required two indexes, his bookkeeping system retained the basic notion of separate ledgers, albeit within a single book. Overall, the practice proved remarkably resilient. It was only after the mid 16th century that the German ledger was united in the manner of the Italians (Penndorf, 1966, pp. 159, 177-179).[179] These features formed the basis of Mennher's *Buechhalten* (1560), which served as the basis for a number of Dutch prominent texts (Kats, 1929b, p. 281, de Waal, 1927, p. 159). In addition, Schultzen's *Arithmetica oder Rechenbüch* (1611), which is reminiscent of Schreiber; LeRice's *Commission und Factorey* (1610); and Wolff's *Kurtze doch grundliche und aigentliche beschreibung eines ordentlichen rechten Buchhaltens* (1610) still retained the practice in the early 17th century (Row-Fogo, 1905/1968, pp. 140-141; de Waal, 1927, p. 88).

Heinrich Schreiber (Grammateus) Schreiber published the earliest known German bookkeeping text based on north German business methods.[180] As it has no apparent title, this text is commonly referred to by the first line of the overall introduction: *Ayn new kunstlich Buech*, or by the introduction to the bookkeeping section: *Büchhalte durch Zornal Kaps und Schuldtbüch aud alle kauffmanschafft*. The text was also undated and, although the preface is dated 1518, the examples bear the date 1521, which suggests a publication date, about 1525 (Bywater and Yamey, 1982, p. 31). Later editions

[179] Despite his protestations, Gottlieb's bookkeeping system retained the notion of separate personal and goods ledgers but compromised by incorporating both in a single book.

[180] The earliest of the non-Paciolian German bookkeeping texts was a manuscript entitled *Musterbuchhaltung* prepared by Matthäus Schwarz in about 1518 (von Weitnauer, 1931; Hartsough, 1931-1932, p. 544). The manuscript described the peculiar Fugger's bookkeeping known as *Dreierlay Buchhaltung* or 'threefold bookkeeping', which was based on the traditional German system. In order to demonstrate the system's effectiveness Schwarz included examples of Venetian double-entry bookkeeping as a comparison, underscoring his expertise in both methods. Although copies of Schwarz' manuscript are dated 1551, 1555 and 1564, the treatise was not published until 1550. The reason for the delay is thought to have been that the text was based on the Fugger's 1516 accounts, which the firm wished to keep confidential (Hartsough, 1931-1932, pp. 242, 544; de Waal, 1927, p. 78).

published in 1531, 1538, 1544 and 1572 testify that Schreiber's manual must have been regarded as a sound and useful description of German bookkeeping at that time (Penndorf, 1966, p. 108). This text required three main books of account: *Zornal* (journal), *Kaps* (goods ledger) and *Schuldtbuch* (personal ledger). Although some journal entries were posted as both a debit and credit in either of the two ledgers, transactions relating to goods on consignment or barter were only posted to the goods ledger. The goods ledger was essentially an inventory that recorded both the quantity and monetary value of the merchandise in the warehouse.[181] At the end of the journal was a statement of profit or loss prepared from data in the goods ledger. The presence of a profit and loss suggests that this was not purely an agent's record that was intended to satisfy accountability for the physical goods. Schreiber's personal ledger was divided into three. The first account, headed *Hab Zalt* on the debit and *Ich Soll* on the credit, was the creditors account. The second, headed *Hat Zalt* on the debit and *Soll Mir* on the credit, related to debtors. The third appeared to be a cash account but, although headed *Einnemen* on the debit and *Ausgeben* on the credit, it is more appropriate to consider it the principal's capital account, as the Italian *patrimonio finanziaria* and German *geldvermögen* limited capital to cash, whether in hand or at bank, and debtors and creditors (Kats, 1929b, p. 286; Kats, 1930, pp. 312-313). All three were posted in the normal way and recorded monies due or owed. The system had no capital account, which, contrary to the evidence of the profit and loss, does indicate agent's bookkeeping. However, as little distinction was made between capital and cash in earlier times, the cash account could have sufficed for both purposes. An inventory of the goods on hand,

[181] Goods received were recorded on the 'credit' side and goods out on the 'debit' of the goods ledger. This suggests that the bookkeeper regarded goods as a liability while they remained in his possession, indicating that the bookkeeper shared an interest in the goods with another party.

listing both the quantities and cost price of the goods on hand at the end of the year, was compiled at the end of the goods ledger.

Schreiber's text shared two similarities with Stevin's 17th bookkeeping. Both omitted any invocation to God and, like Stevin, Schreiber included a proof of the bookkeeping (*Probe des buchhaltens)* that was made at the end of the year when a balance of the open accounts was compiled. Schreiber explained that the accounts were confirmed by adding the balances of cash, debtors and the remaining goods. From that sum he subtracted the total of the creditors' balances to yield the 'profit', which Schreiber (1544, Bv) also independently calculated at the end of his journal examples.[182] If these two sums agreed, the bookkeeping could be assumed to be correct. Schreiber's proof is very similar to the key that Stevin (1607/1979, p. 35) used to link his balance statement and the proof of that balance (*staet proef*).[183] However, because Schreiber omitted any reference to opening capital, his 'profit' also represented the business' current capital (Penndorf, 1966, p. 112). In Stevin's example the key is net profit for the year, determined by initial less closing capital balances for the period.[184] Rephrased this states that net capital equals net profit for the period. Stevin continued by explaining that the capital balance at a particular date comprised the sum of debtors, cash on hand and inventory balances less the creditors balance.[185] Although Stevin's proof is generally held to have represented a significant advance in double entry bookkeeping, it clearly

[182] The structure of the balance statement can be stated as: Cash + Debtors + Inventory on hand – Creditors = Profit. Alternatively, Net assets = Net Wealth. Irrespective of the standard of the rest of the text, expressed in this way Schreiber's system represented the basic double-entry bookkeeping equation.

[183] "*Aber was sodann bleibt, ist nicht gewinn, sondern schlußkapital; gewinn wuerde es nur unter de voraussеßung sein, wenn das gheschäft mit nichts begonnen worden waere*".

[184] The objective of the exercise was to ensure that a new set of account books commenced on an accurate footing.

[185] "*Sulx dat Debiteurs, met ghereet ghelt en waren, hier meer bedraghen dan Crediteurs voor weerde des capitaels op den laesten van December 1600*" (Stevin, 1607/1979, p. 35).

repeats the essence of what Schreiber had attempted to explain over three quarters of a century before (Bywater and Yamey, 1982, p. 90).

Progress is evident in Johann Gottlieb's *Ein Teutsch verstendig Buchhalten fur Herren oder Gesellschafter inhalt Wellischen* (1531) and *Buchhalten, Zwey Künstliche und verstendige Buchhalten* (1546). Notwithstanding that both Gottlieb's manuals are similar to Schreiber's text,[186] *Buchhalten* undoubtedly described double-entry bookkeeping (Row-Fogo, 1905/ 1968, p. 124; Yamey, 1947, p. 267).[187] Gottlieb's journal (1546) demonstrates a modern structure that was later incorporated into Dutch bookkeeping by substituting '*is Schuldich*' for his '*hab ich*' to indicate the debit, a pair of vertical parallel lines to separate debit and credit and the term '*von*' to indicate the credit.

Laus Deo. 1545 Jar. **5**
Adi 3 Augusti.

12 13	Bargelt hab ich Gotlib als ein factor und Buchhalter empfangen || von Hans Coltriech …	4000	-	-

The structure of Gottlieb's (1546) ledger is Venetian. It utilised a double page with debits on the left page and credits on the right. More importantly, he employed a single ledger, albeit still divided into *Schuldbuch* (personal ledger) and *Guterbuch* (goods ledger). The personal accounts included a cash account (folio 12), a principal's capital account (folio 13) and various debtors and creditors' accounts. The format of the ledger accounts included both a reference to the journal folio, to the left of the narration, and

[186] Gottlieb did include the customary invocation to God omitted by Schreiber.

[187] Geijsbeek (1914/1974, p. 10) believed that both Gottlieb's *Ein Teutsch verstendig Buchhalten* (1531) and Schwiecker's *Zwifach Buchhalten* (1549) were poor copies of Pacioli and Manzoni.

the opposing ledger folio, located between the narration and the money column. Debit ledger postings utilised the same structure and recorded the same detail as did the journals. The capital journal, above, was posted on the debit side of folio 12 (cash account) as:

12	**Laus Deo. 1545 Jar.**				
5	Bargelt hab ich empfangen Adi 3 Augusti ‖ von Hans Coltriech … carta	13	4000	-	-

Capital account, on the credit side of folio 13, recorded the credit as:

	Laus Deo. 1545 Jar.				**13**
5	Hans Coltriech mein herr sol haben Adi 3 Augusti ‖ Bargelt … carta	12	4000	-	-

The reference in the credit narration to '*sol haben*' was translated in later Dutch texts as '*moet hebben*', to indicate that that amount is a liability due to the person (or account) named in the narration.

The goods book section of Gottlieb's ledger recorded the individual goods accounts. A profit and loss statement was prepared in the goods book and the result confirmed by comparing it to net assets at the end of the period. Similarly to Schreiber, Gottlieb recorded the value of inventory in monetary terms. This, together with the determination of profit, indicates that Gottlieb did not describe a consignment agent's bookkeeping but perhaps the bookkeeping of an employee. As with Schreiber, goods received are recorded on the right hand folio and goods leaving the system on the left. Each account is balanced with profits, calculated on cost price, recorded as a balance on the left hand page and losses on the right. At the end of the *Guterbuch* is a profit and loss statement that recorded the accumulated profits and losses, together with trade expenses not specific to a particular commodity. Consequently, the result is a net profit. The profit and loss statement is not intended as an internal or integral part of the bookkeeping system.

Open account *Schuldbuch* (debtors, creditors and cash book) balances were closed and the balances transferred (not by journal entry) to a temporary account (folio 22) compiled. These, together with net profit, were then are recorded in a trial balance (folio 23) that listed assets on the left and the capital balance, net profit and outstanding liabilities on the right. A second, more detailed external statement (folio 24) was prepared that recorded the financial position, comprised of equity plus liabilities on the left and assets on the right. Finally, Gottlieb constructed a third balance (folio 25), structured as equity equals net assets. Because capital fluctuated during the period, the trial balance reflected the net capital balance at closing date. By contrast, the two statements of position (folios 23, 24) recorded the original capital sum invested.

German bookkeeping texts published after 1550 indicate that elements of double-entry bookkeeping were gradually grafted onto the traditional German bookkeeping process (Penndorf (1966, p. 179). The texts published by Valentin Mennher von Kempten was the prime example of this trend. Moreover, Mennher, who was born in Germany, emigrated to Antwerp in south Netherlands where his four bookkeeping texts were published. Two of these were in French (the language of Antwerp) and two in German. As a result, Mennher represented the formal transition of German bookkeeping into the Netherlands' environment.[188] His bookkeeping publications were: *Practique brifve pour cyfer et tenir Livres de Compte* (1550) and *Buechhalten* (1560), which addressed traditional German factor's bookkeeping in the manner of Schreiber and Gottlieb with separate goods ledger, were widely considered to be the best of their type because the author attempted to fuse the closing technique used in double-entry and factor's bookkeeping (Kheil, 1898, in de Waal, 1927, p. 123; de Waal, 1927, p. 131; Kats, 1929b, pp. 279-281). Notwithstanding the quality of Mennher's description, his

[188] Mennher's bookkeeping system was much older that the one described by Pacioli. It can be traced to Roman bookkeeping practices and was probably much older (Volmer, 1894 and Vlaeminck, 1956, cited in Kishi, 1984, p. 350).

early ledger had a quite antiquated appearance and owed nothing to either Schreiber or Gottlieb. Rather than placing opposing sides of an account opposite each other, Mennher reserved the top half of the page for the debit side of the accounts on that page and the bottom half for the credit section of the accounts recorded on the page (Kishi, 1984, p. 351).

Mennher's later publications, *Buechhalten kurtz Begriffen durch zway Buecher* (1563) and *Practique pour brievement apprendre a Ciffrer, & tenir Livre de Comptes* (1565), reflected a more sophisticated bookkeeping method as they treated owner's bookkeeping from a factor's perspective. While they successfully incorporated capital bookkeeping techniques onto traditional German bookkeeping, Mennher's texts remained quite distinct from Paciolian bookkeeping (Kats, 1929b, p. 275). The bookkeeping was based on an equality of debits and credits, distinguished between private and business transactions, and combined the two traditional German ledgers by recording both personal accounts and goods' accounts[189] in the *Schuldbuch*,[190] and incorporated a capital account, profit and loss and balance accounts (de Waal, 1927, p. 134; Kats, 1929a, p. 209). Consequently, these texts are significant because they represented a crucial link between early 16th century German-based Dutch bookkeeping and scientific double-entry bookkeeping (Yamey, 1947, pp. 265-270; Kojima, 1995, p. 154).

Like his predecessors, Mennher's texts were firmly grounded in the commercial reality of 16th century Hanseatic business (Penndorf, 1966, p. 138). Moreover, the number of prominent Dutch writers, including Piertersz., Mellema, Stevin and Goessens

---

[189] Mennher still retained columns in the goods accounts, between the narration and money columns, for quantitative inventory control (de Waal, 1927, p. 134). Furthermore, he only recorded the quantities of goods received on consignment.

[190] Although Mennher had abandoned the split ledger, he still used the term '*Schuldboek'*, rather than the later and more appropriate '*Hauptbuch*' or the Dutch '*grootboek*', when referring to the general ledger (de Waal, 1927, pp. 134-135).

who used elements of these texts, testify to their efficacy and their influence on Netherlands' bookkeeping practice and thought. Bartholomeus Cloot's *Corte Maniere ende stijl om Boeck te houden, op de Italiaensche wyse ende maniere,* published in Antwerp in 1582 closely followed Mennher's earlier factor's bookkeeping. Martyn Wentseslaus' *Instrucsye op het Italians bouckhouden* published in Middelburg, Zeeland, in 1588, also treated factor's bookkeeping but, unlike Cloot, his description was intended for an employee keeping the books of his employer. Consequently, it incorporated a profit and loss account that was closed to capital (de Waal, 1927, p. 192; Yamey, 1967, p. 63). An indication of the continuing relevance of the customary Hanseatic business methods, especially in north Holland is evident in Mellema's comment (1590) that Cloot's text was highly thought of in Amsterdam (in de Waal, 1927, pp. 181, 201).

A curiosity apparent in Mennher is that he separated his earlier journal postings with the date and the amount. The format changed in his later works, which placed the amount after the reference to the account to be credited. The same style was adopted for the ledger narrations. The opposing account in the ledger notation was indicated by Per, abbreviated to 'P.'. Furthermore, while the ledger in the earlier works only made reference to the opposing ledger folio, the later works also included a cross-reference to the journal number, a practice that was continued in Goessens' *Buchhalten fein Kurtz zusammen*, published in Hamburg in 1594 (Goessens, 1594; de Waal, 1927, pp. 126, 135-136; Penndorf 1966, pp. 135-138).

Petri published the first major bookkeeping texts in north Holland. Moreover, as he came from Deventer, in northern Netherlands, and was a resident of Amsterdam, he was the first to represent a north Netherlands' perspective of late 16th century

bookkeeping.[191] In this respect, Petri substantiated the belief that Paciolian double-entry bookkeeping was largely unknown in north Netherlands before the last quarter of the 16th century.[192] Petri published three bookkeeping texts: *Boeckhouwen op d'Italiaenshe maniere* (1567), *Boeckhouden op die Italiaensche maniere* (1576) and *Practicque om the leeren Rekenen cipheren en boeckhouden* (1583).

Petri's work continued the transition to a more modern form of bookkeeping, already evident in Mennher (1563, 1565). The earlier text, *Boeckhouwen op d'Italiaenshe maniere* (1567), closely resembled Mennher's later work. There is also still an obvious similarity in the titles of Petri's *Practicque omte leeren Rekenen* (1596) and Mennher's *Practicque pour brievement apprendre a Ciffrer, & tenir Livre de Comptes* (1565). That coincidence was continued in the details of the examples Petri used, which suggests that his *Practicque* was an edited version of Mennher's manual. Nevertheless, it is believed that Petri offered a superior exposition of bookkeeping (de Waal, 1927, pp. 159-161). Like Mennher, Petri also employed a single ledger for both personal accounts and goods (Petri,1635), which raises another similarity because both authors referred to the ledger by using the German '*Schuldboek*', rather than the Dutch term '*grootboek*'. Petri's journals used the Dutch equivalent '*is Schuldich*', for Mennher's German expression 'must have' or '*sol*' (Penndorf, 1966, pp. 50, 76, 135, 178). He also separated the debit and credit sections of the journal entry by the date, and followed the narration's credit reference by the amount, as did Mennher's later texts. A typical journal (Petri, journal folio 10) reads

.4	**Laus Deo A^{o} 1591 den 16 December**.			
.1	Rogge is schuldigh adi-dito aen Cassa 47 gul. 5 st. Ende is voor	47	5	-

[191] In common with Amsterdam practice, Petri's accounts were kept in guilders of twenty shillings. Each shilling was worth 16 pennies (stuivers).

[192] Petri claimed his was the first text in the Dutch language (cited in de Waal, 1927, p. 159). In fact *Boeckhouwen* was the second, Ympyn (1543) was the first.

		verschyden oncosten op die selvighe gedaen, als blijk by mijn ongeltboeck Fol. 2.				

Petri's ledger notation uses two different formats. That on the debit side of the ledger begins with the account name, followed by the phrase '*is Schuldich*', which precedes the name of the account credited. For example, the debit side of ledger folio 2 reads

		Laus Deo A^{o} 1591 de 1st January. Capital van my N. is schuldich adi ditto aen Govert Jansz.	3	900	-	-

However, the narration on the credit side is slightly different. It reads (folio 3)

den	31	Pieter Gerritsz. moet hebben adi A^{o} 91 van Capital te betalen adi 20st dito.	3	900	-	-

The phrase used to denote the account to be credited is '*moet hebben*', that is, 'must have', a translation of the German '*soll*', as used by Mennher. Both Petri's phrases are common to the VOC's bookkeeping, as is his phraseology in the balance account. The debit side of the latter reads

> The 31st of December, 1591, praise be to God. The balance of this book must have on this day the following sums, which are the balances that, in order to close the accounts, were made debitor in this ledger (A), and which will in turn be made creditors in the new ledger (B).[193]

Still evident in Petri is the notion that, rather than the capital account representing the business it was still treated as personal to the owner (Petri, 1635, folio 11; de Waal,

[193] "*Laus Deo A^{o} 1591 den 31 Decemb. Balance van desen Boeck moet hebben adi-dito van dese naervolgende sommen, bevonden by slot van Rekeningen, omme welcke te sluyten zijn Debiteurs ghemaeckt in desen boek A, omme de selvighe wederomme Crediteurs te maecken in den niuewen Boeck B.*"

1927, p. 170). Other indications that the business and the owner were still not regarded as separate entities can be found in an entry for a quantity of linen sent to the owner's lawyer in anticipation of his good services, another is the account for house rent (Petri, 1635, folio, 4, 11).

Notwithstanding its shortcomings, and the similarities between his and Mennher's texts, Petri's work is regarded as the best 16th century Netherlands' bookkeeping manuals (de Waal, 1927, p. 157).[194] During the 17th century, the texts were used throughout northern Europe, from Poland to England, and ran to many editions. Three of the most influential Dutch writers of the late 16th and early 17th centuries, Mellema, Stevin and Goessens relied on aspects of Petri.

Elcius Eduardus Leon Mellema and Passier Goessens were two of those who developed and extended Mennher and Petri in the last decade of the century. Mellema, a north Hollander, published *Boeckhouder na de consten van Italien, met twee partyen als Debiteur ende Crediteur* (1590), which was described as every bit as good as Petri's text (de Waal, 1927, p. 159; de Waal, 1927, p. 198; Yamey, 1967, p. 61). Mellema acknowledged Mennher as a source. However, he was the first to refer to the ledger as a *grootboek*, rather than the Germanic *Schuldboeck* (in de Waal, 1927, p. 202).

Mellema's journal notation was brief compared to that used by his predecessors. It began with the name of the account to be debited, which was followed by '*aen*' to denote the credit section. A journal for duty paid on the import of spices simply read:

.22 .1	21	Octob	Specerie aen Cassa £72. van liscenten betaelt/ te 8 pour cent / teghen £900.	72	-	-

Mellema's goods accounts were denoted in money but still evidenced the influence of factor's bookkeeping by an additional column to control inventory.

[194] The bookkeeping content of Petri's *Boeckhouwen* was similar to *Practique*. The major difference being that the former's examples were more extensive (de Waal. 1927, pp. 158-161).

Goessens, a native of Brussels, published *Buchhalten fein kurtz zusammen gefast und begriffen nach arth und weise der Italianer* in German in 1594. He is thought to have relied on Petri's *Boeckhouwen op d'Italiaensche maniere* (1567) (de Waal, 1927, p. 159) but aspects of his text, such as numbering the journals, also resembles Mennher (Goessens, 1594). Furthermore, the structure of his journal entries is similar to Mennher's earlier publication. Goessens separated the debit and credit section with the word 'Sol', the amount and 'Per'. Curiously he used a larger font for the debit section and a smaller one for the credit (Goessen, 1594, Journal folio 1). He was also familiar with Mellema's work as is evidenced by his rules for debit and credit that were copied from Mellema's *Boeckhouder na die coste* (Bywater and Yamey, 1982, p. 76).

By this stage the separation of owners and business entity was established, as Goessens' capital account is not referred to by personal name but simply as Capital. Ledger narrations were very succinct. Only the name of the contra account was mentioned without any description of the transaction. Like Mellema, Goessens employed a quantity column in the goods accounts and refers to a '*haubtbuch'*, that is, a '*grootboek'*, rather than the more dated '*Schuldbuch'*. On both sides of the ledger the narration for each posting begins with '*Per*', followed by the contra account's name but without any description of the transaction.[195] Profit and loss is balanced and the excess transferred to Capital account by Goessens (1594, folios 2, 14). After profit or loss has been transferred to Capital account, the balance on that account, together with the balances of all remaining open accounts is transferred to the Balance account in preparation for the closing of Ledger A and the opening of Ledger B (Goessens, 1594, p. folio 36). The Narration used in the balance account is similar to Petri and that used by the VOC. On the debit side this reads as follows

[195] This was the same procedure that Stevin used a decade later.

> The following nineteen debtors that are outstanding as at the 31st of December per balance of ledger N^{o}. A are made creditors, and in the new ledger N^{o} B will once again made debtors (Goessens, 1594, folio, 36).[196]

Each posting in a balance account was cross-referenced to two folio numbers. To this end, a pair of folio columns, marked 'A' and 'B', were inserted between the narration and the money column. The folio number of the relevant account in the old ledger, 'A', was entered in the column headed 'A', and that of the folio in the new ledger, 'B', recorded in column 'B'. This method is also found in Pierre Savonne (1567) and Renterghem (1592). The VOC used a similar reference system to cross-reference accounts opened in a new ledger to the old journal where the transfer was initiated.

Before continuing with Simon Stevin, it is necessary to mention a writer who followed Venetian rather than factor's bookkeeping. This was Zacharias van Hoorbeke, a Fleming, who published *L'art de ternir livre de comptes* in Middleburg in 1599. De Hoorbeke is noteworthy because he was the first to refer to accounts entitled '*voyage*' and '*retouren*', that is, an account for goods sent overseas by the principal and goods received from an overseas agent (de Waal, 1927, p. 256). These types are significant because they formed the mainstay of the VOC's bookkeeping practice. De Hoorebeke's reference to these particular accounts in no way undermines the argument being pursued here because their use was common practice at that time amongst Dutch companies conducting trade with an overseas agent.

Simon Stevin's *Vorstlicke bouckhouding*, first published in Amsterdam in 1604, shortly after the VOC was established in 1602, concludes this section.[197] This text has great important for accounting history because it successfully linked renaissance and modern closing procedures. Consequently, Stevin's chapter on merchants' bookkeeping

---

[196] "*Navolgende 19 Debitores denen mir dato ultimo Deembris Per Saldo der Bucher N^{o}, A. schuldig blieben werden alie zu Creditores. Und auff der Newen Rechung N^{o}, B. wiederumb zu Debitores gemacht*" (Goessens, 1594, folio, 36).

[197] His examples are dated 1600.

(*Coopmans Bouckhouding op de Italiaenshe wyse*) is generally considered to be the best explanation of early 17th century double-entry bookkeeping (Chatfield and Vangermeersch, 1996, p. 128).[198] Stevin's purpose was to demonstrate his understanding of the concept of double-entry bookkeeping, rather than to describe the practice of the time. Nevertheless, *Coopmans Bouckhouding* retained an emphasis on factor's bookkeeping (Stevin, 1607/1979, pp. 9, 31, 56-58; Kats, 1929b, p. 275).[199] He considered the primary objective of merchant's bookkeeping was to know what profit or loss had been made on every individual item of stock. Accordingly, the merchant's bookkeeping system must reveal how much cash the cashier should be able to account for, and what stock of merchandise was entrusted to which employees or agents, and what the balances of outstanding debtors and creditors were (Stevin, 1607/1979, p. 11). Stevin used the standard set of account books, comprising a memorial, journal and ledger but still referred to a '*Schultbouck'*, rather than a '*grootboek'*.

Stevin's innovative contribution was the calculation and independent confirmation of the profit by the '*staetproef*' (Stevin, 1607/1979, p. 35). First Stevin required an annual *staet* (balance) to be compiled to which the balances of cash, stock on hand and accounts receivable were transferred and totalled. From this sum he deducted accounts payable. The balance represented net capital, as per the following example.

[198] Stevin not only insisted on annual balancing but contrary to the usual practice of authors his *Summa*ry, which listed the remaining assets and liabilities, was made outside the ledger.

[199] Notably, he referred to Italian, not double-entry bookkeeping (Stevin, 1607/1979, p. 9), and his balance did not include capital assets.

Staet van my Dierick
Roose gemaeckt op den laesten December 1600

Staet of capitael debet		Staet of capital credit	
Per Aernout Jacobs fol. 14	51 - 8 - 0	Per noten fol. 7 173 tt 5 onc tot 7s t'pont, comt	60 -13 - 2
Rest debet hier ghestelt by slot van desen	1140 - 9 - 1	Per peper fol. 7 120 tt tot 40s t'pont	20 - 0 - 0
Somme	3191 -17- 1	Per Omaer de Swarte fol. 9	513 - 12 - 0
		Per Adriaen de Winter fol. 11	150 - 6 - 0
		Per Pierre de Witte fol. 11	448 - 0 - 0
		Per Jacques de Somer fol. 13	54 - 18 - 6
		Per Case fol. 19	1944 - 17 - 1
		Somme	3191 - 17 - 1

The difference between one year's net capital and another was the profit or loss for the year. Stevin then calculated net profit as follows

Winst en verlies debet		Winst en verlies credit	
Per oncosten van coomschap fol. 16	57 – 7 - 0	Per winst op naghelen fol. 5	75 – 4 - 7
Per oncosten vanden huse fol. 16	107 – 10 - 0	Per winst op noten fol. 7	109 – 7 - 2
Somme	164 – 17 - 0	Per winst op peper fol. 7	18 – 19 - 0
		Per winst op gimber fol. 9	41 – 8 - 4
Rest credit als prouffijt overeencommende mette voorgaende rekening hier ghestelt per solde	987 – 5 - 5	Per rekening van winst en verlies (wiens poste te ghedencken is dat ten tyijde deser wrecking in debet alleenlic hadde twee partyen te weté vá 100§ en 12§, maer in credit drie partiá als 4§.3.4 en 15§ met 1000§ fol. 19	907 – 3 - 4
Somme	1152 – 2 - 5	Somme	1152 – 2 - 5

The *staetproef* then confirmed that amount as net profit:

Net capital balance at the end of the period	3140 - 9 - 1
Less net capital at beginning of period	2153 - 3 - 8
Advance for the year	987 – 5 - 5

The similarities between Stevin's closing procedure and that suggested by Schreiber in 1525 are striking. Over the intervening three quarters of a century, details of structure and terminology had changed, journal and ledger notation had become more efficient, and the process for closing the books of account more clearly rationalised, but the only real practical innovation was that factor's bookkeeping gradually assimilated a clearer process of accounting for capital. This adaption was necessary because an escalation in the volume of trade and Dutch dominance of north-western Europe's trade after the middle of the 16th century undermined traditional Hanseatic organisation and business processes (Israel, 1990, pp. 4-5, 18, 20; de Vries and van der Woude, 1997, pp. 351-354, 366-368, 371-372). The increase in trade volumes, the variety of goods and the distances involved, meant that northern merchants had to find a simpler way of organising themselves. As a result, a business association was no longer defined by an event, such as a consignment of merchandise, but structured as an entity in its own right. At the same time, Dutch dominance of the Baltic trade meant that traditional means of control, enforced by the Hanseatic cities, was eroded. Consequently, a reliance on the control provided by sound business ethics and brotherhood was replaced by mechanised bookkeeping control.

Before leaving the topic of Netherlands' bookkeeping it is useful to review Mansvelt's (1922) thoughts on the VOC's bookkeeping practices in the 17th and 18th centuries. Although Mansvelt's empirical evidence dated from late 18th century, his conclusions are relevant for this study because the VOC's bookkeeping remained largely unchanged after 1614, when an independent bookkeeping system was established for the company's Asian operations. and to consider his assumptions and conclusions in the light of the opinions of contemporary authors of bookkeeping texts.

MANSVELT'S OPINION OF THE VOC'S BOOKKEEPING

Mansvelt (1922) assumed that only two types of bookkeeping (double-entry and single-entry) were practiced in the Netherlands. Furthermore, he concluded that the VOC's method of bookkeeping matched neither of these types (Mansvelt, 1922, p. 56). In his opinion, the VOC's bookkeeping practices were extremely primitive, disregarded the basic principles of bookkeeping, and ultimately so confused as to defy logical explanation (1922, pp. 60, 93, 106). To put Mansvelt into perspective, it must be noted that these findings were predicated by his assumption that the public nature and size of the VOC's capital required it employed a capitalistic form of double-entry bookkeeping (1922, pp. 13-16). Alternatively, he reasoned, if the VOC did not employ double-entry bookkeeping it could not be considered a public company.

Mansvelt's opinion of the VOC's bookkeeping rests on his understanding of company financial accounting, which he identified as the double-entry bookkeeping method of accounting for capital. More specifically, he declared that such a system required a dual record (as a debit and credit) of all the business' transactions that ensured a continual record of all changes to the assets and liabilities and independently determined the effect of changes in net assets (total assets less total liabilities) on the company's net capital (Mansvelt, 1922, pp. 13-14, 57-58). In addition, as net capital at a particular date is dependent on the owner's investment at the start of the period plus net income for the reporting period, such a bookkeeping system is distinguished by its use of a set of associated nominal accounts written off to a profit and loss account referred to as the '*hulprekeningen van kapitaal*'.[200] This definition materially accords with the requirements Sombart and Weber specified for capitalistic double-entry bookkeeping.

[200] Bes (1908, pp. 80-81) attributes the term '*hulprekening der Kapitaa*l' to Dutch author S. M. Brakel who used it to indicate the profit and loss account. Huijsman (1924, pp. 75-77) associates the term with Schär and notes that others, such as van Hengelaar do not use the term at all.

The distinction between nominal and capital accounts that Mansvelt expected to find in the VOC bookkeeping records was not a feature of bookkeeping until much later. Unlike real and personal accounts, the classification of outlays were not distinguished as capital and nominal accounts prior to the advent of proprietorship accounting in the 19th century (Littleton, 1933/1966, pp. 165, 172; Jackson, 1956, pp. 295, 307; Murphy, 1987, p. 119; Mattessich, 2003, p. 131). Mansvelt's general conception of double-entry bookkeeping is confirmed by contemporary accounting academics including Paton and Stevenson (1916/1976), de Waal (1927) and Hatfield (1971). However, such a conception does not represent double-entry bookkeeping prior to the mid 19th century, as the following evidence shows.

George Kurzbauer (1850) illustrated the central role attributed to nominal accounts in 19th century proprietorship accounting when he declared that the purpose of modern double-entry bookkeeping was to produce a capital account.[201] In doing so, he stressed the dual nature characteristic of the capital accounting process by explaining that it comprised two distinct flows of data. One consisted of real (and presumably personal) accounts that maintained an asset inventory, which Kurzbauer termed '*Vermögensbestandteile*' (capital elements). The other comprised the nominal accounts or '*Erflogsbuchwaltung*' (results bookkeeping) that determined net profit (Kurzbauer, 1850, in Littleton, 1961, p. 61; Chatfield, 1996, p. 481). The consequence of the change from personal to proprietorship (capital) accounting was that the capital account, which had previously been no more than a convenient balancing technique, was elevated to the central role in the modern double-entry accounting system (Jackson, 1956, pp. 306-307; Käfer, 1966, pp. 8-10; Chatfield and Vangermeersch, 1996, p. 480; Mattessich, 2003, p. 133). Schär (1846-1924) later characterised the dual flow of data (nominal and real) that

[201] Hence reference to this particular type as capital double-entry bookkeeping or simply capital accounting. Capital accounting and scientific double-entry bookkeeping is one and the same thing.

is fundamental to a capitalistic form of double-entry bookkeeping as *Zweikontentheorie* (Schär, 1922, in Käfer, 1966, pp. 18-19; Littleton, 1961, p. 59).

Bes succinctly defined modern double-entry bookkeeping[202] as a scientific system intended to clearly reveal and report the extent and the causes of the profits or losses produced by a business or profession (1908, p. 133).[203] Similarly, de Waal (1927, pp. 280-281) stated that modern double-entry system of bookkeeping constituted a complete record of the business' property that clearly revealed changes in both the quantity and monetary value of the business' assets and liabilities, and used a profit and loss account to independently calculate periodic net profit based on the firm's total income and expenditure for the period. The primary advantage of such a system is that periodic change to the capital sum are confirmed by both the calculation in the profit and loss account, and by the sum needed to equalise the balance sheet. Furthermore, de Waal noted that the necessary form of double-entry bookkeeping required that the ledger accounts were a complete record of the company's transactions, expressed in monetary terms. Moreover, the accounts must record the total monetary sum of a transaction twice, once as a debit and again as a credit. If the process was accurately followed, the total monetary value of the debits and credits posted to the accounting system's ledger must be equal, which ensured that the ledger was always in equilibrium.

Bes' definition of capitalistic double-entry bookkeeping (above) is noteworthy for his statement that modern double-entry bookkeeping is 'scientific', which is explained by the fact that the data of a capitalistic double-entry bookkeeping system is grounded in positive (empirically verifiable) monetary values. Moreover, because the entire business can be represented as a monetary value, and because these values are homogeneous, the

---

[202] The term used by the Dutch was '*dubbelboekhouden'* that is 'dual bookkeeping', rather than the English double-entry bookkeeping.

[203] "*Dubbleboekhouden is een wetenschappelijk stelsel van boekhouden, diende om de groote van de winsten of verliezen, die door een bedrijf of beroep worden opgeleverd, nauwkeurig te leeren kennen en juist aantegeven, hoe die winsten en verliezen zijn onstaan*."

bookkeeping process can be reduced to the mathematical formula: Assets = Liabilities + Owners' Equity (Nussbaum, 1937, p. 160; Scheerer, 1950, p. 66; Littleton, 1961, p. 74; Käfer, 1966, pp. 19-24; ten Have, 1976, p. 102; and Mattessich, 2003, p. 133). Scientific accounting undoubtedly superseded earlier (personalistic) methods of double-entry bookkeeping during the latter half of the 19th century and dominated 20th century accounting thought (Littleton, 1933, p. 27; Chatfield and Vangermeersch, 1996, p. 302; Vousten-Sweere, 1999, p. 2).[204]

Clearly Mansvelt's particular articulation of double-entry bookkeeping (1922) was a valid 20th century interpretation of the genre. The difficulty is that it might be unreasonable to impose a late 19th or 20th century standard on a 17th or 18th business, especially as there is no reason to believe that those responsible for organising the VOC in 1602 would have been familiar with such a method or sufficiently persuaded of its merits to employ it in practice. Conclusive evidence concerning the nature of the VOC bookkeeping must come from an analysis of the archived records of the company's bookkeeping. This is the task of chapters seven and eight.

CONCLUSION

Much debate has been stirred in the economic and accounting literature over Sombart, Weber and Bryer's theories that claim a capitalistic form of double-entry bookkeeping was closely associated, if not responsible, for the advent of capitalism. As a preliminary to testing these claims against the archived evidence of the Dutch East-India Company, this chapter examined the relationship between capitalism and capitalistic double-entry bookkeeping with the purpose of establishing an accepted standard for both

[204] Reliance on German philosophy in the late 19th and early 20th century caused Dutch academics to discover and promote a science of accounting. This perspective was important because contemporary thinking regarded any 'unscientific' explanation as having no credibility (ten Have, 1976, p. 99).

the capitalistic firm and capitalistic double-entry bookkeeping that could be used to assess the VOC's organisation and bookkeeping in terms of these theories. In addition, empirical studies undertaken by Mansvelt, Winjum, Yamey and Bryer were considered to gauge the extent of the support for theories that posit an association between bookkeeping and capitalism.

English evidence presented by Winjum and Yamey is inconclusive. While Yamey found no support for the hypothesis that the rise of capitalism and double-entry bookkeeping were related, Winjum found that the non-capitalistic form of double-entry bookkeeping, venture accounting, might have influenced the formation of capitalistic business entities. By contrast, Bryer found that, while double-entry bookkeeping was not responsible for the development of capitalism, its use by a particular firm signified that that firm was organised in a capitalistic manner.

Mansvelt's study is more problematic because, although he did expressly declare an association between capitalism and bookkeeping, the essence of his thesis was that a public company had to employ a capitalistic form of double-entry bookkeeping to periodically report its financial results and the state of its affairs to investors so that they could make rational decisions about their investment in the company. Furthermore, as Mansvelt's definition of the capitalistic firm and capitalistic double-entry bookkeeping accorded with that used by Sombart, Weber and Bryer, it is clear that these authors were all concerned with the same basic idea.

The overriding difficulty with the notion that the development of capitalism is closely associated with a capitalistic form of double-entry bookkeeping is that this conception was a late 19th century phenomenon, not a 17th century reality. Therefore, capitalistic double-entry bookkeeping cannot be validly imposed on an early 17th century firm, like the VOC, in the manner that Mansvelt attempted to do. Such an analysis must consider the company's organisation and bookkeeping in its historical context.

To this end, the second half of the chapter examined contemporary evidence of the rationale that would have influenced the manner in which an early 17th century Dutch business, like the VOC, would have been organised, and the method of bookkeeping it most likely would have used. Analysis of 16th century north European business practice showed that north Netherlands' business organisation and practice was directly influenced by the practices of the German Hanseatic League. Moreover, the study also showed that this form of business association was reflected in 16th century bookkeeping manuals from that region. The Hanse's reliance on loose business associations and decentralised bookkeeping systems that emphasised individual parcels of goods was transferred from Germany to the Netherlands. As a result, the notion of accounting for an entity as a whole by means of a comprehensive accounting system was entirely foreign to both the 16th century north Germans and the Dutch. The corollary of this form of organisation is that the concept of a single capital sum for the entire business is quite superfluous.

Finally, despite reference to 'the Italian method', in 16th and early 17th century Dutch bookkeeping literature, this chapter demonstrated that two distinct genealogical lines represented European bookkeeping. One was the Venetian bookkeeping tradition, which was not indigenous to northern Europe. The second genealogical train comprised non-Paciolian texts rooted in the traditional German bookkeeping practices, particularly the Hanseatic bookkeeping of northern Germany, which were embodied in the early 16th century manuals produced by Schreiber and Gottlieb. These non-Paciolian texts were initially characterised by a separate record of goods and cash, debtors and creditors and, more generally, their practice of approaching bookkeeping from the perspective of a factor or agent. Although this form of bookkeeping has an uncertain origin, its essential elements can be traced to at least the Romans but probably stretch back to the clay tokens and inscriptions of ancient Sumer (Jones, 1956, p. 17; Keister, 1963, p. 371;

Chiera, 1938/1966, p. 216; Schmandt-Besserat, 1981, pp. 111, 125, 283; Mattessich, 1987, p. 84). The north-German form of factor's bookkeeping was widely used in 16th century Netherlands and was the source of Dutch texts published at the end of the 16th century. Elements of capital bookkeeping were gradually grafted onto German factor's (agents') bookkeeping during the latter end of the 17th century. Petri (1583) developed the practical application of factor's bookkeeping introduced by Mennher (1550-1565). Finally, in 1604, Stevin's *Coopmans Bouckhouding* developed a full conceptual exposition of factor's double-entry bookkeeping. Although Stevin's was the most advanced bookkeeping text of the time, it remained primarily a scholarly exposition that did not necessarily represent the manner in merchants of the time actually kept their books. At best, these texts might have influenced the manner in which a company, such as the VOC, might have kept its accounts. Most importantly in this respect, we learn from Stevin's *Coopmans Bouckhouding* that the purpose of bookkeeping was to control subordinates and facilitate operational decisions but no evidence from this time suggests that Dutch merchants considered bookkeeping records a means to rationally decide how to invest their capital.

To properly comprehend why the VOC's bookkeeping was organised in the way that it was, it is necessary to go beyond the bookkeeping texts or the company's bookkeeping records. Such an understanding must be interpreted from the particular circumstances that moulded Dutch society, especially the consequences of geography, climate and politics that significantly influenced how northern European commerce and financial administration developed in the Middle Ages. Geography and climate were dominant factors in the organisation and practices of the Hanseatic League, the principal commercial organisation in north-western Europe between the 14th and 16th centuries. The Dutch, who were intimately connected with the Hansards, were profoundly influenced by the manner in which the Hanseatic League was organised and

administered its business. However, as the Netherlands' environment was unique, the Dutch adapted Hanseatic principles and practices to suit their particular circumstances. In particular, the region's propensity to suffer devastating floods and tidal surges dominated the development of Dutch social institutions, including the manner in which the country was governed and how business was organised and administered. Thus, Part II provides the basis for an understanding of the relationship between the Netherlands' social context and the organisation and administration of the VOC, the subject of Part III.

PART II

The contextual elements identified in Part II are a valuable historical tool that provide the means to comprehend why past societies did things in a way that might not appear entirely logical from a modern perspective. More pertinently, context is the key to understanding the VOC's organisational structure and its bookkeeping. The rationale by which the Dutch East-India Company's organisation and administration can best be comprehended lies in the environment and circumstances that shaped the Netherlands between the 13th and 16th centuries. Accordingly, Part II analyses the geographical, social, political and economic factors most significant in shaping 17th century Netherlands' society and, ultimately, the VOC. It comprises chapters four and five that each treat specific contextual issues. Chapter four studies the emergence of capitalism in the Netherlands by analysing contextual factors that significantly influenced the region's commerce, while chapter five examines the Dutch water authorities to determine the extent of their influence on the country's social institutions. Conclusion drawn from these studies will offer a profound insight into the organisation of the VOC and the manner of its administration.

CHAPTER 4

GEOGRAPHY'S INFLUENCE ON NETHERLANDS' SOCIAL INSTITUTIONS

> The aforesaid land of Holland, which is very small in length and even smaller in breadth, is bounded on three sides by the sea and must be constantly protected, at great cost, by building dikes, sluices, canals, windmills, and polders. Holland also comprises many dunes, marshes, and lakes that are constantly expanding, as well as other infertile areas unsuitable for both agriculture and pasturage. Accordingly, the inhabitants of this province were forced to become tradesmen and traders to support their wives, children, and other family (States of Holland, 1543, quoted in Luzac, 1780, part 1, appendix A, pp. 5-6).

North-west Europe, at the point where the continent abuts the North Sea and the Rhine drains into the ocean, has for centuries been generally known as the Lowlands or the Netherlands.[205] Three great rivers, the Rhine, Maas (Meuse) and Scheldt, together with the North Sea, defined the Netherlands, forged its social structures, and determined its economy. The region's most striking feature is its general lack of elevation (Rowen, 1972, p. 1) that left roughly twenty five percent of the country below sea level and a further forty percent at, or slightly above, sea level. In the absence of continuous, extensive water control measures two thirds of the Netherlands would be submerged at

[205] Netherlands has, over time, referred to quite different parts of north-western Europe. In its broadest sense it included the modern Dutch state of The Netherlands and the duchies of Flanders and Brabant, today part of Belgium. The division in Netherlands and Belgium was formalised by the Treaty of Westphalia in 1648. It is customary to refer to the sovereign state as The Netherlands and the region generally as the Netherlands. The country is always referred to in the plural to emphasise its constitution as a confederation of sovereign states (Rowen, 1972, p. 1; Riley and Ashworth, 1975, p. 40).

high tide. This dominant characteristic of the landscape is also reflected in the names by which the country and its two of largest provinces are known.

The name Netherlands or Nederland (*Lage Landen*, literally Low Lands or Low Countries) was rarely used in the 15th century and, on the occasions when it was, it was as a topographically descriptive term, not a proper name (Barnouw, 1952, pp. 54-55). Elton, (1990, p. 342) suggested that Netherlands was used as the name for the region only after 1530.[206] Similarly, the name of the country's largest province, Holland, is descriptive of the distinctive basin that characterises the larger part of that region. Guicciardini (1581, in Rowen, 1972, p. 7) referred to the province as "*Hol lant*", or the concave country.[207] Zeeland, one of The Netherlands' largest provinces, literally means sea-land because in medieval times this shore was almost indistinguishable from the sea (Lambert, 1971, pp. 1-2).

In common with all great river deltas, the surrounding land is flat, low-lying and naturally marshy and the region's defining characteristic is an excess of water, which, if left unchecked, would render uninhabitable what little land was available to the Dutch. The consequences of this geographic feature have preoccupied the region's inhabitants who busied themselves reclaiming as much land as possible from seashore, riverbeds and marshes, and in the process become expert in managing the ever-present danger of floods. The omnipresent danger of flooding was not peculiar to those who dwelt along the country's shores. Inhabitants further inland learned to dread the devastating tidal surges (demonised as 'the waterwolf') that rampaged upstream from the North Sea in

---

[206] The region was previously known as *les Pays de Pardeca* (Elton, 1990, p. 342). Van de Ven (1994, p. 32) is amongst those who do not support this history. He claimed that the name originated in the 16th century as a convenient means of distinguishing between feudal estates near (nether) the Burgundian capital, Brussels and the more distant Duchy of Burgundy.

[207] An alternative explanation for the province's name is that it originated from '*Houtland*' or '*Hotland*', derived from the swamp forests previously found behind the coastal dunes (Lambert, 1971, p. 100).

medieval times sweeping all before them. Equally ruinous were the floods that occurred when the region's rivers broke their banks, silted up and changed course.[208] Life under such precarious circumstances was only possible because the Dutch effectively organised to protect themselves against the worst ravages of tide and flood, and successfully drained Holland's central moorlands. Between the 10th and 15th centuries the Dutch made concerted efforts to manage flooding and to drain the interior of Holland.[209] At the same time Zeeland reclaimed much land from the sea (Smits and Wiggers, 1959, p. 9; Israel, 1995, p. 9; van Iterson, 1997b, p. 53; Dolfing and Snellen, 1999, pp. 3, 8; TeBrake, 2002, pp. 475, 483). Notwithstanding their industry, much of the gains made in the 11th and early 12th centuries was negated when the Old Rhine silted up and altered its course during the 12th century. More devastating still was the subsidence of central Holland between 1300 and 1600 caused by the dried peat-lands oxidising and shrinking, which resulted in the land subsiding by about a metre a century. This caused the levels of the sea and rivers to rise relative to the land, which prevented the sodden surface being drained by gravity and exacerbated the risk of tidal surges and floods. More importantly, it rendered much of Holland's land unproductive (van de Ven, 1994, p. 9; de Vries and van der Woude, 1997, pp. 17-18; van Dam, 2002, p. 500).

Mere survival in this challenging environment presented a severe test. To thrive, as the Dutch did, demanded a stubborn bent and an innovative way of thinking to overcome natural misfortune. Their experience gleaned in converting adversity into economic opportunity indelibly impressed itself on the Dutch psyche, informing every facet of

---

[208] Catastrophic floods occurred in 1421, 1775, 1825, 1916 and 1953. The Elizabeth's Day flood in 1421 covered five hundred square kilometres and killed ten thousand people. In January 1953, eighteen thousand Netherlanders lost their lives as a result of flooding, and in 1990 the Rhine again threatened to breach its dike (Forbes, 1955, pp. 50-51; Riley and Ashworth, 1975, p. 14; Raadschelders and Toonen, 1993, p. 1; Kaijser, 2002, p. 521).

[209] Whereas drainage and flood protection were generally quite separate matters, during the 12th century these activities were increasingly combined in a single authority (van de Ven, 1994, p. 97; TeBrake, 2002, p. 486).

social life, including their system of governance and business organisations like the Dutch East-India Company. Consequently, to comprehend why the VOC was structured in the way it was requires a study of the principles and practices developed by the earliest Dutch social institution, the medieval local authorities established to manage the risk of floods and obtain the optimum advantage from their sodden land.

Netherlands' water-boards are venerable social institutions that probably predate the 10th and 11th centuries. Charged with providing effective, efficient solutions to the omnipresent risk of flooding and the continuous task of land reclamation, these authorities were largely autonomous bodies, organised by local inhabitants. As a result, their organisation developed along democratic principles. The degree of autonomy enjoyed by the Dutch water-boards was a factor of a weak feudal system, especially in northern Netherlands, which forced local inhabitants to tackle communal problems by organising themselves.[210] Moreover, as effective, efficient water control and drainage management was critical to those who lived in the immediate vicinity of a potential flood or tidal surge, local issues took precedence in regional deliberations. Notwithstanding the local orientation and autonomous nature of early water-boards, the Dutch recognised that the consequences of water management and control were not limited to those most directly involved but had the potential to affect inhabitants who lived up-stream and down-stream of any such work. This acknowledgement ingrained the Dutch with a stakeholders' perspective that necessitated the views of all concerned

[210] The overriding importance that the Dutch placed on local initiatives stemmed from the fact that feudalism was rare, particularly in late medieval Netherlands' northern provinces, where the rule was a free peasantry with the right to own land and a highly commercialised agricultural sector. Consequently, social, economic and political barriers, which were a restraining factor of most other early-modern European communities, were much less important in moulding Dutch society, and 16th century Netherlands was economically and politically dominated by a class of wealthy businessmen (Lambert, 1971. p. 181; Zwaan, 1982, pp. 167-168; 't Hart, 1989, p. 664; van de Ven, 1994, pp. 41-42; Price, 1994, p. 223; de Vries and van der Woude, 1997, pp. 160, 547; Preczynski, 2000, p. 13).

be reconciled by means of a dialogue between the parties involved. Moreover, as all participants were unlikely to benefit equally from particular water control measures, the concept that the participants in any social action should share the benefits in proportion to their contribution was entrenched in the Dutch mentality.[211]

Principles and practices developed by the medieval water-boards were transferred to The Netherlands' political structure that respected local autonomy, a regard for consensual decisions and the concept of proportionality. The 16th century Dutch rejected a strong, centralised government structure in favour of one in which power was devolved to the provinces and ultimately vested in its towns. This aspect of Dutch social life is particularly important to this thesis because exactly the same approach that was used to organise Dutch government is evident in the VOC, which was structured as a series of independent chambers established in a number of economically important towns. Consequently, it is necessary to first comprehend the nature of the Dutch water-boards and the organisation of The Netherlands' government before attempting an understanding of the manner in which the Dutch East-India Company was organised. Accordingly, the chapter commences by examining the nature of the problem that an excess of water posed for the Dutch and the manner in which they organised themselves to manage the risks of flood and tidal surges. The primary purpose of this section is to identify the major principles and practices developed by the water-boards to effectively organise and manage complex social institutions. Following this, the chapter reviews the Netherlands' rebellion against the Spanish Crown and the subsequent formation of The Netherlands Republic. These events bring the dominant figure of Johann van Oldenbarnevelt to the fore as he was the country's most senior civil servant and instrumental in devising the structure for both The Netherlands' Republic and the VOC.

[211] The 12th century Rijnland Water Board established the principle that users should pay for the costs of water works in proportion to their ability to profit from such work (van de Ven, 1994, pp. 69, 99).

Consequently, the chapter briefly reviews his influence in the formation of the Dutch East-India Company. Finally, the last part of the chapter examines The Netherlands' government structure as a model for the VOC.

WATER MANAGEMENT: A DEFINING SOCIAL INFLUENCE

Water management is the catalyst that encouraged ancient communities to form the earliest social institutions (Benvenisti, 2002, p. 3). The Dutch are a prime example of a population's need to manage water to ensure its survival. Threatened by North Sea tidal surges and swollen rivers that routinely flooded the country's predominantly low-lying land and lacking a strong feudal system, the Dutch had to band together to protect themselves from inundation. So dire was this threat that Netherlanders have been preoccupied for most of their history with flood and drainage management. The principles and practices they devised to control this nemesis were so ingrained that they subsequently informed every aspect of Netherlands' social organisation, including the country's political structure and the manner in which it organised its business associations (Forbes, 1955, p. 52; Riley and Ashworth, 1975, p. 11; van de Ven, 1993, p. 87; Boogers and Tops, 2000, p. 288; TeBrake, 2002, p. 490).

Little is known about Dutch water control measures before the 11th century, largely because the region lacked a strong, central authority, which meant that early water control measures were informal endeavours undertaken by those whose land abutted the river and their neighbours. First known evidence of a more formal arrangement appeared in an early 8th century document compiled by the Bishopric of Utrecht. This document used the Latin term '*watriscafium'*, which is translated as 'water-board' (Fockema Andreae, 1934, p. 8). At the same time, a 9th century codified set of Carolingian German/Dutch laws, the *Notitia vel commemoratio de illa ewa, quae se ad Amorem habet*, reveal that the region's inhabitants had a communal duty to

undertake water control work (Fockema Andreae, 1934, pp. 10-12; Forbes, 1955, p. 49). Besides this sparse documentary evidence, little physical evidence remains of early water control measures because, prior to the 11th centuries, dams and other barriers were generally constructed from organic materials, most of which has long since decayed (Forbes, 1955, pp. 54-55). Nevertheless, it is reasonable to assume that early attempts at water control were quite elementary projects, initiated and managed as joint efforts by abutting neighbours who funded the necessary construction and maintenance through contributions in kind. This informal type of arrangement sufficed as long as the work was confined to the immediate participants' property and did not require the intervention of a public authority to finance or manage them.

The traditional practice whereby water-control was the concern of abutting farmers and their neighbours was disturbed after the 11th century when water-control projects became more complex and assumed a wider scope Israel, 1995, p. 10).[212] Now those whose property was more remote from water-control projects were increasingly benefitting from the work, which meant that the Dutch had to adopt a stakeholders' perspective of the implications and consequences of water related projects. It also demanded a more sophisticated management institution, especially as wages and materials had to be paid for in cash, which was beyond the means of individual farmers. Importantly, too, a means had to be devised whereby costs were shared more equitably.

Most ancient civilisations faced with the same problem relied on a central authority for water control (Wittfogel, 1957, p. 12) but the weak feudal that existed in much of Holland and Zeeland (Lambert, 1971, p. 181) meant that this was not an option

[212] The Dutch reclaimed a total of 376,000 hectares (940,000 acres) of land after the 13th century. The enormous scale of the work undertaken in Medieval times is obvious when it is considered that more land was reclaimed from the sea, river estuaries and lakes between the 13th and 15th centuries than in modern times (Smits and Wiggers, 1959, p. 9; van Iterson, 1997b, p. 53). As a result, Holland has one of the most artificial landscapes in the world (Lambert, 1971, pp. 212-213; Israel, 1995, p. 10).

for effective water management in the Netherlands. The only viable course of action available to the Dutch, therefore, was to obtain the necessary funds by raising taxes levied in proportion to the size of the land and create a structure with the necessary jurisdiction to levy and collect the taxes required and effectively manage the risk of tidal surge and flood (Lambert, 1971. pp. 113-114; van de Ven, 1993, p. 99; Dolfing and Snellen, 1999, pp. 12, 20; van Dam, 2002, pp. 502-503). Thus the water-board (*heemraadschap* or *waterschap)* was established to provide a mechanism for funding hydraulic engineering projects and securing cooperation between the diverse stakeholder groups who had a common interest in water-control. By the 12th century, the Dutch had developed a sophisticated network of independent social institutions charged with managing water-control projects (van der Linden, 1981, pp. 61-67; Israel, 1995, p. 10; Kaijser, 2002, pp. 522-526; TeBrake, 2002, p. 493). So pervasive was this method of local government that by 1850 the country had three thousand five hundred water boards (Reus, 2002, p. 466).

The Dutch water-board[213] was grounded in the traditional Germanic principle that stipulated a collective responsibility for the public good, cooperation to achieve communal ends and peer control of the social institutions initiated to achieve such ends (Sorge and van Iterson, 1995, pp. 191-192; van Iterson, 1997a, pp. 8-10; Dolfing and Snellen, 1999, p. 11; TeBrake, 2002, p. 493).[214] Concern for the common good meant that effective governance had to be exercised at a local level and be relatively free of

[213] Netherlands' water-boards were not entirely homogenous organisations, the detail of their organisation and practices varied from place to place. However, a fairly common structure was shared in Zeeland and Holland (Fockema Andreae, 1934, pp. 13-14), where many of the structures devised for the administration of water authorities originated (Kaijser, 2002, p. 522). Therefore, to facilitate discussion of the Dutch water-boards, this section focuses on the circumstances that prevailed in Holland.

[214] These sources are not specific but their reference is thought to be the *Notitia vel commemoratio de illa ewa, quae se ad Amorem habet*, Article 38, which dates to 800 A.D. In this respect, see Fockema Andeae, 1934, p. 11 and Forbes, 1955, p. 49).

outside interference. To meet this end, water-boards in both Zeeland and Holland were structured as small, relatively autonomous bodies. The significance of these medieval institutions for Dutch society is apparent when it is considered that the principles and practices they developed still inform the country's social structures (Lambert, 1971, p. 181; Kaijser, 2002, p. 547; TeBrake, 2002, p. 477).

At the heart of these local authorities' administration was the notion that every village was a judicial entity in its own right, with the ability to pass and enforce local laws (*keuren*). This power endowed the water-board with the authority to specify a programme of construction, maintenance and inspections and to impose taxes to cover its budgeted work (van de Ven, 1993, pp. 48-49; Dolfing and Snellen, 1999, p. 20). Unusually for the time, this right was tempered by a duty to account to its constituents for its administration. This onus was principally exercised through an audit or inspection (*schouw)*[215] the construction and maintenance of such work). The principles of *keuren* and *schouw*, which defined the earliest water boards and were perpetuated in succeeding Dutch institutions and authorities, have significant democratic connotations (van der Linden, 1981, p. 67; van de Ven, 1993, pp. 48-49; Kaijser, 2002, p. 528). *Keuren* literally means 'choices', or more particularly, the peoples' choices, emphasising that the primary purpose of these authorities' was to serve the needs of its constituents. Similarly, the *schouw* established the principle that, if their governance is to be effective, the actions of such authorities must be transparent.

Supporting the fundamental principles of *keur* and *schouw* were a number of related concepts. Paramount amongst these was the notion that effective water control depended on cooperation between diverse parties and, more importantly, that effective community decisions must be based on a broad consensus (Kaijser, 2002, p. 547; TeBrake, 2002, p. 493). The reason for such an onerous standard instead of a simple

[215] The term '*schouw*' literally translates as 'show'.

majority was because a majority was not sufficient to ensure the degree of cooperation necessary. The Dutch labelled the process of achieving consensus to resolve social conflict 'pragmatic accommodation' or '*verzuiling*' and later applied it to the resolution of both political and religious differences (Lijphart, 1968, pp. 122-138; Lawrence, 1991, p. 10; van Dijk and Punch, 1993, pp. 169-172; Peper and van Kooten, 1993, pp. 112-114; van Iterson, 1997a, pp. 10-11). Rather than as hierarchical strata, *verzuiling* perceives society as a collection of relatively independent, vertical classes or pillars (*zuiling*), each of which represents particular social interests that clash with those of the rest of the group. The necessary condition for consensus in such a disparate group is that the parties share a narrow set of vital core values. An example of such a core value could be the grave consequences of imminent flood for all concerned.[216] Such a significant and very real threat encouraged the parties to comprise their particular priorities in the interest of resolving the matter at hand in the most effective manner. The task of finding an acceptable compromise that would allow all parties to actively collaborate is assigned to a committee co-opted from the members of the representative groups. To ensure the committee's success in achieving a coalition, it is considered essential that its negotiations are confidential as this ensures that issues, not ideology, drive the discussions and that the decision reached is not unduly compromised. This approach to social problems can produce a relatively stable society because conflicting parties are individually too weak to unilaterally impose their will on the rest of society, and, more importantly, because failure might have an unacceptable effect on the dissenting party's particular interests. This same process is clearly evident in the protracted negotiations that led up to the formation of the VOC in 1602 (van der Chys, 1857, pp. 81-117).

[216] As an example of water-related conflict between groups was that rural people were primarily interested in protecting and draining their land, whereas urban folk were more interested in water-ways as a source of drinking water, communication and transport (Kaijser, 2002, p. 547).

To achieve the necessary degree of cooperation it was also important that the governance structure comprised local people. However, in contrast to the notion that effective local government had to be autonomous, the Dutch did not consider the representatives who served on such bodies as plenipotentiaries who could independently bind their constituents. Instead, these representatives' role was more that of an agent or an ambassador. They were authorised to convey their constituents' view on a particular matter to the meeting, and had to faithfully report back on the opinions expressed at the meeting. The local community, not their representative, made the decisions that affected the community.

During the 13th century, when the scope of water-control projects increasingly encroached on other boards' territory, the rights and obligations of the parties involved became quite confused. At the root of this difficulty was the principle that every local area was a self-governing entity, able to make and enforce its own water laws. Regional water-boards (*hoogheemraadschappen*) were established to mitigate against the inevitable confusion that could be generated when the scope of water projects overlapped judicial boundaries. Like local boards, regional water-boards were empowered to pass their own laws but had the advantage that these laws took precedent over local legislation (Fockema Andreae, 1934, pp. 10, 21-26; van de Ven, 1993, pp. 48-49, 96-99; Dolfing and Snellen, 1999, p. 20; van Dam, 2002, pp. 502-503). After the 13th century many regional water-boards could be granted a charter (*dijkbrief*)[217] by the feudal lord, which created the erroneous perception that these boards were also centrally controlled (Dolfing and Snellen 1999, pp. 31-32; TeBrake, 2002, p. 490).[218] Rather than feudal authorities imposing an hierarchical structure on previously autonomous water-

[217] Charters or letters under the hand of the feudal lord were the principal means of establishing laws, rights and obligations in the 13th century (Tol and Langen, 2000, p. 360).

[218] From the extant charters it is not clear whether water boards were chartered at the request of the coalition of village boards or on the instruction of the feudal lord (van de Ven, 1993, p. 98).

boards, it was frequently the case that a water-board sought a charter as a means to enhance its authority to enforce water laws. This added authority represented a significant advantage in that a chartered institution, of whatever type, no longer had to rely on traditional Dutch civil law (Roman law) but could override that with law it had promulgated (van de Linden, 1981, pp. 67-68; Tol and Langen, 2000, p. 360; TeBrake, 2002, p. 494). Regional water-boards were not intended to replace local boards nor were they established as a means of imposing a form of hierarchical control on lesser authorities. In practice, they acted as a coordinating body, while the day-to-day administration, construction and maintenance remained the responsibility of the local water-boards (Lambert, 1971, pp. 113-114; van der Linden, 1981, pp. 59-65; van de Ven, 1993, p. 67; de Vries and van der Woude, 1997, p. 17; van Iterson, 1997a, p. 8; van Iterson, 1997b, pp. 53-54; Dolfing and Snellen, 1999, pp. 3-27; Tol and Langen, 2000, pp. 359-362; Kaijser, 2002, pp. 522-529, 546; TeBrake, 2002, p. 494). Regional water-boards' power was limited by a structure that required its councillors be selected on a proportional basis from the representatives who served the local boards in the region. This process provided the check that prevented regional water-boards overriding the interests of local water authorities. Consequently, *hoogheemraadschappen* acted more as facilitators than the top-down controllers typical of an hierarchical structure. When considered as a whole, Dutch water authorities resemble a set of interconnected units banded together in a cellular network. This synthesis endowed the Dutch water-board system with the vitality needed to effectively meet the challenges of a complex environment (van de Ven, 1993, p. 63; Sorge and van Iterson, 1995, p. 197; Dolfing and Snellen, 1999, pp. 9, 35-36; van Iterson, 1997b, p. 53, TeBrake, 2002, pp. 490, 497; van Dam, 2002, p. 503).

From a political perspective, the Dutch water-boards can be considered autonomous democratic institutions located within a federal structure. Landowners were

entitled to stand for election for local water-boards and formed the constituency that elected water-board councillors (*heemraden*). *Heemraden* required their constituents' approval of the board's annual budget, including any planned construction work, details of maintenance to be undertaken, incidental disbursements and the degree of taxation required to fund the proposed work (Dolfing and Snellen, 1999, p. 17). They also had to account to their constituents for the board's expenditure. Local inhabitants had the right to protest board decisions believed not to be in the community's best interests (van de Ven, 1994, p. 99). It is noteworthy that, notwithstanding the water-boards could pass their own laws, early water law generally remained subject to the jurisprudence of traditional Roman civil law. Consequently, the legal two systems operated in tandem until the advent of water-board charters in the 13th century. If a protest to the board was unsuccessful, constituents could appeal that decision in the public courts.[219] However, once a programme of work had been approved, the tax imposed to fund that work could not be protested. Protests had to be made at the water-board's offices and its members were obliged to consider all such objections at the next board meeting. *Heemraden* could also be questioned in public about the manner in which they had discharged certain of their duties but did not have to justify every decision taken or option rejected. Nor did they have to explain the nomination of board members, the appointment of water-board staff, or the board's internal procedures. The financial accountability of Zeeland's regional water-boards received a formal structure by 1500, when financial colleges were introduced to administer the board's financial affairs. Similar bodies were established in Holland by the late 16th century (van de Ven, 1994, p. 99). In a departure from the democratic nature of the water-boards' structure, the members of these financial colleges were not elected by the district's residents from their number but comprised a selected group of 'principal land-owners' appointed by the feudal authority.

[219] The feudal lord could act as arbitrator in disputes between inhabitants and water-boards.

The advent of waged professional hydraulic engineers and water taxes fuelled the commercialisation of the rural Dutch and compelled the inhabitants to develop a market economy at a very early stage in Europe's history. In addition, the intense hydraulic and drainage engineering undertaken by the Dutch not only made more land available for habitation and farming, it also provided the Netherlands with a complex network of rivers and canals that made transport and communications very efficient. Thus, the foundation was laid for the development of the world's earliest and most successful capitalist economy during the 17th and 18th centuries. The principles and practices established for water-control are reflected in the events that led up to the formation of the VOC and permeate the company's organisational structure. Moreover, these principles still inform the organisation and administration of modern Dutch business (Lambert, 1971, p. 113; van der Linden, 1981, pp. 64-65; van Dijk and Punch, 1993, pp. 169-172; de Vries and van der Woude, 1997, pp. 12-45; van Iterson, 1997a, pp. 8-13; van Iterson, 1997b, pp. 49-55; Dolfing and Snellen, 1999, pp. 35-36; Kaijser, 2002, p. 521; TeBrake, 2002, pp. 474-499).

An integral part of the water-control measures undertaken by the Dutch during the Middle Ages was the clearing of Holland's central peat-lands. The distribution of these unproductive fen-lands to freemen through '*copen*' warrants further examination because the process was a significant influence in establishing the concept of joint ownership divided into shares and the notion that social rights and obligations must be shared proportionally. These two concepts are very evident in the organisation of the Dutch East-India Company.

THE *COPE*: THE INSTRUMENT OF DUTCH RURAL CAPITALISM

In Roman times, Holland's peat-lands were limited to between thirty and eighty kilometres inland from North Sea coast. By the 10th century, these marshes had

progressed to cover almost the entire region, rendering much of central Holland uninhabitable. The reclamation of such a vast and desolate area must have seemed an impossible task in the early Middle Ages, yet by the beginning of the 14th century the region had been transformed into a huge productive polder, and one of the most densely populated regions of Europe (Lambert, 1971, p. 120; Kooijmans, 1980, pp. 110, 131; Te Brake, 2002, pp. 479-483). Some of the work to effect this change on Holland's environment was carried out by serfs but the larger part of the clearances were carried out by free farmers who were induced to undertake the work under a formal agreement with the feudal authority known as a *cope*, which had a significant effect on Dutch society.

The essence of a cope was that between six and eight of families jointly cleared a standard[220] parcel of land and prepared it for farming. In turn, the settlers were granted their personal freedom and acquired ownership of the cleared land. Each family was regarded as a shareholder (*aandeelhouder*) in the property, and enjoyed the rights of ownership in proportion to the effort they had contributed to turn the plot into arable land. This arrangement clearly demonstrates that the medieval Dutch appreciated the principles of common ownership that yielded a return in proportion to the individual's invested capital (Lambert, 1971, pp. 53-59; van der Linden, 1981, pp. 47-49; van de Ven, 1994, pp. 46, 60-61). Moreover, at a time when servile peasants were characteristic of most of medieval Europe, the *copen* established a free Dutch citizenry,[221] a market

[220] Dutch settlements measured about thirty by three hundred and sixty rods. A rod is equivalent to about forty furlongs. Compared to the German model, which was seven hundred and twenty rods long, the Dutch grant was small, being about half the area. The size of the plots was determined by the nature of the reclamation work and the amount of labour that could reasonably be expected from the settlers (van der Linden, 1981, pp. 47-49).

[221] Settlers were free, not bonded, something quite unique in Europe at that time. This individual freedom quickly spread from the new settlement areas to the older bonded regions. Consequently, feudalism was less prominent in the northern Netherlands after the 12th century and had largely disappeared by the mid 14th century (Lambert, 1971, p. 114; van der Linden, 1981, p. 61).

rural economy and a free-market in land. Together with the water boards (*heemraadscappen*) established to manage flood and drainage work, they formed the basis of the model for the organisation of all Dutch society (Lambert, 1971, pp. 102, 114; van der Linden, 1981, pp. 46, 61; van de Ven, 1994, pp. 44, 60; Kaijser, 2002, pp. 524, 546). The uniform size of the land grants made under the *copen* produced a very equitable rural community. More importantly, their standard size meant that a plot could only sustain a limited number of people. Consequently, over time the inevitable increase in population forced more and more people to find a living in the towns that sprang up on the fringes of the reclaimed land, which accelerated the monetisation of the rural economy (Lambert, 1971, pp. 55, 102, 159, 180).

Although the *copen* temporarily solved the problem of Holland's lack of land, the long-term outcome produced two unexpected problems. The most immediate was that, unlike the forest peat areas of coastal Holland, the reclaimed sphagnum peat-lands of central Holland cleared under the *copen* produced a poor, acidic soil. As few 12th century Dutch farmers could afford a fallow year to allow the soil to recover between harvests, they had to fertilise the land before they could grow crops like wheat, barley, rye and flax. The need to fertilise made Holland's grains more expensive than Baltic grains, rendering grain farming an unproductive enterprise. Later, between 1300 and 1600, the cleared peat-lands oxidised, which caused the soil to shrink and the surface of central Holland to subside. Subsidence caused even greater difficulties for the rural economy, as the fields were now lower than the river level. As a result, the fields flooded more frequently and could not be drained by gravity. Furthermore, the sodden fields were unsuited to growing wheat, barley and millet, which caused Dutch farmers to increasingly turn to dairy farming and pasturage. By the 16th century Holland had been transformed into a predominantly pastoral economy that produced a surplus of animal products and had a shortage of grain.

The Dutch resolved this imbalance to their advantage by trading higher value dairy product for relatively cheap Baltic grain (Lambert, 1971, pp. 56, 96, 104; van de Ven, 1994, p. 45). Rye, oats and wheat could be imported into north Netherlands, freighted south along safe inland waterways, and sold at a profit in southern Netherlands. A *last* (about two tons) of rye, staple ingredient of Dutch bread, cost twenty-five pounds in the Baltic. Imported into Holland via Amsterdam, it was transported south on Holland's inland waterways. Although more expensive than ocean freight, river freight had the advantage of being considerably less risky. After paying the river tolls of six *stuivers*[222] a merchant could expect to make a profit of about twenty-four *stuivers* on delivery of the cargo in Antwerp (Tracy, 1983, p. 298). Consequently, it made little economic sense for Dutch farmers to grow grain crops for market. The trend from subsistence agriculture to dairying and cash crops intensified after the mid 16th century and produced a not insignificant income. Observing that the source of Holland's wealth lay in its pastures and cattle, Guicciardini (1581, in Rowen, 1972, pp. 9-10) noted that the value of Holland's dairy products was comparable to that of Portugal's annual pepper and spices imports, that is, about a million pounds in gold a year.

Another unexpected outcome of the reclamation of central Holland's peat-lands was that the eventual subsidence of the land resulted in the Dutch rural economy being increasingly reliant on capital assets. In response to the problem of draining their low-lying fields and having to control river levels, the Dutch developed two complementary

[222] The monetary pound or *guilder* generally comprised twenty *stuivers*, that is, shillings. The *guilder* had all but ceased to circulate by the end of the 16th century but it remained the unit of accounting in much of The Netherlands. In Holland the *guilder* was worth twenty *stuivers* of twelve pennies. Zeeland still retained the Flemish pound as its unit of accounting. One pound being equal to six *guilders*. Each Zeeland *guilder* was worth twenty *stuivers* of sixteen pennies. The Zeeland guilder was also reckoned as forty *groten* of eight pennies each (Dehing and 't Hart, 1997, pp. 38-39, 63). The Flemish silver *groat* or Brabant *stuiver* (which was exchanged for two *groats*) became the common currency of account in most of The Netherlands during the 15th century. Holland, however, retained the pound (standardised as equal to forty *groats*) as its unit of account (Tracy, 1990a, p. 15).

pieces of technology. One was the sluice, a flow control mechanism that allowed water to be released into the sea at low tide but prevented the high tide from washing upstream. The other was the wind-driven mechanical pump, the windmill. The result is the polders so typical of contemporary Netherlands' landscape.[223] Sea-sluices and windmills were beyond the means of individual Dutch farmers. In addition, the complex engineering required to effectively employ these tools required the services of professional hydraulic engineers who had to be paid in cash, which further hastened rural Netherlands' early transition into a monetised, commercial economy. Moreover, Dutch farmers could only contemplate using these machines if the asset was owned as a joint investment (Lambert, 1971, p. 122; van der Linden, 1981, pp. 66-67; van de Ven, 1994, pp. 31, 48, 77, 98-99; Dolfing and Snellen, 1999, pp. 3, 17-33; Kaijser, 2002, pp. 525-531; van Dam, 2002, p. 505; Reus, 2002, p. 466; Te Brake, 2002, pp. 492-493).

Intensive dairy farming made the community evermore dependent on the towns for any other needs (Lambert, 1971, pp. 179-180; Price, 1974, p. 64). Consequently, at a time when most European countries were heavily dependent on subsistence farming to support their populations, the Dutch had established an urban population and a monetarised economy that was based on trade and industry. This process was accelerated by dairying, which, because it was less labour-intensive, initiated a surplus of rural labour that was forced to relocate to the towns. By the 14th century, a quarter of Holland's population was urbanised and by the early 15th century nearly half of the entire population of Holland lived in towns. After the mid 16th century the ratio of urban to rural inhabitants in Holland exceeded sixty percent. Consequently, the Dutch towns were a significant factor in the Dutch economical and political environment. Modelled on their long experience with local water authorities, which predated other forms of

[223] The degree to which water management intruded on Dutch life is apparent from their use of the word '*polder*' to mean both a physical feature of the landscape and a political institution similar to a water-board.

governance or any concept of citizenship in much of the Netherlands (Barnouw, 1952, pp. 50, 54), the organisation of Netherlands' towns reflected the principles honed by the water-boards.

Before examining the structure of the Dutch government, and the relationship of the towns to the States-General, the senior arm of government, it necessary to first grasp the circumstances of the country's rebellion against the Spanish Crown in the latter half of the 16th century. Of particular importance in this respect was the principle that governance must be exercised by relatively autonomous, local authorities.

THE NETHERLANDS' REBELLION

In the early 15th century, the Netherlands comprised two distinct political regions. Northern Netherlands was dominated by Holland, while Flanders and Brabant were the most important regions in the south. Phillip, Duke of Burgundy attempted to end this political division after he inherited the title of Count of Holland in 1425. His alliance of north and south Netherlands was intended to make the region's government more efficient but did little to create any real sense of unity amongst the miscellany of counties, duchies, manors, bishoprics and towns that comprised the Netherlands at that time. The region continued to be dominated both politically and economically by Flanders and Brabant. Flanders remained the economically most important and most populous region of the Netherlands in the 16th century. It was followed by Brabant and then Holland. Accordingly, Holland's share of the Netherlands' tax obligation was determined to be half that of Brabant, while Flanders' share was one sixth greater than Brabant's (Israel, 1990, p. 16). Language and cultural differences meant that there was little social interrelationship between north and south Netherlands. Holland more readily aligned itself with German culture and traditions, whereas Flanders and Brabant were more closely associated with France (Israel, 1995, pp. 21-23, 39). Later, in 1548, the

Hapsburg emperor,[224] Charles V, issued a pragmatic sanction[225] that was, in part, intended to address the division of the Netherlands by creating a political union quite independent of both France and the Holy Roman Empire, known as The Seventeen Netherlands.[226] Charles V's coalition was disturbed between 1556 and 1565 when his son, Philip II of Spain, attempted to impose political and religious reforms to curb an increasingly independent Netherlands' States-General, the senior arm of government, raise taxes to sustain the Hapsburg Empire,[227] and ensure the continuing dominance of Catholicism in an evermore Protestant Netherlands (Rowen, 1972, p. 47; de Vries and

---

[224] The Burgundian Dukes acquired a foothold in the Netherlands when Philip, son of the King of France, married Marguerite de Male of Flanders. Later he increased his holdings by purchasing Brabant. His grandson, Philip the Bold, deposed Jacqueline, Countess of Holland, in 1433. Burgundian sovereignty lasted until 1477, when Maximilian of Austria married Mary of Burgundy. This marriage established the Hapsburgs' Netherlands. In 1556, on the death of Charles V, Hapsburg Netherlands was incorporated into the Spanish Empire of his son Phillip II (de Schepper, 1994, pp. 501-502; van Gelderen, 1992, p. 16; Prak, 2005, pp. 9-10, 16). The original spelling 'Habsburg' from '*Habichtsburg*' or Hawk's Castle, was anglicised as 'Hapsburg' (Patrick, 2007, p. 507). The anglicised version is used in this thesis.

[225] The term 'pragmatic sanction' has its basis in the fundamental principles of French civil law. Although issued in 1548, Charles V's pragmatic sanction, which reformed Burgundian inheritance, was not enforced until 1549.

[226] The seventeen localities were: the duchies of Brabant, Gelderland, Limburg and Luxemburg; the counties of: Artois, Hainaut, Holland, Zeeland and Flanders; the manors of Friesland, Groningen, Mechelen, Overijssel (including Drenthe and Lingen); the bishopric of Utrecht; and the cities of Lille, Douai, Orchies and Tournai (Geyl, 1980, pp. 22-23; Tracy, 1990a, p. 236; Price, 1994, p. 233). Nevertheless, only thirteen of the seventeen states that comprised the union had voting rights in the States-General. The others were considered too impoverished to exercise such an important right (Loades, 1993, p. 136).

[227] Central to the Spanish government's tax reforms was the 'tenth penny' tax, a ten percent levy on all sales transactions undertaken in the Netherlands. Perceived as a crude measure likely to ruin the Netherlands' economy, the tax was vigorously opposed. Notwithstanding, the tenth penny was declared law in 1571, and made effective in 1572. However, its life was short. When the commander of the Spanish occupying forces, the Duke of Alva, left the Netherlands in 1573, the tenth penny tax was also abandoned (Geyl, 1980, pp. 108-109, 136, van Gelderen, 1992, pp. 41-42). Ironically, while the revolt was fuelled by a broad resistance to Phillip II's tax reforms, The Netherlands' economy's chronic shortage of cash between 1570 and 1590 resulted in the 17th century Republic being the most heavily taxed nation in Europe ('t Hart, Jonker and van Zanden, 1997, p. 3). The country's reliance on taxes during its first eighty years demanded that it significantly expand its sources. As a result, the rural economy was increasingly incorporated into the tax base after 1574 ('t Hart, 1989, p. 666; Fritschy, 2003, p. 80).

van der Woude, 1997, p. 9; Geyl, 1980, pp. 69-79; Zwaan, 1982, p. 167; Rowen, 1990, pp. 572-573).

The obvious provocation inherent in Philip II's planned reformation of the Netherlands notwithstanding, the Dutch revolt against the Spanish Crown was not sparked by a particular cause or motivated by revolutionary political ideology. In its early stages, the revolt was led by the politically privileged, not the dispossessed, who were concerned about losing their status. As a result, they opposed the proposed reforms and fought to retain traditional Dutch commercial rights, the towns' autonomy and a political structure in which each constituent was considered sovereign (Rowen, 1990, p. 578). Nor was the Netherlands united in its opposition to the Philip II. Indeed, Rowen (1990, p. 578) argued that the Dutch revolt was characterised by simultaneous political and religious revolutions that had little in common with the other. Furthermore, even though Holland formed the nucleus of the opposition to Spanish rule, its major city, Amsterdam, avoided siding with the rebel cause until 1578 (den Tex, 1973, p. 15).[228] Given the uncertain causes that initiated and sustained the revolt, the eventual outcome, The Netherlands' Republic, must be regarded as entirely serendipitous (Kossman and Mellink, 1974, p. 2).

Passive resistance to Philip II's 1566 attempt to remove the language clause that ensured that only Dutch speakers governed the northern provinces, and the suppression of Protestantism might have sparked thoughts of open conflict but it the *Beeldenstorm* (Calvinistic iconoclasm) that turned resistance into open insurrection after 1568 (Geyl, 1980, pp. 86-97; Rowen, 1990, pp. 571-574; van Gelderen, 1992, pp. 38-40). Sporadic civil unrest rapidly descended into a war between the Netherlands and Spain that lasted

[228] The *Union of Utrecht* was signed on the 23rd of January 1579 (van Gelderen, 1992, p. 51).

until the middle of the 17th century (de Schepper, 1994, p. 527),[229] and was to have a significant influence on the organisation the Dutch East-India Company.

On the 26 of July 1581, the *Act of Abjuration* unilaterally stripped Philip II of all sovereignty over the Netherlands and established the independent Netherlands Republic (van Gelderen, 1992, pp. 1, 166). However, the war continued and control over the Netherlands oscillated between Spain and the Dutch Republic during the last quarter of the 17th century. In 1584 it seemed likely that the entire rebellion would collapse in the face of the Duke of Parma's Spanish troops (Kossman and Mellink, 1974, pp. 20, 41). By 1586 all major southern cities, including Antwerp, had reverted to Spanish control. The only unoccupied regions were Holland and Zeeland, parts of Gelderland between the Waal and the Ijssel rivers, and scattered towns in Overijssel, Friesland, Flanders and Brabant. However, the rebels' fortunes turned between 1592 and 1597, when the Spanish were increasingly distracted by war with France that allowed the United Provinces under the control of Johann van Oldenbarnevelt, advocate[230] of the States of

[229] Referred to as the Eighty Years War, there is some controversy as to exactly when the war began and ended. Tracy (1990a, p. 3) suggested that it began in 1572, whereas Rowen (1990, p. 571) gives the date as 1566. A number of truces declared over the years, confused the issue still more. However, it is generally regarded that the war finally ended in 1643, even though the concluding peace treaty, the *Treaty of Westphalia*, was only signed in 1648 (Price, 1974, p. 1; Tracy, 1985, pp. 205, 210).

[230] Previously known as the '*Raadpensionaris'*, this official was, amongst other things, the pre-Republican government's legal adviser. The advocate was the most important paid official in Holland's government. A similar position to that of the States of Holland's Advocate, was the States-General's *Griffier* (Secretary). The Advocate of Holland also acted as the effective head of state of the Dutch Republic for long periods (Price, 1994, pp. 129, 219, 235).

Holland, to regain much of the territory previously occupied by Spanish forces.[231] Territorial control also allowed the Dutch to reopen traditional trade routes from into Germany and re-establish its commerce. By 1600, the rebels were in command of nearly all the territory that was to form the modern Dutch state (Griffiths, 1960, p. 460; den Tex, 1973, pp. 1-2; Price, 1974, pp. 1-2; Geyl, 1980, pp. 75, 97, 172-202).

England and France recognised the Dutch Republic as an independent state in 1595 (Geyl, 1980, pp. 213-225). Spain's formal acknowledgement of The Netherlands' as an independent republic in 1606 formed the basis for the twelve-year truce between The Netherlands and Spain, signed at Antwerp on the 9th of April 1609. This treaty was significance in that it gave The Netherlands the assurance that it would continue to exist as an independent political entity. Importantly, as it did not enforce Spain's traditional rights to all Indian Ocean traffic, the *Treaty of Antwerp* allowed the VOC to expand its trade in East-India and was also a factor in the company's attempts to consolidate its operations and bookkeeping in 1608 when it became widely known that the truce would be signed (Geyl, 1980, p. 254).

[231] Advocate of the States of Holland, State Pensionary, architect of the Netherlands Republic, zealous Protestant, and effective controller of the Netherlands' treasury, van Oldenbarnevelt was an extremely powerful man who was obsessed with the notion that the Spanish were the archenemy, a nemesis he ruthlessly exploited to hold the fledgling Netherlands Republic together and employed throughout the campaign to force unification on the Dutch East-Indian companies. He was equally distrustful of the wealthy southern Netherlands immigrants who dominated Dutch commerce at the turn of the 16th century. More so than any other, this man was responsible for the formation and eventual structure of the Dutch East-India Company (den Tex, 1973, pp. 7-13, 40-50, 165-166, 243, 299-312, 303, 308; Gaastra, 1991, p. 19; Kyriazis, 2006, p. 92).

The governance structure of The Netherlands Republic

One of the rebels' first deeds was to enact the *Pacification of Ghent*, in 1576 to formalise the rebels' association.[232] Significantly, paragraph three of this treaty declared the rebels' intent of reverting to the form of Netherlands' government that prevailed in Charles V's time (Griffiths, 1960, p. 453). Rapid developments in the war with Spain soon necessitated that the *Pacification of Ghent* be replaced by another treaty, the *Union of Utrecht* (1579), which established what was intended as a temporary military alliance between independent allies in the fight against the Spanish.[233] Ironically, the first article of this unification agreement defined the Union's status by stipulating that its members' individual autonomy, traditional rights and customs were to be preserved.

The *Union of Utrecht* was an expediency of war. It was intended as the basis of a permanent political state. Consequently, it provided for only a bare minimum civilian government. Plans to develop a more effective constitutional document, and a system of central government were never implemented (Kossman and Mellink, 1974, pp. 165-173). Despite its shortcomings, this treaty was adopted as The Netherlands' formal constitution,[234] and remained the basis of the Republic's government structure until its demise in 1795 (Kossman and Mellink, 1974, p. 32; van Gelderen, 1992, p. 52). The Union's original purpose as a military alliance had an unintended consequence for the

[232] The *Pacification of Ghent* was agreed by Brabant, Flanders, Artois, Hainault, Valenciennes, Lille, Douai, Orchies, Namur, Tournay, Utrecht, Mechlin, Holland and Zeeland (Kossman and Mellink, 1974, pp. 126-132; van Gelderen, 1992, pp. 45-46).

[233] The members of this confederation were: Holland, Zeeland, Utrecht, Gelderland, Overijssel, Drente, Friesland and Groningen, together with a number of southern cities, amongst which was Antwerp (Geyl, 1980, pp. 100-118, 't Hart, 1989, p. 666; Tracy, 1990a, pp. 52-54, 94; de Vries and van der Woude, 1997, p 365). Later, Flemish towns, including Ghent and Bruges, together with the more important of Brabant's cities joined the Union.

[234] The name by which the independent Netherlands' Republic was formally known. With the exception of the southern regions that remained in Spanish control, most notably Flanders and Brabant, the signatories to the *Union of Utrecht* eventually formed The United Provinces (Rowen, 1972, pp. 68-69; Price, 1974, p. 16).

Dutch. It endowed the government of The United Provinces with a distinctive federal structure (see figure 4.1) in which the commercial interests of the constituent regions and towns dominated national politics. While such a structure appears quite modern by today's standards, it was entirely unprecedented in medieval Europe (van Gelderen, 1992, p. 59).

Figure 4.1 Organisation of The Netherlands' government

In principle the States-General, a national assembly of deputies appointed by the country's seven sovereign provinces,[235] was the senior organ of government in The Netherlands' government structure. Nominally, the Netherlands' regional governments, the States Provincial, formed the second tier of government. Finally, the base of the Dutch government system comprised a series of towns whose economic importance ensured they enjoyed special privileges. At first sight, the quite distinct tiers of Netherlands' public administration suggest an hierarchical political structure in which power was devolved from the top down but The Netherlands' government was very decentralised ('t Hart, 1989, p. 663), and largely operated from the bottom up. Real political power rested with the *burgomeesters* (mayors) who administered the towns ('t Hart, 1989, p. 665) but central, provincial and town government were inextricably bound

[235] Although The Netherlands Republic actually comprised eight provinces Holland, Zeeland, Utrecht, Friesland, Groningen, Overijssel and Gelderland and Drente, the States-General only represented the first seven. Drente was not represented in the States-General because it was considered too small, sparsely populated and impoverished (Price, 1974, p. 39).

together in a way that no one body could function without the cooperation of the others (van Gelderen, 1992, p. 24).

The States-General

The Acts of the States-General are extant from 1427 but its history is even earlier. This body first met as the combined states of the entire Netherlands for the first time in Bruges, in 1464, after Philip III had reformed it to facilitate the generation of new taxes, coordinate the Netherlands' diverse currencies, and provide a convenient means by which he could simultaneously communicate with all provinces on important issues. Its authority was defined in a 1477 charter known as the *Grand Privilege*, which prevented the feudal authority undertaking any domestic or foreign action, such waging war or imposing a new tax, if it did not have the consensus of all provinces. In addition, the *Grand Privilege* gave the States-General and States Provincial the right to convene whenever they thought fit (van Gelderen, 1992, pp. 23-24). Nevertheless, at this time the States-General was an advisory body. It did not assume any semblance of sovereign power until after the Dutch revolt against the Spanish Empire in the mid 16th century (Vaughan, 1970, pp. 202-203). Moreover the Crown found that its tax objectives were more easily achieved via the States Provincial, which circumvented the States-General and severely undermined its authority. The bitter rivalry between provinces and towns,[236] together with their constituents' compulsion to reject any proposal perceived as

[236] Provincial sovereignty was steadfastly defended throughout the period of the Dutch Republic. Zeeland, in particular, regarded Holland's motives with the utmost suspicion (Braudel, 1992c, pp. 205-206; Price, 1994, p. 228), and was always more closely aligned to Flanders and Antwerp than Holland and Amsterdam (Blockmans, 1993, p. 57). Despite repeated requests to change its bookkeeping practices, the Zeeland admiralty continued to use Flemish pounds as its unit of accounting until 1635, as did its branch of the VOC in Middelburg. Moreover, Zeeland's financial year commenced in October rather than January, as was common in other parts of The Netherlands ('t Hart, 1989, p. 672). As late as 1783, Zeeland threatened to withdraw from the Dutch East-India Company because it believed its independence was not being respected (de Vries and van der Woude, 1997, p. 175).

a threat to their autonomy made the States-General's task of achieving consensus before it could pass any resolution even more difficult (den Tex, 1973, pp. 245-259; Price, 1974, pp. 16, 23, 230; 't Hart, 1989, pp. 663, 674). Deputies assigned to the States General could not act as plenipotentiaries but were expected to accurately communicate their province's (or town's) view on the matter and provide a complete and truthful account on their return.[237] As they were not permitted to bind their principals by making unilateral decisions on important issues, every new proposal or amendment raised in the States-General's forum had to be referred back to the States Provincial for instructions how to respond.. Consequently, the States General's deliberations on matters of import were convoluted, demanded considerable patience and negotiating skills, and the resolution of any matter required an inordinate length of time. Exacerbating this tedious procedure, the fifty-eight major Netherlands' towns represented in the seven States Provincial each had to be consulted in turn (den Tex, 1973, p. 152; Price, 1974, pp. 1-2, 16-17, 233; 't Hart, 1989, p. 666; van Gelderen, 1992, p. 24; van Zanden and Prak, 2004, pp. 17-18). In this respect, an exasperated William of Orange complained to the States-General on January 9 1580 that

> You and your masters have not yet established any body or board, not even within the States, which has any power to take useful decisions in the general defence of this state; but each of you in his own province or city does what he pleases in his own interests, not considering that to give one city or province an advantage for a time means in the end to endanger the province or even the whole country. … you have not established a superior body or board to which the individual provinces pay obedience and which can meet dangers as they occur. … We meet often enough and talk a lot, but are as negligent in carrying out our decisions as we are slow and deliberate in debating them (Gachard, Correspondence de Guillaume le Taciturn, Vol. IV. in Rowen, 1972, p. 76).

[237] The practice that required political deputies to consult with their principals before proceeding with a matter on which they had not been briefed is known as '*ruggespraak*'. It is expressly forbidden by the modern Netherlands' constitution (den Tex, 1973, p. x).

William of Orange was not alone in his criticism of the effectiveness of the States-General. The Netherlands' political representatives more closely resembled an assembly of envoys from different countries than the government of a nation was well illustrated in a pamphlet compiled in September 1583 that read

> It is a well-known fact that the high (or as it is now called) sovereign authority is in the hands of the States of each of our provinces. For no one among them can command the others, nor is any one province directly subject to an overlord. Each province has its own States and its own ordinary public revenue. This Union has formed a community which manifest itself when the envoys of the States of each province meet at an appointed place. This is called the States General, not because they represent the States of each province in particular, but because they represent the community of the general union, that is to say, only what is common to them. For that reason their authority does not go beyond what was agreed upon in the union (Anonymous, in Kossman and Mellink, 1974, p. 257).

Francois Vranck, the chief public official (Pensionary) of Gouda, one of Holland's more important voting towns too, observed of The Netherlands government "They are not the States in person or in their own right. They are the States only by virtue of the commission of their constituents" (Vranck, 1587/1974, p. 279). What this meant in practice was that, if a provincial strategy conflicted with broader Burgundian or Hapsburg interests, the Crown could not impose its will on the provinces through the States-General (Vranck, 1587/1974, p. 279; Israel, 1995, p. 25). The only exception to this general rule was in times of war but, even then, the States-General's power was limited. It could compile a military budget but, if they did not consent, lacked the power to levy taxes on the provinces to meet the proposed expenditure. The States-General could only request that the provinces contribute to its proposals (Price, 1974, p. 17). William Temple (1705, p. 64) noted the central role played by consensus in Dutch government. He reported, "All the Provinces must concur, Plurality being not at all weighted or observed. This Counsel is not Soveraign, but only represents the Soveraignty."

Nominally, each province represented in the States-General had one vote, irrespective of the size or economic power. In practice, however, this principle did not ensure equity between provinces. The States-General relied on Holland's financial support, which gave Holland the leverage to effectively wield a right of veto in this forum that was not enjoyed by other constituents (Price, 1994, pp. 17-19, 235). The result was that where Holland's interests were in conflict with those of other provinces the former's interests prevailed. Consequently, the real authority in the Republic did not lie with the senior arm of government but had to be sought further down the chain. The next link in the command, the States Provincial, is considered below.

The States Provincial

States Provincial were established in 1428 when Philip III's government reforms incorporated various feudal advisory councils into a more formal government structure modelled on the French *états*. The principle was that the three estates: the clergy, the nobility and general citizens were represented in this forum. In reality, however, the estates were not evenly represented in all Netherlands' regions. The clergy were largely absent in Holland, and neither the clergy nor the nobility had any effective representation in Friesland. Furthermore, in the commercialised regions of Brabant, Flanders and Holland, towns exercised a disproportionately large influence on government. These provinces, in turn, had a greater influence on national government (Geyl, 1980, p. 31; Tracy, 1990a, pp. 14-15; van Gelderen, 1992, pp. 22-23). Each province considered itself an autonomous state with an independent government structure (Vranck, 1587/1974, p. 281; Price, 1974, pp. 58-59; Schama, 1988, p. 65). In a letter to Queen Elizabeth of England, dated 22 July 1587, Sir Thomas Wilkes confirmed François Vranck's (Franken) statement that supreme power in The Netherlands rested

with neither the States-General nor the Council of State but with the representatives of the towns who assembled as the States of Holland (William Temple, 1705, p. 64).[238]

States Provincial meetings were preceded by an agenda sent to each of the voting towns, upon receipt of which the towns debated the issues affecting them and instructed their deputies on how to proceed in the States Provincial. The towns represented in the State of Holland were ostensibly regarded as equals, as each voting town officially had a single vote, irrespective of its size or economic power. However, the order in which delegates were allowed to speak to the motion affected the outcome. For example, in Holland's States Provincial, the council chairman (*raadpensionaris*), who represented the nobility, opened the discussion and was followed by the great towns in order of their importance. Dordrecht spoke first, followed by the other great towns of Holland (Price, 1994, p. 123). Next the new Republican towns were allowed to address the meeting. Rotterdam was first, followed by Hoorn, Enkhuizen, Gorinchem, Schiedam, Schoonhoven, Brielle, Alkmaar, Edam, Monnickendam, Medemblik and Purmerend. This precedence not only dictated the tone of the discussion but also helped achieve consensus.[239] Delegates representing the less important towns generally only opposed a motion in the States Provincial if it did not have the support of the great towns,[240] which was sufficient to ensure that the larger towns' views prevailed (Price, 1994, pp. 60, 124, 127). Once all agreed on a particular course of action, the matter was settled. If consensus could not be reached, the matter was referred back to the towns for further deliberation. Accordingly, notwithstanding that the towns are represented at the bottom

---

[238] Vranck argued that the States' members were merely delegates who represented that sovereignty. But he also acknowledged that, while sovereignty rested in the people, it was the delegates to the States of Holland who actually exercised that sovereignty.

[239] Article six of the constitution of the Estates of Holland (1574) declared "Nobody shall be outvoted against their will in question of consent to petitions and subsidies, or in making any contributions to other members" (cited in 't Hart, 1989, p. 680).

[240] In addition, the more powerful towns garnered extended control over surrounding countryside by purchasing rural voting rights (Price, 1994, p. 11).

of the chain of command (figure 4.1), these authorities were not the least influential of The Netherlands' government bodies and warrant further examination.

The towns

The fundamental principle by which Holland, largest and most powerful of Netherlands' provinces, was governed was the sovereignty of the individual towns that comprised its assembly (Price, 1974, p. 23). Holland's 'great' cities (Dordrecht, Amsterdam, Haarlem, Delft, Leiden and Gouda) provided six of the seven of the States of Holland's representatives prior to the rebellion (Price, 1994, pp. 12, 123; de Vries and van der Woude, 1997, p. 165). The seventh representative, the province's Grand Pensionary, was a state official who represented the nobility and acted as chairman. The nobility's already weak representation in provincial affairs was considerably reduced after the formation of The Netherlands' Republic when twelve lesser towns (Rotterdam, Hoorn, Enkhuizen Gorinchem, Schiedam, Schoonhoven, Brielle, Alkmaar, Edam, Monnickendam, Medemblik and Purmerend) were granted full voting rights in Holland's States Provincial (Vranck, 1587/1974, p. 279; Price, 1974, pp. 58-60).

Each of the major Netherlands' towns regarded itself as autonomous entity and it was these bodies, rather than the provincial or state assemblies exercised the real power in Dutch politics. The towns instructed the States Provincial which, in turn, informed the States General ('t Hart, 1989, pp. 663, 678, 680; Price, 1994, pp. 58-59, 212-213; de Vries and van der Woude, 1997, p. 507). The principle that the mercantile towns were self-governing had prevailed from as early as the 10th century. Nevertheless, there were limits to this autonomy. The feudal lord's representative presided over the town government in conjunction with the elected representatives of the town and jointly governed the town in terms of its own laws, known as *keuren*. Over time, the communal aspect of local government was steadily reinforced, while the feudal authority was

increasingly weakened (Pirenne, 1963, pp. 20, 45-49). Above all, Holland's townspeople fought to maintain the rights and privileges enshrined in their town's charter, especially the right to free trade (Lambert, 1971, p. 181). Pieter de la Court (1702), a textile merchant, cited "John de Witt and other great men of Holland" who emphasised the crucial role Dutch towns played in the economy and that affiliation to a town was critical in being able to earn a living

> Next to a Liberty in serving God, follows the Liberty of gaining a Livelihood without any dear-bought City-freedom, but only of virtue of a fixed Habitation to have the common right of Inhabitants (in Rowen, 1972, p. 209).

Reinforcing the towns' sovereignty, the Dutch considered the notion of citizenship a purely local matter, conferred either by birth or purchase from a particular town. Consequently, 16th century Netherlander's had a strong affiliation with town or creed but little concept of an abstraction like nationality. Individuals defined themselves by the town (*patria*) where they were born, and above all else, closely identified with its interests (Barbour, 1950, p. 130; Groenveld, 1980, p. 387). This sense of loyalty was aggravated region's language division. North of an east-west line from Dunkirk to the Ardennes, Netherlands' culture and language was increasing Germanic. To the south, French influences prevailed. Notwithstanding this divide, French was the Netherlands' official language until 1579, when The Netherlands' Republic replaced it with Dutch (Geyl, 1980, p. 174).

The power of the Dutch towns is attributed to the role of commerce and their hold over the country's capital. A rapid growth in population, increased commercial activity and a rural market economy based on specialised, commercial farming caused the power of the Dutch towns to increase rapidly between 800 and 1250 (van de Ven, 1994, pp. 41-42). Moreover, this expansion coincided with the majority of the population in northern Netherlands being unencumbered by feudal ties. The result was increasingly capitalistic economy, which emphasised the importance of the country's towns. Moreover, the

towns were able to dominate the Dutch state because a merchant bourgeoisie, the *regenten* (regents), who controlled The Netherlands' capital, also governed the towns. Little more than ordinary citizens in the 16th and early 17th century, the regents gradually developed into an oligarchy that inherited its status. In the 17th century, regents held all the important political posts in the Republic's towns and provinces and, because their ranks were largely drawn from the ranks of the most influential merchants, their government was strongly biased towards mercantile interests. The regents' dedication to profit and the welfare of trade meant that they interpreted national interests in terms of the interests of local merchants and industrialists. The towns' *burgomeesters* or magistrates, who were usually part of the regent class, administered the town's property, revenue, prosperity and security. In the towns where a VOC chambers was located, the *burgomeesters* appointed the company's *bewinthebbers*. As Holland's towns also controlled The Netherlands' capital, these authorities were the driving force behind the Province's extraordinary economic expansion in the late 16th and 17th centuries. (Griffiths, 1960, p. 455; Price, 1974, pp. 8, 47, 58-59, 67-68, 78-79; Geyl, 1980, p. 238; Zwaan, 1982, p. 169; 't Hart, 1989, pp. 679-680; Braudel, 1992c, p. 196; van Iterson, 1997b, p. 52; Preczynski, 2000, pp. 13, 17; van Zanden and Prak, 2004, p. 19).

A factor that contributed to the prominent role afforded the towns in Dutch government was the Netherlands' usually early and rapid urbanisation ('t Hart, 1989, pp. 664-665). In the Netherlands' two most heavily populated and prosperous provinces, Holland and Flanders, forty five percent of Holland's population were urbanised by 1477 whereas only thirty six percent of Flanders' people lived in towns (Israel, 1995, p. 15). Large-scale urbanisation necessitated a monetised economy that was further encouraged by poor natural resources that compelled Dutch farmers to create an industrialised rural economy that traded its surpluses for the goods it did not produce.

Paramount amongst the towns of Holland in the 17th century was Amsterdam, yet its potential was not readily apparent even in the latter half of the 16th century. Bruges had long been the preferred entrepôt until surpassed by Antwerp in the 16th century. Thus, given Amsterdam's economic power and its influence on the VOC in the early 17th century, the history of how this city became Europe's premier pepper and spice market is pertinent to an understanding of the VOC's organisation. The manner in which Amsterdam succeeded Antwerp as Europe's entrepôt and commercial centre is examined in more detail in chapter five.

CONCLUSION

Chapter three analysed the geographical and topographical contextual factors that shaped Netherlands' society and its economy as a means of facilitating the comprehension the Dutch East-India Company's establishment and structure. To this end, it demonstrated that the Netherland's long experience in managing floods and tidal surges provided the fundamental principles of local autonomy, physical and financial accountability, consensus decision-making amongst stakeholders, and the idea that returns should be shared in proportion to input that subsequently informed the structure applied to the country's social institutions.

Contextual circumstances defined by the nature of their land also resulted in the medieval Dutch being a largely urban society with a free market in land, industrialised farming methods, and a tradition of pooling their capital to acquire expensive assets necessary to their survival. These factors forced the Dutch to adopt a monetarised economy and, as a result, the 16th century Dutch embraced many fundamental capitalistic ideals long before these became an accepted part of the economy in most other parts of Europe. Centuries of water-management practice also shaped the manner in which the Dutch organised their social institutions. Local water-boards have a direct

genealogical link with later governance structures that endowed the Dutch with the strong belief that for social institutions to be effective, power cannot be centralised but must be devolved to the local level.

The principles developed from their experience with their medieval water authorities are readily apparent in the manner in which the Dutch organised the Netherlands' Republic in the 16th century, and structured the VOC in the early 17th century. Dutch society was characterised by a decentralised government and an overriding emphasis on merchant groups and commercial interests, to the extent that the Dutch national character was bourgeois in every sense of the word (Huizinga, quoted in van Dijk and Punch, 1993, p. 169; Price, 1974, p. 82). Moreover, the principles of association honed on their experience with the water-boards are still apparent in the manner in which modern Netherlands' businesses are organised.

The precise relationship between the contextual factors that shaped medieval Netherlands' society and the VOC's form of organisation will be more readily apparent when the events that gave rise to the company's formation and the provisions of its charter, together with its bookkeeping methods are studied in Part III. In this respect Israel (1990, p. 71) noted that the Dutch East-India Company was

> a unique politico-commercial institution, and one that could be imitated nowhere else in the world, because the United provinces were the world's only federal republic in which a collectivity of town governments, committed to the advancement of trade, industry, and navigation, also wielded great military and naval power.

Contextual factors provide some interesting clues to explain the nature of the VOC's formation and its organisation. These factors are not, however, sufficient to explain how the Dutch were able to accumulate the capital needed to invest in risky East-Indian ventures or how Amsterdam usurped the role of its predecessors, like Antwerp, Bruges and Venice. Clues to unlock these question must be teased from the

circumstances of Netherlands trade prior to VOC being and formed, which is the subject of chapter 5.

CHAPTER 5

NETHERLANDS' TRADE AND COMMERCE[241]

> Man, driven on by the greed of the trader, is led over all lands and all seas by the hope of gain (Seneca, vol. II, Bk. X:1.2).[242]

The Netherlands has long been committed to trade and commerce, which are inextricably bound up with capitalism. Sixth century Frieslanders, from northern Netherlands, were experienced traders, carriers and shipbuilders who developed an extensive a commercial network that encompassed Ireland, England, France and the Baltic lands (Riley and Ashworth, 1975, p. 35). At the 755 fair of St. Denis near Paris, Frisian traders reportedly dealt in a wide variety of goods, including wine, olive oil, honey, madder, spices, scents, pottery, glassware, silk, salt, timber, tar, amber, furs, paper and textiles (Lambert, 1971, pp. 130-131). The Frisians were overtaken in the 12th and 13th centuries by Dutch towns located along the Ijssel River, which provided a strategic link between the Baltic Sea, Germany and Flanders (Lambert, 1971, pp. 144-148). Kempen was most important of these towns, ranking second to Bruges as a commercial centre by the 14th century. It was a member of the Hanseatic League, and controlled half of the Netherlands' Baltic trade by 1370.

---

[241] The term 'trade' is generally reserved for the exchange of physical goods, whereas 'commerce' is a more general reference that encompasses all kinds of business, including the provision of particular skills and services such as banking and finance.

[242] "*Alium mercandi praeceps cupiditas circa omnis terras, omnia maria spe lucri ducit*" (Seneca, vol. II, Bk. X: 1.2).

At the same time, Amsterdam's share of this trade was only a quarter. Yet by the early 17th century Amsterdam had usurped all other western European cities to become the region's premier entrepôt (Lambert, 1971, pp. 149, 171, 177). Amsterdam's success was partly due to natural factors. Rising sea levels during the late 13th century forced the Dutch to dam river estuaries in southern Holland. Towns located at these barriers, which included Amsterdam, Enkhuizen, Hoorn, Edam, Monnikendam, Rotterdam and Schiedam assumed increased prominence and flourished commercially, not least because they were able exact tolls on the passing traffic (Lambert, 1971, p. 170). Later in the 15th century the herring shoals that were a primary factor in the Ijssel towns' commerce migrated from the seas off Scandinavia to the North Sea. This migration favoured western fishing ports with direct access to the North Sea and acted to the detriment of those located along the Baltic coast. The final blow for the Ijssel towns came in the 16th century when increasing deposits of silt prevented large cargo ships from using the river.

The Netherlands' importance as a centre of trade and commerce was also a direct consequence of the region's dearth of raw materials and productive land. As a result, the Dutch were forced develop selected industries, like shipbuilding, pickled herring, salt refining, brewing, textiles and dairying into highly specialised, large-scale operations that produced a surplus of product that could be traded for the goods they needed (Israel, 1995, p. 24). Although the Dutch did not have a monopoly in these products, they excelled by copying and improving the commodities offered by their competitors, developing economies of scale, and exploiting a large and expanding hinterland. For example, the Dutch initiated the processed food industry by specialising in pickled herring. To create efficiencies and enhance their competitiveness, factory ships were employed to accompany the fishing fleet so that the catch could be processed immediately. This had the advantage that the freshness of the product was enhanced but, most importantly, it allowed the fleet to remain at sea for longer periods which made the

Dutch herring fleet significantly more efficient. The Dutch also judiciously policed their brand's competitiveness by introducing strict quality controls to ensure the excellence of its pickled herring. This degree of attention to detail did not only benefit the fisheries, the need to trade these goods encouraged the Dutch to expand their fleet to reap the advantages from economies of scale. The 16th century Dutch fleet was highly efficient. Its ships were relatively cheap to construct, could carry more cargo than their competitors, and required fewer crewmen (Rowen, 1972, p. 143; Barbour, 1950, p. 130; 't Hart, 1989, p. 664; Tracy, 1990a, pp. 22-23, 30-31; Braudel, 1992c, pp. 177-180; Blockmans, 1993, pp. 44-58). In addition to their advances in marine architecture, the Dutch had also made significant gains in the science of navigation by the latter half of the 16th century. By the end on the century, the Netherlanders dominated the carrying trade between the Baltic and Iberia. More importantly from the perspective of this history, these factors led to the country's ability to successfully undertake the highly risky business of venturing to East-India, and eventually gave rise to the VOC in 1602.

The chapter commences by reviewing the history of the pepper and spice trade to determine the attraction of this highly risky business and trace the rise of Western Europe as the centre of the traffic in Europe. It notes that demand inelasticity was a significant factor of this trade that drove those involved to do everything in their power to monopolise it and, thereby, maximise the revenues they could earn. The circumstances surrounding the shift in the pepper and spice trade from the Mediterranean to the North Sea and, finally, Amsterdam are examined next with the objective of determining the circumstances that motivated Amsterdam's ascendency to the centre of the continent's pepper and spice trade, and allowed The Netherlands' to acquire the capital that permitted it to establish an East-India Company to service its market. Capital alone is not a sufficient condition for successfully completing a commercial voyage to the East-Indies and back. Technology plays an equally important

role in such endeavours. Accordingly the chapter continues by examining the expansion of The Netherlands' trade and commerce into the Mediterranean Sea and Atlantic Ocean during the latter half of the 16th century. These voyages allowed the Dutch to hone their skills as long-distance mariners, and provided the technology necessary for efficiently undertaking such voyages. They also contributed much of the necessary capital that allowed the Dutch to participate in the East-Indian pepper and spice trade by challenging the Portuguese monopoly.

HISTORY OF THE PEPPER AND SPICE TRADE.

Exotic Asian spices have long cast an enthralling spell over European minds that, at first sight, is difficult to comprehend. Gold, silver, silks and jewels have an immediate attraction that make it easy to understand their appeal, but pepper and spices are most unprepossessing wares, resembling nothing more than dried bark, twigs and seeds. Traffic in these goods between India, Mesopotamia and the Mediterranean can be traced to the third millennium BC (Hieronymous of Cardia, *c*. 323-272 BC, in Crone, 1987, p. 18; Chiera, 1938/1996, p. 228). Notwithstanding its plain appearance, pepper was highly prized by Roman consumers (Pliny, Bk. XII, 29; Tomé Pires, Summa Oriental, vol. II, in Smith, 2001, p. 120; Warmington, 1974, p. 181; Zosimus, 1982, 5.41). Even in the 16th century, Europeans still considered it self-evident that extraordinary profits could be made that more than justified the risks involved. Jean Thénaud observed of the Portuguese in 1512, "They make a profit of a hundred percent or more, on merchandise which is of little value here" (quoted in Braudel, 1972-3, p. 545). Thénaud's reference was to pepper, the Asian product Europeans were most anxious to control (Braudel, 1972-3, p. 545; Boxer, 1969, p. 60). Much of the silver and copper mined in Europe, and the silver and gold imported from the Americas in the

Middle Ages, was dissipated in pursuit of these wares (Braudel, 1972-3, pp. 464, 569).[243]

Trafficking in pepper and spices was an extraordinarily lucrative enterprise because these products were considered a luxury good that was demanded by the more affluent members of society. As a result, the demand for pepper and spices was relatively inelastic, that is, a rise in the purchase price had a relatively insignificant effect on the amount of product purchasers were prepared to buy. In turn, this characteristic gave those merchants who dealt in these goods an almost unlimited ability to exploit the market by raising prices ever higher (Issawi, 1970, p. 262; Braudel, 1972-3, p. 548; Steensgaard, 1990, p. 123). It was also the principal reason why those who gained access to this market were never satisfied with less than a complete monopoly of the traffic. Demand elasticity is, however, a two edged sword, as the Dutch found out in the 17th century when they failed to move excess inventory by a strategy of low prices.

Pepper originated in southern India, while the spices most sought after by the Europeans, such as cinnamon, nutmeg and cloves, came from Sri Lanka and a gaggle of small islands to the east of Indonesia. Prior to Portugal's discovery of the sea route via the Cape of Good Hope in the 16th century, all Asian goods arrived in the Mediterranean basin by two main routes, either by small boat via the Persian Gulf, from where the freight travelled overland to Syria's Mediterranean coast by camel caravan (Toussaint, 1966, p. 32), or via Aden to an Egyptian Red Sea port, and then overland across Egypt to the city of Alexandria. This meant that the Mediterranean price for Asian goods was subject to the whim of whoever controlled the Arabian land-bridge. By virtue of its geographical position and the relative security of conducting trade in Egypt, Alexandria

[243] Portuguese silver exports from Antwerp between 1495-1521 stood at fourteen thousand *marks* (2,426.5 kg.). At the same time eleven million pounds of copper was exported. At least half the copper mined by the Fuggers in Hungary at that time was sent to Antwerp between 1507-1539 (van Houte, 1977, p. 177).

dominated the Mediterranean pepper and spice market for centuries (Toussaint, 1966, p. 34). Endemic to the history of the spice trade are repeated attempts to circumvent this impediment, and, thereby, avoid the imposition of monopolistic tariffs and taxes (Strabo, 1930, Bk. 16.4.22; Beazley, 1968, pp. 141-142; Miller, 1969, pp. 13-14; Crone, 1987, pp. 10, 19, 34, 45-46; van der Wee, 1990, p. 16).

Venetian, Genoese, Catalan and Sicilian merchants, who were the principal wholesalers of Asian goods in the Mediterranean during the Middle Ages, found themselves subject to increasingly damaging terms of trade as the Egyptians sought to maximise their monopolistic returns (Boxer, 1969, p. 40; Ashtor, 1983, pp. 53, 65-66, 108-109, 511; Braudel, 1992c, p. 478). Eventually, only Venice, which had direct access to the lucrative German market,[244] survived the strictures imposed on the trade during the 14th and 15th centuries and became Europe's premier entrepôt for Asian pepper (Lane, 1933, pp. 221, 228; Ashtor, 1983, pp. 74, 277-284, 479-478, 486; Abu-Lughod, 1989, pp. 189, 215; van der Wee, 1990, pp. 26-27).

Notwithstanding the city's dominant role, Venice's European pepper and spice hegemony was flawed by the reliance of its commercial system's liquidity on German silver and copper (van der Wee, 1990, p. 20). This gave German financiers considerable leverage over the trade, an advantage they continued to enjoy until the 17th century. Venice and Egypt's dominance of the pepper and spice traffic lasted only until the beginning of the 16th century. The revolutionary development that suddenly destroyed their centuries-old advantage was Portugal's successful circumnavigation of the Cape of Good Hope, which opened the sea-route from Europe to India. This momentous event immediately shifted the centre of European commerce from the eastern Mediterranean to

[244] Paolo Morosini testified that the value of the transit trade in the latter half of the 15th century was in the order of a million *ducats per annum* (Ashtor, 1983, p. 478). For the Germans, the disadvantage was that trade had to pass through Venetian territory where, in much the same manner as the Egyptians, a monopolistic toll was exacted on the value of the traffic.

North-western Europe (Diffie and Winius, 1977, pp. 68-69, 160-161, 198-201) and established the Netherlands city of Antwerp as a major European entrepôt and centre of European economic power. After 1503, all Portuguese pepper imports were sold through the intermediary of the Casa da India's factory, the Feitoria de Flandres established in Antwerp in 1508 (Boxer, 1969, p. 60; Diffie and Winius, 1977, pp. 313-320; Braudel, 1992c, p. 149). Antwerp was selected for this role because it had both direct access to the North Sea and gave easy access, via the Rhine, to major northern European markets. Led by the Fuggers in 1501, the Germans relocated their Venetian businesses first to the Western Mediterranean, and eventually to Antwerp. The city's rapid promotion to world entrepôt, which rested largely on Portuguese pepper, proved relatively short-lived.

Portugal abandoned its Antwerp factory in 1549 and re-established its market in Lisbon. This move was largely precipitated by its difficulty in servicing the debt owed to German financiers (Lane, 1933, pp. 228-230; Lach, 1965, pp. 108-109, 119; Braudel, 1972-3, pp. 543-544; Diffie and Winius, 1977, pp. 313-320, 410-411; van der Wee, 1990, pp. 28-29; Phillips, 1990, pp. 50-51; Braudel, 1992c, pp. 143, 149). [245] However, their difficulty in servicing the Antwerp debt was not the only reason that persuaded to Portuguese to move their pepper market to Lisbon. A French blockade of the Scheldt waterway in 1543, which isolated Antwerp from the North Sea, was a significant contributing factor, as was the ruinous actions of English and Breton privateers. Rampant privateering in the North Sea meant that the shipment of high value goods became an unacceptable risk for merchants but a very lucrative source of revenue for those countries that licensed the activity. The scale of the benefit can be gauged from the observation that privateering contributed an average of one hundred and forty eight thousand florins a year to finance the Dutch rebellion between 1573 and 1576 (Fritschy,

[245] In 1543, the Antwerp debt was estimated to be two million ducats, most of which was secured against future deliveries of pepper and spices. Effectively the traffic had been mortgaged to the financiers.

2003, p. 60). To counter this threat, the Portuguese either required that shipment north from Lisbon be at the purchaser's risk or that neutral ships carried such goods. The latter task increasingly fell to Dutch skippers. The Netherlands rebellion against Spanish rule after 1566 was the final to Antwerp. As a result of the Dutch blockade of the Schelde, and the Spanish sacking of the city, the commercial advantages that the city had enjoyed were dissipated. Most foreign merchants and many of its most wealthy citizens had deserted Antwerp by the last decade of the 16th century (Lach, 1965, pp. 126-127; Toussaint, 1966, p. 118; Israel, 1990, p. 38; Braudel, 1992c, pp. 143, 151; de Vries and van der Woude, 1997, pp. 365-8). Antwerp's decline proved to be the catalyst that sparked Amsterdam's astonishing rise to fortune in the 17th century and lead to its becoming the world's premier financial and commercial centre in the 17th century (Hamilton, 1948, p. 43; Riemersma, 1950, p. 33; de Haan, 1977, p. 62; van Houte, 1977, p. 191; Geyl, 1980, p. 274; Adams, 1994, p. 319; de Vries and van de Woude, 1997, pp. 354, 368; Gelderblom and Jonker, 2004, p. 3). Notwithstanding these developments, Amsterdam had little obvious advantage over Holland's other towns before the 14th century (Lambert, 1971. p. 38; Price, 1974, p. 41; Riley and Ashworth, 1975, p. 37).

AMSTERDAM'S ASCENDENCY TO WORLD ENTREPÔT

Prior to the 12th century, Amsterdam was no more than a fishing hamlet perched on piles driven into the top of the Amstel river dike at the point where the river was dammed before it flowed into the Almere.[246] At the time, Holland's prospects did not look good, largely because the surface of Almere, a freshwater lake, was above sea-level, thereby prohibiting Holland's waterlogged pastures being drained. Nature

[246] Almere was the name of the inland lake that existed before the sea broke through the dune barrier at Texel in the 12th century. In Roman times it was known as Lake Flevo. After the dunes were breached in the 12th century it was called the *Zuider Zee* (Riley and Ashworth, 1975, p. 14; van de Ven, 1994, pp. 35, 52-55).

intervened at the end of the 12th century when the sea broke through a narrow peat ridge separating the Almere from the North Sea, which drained the lake and created the *Zuider Zee*. Located at the far end of the *Zuider Zee*, Amsterdam, gained direct access to the North Sea as a result. Importantly, the lower level of the *Zuider Zee* also allowed previously flooded land to be drained, thereby facilitating rural industry and the construction of a canal system that gave Amsterdam a secure freight route south to the Rhine, the important German market and the North Sea. This meant that Amsterdam was the only European city with direct shipping links with all the major western European markets (Lambert, 1971, pp. 154-156; van der Linden, 1981, pp. 42, 49; van de Ven, 1994, pp. 35, 52-55 TeBrake, 2002, pp. 484-485).[247] As a result, once Antwerp's economic foundation was shattered by the Netherlands rebellion in the 1580s, a secure Amsterdam was the logical choice for Europe's entrepôt.

Not only did Amsterdam have the ships and necessary infrastructure to handle large volumes of cargo, it had also developed the capital to sustain its operation. By the mid 16th century, Amsterdam had greater capital reserves, and enjoyed a better credit rating than any of its competitors. Consequently, relative to that of other Netherlands' towns, Amsterdam could more easily raise the finance needed to expand its trade. Moreover, the city's economic strength gave it considerable leverage in negotiations with the States of Holland and, ultimately, the States-General (Limberger and 't Hart, 2004, p. 7; 't Hart, 1989, pp. 663-668). By the early 17th century Amsterdam was firmly established as the centre of Europe's economy and a world entrepôt that handled every conceivable form of merchandise. The city's relative economic power at the beginning

[247] Water-borne freight was the most effective means of transporting goods at this time. Road transport was utilised for long distance freight into continental Europe, the extremely large German Hessenwagons being a prime example, but these very heavy vehicles were expensive to use. They not only caused substantial damage to existing roads but the region's topography often forced road vehicles to make lengthy detours, and the boggy nature of the terrain caused them to become stuck for long periods.

of the 17th century is readily apparent in Article I of the VOC's charter that stipulated the Amsterdam chamber would enjoy fifty percent stake of the VOC's economic activity, Zeeland a quarter and the other chambers one sixteenth each[248] (NL-HaNa, VOC, file 1, Article I). Article two apportioned eight of the seventeen members of the *Heren Zeventhien*, the VOC's supervisory board, to the Amsterdam chamber. Similarly, Article XXV allowed the Amsterdam chamber a total of twenty *bewinthebbers*, while the entire province of Zeeland had only twelve and the smaller chambers seven each. As these proportions were not based on the capital sum attracted by a particular chamber but based on each town's general economic power, they represent economic fact at that time. Nevertheless, the VOC's Amsterdam's chamber did accept capital subscriptions totalling three million, six hundred and seventy-four thousand, nine hundred and fifteen *guilders* (*f*.3,674,915/0/0d.), which represented the bulk of the company's capital. By contrast, Zeeland's subscriptions amounted to only one million, three hundred and thirty three thousand, eight hundred and eighty two *guilders* (*f*.1,333,882/0/0d.), that is, one third of the Amsterdam total (NL-HaNa, VOC, 1.04.02, files 7064, folios 72, 73, 74; 13794, unpaginated;)[249]. This data clearly demonstrates that Amsterdam was The Netherland's economic powerhouse at the beginning of the 17th century.

The city's elevation to premier commercial and financial centre is all the more surprising because Netherlands' wealth had been concentrated further south, in Flanders and Brabant. By comparison, even during the early part of the 16th century, the major northern Netherlands' provinces of Zeeland and Holland were still quite impoverished (Riley and Ashworth, 1975, p. 35; Geyl, 1980, pp. 5, 25-34, 238; Tracy, 1983, pp. 2-3, 309; Rowen, 1990, p. 571; Price, 1994, pp. 232-233; Kaijser, 2002, pp. 539-540). An Antwerp financier in the mid 16th century, such as Gasparo Ducci, might easily advance

[248] The charter's arithmetic is incorrect because it states that the four smaller chambers, which had to share one quarter of the total, were entitled to a one-eighth share.

[249] See chapter seven for details of the VOC's capital subscriptions.

the Spanish Crown anywhere between fifty thousand to one hundred thousand *guilders* to finance a single transaction. At the same time, the ninety-three wealthiest Amsterdammers were collectively worth no more than one hundred and ninety four thousand *guilders* (Tracy, 1983, p. 309). Tax data for the period 1543/1545, roughly half a century before the city was acknowledged as Europe's leading commercial centre, also reveals that while Antwerp's share of Netherlands' commerce exceeded eighty percent, Amsterdam's amounted to no more than four percent (de Vries and van de Woude, 1997, pp. 350, 359).

A number of factors promoted Amsterdam into Europe's premier entrepôt. The town was located some distance from both the North Sea and the Baltic and surrounded by low-lying lands that could be easily flooded. As a result, it was relatively secure and easy to defend. Furthermore, the *Zuider Zee's* tidal action scoured Amsterdam's harbour, providing quays with deep water. Most importantly, the city's success was founded on its ability to make bulk purchases at low prices, carry and store materials at economic rates and sell dearly when and where required. Furthermore, the town's merchants enjoyed toll-free rights on Holland's canal route to the south (Lambert, 1971, pp. 173-174; Barbour, 1950, pp. 13-15, 95; Tracy, 1985, p. 196; Israel, 1990, pp. 14-15; de Vries and van der Woude, 1997, pp. 33, 180, 351). By the mid 16th century Johan van Veken[250] declared, "Here Antwerp itself is transformed into Amsterdam"[251] (in 't Hart, 1989, pp. 666, 683). Later, in 1594, Antwerp exile Jacques de la Faille echoed a strikingly similar sentiment, observing, "Here is Antwerp itself changed into Amsterdam" (in Braudel, 1992c, p. 187). De la Faille's observation could be interpreted to mean that not only had Amsterdam been able to dominate European commerce as Antwerp had done before it, but that the individual skills and the capital that had made

[250] Verken is also spelt as Veken and Veeken.
[251] "*Ziehier is Antwerpen selve in Amsterdam verandert.*"

Antwerp into a powerful economic force were now to be found in Amsterdam as a consequence of the mass migration of Antwerp's population during the Netherlands' rebellion.[252] A significant group of these refugees had first migrated to Hamburg, which caused the balance of economic power in Western Europe to briefly shift to that city. Notwithstanding its stable political environment, Hamburg suffered the disadvantage of not having direct access to the North Sea. This impediment, together with a growing confidence in the Dutch Republic in the last years of the 16th century, caused merchants to increasingly recognise Amsterdam as the best place from which to conduct business. Consequently, many of these refugees gravitated towards Amsterdam in the last years of the 16th century. Unusually, the refugees who migrated to Zeeland and Holland after 1585 were permitted to liquidate their capital before leaving Antwerp and take their wealth with them, thereby providing northern Netherlands with a substantial inflow of skills, commercial networks[253] and capital, which must have facilitated Zeeland and Holland's earliest voyages to the East-Indies, and ensured Amsterdam's status as Europe's premier entrepôt in the 17th century (Braudel, 1972-3, p. 640; Barbour, 1950, pp. 11-15; de Haan, 1977, pp. 62-63, 76; Geyl, 1980, pp. 210, 238; Tracy, 1985, p. 196; 't Hart, 1989, p. 677; Israel, 1990, pp. 29-42; van Rooyen, 1990, p. 69; Gaastra, 1991, p. 29; Braudel, 1992c, p. 187; Adams, 1994, p. 328; de Vries and van der Woude, 1997, pp. 365-371).[254] Notwithstanding the clear advantages that accrued from the migration

[252] As many as one hundred thousand artisans and labourers fled Flanders and Brabant in the 1560s and settled in Holland and Zeeland. Later, when the Spanish recaptured the city, Jews and Protestants, who comprised the city's commercial and intellectual leaders, fled north. However, this was a surprisingly civilised event because the refugees were permitted to liquidate their affairs and take their moveable assets with them. Of an estimated one hundred thousand inhabitants in 1570, only about forty thousand remained in Antwerp in 1590.

[253] At that time an established commercial network represented an asset every bit as important as liquid capital, as without it 16th century international trade was impossible.

[254] Braudel (1992c, p. 187) noted that half of the funds deposited in the Bank of Amsterdam in 1609 originated from southern Netherlands.

of southern skills and capital to northern Netherlands', the latter's economic success was unique in one respect. Unlike other regions that owed their progress to the success of their merchants, northern Netherlands' advancement was based largely on the effectiveness and efficiency of its merchant navy.[255] Water borne traffic in the 15th century was key to the economic prosperity of the cities of Holland because merchants preferred to carry goods between the Baltic and Flanders by the sheltered inland waterways of Holland rather than risk vagaries of weather and piracy in the North Sea (Lambert, 1971. p. 154, Tracy, 1990a, p. 30).

TRADE AND SHIPPING

Two main trade routes traversed Europe. One ran west-east, from the North Sea to the Mediterranean, via Germany. Wool, woollen cloth, timber, manufactured goods, spices and other exotic goods were transported to markets along this route. The other, which trafficked in copper, iron, timber, grain and leather from the Baltic, wine, textiles and grain from France, and olives, luxury textiles and spices from Mediterranean ran north-south, from Scandinavia and the Baltic to Portugal and Spain. These routes intersected in the region of the Netherlands dominated by the deltas of the Rhine, Maas and Scheldt rivers. Sea and river freight were the necessary means of transporting goods over long distances along these routes. By the latter half of the 14th century Kempen skippers regularly operated between the Baltic in the north and Portugal in the south (Lambert, 1971. p. 146). Prior to the 16th century, the Hanseatic League dominated all shipping in and around the Baltic but after that time the Dutch increasingly gained control of western Europe's sea-freight (de Waal, 1927, pp. 1-2; Riemersma, 1950, p. 33). Holland's ships dominated the Baltic *oostvaard* (eastern voyages) by the end of the

[255] Holland's two main economic assets were fishing and sea freight (Israel, 1995, p. 24).

15th century to the extent that Amsterdam came to be considered the dominant Baltic trading city in the 16th century. In the south, Zeeland's principal port city of Middelburg had well-established trade links with England, France and Iberia, which collectively was known as the *westvaart* (western voyages) to distinguish it from the Baltic trade. Together this traffic was referred to as the *moedernegotie*, literally the genesis of Netherlands' trade (Tracy, 1985, pp. 194-196; Israel, 1990, pp. 6, 14, 38; de Vries and van der Woude, 1997, pp. 350-354, 368-373). Dutch hegemony of the main North Sea-Baltic shipping route was complete after 1590, aided in no small measure by the role played by the region's rivers and canal system that offered an economical alternative to sea-freight over part of the north-south route, and a safer conduit than the North Sea (Rowen, 1972, p. 143; Riley and Ashworth, 1975, p. 36).[256] English ambassador to the Netherlands, William Temple (1705, p. 70), commenting on the economic advantage of The Netherlands' rivers, noted that they were

> Navigable so mighty a length into so rich and populous Countreys of the Higher and Lower Germany; which as it brings down all the Commodities from those parts to the Magazines in Holland, that vent them by their shipping into all parts of the World where the Market calls for them.

Growth of the Dutch fleet

The Netherlands' economic growth in the late 15th and 16th centuries was undoubtedly founded on its merchant navy and fishing fleet (Alberts, 1969, p. 71; Braudel, 1972-3, p. 636). The Dutch were unsurpassed in being able to transport cargoes efficiently and effectively and their fleet, which had numbered only about four hundred large ships in 1532, grew to about eight hundred ships by 1567, and reached

[256] Tracy (1990a, p. 10) regarded the system of dykes and drainage canals developed by the Hollanders in the 13th and 14th centuries as "one of medieval Europe's more impressive monuments to human collaboration and engineering skill."

approximately twelve hundred merchant ships by 1595 (van Rooyen, 1990, p. 76).[257] In 1540, the Hollanders alone had in excess of four hundred ocean-going vessels, more than the fleets of England, France and Brittany combined (Tracy, 1985, p. 195). By the end of the 16th century, Holland possessed about one thousand eight hundred ships, of which five hundred were based in Amsterdam.[258] The rate of the expansion of Holland's maritime trade can be gauged from the change in population in the port cities. A fleet of this size required an estimated thirty thousand sailors to man, and thousands more as shore support. In the first quarter of the 16th century, the port cities of Zeeland and Holland together accounted for about seven or eight percent of the total population of northern Netherlands. By the mid 17th century these cities' populations accounted for about twenty percent of the Republic's total population (de Vries and van der Woude, 1997, p. 405).

Not only did the number of ships increase, the average tonnage of the fleet also rose steadily after 1557, and increased markedly around the 1590s (de Haan, 1977, p. 45; van Rooyen, 1990, pp. 95-96). During the 14th and 15th centuries the Dutch had improved on the design of the Bretonese carvel,[259] developed the full-rigged ship, and invented the herring bus.[260] By the 16th century, Dutch shipbuilding was the most technically advanced in Europe. The staple Dutch cargo vessel of the late 16th and early 17th century, the flute (*fluitschip*), was a vessel of advanced design that was based on the

---

[257] The average age of the twenty-nine ships Willem Willems despatched to Italy between October 1591 and March 1593 was between three and a half years (Hart, 1978, p. 48).

[258] At the peak of Venice's commercial power that city had only about three hundred ocean going vessels (Israel, 1990, p. 24). This growth notwithstanding, other Baltic shipping during the period 1500-1550 exceeded that of Holland (Tracy, 1983, pp. 307-308).

[259] Carvel constructed hulls utilised an internal framework and abutting planks, whereas the traditional European ship had employed overlapping planking to form the hull (de Vries and van der Woude, 1997, p. 355).

[260] The *fluit* was a large large, box-like ship of shallow draft that could be used for both catching and processing fish. The advantage in such a vessel was that it could stay at sea for longer periods, thereby making the industry more efficient.

Dutch herring bus (Voertman, 1954, p. 87). By comparison with the contemporary Portuguese carrack or the Spanish galleon, the flute had a much longer keel in relation to its overall length and width and a much reduced superstructure. This design produced less friction and allowed them to sail faster. A range of innovative sails also enhanced the speed and manoeuvrability of these ships. The flute's design produced a ship that cost about one third less than the equivalent English ship to construct, was twenty percent smaller but still capable of carrying a similar load to larger, more conventional designs. Furthermore, the traditional 'castle' was eliminated, which made the flute less top-heavy and, therefore, more stable, which reduced the size of the crew by between a third and one half. One other significant advantage was that their design allowed them to be loaded and unloaded more quickly than conventional designs. In practical terms, these innovations enabled the Dutch to complete the transhipment of goods from Iberia to the Baltic, or *vice versa*, in a single European season instead of storing goods over the winter as had previously been necessary (Tracy, 1985, p. 195; Voertman, 1954, pp. 84-87; Israel, 1990, pp. 21, 27; Tracy, 1990a, p. 12; Braudel, 1992c, p. 190; de Vries and van der Woude, 1997, pp. 296, 355-357). Superior marine architecture, which allowed them to dominate European sea-freight, undoubtedly paved the way for the Dutch East-India companies that subsequently allowed the Dutch to dispossess the Portuguese and Spanish of their Indian Ocean monopoly and promoted Amsterdam to world entrepôt.

The key to Dutch maritime capital: Low bulk, high value or high bulk, low value cargoes

The Netherlands' capacity to freight large quantities of cargo efficiency over long distances was undoubtedly a factor in the Republic's success in establishing itself in the East-Indies, however, the extent to which shipping played a role in their being able to usurp the Portuguese domination of the pepper and spice trade is more contentious.

Many historians (Unger, 1916, pp. 353, 366; Braudel, 1972-3, pp. 599-601, 629-31; Tracy, 1985, p. 195; de Vries and van der Woude, 1997, p. 364) argue that The Netherlands' economy and its ability to fund the East-Indian traffic was founded on massive shipments of Baltic grain to the Mediterranean between 1592 and 1593.

Poor Italian harvests between 1586 and 1590 saw the grand Duke of Tuscany order one million *ducats* of northern grain.[261] Amsterdam, Western Europe's premier grain market by the mid 16th century, was in an ideal position to exploit the Mediterranean's need (Unger, 1916, pp. 352-353, 359-360; Barbour, 1950, pp. 18-19; Hart, 1978, p. 44; Braudel, 1992b, p. 405). Amsterdam notarial records show (Hart, 1978, in van Rooyen, 1990, p. 75) that at least thirteen Amsterdam ships sailed in 1591, twenty eight in 1592, a further forty seven in 1593, twenty three in 1594, only two in 1595, thirty six in 1596, four in 1597, fourteen in 1598, nine in 1599, fifteen in 1600, twenty eight in 1601, and fifty seven in 1602. In 1593, alone, nearly sixteen thousand tons of wheat and rye from the Baltic region were imported into the Mediterranean, most of it in Hanseatic and Dutch ships. The Netherlanders' capacity to carry goods very efficiently allowed them to drive out English and Hanseatic competition from the western Mediterranean (van Rooyen, 1990, pp. 92, 99). So efficient were the Dutch in shipping Baltic grain that French grain shipped south by river could not compete with Baltic grain shipped south by the Dutch (de Vries and van der Woude, 1997, p. 358). The subsequent slump in grain demand, allied to the capital earned from grain shipments, gave the Dutch the capital to develop their market for other north European wares, such as fish, cloth, metals and timber in the Mediterranean.

Velius (1740, in de Haan, 1977, p. 56) confirmed that the Dutch grain ships that sailed for the Mediterranean in 1591 earned good profits. Symon Syvertsz. was

[261] Hart (1978, p. 43) reported that Symon Syvertsz. Shipped seven or eight large whisky stills were included in de Boer's cargo to Venice.

estimated to have charged eleven thousand seven hundred and sixty Flemish pounds for the grain freighted to Venice in 1590 (Hart, 1978, p. 43), while the fourteen participants in the ship de Fortuijn's venture to Italy between August 1593 and June 1594 each earned a net profit of three hundred and ninety three pounds, two shillings and two pence (Flemish). Extreme need forced the Italians to accept exorbitantly high freight rates charged for grain carried on Dutch and Hanseatic ships (van Rooyen, 1990, pp. 76, 91). In more normal times, however, grain shipments made very small profits (van Rooyen, 1990, p. 92). Freight rates returned were normal after 1593, which caused the Dutch and Hanseatic freighters who had established a firm presence in the Mediterranean to reconsider their position. Even before the massive grain shipments began, profits on the Mediterranean route were attractive (Unger, 1916, p. 353). In 1588, the del la Faille made a profit of about one hundred and fifty percent. At the same time, English profits were estimated to be in the order of three hundred percent (de Haan, 1977, p. 58). De Vries and van der Woude (1997, p. 373) estimate that Dutch merchants in the last decade of the 16th century made as much as a million *guilders* in net profit transporting Baltic grain to the Mediterranean. Similarly, de Vries and van der Woude (1997, p. 373) estimated that the grain price gap between Danzig and Amsterdam in the years 1590-1509 would have provided Dutch merchants with a gross profit of two million *guilders* a year, of which at least half of that sum would have represented a net profit for the merchants involved. By contrast, Israel (1990) argued that bulk transportation of grain was not the key to the Dutch entering the pepper and spice traffic. In his view, Dutch capital was assured by their involvement in the 'rich' trades, that is, low bulk, high value goods, such as northern European textiles, leather, furs, caviar and wax with the Italian cities and transporting spices in return (Israel, 1990, pp. 53-54).

Braudel (1972-3, pp. 629-631) argued that transporting grain to the Mediterranean was the source of the Dutch wealth that enabled them to undertake East-Indian ventures

at the end of the 16th century. By contrast, Israel proposed (1990, pp. 53-54, 414-415) that Netherlands' economic dominance was built on the 'rich' trades that comprised low bulk, high value goods, such as Netherlands' cloth and Russian wax, leather, furs and caviar, not bulk carrying as Braudel claimed. It is noteworthy that the men involved in this commerce included Marcus de Vogelaer, Isaac le Maire, Dirk van Os and Guillielmo Bartholotti, all of whom were later prominent investors in the VOC (Israel, 1990, p. 54). However, neither Braudel nor Israel offers entirely convincing arguments for the sudden escalation of Netherlands' capital.

Amsterdam's' command of the Baltic grain trade (Unger, 1916, pp. 353, 366; de Haan, 1977, p. 59), and famine in Italy, did allow Dutch shippers to earn unusually large, though irregular, profits by shipping Baltic grain to Italy during the early 1590s (Unger, 1916, pp. 352-360; Barbour, 1950, pp. 18-19; de Haan, 1977, pp. 58-59; Hart, 1978, p. 44). Nevertheless, Braudel's argument is undermined because it rests on the freightage earned, not the mark-up on the sale of the cargo carried by the Dutch. However, even allowing for exploitation of Tuscany's famine in the 1590s, carrying, alone, could not have produced the economic gains needed to initiate the Netherlands' ventures in the East-Indies. Van Gelder's analysis (1917, p. 131) of the Adrichem Company estimated that the profits earned from thirteen voyages over the period 1579 to 1585 did not exceed six percent. On this basis it is unlikely that the Dutch could have accumulated the capital needed for their East-Indian fleets on just the profits from carrying grain. (van Rooyen, 1990, p. 90). Contrary to Israel's hypothesis, contemporary archival evidence suggests that Holland and Zeeland, Netherlands' major maritime provinces, played no more than an incidental role in the distribution of Asian wares before 1580. Even in the first years of the 1590s, Dutch cargo manifests reported only insignificant quantities of Asian goods shipped from the Mediterranean or Lisbon to Amsterdam (de Haan 1977, p. 59; Gaastra, 1991, p. 15). Moreover, the van Adrichem

archives list only a single instance where pepper or spices were shipped north to Zeeland in the company's ships (van Gelder, 1917, p. 281).[262] Gaastra's source, Ijzerman (*Amsterdamsche bevrachtingscontracten 1591-1602*, 1931), reported Amsterdam freight contract data but, at that time, Netherlands' trade with Iberia was usually handled by Zeeland and Rotterdam.[263] Amsterdam focussed on the Baltic trade and, during the 1590s, on the Mediterranean grain trade (de Haan, 1977, p. 53). Consequently, pepper and spice freight north from Lisbon should not feature prominently in Amsterdam freight contracts. Another reason why the archives might indicate that the Dutch did not ship pepper and spices north is that low-bulk cargo, such as parcels of pepper and spice shipped on behalf of third-parties, were usually not specified in 16th century Dutch shipping contracts or accounts (van Gelder, 1917, pp. 126-127; Hart, 1978, p. 55). Finally, the archival records might misrepresent the nationalities of the skippers involved as Dutch skippers sailed under fictitious passports and flags of convenience to avoid arrest by the Spanish (Braudel, 1972-3, p. 638; de Haan, 1977, p. 75; Hart, 1978, pp. 43, 50; van Rooyen, 1990, pp. 77-79).

Finally, if Braudel's hypothesis is rejected on the grounds that merely freighting grain would not produce the profits that allowed the Dutch to rapidly accumulate large capital stocks, Israel's must be rejected for the same reason. Consequently, it would appear that The Netherlands' capital stock at the end of the 16th century cannot be ascribed to a particular type of freight. Rather, it is clear that the entire fishing and

[262] The cargo, shipped in 1593, comprised fifteen sugar boxes of nine pepper sacks each.

[263] Historically the Baltic trade was known as the *Oostvaart* (eastern voyages) and trade with France, England and Iberia as the *Wesvaart* (western voyages). Netherlands' cooperative tradition of reserving certain activities to particular regions meant that Holland had customary concentrated on the Baltic trade, while Zeeland had focussed on the English/French/Iberian trade. That established distinction was upset in the last decade of the 16th century when large grain shipments, from the Baltic, were required in the Mediterranean.

shipping industry had been in a position to accumulate capital for at least the last quarter of the 16th century.

Expanding the range of the Netherlands' fleet

Notwithstanding their experience in the North Sea and the Baltic, the Dutch were slow to develop the ability to take advantage of more distant markets. Two Zeeland ships were reported at the Canary Islands as early as 1508. Another Zeeland ship, skippered by Anthonis Mulock, docked with salt and wine from the Cape Verde Islands in 1528. A Dutch ship was noted at Tunis in 1535, another in Algiers in 1539. In 1539, too, the city of Hoorn commissioned a venture to the Canaries and eight ships from Holland were reported to have loaded cargo at Grand Canaria in 1541. The van de Molens were active traders in the Adriatic in the 1540s, and shipped goods to Venice and Genoa throughout the first half of the 16th century (Edler, 1938, pp. 87-91). A Zeeland ship called at Morocco in 1562 (Sluiter, 1948, pp. 169-170; de Haan, 1977, pp. 56, 70). In the 1580s Steven van der Hagen, who had experience as a merchant's apprentice in Spain and Italy, Jacques della Faille and Daniel van der Meulen financed ventures to Italy. Subsequently, Van der Hagen persuaded Reynier Pietersz, van Twisch (Twisk) of Hoorn to outfit a further two voyages to Italy. The first, in 1585-1586, discharged a cargo of fish in Geneva but was arrested in Cadiz and later burned by Francis Drake. The second, in 1588-1589, was more successful (de Haan, 1977, p. 56). Van der Hagen made a further two voyages for the company of Jan Jansz. Kaerel and Pelgrom van Dronckelaer. Jacques della Faille and Daniel van der Meulen sent two ships from London to Genoa in 1589, which returned in 1590 with a cargo of, amongst other things, Indian spices (de Haan, 1977, p. 56). In all likelihood it was this cargo that acted as the spark that ignited Dutch desires to directly participate in the pepper and spice traffic.

The Dutch were also not unfamiliar with Africa or the Americas prior to the 1580s, but the extent of their operations was severely limited by international law that prevented countries other than Spain and Portugal legitimately undertaking commercial ventures in the Atlantic, Indian and Pacific Oceans.[264] As a result, the Dutch could make only sporadic, clandestine ventures into the Atlantic during the early 16th century. Portugal's attention increasingly turned to India after 1530, which gradually eroded. its West African monopoly and allowed an increasing number of foreign ships to openly flout the Portuguese monopoly (Unger, 1940, p. 195). A Flemish ship was reported in Guinea as early as 1475 when Flanders was still part of the Spanish Empire (Unger, 1940, p. 194). Later, in 1563, an Amsterdam ship was reported to have anchored off the island of Sao Tomé in the Gulf of Guinea. Nevertheless, these were isolated incidents. The West African trade was reputedly spurred after Barent Ericksz. returned to Enkhuizen in 1593 after being shipwrecked on Isola de Principe in the Gulf of Guinea. Ericksz.' report encouraged the town of Enkhuizen to commission a venture to Guinea which returned in 1594 with a rich cargo of gold, grain and ivory. By 1592, the Dutch regularly defied the Spanish West African monopoly and had initiated a regular commerce with the Gulf of Guinea (Unger, 1940, p. 195; Sluiter, 1948, p. 170; de Haan, 1977, pp. 71-73). Dutch ships are also known to have reached Angola by 1593 (Unger, 1940, p. 195), which suggests that the Netherlanders were actively exploring the possibility of sailing to India via the Cape of Good Hope. Netherlands' west African

[264] Under the *Treaty of Zaragoza* (1529), and subsequent to Spain's annexation of Portugal in 1580, the northern Atlantic and Mediterranean were considered international waters but the Atlantic west of the Greenwich meridian and south of the Tropic of Cancer was deemed Iberian territory. Foreign ships were free to travel Spanish waters, provided they did not engage in commerce without a licence. Dutch jurist, Hugo de Groot (Grotius), challenged this convention in his *Mare Liberum (The Freedom of the Seas)* first published in 1608. Grotius employed Roman legal principle to argue that the seas could not be occupied in the same way as the land and, consequently, as the seas could not be owned like other property, they were free to all nations (Zemanek, 1999, p. 51).

traffic expanded rapidly between 1598 and 1600. So much so, that rampant competition persuaded Holland's eight independent Guinea companies to form the United Guinea Company in 1599. Zeeland's West African companies refused to join Holland's association and the rivalry continued unabated (Unger, 1940, p. 199; de Haan, 1977, p. 73; Israel, 1990, p, 61). The Guinean experience reflected developments in Asia shortly before the VOC was formed in 1602.

The situation in the West-Indies was similar, except that here Spain had the monopoly right to commerce. It is known that the city of Hoorn planned a voyage to the West-Indies in 1558. An Enkhuizen ship visited Cuba in 1567, and an Amsterdam ship called at Orinoco in Venezuela in 1579. However, most early Dutch voyages into the Atlantic were a consequence of business associations formed with Iberian partners. Accordingly, these ships would have sailed under the Portuguese flag, thereby obviating the need for the licence required of foreigners (de Haan, 1977, pp. 70-71). Similar associations were not possible after Spain annexed Portugal in 1580. As a result, a Dutch presence in the southern Atlantic was increasingly apparent after the mid 1580s. Independent Dutch expeditions to the West Indies were commissioned by the city of Hoorn in 1582 and 1586. Three Netherlands' ships are known to have reached Brazil in 1587, sixteen more arrived in 1588, and a further fourteen were en route. By 1595, a regular trade between Netherlands and the West-Indies had been established (Sluiter, 1948, pp. 169-170; de Haan, 1977, pp. 56, 70-74).

As noted above, it is uncertain whether bulk shipments of grain provided the Dutch with the capital needed to engage in East-Indian ventures but their Mediterranean grain ventures undoubtedly gave Dutch skippers a taste for the profits to be earned by Levantine trade in Asian goods (de Haan, 1977, p. 48; Israel, 1990, pp. 6, 53; de Vries and van der Woude, 1997, p. 373). The Levant, which had been an important entry point for Asian goods in the Mediterranean basin prior to the Portuguese monopoly, resurged

as a conduit for Asian goods in the late 16th century and enticed French, Hanseatics, Netherlanders and English merchants to explore the market. The English, who had not trafficked directly with the Levant since the early 1550s,[265] chartered the Levant Company in 1581, which was to be the principal participant in that market (Braudel, 1972-3, pp. 466, 562, 615-627).[266] So profitable was the Levant trade, that the English made profits estimated to be between two and three hundred percent annually in the first years of operation. One of the most powerful business organisations of its time, the Levant Company subsequently gave rise to the even more successful English East-India Company in 1600 (Willan, 1955, p. 405; Braudel, 1972-3, p. 627). Although the Dutch had previously ventured as far as Italy, Balthasar de Moucheron despatched the first Dutch ship, under a French flag of convenience, to Aleppo in the Levant. It arrived in 1597[267] and was funded with a hundred thousand ducats in silver with which to purchase pepper and spices (Braudel, 1972-3, p. 634). Many of the men who subsequently managed the VOC, such as the Amsterdam *bewinthebbers* Reynier Pauw, Geurt van Beuningen, Jan Poppen, Jacques de Velaer and Marcus Vogelaer, had substantial interests in the Levant pepper and spice trade (Gaastra, 1991, p. 29). This was not an isolated incident as the Venetians complained in 1600 that a Flemish (Netherlands) ship with ready money had procured much of the available Levant stock (Braudel, 1972-3, p.

---

[265] Five English merchant ships sailed to the eastern Mediterranean between 1511 and 1534. They returned with cargos of currants, oil and wine. English traders continued to visit the area until about 1550. Thereafter there was a lull until the Susan's voyage in 1583 (Epstein, 1908/1968, pp. 5-12).

[266] Epstein referred to this company as the Turkey Company (1908/1968, p. 16). Willan's opinion is (1955, pp. 405-406) that it was the Levant Company's seven-year charter that expired in 1588 and that the old Levant Company continued to operate as the Turkey Company. At that time, Sir Edward Osborne (governor of the original Levant Company) and his associates imported cargo under the auspices of another company, which, although never named in its charter, was commonly known as the Turkey Company. In 1589, the charter of the Venetian Company, founded in 1583, also expired. Consequently, at the beginning of 1592, merchants trading as the Turkey Company and the Venetian Company combined. A charter in the name of the Levant Company was issued in the same year.

[267] Israel (1990, p, 55) gives the date of arrival in the Levant as 1595.

634). Nevertheless, Dutch ambitions were not limited to dealing with Levantine or Egyptian intermediaries. Like so many before them, the Dutch desired nothing less than complete control over the source of these wares. To be successful in this endeavour, the Dutch had to find a sea-route to India.

DUTCH INTRUSION INTO THE ASIAN TRAFFIC

The Netherlands' entry into the pepper and spice at the end of the 16th century as an importer in its own right, as opposed to merely a carrier or distributor of Portuguese imports, was the consequence of a complex set of factors, not least of these were Spain's wars against the English, French and Dutch, the Spanish Crown's increasing illiquidity, and the enormous profits made shipping Baltic grain to the Mediterranean in the last decade of the 16th century (van Houte, 1997, p. 221; de Vries and van der Woude, 1997, p. 362).[268] One reason that might have precipitated the Netherlands' late 16th century incursion into Asia was that prior to Spain's annexation of Portugal in 1580, Netherlanders, unlike the Spanish, English and French, were entitled to deal in pepper and spices in India (van Linschoten, *Itinerario*, 1596). Phillip II's annulment of this privilege could reasonably be expected to have exercised some influence on Dutch attempts to venture into the Indian Ocean in the 1590s (Lach, 1965, p. 198).

An enduring argument for Dutch participation cites the Spanish impoundment of Dutch ships in last years of the 16th century as the reason why the Dutch were motivated to develop the East-Indies route for themselves. Velius (1740, p. 490, in van Rooyen, 1990, p. 73) noted that early in 1591, twenty-six Dutch ships were arrested by the Spanish while on the return voyage from Spain to the Netherlands. Willem

[268] The Spanish declared bankruptcy in 1557, and did so approximately every twenty years thereafter. The effect was that short-term debt was converted into perpetual annuities at unfavourable rates of interest. This dried up the available capital and ruined the Spanish Crown's credit (van Houte, 1977, p. 221).

Lodewijcksz.,[269] who sailed with the first Dutch expedition to the East-Indies, undertaken by the *Compagnie van Verre* in 1595, declared in the foreword to his account of the voyage that it had been a despairing act of defiance necessitated by Spanish aggressiveness towards simple, harmless Dutch merchants.[270] The VOC's advocate, Pieter van Dam, expressed a similar opinion. He stated (1701/1927, p. 7) that, "had Phillip II of Spain not connived to deny the Netherlands' trade with Spain and Portugal, it is probable that the Dutch East-Indian trade would not have developed to the extent that it did".[271] Whatever pressure had existed earlier in the decade was exacerbated in 1598, when Phillip III arrested some five hundred Dutch vessels docked in Iberian ports (Sluiter, 1948, p. 170; Israel, 1990, pp. 56-58). An outraged Netherlands' States General retaliated by banning all Dutch trade with Iberia. This action and reaction impeded Dutch shipping and curtailed Spanish colonial supplies. A consequence of this was that northern European pepper prices escalated sharply (van Rooyen, 1990, pp. 71, 84; de Vries and van der Woude, 1997, p. 383).

Closer scrutiny suggests that Spanish embargoes on Dutch shipping might not have been the decisive reason for the Dutch electing to strike out into the Indian Ocean, particularly as the *Compagnie van Verre* was established in 1594, a year before the 1595

---

[269] Willem Lodewijckz. was junior merchant, in charge of the ship Amsterdam. His journal was originally published in Amsterdam, under the title; *Prima pars descriptionis itineris navalis in Indiam Orientalem* (1598). The journal is also included in G. P. Rouffaer and J. W. Ijzerman (eds.); *De eerste schipvaart der Nederlanders naar Oost-Indië onder Cornelis de Houtman, 1595-1597*(1915-1929). Published in three volumes (7, 25, 32) by the Linschoten-Association, The Hague. Lodewijcksz.' journal appears in volume 1 of this publication, in the original text, entitled; *Eerste Schipvaart. D'eerste Boeck van Willem Lodewijcksz'* (Gaastra, 1991, p. 175).

[270] "*De Eerste Schipvaart voor als een wanhopig verweer tegen de willekeur des Spaanschen Konings jegens de eenvoudige, argelooze, Hollandsche kooplieden*" (Willem Lodewijcksz., in Mollema, 1935, p. 3)

[271] "*Indien Phillippus de Tweede, koninck van Spangien, by oogluyckinge hadde kunnen aansien en blyven gedogen de vaart en handel van de ingesetenen deser landen op Spangien en Portugael, het is zeer waarschynelijk, dat men noyt soude heben getragt desselves verder uyt te breyden, gelijk men dat in die tyden, uyt die insighten, heeft beginnen te doen, selfs tot in Oost-Indiën toe*" (Pieter van Dam, 1701/1927, book I, p. 7).

Spanish embargo on Dutch ships (de Haan, 1977, p. 76). A more compelling argument for these voyages is suggested by the narrow profit margin allowed the consortium for European sales of pepper and the high European price for pepper relative to that in India (Gaastra, 1991, pp. 13-15). Both were a consequence of the increasing ineffectiveness of Iberia's East-Indian commerce. Between 1586 and 1591, thirty-one Iberian merchantmen were despatched to India but due to privateering, weather and poor seamanship only nineteen returned. During 1591, no East-Indian carracks returned to Europe and only two docked in 1592 (Mollema, 1935, p. 30; Gaastra, 1991, p. 17). This, rather than a realignment of European distribution channels, was the prime cause of unsatisfied demand and the resultant high price of European pepper in the early 1590s. The profit that could be made under those circumstances was the decisive factor that induced the Dutch to form their own East-India companies (de Haan, 1977, pp. 75-76; de Vries and van der Woude, 1997, p. 383). De Houtman, commander of the first Dutch fleet, expressed precisely that sentiment when he observed that every year a fleet of five or six Portuguese ships returned with goods worth eighteen million *ducats* (van der Chys, 1857, p. 9). Nevertheless, the inducement of extraordinary profits does not explain how an impoverished north Netherlands entered a market in the mid 1580s that was both capital intensive, and very risky. Nor does it explain how, less than fifteen years later, Holland and Zeeland dominated the entire trade (van der Chys, 1857, p. 5; Barbour, 1950, p. 14; Israel, 1990, p. 27; de Vries and van der Woude, 1997, p. 359).[272]

Capital was a significant limiting factor for East-Indian ventures. A voyage to the Baltic required a relatively small boat, few crew and took only a few weeks. Consequently, such a venture demanded a relatively modest investment that could be quickly realised. By comparison, a Mediterranean or West Africa venture could endure

[272] The Netherlands' domination was so complete that by the 1630s it supplied the Levant with Asian spices (van Houte, 1977, p. 197).

for ten months and an Asian voyage might take eighteen months to complete. Moreover, the rigours of the Asian route required the use of larger ships, while security necessitated a fleet rather than just a single vessel. Both of which meant that more crew had to be paid and fed. Consequently, an Indian venture required between two and four times the capital of a West African or Caribbean voyage, which had to be committed for a longer period and was subject to a great deal more risk (Gelderblom and Jonker, 2004, p. 7). The Spanish silver they earned in return undoubtedly contributed to the capital the Netherlander's needed to finance their East-Indian ventures in the last years of the 16th century.

Attempts to discover a route to the East-Indies

Dutch plans to find a route to Asia were first laid sometime between 1581 and 1584, well before Phillip II began impounding Netherlands' ships. A group of Zeeland merchants led by Balthasar de Moucheron approached William I with a request for financial assistance to explore a north-east passage to Asia. A northern route was preferred for three reasons. The first was because the Dutch mistakenly believed it was at least six times shorter than the Cape of Good Hope route. Secondly, it was thought that the extreme cold would protect sailors against diseases commonly suffered on the southerly route. Thirdly, and probably most important, a northern route avoided the Iberian monopoly over the routes via the Cape of Good Hope and the Straits of Magellan (Anonymous, in *Philosophical Transactions*, 1675, p. 417; van der Chys, 1857, pp. 17-

18; Stapel, 1927, p. 9; Mollema, 1935, p. 31; Gaastra, 1991, p. 15).[273] Although de Moucheron's proposal found favour with the King, it lacked support from inland provinces and was abandoned.[274] There the matter rested until events in the early 1590s when the idea was resurrected. Although a number of determined attempts were made to find a northern route to the East-Indies, all were unsuccessful (van der Chys, 1857, pp. 21-22, 45-58; Gaastra, 1991, p. 15).

By the end of the 16th century, the southern route to the East-Indies pioneered by da Gama in the 15th century was well known.[275] Drake (1579), Cavendish (1588) and Lancaster (1592) had used Portuguese charts to explore the Indian Ocean before the Dutch. However, unlike the Dutch, the English showed no interest in using that intelligence for commercial advantage (van der Chys, 1857, p. 7; Mollema, 1935, p. 32). Moreover, the Dutch were well prepared for their first East-Indian venture. Their companies were effectively organised and administered, and their ships represented the most up-to-date technology. Both were easily capable of outperforming the Portuguese *Casa da Indias* and its carracks that regularly plied the East-Indian route. In addition,

---

[273] The *Treaty of Tordesillas* (1494) had, with the support of the Catholic Church, assigned half of the earth west of a line drawn through the Atlantic to Spain and the other half, east of that line, to the Portuguese. Their respective interests met at some ill-defined point west of the Philippines, leaving the Spice Islands, Indonesia, Sri Lanka, Malaysia and India as nominally Portuguese territories. In effect, Africa, and the route via the Cape of Good Hope, was considered a Portuguese monopoly. The Americas, and the route via the Straits of Magellan, was a Spanish monopoly. By the end of the 16th century that distinction was largely academic, as Portugal had become part of the Spanish Empire (Brotton, 1997, p. 72; Phillips, 1990, p. 55).

[274] De Moucheron did send a fleet to the Dwina River in northern Russia in 1584 (van der Chys, 1857, p. 18). That incorporated elements of both a trading venture and exploration. The route followed was well known.

[275] Portugal lacked the resources to man the Casa da India during the latter half of the 16th century. As a result, it was forced to employ foreigners in sensitive positions, including many Dutchmen Van Linschoten referred to Dirk Gerritszoon van Enkhuizen, known to have been in China and Japan; Gerrit van Ashuizen, a pepper factor in Malaysia; and Frans Koning, a diamond cutter in Goa. Hendrik Jolinck and Dirk Pomp were other examples of Dutchmen who had experience in sailing to Asia (van der Chys, 1857, pp. 6-7; Mollema, 1935, pp. 8, 31; Gaastra, 1991, p. 15).

Cornelius de Houtman, commander of the Amsterdam *Compagnie van Verre's* fleets (in 1595 and 1598) had access to Portuguese charts (van der Chys, 1857, p. 7) but relied on the most up-to-date charts prepared by Petrus Plancius. He also employed Englishmen John Davis and James Lancaster, both of whom had been to the Indian Ocean under Francis Drake, as pilots on the first voyage to the East-Indies (Wilson, 1968, p. 206).

Accordingly, there was little doubt that the Dutch had the technology and the expertise to complete a successful venture to the East-Indies. What was unknown was whether the Spanish, who controlled Portugal's East-Indian monopoly, would allow them to trade unmolested in the Indian Ocean.

CONCLUSION

Chapter five demonstrated that the Netherlands' geographic location and general topography contributed to the region being the focal point of Europe's most important trade routes. The Portuguese confirmed this in the early 15th century when they located their European wholesale pepper and spice market in Antwerp on the grounds of its access to the North Sea and the Rhine. The Netherlands lack of raw materials, together with the poor quality of its agricultural land, meant that the country was unable to feed its population or manufacture all the goods its people demanded. To compensate for this deficiency, the Dutch were forced to urbanise and develop a capitalist economy much earlier than was the case in the rest of Europe. As a result, Netherlanders developed an unrivalled expertise in commerce and trade. Fishing and sea freight, the most advantageous of their industries in the late 16th century, provided the capital the Dutch needed to undertake ventures to the East-Indies. Chapter 5 showed that by this time The Netherlands was unquestionably a capitalist nation.

Notwithstanding their highly successful economy, the Dutch developed a desire in the late 16th century to participate in the traffic in East-Indian pepper and spices, which

was widely believed to be the most lucrative of all commerce at that time. Their opportunity to do came when Antwerp's economic hegemony was curtailed by political events in the latter half of the 16th century. With Antwerp isolated, Amsterdam met all the criteria necessary for a world entrepôt. Consequently, the city emerged as Europe's premier financial centre and the hub of the European pepper and spice market. Accordingly, the Dutch resolved to participate directly in the pepper and spice trade for their own profit.

The Netherlands' ability to compete with the Portuguese in the Asian market was a consequence of the advances made in Dutch maritime technology, and the efficient management of their fishing fleet and sea-freightage. Experience gained in the herring industry, inter-European shipping, conveying grain to the Mediterranean, carrying salt from the Caribbean, and transporting goods from West Africa ensured that the 16th century Dutch had a merchant navy capable of confronting the Portuguese and the Spanish in the Indian Ocean (Israel, 1990, pp. 49-52, 60-66; de Vries and van der Woude, 1997, p. 364). Notwithstanding their Protestant faith, the Dutch initially respected the Papal decree that ceded authority over the southern sea-route to India to Portugal and Spain. However, once it became clear that a northern sea-route was not viable, and as they became more secure in their own independence, the Dutch ignored all Iberian claims to the Oceans and engaged in the trade via the Cape of Good Hope and the Straits of Magellan. The greater efficiency of the Dutch fleets, together with The Netherlands' direct access to Germany, made a rapid and significant impact on the traffic pepper and spice traffic that the Portuguese never recovered from.

The Netherlanders' revolutionised the Asian traffic by introducing a capitalistic approach to the business. Unlike their predecessors, who regarded the Asian traffic as simply a revenue gathering mechanism, the Dutch were independent merchants. They organised and administered their business according commercial principles because their

ability to participate in the traffic, and their personal fortunes, rested on the effective use of their capital to generate profits that could be reinvested in the business.

Part III builds on the contextual factors indentified in Part II to analyse the rationale behind the VOC's organisational structure and its method of financial administration. Chapter six examines the history of the independent Dutch East-India companies and analyses empirical evidence from the VOC's archives to determine the nature of the company's organisation. In addition, it uses the contextual evidence developed in Part II to offer an explanation of the manner in which the Dutch East-India Company was structure and administered.

CAPITALISM AND ACCOUNTING IN THE DUTCH EAST-INDIA COMPANY 1602-1623:

AN HISTORICAL STUDY OF DETERMINING INFLUENCES AND PRACTICES

VOLUME II

PART III & APPENDICES

A thesis submitted in fulfilment of the
requirements for the award of the degree

Doctor of Philosophy

from

University of Wollongong

by

Jeffrey Stephen Robertson
B.Com(Hons) (UNISA), MBS (Massey University)

Faculty of Commerce
School of Accounting and Finance

2011

CERTIFICATION

I, Jeffrey Stephen Robertson, declare that this thesis, submitted in fulfilment of the requirements for the award of Doctor of Philosophy, in the School of Accounting and Finance, University of Wollongong, is wholly my own work unless otherwise referenced or acknowledged. The document has not been submitted for qualifications at any other academic institution.

……..

Jeffrey Stephen Robertson

Jeffrey Stephen Robertson

8 February 2011

PART III **257**

CHAPTER 6: STATE AND COMPANY **259**
The Netherlands' Asian trade and the first Dutch East-India companies *261*
An unruly concurrency: The need to amalgamate the independent Dutch East-Indian companies *273*
The unification of the Dutch East-Indian companies *282*
First attempts to Unite 282
The second attempt to force the companies to unite 286
The VOC's 1602 charter *298*
The VOC's Administrative Structure *308*
Heren Zeventien 309
The company advocate 311
The VOC Chambers 311
Conclusion *318*

CHAPTER 7: ACCOUNTING FOR THE VOC'S CAPITAL **322**
The prospectus *326*
The VOC subscription registers *331*
The participants' book *341*
Capital journals and ledger accounts *345*
Capital accounting in the Amsterdam chamber 347
Capital accounting in the Zeeland chamber 352
The VOC's capital bookkeeping after 1607 355
Parts, actions, shares, and receipts *363*
The VOC transfer process *370*
Conclusion *377*

CHAPTER 8: THE VOC'S GENERAL BOOKKEEPING **381**
Domestic accounting records *385*
Asian accounting records *394*
The general company's balances and financial reports *400*
The liquidation and equalisation statements 401
The balance statements 410
General participants' accounting 415
The bewinthebbers' response to the participants' protestations *422*
The influence of the 1623 Charter on the general accounting *425*
The audit of the accounts for the first twenty-one years *430*
Conclusion *441*

CHAPTER 9: CONCLUSION **447**
Historical context: a rationale for the VOC's organisational structure *448*
The VOC's organisation *454*
The VOC's financial administration in the 17th century *461*
Rationality, double-entry bookkeeping, and the rise of capitalism *466*
The VOC and the social theories of the development of capitalism *472*
Possible future research suggested by this thesis *476*

BIBLIOGRAPHY
Primary reference sources. *479*
Secondary reference sources *482*

TABLE OF FIGURES

Figure 6.1 VOC's administrative structure 309
Figure 6.2 Amsterdam chamber's committees in 1608 315
Figure 6.3 Committees structure of the Amsterdam chamber 315
Figure 7.1 VOV'c bookkeeping system 325
Figure 7.2 Amsterdam bookkeeping records 347
Figure 8.1 Amsterdam ledger folio 12 388
Figure 8.2 Amsterdam ledger, 1603, folio 1 390
Figure 8.3 Sales, Amsterdam ledger, folio 444 391
Figure 8.4 1611 Liquidation statement 404
Figure 8.5 1618 Liquidation statement 405
Figure 8.6 1622 Liquidation statement 406

APPENDICES

APPENDIX I VOC charter (1602-1603) 519
APPENDIX II Continuation of charter (1622) 537
APPENDIX III Amendment to charter (1623) 547
APPENDIX IV Nootwendich discourse 551
APPENDIX V Tegen-vertooch 591
APPENDIX VI Audit report (1608/1623) 601
APPENDIX VII Zeeland balance statement 1607) 603
APPENDIX VIII Barent Lampe: VOC Bookkeeper-general 609
APPENDIX IX Capital transfer deed (1677) 617
APPENDIX X Subsidiary ledger: Ships Amsterdam and Sonne 619

ACCOUNTING IN THE DUTCH EAST-INDIA COMPANY 1602-1623:

AN HISTORICAL STUDY OF DETERMINING INFLUENCES AND PRACTICES[1]

PART III

Part II of this thesis examined the influence of contextual factors, such as geography and topography, on Dutch social institutions, amongst the most important of which was the Dutch East-India Company. Part III moves from the analysis of relevant contextual factors and studies empirical evidence from the VOC's formative years (1602 to 1623) preserved in its archives in The Hague. The purpose of this part of the work is to establish the company's organisational form and the nature of its bookkeeping practices, which will provide the basis for gauging the extent to which the company matched the norms for a capitalistic organisation and its financial administration met the standards of a capitalistic form of double-entry bookkeeping. Conclusions drawn from this part of the thesis will provide compelling evidence to support or refute the social hypotheses that posit a close association between organisational form and bookkeeping. Furthermore, the contextual information developed in Part II is used to explain why the VOC was organised and administered in the way that it was.

Chapter six examines events and forces leading up to the formation of the VOC, especially its curious structure of six relatively independent entities and decentralised administration. It explains this phenomenon as a development of Hanseatic practices

[1] All transcriptions and translations of original documents are the work of the author.

that gave rise to The Netherlands' federal government structure, which is couched in the ideals of independence and equality that permeated the Dutch psyche. Chapter seven investigates the nature of the VOC's capital and how the company accounted for its capital. Chapter eight examines the manner in which the company accounted for its operations. In particular, this chapter examines the difficulties that a decentralised structure posed for the precise calculation of the company's net profit, and whether such a reckoning was demanded by its investors. Finally, chapter nine synthesises the various elements from the preceding chapters to provide a conclusion for the thesis.

CHAPTER 6

STATE AND COMPANY: EVENTS LEADING TO THE ESTABLISHMENT OF THE DUTCH EAST-INDIA COMPANY

> It is sought by his Excellence and others of the chief to agree and drawe both (i.e. the Hollanders and Zeelanders) into one company, so that they may goe the stronger, and consequently more assured of th' expected profit, to which motion each part beginnes to enclyne and be comfortable enough (George Gilpin,[2] in a communiqué to Cecil, Earl of Salisbury, 12 May 1601, in den Tex, 1973, p. 304).

In his study of the Dutch East-India Company, Mansvelt (1922, pp. 1-2, 91) noted that if one was to attempt an understanding of the VOC's accounting system it was necessary to first understand the manner in which the business was organised. Moreover, he was adamant that the organisation's form dictated its method of accounting and *vice versa*. Mansvelt was severely critical of the VOC's peculiar organisational structure, which he concluded did not fit any recognised business form. He believed that, at best, it was no more than a syndicate or cartel of six independent venturers that simply continued with the structure and methods employed by its predecessors, the independent Dutch East-India companies. Furthermore, he concluded that "the VOC's administration was either completely ineffective and in conflict with its

[2] Gilpin, commenting on the progress made by van Oldenbarnevelt and the Prince of Orange in uniting the Dutch east-Indian companies. Cecil was the English treasurer and George Gilpin was one of his agents in the Netherlands. In 1564 Gilpin, who had academic and mercantile connections in the Netherlands, was secretary for the Merchant Adventurers in Antwerp and later became secretary to Robert Dudley, Earl of Leicester, governor of the Netherlands. Together with Francis Vere, he was also the English member of the Dutch Council of State. The Netherlands' Council of State was an executive body that served the Governor General on which the English were entitled to be represented until 1626. After Leicester's departure from the Netherlands, the States-General gradually usurped the functions of the Council of State.

pretence to be a public company or it used a form of bookkeeping that was in keeping with its organisation and was, therefore, not a public company but a shipping partnership" (1922, p. 16).[3] According to Mansvelt (1922, p. 85) the origins of this problem did not lie with the company's instigators but with its executive management who were more interested in politics than commerce during the VOC's early years. To test Mansvelt's claim, and as a precursor to an analysis of the VOC's financial accounting, this chapter examines the politics instrumental in the VOC's establishment in 1602, the nature of its organisation, and whether it could be considered a form consistent with the meaning given by social historians to the modern capitalistic public corporation formed and managed according to rational, capitalistic principles.

The first part of this chapter examines the factors that motivated the amalgamation of the independent Dutch East-India companies, together with the extent of The Netherlands government's involvement in the process that eventually led to the formation of the VOC. Resources for this purpose include most notably van der Chys (1857) and de Jonge (1862), who traced the process initiated by van Oldenbarnevelt in 1598 that eventuated in the company's charter being issued in 1602. The evidence presented clearly reflects van Oldenbarnevelt's influence, the power of the towns in determining the course of the outcome, and the lengthy rounds of negotiation intended to secure consensus between the parties who represented the independent Dutch East-Indian companies.

The second part of the chapter utilises the VOC's charter as the basis for developing an analysis of the company's structure. This source is complemented with

[3] "*Of wij moeten aannemen, dat de Oost-indische Compagnie een volkomen ondoelmatige administratie voerde, die in strijd is met haar karakter van naamloze vennootschap, voor welken vereenigingsvorm zij thans gehouden wordt, of de Oost-Indische Compagnie voert een boekhouding, overeenkomstig haar wezen en is dus geen nammlooze vennootschap, maar iets anders, eventueeel een Reederij.*" "Either we must assume that the East-India Company's financial administration was completely inappropriate, which contradicts its status as a public company, or the East-India Company used a type of bookkeeping appropriate to its organisational type and was, therefore, not a public company but some other form of organisation" (Mansvelt, 1922, p. 16).

material preserved by The Netherlands' National Archive (*Algemeen Rijksarchief* or *ARA*) relating to the VOC, especially the archived company resolutions and accounting records. Analysis of this material reveals that the VOC had a devoluted governance structure, much like that employed by The Netherlands' States-General General and States Provincial, in which real power resided at the local level in the principal towns. The local elements of the VOC's structure comprised six relatively independent domestic chambers or divisions and an Indian division, which carried out the business of purchasing, shipping and selling East-Indian products. The most senior element of the VOC's hierarchy, the *Heren Zeventien*, was largely responsible for policy and coordinating the activities of the domestic and Indian divisions. A striking feature of this part of the analysis is the proportionate share of the traffic and administrative control granted each of the towns allocated VOC chambers, irrespective of the amount of capital contributed by the residents of the towns concerned. Also notable is that the company's early internal management was structured as a series of temporary committees that reflected the perception that the VOC was a collection of separate ventures.

THE NETHERLANDS' ASIAN TRADE AND THE FIRST DUTCH EAST-INDIA COMPANIES

By the end of the 16th century, the southern route to the East-Indies pioneered by da Gama in the 15th century was well known.[4] Drake (1579), Cavendish (1588), and Lancaster (1592) had used Portuguese charts to explore the Indian Ocean before the Dutch but the English were privateers who had no interest in using that intelligence for

[4] Portugal lacked the resources to man the Casa da India during the latter half of the 16th century. As a result, it was forced to employ foreigners in sensitive positions, including many Dutchmen. Van Linschoten referred to Dirk Gerritszoon van Enkhuizen, known to have been in China and Japan; Gerrit van Ashuizen, a pepper factor in Malaysia; and Frans Koning, a diamond cutter in Goa. Hendrik Jolinck and Dirk Pomp were other examples of Dutchmen who had experience in sailing to Asia (van der Chys, 1857, pp. 6-7; Mollema, 1935, pp. 8, 31; Gaastra, 1991, p. 15).

commercial advantage (van der Chys, 1857, p. 7; Mollema, 1935, p. 32). Cornelius de Houtman, commander of the earliest Dutch fleet (1595) had access to Portuguese charts (van der Chys, 1857, p. 7) but relied on the most up-to-date charts prepared by Petrus Plancius. Moreover, the Dutch employed Englishmen John Davis and James Lancaster, both of whom had been to the Indian Ocean under Francis Drake, as pilots on the first voyage to the East-Indies (Wilson, 1968, p. 206).

De Houtman also had good descriptive accounts of the region. His sources included Dirck Gerritsz.' *Tresoor der Zeevart*[5] and, most importantly, Jan Huigen van Linschoten's *Itinerario, voyage ofte schipvaert, naer Oost ofte Portugaels Indien inhoudende een corte beschryvinghe der selver landen ende zee-custen.*[6] Although *Itinerario* was not published until 1596, a part, entitled *Reys-geschrift vande navigatien der Portugaloysers in Orienten*, which was a Dutch translation of an original Portuguese/Spanish Indian Ocean navigation manual, was published in 1595. It is not clear whether de Houtman had a prepublication of *Itinerario* or only the *Reys-geschrift* (Gaastra, 1991, p. 15; Braudel, 1992c, p. 175; Lach, 1965, p. 201).[7]

---

[5] Published in Amsterdam in 1592 by Lucas Jansz. Waghenaer.

[6] Itinerary, voyage or the travel by ship to the East or Portuguese India that incorporates a short description of the same land and sea-coasts. Published in Amsterdam by Cornelis Claesz in 1596

[7] At the age of thirteen, Jan Huygen van Linschoten (1563-1611) a Hollander, joined his older brothers who were merchants in Seville. Subsequent to Spain's annexation of Portugal in 1580, the van Linschotens left for Lisbon. Here Jan and an elder brother volunteered for service in India. Jan van Linschoten was employed by Vincente da Fonseca, Archbishop of Goa, and embarked for India on April 8, 1583. After da Fonseca's death in 1589 van Linschoten was recruited as a Fugger's agent, where he worked for two years before returning to the Netherlands and compiling the *Itinerario*. Van Linschoten's association with the Fuggers and his subsequent involvement with Dutch attempts to reach Asia suggests that the *contradores* might have played a greater role in Dutch attempts to secure an Indian source for pepper and spices than has been hitherto revealed. He subsequently became acquainted with de Moucheron and Plancius and was persuaded to accept their theories concerning the viability of a north-east passage to China. At the time, this was not an isolated opinion. A number experienced businessmen, such as Jan Jansz. Kaerel, Dirk van Os and Pieter Dirksz. Hasselaer, the initiators of the Company of Verre, also shared a similar view. Van Linschoten served as clerk on the 1594 and 1595 attempts at a northern route (Mollema, 1935, p. 31; Schilder, 1984, p. 493; Gaastra, 1991, p. 15; Lach, 1965, p. 199).

The *Itinerario's* publication charter was issued on the 8th of October 1594 and, although the work was complete by the end of March 1595, the publisher Cornelius Claesz. delayed publication until January 1596 (Lach, 1965, p. 201). Part of the reason for this delay might have been that the Dutch were more concerned to provide de Houtman with copies of the *Reys-geschrift*. Another might be that they were anxious about the Spanish reaction to their plans. Some evidence that this might have been the case is that the Dutch had despatched an envoy to Lisbon in the middle of 1594 that unsuccessfully attempted to negotiate an East-Indian trade agreement.[8] For the same reason, van Linschoten advised that, rather than making landfall at Jakarta or the Indian mainland, the fleet should head for Bantam, on the island of Java, which was rich in pepper and other spices, but not closely monitored by the Portuguese (Mollema, 1935, p. xxxii; Bruijn, Gaastra and Schöffer, 1987, p. 59).

Between 1595, when de Houtman sailed, and April 1602, when the VOC was established, The Netherlands was consumed by an intense flurry of activity that saw East-Indian companies established in Amsterdam, Veere, Middelburg, Rotterdam and Delft. In all, sixteen fleets, comprising seventy-one merchantmen, sailed from the Netherlands to the East Indies. Notwithstanding the enthusiasm for such ventures, the risks were extremely high. Of the twenty-two Dutch ships that sailed to the Indies in 1598 only twelve or thirteen returned to their homeport. Human costs were also high. De Houtman's fleet set out with a crew of two hundred and forty nine but returned with barely a third of that number (van der Chys, 1857, p. 60; Bruijn, Gaastra, and Schöffer, 1979a, p. 2). The independent Dutch fleets that sailed to the East-Indies at this time are listed in Table 6.1.

First and foremost of the early East-Indian companies was the *Compagnie van Verre*,[9] established by nine men (Hendrik Hudde (Hudden), Reynier Pauw, Pieter

[8] The mission was unsuccessful but the Spanish Crown was obviously aware of Dutch intentions.

[9] Company of Afar.

Dirksz. Hasselaer, Jan Jansz. Caerel de Oude, Jan Poppen, Hendrik Buyck, Dirk van Os, Syvert Piertsz. Sem and Arend ten Grootenhuys) who met in vintner Martin Spil's wine-house on Amsterdam's Warmoesstraat in May 1594.[10] With the exception of Hudde,[11] all became *bewinthebbers*[12] of the Amsterdam chamber of the VOC. Spil's wine-house subsequently became the company's head office (van der Chys, 1857, pp. 33-34).

[10] There was little consistency in spelling at this time. Even in the same document, the spelling of proper names could vary.

[11] Bicker, not one of the original *bewinthebbers* of the Company of Verre, replaced Hudde on his death in 1596 (Mollema, 1935, p. 18).

[12] The term '*bewinthebber*' or '*bewinthebber*' does not translate easily from the Dutch. It has connotations of government administrator, agent, manager, and director but early company *bewinthebbers* essentially referred to the firm's active or public partners who organised the business, ensured that the requisite capital was invested, and generally managed the company. As the firm's active partners, *bewinthebbers* were also responsible to third-parties for the company's debts in pre-VOC Netherlands' companies.

Table 6.1 Independent Dutch East-India fleets

Depart.	Number of Ships	Company	Commanders	Returned
1595	4	Company of Verre	Cornelis de Houtman & Gerrit van Beuningen	1597
1598	3	Middelburg Company	Gerard le Roy	1600
	2	Verre Company (de Moucheron *et al*)	Cornelis de Houtman.	1600
	8	Old Company (of Amsterdam)	Jacob van Neck & Wybrand van Warwijck	1599/1600
	5	Magellan or Rotterdam Company	Jacques Mahu & Simon de Cordes	
	4	Magellan Company (of Van Noort *et al* of Rotterdam & Amsterdam)	Olivier van Noort	1601
1599	3	Old Company	Steven van der Haghen	1601
	4	Old Company (first squadron of the fourth voyage by the Amsterdammers)	Jacob Wilckens	1601/02
	4	New Brabant Company of Amsterdam	Pieter Both	1601
1600	6	Old Company (second squadron of the fourth voyage	Jacob van Neck	1602/03/04
	2	New Brabant Company	Guillaume Senescal	1602
1601	4	United Zeeland Company of Middelburg	Gerard le Roy & Laurens Bicker	1602/03
	5	Old Company	Wolfert Harmensz	1603
	8	United Company of Amsterdam (part of Company of 14 ships)	Jacob v. Heemskerck	1603
	3	Company of de Moucheron	Joris van Spilbergen	1604
1602	6	Old Amsterdam Company (part of Company of 14 ships)	Wybrand van Warwijk	1604

Source: Bruijn *et al*, 1979a, pp. 1-16.

The instigators of the *Compagnie van Verre* were a diverse group, whose only common interest was the desire for profit. Hudde, Pauw, and Hasselaer were senior local government officials.[13] Caerel was a prominent and Calvinist reformer, as was Pauw. By contrast, Buyck, Sem, and van Os, were Catholic sympathisers. Only two, Caerel and van Os, came from southern Netherlands, which belies an often expressed assumption that southern capital was the essential element that turned the north's attention to the East-Indies. Poppen, a German, was the son-in-law of Amsterdam merchant and property developer Arent ten Grootenhuys. All were successful businessmen. Hudde was a grain-merchant, Pauw dealt in grain, salt, cheese, and soap, Hasselaer was brewer and shipper, Caerel a cheese merchant and shipper,[14] Poppen a grain merchant and shipper, van Os, a glassblower from Antwerp, dabbled in shipping in association with Poppen. Buyck was merchant, speculator, and shipper, Sem a timber merchant and shipper and ten Grootenhuys was a shipper and merchant from Kampen who had become very rich draining and reclaiming land in the vicinity of Amsterdam. Bicker, who replaced Hendrik Hudde, was a brewer and merchant (Mollema, 1935, pp. 18-28).

Profit from the direct importation and marketing of East-Indian goods, in particular peppers and spices, was this company's main objective. Unlike the English who preceded them, the Dutch were not concerned with privateering. Evidence for this is clear in the Dutch government's letters of passage (dated 16th of January 1595) that expressly prohibited the company from attacking anyone. However, notwithstanding the terms of its passport, an underlying goal was to not only profit the company's participants but to serve the glory and well being of The Netherlands. To this end the

[13] Members of the Amsterdam *vroedschap*, that is, city councillors.

[14] The Kaerel (Caerel) family had been in partnership with Diego Mendes during the years that the Feitoria de Flandres acted as the Portuguese marketing arm for pepper. During the 1530s and early 1540s, the partnership held the monopoly for selling the entire Portuguese pepper stock (Uitterdijk, 1904, p. LXI). Later, Jan Jansz. Kaerel and Pelgrom van Dronckelaer were involved in the Mediterranean trade (de Haan, 1977, p. 56).

company was authorised to challenge Spanish authority in the Indian Ocean, which required its fleet be well armed by The Netherlands government (van der Chys, 1857, pp. 36, 43; Geyl, 1980, p. 237).[15]

The Compagnie van Verre's first fleet of four ships comprised the *Amsterdam Duifje*, *Hollandia*, and *Mauritius*, left Texel[16] on the 2nd of April 1595. All four ships arrived safely in Indonesia. After almost two and a half years three of these ships returned to Amsterdam in 1597 with a small cargo that displaced less than the capacity of a single ship. The imports comprised two hundred and forty five sacks of pepper, between twenty to twenty five lasts[17] of nutmeg, and eight thousand pounds of mace. The returns barely covered the financial costs of the voyage. The cost in human life was never taken into account (van der Chys, 1857, p. 60). The toll on the crew was devastating and probably unexpected. By the time de Houtman's fleet reached St. Augustine's Bay, Madagascar, in October 1595 the two hundred and forty nine crew had been reduced to just one hundred and twenty-seven men. Only a third of the crew that set out in 1595 survived the return journey (Bruijn *et al*, 1979a, pp. 2-3). Nevertheless, the expedition demonstrated that the Dutch had the technical ability to exploit the southern route to India via the Cape of Good Hope and were confident that with experience similar ventures would be commercial successes (Geyl, 1980, pp. 236-237).

De Houtman's return fuelled an intense period of activity in the Netherlands (Gaastra, 1991, pp. 16-17). Immediately after the fleet's return, Jan van Oldenbarneveld, State Advocate of Holland, accompanied by the company's *bewinthebbers*, reported to the Netherlands' States-General. Amongst other things, they successfully argued before both the States of Holland and the States-General that such

[15] The agreement between the company and the States-General was only ratified in October 1596, some time after the fleet had been provided with arms and had left for the Indies.

[16] Texel is an island situated in the gap that gave the *Zuider Zee* access to the North Sea.

[17] A last was the equivalent of about two tons.

voyages were beneficial for the nation, and that the company should be encouraged to continue its endeavours by being recompensed for part of the costs and the risks (van der Chys, 1857, p. 62). In particular, the Company sought, and was granted, exemption from import and export duties, and was supplied with canon and small arms for five further voyages (van der Chys, 1857, p. 62).

Spurred by the Company of Verre's achievement, seven Hollanders formed a second company, the *Nieuwe Compagnie van de vaart op Oostindien*[18] in Amsterdam at the end of 1597. Once again, the men who formed this company were northerners, substantiating the belief that southern capital was not a dominant factor in the early Netherlands intrusion into East-India. Almost immediately after its establishment, in 1597 the *Nieuwe Compagnie* merged with the Compagnie van Verre in 1598 to form the cryptically named *Oude Compagnie van Verre*.[19] Of the companies that predated the VOC, only the Old Amsterdam Company could be described as a commercial success (van der Chys, 1857, p. 79). Of the eight ships despatched in 1598, four ships returned in 1599, heavily laden with Asian cargo (Gaastra, 1991, p. 17). The *Oude Compagnie van Verre's* success encouraged the English to form an East-Indian Company in 1600 (Gaastra, 1991, p. 19).

A year after the *Oude Compagnie's* first fleet returned to Amsterdam in 1599, the fourth and last of the Amsterdam companies was established by Isaac le Maire, Jacques de Velaer, Marcus de Vogelaer, Hans Honger, and Gerard Reynst. Unlike the case with previous Amsterdam companies, the founders of this company, with the exception of Gerard Reynst and Hans Honger (Hunger) who were Germans but related to south Netherlands' families, were southerners from the province of Brabant. Hence it was

[18] New Company for the voyage to East India.

[19] Old Company of Verre. Also known variously as *de Oude Oost-Indische Compagnie binnen Amsterdam* (The Old East-Indian Company of Amsterdam) and *de Eerste Oost-Indische Compagnie* (The First East-Indian Company) and more commonly as simply *de Oude Compagnie*, that is, the Old Company (de Haan, 1977, p. 211).

known as the *Nieuwe Brabantsche Compagnie* or New Brabant Company[20] (van der Chys, 1857, p. 77; de Haan, 1977, p. 86; Gaastra, 1991, p. 29). In December 1599, this company despatched four ships to India under command of Pieter Both, a trained bookkeeper, who was later appointed Governor-General of the Indies. A further two ships that were also part of this fleet sailed in 1600 (de Haan, 1977, p. 86). [21]

The *Oude Compagnie*, in turn, became the first United East-Indian Company of Amsterdam when it amalgamated with the *Nieuwe Brabantsche Compagnie* in the winter of 1600 to form the *Eerste Vereenigde Compagnie op (van) Oost-Indië tot Amsterdam*,[22] which was also known as the *Eerste Geüniëerde Oost-Indische Compagnie tot Amsterdam* (Mollema, 1935, p. 89; de Haan, 1977, pp. 87, 212). The *Vereenigde Compagnie* was managed by the *Oude Compagnie's* eighteen *bewinthebbers* plus the Brabant Company's five, giving the company a management college of twenty-three. These men or their successors represented the VOC's Amsterdam Chamber in 1602.[23] The *Vereenigde Compagnie* despatched a fleet of five ships in the name of the *Oude Compagnie* in April 1601[24] and, on the same day, a further eight ships under its own name.[25]

One other East-Indian company was formed in Amsterdam in 1598. The instigators of this company were Pieter van Beveren (Master of Holland's mint), Hugo

---

[20] Antwerp was the capital of Brabant.

[21] In Achin, Sumatra, two of these ships captured three Arabian ships laden with pepper. The action was ostensibly taken as retaliation for the Sultan of Achin's 'treachery'. However, upon their return to the Netherlands the company was charged with assault upon a friendly power. A hundred last of the cargo was confiscated as a result.

[22] First United East-Indian Company.

[23] Van Bronckhorst, van Campen, Fortuyn, van Dalen, Steenhuysen, and Plancius did not become *bewinthebbers* of the VOC's Amsterdam chamber. Steenhuysen was *bewinthebber* in the Enkhuizen chamber. In their stead were Louis de le Beecque (Becque), Francois van Hove, Bernard Berrewijns, Elbert Lucasz. Helmer, Lenaert Raey, and Huybert Wachtmans.

[24] The fleet comprised the *Gelderland*, the *Duifje*, the *Utrecht*, the *Wachter*, and the *Zeelandia*. The commander was Wolfert Harmensz. (Bruijn *et al*, 1979a, p. 12).

[25] This fleet comprised the *Alkmaar*, the *Amsterdam*, the *Enkhuizen*, the *Hoorn*, the *Groene Leeuw*, the *Witte Leeuw*, and the *Zwarte Leeuw*. Jakob van Heemskerk commanded this fleet (Bruijn *et al*, 1979a, p. 12).

Gerritsz. van der Buys, Jan Benninck, Jan Barentsz. Koeckebaker and Klaas Jacobsz. Koeckerbacker (van der Chys, 1857, p. 76). It is not clear whether this company actually despatched a fleet to India or whether it eventually combined with Rotterdam's Magellan Company.

At least two Zeeland companies, *Veersche Compagnie*[26] and the *Middelburgsche Compagnie*, originally formed for trade with the West-Indies, switched their attention to the East-Indies after de Houtman returned from India (van der Chys, 1857, p. 68). The investors in the *Veersche Compagnie* were the de Moucheron family, Symon Parduyn, Pieter Muenicx, Pierre le Moyne, Lieven de Meulenaear, and Arnoult le Clerq (de Haan, 1977, p. 82). The *Middelburgsche Compagnie* was established by the mayor of Middelburg, Adriaen Hendricksz. ten Haeff, in association with Jacob Pieter de Waert, Simon Langebercke, Adriaen Bommenee, Laurens Bacx, and others. A strong south-Netherlands influence was evident in both Zeeland companies, particularly so in de Moucheron's *Veerse Company* (Gaastra, 1991, p. 29).[27] Government pressure caused these companies to unite in 1600 to form a company known variously as the *Compagnie van Zeeland handelend op Oost-Indiën*, the *Compagnie op Oost-Indiën in Middelburgh* and the *Vereenigde Zeeuwsche Compagnie op Middelburgh*.[28] De Moucheron, who had financial problems,[29] and increasing reservations about the Netherlanders' business tactics elected not to join this company. He subsequently equipped an independent fleet that sailed for the East-Indies under the command of Joris van Spilbergen in 1601 (de Haan, 1977, p. 87). Notwithstanding attempts to merge its competing East-India companies, Zeeland still had two fiercely competitive companies that obdurately

[26] Named for the Zeeland city of Veere that was home to the de Moucherons.

[27] De Moucheron, ten Haeff, Muenicx, Bommenee, Bacx, and le Clerq were subsequently *bewinthebbers* in the VOC's Zeeland chamber.

[28] Zeeland Company of Middelburgh trading in East-India, the Middelburgh East-Indian Company, or the United Zeeland Company of Middelburgh.

[29] De Moucheron experienced increasing financial difficulties after 1600 (de Haan, 1977, p. 64). He never occupied his seat in the *Heren Zeventhien* (the seventeen gentlemen or seventeen lords who comprised the VOC supervisory body) as representative for Veere (Zeeland) nor did he contribute to the VOC's capital.

opposed any notion of cooperation with each other or the Holland competition (de Jonge, 1862, pp. 135-136; Bruijn *et al*, 1987, p. 3; Gaastra, 1991, p. 29).

Rotterdam also had two East-Indian companies at the end of 1597. One, controlled by van der Veecken (Veken), van der Hagen and associates, was a largely southern initiative. Its fleet comprised three or four large ships and one or two yachts and cost the enormous sum of half a million Flemish pounds (van der Chys, 1857, pp. 71-72; de Jonge, 1862, pp. 123-124, Keuning, 1938, p. xl; de Haan, 1977, p. 83). 72). The results were disastrous. Only one ship reached Asia and it returned to the Netherlands without any cargo. The company was dissolved and van der Hagen bankrupted. Van der Veken, who lost about a quarter million pounds, recovered financially and continued to pursue his East-Indian interests. He subsequently became a *bewinthebber* in the VOC's Rotterdam chamber. Although this initiative was a disaster, it demonstrates the enormous sums of capital that were available in Holland at that time.

A second Rotterdam company, the *Magelaensche Compagnie*,[30] was formed by northerners Huyg Gerritsz. van der Buis, Jan Bennink, and Pieter van Bevere about the same time as van der Veecken and van der Hagen's company was established. It merged with a venture proposed by the Coekebacker brothers of Amsterdam. The merger held charters for a total of four voyages via the Straits of Magellan (two for the Rotterdammers and two for the Coekebacker brothers). Each group equipped two ships and the fleet of four ships, under the command of Olivier van Noord and Jacob Claesz., sailed on 2nd July 1598. Their route was via the Straight of Magellan, to Chile, and then to Indonesia. As none of these men became VOC *bewinthebbers*, it suggests that at the time the VOC was established they no longer had an interest in the East-Indian trade (de Jonge, 1862, pp. 124-127; Keuning, 1938, p. xli). The lengths to which those involved in the traffic were prepared to go to ensure they retained as big a slice as possible is well demonstrated by the manner in which the *Magelaensche Compagnie's* legal rights were

[30] Magellan Company.

ignored. Although this company held a charter for four voyages via the Straits of Magellan the VOC's charter granted it the exclusive right to traffic via the Magellan Straits, at a time when the *Magelaensche Compagnie* had only undertaken one of the four voyages allowed by its licence. The company vigorously opposed this abrogation of its rights on the 19th of March 1602, a day before the VOC's charter was signed. The States-General compromised by confirming that the VOC had to respect the privileges granted to the Rotterdam Company for a further four years. Nevertheless, when the *Magelaensche Compagnie* publicised its intention of exercising its rights, the VOC objected and initiated a twenty-year legal battle to entrench its monopoly rights (de Jonge, 1862, pp. 127-128).

The city of Delft probably financed the small yacht, the *Delft*, which sailed with van Neck's fleet in 1600 (Bruijn *et al*, 1979a, p. 10). Its East-India company, which later became the Delft chamber of the VOC, was only established on the 10th of October 1601, when negotiations to establish the VOC were well-advanced. The *bewinthebbers* of this company were Michiel Jansz. Sasbout, Willem Joosten Dedel, Dirck Bruinisse van der Dussen, G. F. Boogaert, H. Balbian, Jan Raet, Heyndrick Ottens, Jan Jansz. Lodensteyn, Arent Jacobsz. Lodensteyn, and Dirck Meerman (van der Chys, 1857, p. 97, de Jonge, 1862, p. 129).[31] The Delft Company's archives referred to a ship named the *Haey* that eventually sailed in 1602 as the *Eendracht*. Consequently, it never existed as an operational entity prior to the VOC being formed (van der Chys, 1857, p. 97). The towns of Enkhuizen and Hoorn, which were also granted VOC chambers, did not actively participate in the East-Indian trade at the time that the VOC was formed, though it is likely that investors from these towns equipped yachts of those names that accompanied van Heemskerk's 1601 fleet. More likely, the reason that Enkhuizen and Hoorn were included in the VOC's structure was because the Northern-Quarter's (North

[31] Instead of G. F. Boogaert (Bogaert) and H. Balbian (Balbiaen), the VOC charter signed on March 20, 1602 named Cornelis Adriaensz. Bogaert and Jacob Sandersen Balbiaen as Delft *bewinthebbers* (Cau, 1664, col. 543).

Holland) Admiralty was located in these towns. Delft, Enkhuizen and Hoorn did equip vessels for van Warwijck's 1602 fleet, after the VOC was formed. Enkhuizen despatched the large ship, the *Maagd van Enkhuizen*, and the yacht, the *Papegaaitje*. Delft equipped the *Eendracht*, while Enkhuizen and Hoorn supplied large ships bearing these towns' names as part of van Hagen's 1603 fleet. Notwithstanding, the evidence does not indicate that Delft, Hoorn, or Enkhuizen had more than a token representation in the earlier East-Indian voyages.

AN UNRULY CONCURRENCY: THE NEED TO AMALGAMATE THE INDEPENDENT DUTCH EAST-INDIAN COMPANIES

Very early in the history of The Netherlands' East-Indian traffic the Dutch government had recognised that the intensely competitive nature of Dutch businessmen would be detrimental to both the trade and the nation's general well being. The States of Holland anticipated that a successful voyage by the *Compagnie van Verre* would stimulate a raft of intruders who would undermine the asset it had developed. On the 30th of August 1596, a full year before the first Dutch fleet commanded by de Houtman returned from Asia, the States of Holland recognised the potential problems that could eventuate and urged the province's East-Indian companies to cooperate with each other (de Jonge, 1862, p. 133). As already noted, after 1597 Dutch entrepreneurs from Holland and Zeeland clamoured for permission to dispatch fleets under the same privileges afforded Amsterdam's pioneering *Compagnie van Verre*. As the tempo of trade escalated after August 1597 so, too did demand for state subsidies, and the degree of competitiveness between rival companies. Alarmed by the escalating claims on its resources, the States-General recommended that, if the traffic was to remain viable, the competitors must unite.

The nature of these Dutch voyages changed quite significantly after de Houtman's return. Subsequent fleets were not only well armed but they also carried supplies to arm

locals to fight the Spanish, and materials for the construction of fortified positions. All of which intensified the demands made on the state's resources. Furthermore, Dutch regard for the principle of equity meant that the authorities had to find a way of accommodating all applications for state support because there were no acceptable grounds on which it could continue to support earlier ventures while denying newcomers the same opportunities. Attempts to appease the demands of an escalating number of participants would inevitably result in state assistance being so thinly spread that no company would reap any real benefit from the ventures (van der Chys, 1857, p. 56; den Tex, 1973, pp. 300-302). The States-General reasoned that the economies of scale necessary to ensure the government's continued support for the traffic was only possible if Dutch merchant fleets numbered between twelve or fifteen ships, rather than the three or four ships routinely dispatched by independent Dutch companies in the last decade of the 16th century. However, organisation on this scale was beyond the means of individual Dutch companies and more than their investors were prepared to risk.

Equally worryingly for those concerned with maintaining The Netherlands' political federation was the destructive rivalry spawned by a burgeoning number of fiercely competitive Dutch East-Indian companies (van der Chys, 1857, pp. 38-39). At the root of this problem was the practice of Dutch firms, granted rights to trade in a particular area, deliberately conducting business in a region assigned to another company with the objective of preventing their rivals from acquiring stocks of pepper and spices at a reasonable price. Amsterdam's *Oude Compagnie's* reaction to the competition is illuminating. It instructed Stephen van der Hagen, commander of the company's 1599 fleet, that, as there was no formal contract or accord between Holland's and Zeeland's companies, the Zeelanders must not be offered any assistance. Furthermore, van der Hagen had to ensure that all available pepper and spice stocks

were procured and loaded before the Zeelanders, [32] whom the Hollanders considered their real enemy ("*dat de Zeeuwen ons wreck viant syn en dat sy derhalwe niet ligtelijk vertrou en warden*"), could purchase their own supplies (van der Chys, 1857, p. 90; quoted in de Haan, 1977, p. 84). Consequently, Jacob van Neck, commander of Zeeland's *Veersche Compagnie's* (1600) fleet, complained that he was unable to purchase sufficient merchandise to fill even a single ship.[33] Unrestrained competition in Asia was exacerbated by the fact that, after bidding up prices in Asia, Dutch merchants vied for a diminishing European market by cutting selling prices. The significance of this bitter rivalry was that it was not simply a squabble between trading companies. Each province felt duty bound to pursue the interests of its companies in the States-General and, as Zeeland and Holland were also the most powerful provinces in the federation, the companies' quarrels threatened to tear The Netherlands' fragile unity apart.

---

[32] *"Daarom koopt, koopt zoo haest als doenlijk is, en het gecogte laadt het voort in uwe schepen, wy nemem alles wat er van speceryen gereed te bekommen is, en zoo gyl. door gebrek van gereeded speceryen, voorcoop deedet, maakt ul. Conditien en contract zoo vast als doenlyk is, en soo haest er eenig gecocht goed by u aankomt laat het uwe schepen. Gyl. moet zorg dragen dat onze vloot door de annkomst van de Zeeuwsche niet de minste schade lyde. Wy hebben met henlieden in het minste geen contract ofte accoort wegens de negotie*" (in de Jonge, 1862, p. 136). "Therefore purchase as quickly as possible and load the goods in your ships. We must take all the spices available. If there are no goods left for you to purchase, secure a firm contract for future stocks. As soon as you are aware that stocks are available, load them in your ships. As our company has no commercial contract or accord with the Zeelanders, you must ensure that we will suffer not the least disadvantage when the Zeelanders arrive."

[33] Legitimate trade the only cause for concern for the Dutch authorities at this time. Dutch mariners in the Atlantic and Mediterranean had turned from legitimate privateering to wanton acts of piracy that were not confined to enemy vessels, which heightened tensions between The Netherlands and other European nations. A 1609 court case initiated by Pedro d'Arana demonstrated that those behind the acts of piracy included some of the most prominent Netherlanders of the time, including Balthasar de Moucheron, founder of the East-Indian Company of Veere; Jacob Boreel and Cornelius Meunix (Muenicx), subsequently appointed VOC *bewinthebbers*; Simon Parduyn, and Pierre le Moine (Moyne), *bewinthebbers* in the Company of Veere; Jacob Valcke, Zeeland's Receiver-General; Pieter van Reigersberg, Veere's *burgomeeste*r; and Nicolaes Meyros, Admiralty judge and major investor in the VOC (Sluiter, 1942, pp. 33-34; Barbour, 1950, p. 130; den Tex, 1973, p. 302; Adams, 1994, p. 334; Fritschy, 2003, pp. 59-60; van Ittersum, 2003, pp. 59-60, 66-67).

Competition between the independent Dutch East-India companies in the East-Indies had another detrimental effect. Excess demand spawned by the rivalry gave local rulers *carte blanche* to exact whatever fees they believed the excessive demand would bear. In this regard, Steven van der Hagen reported in 1600 that Bantam's[34] local authority demanded thousands of *reals* (Spanish silver pieces of eight) in tolls, anchorage fees, five percent duty on exports, and a further eight percent on imported merchandise (in van der Chys, 1857, p. 89). The small, lightly armed Dutch fleets were in no position to oppose the locals' exploitation of the market. Moreover, escalating supply costs were exacerbated by the Spanish Crown's determination that the Dutch were trespassers[35] who had to be aggressively dissuaded from intruding on its commercial zone and violently punished when discovered. Spanish action against the Dutch not only restricted the potential points of supply available to the Dutch but also required that the Dutch fleets be heavily armed. Consequently, both government and merchants were acutely aware of the perilous state of the East-Indian traffic. However, neither had the wherewithal to effectively manage the prevailing situation. Notwithstanding the difficulties posed by the market, the Dutch never contemplated abandoning their foothold in the market (van der Chys, 1857, p. 152). Instead, like its predecessors, The Netherlands' government resolved to restore the traffic's overall profitability by ensuring that the market was organised and controlled so that the country obtained maximum advantage.

From the Dutch government's perspective, the solution to declining profitability and increasing costs in the East-Indian traffic rested on three broad tactics. Most importantly, procurement costs had to be better managed by militarily dominating supply. This entailed that future Dutch fleets must comprise large, powerful naval

[34] Bantam, a port town in Sumatra was where the Dutch established their main East-Indian trading post after they drove out the Portuguese in 1601.

[35] The *Treaty of Zaragoza* (1529) and Spain's annexation of Portugal in 1580 ceded all commerce south of the Tropic of Cancer to the Spanish Crown. Ships could not engage in trade in this area without being licensed by the Crown.

forces that could decisively take the fight to the Spanish (den Tex, 1973, pp. 299-300). At the same time, the merchants recognised that they had to militarily dominate local suppliers and protect personnel and merchandise by fortifying their Asian compounds and maintaining a fighting force in Asia. In addition, the profitability of their East-Indian traffic had to be optimised by encouraging independent Dutch East-India companies to cooperate, rather than act as commercial competitors. Finally, the Dutch believed that profitability could only be ensured if domestic price competition was eliminated (van der Chys, 1857, pp. 87, 89; de Jonge, 1862, p. 137; de Haan, 1977, p. 84).

The means by which these objectives could be achieved was not readily apparent to those concerned. Contemporary Dutch thinking was that a single firm with exclusive rights to the Netherlands' domestic wholesale market for Asian pepper and spices was the best means of controlling domestic price competition (George Gilpin, 1601, in den Tex, 1973, p. 304).[36] Military domination in Asia and the elimination of competition between Dutch companies doing business in the East-Indies could be achieved by a voluntary association of existing Dutch East-India companies or an entirely new organisation could be granted exclusive rights to the commerce that was protected by a government charter. Initially, the latter approach was rejected on the principle, long-held in Holland and West Friesland, that government charters conferred monopoly rights on private companies that were prejudicial to general economic welfare (van der Chys, 1857, p. 151; de Jonge, 1862, p. 133; den Tex, 1973, p. 300).[37] Those opposed to chartered companies argued that a better alternative was a free-market in which all claimants were granted identical rights and privileges. Holland's State-advocate, van Oldenbarnevelt opposed a free-market on the grounds that it would not have the desired socio-economic effect of allowing all Netherlanders, especially the Calvinistic poor, an

[36] See the quote at the head of this chapter.

[37] It could be argued that the monopoly rights enshrined in some 16th and 17th century charters were equivalent to the modern patent rights in that they were intended to protect investment.

opportunity to participate in the East-Indian trade. Nor was he convinced that the rest of the Netherlands should tolerate Amsterdam's *Vereenigde Compagnie* being granted exclusive rights to the East-Indian commerce simply because it had been the first to enter the market. Nevertheless, he was careful to avoid any public reference that could be interpreted as specifically denying *Vereenigde Compagnie* what it vigorously defended as its right. Instead he declared a free market undesirable because of

> The nations with which trade must be done, and their character, the goods that must be traded in and purchased there, the kind of obstruction the Spaniards and Portuguese, either by violence or otherwise, were likely to offer in order to prevent the inhabitants of the Netherlands from navigating and trading there (den Tex, 1973, p. 301).

In other words, van Oldenbarnevelt's stated reason was that the Spanish attitude towards interlopers, together with the power of local rulers to load purchase prices and milk the traffic of every duty, meant that a single, private Dutch company would have neither the finances nor the military capacity to fully exploit the East-Indian traffic. Given the economic arguments against an entirely free East-Indian market, and resistance to the notion that the *Vereenigde Compagnie* was justified in claiming sole right to the East-Indian trade, a consortium of existing companies, protected by a charter that denied future participants access to the trade, was the only viable option. Initially, a cartel based on a division of the commercial regions in East-India between existing Dutch companies was the preferred form of association. The philosophical difficulty of such a structure was that it effectively conferred monopolistic rights on the holders, and limited the economic benefits to existing investors. A more practical disadvantage was that not all Asian regions were equally profitable or offered concessionaries equal benefits. Companies not assigned the strategic Indonesian ports of Bantam and Jakarta would be dependent on the goodwill of those who did control these sources of supply. Accordingly, the majority of companies did not find this solution acceptable.

The Netherlands States-General's and Holland's policy before 1601 had been to impose an order on the East-Indian traffic by whatever means possible. By May 1601, a

concern for commercial order had been supplanted by anxiety for the nation's general economic welfare. Furthermore, the means by which this aim could be achieved was also more concrete. At this time, the government unequivocally agreed that the Dutch East-Indian commerce had to be restructured as a single entity that incorporated existing interests but was not limited to current investors (de Jonge, 1862, pp. 133, 138; den Tex, 1973, pp. 301-305). Recalcitrant recusants, it reasoned, could be routed by the threat to cease all state support for those who did not acquiesce. Van Oldenbarnevelt, the driving force behind the notion of unification, insisted that the new company be structured so that that all towns currently involved in the East-Indian trade would share in a just reparation of the advantages in preparing a fleet, and discharging and distributing imported wares. Moreover, he demanded that the proposed general company be recapitalised to give every Netherlands' inhabitant an opportunity to invest even the smallest sums on their own behalf.

The provision that every Netherlander could invest on their own behalf represented a radical shift in Dutch commercial finance (den Tex, 1973, pp. 300-303). Traditionally the Dutch had invested in commercial undertakings through the auspices of a financial agent known as a *bewinthebber*. Now, merely by subscribing to the company's share capital, anyone was free to invest the smallest sums on their own behalf, thereby significantly undermining the traditional power of the Netherlands' commercial entrepreneurs. More importantly, the strategy indicated a confidence that Netherlands' financial accounting had matured to the extent that it could develop the techniques necessary to effectively administer such a complex undertaking.

On the 6th of January 1598, when only de Houtman had undertaken a successful voyage to India on behalf of Amsterdam's Company of Verre, and there was no question of Dutch companies competing in the East-Indies, the Netherlands States-General addressed a communiqué to Holland and Zeeland's merchants who had an interest in the East-Indian traffic. This letter assured the merchants that the States-General was motivated only by the desire to ensure that the embryonic Netherlands

East-India traffic thrived and earned a sound return for all Dutch participants. The veiled threat contained in this statement implied that if the merchants were unable to impose order on the traffic, the state would do so (van der Chys, 1857, p. 81; de Jonge, 1862, p. 131; Prinsen, 1987, pp. 6-8). Following this the States-General invited those merchants from Holland and Zeeland who had an interest in the East-Indian commerce, and who best understood its intricacies, to meet with its delegates to discuss how to effectively manage the traffic. Notwithstanding the States-General's ostensible reliance on the merchants' expertise, this body made some definite statements about how it believed the traffic should be organised. To ensure the East-Indian commerce's continued success, the States-General proposed that future Netherlands' East-Indian fleets be constituted as joint ventures between the various companies chartered to operate in that region. This, it believed, was the only effective way of providing the desired economies of scale that would make the Dutch merchant navy a force to be reckoned with. Accordingly, van Oldenbarnevelt scheduled a meeting for the 15th of January 1598 between a delegation representing the States-General and the East-Indian companies located in Holland (Amsterdam and Rotterdam) and Zeeland's port city, Middelburg (van der Chys, 1857, p. 81; den Tex, 1973, pp. 301-302).[38] This meeting did not proceed smoothly. Holland's deputation was present at the appointed time and declared its support for the initiative, provided such a union was not be subject to a state charter.[39] However, Zeeland's deputation arrived only on the 19th of January, some time

[38] Holland and Zeeland's prominence was justified on the grounds that all Dutch East-Indian companies established before 1602 were located in these two provinces. Secondly, the States-General was concerned that conflict between Holland and Zeeland over the East-Indian trade posed a grave risk to the stability of the young Netherlands' republic (van der Chys, 1857, pp. 38-39).

[39] Holland's objection in this regard was based on the belief that charters issued to private companies were prejudicial to the state's interests. Moreover, it was concerned that if union did occur under a state charter it would result in the East-Indian trade being nationalised (de Jonge, 1862, pp. 131-134).

after Holland's representatives had left.[40] While the Zeelanders agreed on the need to co-operate, they expressed strong disapproval of Holland's tabled proposal for restructuring the East-Indian traffic that favoured the Amsterdam's company. Accordingly, the Zeelanders' declared that without further reassurances from the State to secure their share of the traffic, unity was not in their best interests (van der Chys, 1857, p. 82; den Tex, 1973, p. 302). Notwithstanding Zeeland's reluctance to be party to a national company, the States-General advised them to proceed with plans to unite their province's companies.

The only outcome of the meeting held in January 1598 was that the various parties fundamentally disagreed on how any form of unity could be achieved. As the States-General lacked the necessary authority to force resolution on the companies, it sent a letter to all parties admonishing them for their lack of agreement and recommending that they conduct their affairs with goodwill, unity, and cooperation. Furthermore, it advised the companies that they should assist each other as much as possible and refrain from trespassing on others' territory. Finally, the States-General required that the companies instruct their agents accordingly (Resolutions of the States-General of 6th and 19th January 1598; van der Chys, 1857, pp. 82, 83; de Jonge, 1862, p. 132). Zeeland's Middelburg Company assured the States-General of its cooperation on the 13th of February, provided Holland's companies were subject to the same conditions. However, the States-General's advice, together with the threat that support for disobliging companies would be curtailed, went largely unheeded. By 1599, eight independent Dutch East-Indian companies were locked in intense competition for a share in the Asian traffic and any accord between them honoured only in the breach (van der Chys, 1857, p. 83).

[40]The Zeelanders claimed to have been ice-bound and unable to travel. More probably, their lack of punctuality was a ploy to avoid a direct confrontation with the Hollanders (den Tex, 1973, p. 301).

Faced with continuing, stubborn resistance from the independent companies, the States of Holland, Zeeland, and The Netherlands States-General resolved to initiate political action to restructure the East-Indian traffic. In August 1599, the States-General commissioned the Admiralties of Zeeland, Holland and West Friesland to consider how best to manage the Netherlands' maritime trade (de Jonge, 1862, p. 134). This body's report dated 17th of December 1599 was extraordinarily inept. It simply advised that Dutch ships should trade peacefully, skippers comply with Admiralty rules, all Netherlanders sail under a common passport, and Netherland companies in Asia cooperate with each other. The States-General compounded the Admiralties' incompetence by endorsing its findings with the proviso that no company would be forced to comply (resolution dated 22nd of December 1599, in de Jonge, 1862, p. 135). The States of Zeeland objected to the resolution and it did not proceed any further (de Jonge, 1862, p. 135).

THE UNIFICATION OF THE DUTCH EAST-INDIAN COMPANIES

First attempts to Unite

Opposition to the States-General's plans notwithstanding, the realities of the East-Indian traffic were not lost on the companies. In late 1597, Amsterdam's *Compagnie van Verre* amalgamated with the *Nieuwe Compagnie* to form the *Oude Compagnie van Verre* (de Haan, 1977, p. 82). Nevertheless, plans to force a national union of the independent companies were not well received by the Amsterdam merchants involved. In 1599, in response to the States of Holland's plea for unity, the *Oude Compagnie* petitioned the States of Holland for a new, six-year charter. The States of Holland countered by granting the request on condition that the Amsterdam companies unite (van der Chys, 1857, p. 87; de Jonge, 1862, pp. 132-133). As a result, progress towards uniting the East-Indian traffic was slow, and proceeded largely at the initiative of the States of Holland under the direction of its Advocate, Johann van Oldenbarnevelt.

Eventually, in 1600, the merchants were forced to acknowledge that the intense, unregulated competition was utterly destructive and could not continue. Between the 29th of August and 22nd of September 1600 the States of Holland decided that the matter was urgent and invited submissions from the province's major towns of Dordrecht, Delft, Amsterdam, Rotterdam, Hoorn and Enkhuizen on how the trade could best be managed.[41] The outcome was that the States of Holland resolved that a national effort was required to affect the desired reform and scheduled a general debate on the 9th of November 1600 to settle the matter.

> So that the country's traffic with the East-Indies is directed with discipline and authority, and the trade with Banda, Bantam, and surrounding regions is preserved, it must be placed under the control of the States-General or his Excellency (Prince Mauritz.). This requires that existing companies be united and chartered for a number of years. Furthermore, the proposed company must be authorised to extend Netherlands' friendship and form alliances with the rulers of those lands where it trades, build forts, and impose such order as it thinks fit. Common consent has found this to be the honourable and responsible course of action necessary for the preservation of the traffic. Consequently, representatives of the entire country must assemble to urgently consider that matter's resolution (Resolution States of Holland, 30th October – 11 November 1600 and 15-21 May 1601, quoted in van der Chys, 1857, pp. 91-92; de Jonge, 1862, p. 138).[42]

To add weight to its entreaties, the States of Holland threatened to unilaterally divide the trade between the participants (resolution of the States of Holland 30th October – 11th November, 1600, in de Jonge, 1862, pp. 137-138). The *Oude Compagnie*

---

[41] The committee reported on the 17th of May 1601 (van der Chys, 1857, p. 87). It is noteworthy that these delegates represented Holland's most influential towns, not the merchants most directly involved in the commerce.

[42] "*Dat de vaert op Oost-Indie met ordre en authoriteit van dese landen, hetzij op naam van de Staten-Generaal, hetzij op naam van Z, Exc. Behoort gedirigeert te worden, omme te verhoeden, dat zulks ook niet gepractiseert worde in andere landen, en of tot behoudenis van de handeling op bantam, Banda en de quartieren daaromtrent, niet dienstig wezen zou alle de Compagnien tot ééne Compagnie te brengen, deslve voor ettlijke jaren de voorsz. Handelinge te octroeren, ende te authoriseeren, omme met de Koningen daaromtrent, vriendschap en alliantie te maecken dezelve jegens de vyanden te assisteren, plaetsen en sterken te maeken, ende voorts op hare handelinge in die quartieren zulke ordre te stellen asl zij dienstelijk bevinden, en is hetzelve bij de meeste advizen niet alleen eerlijk en dienstig, maar tot de conservatie van den voors. handel noodig bevonden, en dat over zulks daarop in de generaliteit behoort te worden gebesoigneert*" (Resolution of the States of Holland, 30th October - 11th November, 1600, quoted in de Jonge, 1862, p. 138).

responded in November 1600 with a petition that appealed to the city of Amsterdam to ensure that its existing orders, contracts, and dealings with its employees and its agents in Asia were not interfered with (van der Chys, 1857, p. 91). On the 9th of December 1600, Amsterdam parried the *Oude Compagnie's* appeal by advising that all Amsterdam companies currently trading in the East should combine. In return, the city promised to provide a united company with all reasonable assistance in terms of shipyards, equipment, supplies, credit, armaments and munitions. It also emphasised its determination to see a merger of the city's independent East-Indian companies by warning that any venture initiated in contradiction of its proclamation would be deemed illegal and without substance. More importantly, the city promised that any current *bewinthebbers* who objected to the scheme would be able to withdraw their investment from the proposed combined company, and that it would make good any shortfall in capital precipitated by *bewinthebbers* withdrawing their funds (van der Chys, 1857, pp. 93-94).

Exasperated its lack of success in persuading the independent companies to unite, the States of Holland issued a resolution dated the 17th of May 1601 declaring that the problem could only be resolved by the States-General or Prince Mauritz taking the initiative (de Jonge, 1862, p. 138). Recognising that a union of East-Indian companies was unavoidable, the *Oude Compagnie* amalgamated with Amsterdam's *Nieuwe Brabantsche Compagnie* in December 1600 to form the *Eerste Vereenigde Compagnie op (van) Oost-Indië tot Amsterdam* (de Haan, 1977, p. 87). As a result, at the end of 1600 Amsterdam had only a single united company. In total, Holland had two active East-Indian companies, the *Eerste Vereenigde Compagnie op (van) Oost-Indië tot Amsterdam* and Rotterdam's much smaller *Magelaensche Compagnie* and clearly did not face a crisis in terms of the number of East-Indian companies it supported at the beginning of 1601.

Amsterdam's *Eerste Vereenigde Compagnie op (van) Oost-Indië tot Amsterdam* reacted on 28th of August 1601 with a plan to unite all Netherlands' East-Indian

companies. In a petition addressed to the States of Holland, it conceded the notion of a united company, provided it, and no other, was advantaged by such a decision. The *Eerste Vereenigde Compagnie op (van) Oost-Indië tot Amsterdam* justified its demand on the grounds that, as the successor to first Dutch company to undertake the trade, it had invested much more in the traffic's development than any other company. Therefore, it deserved a majority in the management of any proposed united company, and the greatest share of the economic benefits that flowed from such a merger (den Tex, 1973, p. 300). Accordingly, the *Eerste Vereenigde Compagnie* petitioned the States of Holland for a twenty-five year charter. In return it declared that it would accept public investment from all residents of Holland and West-Friesland to make up any additional funds needed to finance future fleets. This was a hollow concession as the *Eerste Vereenigde Compagnie* also reserved the right to determine the size of future fleets and, at that time, the returns generated by completed voyages were more than sufficient to finance succeeding ventures. Van Oldenbarnevelt opposed Amsterdam's proposal on the grounds that it concentrated the outfitting of fleets in only that port, thereby depriving other ports a share in the industry, and because Zeeland's exclusion was not in the interests of the country (de Jonge, 1862, p. 139; den Tex, 1973, p. 305).

Unlike Amsterdam, Zeeland companies were not prepared to amalgamate without assurance that their commercial interests would not be jeopardised as a result (van der Chys, 1857, p. 82). Nevertheless, Zeeland's Middelburg Company had assured the States-General on the 13th of January 1600 that it would co-operate with plans for a union of that province's East-Indian companies. A partial unification of these companies was concluded in November 1600, when most of de Moucheron's *Veersche Compagnie* defected to ten Haeff's *Middelburgsche Compagnie*.[43] De Moucheron, who

[43] Subsequently known variously as the *Compagnie van Zeeland handelend op Oost-Indiën* (Zeeland Company of Middelburgh trading in East-India), the *Compagnie op Oost-Indiën in Middelburgh* (The Middelburgh East-Indian Company) and the *Vereenigde Zeeuwsche Compagnie op Middelburgh* (United Zeeland Company of Middelburgh).

had wider interests in both Africa and the West-Indies, continued to do business in Asia as an independent company. In 1601 he equipped an independent East-Indian fleet (van der Chys, 1857, pp. 93-94; de Haan, 1977, p. 87; Bruijn *et al*, 1987, p. 3; Prinsen, 1987, pp. 6-8; Gaastra, 1991, p. 29).

The second attempt to force the companies to unite

Exasperated by the slow progress made in merging the independent East-Indian companies, Holland realised late in 1601 that the matter of unifying the Dutch East-Indian companies was too complex to be resolved by city or province alone. Furthermore, it believed van Oldenbarnevelt's central role in unification negotiations was a hindrance because he was perceived as being too closely associated with Holland's interests to offer Zeeland a convincing argument for unity. Accordingly, on the 7th of November 1601, the States of Holland instructed its representatives in the States-General to induce that body to persuade the *bewinthebbers* of Amsterdam, Middelburg (Zeeland), the Meuse[44] (Rotterdam and Delft), together with representatives of the Northern Quarter (Enkhuizen and Hoorn) to meet to discuss how the East-Indian trade might be united (Resolutions of the States of Holland; 22 – 32 October, 1601, in de Jonge, 1862, pp. 139-140). The States-General summoned the companies, together with duly authorised provincial representatives, to meet in The Hague on the 26th of November 1601 to thrash out a union (van der Chys, 1857, p. 97).[45] Representatives from Amsterdam, Zeeland, and the Meuse region attended on the 26th of November but

[44] Towns adjacent to the river Meuse (Maas).

[45] The interminable committees and prolonged discussions that characterised discussions of unity are typical of Dutch organisation. Netherlands management is grounded in cooperative teams of equals that sponsor the interests of the wider stakeholders, rather than the more narrow interests of partners, shareholders, or owners (van Iterson, 1997b, p. 55). The principle was to ensure that a just division of economic benefit, which is central to the Dutch psyche, applied to each of the interested parties (Lijphart, 1968, p. 164, van Dijk and Punch, 1993, p. 172). To avoid incessant debate about the distribution of The Netherlands' tax burden, the tax obligation was distributed proportionally between the provinces and ultimately the towns, after 1583 (van Zanden and Prak, 2004, p. 37).

the Northern Quarter cities did not receive their invitation until the 30th of November[46]. Furthermore, the States-General only appointed its delegates on the 29th of November, some three days after the meeting was scheduled to begin, which delayed proceedings even more. Consequently, the meeting finally convened on the 1st of December 1601 (den Tex, 1973, p. 305).[47]

Some progress was immediately obvious. The principle of union and the necessity of a long-term charter to secure a united company's privileges was generally agreed by the delegates but, because the States of Zeeland did not accept the unification model proposed by Holland, little progress was made on how this goal could best be achieved (den Tex, 1973, pp. 302-304). To advance the discussion, each delegation was instructed to table a written statement of their demands and the conditions they found acceptable for union (van der Chys, 1857, pp. 97-102; de Jonge, 1862, p. 140). Delft's report in this regard is the only one still extant. It reads as follows:

> Measures proposed by the East India Company in Delft to effect a union of all East Indian Companies.
>
> Firstly, that all existing companies with an established body of *bewinthebbers* be allowed to continue in its entirety.
>
> That a certain method of reparation be determined that stipulated the precise manner by which ventures would be outfitted and benefits distributed amongst the participating colleges (towns).

[46] The fact that Hoorn was not originally invited indicates that it was not a prominent participant in the East-Indian traffic at that time. A number of Holland's smaller ports were probably encouraged to adopt an interest in the trade to swell Holland's power in a general company.

[47] Amsterdam's delegates to this meeting included: Reynier Pauw, Jan Jansz. Carel, Geurt Dircxz., Pieter Lenartss. Busch, and Dirk van Os. Zeeland's representatives included: Adriaen ten Haeff, Cornelius Meunicx, Laurens Bacx, Balthasar de Moucheron, Jacob Pietersz. de Weert, Adrian. Bommene. Those who represented Delft were Jan Jansz. Lodesteyn, Cornelis Adriaen Bogaert, Geert Dircksz. Meerman for Rotterdam: Fop Pietersz. vd Meyden, for Hoorn: Claes Jacobsz. Syms, Cornelius Veen for Enkhuizen: Hendrick Gruyter, Barthoult Jansz. Steenhuyzen. All, except Busch, were later *bewinthebbers* of the VOC.

> That a supervisory body, comprised of persons from each participating college in the united company, be established in Amsterdam to provide advice to, and exercising executive control over, the united company. One of its main duties would be to inform associates, not resident in Amsterdam, that a fleet was being outfitted or had arrived from the East. Such a body was necessary because it would allow the members to decide, by general consent, the orderly resolution of matters affecting the East Indian trade: including the manner in which each city could equip and provision fleets, the number of ships equipped, their destination, and the distribution of imported goods. Thereby, participating colleges would share responsibility for the company's general administration, provisioning, and trade. Moreover, a general supervisory body would ensure a standard method of operation, and provide an acceptable degree of accountability between participating colleges.
>
> Finally, that the provisioning of the fleets be in common, shared in proportion to the college's representation on the proposed supervisory body (van der Chys, 1857, p. 99).

Given the correspondence between the Delft document, which served as the basis for subsequent discussions, and the VOC's charter, it is reasonable to assume that its contents largely reconciled with those of Holland's other delegations. Accordingly, the Delft document provides a rare insight into Holland's concerns. The memorandum clearly accepted the notion that existing firms had the right to continue to participate in the traffic, which suggests that Delft's priority was to maintain its own advantage, even though it did not have an East-India company before the 10th of October 1601, shortly before the States-General's meeting. More importantly, it recognised the principle that the economic activity the traffic generated be divided proportionately between the participating cities. It also acknowledged that, to be effective, the company divisions had to be controlled by a supervisory body. However, a glaring omission is any reference to compelling commercial reasons for the company's formation, its structure, or the financial accounting required to administer it. Absent, too, is any specific acknowledgement that the proposed company was meant to serve the general body of investors.

When the meeting reconvened on the 8th of December 1601 at the van der Briel Lodge in The Hague (van der Chys, 1857, p. 99; de Jonge, 1862, pp. 141-142), the main

points of discussion were similar to the concerns raised in the Delft document, with the addition of the consequences of any participating town failing to contribute their share of the costs of outfitting a fleet, the exact representation in the supervisory college, and that any loss incurred as a result of the insolvency of a *bewinthebber* was to be borne by the chamber represented by that *bewinthebber* and not the general company. Furthermore, discussion ensued about the point at which investments would be returned to shareholders. Initially it was proposed that proceeds be returned to investors as soon as the company realised ten percent of the sum invested in a fleet in cash. This threshold was later set at five percent in the VOC's charter.[48] Another point debated by delegates was whether a general accounting should be made every five years or at some other interval. Ultimately, the VOC's first charter determined that a general accounting was to be made every ten years, "*dat men t'elcke thien Jaren en generale slot van rekeninge sal maken*" (NL-HaNa, VOC, file 1, Article VII). [49] A general accounting was the evidence needed to effect an orderly liquidation of the VOC's capital. The limitation of the capital's life to a period of years was a control intended to protect those who had invested in the company that served the same purpose as the modern requirement that companies annually provide their members with a set of financial statements. The major difference between a 17th century company, such as the VOC, and a modern company is that the nature of the VOC's business, which was long-distance venturing by sea, meant that technical constraints prevented the requisite financial data for a final accounting being assembled at a preordained time.

Rather than an annual accounting, the accounting made to the investors in a venture was dependent on the occurrence of a particular event, such as the completion

---

[48] "*Alsser vande retouren vijf ten hondert in Casse sal wesen, salmen aen de participanten uytdeelinge doen*" (NL-HaNa, VOC, 1.04.02, file 1, Article XVII). This was literally intended as a liquidation of the invested capital, not as a dividend as the term is understood today.

[49] Neither the requirement for a general accounting to liquidate the company nor the provision that investments would be returned once the company had realised a certain amount was adhered to in practice.

of a particular voyage or a series of voyages sufficient to persuade potential investors that they could recoup their investment within a reasonable time and earn an attractive profit. This had to be balanced against the company's need for sufficient capital to fund the business' objectives, and the public investor's reluctance in an age when it was not easy to liquidate capital investments before the business was wound up to commit their assets for longer than deemed prudent. Consequently, although the catalyst was a particular event, practice required that that occurrence be subject to the constraint of a reasonable period on time. In the VOC's case it was judged that the completion of five round trips to the East-Indies would provide such a balance and, therefore, the first capital's life was deemed to be ten years. A precedent for this practice was set by the Dutch shipping partnerships (*reederij*) that usually endured for the lifespan of the ship in European waters (Posthumus, 1953, p. 117), and was common in other forms of business in both Germany and Italy. One example was the *Grosse Ravenburger Gesellschaft* that endured from 1380 to 1530 but was reconstituted every six years (Braudel, 1992b, pp. 436-437). Similarly, the Peruzzi Company was reorganised in 1300, 1308, 1310, 1312, 1324, 1331, and 1335 (de Roover, 1948, p. 32). The significance of the charter's provision that a portion of the investors' capital would be returned to them as soon as the VOC had realised a certain amount from the sale of imported goods, and within the ten year lifespan stipulated for the VOC's capital, were not the thresholds *per se* but that they demonstrate that the company's instigators still conceived of it as a terminating venture and not a permanent corporation.

Critical points that continued to bedevil unification until just before the VOC's charter was signed included the nature of the relationship between the parties associated with the proposed company. In particular, vigorous debate ensued over the relative

weighting of regional representation, voting rights[50] and an equitable reparation for those cities that hosted VOC chambers and equipped its fleets. As the overriding principle behind the determination of these shares was an equitable distribution of the economic activity involved, it was an important one that affected every aspect of life in these cities.[51] Thus, Article I of the VOC's charter stipulated that when the VOC equipped a fleet the Chamber of Amsterdam must provide half of the total resources required, Zeeland a quarter, and the Chambers on the Meuse, the Northern Quarter and West Friesland (Rotterdam, Delft, Hoorn, Enkhuizen) one eighth each (NL-HaNa, VOC, 1.04.02, file 1, Article I).

Notwithstanding the apparent progress, things did not proceed smoothly. On the 10th of December 1601, Zeeland's delegation rejected two propositions adopted by Holland. The first was that Amsterdam had twenty votes to Zeeland's twelve in the proposed supervisory body. The second was Amsterdam's proposal that, because it had the most delegates, the proposed supervisory body be based in that city. Zeeland countered that such a division allowed Amsterdam, but more especially Holland's chambers, to dominate the proposed company. In protest Zeeland proposed that each chamber have a single vote regardless of the number of representatives they had in the supervisory body, and that this body also meet in Zeeland. As no consensus could be reached on these matters, Zeeland's delegation abandoned the meeting and returned home (van der Chys, 1857, p. 101). Accordingly, it was agreed that the composition of the supervisory body and its location could be left in abeyance for the time being.[52]

---

[50] The composition of the supervisory college was originally eighteen or nineteen members, which Amsterdam would provide eight or nine, Zeeland, four, the Meuse region three, and the Northern Quarter three. Holland's representatives proposed that a simple majority of the total votes in the supervisory college constitute a binding resolution. Zeeland, by contrast, argued that each region only had one vote, and that a resolution be carried on the basis of a majority of that criterion (van der Chys, 1857, pp. 100-101).

[51] Clearly a simple majority would give Holland the edge in any decisions. By contrast, Zeeland's interests would be severely compromised by such an arrangement.

[52] Notwithstanding the disagreement on the details, none of the parties disputed the necessity of such a body or its purpose and duties.

Ultimately, Article III of the VOC's charter accords with the proposal made in the Delft document. It stated that the supervisory body would meet to decide when a fleet should be equipped, how many ships it would comprise, and its destination. More importantly, the VOC's charter established that the decisions of the supervisory body would be binding on the respective chambers.[53]

The States-General reconvened the meeting on the 31st of December 1601 and instructed the delegates that they were to finally settle the matter (van der Chys, 1857, p. 103). Consequently, the delegates reconvened on the 15th of January 1602. Van Oldenbarnevelt's opening peroration emphasised that Philip II of Spain relied on Dutch merchants' discord to maintain Spain's dominance of the pepper and spice market. Accordingly, van Oldenbarnevelt reasoned, to damage Spain's economy, and ensure the Netherlands' security, the Dutch had to make every effort to cement a union of the Netherlands' East-Indian companies (den Tex, 1973, p. 306). Strikingly, the speech omitted any reference to the advantages of union for The Netherlands, which suggests that van Oldenbarnevelt's real motivation for pursuing union with such diligence was political, rather than economic (van der Chys, 1857, p. 104; den Tex, 1973, p. 306).[54] Van Oldenbarnevelt's inspiring words were clearly successful. The meeting decided the matter of the number of representatives in the supervisory body would be seventeen, of which Amsterdam would provide eight, Zeeland four, and the other regions two each (van der Chys, 1857, p. 104). The compromise meant that Amsterdam, alone, could not overrule Zeeland without the support of at least one of the other regions (de Jonge, 1862, p. 143). Finally, although the supervisory college was not formally named in the

[53] "*'t Voorschreven collegie, als het beschreven sal te samen komen, om the resolveren wanneer men sal equiperen, mee hoe veel Schepen, waer men die sal seynden, ende andere dingen den Handel betreffende. Ende sullen de Resolutien van't voorschreve Collegium by de voorschreven Cameren van Amsterdam, Zeeland, Mase ende Noort-Hollant geeffecteurt ende in 't wreck gestelt worden*" (NL-HaNa, VOC, 1.04.02, file 1, Article III).

[54] Evidence that van Oldenbarnevelt might not have greatly valued the VOC's economic potential is apparent in the negotiations that preceded the signing of the 1609 truce between The Netherlands and Spain. During the course of these negotiations van Oldenbarnevelt proposed that the VOC withdraw from the Indies and be liquidated (Israel, 1990, p. 84).

VOC charter, it was universally referred to as the *Heren Zeventien* (or *Heren XVII*). The outstanding maters affecting union were settled between the 15th and the 24th of January 1602.

Prior to that meeting van Oldenbarnevelt had obtained permission from the States of Holland to directly negotiate Zeeland's role in the proposed company. In his memorandum to the States of Holland he repeated his arguments for union used in his 15th January speech, which was later included as the preamble to the first VOC charter (den Tex, 1973, pp. 307-308). The essence of that address is as follows (NL-HaNa, VOC, 1.04.02, file 1, VOC charter, 1602).

> The States-General of the United Netherlands greet all those present. It is acknowledged that the welfare of these United Provinces has primarily depended on the profits earned from trade and commerce conducted with neighbouring kingdoms and those countries located further away, in Europe, Asia and Africa. In the past ten years this tradition has been expanded at great cost, effort, and risk by a company of merchants established in the city of Amsterdam who have enjoyed great commercial success in the East-Indies. As a result of their accomplishment, other companies from Zeeland, the Maze, the Northern Quarter, and West-Friesland have followed. After considering these developments and the extent to which the United Provinces and the inhabitants of this country are dependent on these ventures, we believe that this trade and commerce must continue and must be expanded by bringing it under general control, which will ensure sound justice, good conduct, communal interest, and common management. For these reasons the principal investors in the existing East-Indian companies, have proposed that a general union of existing East-Indian companies is the honourable, dutiful, and profitable course of action, not only for the welfare of the United Provinces, but also for those who first undertook this glorious traffic and invested in its development. To this end, the aforementioned trade must be conducted under a certain and stable entity that can impose a common order and justice for the increased benefit of all inhabitants of the United Provinces who wish to participate therein. The delegates here present understand and appreciate the reasons for union and, as a result of the extensive communications, deliberations, reports, and advice received on the matter, are fully appraised of all matters concerning union of the companies in a single entity. Accordingly, after much debate, it is generally agreed that the matter of union must be advanced for the general welfare of the United Provinces as a whole, and for the individual profit of the inhabitants of these United Provinces.

Strikingly, the memorandum tabled by Oldenbarnevelt in the States Holland also included a paragraph, not subsequently part of the general company's charter, which cast dire aspersions on Southern Netherlands immigrants active in Zeeland's East-Indian traffic. Van Oldenbarnevelt declared these men Spanish sympathisers who actively contrived to obstruct the process of unification.[55] That this unfounded allegation was patently untrue did not deter van Oldenbarnevelt from using it as a tactical lever to advance unification of the East-Indian companies. Moreover, it demonstrated his stubborn, pro-Holland stance and his determination to achieve his objective by any possible means (den Tex, 1973, p. 308).[56]

Except for the duration of the charter, and the price to be paid for it, the delegates reached a general consensus on the 24th of January. Notwithstanding the absence of a formal agreement, it is believed that an oral agreement for a charter of fifty years at a price of thirty thousand *guilders* was in force (den Tex, 1973, p. 307). The States of Holland objected to the proposal that the charter endure for fifty years, as the exemption from import/export duties involved would result in the loss of too great an amount of revenue. Although the loss of state revenue had to be balanced against the amount the company was prepared to pay for the privilege, the States of Holland considered that a shorter period would not only limit the loss of duties but would still encourage the company to pay a similar amount for the privileges extended by the State. Consequently, the final draft of the charter limited the VOC's privilege to twenty-one years (NL-HaNa, VOC, 1.04.02, file 1, Article VII, den Tex, 1973, p. 308). The charter cost the VOC twenty-five thousand Flemish pounds, which the state agreed to invest in the company as an ordinary participant (NL-HaNa, VOC, 1.04.02, file 1, Article

[55] "*Indien die meneen en practiquen der gemeene vianden ofte der coopluyden onder deselve resorterende, geen nieuwen stock in t'wiel steken en het vors. Eerlyck, dienstelyck en proffytelyck werck verhinderen*" (quoted in de Jonge, 1862, p. 146).

[56] Van Oldenbarnevelt invested five thousand *guilders* in the Delft chamber of the general company. Den Tex (1973, p. 313) reported that it was clear from the gloss that van Oldenbarnevelt appended to his subscription that he did not expect a large profit or a quick return.

XLIII).[57] Delegates were due to reassemble on the 11th of February 1602, to receive the States-General's ruling on their agreement.[58] Holland, which left the details of the settlement to the merchants involved, had no difficulty in authorising its representatives to ratify the proposed company's charter. However, the process in Zeeland was more complicated.

Although Zeeland's deputation recommended on the 30th of January that the States of Zeeland's representatives in the States-General be authorised to accept the negotiated settlement (van der Chys, 1857, p. 106), the States of Zeeland took three weeks to convene a meeting to ratify the agreement. Whether it was intent on deliberately delaying resolution is not known but on the 14th of February 1602 it began to examine the detail of the settlement agreements[59] article by article (van der Chys, 1857, p. 107). Consequently, they could not reach a consensus by the 11th of February deadline. On the 21st of February the States of Zeeland decided to meet directly with the States-General in The Hague, where they arrived on the 3rd of March. The States of Zeeland's strategy protracted settlement until the 5th of March, when the Middelburg Company and an exasperated delegation from the States of Holland prodded the States of Zeeland into taking decisive action (van der Chys, 1857, p. 108). Consequently, the

---

[57] "*Ende tot ekentenisse ende recognitie van desen Octroye, ende 't geene voorschreven is, sullen die vande voorschreven Compagnie aen ons betalen de somme van vijf-en-twintich duysent ponden tot veerrich grooten Vlaems 't stuck, die wy in leggen in de equipagie van de eerste tien Jaren ende reckeninge, daer van tot profijt vande Generaliteyt genooten ende gedragen sal winst ende risicque, ghelijck alle andere Participanten in dese Compagnie sulen genieten ende dragen.*" "In acknowlegement and recognition of this and previous charters the aforesaid company shall pay us the sum of twenty five thousand pounds, reckoned at forty Flemish *grooten* to the pound, which we will invest for the public's profit in the first ten-years' capital under the same conditions as are enjoyed by all ordinary investors in this company" (Cau, 1664, col. 538, Article XLIII).

[58] Matters of this nature were never settled in The Netherlands in as short a period as eighteen days (den Tex, 1973, p. 307).

[59] The states of Zeeland discussed the agreement as two separate documents, the articles of association and the charter itself (van der Chys, 1857, p. 107). A major point of dissent was that Zeeland wished to include a clause that a disagreement between the Hollanders and Zeelanders as to the articles of association would void the proposed company's charter (van der Chys, 1857, p. 107).

States of Zeeland dealt with the entire proposed charter on the 6th of March, and most outstanding matters settled by the 11th of March (van der Chys, 1857, pp. 111-114).[60]

The exception was agreement as to the division of power within the united company and an equitable distribution of economic activity between the cities involved, which frustrated Zeeland's attempts at consensus to a much greater degree than was the case in Holland. It had to deal with internal dissent concerning how the advantage from the traffic would be apportioned amongst the province's towns (van der Chys, pp. 101-102, 114; de Jonge, 1862, p. 142). Dissent also raged over whether the proposed union unduly favoured Middleburg at the expense of Zeeland's other port cities. Vlissingen, Veere, Zierikzee, Goes, and Tholen claimed the same privileges as those proposed for Middelburg. Vlissingen demanded at least two of the four seats in the VOC's supervisory college, as did Veere, before they would support the resolution. Veere had a legitimate claim as participant in the East-Indian traffic but the other claims were merely based on principle. Zierikzee, Goes, and Tholen were persuaded to abandon their claim,[61] while the States decided that the matter would be best resolved by discussions between Vlissingen, Veere and the merchants concerned (van der Chys, 1857, pp. 114-115; den Tex, 1973, pp. 308-309).

Balthazar de Moucheron, a nominal Zeelander, raised one further obstacle to union. Although he wished to be part of the united company, he had recently equipped six East-India ships and could not afford to invest in the proposed united company

[60] Not all Zeeland's merchants accepted the negotiated settlement. While the States of Zeeland were considering the agreement, a delegation of the United Zeeland Company (*Zeeuwsche Compagnie*) petitioned the States of Zeeland to convey its reservations of the proposed articles of association to the States-General (van der Chys, 1857, p. 112).

[61] Prince Mauritz. persuaded Vlissingen and Veere to withdraw their demands so that Zeeland could accede to the proposed union (den Tex, 1973, p. 309). As a *quid pro quo*, Cornelius Somer, *burgemeester* of Veere, and Jan Bouwensz. Schot, *burgemeester* of Vlissingen, were added to the college of Zeeland *bewinthebbers* in April 1602. Neither man had previously been involved in the East-Indian trade (Prinsen, 1987, unpaginated).

before these ships returned.[62] Despite lacking the funds required, de Moucheron was named as Zeeland *bewinthebber* for Veere. Furthermore, he was given leave to invest his share, of which one-third could be in kind, three or four months later. De Moucheron only attended the Zeeland chamber's meeting on the 30th of March 1602. Increasing financial difficulties meant that he never contributed to the VOC's capital (de Haan, 1977, p. 64). Shortly thereafter he was bankrupted, stripped of his possessions, and fled Zeeland for France.[63] His seat was abolished in 1603 under the strategy of natural attrition employed to reduce the number of *bewinthebbers*.[64] As a result, Zeeland lost a significant part of its power in the VOC.

Notwithstanding the outstanding issues of dissent within the province, the States of Zeeland resolved to communicate its agreement with the proposed articles of association and charter for the VOC to the States-General on the 16th of March 1602 (van der Chys, 1857, p. 116). However, even after the extensive negotiations that preceded Zeeland's agreement, the States-General failed to achieve consensus regarding their plans for the East-Indian traffic because the States of Friesland abstained. Despite Friesland's abstention the States-General issued the VOC its charter on the 20th of March 1602 (van der Chys, 1857, p. 117; den Tex, 1973, p. 312). As was their want, rather than forming a completely new company, the Dutch compromised by combining elements of the independent companies in a structure modelled on its federal government. Significantly, the Act that gave effect to the VOC's formation and charter,

---

[62] Records show (Bruijn *et al*, 1979a, pp. 14-15) that de Moucheron equipped a small East Indian fleet that comprised two small ships, the *Ram* and the *Schaap*, and a yacht, the *Lam*. The fleet sailed under command of Joris Spilbergen on the 5th of May 1601. The *Lam* and the *Schaap* returned to Vlissingen 24 of March 1604. The *Ram* was sold to the VOC in Asia in 1602. No record of the other three East-India ships de Moucheron claimed to have equipped could be traced, however, as he also had interests in East Africa, the ships referred could have been part of an African rather than an East-Indian fleet.

[63] Joris van Spilbergen, de Moucheron's commander, returned to Zeeland in March 1604 with, amongst other things, a chest of jewels gifted by the Sultan of Candy. De Moucheron's creditors subsequently claimed the jewels.

[64] Seventy-six *bewinthebbers* were named in the 1602 charter. This number was expected to be reduced to sixty, as specified by the charter.

provided the means by which the world's first public company was created (van der Heijden, 1908/2001, p. 3). The following translation of the first VOC charter (NL-HaNa, VOC, 1.04.02, file 1) was undertaken by the author as an aid for the analysis of the company's structure and its bookkeeping practices. The provisions of the 1602 charter are produced in full below.

THE VOC'S 1602 CHARTER

The charter covering the first twenty years of the VOC's existence comprises a preamble and forty-six separate articles. The preamble is essentially the speech delivered by Johan van Oldenbarnevelt on the 15th of January 1602 to motivate the union of the independent Dutch East-India companies. The forty-six separate articles constituted the VOC's memorandum and articles of association.

The VOC charter issued in 1602[65]

The States-General of the United Netherlands greets all those that these present represent. We acknowledge that the welfare of these United Lands depends primarily on the maritime traffic, trade and commerce conducted since time immemorial from these lands, not only with neighbouring kingdoms but also with countries located further away, in Europe, Asia and Africa, which has from time to time produced glorious profit. This practice has been continued during the previous ten years by certain prominent merchants of this country who were attracted to conduct maritime traffic, trade and commerce in foreign lands. For this purpose they established a company in the city of Amsterdam that incurred great cost, effort and risk, and they have enjoyed much profitable ventures, trade and business in the East-Indies. As a result of their experience, a number of similar companies were established shortly afterwards in Zeeland, on the Maze, in the North-quarter, and in West-Friesland. We have considered the implications of these developments and are persuaded that these United Lands and its good inhabitants might greatly benefit if such ventures, trade and commerce was sustained and developed by being subject to sound common control, authority, and cooperative management. Accordingly, we wrote to the managers of these companies with the request that they consider that such a company would be a most honourable, dutiful, and profitable consequence for these United Lands, together with all those who have participated in this

[65] A copy of the original charter is included as Appendix I.

glorious trade. We proposed that these companies be united so that the aforementioned trade could be conducted under a certain, stable entity that was subject to common control and authority, as this would greatly increase the benefit for all the inhabitants of these United Lands who would wish to participate therein, which those deputies from the prior companies understand well. Our consideration of the diverse communications, reports, and advice received on this matter, together with the certain knowledge of our action, has persuaded us to employ our sovereign power and authority to sanction the proposed union, subject to the following terms and conditions.

Article I:[66] The managers[67] of the chamber within the city of Amsterdam shall have a half share in equipping fleets for the service and profit of this company, those of the Zeeland chamber shall have a quarter, and the chambers on the Maze and in North-Holland and West-Friesland shall each have one eighth part.[68]

Article II: A college of seventeen persons[69] selected from the aforementioned chambers shall assemble as often as is necessary. Amsterdam shall provide eight members, Zeeland four, Maze two, similarly North-Holland shall have two members. The seventeenth member shall be provided in turn by the chambers of Zeeland, the Maze and North-Holland.

Matters in this committee shall be decided by a majority of votes.

Article III: The aforementioned college shall decide when a fleet should be despatched to the East, the number of ships in the fleet, the manner in which the fleet will be equipped, and other matters concerning the traffic.

The resolutions of the aforementioned college shall be put into effect by the respective chambers of Amsterdam, Zeeland, the Maze and the North-Holland.

Article IIII: The convocation and meeting of the aforementioned college shall be held in the city of Amsterdam during the company's first six years, and in Zeeland for the following two years, and so on for the duration of this union.

Article V: As the managers who represent this United Company have to travel away from home, those appointed to attend the aforementioned college meeting or the meeting of any other committee shall be recompensed by the sum of four *guilders* for their daily travel and subsistence, barge and wagon fare not included.

---

[66] Individual articles were not number in the original VOC charter. This version uses Cau's (1664) numbering system to facilitate subsequent reference.

[67] The term 'manager' or 'management' is used instead of the charter's *bewinthebber* or *bewinthebberen*.

[68] The original charter reads "*ende de Cameren opte Maze, ende in Noorthollandt, ende Westvrielant, elcx een achste part*", that is, one eighth part. However, as there were four such chambers, and they shared a quarter of the whole, this should read "each one sixteenth part".

[69] The *Heren Zeventhien* or *Heren XVII*.

However, those managers who live in one city but have to travel to another city to attend the meetings of the chamber they represent, are not entitled to a daily living or travel allowance.

Article VI: Should any serious matters arise in a college on which the members cannot reach consensus, or to which they themselves object, or their opinions overrule each other, that matter will be referred to us (the States-General) for our declaration and decision, which will be binding on the parties concerned.

Article VII: This United Company, which shall commence and continue from the year 1602, will endure for a period of twenty-one continuous years. There will be a general closing of the accounts after every ten years, at which time all participants[70] will be free to withdraw from the company and have their capital investment, together with any surplus, returned to them.

However, any fleets currently being equipped and outfitted that sail during these years shall be accounted for in an account separate from that of the general company.

Article VIII: The capital expenditure incurred in the East-Indies or the Straits of Magellan and charged to the participants of the first ten year accounting shall be accounted as assets of the participants of the second ten years' accounting. Provided that half the cost of these assets, or as much less as the College of Seventeen decides is proper and reasonable, shall be charged to the participants in the second ten years' accounting and this amount will be for the profit of the participants of the first ten year accounting.

Article IX: If a participant has no desire to partake in the company's future voyages they may withdraw from the company. In that case, their remaining capital must be returned to them together with at least seven and a half percent interest on the capital sum invested.

Article X: All inhabitants of these United Provinces shall have the opportunity to participate in this company with as little or as much capital as they wish. However, if it happens that more is capital is subscribed than the company requires, those who subscribed for thirty thousand *guilders* or more will have to proportionally reduce their subscription in order to allow all others to participate.

[70] This thesis avoids the modern term 'shareholder' as it suggests that investors in the VOC's capital enjoyed the same rights as that of the modern shareholder. The term 'participants' is preferred because those who invested in the VOC's capital were regarded more as modern bank depositors.

Article XI: Within one month of this date, the inhabitants of this country shall be informed by public notices, fixed in those places where such notices are commonly displayed, of the opportunity to invest in this company. The notice must inform the public that if they wish to participate in the company they must, within 5 months commencing 1st April 1602, make that intention, and the capital they wish to invest, known to the company. Furthermore, the public must be informed that the capital sum they subscribe for may be paid in three instalments, of which approximately one-third will be due for outfitting a fleet in 1603, another one-third for a fleet in 1604, and the remaining one-third for equipping a fleet in 1605. The company must give the public a month's notice that a one-third instalment was due to be paid.

Similarly, the public must be given one month's notice, in March 1612, of the expiry of the first eleven years of this charter.

Article XII: On returning after a voyage to the Indies, the company's ships shall dock in the same town as they departed from. However, if fortune, weather, or wind should cause a ship that departed from one town to return to another, for instance, if a ship despatched by Amsterdam or the North-quarter should dock in Zeeland or the Maze on its return, or a Zeeland ship dock in Holland, the chamber that despatched the ship shall administer it and be accountable for its cargo. To this end, the chamber that despatched the ship shall send its own officials and employees to the place where the ship is docked and shall not appoint agents to act in their stead. In those cases where it is impossible for the chamber's officials to travel to the place where the ship docked, then the chamber that has jurisdiction over the place where the ship has docked will be responsible for its administration and its cargo.

Article XIII: If one or the other chamber receives spices or other merchandise from the East while other chambers do not have stocks, or have not received any stocks, then the chamber with stock on hand must, upon request by those other chambers, and if circumstances permit, provide the other chambers with the stocks requested after the auction of their own stocks has been completed.

Article XIIII: The accounts for equipping and outfitting a fleet, together with any associated appendices shall be compiled not later than three months after the departure of the fleet. A copy of this statement of account must be sent to each of the other chambers not later that one month after its completion.

A chamber shall provide the other chambers with a statement of the value of imported goods sold whenever it is requested to do so. This is to done as soon as possible after the sale.

The general account of the ten years' accounting[71] shall be made public. Moreover, a public notice shall be posted giving notice of the audit of each chamber's financial relationship with the other chambers in the company.

Article XV: A chamber shall be obliged to send to the Provinces or the towns whose inhabitants have invested fifty thousand *guilders* or more in this company a statement of the returning fleet's imports. It must also send a statement of the income derived from the aforesaid merchandise, if those Provinces or towns request it to do.

Article XVI: Should any Province think fit to appoint an agent to collect funds from its inhabitants in order to make a bulk investment in the company, and to facilitate the imports and the incoming payments, and provided the capital sum invested by such an agent amounts to, or exceeds fifty thousand *guilders*, that chamber must allow such an agent access to information about the state of the expenditure and income, as well as the chamber's assets and liabilities

Article XVII: When the income from the sale of imports reaches five percent in cash, a distribution shall be made to the participants.

Article XVIII: The respective chambers shall be served by the present managers, namely in the chamber of Amsterdam by Gerryt Bycker, Reynier Pauw, Pieter Dirxsz. Haselaer, Jacques de Velaer, Jehan Jansz. Carel, Bernert Berrewyns, Jehan Joppen, Hans Hunger, Hendrick Buyck, Louys del Beque, Dirck van Os, Francois van Houve, Elbert Lusasz. Isaac le Maire, Syvert Pietersz. Sem, Gerryt Reinst, Marcus Vogelaer, Jehan Hermensen, Guert Dircxz., Huybrecht Wachtmans, Leonaert Ray, Albert Symomsz. Joncheyn, and Arent ten Grootenhuys.

Article IXX: The chamber of Zeeland by Adriaen Hendricxsz. ten Haeft, Jacob Boreel, Johan Lambrechtssz. Coole, Jacob Pietersz. de Weert, Cornelis Adriaensz. Adriaen Bommene, Laurens Bacx, Everardt Becquer, Aernoult le Clercke, Arnoult Verhove, Gehardt van Schoonhoven, Nicolaes Pietersz. Balthazar van Vlierden, and Balthazar de Moucheron.

Article XX: The chamber of Delft by Jan Janssz. Lodensteyn, Arent Jacobssz. Lodentsteyn, Dirck Bruynsz. Van der Dussen, Gerrit Dircx Meerman, Cornelis Adriaen Bogaert, Michiel Jansz. Sasbout, Willem Joosten d'Edel, Dirck Gerritssz. Meerman, Johan Raet, Jacob Sandersen Balbiaen, Hendrick Otte, and Jasper Moerman.

[71] The phrase 'the first ten years' accounting' refers to the fact that the first charter provided for two capitals, each of ten years duration. The first ten-year capital was to have been liquidated at the end of 1612. The second ended in 1622. The significance of this clause is that it implied that the company's members would only be entitled to a general accounting at these times. In the event, the company did not provide such an accounting in 1612 because it considered that, as the capital had been made permanent, an accounting was redundant. This is the main topic of chapter seven.

Article XXI: The chamber of Rotterdam by Fop Pierterssz. van der Meyden, Willem Jansz. Franck, Gerryt Huygensen, Pieter Lenaertssz. Busch, Johan vander Veecken, Willem Janssen van Loon, Johan Jacobssz. Mus, Adriaen Spyeryng, and Cornelis Matelief de Jonge.

Article XXII: The chamber of Hoorn by Claes Jacobssz. Syms, Cornelis Cornelissz. Veen, Willem Pieterssz. Crap, Pieter Janssz. Liorn.

Article XXIII: And the chamber of Enchuysen by Lucas Gerrytsz., Willem Cornelissz. de Jonge, Johan Pietersz. Schram, Hendrick Gruytter, Jan Laurensz. van Loosen, Dirck Dircxsz. Pelser, Ghysbrecht van Berensteyn, Barthout Jannsz. Steenhuysen, Jacob Jacobsz. Hynloopen, Francois du Gardyn and Willem Brasser.

Article XXIIII: When any of the aforementioned managers dies or otherwise leaves the company's service his place in that chamber shall remain unallocated and even if the chamber approves an appointment, no one may be substituted for the deceased or retired places until the total number of managers in the relevant chamber are reduced to the following numbers.

Article XXV: The chamber of Amsterdam shall have twenty persons, that of Zeeland twelve, Delft seven, Rotterdam seven, Enkhuizen similarly seven and Hoorn the same.

Article XXVI: When one of this number dies or otherwise retires, the other managers of that chamber must, within the period of two or at most three months, nominate three competent, qualified persons and the Lord States of the Province concerned or those whom they have deputised must meet to select a member from the any nominants to replace the deceased person or the retiree according to the procedures laid down.

Article XXVII: The managers shall piously and solemnly swear that they will conduct their administration soundly and reliably, keep good and thorough accounts, and not prejudice the majority of the participants in the provision of the funds or the development of the funds necessary for the outfitting the fleet or the distribution of the imports.

Article XXVIII: To be eligible to serve as a manager, each must personally invest least a thousand pounds Flemish in this company, with the proviso that the managers of the Hoorn and Enkhuizen chambers shall invest at least five hundred similar pounds.

Article XXIX: For managing the provisioning of the outward-bound fleet, the managers shall further enjoy a commission of one percent, with the same for those managing the imports. That provision shall be shared amongst the chambers with the managers of the Amsterdam chamber receiving fifty percent, the chamber of Zeeland a quarter, and the chamber of Maze and North-Holland each one-eighth. This division is to apply irrespective of the amounts of capital a particular chamber had attracted, or whether one had sold more or less than its quota of spices.

Article XXX: The managers shall not burden or disadvantage the company in respect of any provision of funds capital for investment in the company, or commission on the purchase of company goods, nor shall they deputise anyone to undertake the equipping of the fleet that result in the company being disadvantage.

Article XXXI: The managers of each respective chamber shall personally reimburse the bookkeeper, cashier, servant or chamber's messenger from their own funds, without imposing a debt on the participants.

Article XXXII: If it happens that in this or the other chamber one of the managers reaches such a state that they cannot carry out their obligations reliably and thereby incurs any debt, this debt shall be for the account of the capital of the same chamber and not the general company. Moreover, the capital that the managers have invested in the company shall be specifically secured against their maladministration.

Article XXXIII: The managers of the respective chambers shall be responsible for their cashiers.

Article XXXIIII: Because the aims of this United Company will be very advantageous to the greater benefit of these United Provinces, for the preservation and augmentation of the trade, and the profit of the company, we have agreed to charter the aforementioned company subject to the condition that no one other than the aforementioned company, for whatever reason, shall voyage out from these United Provinces eastwards of the Cape of Good Hope or the Straits of Magellan for the time of twenty one consecutive years beginning with this year 1602 inclusive. Anyone that does so will be penalised by the forfeiture of the ships and goods. Notwithstanding this, any existing concession to any company that allows it to voyage through the aforementioned Straits of Magellan shall continue in force, provided it despatches its ships out of these lands within four years of the date of this charter. With the penalty that if it does not do so it will forfeit the aforementioned concession.

Article XXXV: The aforesaid company shall have the power to make alliances and contracts in the name of the States-General of the United Netherlands with princes, potentates, or the higher government authority located eastwards of the Cape of Good Hope and within and through the Straits of Magellan. It may also build fortresses and fortified outposts and employ governors, troops, policemen and other necessary servants for the conservation of good order, law, and justice so that trade in these places might be advanced by these collective measures. The aforementioned governors, police, justice officials, and troops shall take an oath of allegiance to the States-General or higher government and to the company.

To ensure that trade and business proceeds advantageously, the aforementioned governors, police, and justice officers will be removed from office if it is found that any of them have not conducted themselves with honour and trust. With this understanding, that the aforementioned governors, police, and justice officers shall not prevent any charge, complaint or allegations that anyone may have, coming to our notice. Consequently, upon the return of every fleet the company shall report to the States-General and inform them of the government and officials it appointed in those places and the fortresses it holds.

Article XXXVI: If, in any of these places the aforementioned company is cheated or unjustly treated in respect to any funds or merchandise and is unable to obtain restitution or payment it is empowered to redeem the deficiency to the best of its ability, given the circumstances that prevail.

The ships that return here will report on the state of such affairs to the Admiralty committee with authority in the quarter where they dock, with the understanding that, in so far as any statements are made by the aforementioned Admiralty committee that burdens this company an appeal may be lodged with us.

The goods in question shall be placed under proper inventory and handed over to the company. An exception will be made if someone other than the prosecutor has a legal right to the imported goods and reclaims them. In this case the aforementioned goods shall be subject to whatever justice the Admiralty thinks fit.

Article XXXVII: If it happens that the ships of Spain, Portugal or some other enemy attack the ships of this company and in the fight any of the enemy ships are captured, these captured ships, together with their cargo shall be divided according to the order of the land and that both the country and the Admiralty enjoy certain rights over such property. Provided that, before a division is made, the company must be recompensed for any damage suffered as a result of the enemy action. And the Admiralties with authority where the ships dock shall be given an account to demonstrate the incontestability of the company’s claim. In cases where there is a dispute over the property, it shall remain under the control and be subject to a proper inventory as aforementioned. Any one aggrieved by such action is free to lodge an appeal with us.

Article XXXVIII: The spices, Chinese silk, and cotton textiles that this company might import or export to the East-Indies shall not be subject to more duty than is presently the case according to the lists and general decrees. Similarly concerning the goods not specified in these lists.

Article XXXIX: No one is permitted to use any ships, arms or ammunition of this company in the service of the country without the company’s consent.

Article XL: The Company’s spices shall be sold in the common weights standard in Amsterdam.

Article XLI: If the respective chambers exchange spices, whether on board ship or in the warehouse, it shall be done without imposing any charge or weighing fee. Notwithstanding that, if the aforesaid spices at the aforesaid weights are not transferred but sold as usual, they will be rightly subject to weigh fees like other goods that are sold or alienated.

Article XLII: No manager's person or possessions may be charged or arrested as a consequence of his administration of the company or as security for the wages of any employee, agent, or other person. In such situations, the aggrieved person shall use the ordinary course of the law.

Article XLIII: The Company's provosts may recruit crews on land for the service of the company and deliver these to the relevant ships, irrespective of what town, place, or jurisdiction they may be in. This authority is subject to the condition that the aforesaid provosts have first informed the officer and Mayors[72] of the relevant towns and places of their action.

Article XLIIII: For acknowledgement and recognition of this charter the company shall pay us twenty five thousand pounds Flemish of forty Flemish groats apiece. This sum we shall invest in the company's first ten years' accounting for the benefit of the general community and, as such, we shall enjoy the same profits and risks as an ordinary investor.

Article XLV: When any ships return from abroad the Generals or commanders of the fleet, ship, or ships shall report to us concerning their journey and deliver a written report to us on the same.

Article XLVI: We will adhere to all obligations and privileges mentioned herein and require that others similarly comply. Consequently, no one in this country or abroad may do anything, either directly or indirectly, that disturbs these provisions. Any transgression of these provisions made for the general benefit of this land will incur corporal punishment and the transgressor will be thoroughly punished. We, therefore, expressly summon and order all governors, justice officials, magistrates, and citizens of the aforementioned United Lands that they permit the aforementioned managers to peacefully and freely enjoy the full effect of the concessions and privileges identified in this charter and cease all contrary actions and hindrances. Because we have done this in the service of this Land.

Given under our seal, and the signature of our clerk in The Hague on the 20th of March 1602.

Alb. Joachim (signature).

by order of the States-General

Aerssen 1602 (signature).

[72] *Burgemeesters*.

The VOC's first charter was granted for a period of twenty-one years (NL-HaNa, VOC, 1.04.02, file 1, Article VII), which in practice defined the company's lifespan. However, an element of confusion as to the intended life of the VOC is apparent in Article VII, for not only did this article define the charter's life as twenty-one years, it also stipulated a general liquidation after every ten years. In other words, the States-General's intention was that the shareholders' investment would be wound up after ten years and any surplus returned to them at that time. Explanation of this apparent anomaly lies in the separation of the idea of certain privileges endowed by charter, which represented an asset of the authority granting the charter, and the lifespan of a business enterprise created as a result of the 'lease' of those assets by the party to whom the charter was granted. Such privileges were constantly resold as existing charters were renewed or a fresh charter issued.[73] Stipulation of a general liquidation indicated the potential life of the company's capital. The notion behind it was that shareholders were entitled to a share of returns accrued prior to the date of the general liquidation and, if they so wished, could withdraw their accumulated funds thereafter (NL-HaNa, VOC, 1.04.02, file 1, Article VII). This provision had the advantage that it gave the company some surety of tenure to justify development of essential capital resources during the ten-year period. It also had the advantage that it acted as a control over management and, in this way, limited the extent of investors' risk. If shareholders were dissatisfied with the company's performance after ten years they could discipline management by withdrawing their investment. In the event, the VOC's *bewinthebbers* reneged on this provision by refusing to undertake a general liquidation on the expiry of the VOC's first ten-year period. Management's reason for doing so was partly because of poor results in the company's early years, and partly because of technical difficulties in accounting for operational and capital expenses for the ten year period (which is the subject of chapter

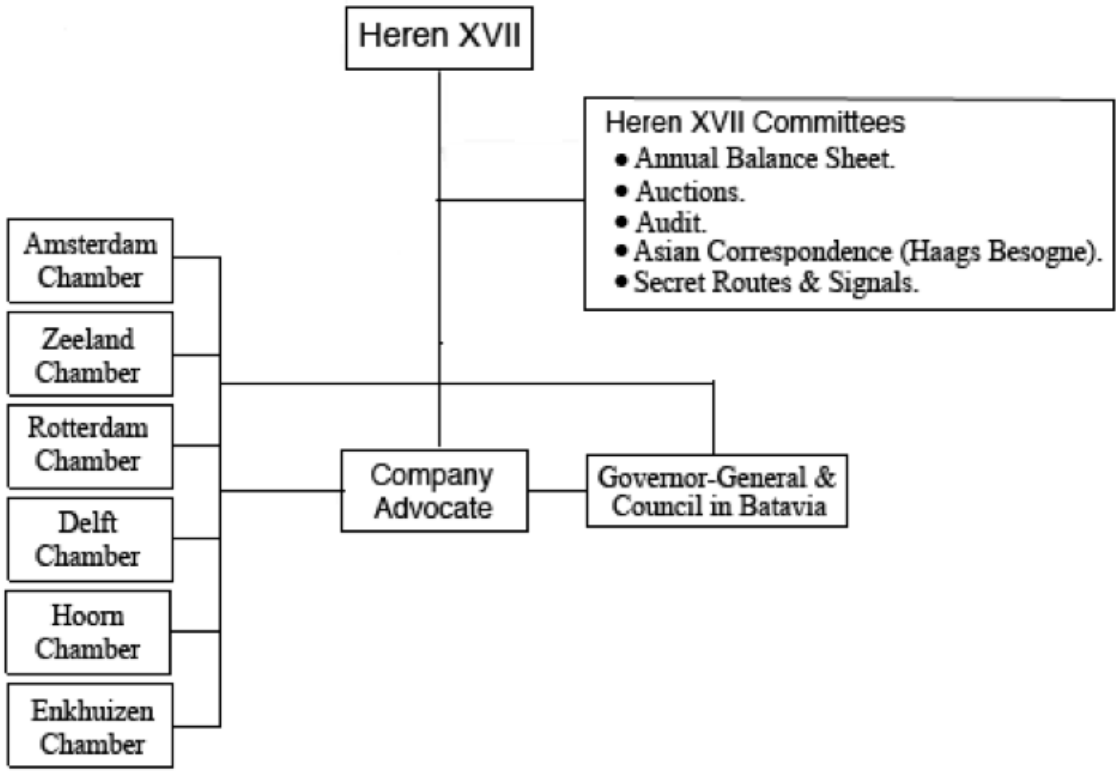
[73] The VOC's charter was renewed in 1622, 1647, 1665, 1696, 1739 (together with amendments in made in 1740, 1741, 1742, and 1743), 1748, and 1776 (NL-HaNa, Index of the VOC Archives, Part 1)

eight). Notwithstanding the practicalities that might have initiated this action, it does provide a stark contrast between *bewinthebbers* and ordinary shareholders (referred to by the VOC as participants), especially the relative power of each group. Given the ability of the *bewinthebbers* to dominate the participants, it allows doubt to be cast on whether the VOC can be construed as a rational commercial enterprise.

THE VOC'S ADMINISTRATIVE STRUCTURE

The VOC's administration was distinguished by a collegiate structure that mimicked the organisation of The Netherlands' government, which, in turn, was modelled on the governmental structure adopted by the north German Hanseatic League (see figure 6.1). It comprised a series of committees to which all administrative matters were referred, which allayed the fear that the views of a strong personality or group would dominate the organisation as a whole. As a result, opposing parties could more easily reach a consensus, particularly as negotiations leading to an agreement were considered to be confidential. The disadvantage is that decisions require a lengthy, complex process. Consequently, necessary changes to corporate policy and procedures were subject to some delay. Moreover, it can be difficult to attribute accountability for particular actions under such a collegiate administrative system. At the head of the VOC's corporate structure was a committee known as the *Heren Zeventien* or *Heren XVII*.

Figure 6.1 VOC's administrative structure



Heren Zeventien

The company's most senior management comprised a college of seventeen *bewinthebbers*, known as the '*Heren Zeventien*', who were chosen by the *bewinthebbers* appointed by the charter from amongst their ranks (see figure 6.1). Article two of the charter assigned Amsterdam the right to eight representatives, Zeeland four, and the smaller chambers two each (NL-HaNa, VOC, 1.04.02, file 1, Article II). The remaining seat revolved between Zeeland, Delft, Rotterdam, Hoorn and Enkhuizen. This structure was devised to prevent Amsterdam having an advantage in decisions taken by the college. Nevertheless, this control had more form than substance as Amsterdam's financial power enabled it to dominate VOC matters. Each chamber chose the men who represented it in the *Heren Zeventien* (Gaastra, 1991, p. 21). This body met two or three times a year to set the company's general policy and maintained a supervisory brief over

the activities of individual chambers. Matters were decided by majority vote (NL-HaNa, VOC, 1.04.02, file 1, Article II).

The *Heren Zeventien*'s senior status notwithstanding, it did not have a fixed location or administrative staff. It convened in Amsterdam for six consecutive years and then in Middelburg, the home of the Zeeland chamber, for the following two years. Consequently, this body did not have its own staff. When seated in Amsterdam it relied on that chamber's staff, and when in Middelburg it utilised the Zeeland chamber's administrative apparatus. This curious itinerant character was a deliberate policy to placate inter-provincial rivalry and attempt to ensure that Amsterdam's interests did not dominate. However, this measure was not only of little substance, because Amsterdam's financial power enabled it to dominate VOC matters, but it was also highly inefficient, because copies of all *Heren Zeventien* documentation had to be kept in both Amsterdam and Zeeland.[74] Nor did the *Heren Zeventien* have a fixed structure. Instead, it formed ad hoc committees as, and when, required to deal with particular matters, such as dealing with correspondence to and from with India, exercising control over the domestic chambers' general management, and compiling the domestic (Netherlands) balance statement. Other *Heren Zeventien* responsibilities included taking decisions concerning the rate of the company's expansion into India, the number of ships to be despatched each season, the personnel and cash required for each voyage, the stocks and equipment needed to sustain the fleets and land-based factories, the nature and quantity of the goods to be imported, the division of imported goods between chambers, the dates of the auction sales, the payment of bills received, and the building of new ships (NL-HaNa, VOC, 1.04.02, file 1, Article III; Meilink-Roelofsz., 1982, pp. 173-177).

[74] Even less efficient was the need to make six copies all correspondence between the VOC and India so that each chamber could have its own set of correspondence.

The company advocate

The VOC first appointed an Advocate in 1614, [75] after the company had been restructured as a permanent entity in 1612. This functionary acted as the company's Permanent Secretary or Chief Clerk, and was responsible for the company's day-to-day administration. Notwithstanding that figure 6.1 depicts the Advocate as reporting directly to the *Heren Zeventien*, the precise relation of this office to other VOC administrative elements is problematic because the incumbent was a salaried employee of the Amsterdam Chamber, and, as such, was located in Amsterdam Chamber's building. However, the office served the *Heren Zeventien*, as well as the other chambers and acted as the administrative link between the *Heren Zeventien*, the domestic chambers, and the company's Asian division. The permanency of the Advocate's office provided an important degree of stability between the transiency of the company's executive management (*bewinthebbers*), especially after 1623 when the latter were required to retire after three years' service (Meilink-Roelofsz., 1982, p. 176).

The VOC Chambers

The Dutch East-India Company comprised six relatively independent chambers (divisions) located in the cities of Amsterdam, Middelburg, Delft, Rotterdam, Hoorn, and Enkhuizen (see figure 6.1). With the exception of Middelburg's chamber, which was based in Zeeland, these were located in the province of Holland, which gave this province a significant advantage over Zeeland in influencing VOC policies and procedures. Individual chambers were subject to the general policies set by the VOC's governing body, the *Heren Zeventien*, but were also endowed with a high degree operational independence that they jealously maintained. Each chamber built its own

[75] The first VOC advocate, Tobias de Coene, was appointed in 1614 and served until 1618. He was replaced by Willem Boreel (1618-1628), Dirk Pruys (1628-1652), and Pieter van Dam (1652-1706).

ships in their own yards, engaged the crews to man these ships, paid their employee's wages and salaries, and provided the stocks and equipment needed to equip their part of the VOC's East-Indian fleets (Meilink-Roelofsz., 1982, p. 173). Furthermore, each kept its own financial records and prepared its own financial balance statements. Individual chambers also set the policies to control their activities and administered the ships' crews and traders posted to the East.

Notwithstanding the critical role played by the chambers in the VOC's administration, relatively little concerning their activities and structure has been preserved. Most is known about the way the Amsterdam chamber operated. By contrast, much less evidence exists to explain the details of the Zeeland chamber's administration and almost nothing in respect of the management of the smaller chambers (Meilink-Roelofsz., 1982, p. 181). Limiting the discussion to Amsterdam and Zeeland does not greatly hinder the analysis because these two chambers effectively controlled seventy five percent of the VOC, and, although detailed operational procedures differed from chamber to chamber, all chambers had a similar structure and employed quite similar processes. The only real difference lay in the number of people employed and, consequently, a diminished independence between functional committees in the smaller chambers (Gaastra, 1992, p. 22).

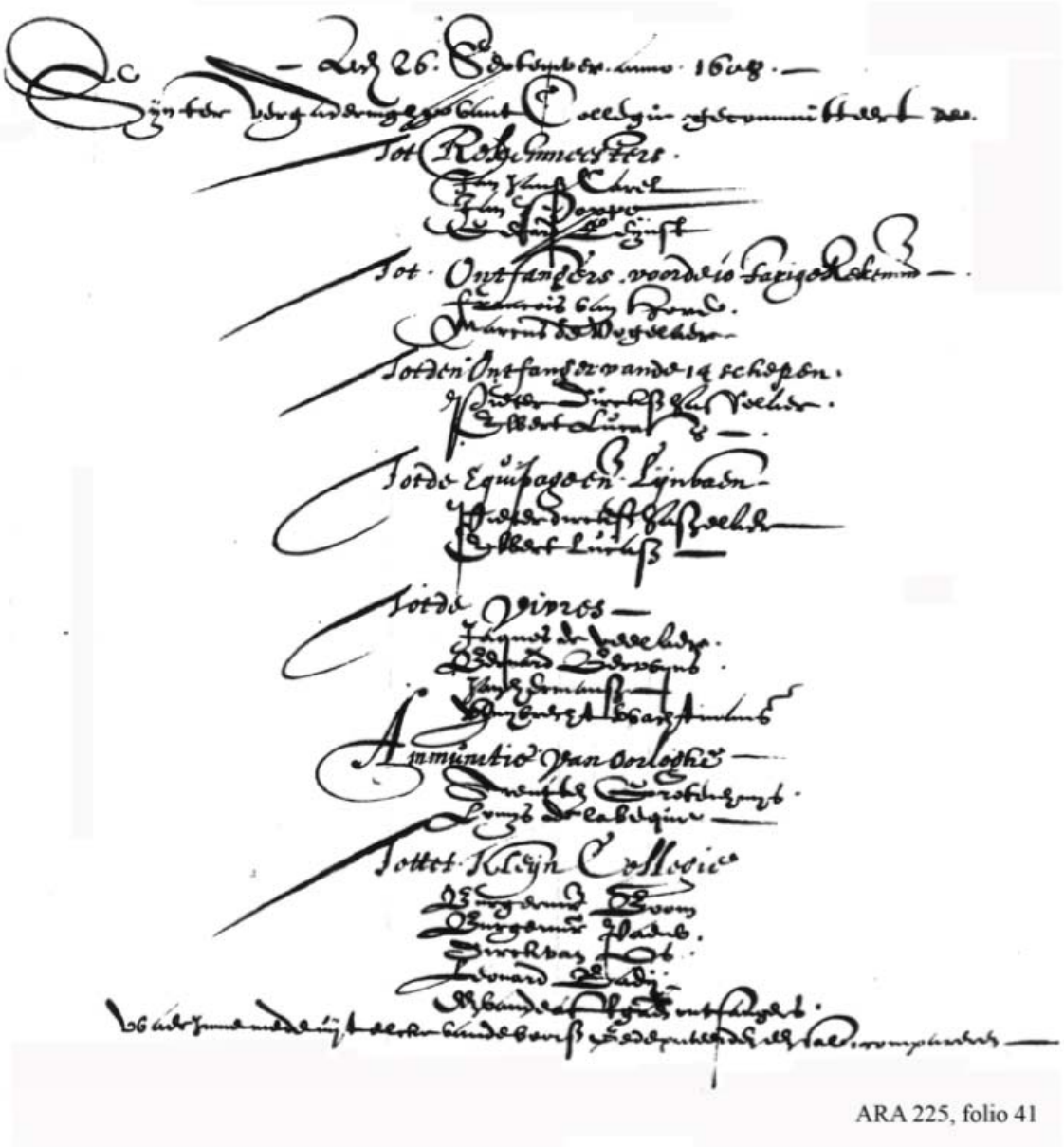
Each VOC chamber established a headquarters, known as the East-India House (*Oostindisch Huis*), in the city in which it was located. The VOC's charter granted each chamber a certain number of executive managers (*bewinthebbers*) according to its status in the new company. Amsterdam had a total of twenty, Middelburg twelve, and Delft Rotterdam, Hoorn and Enkhuizen seven each (NL-HaNa, VOC, 1.04.02, file 1, Article XXV).[76] The *bewinthebbers* were in overall control of the chamber they represented and acted in much the same way as a modern company's board. Amsterdam's twenty

[76] The original charter did not have article numbers. The numbering system used here is that adopted by Cau (1664, col. 529-538).

bewinthebbers routinely met twice a week, on Mondays and Thursdays, and more frequently when business was pressing.

In accordance with the practice followed by the earlier, independent Dutch East-India companies, and venturing, a separate administration was established for each voyage, which was divided into functional sub-committees that were assigned specific tasks. These committees were headed by a group of *bewinthebbers* who were personally liable for the conduct of employees they hired to assist them in carrying out their assigned duties. During the first years of the company's existence, when each voyage was still regarded as a separate enterprise, the Amsterdam chamber set up a series of committees charged with particular functions relating to that voyage (Gaastra, 1992, p. 22; NL-HaNa, VOC, 1.04.02, file, 225, folios 10, 41, 63). Because new committees were established for successive voyages, these bodies were regularly reconstituted under different names. Amsterdam's resolutions for 1603 report that the chamber established at least four such committees (see figure 6.2). These were a College Committee, Ships Committee, Provisioning Committee, and Commerce Committee (NL-HaNa, VOC, file 225, folio 10). The Amsterdam chamber also constituted a Treasury committee in 1602. Amsterdam's operations' journal, dated the 13th of August 1602, reported the members of its Treasury committee for the first VOC voyage as comprising: Dirck van Os, Louis de la Becque, and Geeraerd Reynst (NL-HaNa, VOC, 1.04.02, file 7142, folio 1; NL-HaNa, VOC, 1.04.02, file 7067, folio 179). In 1608, Amsterdam depended on an Accounting committee, Treasury for the VOC's first Ten Years Accounting, Treasury for the Company of Fourteen Ships, Equipage and Rope-walk committee, Provisioning, Arms and Ammunition committee, and the Small College (see figure 6.3; NL-HaNa, VOC, file 225, folio 41). By 1609, the committees comprised Accounting, Treasury, Provisioning, Ships, Arms and Ammunition, and the Small College (NL-HaNa, VOC, file 225, folio 63). A copy of the Amsterdam chamber's 1608 resolution that established these committees is attached below as figure 6.2.

Figure 6.2 Amsterdam chamber's committees in 1608 (NL-HaNa, VOC, file 225, folio 41)


ARA 225, folio 41

In the mid 17th century, four permanent departments replaced the temporary committees previously established for each voyage. In Amsterdam the departments charged with managing the chamber's affairs were: Accounts, Treasury, Commerce, and Equipage (see figure 6.3, below).

Twenty Bewinthebbers

Initially The Chambers set up committees for each individual voyage. The members were selected from the Chambers' 20 bewinthebbers. In 1603, the Amsterdam Chamber's committees probably comprised:

- Treasury,
- College,
- Ships,
- Provisioning, and
- Commerce.

In 1608, committees were established for:

- Accounting,
- Treasury (First 10 years accounting),
- Treasury (Company of 14 Ships),
- Equipage and Rope-walk,
- Provisioning,
- Arms and ammunition,
- Small College.

In the mid 17th century, temporary committees were replaced by permanent, functional departments under the control of a group of bewinthebbers. The departments comprised:

- Accounts Office,
- Treasury,
- Commerce,
- Equipage.

Figure 6.3 Committees structure of the Amsterdam chamber

Accounting fell under the office of the Chief Bookkeeper, which was created in 1608. It compiled the Chamber's journals and ledgers, recorded transfers of the chamber's capital rights, and maintained the record of distributions (returns of capital) made to the chamber's members. Audit also fell under the department of the Chief Bookkeeper, as did the Clearing Office, which maintained records of various merchants' dealings with the chamber, and the Pay Office, which administered both the on-shore and crew pay-ledgers.[77] In addition, the Accounts Office also carried out general clerical duties for both the Chamber and the VOC as a whole. The Commerce Department maintained records relating to the inventories, warehousing, goods despatched to the East, goods received from the Indies, and the sale of merchandise. Surprisingly, this department was also responsible for interviewing ministers of religion who sought postings in the East-Indies. The Treasury, together with the Accounts Office, supervised the Chambers' cashiers, and was responsible for acquiring the stocks of gold and silver required for commerce in the East. Equipage included responsibility for the acquisition, outfitting, provisioning, and inspection of the chambers' ships.

Zeeland is thought to have followed a similar arrangement to that of Amsterdam, albeit with different names for its Departments (Meilink-Roelofsz., 1982, p. 182), however less is known about the Zeeland committees. Nevertheless, this chamber's accounting records do confirm that it established different Treasury committees for each of the early VOC voyages. Furthermore, the administration of each voyage was independent as different *bewinthebbers* were assigned to each of these committees. The

[77] There is some doubt about how the pay office fitted into the Amsterdam chamber's overall structure. In contrast to Gaastra (1992, p. 22), who located it as a subdivision of the Accounting Department (*Commissie van de rekenkamer*), however Meilink-Roelofsz. (1982, p. 182) reported that it was a sub-division of Equipage ("*De kamer Amsterdam onderscheidde dat van de equipage, waartoe ook het belangrijke soldijkantoor behoorde*"). The VOC's archives in The Hague follow Meilink-Roelofsz.' structure.

Treasurers appointed by Zeeland for the first VOC voyage were Jacob Boreel, Cornelius Muenicx, and Balthasar van Vlierden (NL-HaNa, VOC, 1.04.02, file 13784, folio 73). Adriaen ten Haeff, Everaert Becker, and Cornelis Somer were assigned to this committee for the second VOC voyage. For the third voyage Jacob de Neert, Laurens Back, and Arnout Verhoven were appointed treasurers, while Jacob Boreel, Jan Lambrechtsz. Coolen, and Baltazar van Vlierden acted as treasurers for the fourth voyage (NL-HaNa, VOC, file 13785, folio 110). Beside a Treasury committee, Zeeland also established a Commerce committee and an Equipage committee (Gaastra, 1992, p. 25).

CONCLUSION

The men who controlled the independent Dutch East-India companies were motivated to support a union of their business because they recognised that the Dutch government could not effectively support the multitude of small companies jostling for a foothold in the East-Indian traffic. Either the traffic would have to be entirely self-sufficient or The Netherlands would have to pick which enterprises to support and which not. The risk that they might be excluded if the government elected for the latter option helped to obtain the cooperation of all the companies located outside Amsterdam. At the same time, it gave the Amsterdam Company a significant advantage in the negotiations that led up to union because it was the strongest and most well developed business company trading with the Indies. In addition, it was clear during the latter stages of the negotiation process that whichever group was favoured by the government would be protected by a charter affording it certain rights not available to its competitors. Such an endowment, the merchants realised, would effectively shut out all other Dutch firms from the East-Indian traffic. In the event, the VOC's charter did exactly that. It licensed the VOC to trade in the Pacific and Indian Oceans for a period of twenty-one years while prohibiting all other Dutch businesses from doing the same.

Finally, The Netherlands was at war with the Spanish, who claimed exclusive rights to the East-Indies and regarded all interlopers as trespassers who had to be vigorously deterred from encroaching on their commercial territory. If the Dutch were to successfully challenge Spanish sovereignty in the East-Indies, they had to be prepared to fight. This demanded considerably more capital be invested in the East-Indian fleets than an individual company was capable of providing or prepared to risk. Consequently, the most effective solution was for those who had an interest in the traffic commerce to pool their resources in a commercial union. Nevertheless, de Korte (1983, p. 2) was critical of the union, which he considered suffered the limitation of uniting those who had invested in the independent Dutch East-Indian companies but not these companies' assets and liabilities. In other words, the VOC was a union in terms of the power to trade but not the means of trade.

The Dutch penchant for protracted negotiations to resolve disputes between conflicting parties was clearly illustrated in the lengthy series of debates, proposals and counter-proposals that preceded the VOC's charter being approved. Apparent too, was the Dutch practice of resolving conflict by applying the concept of proportionality to effect the eventual resolution, and their propensity for limiting representatives' authority by not allowing them to act as plenipotentiaries. Readily apparent from the detail of the VOC's charter is the fact that the company's structure was devised from the Dutch people's long experience with autonomous local government. The VOC was typical of the structure developed for Netherlands' government. Like The Netherlands States-General, the VOC's most senior governance body, the *Heren Zeventien*, had a role that was limited to the development of company policy and the oversight of the organisation. Real power in the VOC was devolved to six relatively independent commercial chambers located in the towns of Amsterdam, Middelburg, Delft, Rotterdam, Hoorn and Enkhuizen. The men who controlled these towns also directly influenced the company's management. As they also controlled the national government via the Dutch provincial assemblies, the VOC was closely associated with Dutch

government. Nevertheless, it is clear from the negotiations that led up to the formation of the VOC that the company was not an arm of government but a private commercial operation that principally sought to maximise its profits. Nor does the fact that the charter conferred monopoly rights on the VOC significantly detract from its capitalistic nature. The VOC's monopoly rights were primarily intended to protect the company's investment in much the same way as copyright law does today. They did not prevent anyone, Dutch or otherwise, from routing goods purchased in Asia via a European port, such as London or Hamburg, and then re-exporting these wares to the Netherlands. Nor did it attempt to prevent other nations from trading in the Pacific and Indian Oceans. Even in direct trade with Asia, the VOC only enjoyed the advantage of being able to set a supply price in the Netherlands in respect of the import and wholesaling of fine spices (Gaastra, 1991, p. 171).

The product of the negotiations to unite the independent Dutch East-India companies was the VOC's charter, which established the company's internal structure and the nature of its relationship with outside parties. This deed, which was the 17th century equivalent of the modern company's articles and memorandum of association, was a highly significant social document. Amongst other things, it represented the first time that democratic principles were expressly articulated as the basis for organising a business association (NL-HaNa, VOC, 1.04.02, file 1, Article II). Most importantly, by stipulating that anyone who wished to subscribe to its capital could do so, the charter established the VOC as a public company (NL-HaNa, VOC, 1.04.02, file 1, Article X). Furthermore, the VOC charter displayed an unusual socialist bent by prescribing that, in the event of the company's capital being oversubscribed, those who applied for the largest share of the company's capital would have their subscriptions proportionally reduced to avail all who wished to invest the opportunity to do so (NL-HaNa, VOC, 1.04.02, file 1, Article X). Moreover, by limiting investors' liability for the company's debts to the unpaid portion of the subscribed capital (NL-HaNa, VOC, 1.04.02, file 1,

Article XLII), the 1602 charter clearly distinguished between the liability of the entity and that of its investors and established the VOC as an independent corporate body.

This highly innovative agreement established the VOC as the world's first public company.[78] As a result, it contained some very significant implications for the manner in which the VOC had to keep its financial records. The fact that investment was by subscription, which could be proportionally adjusted by the company, and that liability was limited to the value of a participant's outstanding subscription, together with the provision that the capital would be liquidated after ten years (NL-HaNa, VOC, 1.04.02, file 1, Article VII), and that investors were entitled to interim liquidations (NL-HaNa, VOC, 1.04.02, file 1, Article XVII), meant that, rather than failing to account for capital as Mansvelt (1922, p. 13) and Glamann (1981, p. 245) charged, the VOC was required to devise a quite complex system to account for its capital.

[78] 16th Century English joint stock companies retained elements of the regulated company, particularly the regulated company's restrictive rules for participation (Sée, 1928/2004, pp. 43-44; Walker, 1931, pp. 98-100; Riemersma, 1950, pp. 33-35). Robertson (1839, p. 392) noted in respect of the capitalisation of the *Company of Merchant Adventurers for the Discovery of Lands Unknown* that "Several noble-men and persons of rank, together with some principal merchants having associated for this purpose were incorporated, by a charter from the King". Therefore, because participation in these companies' capital was limited to certain classes, they cannot be regarded as public companies in the same sense as the VOC that invited all to participate with whatever amount they could afford. The earliest occurrence known to the author in which the public was invited to participate in a company's shares was made in 1608 (Robertson, 1839, p. 148). There is some doubt about that date, however, because Walker (1931, p. 102) stated that the first such occurrence was an auction of EEIC shares in 1615.

CHAPTER 7

ACCOUNTING FOR THE VOC'S CAPITAL: SUBSCRIPTION AND ADMINISTRATION

> With the name of God you shall begin to enter into your Journal the first item of your Inventory, that is, the quantity of cash that you possess, and in order to know how to enter this Inventory into the Ledger and Journal, you must make use of the two other expressions (termini); the one called 'cash' (*cassa*) and the other 'capital' (*cavedale*). By cash is understood your property or pocketbook (*borscia*: from *bursa*, or bag); by capital is understood the entire amount of what you now possess (Pacioli, 1494, in Geijsbeek, 1914/1974, p. 43).

At the beginning of the 17th century, The Netherlands recognised that the advantages of the East-Indian traffic could only be fully realised if the narrow objectives then dominating the trade were replaced with a broader coalition of interests. At the same time, concerned that excessive commercial rivalry was a principal cause of the growing friction between the republic's provinces, the Dutch government sought to ease competition between the country's East-India companies. Accordingly, to promote the Dutch economy and encourage a sense of national unity in its people, The Netherlands' government proposed to wind up the existing independent East-Indian companies and replace them with a united company, the VOC. To promote its social goals, The Netherlands' government stipulated that investment in the proposed company be entirely democratic. The major plank of this social strategy was that any member of the public could invest as much or as little in the VOC's capital as they wished, a quite revolutionary approach at a time when mercantilism prevailed and business partnerships were limited to a few wealthy, known associates.

Four related provisions intended to foster the desired degree of participation from small investors supported this initiative. Firstly, the VOC's articles stipulated that all small subscribers to the company's capital be allocated the full amount they desired to invest. This policy was supported by the condition that if the company's capital was over-subscribed, larger investors' subscriptions would be proportionately reduced to accommodate all smaller investors. Thirdly, the risk of investing in the VOC was substantially reduced by the fact that the company was constituted as an independent corporate body that limited investors' liability for the company's debts to the unpaid portion of their subscribed capital. Finally, the subscribed amount could be paid in equal instalments spread over three years, with the first one-third not due until the 1st of October 1602. Furthermore, the company's structure was designed to ensure that the economic benefits of its activities, particularly the outfitting of the company's fleets, was equitably distributed amongst the towns that had an existing interest in the East-Indian traffic. This quite revolutionary social emphasis dictated the nature of the company's obligations towards both its investors and the urban communities in which it operated. Most importantly, it directed how the VOC accounted for these matters and shaped its external reporting. As a direct result of its social underpinning, the VOC was the first commercial enterprise that had to administer very large numbers of capital subscribers, the majority of whom were unknown to the company's instigators, and its bookkeeping system had to deal with the complexities of capital allocation, multiple capital calls, defaulters, capital distributions, and capital transfers, and provide a ready, credible means of demonstrating who owned the rights to the company's capital and the extent of those rights. Furthermore, as the capital-related accounts had to accommodate transactions involving general assets, such as cash, goods and debtors, they had to be an integral part of a cohesive bookkeeping system.

As noted by Pacioli at the head of this chapter, a capital account is at the very heart of a double-entry bookkeeping system, which, typically, comprised a journal, ledger, various subsidiary ledgers, and a memorial. An analysis of capital transactions in

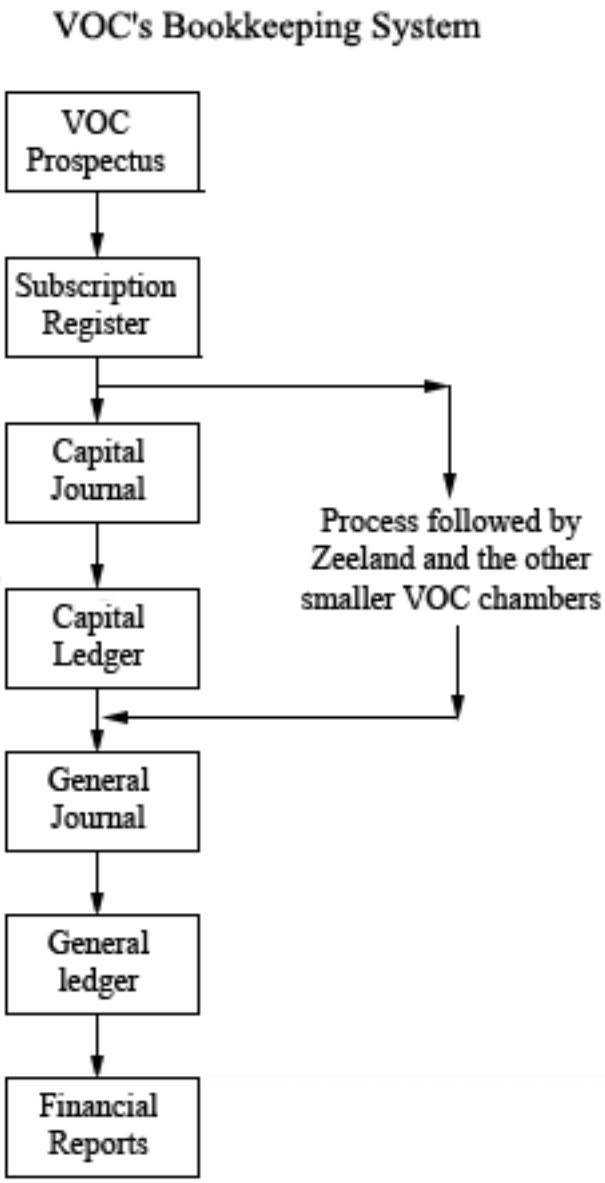
these records should reveal how the VOC administered its capital, for, even if it only utilised a crude form of bookkeeping, it is inevitable that the company must have recognised such a sum in its financial records. Nevertheless, Mansvelt (1922, p. 13) and Glamann (1981, p. 245) stated that it would be futile to search the VOC's financial records for a capital account because the company never maintained such as account. If correct, this conclusion is significant because it runs counter to general belief that the VOC was a prime example of the earliest capitalistic firms (Epstein, 1915/1967, pp. 128, 144; Seé, 1928/2004, pp. 48-49; Steensgaard, 1981, p. 247). Furthermore, because the general public had invested in the VOC, and that investment was permanent, the conclusion that the company did not utilise a capital account is at odds with Bryer's conclusion (1993b, pp. 115, 121-122) that a socialised capital (that is, a capital sum contributed by many individuals not directly related to the management of the firm) demanded the employment of a systematic system of double-entry bookkeeping. Accordingly, this chapter identifies how the VOC accounted for its capital, and analyses this process to determine the relationship between the company's capital administration and its general bookkeeping that led historians to conclude that it did not account for its capital. This examination also provides the means to assess the capitalistic nature of the VOC in terms of its conformity with modern conceptions of a public corporation.

The chapter commences by examining contents of the company's prospectus. The unique nature of the VOC's capital meant that the terms and conditions pertaining to the capital set out in this document represented a novel and highly pertinent source of information for investors. Consequently, to analyse the VOC's capital administration it is important to know whether investors were fully and consistently informed about the terms and conditions and were in a position to understand their rights and obligations. The significance of this document was brought into sharp focus by the conflict that erupted between the investors and the company after the VOC's capital was made permanent in 1612 and when, in 1623, the company refused to provide investors with a proper accounting of their stewardship during the preceding twenty-one years.

Attention is next directed at the capital related bookkeeping records kept by Amsterdam and Zeeland, the largest of the VOC chambers. The content and purpose of the VOC's capital subscription registers are analysed first, followed by the participants' books. The latter are not known to have been used by other businesses of the time nor did contemporary bookkeeping texts discuss the use of a participant's book. Nevertheless, these records were a central part of the VOC's financial administration throughout its life, which demonstrates that they constitute an important element in comprehending the company's bookkeeping process. Accordingly, this section analyses the nature and purpose of a VOC participants' book to explain how it relates to the company's other bookkeeping records. Significantly, this analysis provides an explanation for the apparent absence of a capital account in the company's bookkeeping system noted by other researchers. To aid discussion, the relationship between the VOC's various registers and books of account is depicted as figure 7.1, below. The process depicted is that of the Amsterdam chamber, which differed from the company's smaller chambers in that Amsterdam's significantly larger number of investors required that it employed a subsidiary capital journal and ledger, which the other chambers did not find necessary. The archived records and original works referred to in this chapter were transcribed and, where pertinent, translated into English by the author.[79]

[79] This is the first time that much of the information contained in these records has appeared in the accounting literature.

Figure 7.1. The VOC's Bookkeeping System



THE PROSPECTUS

The VOC's charter, examined in chapter six, sought to ensure that its social goals were met by requiring that all Netherlanders be fully informed of the opportunity to invest in the company, and of the terms and conditions pertaining to the investment. To

this end, the VOC was required to fix public notices publicising the terms and conditions of the investment (NL-HaNa, VOC, 1.04.02, file 1, Article XI).[80] A copy of the terms and conditions of the investment was also included as a preamble at the head of the subscription registers. The public advertisement and the preamble appended at the head of the subscription registers played a role similar to that of a modern prospectus in that they expressly conveyed the nature of the proposed relationship between investor and the company. In addition to these sources, the company's senior management, the *Heren Zeventien*, resolved that copies of the charter be made available at the VOC offices where subscriptions were to be accepted, and that civic officials likely to be consulted as to the nature of the investment also be provided with copies of the company's charter (NL-HaNa, VOC, 1.04.02, File 99, folio 39).[81]

Inconsistencies in the information concerning the opportunity to invest in the VOC's capital raised the possibility that investors would be prevented from making a full and rational decision about whether, and how much, to invest in the company. Furthermore, the opportunity for divergent information being imparted to potential investors was aggravated by the fact that the public notices advertising the investment had to be erected within days of the charter's issue on the 20th of March 1602 (NL-HaNa, VOC, 1.04.02, file 1, Article XI). The difficulty with this was that the company could not produce an authoritative statement concerning the investment because its executive body, the *Heren Zeventien*, only held its first general meeting more than three weeks later, on the 15th of April 1602, and did not authorise the content of these notices until the 20th of April 1602 (NL-HaNa, VOC, 1.04.02, file 99, folios 21–22). Notwithstanding the absence of such a statement, six hundred placards inviting subscriptions to the proposed investment were printed on the 4th of April 1602.

[80] On the 23rd of May a further two thousand placards were ordered for distribution in Zeeland towns (Unger, 1950, pp. 6-7).

[81] The charter had a similar legal purpose to the modern company's memorandum and articles of association.

Although copies of the public notices actually erected are no longer extant, analysis of the authorised notice, the authorised preamble (NL-HaNa, VOC, 1.04.02, file 99, folios 17-18), and the preambles actually in Amsterdam and Zeeland's subscription registers (NL-HaNa, VOC, 1.04.02, file 7064, folio 1; NL-HaNa, VOC, 1.04.02, file 13794, folio 1)[82] reveal some significant anomalies, both in content and interpretation.

In essence, the authorised preamble that was to be inscribed at the head of the subscription register kept by each of the chambers stated that: no limit applied to the amount participants[83] could invest; the sum invested could be settled in three instalments, the first on the 1st of October 1602, with the other two-thirds due in equal instalments on the 1st of October of each successive year; participants were legally liable for the full amount subscribed for;[84] the company's commercial debts were only recoverable from the company's subscribed capital (plus any profits earned), with members' liability being limited to the extent of the unpaid portion of their subscribed investment;[85] and any transfer or cession of capital rights in the company was invalid unless recorded in the relevant chamber's transfer register, by the chamber's bookkeeper, and countersigned by two *bewinthebbers* who witnessed the transfer.[86] In contrast, the content of the authorised public notice advertising the investment opportunity (NL-HaNa, VOC, 1.04.02, file 99, folios 21-22), approved on the same day as the preamble, differed in material aspects. It failed to mention that subscribers were fully liable for their subscribed sums or that investors had only a limited liability for the

[82] These are the only VOC subscription registers that have survived.

[83] Enkhuizen's journal (NL-HaNa, VOC, 1.04.02, file 14854, folio 25) referred to the company's members as associates (*geassocieerede*).

[84] This was not an express condition of the company's charter but implied by prevailing judicial procedure. At that time, many Dutch towns had passed ordinances that allowed a delinquent subscriber to a business venture to be pursued through the courts (Riemersma, 1952, p. 336).

[85] Enacted in the company's charter, this condition effectively established the VOC as an independent corporation, judicially distinct from its members.

[86] This condition was also not envisaged by the VOC's charter. It effectively required that both the holder of a VOC capital right and the purchaser had to present him or herself in the chamber's office.

company's debts. The authorised public advertisement also neglected to state that capital rights in the company were freely transferable. Both the latter were quite novel innovations in the early 17th century.

Zeeland's subscription register preamble largely reconciled with the authorised version. The statement in Amsterdam's subscription register, however, included some critical additional articles not part of the other sources (NL-HaNa, VOC, 1.04.02, file 7064, folio 1). Chief amongst these was a unilateral declaration that the company's life would begin in 1603. This date did not coincide with the company's charter, which stated that: "This union and company shall begin and commence this year, sixteen hundred and two" (NL-HaNa, VOC, 1.04.02, file 1, Article VII).[87] No explanation for Amsterdam's choice of 1603 as the commencement date is discernable from the archived material, other than that this was the date that the first VOC funded fleet sailed. If that was the basis of the claim that the company would commence in 1603, it suggests that this chamber's senior management still thought of the company in terms of individual ventures rather than a business enterprise with a certain lifespan. Amsterdam's preamble (NL-HaNa, VOC, 1.04.02, file 7064, folio 1) also declared that no one would be admitted to the company after subscriptions closed at midnight on the 31st of August 1602. This unilateral, quite rigid interpretation of Article XI of the company's charter, had the effect of restricting the VOC's capital to a finite sum. It also had implications for the Enkhuizen Chamber, which admitted a group of participants after the 31st of August 1602. The VOC refused to recognise the late subscriptions as part of Enkhuizen's capital. However, the investment was not rejected out of hand. Instead a resolution dated the 25th of February 1603 stipulated that the capital sum had

[87] "*De vereeninge ende compagnie sal beginnen ende aenvangh met desen jare sesthienhondert ende twee*". See, also, VOC, 1.04.02, file 1, Article XI. A resolution of the *Heren Zeventhien* dated 10th of November 1611, which sought to combine the first and second ten years' accountings (NL-HaNa, VOC, 1.04.02, file 100, folio 161), referred to the fact that the 1602 charter required proclamations advertising the second ten years' capital to be posted in March 1612 but it made no reference to the date when the first capital would be terminated and the intended second investment would take effect.

to be proportionally distributed amongst the other chambers (NL-HaNa, VOC, 1.04.02, file 99, folio 48,; NL-HaNa, VOC, 1.04.02, file 99, folios 50-51, 53, dated the 28th of February 1603; folio 74, dated the 26th of May 1603; folio 83 (6), dated the 7th of August 1603; folio 130, dated the 24th of October, 1603).

Amsterdam's preamble largely accorded with the authorised version in respect of when capital instalments were due but again the detail of the Amsterdam information was at variance with other sources. Amsterdam added a rider, not found in the other documents, which stated that the date on which capital payments were due could be delayed at the chamber's discretion. In that event, Amsterdam investors were informed that participants would be given fourteen days notice of the revised due date. While this option complicated control of subscription payments, it allowed the chamber a means to better manage its exposure to interest due on premature capital settlements.

An important departure from the authorised draft of the public notice (NL-HaNa, VOC, 1.04.02, file 99, folio 16) and the authorised preamble (NL-HaNa, VOC, 1.04.02, file 99, folios 17–18) was that neither Amsterdam nor Zeeland's subscription registers noted that the invitation to subscribe to the company's capital was limited to the first ten years of the first VOC charter and did not cover the full twenty-one years that this charter was valid for. Amsterdam's subscription register not only failed to mention that the capital invested in 1602 would be wound up at the end of a ten year period, it also failed to draw attention to the fact that at that time participants would be free to withdraw their investment and, if they so chose, could reinvest in the succeeding ten-years' capital. The significance of this omission suggests that, even at this early stage of the company's life, the instigators were considering making the capital permanent.

Public investors and the management of other chambers would have been confused by these conflicts in the information concerning the potential to invest and the conditions attached to investment. Clearly the VOC was aware that there might be inconsistencies in the information provided to the public because it covered this eventuality by inserting a general caveat to the effect that not only was the invitation to

invest subject to the conditions outlined in the company's charter, provided, too, that it was also subject to any other regulations made by the company.[88] In contrast to the deficiencies apparent in the information provided to potential investors, the company kept a meticulous and complex record of subscriptions and capital that provided substantive evidence of who the investors were, and how much they owed. The first of these records, the subscription register, is analysed next.

THE VOC SUBSCRIPTION REGISTERS

At the turn of the 16th century, the concept of a subscription document in which investors pledged to invest a certain amount in a company's capital was common Netherlands' practice.[89] Subscribers named in a subscription record were legally obliged to provide the promised funds.[90] However, anonymous subscribers, that is those not named, and who invested via a third party, such as a *bewinthebber*, were under no obligation to honour the sum subscribed for on their behalf. Some progress towards public subscription is evident in the subscriptions invited on the 30th of December 1600

---

[88] "*Alles opde conditien en voorwaerden begreep inde voorschreven octroy mitsgarderen inde articulen byde compaignie ghemaeckt*" (NL-HaNa, VOC, 1.04.02, file 99, folio 21).

[89] The United Zeeland Company's (*Vereenigde Zeeuwsche Compagnie op Middelburgh*) prospectus, issued in November 1601, invited all those who wished to invest in the company to subscribe their intention to do so. In this case the subscribers only referred to known, public investors. It did not include the general public who invested anonymously via an investment agent (*bewinthebber*). The Delft Company of 1601 also required a form of subscription intended obligate public investors (van der Heijden, 1914/2001, p. 17).

[90] Sixteenth century Dutch shipping partnerships were generally very informal, which led to frequent disputes over the nature of the relationship. In this connection, a 1528 Hoorn law book (*keurboeck*) noted the frequency of breaches of promise in respect of shipping partnerships, observing that two people often agreed in taverns during drinking bouts but subsequently disputed the alleged agreement. To resolve this difficulty, clause 252 declared that such promises, if given while socialising (*in enich gelach ofte geselscap*), were not enforceable unless confirmed, in the presence of witnesses when the parties were sober (Riemersma, 1952, p. 330). Notably, this ordinance did not require a written contract. Nevertheless, in commenting on the legal standing of obligations recorded in European accounting records between 1300 and 1800, Yamey (1997, pp. 19-20) noted that the enforceability of such debt was enhanced if the debtor personally recorded it in the payee's ledger. Where the debtor had not personally entered the debt, its legal standing was enhanced if the debtor countersigned the accounting entry.

for the United Amsterdam Company, a union of the Old Amsterdam Company and the Brabant Company. In common with previous practice, this still comprised a list of the names of the public investors recorded in the company's resolution register (van der Heijden, 1914/2001, p. 17). The novelty was that the United Amsterdam Company resolved that in the event that someone who had invested via a *bewinthebber* no longer wished to honour their obligation, the individual (*bewinthebber*) who had recorded the subscription on their behalf would not be held personally liable for that sum, provided the name of the third-party, together with the actual sum they had personally pledged, was known to the company at the time of subscription.[91] The list of subscribers and the amounts subscribed acted as the source document to initiate the bookkeeping records necessary to account for the capital.

A formal subscription register was first was implemented by the VOC in 1602 to accommodate the relatively large numbers expected to subscribe to the company's capital. Moreover, the company's charter explicitly stated that whoever desired to invest in the VOC had to make their intentions known to the company (NL-HaNa, VOC, 1.04.02, file 1, Article XI) but this document was silent on how subscription was to be effected. The company's management devised the subscription process and introduced the use of formal subscription registers to record the investments pledged in each chamber. The format and content of these registers was defined by two resolutions taken by the company's general meeting on the 16th and 20th of April 1602 (NL-HaNa, VOC, 1.04.02, file 99, folios 16-18). The earlier resolution (NL-HaNa, VOC, 1.04.02, file 99, folio 16) required that each VOC chamber prepare a subscription register in which

[91] "*Dat diegenen hunner (bewinthebers), wier participantenen in gebreke mochten blijven de beloefde penningen te storten, in zoover persoonlijk van den toegezegden inleg zouden zij bevrijd, mitsden naam noemend van den weigerachtigen participant en de door dezen beloofde som, doch dat niettemin d' actie tegen den ontwillighen sal blijven gereserveert*" (van der Heijden, 1914/2001, p. 17; van Dillen, 1958, p. 22).

investors could record the sums they wished to invest in the company.[92] A copy of Amsterdam's subscription register (NL-HaNa, VOC, 1.04.02, file 7064, folio 1) is included in this volume as Appendix 3.

In common with the prevailing practice for formal books of account, these registers had to comprise a large, bound book, the pages of which had to be prenumbered to preclude the possibility of records being surreptitiously removed or added. Nevertheless, the lack of a number on the page immediately after the capital tally in the Amsterdam register (NL-HaNa, VOC, 1.04.02, file 7064) and the final page in Zeeland's register (NL-HaNa, VOC, 1.04.02, file 13794) indicates that these registers were numbered as they were used and not prenumbered. The VOC required that these registers be ruled in two columns. One for the subscriber's full name and, if appropriate, the identity of the party on whose behalf a subscription was recorded. This column also recorded the subscribed amount in words and the date on which the subscription was recorded. The subscribed amount, in Arabic numerals, was repeated in the second column. In addition, the money columns on each page had to be summed and the total carried forward to the end of the subscription record. This process was complied with in Amsterdam (NL-HaNa, VOC, 1.04.02, file 7064) but was not a feature of the Zeeland subscription register (NL-HaNa, VOC, 1.04.02, file 13794).

As already noted above, each register had to be headed by a declaration of the terms and conditions under which the company would accept capital subscriptions, which, amongst other things, constituted the basis of a contract between company and investor. The critical phrase declared, "We, the subscribers, each promise to provide and

[92] "*Alle de camere van dese verenighde Oostindische compagnie sullen hebbende doen maecken een register in groot formaet waer van de bladeren pertinent geanoteert synde vooraen int eerste bladt verclaert ende verhaelt sal werden in wat manieren ende op wat conditien alle respective participanten haere sommen en partyen sullen verclaeren en aenteeckenen … omme alsdan aldaer by ydereen ingeteeckent en geschreven te moghen werden met wat capitale somme van penninghen d'selve inde thien jaerighe rekeninghe sal begeeren inne te comen*" (NL-HaNa, VOC, 1.04.02, file 99, folio 16).

invest the sums we have subscribed for."[93] It formally obligated the subscriber to invest a certain sum and reminded them that the full extent of the law could be used against their persons or their possessions to recover any shortfall.[94] Consequently, the company could regard the capital sum pledged as an asset.

The first entry in Amsterdam's subscription register, made by Gerrit Bicker, read:

> I, Gerrit Bicker, pledge to invest in this company, subject to the terms and conditions stated above in this book, the sum of twelve thousand *guilders*. 5 August.[95]

Of note is that Bicker and other Amsterdam subscribers expressly pledged that they would furnish the subscribed sum. By contrast, Zeeland's subscribers did not give such an explicit undertaking. Instead, Zeelanders merely expressed an interest to invest in the company's capital. In this regard, Adriean ten Haeff, the first Zeeland subscriber (NL-HaNa, VOC, 1.04.02, file 13794, folio 1), wrote

> I, Adriaen ten Haeff, am willing to invest in this company, may God protect it, the sum of eighteen thousand *guilders*, each *guilder* worth 40 *gr*.[96], dated 3rd August, 1602.[97]

Ten Haeff's subscription did not include the critical phrase declaring that the subscriber promised to furnish the invested amount. Nevertheless, Zeeland's preamble, like that of Amsterdam, contained a declaration to the effect that the subscriber was liable to invest the sum subscribed for. As a result, a further declaration in the body of the subscription was redundant.

---

[93] "*Wy ondergeschreven beloven elck onse hieraen volgenden geteyckent sommen op te brenghen en te furneeren*."

[94] "*Daervooren verbinden yeder een van onsluyden syn persoon en goederen en stellende d' selve en de keuren vandien tot bedwanck van allen Heeren Rechten ende Rechteren*." This interpretation by the VOC runs counter to Article IX of the first VOC charter, which indicated that investors would be free to curtail their investment at any time, and that in such an event any sum invested would be treated by the company as an interest bearing deposit.

[95] "*Ick Gerrit Bicker belove op te brengen in dese compangie op de conditien int hooft van deesen boecke verhaelt de somme van twaelft duysent guldens. 5 Augustus.*"

[96] The symbol '*gr.*' referred to a '*groot*', which was half a *stiuver* (shilling).

[97] "*Ick Adriaen ten Haeff ben tevreden in dese compagniea, die Godt beware, voor de somme van achtien duysent guldens, tot 40 gr. elcken gulden, desen 3en Agosti ao 1602 in Middelburch.*"

Finally, in connection with the format of the subscription registers', the *Heren Zeventien* resolution dated the 20th of April 1602 (NL-HaNa, VOC, 1.04.02, file 99, folio 16) declared that: "All subscriptions shall be recorded in *guilders* of twenty shillings each".[98] The significance of this requirement is that, at the time of the VOC's inception, The Netherlands did not have a common accounting currency. Holland used the *guilder*, comprised of twenty shillings (*stuivers*) to the *guilder* and sixteen pence to the shilling, while Zeeland's monetary unit of account was the Flemish pound. Although the latter also comprised twenty shillings, each Zeeland pound was exchanged for six *guilders* and the Zeeland shilling comprised only twelve pence in contrast to Holland's sixteen. This distinction notwithstanding, Zeeland did largely comply with the ruling that capital subscriptions be recorded in *guilders*.[99] Nevertheless, some investors entered part of their subscription in Flemish pounds. Wessel Schenck, a subscriber to Amsterdam's capital, entered his investment of thirty thousand *guilders* as five thousand Flemish pounds (NL-HaNa, VOC, 1.04.02, file 7064, folio 17). Similarly, Zeelander *bewinthebber*, Adriaen ten Haeff, who subscribed for one thousand two hundred *guilders* on behalf of Robert Joliet and Cornelis Jansz., denoted the amount of the investment in the narrative section of the subscription in Flemish pounds (Unger, 1950, p. 23).

The amounts subscribed for the VOC's capital varied widely, and the investors covered the full spectrum of Dutch society. The largest subscribers were merchants. Balthasar de Moucheron, who verbally undertook to invest one hundred thousand *guilders* in the company, would have been the largest but, as he never formally

---

[98] "*Alle welcke partyen getekent sullen werden in guldens current van xx stuyvers t'stuck*." The 1602 charter was silent on this point. In the only reference to monetary units the charter set to the size of the investment to be made by a *bewinthebber* (NL-HaNa, VOC, 1.04.02, file 1, Article XXVIII). It is notable that in this case the charter specified Flemish pounds, not Dutch *guilders*. It also noted the cost of the charter (NL-HaNa, VOC, 1.04.02, file 1, Article XLIII), which was also denoted only in Flemish pounds.

[99] The subsequent accounting was denominated in Flemish pounds (NL-HaNa, VOC, 1.04.02, file 13784).

subscribed to the VOC's capital, he was not obliged to make good on that promise and never invested in the VOC. Isaac le Maire, who subscribed for eighty five thousand *guilders* (*f*.85,000), was the largest single investor. Peter Lijntgens, the Zeeland Company's Amsterdam representative who acted as an investment agent for others,[100] invested sixty thousand *guilders* (*f*.60,000) in Amsterdam and a further forty five thousand *guilders* (*f*.45,000) in Zeeland (Unger, 1950, p. 5; van Dillen, 1958, p. 40). By contrast, some of the smallest subscriptions were made by servants, and amounted to fifty *guilders* (NL-HaNa, VOC, 1.04.02, file 7064, folios 56, 72, 60).[101]

Notwithstanding the legal ramifications of subscription, because an investor might have been illiterate or absent from the city not all subscriptions were personally recorded by the investor. In such cases, a third-party subscribed on behalf of others (NL-HaNa, VOC, 1.04.02, file 13794, folio 12; VOC, 1.04.02, file 7064, folio 40). However, not all third-party subscriptions met these conditions. Even where the amounts involved were quite substantial, the principal was literate, and was known to have been present in the city on the day that the subscription was made, many of the biggest investors did not always subscribe for their full investment under their own names (NL-HaNa, VOC, 1.04.02, file 13794, folios 1, 2; VOC, 1.04.02, file 7064, folios 2, 4, 29, 65; Unger, 1950, p. 10). In many of these cases the actual subscriber was quite distant from the individual who intended to invest. Thus, on the 31st of August, Pieter Eems, instructed by Jan Lambrechtse Coolen, subscribed for eighteen thousand *guilders* (*f*.18,000) on behalf of Pieter Pieterssen Trijst (NL-HaNa, VOC, 1.04.02, file 13794, folio 7) and Joseph Deodatji subscribed for eleven thousand six hundred *guilders* (*f*.11,600) on behalf of Leonard Raey who was acting for an anonymous investor, J.C.

[100] Literally, a *bewinthebber*.

[101] These sums are given significance when it is realised that a skilled 17th century craftsman generally did not earn more than four hundred *guilders* a year. An unskilled labourer or ordinary seaman's wages would have been about half that (de Kraan, 2000, p. 2; Lucassen, 2004, p. 17). Consequently, fifty *guilders* invested by a servant approximated a quarter of their annual income, a considerable sum for a menial worker to risk.

(NL-HaNa, VOC, 1.04.02, file 7064, folio 59). Furthermore, many women subscribed in their own right and on behalf of men (NL-HaNa, VOC, 1.04.02, file 7064, folios 18, 36, 49).

The reason why third parties subscribed on behalf of others is obscure. Tradition and habit might have played a part, particularly if investors believed that their assets were better protected against the company's creditors if they invested a portion of their holdings through the medium of a 'known' third-party, that is, an identified, public figure. This is not an entirely convincing explanation because the VOC's charter and prospectus made it clear that participants would not risk more than their subscribed capital. However, it is possible that the legal implications were not fully understood by all those who wanted to invest in the company. Illiteracy undoubtedly contributed to third party subscriptions but, again, this is not a sufficient explanation because many who subscribed through the auspices of others also entered subscriptions in their own name. In some cases illiterate subscribers can be clearly identified because the individual acknowledged the entry with a cross. In other cases, some who acted on behalf of others signed their own names under the entry.[102] Jan Jansz. Kaerel, who subscribed on behalf of eight people for a total of sixteen thousand two hundred *guilders*, signed his own name under the collective entry. Jan Thomasz. and Petrus Plancius, who subscribed on their own behalf immediately after Kaerel's entry, also signed their names (van Dillen, 1958, opp. p. 51).

Third-party subscriptions raised a difficulty because of the principle that a named party was liable for the amount subscribed. Nevertheless, contemporary practice did not allow that the mere entry of an individual's name in an account book created a legal

[102] Signatures were not relied on to the extent they are today. What was more important was the testimony of trusted witnesses and the principal party's handwriting. Subscribers were not required to sign their entries in the subscription register but their entries were witnessed (Smith, 1919, p. 36). Smith incorrectly claimed (1919, p. 37) that the subscriber had to acknowledge the accounting entry in the company's Cash Book.

obligation.[103] Nor did the VOC's charter provide for the situation where one party subscribed on behalf of another. To partially remedy this situation, the Heren XVII passed a resolution on the 20th of April 1602 (NL-HaNa, VOC, 1.04.02, file 99, folio 16) stipulating that any *bewinthebber*, who subscribed on behalf of another party who was named in the subscription, would not be personally liable for the recorded investment, provided they could demonstrate they had acted in good faith in making the subscription. Although this proviso expressly referred to *bewinthebbers*, in practice anyone who recorded a subscription in good faith on behalf of another named investor was not held liable for the amount subscribed. However, where subscription was on behalf of an anonymous party, or identified only by a set of initials, the amount subscribed was recoverable from the party who entered the subscription.[104] Further complicating the legal standing of the subscriptions was the fact that not all subscriptions were on behalf of individuals; many named business associations (van Dillen, 1958, p. 219; VOC, 1.04.02, file 7064, folios 9, 53, 62, 67).

The subscription process was formally concluded by a statement attesting to the process followed, and total amount subscribed. In closing its subscription register (NL-HaNa, VOC, 1.04.02, file 13794, unpaginated) Zeeland noted that the total capital subscribed for amounted to one million, three hundred and thirty three thousand, eight hundred and eighty two *guilders* (*f*.1,333,882/0/0d.). The declaration following this sum simply read "This done and concluded in the city of Middelburg in Zeeland on the 31st of August 1602 between the hours of twelve and one o'clock in the night".[105] Immediately under the declaration were appended the signatures of the Zeeland

[103] See footnote 13, above.

[104] Anonymous subscriptions featured in both the Amsterdam and Zeeland subscription registers. Amsterdam recorded a total of eighty-three thousand, five hundred *guilders* (*f*.83,500) in anonymous subscriptions, while Zeeland recorded ninety two thousand, five hundred *guilders* (*f*.92,500) in anonymous subscriptions.

[105] "*Aldus gedaen ende gearresteert binnen der stadt Middelburch in Zeelandt desen XXXI Augusti anno 1602 tusschen den 12e ende een uren in der nacht, present de bewinthebberen, hier onderteekendt.*"

bewinthebbers who witnessed the closing of the register at the appointed time.[106] By contrast, Amsterdam followed a more elaborate procedure in closing its subscription register (NL-HaNa, VOC, 1.04.02, file 7064, folios 72, 73, 74). The total of each page was brought forward to folios 72 and 73 and summed. The sum of the capital subscribed in this chamber, three million, six hundred and seventy-four thousand, nine hundred and fifteen *guilders* (*f*.3,674,915/0/0d.), appears on folio 73. Immediately beneath this, starting on folio 73 and continuing on the following unpaginated folio, Amsterdam notary J. F. Bruyningh attested to the closing procedure followed by the Amsterdam chamber. His statement, dated the 1st of September 1602, declared that:

> Between ten and twelve o'clock in the evening, on the last day of August 1602, I was present in the house of *S*$^{nr.}$ Dirck van Os, *bewinthebber* of this company. There I witnessed the bookkeeper, in the presence of four *bewinthebbers*, balance and close the register for the ten years' capital of the chamber of Amsterdam, in which those of this city who wished to invest in the general company had, before twelve midnight on the 31st of August, subscribed the amount they wished to invest.[107]

Bruyningh also confirmed the total capital subscribed in the Amsterdam subscription register and noted that Barent Lampe, Jacques de Porcq, and Anthony van Breen also witnessed the closing procedure. Bruyningh, Lampe, de Porcq and van Breen added their signatures immediately under Bruyningh's statement.

The capital sum subscribed for in 1602 was adjusted on the 28th of January 1638 by the addition of twelve thousand, five hundred *guilders* (*f*.12,500), which represented Amsterdam's share of the twenty five thousand *guilders* (*f*.25,000) that the States-General charged for the first charter granted to the VOC (NL-HaNa, VOC, 1.04.02, file

---

[106] The signatories were: Adriaen ten Haeff,. Nicolaes Pieters, Adriaen Bomene, J. P. de Waert, Everart Becker, G. van Schoonhoven, Aernout Verhouve, Bar. van Vlierden, Arnoult le Clerq, Jacob Boreel, and Laurens Back.

[107] *"Op ten lesten Augusti anno sesthienhonderd ende twee 's avons die clocke omtrent thien uren ten huyse van S*$^{r.}$ *Dirck van Os, bewindhebber van deze compagnie ende aldaer geseeten tot omtrent twaelff uren in de nacht ende gesien, dat bij de boeckhouder van de voors. Compagnie, in presentie van vier bewindhebberen, gesaldeert ende gesloten is het boeck vande thienjarige comp.*^{e} *van de Camer tot Amsterdam, daerinne geteeckent staet t'ghene bij een yder in de generale compagnie alhier ter stede sal werden ingelegt, bedragende die somme voer de clocke twaelff uren – wesende de leste ure vant uutgaen der maent Augusti*" (NL-HaNa, VOC, 1.04.02, file 7064, folio 73 and following unpaginated).

7064, folio 74).[108] The capitalisation of the first charter's costs was the only increase ever made to the VOC's capital sum.[109] Later, in 1693, fractions of a *guilder* or Flemish pound were rounded down to even *guilders*. The sum written off was apportioned between the chambers (de Heer, 1929, p. 21). Apart from these administrative corrections, the VOC's capital was never increased during its existence.

This stability created a difficulty because the company's entire capital sum had been allocated to the first four voyages to Asia and developing the related infrastructure. However, the company overestimated the returns that it relied on to fund later voyages. Experience had shown that similar ventures could yield a return of two hundred percent and more but, during its early years, the VOC was not able to generate the anticipated profit. To some extent, this was a factor of a slow domestic market due to oversupply and competition in Europe. Profits were further aggravated because the VOC underestimated the extent to which it would have to invest in East-India. Furthermore, the charter required the company's first capital to be liquidated in 1612 (Glamann, 1981, pp. 245-247; Westera, 1992, p. 77). Under these circumstances, the rational course of action was to invest as heavily as possible in the first four fleets that could

---

[108] "*De bewinthebbers ter Cameren vander Oost Indische Compagnie binnen Amsterdam, des 8 Januaris 1638. Extraordinaris vergadert synde hebben op der missive van hare Ho. Mo. aende sila__ no. 82: geresolveert datmen het capitael deser camer dat gelyck alshier boven blyct der eersten September anno 1602 gesloten is met gl. 3,674,915 sal beswaren noch met gl. 12500: op dat de helft is van 25000 gl. Die gegeven harer Ho. Mo: inde Generale Oost Indise Compagnie opt geven vant octroy hebben inbesprooken. So ander anderen helft synder respective Cameren gewaarschout van gelycke te doen en hunne Capitalen te belasten te weten de Camer Middleburg met 6250 gl ende Delft, Rotterdame, Hoorn ende Enchhuysen elcx met gl 1562/10. Te oirconde hebben noch de als reckenmeester ende bewinthebber deser camer onderteckent des 28 Januaris 1638. Zacharias Thoodel__ and Cornelis de Graff.*" "The bewinthebbers of the East-India Company's Amsterdam chamber in an extraordinary meeting convened as a consequence of a letter from the States-General ___ no. 82 have resolved that the capital of this chamber, which amounted to *f*.3,674,915 on the first of September 1602, shall be charged with a further *f*.12,500, that is, half of *f*.25,000 which is due to the States-General for the privilege of the company's charter. The other half of this amount is to be borne by the other chambers. The Middelburg chamber shall bear *f*.6,250, and Delft, Rotterdam, Hoorn and Enkhuizen shall each be burdened with *f*.1,562/10/0. This in accord with both of the bookkeeper and *bewinthebber* of this chamber. Signed on the 28th January, 1638 by Zacharias Thodel __ and Cornelis de Graf" (NL-HaNa, VOC, 1.04.02, file 7064, folio 74).

[109] Researchers from van Dam (1701/1927, p. 141) to van Dillen (1958, p. 253) have perpetuated an error in the amount of Zeeland's capital recorded on folio 74 of the Amsterdam subscription register. It understated Zeeland's capital by three shillings (NL-HaNa, VOC, 1.04.02, file 13784, folio 65).

reasonably be expected to sail during the ten-year cycle of the first capita. This expectation was not met. The cost of the first four voyages exceeded the available capital by eight hundred and eighty seven thousand, seven hundred and seventy five *guilders* (*f*.887,775). This shortfall was partly off-set against the proceeds of two hundred and forty-five thousand, six hundred and thirty-three *guilders* (*f*.245,633/10/0d.) earned up to 1608 (de Korte, 1983, p. 10), which fell far short of the sum necessary. Consequently, the shortfall had to be funded by short-term credit (NL-HaNa, VOC, 1.04.02, file 7067, folios 448-449), a strategy that the VOC increasingly relied on for its liquidity. Debt was also used to fund interim capital distributions made to investors from 1610.[110]

The company's subscription registers formed a crucial source document that provided the only evidence of the initial relationship between the company and its original participants.[111] However, before continuing the analysis of the company's bookkeeping, it is necessary to examine an obscure register that Waninghen (1639) and van Dillen (1958) referred to as a 'participants book'. Both authors believed that it played a vital role in the VOC's capital accounting process but gave quite different descriptions of its nature and purpose. As the participants' book has implications for both the subscriptions register and the company's capital accounts, it is examined in the following section.

THE PARTICIPANTS' BOOK

The nature and purpose of a participants' book (*participant boeck*) was an arcane subject to most 17th century writers of bookkeeping texts. With the sole exception of Waninghen (1639), no writer contemporary to the VOC treated the topic, which suggests that it was quite uncommon, perhaps unique to the VOC.

---

[110] The company's reliance on debt financing continued until its bankruptcy at the end of the 18th century (Barbour, 1950, p. 80; Gaastra, 1991, pp. 26-27).

[111] As a participant could transfer all or part of their holding to another, the names of the participants and the amount of their capital changed over time. The subscription register only documented the original subscribers, not subsequent holders of a share in the VOC's capital.

Waninghen (1639, chapter 1) declared that if a company, such as the East-Indian Company, wished to keep proper financial records it must employ three principal account books, a journal, debts ledger, and a participants' book.[112] Notably absent from this list was a memorial, a bookkeeping record endorsed by most other writers at that time.[113] Curiously, after identifying a participants' register as a primary requisite for a sound company bookkeeping system, Waninghen contradicted himself by allowing that such a record was not essential. He also offered no explanation of the circumstances that would make a participants' register necessary or render it redundant. Nevertheless, Waninghen did state that its purpose was to allow each investor a personal account in which the company could record capital inflows and outflows, which indicated that he intended a ledger, though his text was unclear on this point. Effectively, what Waninghen attempted to describe was a type of capital accounting. Compounding the lack of clarity regarding the use of a participants' register, he neglected to provide an example of how such a ledger was used in practice.

Centuries later, the nature and purpose of the VOC's participants' register still remained obscure. A review of recent VOC related bookkeeping literature revealed that, with one exception, no author has identified or attempted an explanation of a participants' book. The sole exception was van Dillen (1958, pp. 34-45). Furthermore, like Waninghen, van Dillen associated a participants' book (register) specifically with the VOC's capital accounting process[114] but he disagreed as to the nature of this accounting record. Van Dillen observed that:

---

[112] "*Een Journael / Schult-boeck / ende Participant-boeck*"

[113] In his treatise, *Particularis de Computis et Scripturis,* Pacioli noted that three books were required for double-entry bookkeeping: a memorandum, journal, and ledger but qualified that list by allowing that a memorandum was only needed by large, busy firms. He explained that the memorandum was a loose-leaf record of all transactions as they occurred, which was kept because it was not possible for businessman to always keep meticulous records while actively engaged in commerce. Consequently, the details of the firm's transactions were first recorded in the memorandum and later referenced by the bookkeeper to compile the formal journal entries (Pacioli, chapters five and six, 1494/1974).

[114] "*Het participatieboek der Kamer Amsterdam*".

> In Middleburg, two *bewinthebbers* took turns to receive subscribers during the month. Similarly in Amsterdam, where the participants' register was kept in Dirck van Os' house in The Nest. The bookkeeper, Barent Lampe would also have been present every day (van Dillen, 1958, p. 36).[115]

The claim that the same type of record was kept by both Zeeland and Amsterdam provides a clue to van Dillen's thinking and permits his description to be refuted. At the company's inception the only record common to both chambers mentioned by van Dillen was the capital subscription register. Although the above excerpt did not specifically identify the book in question, public notary, Jan Fransen Bruyning, who testified to the closing procedure followed by the Amsterdam chamber, informed that the record kept at Dirck van Os' house was indeed the chamber's subscription register (NL-HaNa, VOC, 1.04.02, file 7064, pp. 73-74).

In another reference van Dillen (1958, p. 37) noted that an introductory preface was required to head up the participants' book. Such an introduction was only a feature of the subscription registers kept by Amsterdam and Zeeland. Furthermore, van Dillen (1958, p. 36) observed

> In this extract from the Amsterdam participants' register – similarly to that of the Zeeland register – it was principally only the names of the subscribers, and the sums that they had subscribed for that were recorded.[116]

This can only be a description of a subscription register, not a capital ledger. The latter included details of capital payments and transfers. Finally, as Zeeland never kept a subsidiary capital ledger during the company's early years (1602-1607), van Dillen must have believed a participants' book to be a subscription register. Clearly Waninghen and van Dillen are at odds in this regard. The problem is, who more correctly described VOC practice? An authoritative answer to this question is found in

---

[115] "*Te Middelburg hielden gedurende die maand dagelijks om beuren twee bewindhebbers zitting om de inschrijvers te ontvangen. Ongetwijfeld was dat ook het geval te Amsterdam, waar het participatieboek ter tekening lag ten huize van de bewindhebber Dirck van Os in de Nes. Ook de boeckhouder Barent Lampe zal wel dagelijks aanwezig zijn geweest*" (van Dillen, 1958, p. 36).

[116] "*Bij deze uitgave van het Amsterdamse participatieboek zijn – evenals bij die van het Zeeuwse register – in hoofdzaak alleen de namen der inschrijvers en de ingetekende bedragen opgenomen*" (van Dillen, 1958, p. 36).

the VOC's accounting records, in a single accounting entry in Amsterdam's principal ledger (*Grootboeck van de Equipagie*). Dated the 5th of January 1605, this entry, on the debit side of the Cash account, read

> To (credit) Cash in the participants' register for the amount furnished by the participants for the first venture of the first ten years' accounting on folio 459 *f*.922379 / 2 / 4.[117] (NL-HaNa, VOC, 1.04.02, file 7169, folio 99)

The counter-entry on folio 459 is a reference to the Cash account in Amsterdam's subsidiary capital ledger (NL-HaNa, VOC, 1.04.02, file 7067). It read

> 5 January 1605, By Cash in the Equipage ledger, to close this account and transfer the balance that the participants had contributed in respect of the First Equipage of the Ten Years' Accounting 99 *f*.922379 / 2 / 4.[118]

Undoubtedly, the record referred to by the Amsterdam bookkeeper was the subsidiary capital ledger (NL-HaNa, VOC, 1.04.02, file 7067), not the chamber's subscription register as suggested by van Dillen.

Although Waninghen correctly identified the participant's book as a capital ledger, he was confused about its function. He taught that a participants' book was a primary book of account, whereas it was a subsidiary ledger. As such, it was an efficiency measure that was only employed if the situation warranted it. The key to its use lay in the summarising effect of a subsidiary ledger, which avoids undue clutter in the main ledger. Another advantage is that its use allows the bookkeeping to be divided amongst various clerks. Two circumstances are likely to have persuaded the VOC's bookkeepers to initiate a subsidiary capital ledger. One was the very detailed accounting

---

[117] "*Aen Cassa int Boeck vande Participanten voor soo vele aldaer blyft byde selve gefurneert te wesen tot de Eerst Equipagie vande Thien Jarige Rekeninge op folio 459 f.922379 / 2 / 4*" (NL-HaNa, VOC, 1.04.02, file 7169, folio 99).

[118] "*Adi 5 January 1605 Van Cassa int Boeck van de wtrustinghe omme desen te sluyten aldaer overgedragen voor so veele alhier blyckt dat by den participanten tot behouft vande Eerste Equipage voorde Tien Jarige Rekeninghe is overgebracht 99 f.922379 / 2 / 4*" (NL-HaNa, VOC, 1.04.02, file 7067, folio 459).

necessitated by the company's capital process. The other was the number of such accounts that a VOC chamber had to account for.[119]

Contrary to what van Dillen believed (1958, pp. 34-45), Amsterdam employed a participants' book but Zeeland did not. The principal reason for this divergent approach was because Zeeland had to account for far fewer subscribers than was the case in Amsterdam. Consequently, the advantages of a subsidiary capital ledger for Zeeland would have been less obvious than was the case for Amsterdam. Moreover, as this record has been shown to be a subsidiary capital ledger, it is examined in more detail in the following section that deals with the two primary types of accounting record, the journal and ledger.

CAPITAL JOURNALS AND LEDGER ACCOUNTS

The Old East-India Company of Amsterdam required that its bookkeeping comply with the principles of Italian bookkeeping, and it appointed Barent Lampe as its bookkeeper on the 4th of September 1599 (NL-HaNa, VOC, 1.04.02, file 27, folios 14-15).[120] Furthermore, the administrative practices developed by the Old Amsterdam Company's were continued in the VOC's Amsterdam chamber, which was also responsible for keeping the VOC's executive management's secretarial and financial records (van Brakel, 1908, p. 74; van der Heijden, 1914/2001, pp. 14-16; Mansvelt, 1922, p. 16; van Dillen, 1958, p. 26; Meilink-Roelofsz., 1982, pp. 172-173, 180-182; Westera, 1992, pp. 76-77). As Lampe continued in the role of bookkeeper in the VOC's Amsterdam chamber, and was later appointed the company's chief bookkeeper (NL-HaNa, VOC, 1.04.02, file 99, folios 13-14; van Dam, 1701/1927, p. 369), it is

[119] In total, one thousand, one hundred and ninety-three subscriptions were made by one thousand, one hundred and forty-three individual Amsterdam subscribers. Three hundred and two subscriptions were received in Zealand from two hundred and sixty-four individual subscribers (van Dillen, 1958, p. 45).

[120] See Appendix VIII for a profile of Lampe, including his appointment as bookkeeper for the Old Amsterdam Company and his carreer in the VOC.

reasonable to assume that the VOC's capital accounting was expected to comply with the same bookkeeping principles. Furthermore, the meaning of the term 'Italian bookkeeping' is made more explicit by contemporary bookkeeping texts that generally used it as a synonym for double-entry bookkeeping (Cock, 1643, p. 1; Row-Fogo, 1905/1968, p. 141; Mansvelt, 1922, pp. 62-68; Ympyn, in Kats, 1927a, p. 264; Littleton, 1933/1966, p. 86; Peragallo, 1938/1974, p. 79; de Roover, 1955, p. 409; de Roover, 1974, p. 166; Martinelli, 1974, p. xiv; Most, 1976, p. 27).

Bookkeeping records relating to the capitals of the VOC's two largest chambers (Amsterdam and Zeeland) for the period 1602-1607/8 are extant (NL-HaNa, VOC, 1.04.02, files 7064, 7065, 7066, 7067, 7142, 7169, 13782, 13783, 13784, 13785) but, with the exception of an Enkhuizen journal for 1608-1619 (NL-HaNa, VOC, 1.04.02, file 14854), none of the smaller chambers' bookkeeping records approximating this period of the company's history has survived. As a result, it is not possible to determine precisely how these chambers accounted for their share of the VOC's capital or how their bookkeeping might have varied during this time. Nonetheless, sufficient evidence does survive to show that Amsterdam and Zeeland employed broadly similar bookkeeping systems. Furthermore, given this methodological similarity it is reasonable to assume that the smaller chambers of Rotterdam, Hoorn, Delft, and Enkhuizen, all of which were located in Holland, followed a broadly similar process to that of the provincial leader, Amsterdam.

Similarities between Amsterdam and Zeeland's bookkeeping notwithstanding, analysis of the VOC's bookkeeping process is complicated by detailed variations in the manner in which these chambers accounted for the company's capital. This is particularly true of the period between 1603 and 1607, when capital calls had not yet been settled,[121] and the VOC had not implemented steps to impose a uniform

[121] Subscribed capital was to have been called up in even thirds but, as only three quarters of the first one-third was called up in May 1603, one-twelfth remained and was called up in September 1606 (NL-HaNa, VOC, 1.04.02, file 99, folio 208, van Dam, 1701/1927, p. 140).

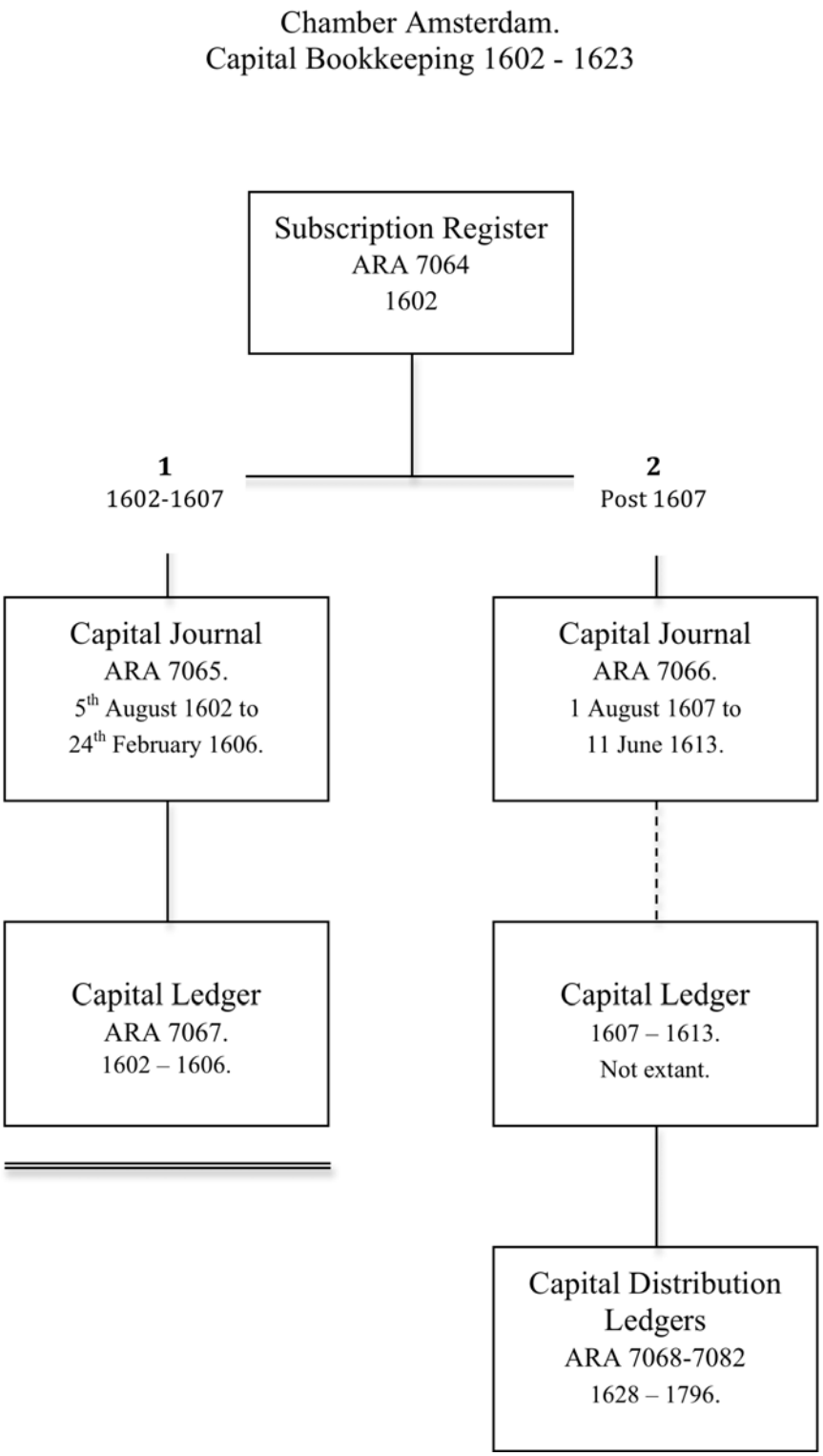
bookkeeping system on the chambers. Accordingly, to assist exposition of the VOC's capital accounting, the records employed by Amsterdam, which accounted for the bulk of the VOC's capital, is depicted as figure 7.2 below, and is described first. Following that, Zeeland's capital bookkeeping system is contrasted to that of Amsterdam.

Capital accounting in the Amsterdam chamber

Contrary to what critics of the VOC's bookkeeping have claimed (Mansvelt, 1922, p. 13; Glamann, 1981, p. 245), the VOC kept a meticulous account of its capital but this record was not formated in the manner a modern accountant might anticipate. Nor did it form part of the general bookkeeping records. Amsterdam's method of accounting for its portion of the company's capital was grounded in the data recorded in the chamber's subscription register (NL-HaNa, VOC, 1.04.02, file 7064). To more efficiently cope with its relatively large number of subscribers, Amsterdam employed a subsidiary capital journal (NL-HaNa, VOC, 1.04.02, file 7065) and ledger (NL-HaNa, VOC, 1.04.02, file 7067). The latter, known to the VOC as the Participants' Book, incorporated the chamber's Capital Account, Cash Account for capital instalments paid by investors, and individual debtors' accounts for the amounts pledged by each subscriber (NL-HaNa, VOC, 1.04.02, file 7067, folios 24, 25, 400).

The bookkeeping process was initiated by a series of journal entries that raised a debit in a subscriber's personal account for the amount they had pledged to invest and a corresponding credit in the company's Capital Account (NL-HaNa, VOC, 1.04.02, file 7067, folios 1, 25). The total of the individual credit postings to the Capital Account constituted Amsterdam's capital sum, and accorded with the total attested to in the subscription register when subscriptions closed on the 31st of August 1602. This approach established the capital sum as a credit balance in the bookkeeping system, which is entirely consistent with the principles of double-entry bookkeeping.

Figure 7.2: Amsterdam's bookkeeping records (1602-1623)



When a subscriber settled part or all of their capital obligations, the amount paid was debited to the appropriate Cash Account in the chamber's capital ledger and a credit posted to the investor's personal account in the same ledger (NL-HaNa, VOC, 1.04.02, file 7067, folios 56, 400). As a result, the debit balances on the subscribers' personal accounts in the capital ledger were gradually reduced to zero between 1602 and 1607.[122] Again, the process complied with the principles of double-entry bookkeeping. It contrasted the two assets (cash and debtors) against the capital. Consequently, at this point the entire capital bookkeeping system was in equilibrium. Notwithstanding this sound beginning, the manner in which Amsterdam structured the subsequent bookkeeping diverged from the principles of double-entry bookkeeping.

Cash received in respect of a capital call was identified with a particular fleet that the chamber equipped for the return voyage to the East-Indies (NL-HaNa, VOC, 1.04.02, file 7067, folios 400, 472; VOC, 1.04.02, file 7169, folios 99, 179).[123] After a fleet had sailed, Amsterdam transferred the sum of the cash receipts for the capital call associated with that fleet from the capital ledger to the debit of the general ledger's Cash Account (NL-HaNa, VOC, 1.04.02, file 7067, folio 459; VOC, 1.04.02, file 7169, folio 99). This offset the credits (disbursements) recorded in this account for the expenditure incurred in equipping the ships. At the same time, the chambers were required to compile an Equipage Account (*Equipage Rekeninghe*) for that fleet in the

[122] A set of three treasurers, appointed from the chamber's *bewinthebbers*, was accountable for all cash receipts, the stock of cash on hand, and disbursements pertaining to a particular venture (NL-HaNa, VOC, 1.04.02, file 1, Article XXXIII). The bookkeeper's records provided the necessary internal control over the treasurers by maintaining an independent check on the cash sum in their hands.

[123] The phrase used was "*Casse vant t eerste inleggen*" (NL-HaNa, VOC, 1.04.02, file 7067, folio 400). The term '*inleggen*', when used in this sense, literally means a monetary deposit. Notwithstanding that the charter provided for three equal calls, the first call was divided into quarters that were due in May, July, September, and October 1603. Of this tranche, only three quarters was called in 1603, which left a final one-twelfth of the capital sum that was used to partly fund the VOC's fourth venture in 1606. The VOC's decision on the 25th of February 1603 (NL-HaNa, VOC, 1.04.02, file 99, folio 47) to call up the first one third of the capital in four instalments appears to have been motivated by the requirement that the company pay eight percent interest on capital paid before the fleet it was to intended to fund had sailed (Stapel, 1927, p. 240).

chamber's general ledger (NL-HaNa, VOC, 1.04.02, file 1, Article XIIII).[124] These accounts, referred to as the First Equipage of the First Ten Years' Account, the Second Equipage of the First Ten Years' Account, etc., further emphasised the strong association between a portion of the overall capital and a specific activity, demonstrating that Amsterdam still regarded each fleet as a separate venture (NL-HaNa, VOC, 1.04.02, file 7169, folios 104, 232, 344, 447).[125]

As the name suggests, equipage accounts were intended to record the amounts expended in acquiring and outfitting a fleet. Accordingly, these accounts were debited with a classified summary of the expenditure incurred in despatching the fleet. Normally, this should have been the extent of the entries to these accounts but Amsterdam's early equipage accounts are notable for being more complex than mere statements of expenditure. Opposing the disbursements in this general ledger account was a credit for the capital sum transferred from the capital account in the capital ledger (NL-HaNa, VOC, 1.04.02, file 7067, folio 24).[126] Given their structure, these Amsterdam accounts had the necessary elements to act as an independent balance statement for each fleet despatched to the East-Indies. The only data lacking for a complete balance statement was sales revenue, which was simply not available during

[124] The company's charter required that each chamber compile accounts for equipping and outfitting a fleet, together with any associated annexure, not later than three months after the departure of the ships (NL-HaNa, VOC, 1.04.02, file 1, Article XIIII).

[125] "*Eerste equipage voor d'thien Jarighe rekeninghe (NL-HaNa, VOC, 1.04.02, file 7169, folio 104), and Tweede equipage van d'eerste thien Jarighe rekeninghe*" (NL-HaNa, VOC, 1.04.02, file 7169, folio 232).

[126] The income generated accounted for in total as returns (*retouren*) for the first ten years' accounting, and independently credited to the chamber's balance account on the 1st of May 1608 (NL-HaNa, VOC, 1.04.02, file 7169, folio 449).

this early period in the company's history.[127] Equipage deficits or surpluses were not absorbed by the next venture but perpetuated by being carried forward to successive Balance Accounts (NL-HaNa, VOC, 1.04.02, file 7169, folios 235, 345, 449). Once again, Amsterdam's bookkeeping demonstrates that it still conceived of the business as a series of quite independent venture accounts and not as one cohesive enterprise.

Immediately after drawing up an Equipage Account, Amsterdam closed its general ledger by compiling a Balance Account to which the balances of all open general ledger accounts, including the Equipage Accounts,[128] were transferred (NL-HaNa, VOC, 1.04.02, file 7169, folios 105, 234-235, 345, 448-449). An analysis of these accounts reveals two notable oddities. One is that the outstanding debtors' balances in the capital ledger were not closed to the chamber's general ledger's balance. This omission was due to Amsterdam's practice of transferring the equivalent amount of cash and capital from the capital ledger to the general ledger but not making any provision for the chamber's total capital sum in the general ledger. As a result, it was impossible to report the outstanding capital debtors without disturbing the ledger's equilibrium. The second peculiarity is that Amsterdam's practice of countering disbursements in the equipage accounts with a portion of the capital meant that the

[127] The absence of sales' revenue in the VOC's early accounts was partly due to the negotiations that gave rise to the VOC's charter. These provided that the company's goods would only be shipped from East-India after the predecessor companies' accumulated stocks had been despatched to The Netherlands (van Dam, 1701/1927, p. 17; van der Chys, 1857, p. 105; Westera, 1992, p. 77). This concession together with the delay of about eighteen months caused by the time it took to make the round trip to the Indies, further deferred the VOC's returns on its own imports. More importantly, equipage and sales (*retouren*) were accounted for independently to aid the calculation of the *bewinthebbers*' commission for managing equipage and remittances, and reconciling the chambers' economic activity as required by the charter.

[128] The deficit of seventy thousand, six hundred and seventy-nine *guilders* seven shillings and three pence (*f*.70,679/7/3d.) on the first venture was reflected as a debit in the Balance Account compiled after the first fleet sailed (NL-HaNa, VOC, 1.04.02, file 7169, folio 194). In August 1606, the third venture resulted in a surplus of three hundred and eighty seven thousand, two hundred and twenty-two *guilders*, five shillings and six pence (*f*.387,222/5/6d.), which was reflected as a credit in the Balance Accounts (NL-HaNa, VOC, 1.04.02, file 7169, folios 345, 449).

capital sum was only indirectly represented in the balance accounts and, therefore, quite invisible to a superficial scrutiny.

Amsterdam's bookkeeping demonstrates that, in accordance with 16th and early 17th century northern European bookkeeping practice, capital and the cash receipts for capital were perceived as contrasting representations of the same thing. It shows, too, that Amsterdam considered its capital as an expendable sum that had no further relevance after it had been exhausted in funding a particular trading venture. The structure of the chamber's equipage accounts reinforces the conclusion that Amsterdam's bookkeeping was strongly oriented towards traditional northern European bookkeeping practices of the Hanseatic merchants, and that these accounts were intended, but never used, as a series of independent venture accounts. Nonetheless, Amsterdam's methodology is difficult to rationalise because the notion of independent ventures had no relevance for the VOC, which was constituted for a definite period of time, not a series specific events. The only plausible explanation is that Amsterdam applied accepted northern European bookkeeping practices without due regard for the company's constitution. This conclusion is even more starkly apparent when Amsterdam's capital accounting is compared to that of Zeeland's, which had an altogether more modern appearance.

Capital accounting in the Zeeland chamber

Zeeland's smaller number of subscribers meant that it did not require a subsidiary capital journal and ledger and, therefore, did not have a participants' book between 1602 and 1607. In contrast to Amsterdam, Zeeland also displayed some other significant variations of detail in the manner in which it accounted for capital. Like Amsterdam, Zeeland constructed an equipage account after each fleet sailed but, contrary to Amsterdam, it did not off-set disbursements by crediting these accounts with

a portion of the total capital sum. Instead, Zeeland balanced the cost of equipping a venture against any extraordinary revenues received and transferring the resulting credit balance to a balance account (NL-HaNa, VOC, 1.04.02, file 13784, folios 141-142). Here, too, Zeeland diverged from the practice of its northern colleague. The chamber did not compile a balance account after each fleet sailed but only to close its general ledger in 1606 (NL-HaNa, VOC, 1.04.02, file 13784, folios 141-142, 267-270) and again in 1607 (NL-HaNa, VOC, 1.04.02, file 13785, folios 182-188). More importantly, Zeeland utilised its total capital sum as the key to equalise these balance accounts (a copy of the Zeeland chamber's 1607 balance statement is attached as Appendix VII.[129] Furthermore, unlike Amsterdam, Zeeland included all open capital and general balances in its Balance Account, which meant that it compared favourably with a modern balance sheet. One final distinction between the chambers' capital bookkeeping is evident in the capital cash accounts.

Similarly to Amsterdam, Zeeland kept separate cash accounts for each venture. The earliest was headed "Treasurers of the 1st Equipage …" (NL-HaNa, VOC, 1.04.02, file 13784, folio 130), the subsequent one "Treasurers of the 2nd Equipage …" (NL-HaNa, VOC, 1.04.02, file 17384, folio 147), and so on. These accounts were debited with the sums paid by investors in respect of a capital call and credited with

[129] On 31st of August 1602, Zeeland's Capital Account in Ledger A totalled two hundred and twenty-two thousand three hundred and thirteen pounds, thirteen shillings and four pence (£222,313/13/4d.), which was the sum subscribed for in the chamber's subscription register. This was adjusted on the 21st of October 1604 by deducting uncollectable subscriptions of five thousand five hundred and seventy-nine pounds, eight shillings and ten pence (£5,579 / 8 /10d.), which left a balance of two hundred and sixteen thousand seven hundred and thirty-four pounds, four shillings and six pence (£216,734/4/6d) on this account (NL-HaNa, VOC, 1.04.02, file 13784, folios 65, 266). This sum was used to equalise the Balance Account in Ledger A (NL-HaNa, VOC, 1.04.02, file 13784, folio 270) and was transferred to ledger B (NL-HaNa, VOC, 1.04.02, file 13785, folio 115) when the old ledger was closed on the 23rd of November 1606. As with Ledger A, the capital sum was the key used to equalise the Balance Account when Ledger B was closed on the 31st of October 1607 (NL-HaNa, VOC, 1.04.02, file 13785, folio 185).

disbursements for outfitting that particular fleet.[130] But, unlike Amsterdam, the balance remaining on a Zeeland cash account was transferred to that of the succeeding equipage (NL-HaNa, VOC, 1.04.02, file 13784, folios 130, 196). Consequently, these cash balances were absorbed into the general accounting and not perpetuated in the chamber's balance accounts.[131] Zeeland also diverged from Amsterdam's practice in that while Amsterdam only rotated its treasurers after the first venture,[132] Zeeland appointed a different set of treasurers to administer the capital and general cash transactions for each fleet.[133] This practice was more than likely an internal control measure, rather than a further demonstration that the chamber regarded each voyage as an independent venture.

Both Amsterdam and Zeeland's early bookkeeping contains elements that indicate that both chambers still had a perspective of company financial record-keeping that was grounded in the concept of venture accounting. The aspect that differentiates their bookkeeping is that Amsterdam's was more aligned to northern European practices, whereas Zeeland's bookkeeping was influenced by its close economic relationship with Antwerp and, consequently, contemporary Italian double-entry bookkeeping. However, circumstances at the end of 1607 forced an abrupt change to the VOC's capital

---

[130] The company's intention was to finance each of the first three voyages directly from each of the capital calls. The final (fourth) voyage anticipated during the first ten years accounting was to be funded partly by the final one-twelfth capital call and partly from returns earned on earlier voyages.

[131] Accounting for the second Zeeland venture commenced on the 25th of October 1604 when the first venture's Cash Account surplus of eight-six pounds, sixteen shillings and eleven pence (£86/16/11) was transferred to the debit of the second voyage's Cash Account (NL-HaNa, VOC, 1.04.02, file 13784, folios 130, 139).

[132] Amsterdam appointed Dirk van Os, Louis dela Beque, and Geraert Reynst as treasurers for the first voyage to East-India. Dirk van Os, Leonard Raey, and Arent ten Grootenhuys acted as treasurers for subsequent fleets during this period.

[133] The treasurers for the first Zeeland venture were Jacob Boreel, Cornelis Muenicx and Balthasar van Vlierden (NL-HaNa, VOC, 1.04.02, file 13784, folio 73). Adriaen ten Haeft, Cornelis Somer and Everartt Beker (Becquer) acted for the second venture (NL-HaNa, VOC, 1.04.02, file 13784, folio 147), Jacob de Waert, Laurens Bacx, and Aernout Verhouven for the third (NL-HaNa, VOC, 1.04.02, file 13784, folio 196), and Jacob Boreel, Jan Lambrechtsz. Coolen, and Balthasar van Vlierden administered the fourth Zeeland venture (NL-HaNa, VOC, 1.04.02, file 13784, folio 251).

administration and initiated an attempt to institute a common bookkeeping methodology.[134]

The VOC's capital bookkeeping after 1607

Post 1607, capital subscribers who had been considered company debtors for the amounts pledged were transformed into participants. The significance of this change was that it recognised that participants held an enforceable right against the VOC that would be exercised when the company was expected to be liquidated in 1612.[135] Accordingly, the participants, personally, rather than an abstract concept of capital, were considered to represent the sum invested in the business. Such a conception was entirely consistent with northern European bookkeeping practice of the time[136] but it necessitated the VOC's bookkeeping incorporate an account for each participant that could be credited with the sum of their investment and charged with distributions made in anticipation of the liquidation the company's first ten years' capital (Smith, 1919, p. 29).

---

[134] The VOC first attempted to instil a consistent method of Standardised bookkeeping in 1606, when it was resolved to have one chamber audit the bookkeeping of another chamber to, amongst others things, ensure the application of a common (*eenparich*) method of bookkeeping (NL-HaNa, VOC, 1.04.02, file 99, folio 179). Later, in August 1608, Amsterdam bookkeeper, Barent Lampe, was appointed bookkeeper-general to the company and charged with ensuring that the chambers utilised a standard system of bookkeeping (NL-HaNa, VOC, 1.04.02, file 100, folio 13).

[135] Outstanding capital debts were not generally written-off but transferred to the account of another investor. The only capital balance written-off in Amsterdam's books was seventy-six *guilders* and fourteen shillings (*f*.76/14/0d.) for the account of Sebastiaen Oosterman and related to a capital transfer to Witse van Kammega which had not been properly recorded (NL-HaNa, VOC, 1.04.02, file 7067, folios 24, 393, 456). By contrast Zeeland wrote-off defaulters' balances amounting to five thousand, five hundred and seventy nine pounds, eight shillings and ten pence (£5,579/8/10d.), a considerably larger sum (NL-HaNa, VOC, 1.04.02, file 13784, folios 65, 131).

[136] See, for example, Ympyn, 1547, chapter XVIII; Waninghen, 1629, chapter I, and tutorial chapter XXI; Cock, 1643, pp. 174-175; van Gezel 1681, p. 31; de Graaf (1688), in ten Have, 1933, p. 211.

With the exception of a Zeeland ledger for 1615-1618 (NL-HaNa, VOC, 1.04.02, file 13795), VOC capital ledgers for the period 1608-1623, which could demonstrate exactly how the company's bookkeeping was structured, have not survived. However, an Amsterdam journal (NL-HaNa, VOC, 1.04.02, file 7066) and another for Enkhuizen (NL-HaNa, VOC, 1.04.02, file 14854) do still exist. In addition, Zeeland's journal for the period 1614-1618 (NL-HaNa, VOC, 1.04.02, file 13786) is also extant. Collectively, these discrete sources can provide a valuable insight into the manner in which the VOC accounted for its capital for the rest of the period covered by the company's charter, especially because the company endeavoured to impose a uniform system of bookkeeping after 1607. Nevertheless, considerable confusion still surrounds the nature and purpose of these bookkeeping records. Van Dillen (1958, p. 40) referred to the Amsterdam capital ledger for 1602-1607 (NL-HaNa, VOC, 1.04.02, file 7067) as the "Ledger of the Actions" (*Grootboek der Actiën*) and noted that a careful accounting for the investment made by each participant was recorded in this book. However, he then continued by saying "After the last instalment was paid in 1606 this was replaced by a new record, the Journal of the actions",[137] by which he meant the 1607 Amsterdam capital journal (NL-HaNa, VOC, 1.04.02, file 7066). He was obviously not correct in his assumption that a ledger could be replaced by a journal. Accordingly, the VOC's capital accounting during this period requires closer examination.

A clue as to the thinking behind the manner in which the VOC accounted for its capital after 1607 is found in the preamble of Amsterdam's capital journal that commenced in August 1607 (NL-HaNa, VOC, 1.04.02, file 7066, folio 1). It noted that capital-related transactions were to be kept in a special capital ledger, that is, a

[137] "*Nadat in 1606 de laatste storting van geld door de aandeelhouers had plaatsgehad, werd een nieuw boek aangelegd: het Journael der Actiën.*"

participants' ledger quite separate from the one introduced in 1602.[138] Furthermore, it explained that the function of this ledger was to provide a record of who held rights to the chamber's capital in 1602, together with all subsequent movements in capital.[139] The first entry in this journal, dated the 1st of August 1607, addressed Gerrit Bicker's capital. Cross-referenced to ledger folios one and twenty in the new capital ledger, it reads

> The Amsterdam Chamber's Capital Account for the General East-Indian Company's First Ten Years' Accounting debit, to Gerrit Bicker twenty-one thousand *guilders* in respect of the amount the aforesaid Bicker had subscribed for in the aforementioned company and had paid according to folio 25 of the ledger kept for that purpose.[140]

Although the journal's preamble referred to a 'special ledger', analysis of the bookkeeping reveals that this ledger was not entirely independent of existing accounting records. In the body of the above entry, folio twenty-five is cited in reference to Bicker's capital. This reference relates to Bicker's Capital Account in Amsterdam's 1602 capital ledger (NL-HaNa, VOC, 1.04.02, file 7067). The interesting point is that this account (folio 25) represented Bicker as a company debtor,[141] while the 1607 journal (folio 20) established him as a creditor for the same sum. Moreover, the journal created another capital account in the new capital ledger, this time with a debit balance. This debit could not be used to negate the (credit) capital balance established in 1602

---

[138] Settlement of Amsterdam's capital debts, together with the transfer of capital receipts to the general ledger and the capital sums to the first four venture accounts in the general ledger should have equalised Amsterdam's participants' ledger. As a result, it ceased to have any significant bookkeeping purpose after the fourth venture had sailed. However, it continued to operate in parallel with the participants' ledger introduced in 1607 because, although most investors settled the final one-twelfth call in late 1606, some were paid in 1607 and 1608 (NL-HaNa, VOC, 1.04.02, file 7067, folios 226, 228, 243), and entries to correct anomalies were made as late as 1613 (NL-HaNa, VOC, 1.04.02, file 7067, folio 297).

[139] "*Van welcke overdrachten ende transporten partinente notitie byde boeckhouder in een particulier register gehouden sal worden*" (NL-HaNa, VOC, 1.04.02, file 7066, folio 1).

[140] "*De Camer tot Amsterdam reeckenininge van Capitael voorde Generaele OostIndische Compaignie der eerste Thien Jarige reeckeninge is schuldich aen Gerrit Bicker eenentwintich duysent guldens voor soo veel ditto Bicker inde voorschreven compaignie heeft geteeckent, betaelt ende gefurneert volgens de boeck daer van zynde folio 25*."

[141] Precisely the same format was adopted in Enkhuizen's first capital journal dated 30th of June 1608 (NL-HaNa, VOC, 1.04.02, file 14854, folio 1).

because, as noted above, that had already extinguished by transferring it to the equipage accounts (NL-HaNa, VOC, 1.04.02, file 7067, folio 24). Whether, or how the Amsterdam chamber subsequently reported these capital balances prior to 1623 is not known but, if they were reported in the chamber's balance accounts, to maintain the general ledger's equilibrium the capital sum would have had to be reported as a debit. As Amsterdam and Zeeland had adopted a different approach to capital accounting prior to 1607, the latter would not be faced with the same problem. This was because a uniform bookkeeping approach post 1607 would mean that the credit and debit balances on Zeeland's capital accounts would off-set each other and the chamber's capital sum would represented by the sum of the participants' individual capital accounts.

A better idea of the purpose that the subsidiary ledgers introduced after 1607 came to serve can be obtained from Zeeland's ledger 'B', which spanned the years 1615-1618 (NL-HaNa, VOC, 1.04.02, file 13795). The introduction to this ledger stated that it was a

> Capital register or summarised memorial of the capital invested by the participants in the VOC's First Ten Years Accounting in the Zeeland Chamber located in Middelburg. Its purpose was to permit the sum invested by every participant, together with the amounts distributed in partial liquidation of the company's capital to be readily determined, and to facilitate the transfer of invested capital sums to other investors.
>
> A statement to record that two hundred and eighty-four participants were transferred from the capital ledger called 'A' to this register known as ledger 'B' in accordance with the *Heren Zeventien* resolution made in Amsterdam during September 1614 that decreed that all capital investments had to be transferred into Ledger B on the 5th of August 1615.[142]

[142] "*Capitael boeck oft Corte Memorie vande Capitael die de participanten participeren inde Gheoctoyeerde Oost Indische Compagnie der eerste thien Jarighe Reckeninghe inde Camer van Zeelandt residerende tot Middelburch - dienende om datelyce elcx Rekeninghe te moghen sien. Watsse participeren ende met wat belastinghe van wtdeelinghen daer ontfanghen hebben / om elce die begeren te transporteert te moghen accomoderen. Staet te Annoteren dat de participantten, zynde twee hondert ende vierentachtigh in ghetale overgebrocht zyn wt een anderen memorie boeck vande Capitalen. Die wy quotteren sullen no. A. ende dese zal wesen no. B. / daer van dat yder Capitael overghebrocht is in date den 5de Augusty @ 1615*."

This statement clearly demonstrates that, in accordance with the VOC's policy of a uniform bookkeeping system, Zeeland, too, kept a subsidiary capital ledger (participants' ledger) post 1607. The introduction continued by adding that, in order to facilitate the transfer of capital holdings from one participant to another, an important function of this ledger was to provide a proper account of distributions made to participants as interim, partial liquidations of the first ten years' capital. In particular, it noted that those participants who had not previously accepted any part of the distributions offered in spices or cash could receive these in cash during August 1615.[143] It concluded by describing the accounting action to be taken if a participant had accepted part or all of the distributions offered by the company.[144] Most notable is the fact that the credit raised in a general ledger asset account when stocks or cash were distributed had to be offset, as a debit, in the relevant participant's capital account. As a result, individual accounts in the participants' ledger had to be fully integrated with the company's general ledger.

The company's abiding concern with an effective process to account for capital distributions was driven by the fact that distributions varied in size and type, and because participants were free to ignore an offer of a capital distribution or accept any

---

[143] "*Omdat byde resolutie vande 17 binne Amsterdam verghadert in September @ 1614, was gheresolveert dat aende participantten die in speceryen ende in ghelt tot een capitael niet en hadde ghenoten / als nu in Augusty @ 1615 – soude werden betaelen tot concurrentt van een Capitael / ende also is op den voorgaende oversien wie noch hadde te hebben / ende aldaer _effent tot het Capitael / Zoo dat in dese overgebrocht zyn elcx syne Actie van capitael, daermede zy over wtdeelinghe belast zyn / om gevoelchlyce als voortaen imandt begeert te transportteren de participantte te accomoderen, doch aller beginnende na datum van 5 Augusty 1615*" (NL-HaNa, VOC, 1.04.02, file 13795, folio 1).

[144] "*Staet te annoteren dat de voorschreven 284 participantten in dese boeck overgebrocht beginnen van fol. 1., daer Adriaen ten Haeft zal d'eertse aff is, tot aen fol. 141 inclus, daer Thimotee de Villers de leste is, ende bedraecht altsamen het Capitael deser Camer ter somme van £216734.4.6d Vlaems*."

En houden rekeninghe met de participantten van action te weten.

** Actien daer $57^1/_2$, 75 ende 30 is t'samen $162^1/_2$ percento is ontfangh zyn restantten.*

** Actien daer $57^1/_2$ ende 75 is $132^1/_2$ percento op is ontfanghen staen stille.*

** Actien daer $57^1/_2$ ende $42^1/_2$ is op ontfangh I belast met een percent op capitael.*"

part of such an offer at any time they chose.[145] Moreover, the problem of accounting for capital distributions was exacerbated by a VOC policy that allowed participants to offset the value of a distribution against a (credit) balance on their current (trading) account with the VOC.

The complexity of some of these transactions, and their dependence on an integrated bookkeeping system, is well-illustrated by Jan Laurensz. van Loose's account (NL-HaNa, VOC, 1.04.02, file 14854, folios 213, 214). Van Loose, who was a VOC customer, accepted the fifty percent distribution in pepper offered by the VOC in November 1610. As the value of van Loose's capital holding at that time stood at fourteen thousand, one hundred *guilders* (*f.*14,100), the distribution he received should have amounted to no more than seven thousand and fifty *guilders* (*f.*7,050). However the amount debited to van Loose's account was seven thousand six hundred and fifty *guilders* and ten shillings (*f.*7,650/10/0d.). Furthermore, this sum was debited to his current account (ledger folio 195), not his capital account (ledger folio 3). Van Loose's current account was then credited with the sum of six hundred *guilders* (*f.*600) and his children's Capital Account (ledger folio 38) debited with that amount. Clearly, he had received the value of the pepper his children were entitled to. At the same time van Loose' current account was credited with seven thousand and fifty *guilders* and ten shillings (*f.*7,050/10/0d.) and his capital account (ledger folio 3) debited with that amount. The net effect was to offset his indebtedness to the company for the value of pepper previously delivered to him as a VOC customer. Notwithstanding these adjustments, van Loose still received ten shillings more than he was entitled to in terms of this particular distribution. The difference was due to the bulk value of the bales of

[145] On the 25th of November 1610, Gysbert van Beresteyn (NL-HaNa, VOC, 1.04.02, file 14854, folio 165) elected to accept twenty-seven and a half percent of the company's offer of fifty percent in pepper. Similarly, Claes Otsen Gael drew twenty-seven and a half percent in pepper on the 22nd of November 1610 (NL-HaNa, VOC, 1.04.02, file 14854, folio 164).

pepper that had been delivered to him, and was offset against subsequent deliveries or distributions.

The prominence afforded the distribution of capital is evident in the fact that the Dutch archives refer to the sequence of ledgers extant for the period 1628-1648 (NL-HaNa, VOC, 1.04.02, files 7068-7082) as distributions' ledgers not capital ledgers, as was the case for the earlier 1602-1607 ledger. The fact that distributions were a partial liquidation of capital[146] also meant that the option of bearer share certificates was not available to the VOC. Instead, the company's personal capital accounts were the critical element in maintaining the participants' capital rights and in ensuring an orderly capital market, which assumed added significance once the VOC received the States-General's authority to renege on its contractual obligation to liquidate the first capital investment in 1612. The gravity of this decision lay in the fact that it transformed the VOC from a terminating joint venture into a modern public company (Westera, 1992, p. 78).

The first indication that the VOC intended to make its capital permanent occurred in August 1606 (NL-HaNa, VOC, 1.04.02, file 99, folios 205, 206) when the *Heren Zeventien* resolved to petition the States-General for permission to extend the first ten years' capital by combining both ten-year periods envisaged by the first charter. However, it was not until October 1607 that the company unsuccessfully appealed to the States-General for authority to allow a single capital for the full period of the first charter (NL-HaNa, VOC, 1.04.02, file 100, folio 161; van Dam, 1701/1927, p. 44). The company again resolved to seek such authority from States-General on the 10th of November 1611 (NL-HaNa, VOC, 1.04.02, file 100, folio 161). This time the VOC was

[146] The 17th century Dutch term is '*uitdelingen*' had a different meaning to the modern idea of a dividend derived from the profit earned during a financial period. An *uitdelingen* was a proportional return of capital to the participants, that is, a distribution in anticipation of the eventual liquidation of the first VOC's first capital in 1612. Consequently, when part of a capital holding was transferred, the proportion of any distributions accepted by previous holders also had to be transferred to the account of the new holder of that capital sum.

successful. A States-General resolution dated 13 March 1612 granted the request (van Dam, 1701/1927, p. 45).

The decision to prolong the life of the first capital was partly motivated by the extent of the company's very large infrastructural investment in the East-Indies and the loss that this might represent if these assets had to be abandoned or handed over to another company (Westera, 1992, p. 77.[147] More significantly, the company's East-Indian investment meant that it did not have the funds to settle the first ten-years' capital in 1612. Another factor that would have encouraged the VOC's management to seek to prolong the first capital was the possibility that improved relations between The Netherlands and Spain offered by the Treaty of Antwerp[148] presented the opportunity for even greater profits in the future.[149] Although this treaty was signed in 1609, it was anticipated much earlier, and prompted the expectation of free trade in the Indian Ocean as early as 1608 (Israel, 1990, pp. 80-81; Adams, 1994, pp. 334-335).

Consequently, to ensure that the correct capital right was transferred when a capital holding was alienated, to make certain that the company was not left out-of-pocket when distributions were accepted in settlement of trading accounts, and to provide for an orderly liquidation of the First Ten-years' Accounting, it was essential that investors' capital accounts were a cohesive part of the general bookkeeping system.[150] Furthermore, the fundamental principle of double-entry required that the

---

[147] Investors in the First Ten-years' Accounting were entitled to not more than fifty percent of the *bewinthebbers*' estimation of the value of the assets remaining in the East-Indies after 1612, which would have been for the benefit of the intended Second Ten-years' Accounting. If it eventuated, this debt had to paid by the investors in the VOC's succeeding capital (NL-HaNa, VOC, 1.04.02, file 1, Article VIII).

[148] Although the treaty was signed in 1609, it had been anticipated for some years before that date (Israel, 1990, pp. 80-81).

[149] Not everyone agreed that a treaty with Spain would enhance profits. Considerable concern was expressed that peace would eliminate the lucrative returns previously earned from privateering (Israel, 1990, pp. 81-82).

[150] Some idea of the extent of this activity can be gauged from the fact that in the first five years of the VOC's history, one third of the company's capital changed hands (Gelderblom and Jonker, 2006, p. 8).

balances reflected in the participants' ledger were reported in the chambers' balance accounts.

The final component of the company's capital accounting system was the process by which capital holding were transferred from one investor to another. An essential component of this process was the transfer certificates, copies of which were kept in the company's transfer registers. These records provided an essential control mechanism in the VOC's capital transfer process and are the subject of the next section. Before examining this process, it is necessary to first establish whether the present concept of a share had relevance for the VOC in the early 17th century.

PARTS, ACTIONS, SHARES, AND RECEIPTS

'*Action*' or '*actie'* was a term commonly used by the Dutch to denote a share in a company's capital (Smith, 1919, p. 35). It originated from the Latin legal term meaning the right to sue for what is legally due (van Brakel, 1917, p. 148; Berger, 1953, p. 341). Such a right was created when someone pledged to subscribe to the VOC's capital. In this case the VOC had a right to pursue the subscriber for the amount in question. It also arose once a participant paid a capital instalment because, as participants in the company, they could take legal action against the company for dividends due or a portion of the residual value when the business was liquidated. Although it did not uniquely apply to the capital investment of a company participant, 17th century Dutch business literature tended to use the term '*action*' in the latter sense (van Brakel, 1917, p. 148). Notwithstanding this similarity, the capital rights held by investors in the VOC's first ten years' accounting were not directly reconcilable with the modern understanding of the term 'share' (van Dillen, 1930, p. 12). Further confusing the issue was the use of '*action*' and '*part'* (*paerten*, *partieën*, or *partijen*) as synonyms to denote a participants' capital investment in a particular business enterprise.

'*Action*' and '*part*', too, did not mean precisely the same thing. An action encompassed all rights to a company's eventual liquidation, including dividends paid or made in kind, whereas a '*part*' originally referred to the original capital sum, in cash or kind, invested in an object like a windmill or ship. Its usage was later extended to include the initial capital investment in business ventures (Smith, 1919, p. 29; van der Heijden, 1914/2001, p. 22). Reference to the VOC's capital journals and ledgers (NL-HaNa, VOC, 1.04.02, files 7067, 13784) show that the company's bookkeepers used both terms quite interchangeably during the first years of its existence. Colenbrander (cited in van der Heijden, 1914/2001, p. 22) argued that the VOC had used the term '*part*' to refer to the individual participant's capital sum until the subscribed amount was fully paid in 1606. He also argued that '*action*' was first introduced in the VOC's accounting records in August 1606, after which it became increasingly common and the term '*partijen*' less so. Smith (1919, p. 34) speculated that the terminology change was probably associated with the fact that at that time the subscriptions had all been called up, which changed the relationship between company and investor. Smith's argument was that once subscribers had paid the full amount subscribed for they were no longer regarded as debtors of the company but parties with a claim on the company's assets when it was eventually liquidated. Notwithstanding the plausibility of the argument, evidence from the Amsterdam capital ledger (NL-HaNa, VOC, 1.04.02, file 7067) refutes the hypothesis.

The debit side of the capital account of Dirck and Hendrick van Os, on folio 28 of the Amsterdam ledger reveals several references to the term '*actie*'. The first is dated as early as the 31st of October 1603, and read: "On the 31st of October 1603, to George Schenck for the action of 660 *guilders* accepted by Hongers, folio 231."[151] A similar entry in the same account is dated the 25th of March 1604, and another can be found on the 11th of November 1605. Other occurrences are found throughout this ledger and

[151] "*Adi ultimo Octobris 1603 aen George Schenck voor d'actie van 660 gulders by Hongers geaccept, folio 231*."

conclusively demonstrate the fallibility of the argument that a logic distinguished between the VOC's use of the terms '*action*' or ''*part*''. From the early 17th century evidence available these terms appeared to be synonyms and fashion dictated a preference for the usage of the terms '*part*' or '*action*'.

Difficulty with the VOC's use of the term '*action*', meaning a capital share, was not confined to its legal definition. VOC capital rights, even though not yet paid by the subscriber, were negotiable from the very beginning of the company's life. Moreover, a vigorous market for VOC capital rights developed immediately after subscription closed.[152] This trade in capital rights raises the question whether or not the VOC issued investors with negotiable share certificates (Stapel, 1927, pp. 240-246; Smith 1919, pp. 34-36, van Dillen, 1958, pp. 32-34). Prominent writers such as van Brakel (1908, p. 153),[153] van der Heijden (1989, p. 4), and Stapel (1927, p. 246) were convinced that the VOC did issue share certificates in the modern sense of the term. Moreover, both van Brakel and van der Heijden argued that these certificates were negotiable by the bearer.[154] Stapel was more cautious. He rejected the notion that the VOC issued negotiable share certificates but accepted that it had issued certificates that evidenced that a certain investment had been made in the company, and he maintained that these were transferable in that they could be passed to the beneficiaries of deceased estate. The basis of the three men's claims was the receipts that the VOC issued subscribers when they paid an instalment and the general receipt issued in 1606 after all subscriptions had been paid.

---

[152] A strong speculative market developed immediately after 31 August 1602 that saw VOC capital rights in Amsterdam in early September, 1602 traded at a premium of between twelve and fifteen percent, and at double their initial value in 1603 (Smith, 1919, p. 40; van Dillen, 1927, p. 510; Gelderblom and Jonker, 2004, p. 643).

[153] Van Brakel (1908, p. 153) noted that the VOC's predecessors had not issued share certificates.

[154] Van Brakel and van der Heijden had based their conclusions on erroneous interpretations of Sayous (1901) and Lehman (1895) respectively (van Dillen, Poitras and Majithia, 2006, p. 51).

A *Heren Zeventien* resolution of the 10th of April 1602 required the capital payments be receipted and that the following receipt format was to be used whenever participants paid an instalment of their capital subscription. The body of the document reads as follows

> The *bewinthebbers* of the General East-India Company's Amsterdam Chamber acknowledge that …. *NN*…, a participant in this company, has, in respect of the first capital instalment, paid the sum of ….*000*… *guilders* of 40 Flemish grote[155] per guilder, which is in reduction of the sum of …*000*… subscribed for by the aforesaid … *NN*… with the expectation of sharing the profits or losses that God may allow. Under the express conditions in terms of which the aforesaid ….*NN*… subscribed to the general company (NL-HaNa, VOC, 1.04.02, file 99, folio 13).[156]

Van Brakel used this evidence to reject Colenbrander's assertion that the term *'part'* gradually gave way to '*action*' only after 1606, once the capital subscriptions had been fully paid. Instead he concluded that the change in terminology occurred as a result of the VOC issuing its investors with bearer share certificates in the form of the above receipt (van Brakel, 1908, pp. 155-156). In his opinion, '*action*' became the accepted term once investors ceased to focus on the amount subscribed and concentrated on the dividends the asset could earn and that happened as soon as they had paid an instalment on their capital. A problem with that argument is that the VOC's investors were strictly speaking not entitled to dividends but to an interim distribution in anticipation of the first capital's liquidation in 1612.

---

[155] The *guilde*r was a unit of account worth forty *grooten* or twenty Flemish *stuivers* (shillings) of sixteen pence each (de Vries and van der Woude, 1997, p. 82).

[156] "*Minute van recepiste byde Bewinthebberen geraempt diemen aende participanten voorde Thien Jaarighe reckeninghe sal verleenen.*

De Bewinthebbers van de Camere van Amsterdam handellende inde gemeene Compagnie op Oost-Indien doen te weeten en bekenne dat …NN… inde selve compagnie voor d' eerste termyn betaelt heeft de somme van …000… guldens van 40 grooten Vlams der gulder. Ende dat is mindernighe van …000… guldens byde voornoemde …NN… toegeseyt omme daer van te verwachten winst oft verlies sulcx als Godt verleenen sal. Onder expresse conditien ingevallen de voorschreven …NN… de voorschreven gemeene Compagnie yet schuldich compt te werd." (NL-HaNa, VOC, 1.04.02, file 99, folio 13).

VOC resolutions provide no evidence of the general receipt issued to participants who had settled their subscribed obligation but a copy issued to Agneta Kocx on the 27th of September 1606 allows an analysis of its purpose. The key phrase in the body of the example issued to Kocx declared that:

> We the undersigned, representing the chamber of Amsterdam, acknowledge by this to have received from the honourable Agneta Kocx, widow of the deceased Hendrik Kock, the sum of four hundred *guilders*, in settlement of the sum of four thousand eight hundred *guilders* subscribed to invest in the company's capital as per ledger folio 58. Herewith the aforementioned four thousand eight hundred *guilders* with which the forenamed Agneta Kocx has invested in the company's first ten years' accounting has been presented and paid in full. Furthermore, any receipts given in respect of part-payments of the capital sum are annulled and are of no value.[157]

The wording of this document leaves no doubt that this is a receipt and not a negotiable share certificate. The wording gives no indication that it was ever intended as a means by which participants could demonstrate that they owned certain capital rights in the company or as a means by which such rights could be transferred from the holder to another person. The content focussed on three matters. The first was the sum received in part payment of the amount subscribed for, the second was the full sum that had been subscribed for, and the third was the cancellation of any previous acknowledgement of such payments issued by the company. Nothing in the body of this document suggests it was intended to facilitate the negotiability of the party's capital right or that it could be used for that purpose.

---

[157] "*Wy ondergheschreven van weghen de Camere de Oost-Indische Compaignie tot Amsterdam, bekennen by desen ontfanghen te hebben vande E. Agneta Kocx weduwee wylen Hendrick Kock de somme van vier hondert guldens current ende dat voor reste van vierduysent achthondert gl. daer mede de voornoemde Agneta Kocx weduwee inde voorsz. compaignie hebben gheregisteert staet te herideren opt Grootboeck vande voorsz. Camere folio 58. Synde hier mede de voorschreven vierdusent acht honderd gl daer mede de voornoemde Agneta Kocx inde voorsz. Compaignie voorde eerste Thien-Jarighe Rekeneinge participeert, ten vollen opghebracht ende betaelt. Ende is ghenulleeret ende te niete ghedaen all de recipissen over de betalinghen opde ghemelde partye ghedaen.*"

Besides the acquittance for the capital calls paid, Kocx' receipt contained two additional references that were appended after the receipt had been prepared.[158] The first, in the upper left margin on the face of the receipt noted that Kocx had accepted a distribution of fifty percent in pepper, and seven and a half percent in cash. As the insertion is neither signed nor dated, it is impossible to know who wrote it, what authority it had, or its precise purpose.[159] The reverse of the receipt was also endorsed to the effect that Kocx was entitled to four interim distributions of fifty percent in pepper, seven and a half percent in cash, seventy five percent in mace, and thirty percent in nutmeg, worth one hundred and sixty two and a half percent in total. Of these she had only accepted the fifty seven and a half percent offered.[160]

Although the supplementary dividend information inscribed on Kocx' receipt suggests that dividend data might have constituted important information for the investor, it does not indicate why this might be so. The clue to this lies on folio 45 of the 1721 transfer register (NL-HaNa, VOC, 1.04.02, Aanwinsten, 1182). This deed demonstrated that not only was the principal value of the investment transferred but so too was the accumulated distributions received in respect of that holding. It described the right transferred as "an investment of nine thousand *guilder* together with distributions received of two thousand four hundred and two and a half percent (2,402$^{1}/_{2}$ percent)."[161] The latter represented the total received by all holders of that right to date.

The details concerning the interim distribution announced and accepted by investors are of the utmost importance in an organisation such as the VOC because investors had a choice whether or not to avail themselves of a particular dividend, which

[158] As the receipt was dated 27th September 1606 but the dividend paid in November 1610, that information was added after 1610.

[159] An insertion in the bottom left margin recorded that, on the on 26 January 1609, a payment of twenty-nine *guilders* and three shillings for interest was made to Kocx. Again that addition is neither signed nor dated.

[160] This was probably because the seven and a half percent in cash was conditional on the fifty percent in pepper also being accepted.

[161] "*Een Actie van negen duysentguldens capitael belast met d'Utgifte van 2402$^{1}/_{2}$ percento.*"

further complicated the administrative control necessary. When the capital was eventually liquidated, participants' final dividend had to be adjusted for the amount of any divisions they had accepted in the interim. Consequently, when a capital right was transferred, the company transferred the portion of the original investment sold to the account of the buyer. In addition, any interim dividends received by the seller in respect of the portion sold were also transferred to the account of the buyer. The real value of a VOC capital holding was determined by the original investment's present value less any dividends already in the hands of the seller. As already observed, Kocx had only accepted fifty percent in pepper, together with seven and a half percent in cash, therefore, she, or any subsequent holder of that right, was only burdened with the fifty seven and a half percent.[162] On final liquidation, the remaining dividends declared but not yet accepted would accrue to the holder's account before a general distribution of the remainder was made.

If these receipts were intended to act as bearer share certificates, it would have immeasurably complicated the record needed to maintain control over the distributions, which could be in cash or kind, need not be accepted by the investor when offered by the company, may have been partly accepted, and could be used to off-set other debts owed to company. Furthermore, as the VOC used an investor's capital as security for other debts, allowing the receipts to act as a means of transferring capital rights would

[162] The company had declared three dividends totalling one hundred and sixty two and a half percent by 1613. The first, in April 1610, was for seventy five percent payable in mace. The second, in November 1610, was for fifty percent in pepper, together with seven and a half percent in cash.[162] The third, available in March 1612, was for thirty percent in nutmeg (van Dam, 1701/1927, pp. 433-434). Despite the second deed being dated the 22nd of January 1613, and that dividends amounting to one hundred and sixty two and a half percent had been declared by that date, the deed referred only to interim dividends of fifty seven and a half percent. This was because dividends in kind were not unusual in the early 17th century but this form of distribution was not popular amongst many of the company's participants as the majority, who were not merchants, had no way of realising the value of the pepper or nutmeg. Even established merchants were wary of the offer because the VOC tended to inflate the value of the products involved (van Dillen *et al*, 2006, p. 57). Consequently, Kocx had only accepted the offer of fifty percent pepper that was tied to the dividend of seven and a half percent in silver. The company settled the remaining dividends in silver, paying the portions of the amount outstanding in 1612, 1613, and 1618.

have negated this control. Clearly, they could not act as bearer certificates of the holder's right to the company's first capital without significantly impairing the VOC's control over it's accounting. The wording of the general receipt, the VOC's capital transfer process, available VOC resolutions, and extant notarial deeds all indicate that these documents were never considered to be a means to negotiate VOC capital rights (Smith, 1919, p. 38; van Dillen, 1958, p.32). This approach was not unique to the VOC or The Netherlands. Seventeenth century Europe, generally, did not conceive that a participant's capital holdings could be manifested by a negotiable document akin to the modern share certificate (Smith, 1919, pp. 35-39). For the purpose of alienating capital rights, the VOC relied on the control provided by a transfer register maintained by the company's bookkeepers.[163]

THE VOC TRANSFER PROCESS

Earliest information regarding the VOC's capital transfer process is found in the authorised preamble to the subscription registers' dated 20th of April, 1602 which ruled that valid transfers of the investors' capital sums had to be recorded in the chambers' transfer registers, by the bookkeeper, and countersigned by the bookkeeper and *bewinthebbers* who acted as witnesses (NL-HaNa, VOC, 1.04.02, file 99, folios 17-18). This provision demonstrates that a transfer register was an integral part of a carefully constructed bookkeeping system, conceived well before the company received its first capital subscriptions in August 1602. It also clearly indicates that the alienation of VOC capital holdings had to be effected in the company registers provided for that purpose and not be accomplished merely by passing bearer certificates, which is further evidence that bearer capital vouchers were not an accepted part of the process. Furthermore, both parties to the transaction had to be present in the appropriate

[163] Stapel (1927, p. 245) acknowledged that the general receipt would be redundant as a negotiable instrument once the capital holding was sold but argued that the transfer deed, prepared by the company's bookkeeper at the time of transfer, served the same function.

chamber's office at the time transfer was formally made in the company's records. Clearly, these formalities limited the investor's freedom to negotiate their investment.

The most authoritative evidence concerning the transfer process followed by the VOC would come from these transfer registers but, as no example of a VOC transfer register dated prior to 1677 (NL-HaNa, VOC, 1.04.02, file 14549, copy of which is attached as Appendix IX), reliance must be placed on other resources to establish these documents' format. The only alternative sources are the examples of the transfer certificate authorised by the *Heren Zeventien*, which experience deemed necessary to cope with the lively market for VOC capital holdings that developed in Amsterdam shortly after subscription for the first capital closed. Accordingly, the VOC's *Heren Zeventien* resolved on the 28th of February 1603 that a formal document, intended to form part of permanent register, would be used as the primary authority for transferring capital rights and initiating the bookkeeping entries required to account for such transfers. The resolution's title left no doubt as to its purpose or its relationship with the transfer registers. Entitled "Article of transfer for use in the transfer register" (NL-HaNa, VOC, 1.04.02, file 99, folios 55 – 56),[164] it set out the format to be complied with preliminary to an entry being made in the accounting records, and read as follows

> In the presence of the undersigned *bewinthebbers* of the East-India Company's Amsterdam chamber ……..*NN*…… declares the wish to transfer to Mr. ……..*NN*……. the sum of ..... *guilders* subscribed for the ten years on subscription register folio …….. . Which the ……..*NN*……. has agreed to accept the aforesaid ..... *guilders* on the same conditions and terms as the aforementioned ……..*NN*……. had subscribed. Which is witnessed and confirmed by these _____ [165]

---

[164] "*Acte van transport ome int register vande Transporten geregistreert te werden.*"

[165] "*Comparerende voor ons onder geschreven bewinthebberen der Oost-Indische compagnie vander camere tot Amsterdam ……..NN…….. ende verclaerde vercochtende getransporteert te hebben gelyck hy transporteerde mits deesen aende H*[r] *……...NN…. alsulcke ..... guldens als hy int boeck vande voorschreven compagnie folio ..... voorde thienjaerighe hadde geteeckent. Welcke vooren ……..NN….. d'voorsch. ..... guldens heeft aengenomen, gelyck hy d'selve aenneemt mits desen op al sulcken conditien en verbintenissen als d'selve byde voorsch. ……..NN…… syn geteeckent. Twelck byde voorsch. partyen tot meerder erkentenisse in deser mede is gecomfirmeert dese ___.*"

As the transfer deed was primarily a company source document the price paid by the purchaser was irrelevant to the VOC. Only the extent to which the company's obligation had been varied was noted on the transfer deed. Furthermore, the transfer deed provided an audit trail by including references to the subscription register folio on which the investor had originally pledged to invest in the VOC's first ten years' capital. Finally, the transfer deed ensured that the transferee was subject to the same terms and conditions as the original subscriber.

The transfer deed only represents the company's perspective of the transfer and was only intended to provide evidence of the parties' instructions to the company. The entire capital transfer process was a considerably more complex process that required that parties who desired to deal in a parcel of VOC capital rights first agree as to the date of transfer, the amount involved, and the price to be paid. Unless the transfer was immediately settled in cash, the sale agreement was usually notarised to ensure that it could be enforced at a later date (van Dillen, 1930, p. 22). Once the preliminaries had been completed, the parties completed the transfer deed in the chamber's office. The deed identified the parties concerned and stipulated the amount, in *guilders*, that was to be transferred, and noted the percentage distribution previously made in liquidation of the capital.[166] Finally the deed bore the signature of the sellers, the purchaser's name, and the chamber's representatives who acted as witnesses.[167] Notably it did not refer to a 'share' or even an '*action*' but only to a sum of money, together with the extent of extinguished dividends that were to be transferred.

A peculiarity of the transfer process not evident from the deed was the extent to which the company maintained control over the transfer's settlement. The purchaser did

---

[166] "*Belast met d uyjtgifte van 2402$^{1}/_{2}$ percento*."

[167] The chamber's bookkeeper was paid twelve shillings for this service, of which the transferor and transferee each had to pay 6 shillings: "*Voor welcke transport te registreren en daeraft ander coper actie te verleeven ter generaele vergaderinghe is geordonneert dat den boeckhouder sal genieten twaelft stuyvers waraft de cooper en vercooper elcx de helften sullen gehouden syn te betaelen*" (NL-HaNa, VOC, 1.04.02, file 99, folio 56).

not pay the seller for holdings transferred. Instead, the purchaser paid the amount to the company, which in turn paid the purchase price to the seller. Only after that exchange had been completed did the chamber's bookkeeper register the change in ownership in the transfer register.[168]

Besides demonstrating who owned rights to the company's capital, the capital holding had another significance that demanded their transfer be diligently controlled. A participant's capital holding was regarded as surety for any goods that they might purchase on credit from the company. If such a participant was allowed to freely alienate part or all of their capital, the possibility existed that the surety for the debt (which was not transferred at the same) would be extinguished, increasing the company's risk of bad debts. Accordingly, whenever a participant expressed the desire to transfer all or a part of their capital holdings, the company was obliged to protect its interests by stipulating that the transferor had to retain at least as much of their investment as was necessary to cover their debt to the company (NL-HaNa, VOC, 1.04.02, file 99, folio 81; van Dam, 1701/1927, p. 143). This aspect assumed increasing importance after 1614. Whereas the control was initially limited to debts held by the chamber affecting the transfer, after 1614 the transfer deed had to include a caveat stating that the transferred holdings might be subject to a claim by other chambers in the company. Furthermore, all transfers were subject to a month's delay while other chambers were informed of the desired transfer by the chamber making the transfer. This gave the other chambers any opportunity to investigate whether their assets might be implicated.

Evidence provided by the transfer deed's format is supported by two earlier notarised deeds of sale (Notarial Archive 269, f. 29, and Notarial Archive 269, f. 40) that date from 1613. In contrast to the company perspective offered by folio 45, these documents have the advantage that they offer a participants' perspective of the process.

[168] The Chamber's bookkeeper was paid twelve shillings for this service, of which the transferor and transferee each contributed six shillings (NL-HaNa, VOC, 1.04.02, file 99, folio 56).

The first (Notarial Archive 269, f. 29, in van Dillen, 1930, p. 130) explained it has long been the practice that whenever part of an investment in the VOC's first ten years' accounting was sold, the purchaser was entitled to reduce the purchase price by the extent of the distributions that the seller had received.[169] The second (Notarial Archive 269, f. 40, in van Dillen, 1930, p. 131), dated the 22nd of January 1613 was even more explicit.

> On the 11th of January of this year, sr. Lenart Ranst in respect of the ten years' accounting of the Chartered East-Indian Company kept by the chamber of Enkhuizen, agreed to purchase an investment of £300 Flemish at 160 percent over par, which was to be settled by the purchaser on the 23rd of January 1613. In respect of which the purchaser, Lenart Ranst, will deduct the from the stated purchase price the $57^1/_2$ per cent distribution already received by the seller).[170]

After the upward cycle experienced in 1605/1606, prices for VOC capital holdings stabilised at around three to four percent above their nominal value until the first VOC fleet returned to The Netherlands in 1605/1606, when the price inflated to double the nominal amount of the investment involved. Between 1609 and 1610 a steady decline was once again in evidence (van Dillen, 1930, p. 21). In the spring of 1607, a three-year forward contract for VOC capital holdings still traded at around two hundred and twelve percent. By December 1609, the price for such a contract had fallen to about one hundred and forty-nine percent. At the same time a one-year or six months forward contract for VOC capital rights traded at one hundred and thirty-one to one hundred and thirty-three percent above their nominal value. The difficulty with these

---

[169] "*Een seeckere costume es ende over lange geweest heft, wanneer een partye vercocht wert in de tienjarige reeckeninge, daer uuytdelinge op ontfangen sijn, dat den cooper van de beloofde cooppeningen mach corten all t'geene daer op uytgedeelt ende ontfangen is geweest*."

[170] "*Op den 11en Januarii anno tegenwoordich aen sr. Lenart Ranst in de voyage van de tienjaerige reeckeninge der Geoctroyeerde Oost-Indische Compagnie, ter Camere van Enckhuyse, versocht heeft d' actie van 300 ponden Vlaems capitael tegens 160 per cento avance ende proufijt, op den 25en Januarii in desen jaere 1613 te betaelen, waerop tot uytdelinge was ontfangen $57^1/_2$ ten hondert, d'welcke penningen den voors. cooper, Lenart Ranst, aen de voors. cooppeningen corten sal*" (Not. Arch. 269 f., 40, in van Dillen, 1930, p. 131).

speculative trades was that capital holdings were not only exchanged for cash, in which case transfer of the holding from seller to buyer was effected immediately, but an active futures market (*op dacht*) in VOC holdings quickly developed (van Dillen, 1930, p. 14).[171] Chaudhuri (1978, p. 417) noted that these "Speculative dealings in the actions of the VOC first came into public notice in 1609." The upshot of this market was that it encouraged dealers to initiate contracts for holdings they did not have a right to (van Dillen, 1930, p. 15). That is, they sold short (*in blanco*) at a relatively high price in the hope that they would be able to purchase the necessary capital holdings cheaply before delivery was due. Many of these traders were caught short when the market for VOC capital holdings suffered a sharp drop in price in 1609,[172] and some speculators colluded with the Amsterdam bookkeeper, Barent Lampe, to record fraudulent share transfers amounting to thirty-nine thousand *guilders* (*f*.39,000) in the VOC's Amsterdam share register.[173] To manage the problem of sales made *in blanco*, the States-General issued a proclamation on the 27th of February 1610 (Cau, 1664, col. 553) forbidding the sale of '*actions*' the seller did not own, and declared that henceforth all forward sales had to be recognised in the company's books within one month of the agreement between transferor and transferee. To protect the interests of the transferor, the proclamation also recognised that, until the transaction was settled, the seller retained a right of hypothec over the capital sum transferred.

---

[171] These trades were subject to delivery for any time up to five years.

[172] The cause of the downward trend in the value of VOC investments was a matter of heated debate. *Bewinthebbers* blamed the actions of speculators, who, they claimed, spread false rumours about the VOC's prospects to deliberately drive down prices so that they could acquire the quantity of capital holdings they had contracted to deliver at a reasonable price (van Dillen, 1930, p. 16). Although a number of VOC *bewinthebbers* were active participants in this market, Isaac le Maire's Groote Compagnie was the principal target of the VOC's wrath, and bore the brunt of the blame for the market's collapse. See notarial deed prepared by W. Cluyt, dated the 18th of October 1611 (Not. arch. 357, f. 338, in van Dillen, 1930, p. 121). The name of le Maire's company suggests that there may have been other, smaller companies) to trade in VOC capital holdings.

[173] This in spite of the presence of the two *bewinthebbers* who acted as witnesses to the transaction, and the testimony on the 6th of July, 1611 of the bookkeepers Ephraim Lemmers and Arent Steenhouder de Jonge that such transactions had to be cleared by the *bewinthebbers* meeting beforehand.

As a result of the fraudulent transfer of capital rights that occurred in 1610, the transfer format was modified in January 1615 (NL-HaNa, VOC, 1.04.02, file 100, folios 24-28) by the introduction of a formal document requesting that a chamber makes a transfer of capital rights in its books. The purpose was to minimise the risk that the VOC could be held liable for a fraudulent transfer. The format of this document was as follows:

> On the date recorded below, in the VOC chamber of this city, …….. *NN* ……. did cede, or declared that had ceded, and transferred to ……..*NN*……. a share valued at ……..……. together with dividends of ……..……. under such terms and conditions as originally applied to the subscriber.
> Dated in ……..…… on the ……..……. year ……..……. in the presence of the undersigned *bewinthebbers*, who signed together with the transferor.
> …….. *NN* ……. …….. *NN* …….
> …….. *NN* …….
> In signing their own name beneath this declaration, the transferor acknowledges receipt of the full amount of the transfer.
> In ……. the ……. year …….
> . ……..*NN*…….[174]

Most significant is the use of the term '*actie*' in the above deed. This term can be interpreted to mean a 'share'. However the question of whether the company issued share certificates and whether the VOC's investors can be regarded as shareholders in the modern sense of the word remains to be demonstrated.

---

[174] *"Op huyden data ondergeschreven ter Camere vande Oost-Indische Compaignie binnen deser stede compareerden …… NN …… heeft oft hebben verclaert gecedeert ende opgedragen te hebben te cedeert ende op te dragen mits desen aen …… NN …. een actie van …… belast met d'uytgiften van …… Ende voorts onder alsulcke conditiën ende verbintenissen als de selve originelyck in gelegt syn. Actum in …… den …… anno …… presentie vanden ondergeschreven Bewinthebberen die desen nevens den transportant _teyckent*
…….. NN…… …….. NN……
…….. NN……
Den transportant bekent vande belooft de koopenningen der bovenstaende actie voldoen te syn, ende heeft in teecken vandien. Oock dese quitantie met eygen handen onderteeckent in …… den …… anno ……
. …….. NN……"

This fraud must have had a significant effect on the VOC because the resolutions of the VOC's general meeting for this period simply do not appear in the official resolution book (NL-HaNa, VOC, 1.04.02, file 100), which abruptly moves from the 5th of September 1609 on folio 73 to the 30th of August 1610 on folio 74.[175] Similarly, Amsterdam's resolution book (NL-HaNa, VOC, 1.04.02, file 226) ends on the 8th of February 1610, while the following book (NL-HaNa, VOC, 1.04.02, file 227) commenced on the 9th of February 1611. No record of the intervening year has survived. Moreover, it suggests that the extant archive records might not be the records actually compiled at the time but later edited versions.

CONCLUSION

Scott (1912, p. 153) observed, "The most interesting and most important aspect of the latter (the joint-stock company) is that which is peculiar to itself – namely the management of the common capital of the undertaking". This observation is true of the VOC. Its structure as a public company, the demands of a terminating capital,[176] and varying rates of acceptance of interim distributions, together with the practice of using capital investments as surety for investors' trade debts with the company, complicated its capital accounting. In particular, it necessitated that the company keep a current capital accounts in the name of every participant after 1606. Notwithstanding these complexities, the company employed a comprehensive system of bookkeeping and kept a detailed accounting of its capital. Furthermore, the company's bookkeeping was given a sound base by ensuring that all capital accounting entries were fully justified by authoritative source documents. Company subscriptions registers supplied the primary evidence for establishing both the individual debtors' accounts in respect of capital

[175] The unbroken folio sequence of this record suggests a deliberate attempt to hide that fact that a section of the records were removed.

[176] The States-General concession that allowed the VOC to avoid an accounting and liquidation after ten years had the effect of turning the VOC from a terminating joint venture into a public company (Westera, 1992, p. 78).

calls, and, later, the individual capital accounts. The other event that influenced the relationship between the company and its investors was the transfer of capital rights from one party to another. Authority for this eventuality was provided by the deed of transfer recorded the company's transfer register and personally acknowledged by the parties concerned.

Although the VOC's capital accounting was clearly based on double-entry bookkeeping, it nevertheless did not conform to all the modern expectations of such a system. Immediately apparent is the fact that the company did not have a centralised bookkeeping system. Instead, each of the six VOC chambers kept quite independent financial records. Moreover, the chambers did not utilise a uniform method of bookkeeping. As a result, a quite obvious distinction in methodology was apparent in the manner that Amsterdam and Zeeland accounted for the company's capital. Amsterdam's bookkeeping practices still evidenced a traditional north European approach in that the focus in the bookkeeping system was on each fleet despatched. This caused the VOC to consider each fleet as an independent company with its own capital, assets, and liabilities. Amsterdam not only compiled a balance account after every fleet had sailed, its balance accounts were distinguished by the fact that they reported the net effect (capital sum less expenditure) of each voyage separately, which meant that it did not report the chamber's capital sum as a globular entity. Such an approach was by no means unusual at the time. A prominent Dutch company law expert noted how

> in associations formed to conduct ventures by sea one looks in vain for a reference to the firm's capital. It is used only to represent the sum of the association's merchandise or the money invested in those goods. The fixed capital is usually referred to quite separately (van Brakel, 1917, p. 148).

By contrast, while some semblance of venturing was still evident in Zeeland's bookkeeping, this chamber's accounting had an altogether more modern appearance. It accounted for each fleet as an integral part of a single business entity. Nor did Zeeland produce a balance account in its ledger after every fleet had been despatched but only as a means of closing a particular ledger. Most importantly, Zeeland's conception of its

capital meant it did not dissipate the capital sum by apportioning it to individual ventures. Instead Zeeland considered the whole capital sum as a permanent element of its bookkeeping and essential to squaring its balance accounts.

The diverse approaches taken by Amsterdam and Zeeland in respect of the capital accounting raised a technical problem when the company's new capital accounting system was introduced in 1608. Amsterdam's bookkeeping practice meant it could not incorporate the individual participant's capital accounts in its balance account without resorting to the incongruity of reporting capital as a debit balance. Any other approach required the omission of a set of balances that were integral to the chamber's capital accounting system. Zeeland, on the other hand, had no such difficulty. The debit balance raised for capital in the new system would simply have off-set the credit previously reported in Zeeland's balance and the individual capital accounts would have substituted for that aggregate sum. Nevertheless, Amsterdam's influence meant that when the company determined to impose a uniform system of accounting its rather archaic approach prevailed. Consequently, capital as a distinct accounting entity was no longer evident in the company's bookkeeping after 1607.

The overall conclusion of this chapter is that the VOC was a public company, and that it had what Bryer (2000a, p. 137) termed a social capital.[177] Yet in contrast to Bryer's hypothesis that such organisations employ a modern conception of double-entry bookkeeping to account for capital, and the evidence that Zeeland's bookkeepers were

[177] "I use the terms socialised and social capital to describe an empirical continuum of the social nature of capital from recognisably social to fully social, what Marx called `total social capital'. Socialised and social capital are both pooled capitals. Socialised capital involves pooling across a limited number of investors for limited purposes. While this capital becomes social by losing its identity with its owner, with socialised capital there are social restrictions on who can invest in the capital and its purposes - on the transferability and the uses of capital, for example, a partnership where entry of a new partner requires the agreement of the other partners. By contrast, at its upper limit fully social capital involves pooling across all investors and all investments. All members of an investing society can participate in a social capital; the capital is freely usable for any lawful business and is freely transferable – for example, marketable government debt and listed shares. Here the identity of the owner with the functioning of capital is completely lost and the social restrictions are minimal" (Bryer, 2000a, p. 137).

skilled in a more ‘modern’, southern European method of double-entry bookkeeping, the VOC persisted with a more traditional, northern European method that regarded capital as an exhaustible fund with the sole purpose of financing a certain series of voyages. As a result, the VOC did not conceive of capital as a key accounting abstraction that had to be preserved in the firm’s accounting records but merely a temporary means of maintaining equilibrium in the bookkeeping system that could be discarded as soon as it had served its initial purpose. Motivation for the VOC’s approach was grounded in the fact that, during its early years, it was structured as a terminating rather than a permanent capital company.

Notwithstanding the importance of capital in company accounting, it represents only one element of a pair in the formula used to administer a social capital. The other part of this equation comprised the independent calculation of net profit as a basis for calculating the return on capital on capital and reporting this information to investors and potential investors (Bryer, 2000a, p. 141). The latter is the subject of the following chapter.

CHAPTER 8

THE GENERAL BOOKKEEPING: THE PARTICIPANTS' STRUGGLE TO EXACT AN ACCOUNT OF THE *BEWINTHEBBERS'* STEWARDSHIP

> Three days went by, and then the merchant rose,
> And soberly took stock of his affairs;
> So up to his counting-house he goes,
> To reckon up how matters stood that year,
> What his expenses and outgoings were,
> Whether he'd made a profit or a loss.
> He spread his books and money-bags across
> The counting-board in front of him, then shut
> And locked the door (his treasure-hoard was great),
> And, having made quite sure that for the mean time
> He wouldn't be disturbed at his accounting,
> Remained there until past nine in the morning.
> (Chaucer, 1998, The Sea-captain's tale, p. 150).

Economic historians who propose a social explanation of capitalism have generally indicated that the precise calculation of profit or loss was essential to capitalism's development. The hypothesis rests on the notion that a determination of profit or loss that demonstrates the degree to which business activities during a given period had augmented or diminished a particular capital sum permits investors not privy to the details of the company's management to make rational decisions concerning their investment in the business. In this way, the most profitable enterprises attract the most funds, which results in a continual increase in the aggregate monetary sum used to fund business activity (Sombart, 1916/1953, p. 38; Nussbaum, 1937, p. 61; Birnbaum, 1953, p. 127, Bryer, 1993b, pp. 121-122; Bryer, 2000b, p. 335). Nussbaum summed up this concept of capitalism as follows:

> The first condition is that the wills of strangers, through the compulsion of money, shall have made economically active persons serviceable to a profit purpose; the second condition is that there shall be a disposition to reorganize economic activity, rationalizing it with a view to the highest possible profits (1937, p. 147).

In the same way that capital and profits are linked, so, too, are the precise determination of profit and double-entry bookkeeping. In this respect Chaucer's 14th century portrayal of a merchant engrossed in accounting for his affairs appears remarkably modern and, more importantly, to predate the development of modern capitalism by some three centuries. A more cautious scrutiny, however, reveals significant differences in the manner in which this merchant calculated his profit or loss and the methodology used by his modern counterpart to rationalise business investment.

In the 14th century, profit or loss was considered to be the change in net wealth over a period, reckoned by comparing the sum of the net assets (cash and debtors less creditors) on hand at the end of the period with that at the beginning of the period. A modern determination of the rate of return on capital, as required by social theories of capitalism's development, represents a much more complex endeavour. It requires, in the first instance, a distinction between period expenditure and deferred or capital expenditure, and secondly, that all current expenses relevant to the business, including the cost of goods sold,[178] be deducted from the related revenue earned for the period. The proof of this sum is that while it is an independent calculation it is also the key that equalises the opposing elements of the balance sheet. Therefore, it is a proof of the accounting. By contrast, the sum Chaucer described was merely a residual that offered no confirmation of the underlying accuracy of the bookkeeping.

[178] Calculation of cost of goods sold assumes a physical inventory of goods on hand that is then reduced to a monetary valuation, a practice that was not generally utilised before the mid 16th century. Valentine Mennher (1563, in de Waal, 1927, p. 137) is the earliest known writer to have recommended that inventory balances used *to compile the balance account be confirmed by a physical inspection of the goods on hand ("besich auch in deinem packhaus, oder wo du deine gueter hast, das du dieselben wharen wie sie in der Balantze vermerkt sein, auch also befindet*").

At first sight, the precision demanded for rational investment decisions suggests that the application of the principles of modern double-entry bookkeeping is essential for the development of capitalism. Nevertheless, Weber (1956, p. 18) disagreed. He argued instead that the act of calculating profit was the critical element that promoted capitalism's development because it was the underlying motivation that made the capitalist mentality possible. The particular technique employed, Weber believed, merely affected the accuracy of the resultant calculation. Notwithstanding this argument, Weber (1927/1981b, p. 275) subsequently conceded that, by definition, a rational capitalistic business had to employ a modern concept of double-entry bookkeeping to demonstrate its ability to yield income and, thereby, to increase the capital sum invested.[179]

As already demonstrated, the early 17th century VOC met all the criteria for a capitalistic organisation. The general public provided its capital, which was made permanent in 1612. VOC capital rights could be freely negotiated. The company was endowed with an independent corporate status as its investors enjoyed limited liability in respect of the company's debts, and its principal aim was to profit from commercial enterprise. Accordingly, given the social explanation of capitalism's development, it could be expected that the VOC's investors would have demanded a regular, precise statement of the company's profit or loss by which to make rational investment decisions. Moreover, in order to meet this demand, it is reasonable to assume that the VOC would have used a double-entry bookkeeping system capable of readily satisfying this need. Notwithstanding the apparent primacy of this form of double-entry bookkeeping, this chapter will demonstrate that the VOC did not periodically calculate net profit or loss and close this sum to its capital account to reflect the increase or reduction in its members' net investment in the company.

[179] "Capitalism is identical with the pursuit of profit, and forever renewed profit, by means of continuous, rational, capitalistic enterprise" (Weber, 1930/1956, p. 17).

In order to address these issues, this chapter proceeds by first reviewing the structure and presentation of the VOC's formal bookkeeping records, the journal and ledger, to determine the purpose the company ascribed to these formal books of account. These records are examined to determine whether any significant differences can be discerned in the manner in which the chambers compiled their accounting records and, if so, whether these are indicative of northern and southern European influence. Following this, the VOC's domestic and Asian accounting systems are analysed to establish the relationship between the two. The chapter then identifies and analyses the function of the financial statements prepared by the company's bookkeepers. In particular, this section determines whether any of these financial statements would allow the company's participants to make rational decisions concerning their investment, as was assumed by Sombart, Weber and Bryer, and whether the VOC's participants appeared to value such information for the purpose of rationalising their investment decisions.

The company's very foundations underwent a fundamental change in the period covered by the VOC's first charter, when it was restructured from a terminating entity to one with a permanent capital in 1612, and the conditions of the first charter were rolled over in 1623. Accordingly, the effect of this change on the participants' rights, and their response to this news, is the subject of the penultimate section of the chapter. Of particular interest is the participants' reaction on learning that the company would not prepare the ten-yearly general accounting prescribed by the charter. The final part of the chapter analyses the tension between participants and company management caused by the VOC's decision not to honour the requirement that it provide the participants with a periodic general accounting.

DOMESTIC ACCOUNTING RECORDS

The VOC's bookkeeping comprised a cash-based system that accounted for expenditure incurred in acquiring Asian merchandise, income earned from the sale of imported goods, and a record of debts and receivables. At the same time the company kept numerous subsidiary records relating to cash and the movement of stocks in its warehouses and shipyards. A scrutiny of the Dutch National Archives' index of VOC files (NL-HaNa, VOC, 1.04.02) reveals that the company employed the basic financial record books, journal and ledger, required for the purposes of double-entry bookkeeping. It also reveals that, with the exception of Amsterdam equipage journals and ledgers for the period 1602-1608 (NL-HaNa, VOC, 1.04.02, files 7142, 7169), Zeeland journals for 1602-1607 (NL-HaNa, VOC, 1.04.02, files 13782, 13783) and 1614-1623 (NL-HaNa, VOC, 1.04.02, files 13786, 13787), and ledgers for 1602-1607 (NL-HaNa, VOC, 1.04.02, files 13784, 13785), and an Enkhuizen journal for 1608-1619 (NL-HaNa, VOC, 1.04.02, file 14854), very little evidence of the company's early bookkeeping records survives. Not apparent from a search of the National Archive's index of VOC files is the extent that the company's bookkeepers made use of a range of subsidiary financial records, as the vast majority of these supporting records simply did not survive.[180] The company consistently made a distinction between primary documents,[181] subsidiary account books,[182] and its journals[183] and ledgers[184] (NL-HaNa, VOC, 1.04.02, file 100, folios 15-20; Van Dam, 1701/1927, p. 315). Notwithstanding the gaps in the archive, the nature of the VOC's general accounting can readily be discerned from the extant journals and ledgers.

---

[180] See, for example, the 1604 subsidiary accounting record for the purchase and outfitting of the *Amsterdam* and the *Sonne* (NL-HaNa, VOC, 1.04.02, file 14336), an extract of which is included as Appendix X.

[181] *Documenten, ordonnatieen en quitantien*.

[182] *Reeckenboecken*.

[183] *Journalen*.

[184] *Grootboecken*.

All Amsterdam ledger entries were first recorded in the chamber's journal. The structure of the VOC's journals comprised a large bound book, the covers and markings of which complemented those of the related ledger, and they generally followed the pattern required for double-entry bookkeeping. Notwithstanding that the format of these account books appear quite similar to the modern journal, they do exhibit certain peculiarities. Journal pages were sequentially numbered, as would be expected in a double-entry bookkeeping system. Amsterdam and Enkhuizen's journals followed convention and numbered each journal page consecutively but Zeeland's practice differed from the northern chambers. Left and right pages of an open Zeeland journal carried the same number, in the manner of a Venetian ledger. While such a format made sense in a ledger, where each page represented opposing parts of the same account, its use in a journal did not, which indicates that bookkeeping conventions were used in the early 17th century without much consideration of their logic. As is appropriate for a journal, the head of each page recorded the date but also included something not found in modern accounting: an invocation to God.

The most obvious technical variance between the VOC and modern practice is that the body of a VOC journal entry was not clearly divided into debit, credit and explanatory narration. Instead, the details of the transactions reflected traditional practice by being incorporated in a single paragraph. Not only did this format hamper interpretation but understanding of the transaction was aggravated because the narrative structure differed from one chamber to another. Amsterdam identified the debit section of a journal entry with the phrase 'must give' (*is schuldich*),[185] while Enkhuizen simply

[185] The Germanic '*is schuldich*' or '*geven*', a direct translation of the Italian '*dare*', meaning 'must give' indicates the debtor in the transaction. Similarly '*hebben*', translated from the Italian '*havere*', means 'must have' and indentifies the creditor (de Waal, 1927, p. 69).

used the term 'debitor' (*debiteur*) to identify the account to be debited.[186] By contrast, Zeeland began its journal entries with the Venetian term 'per'[187] to indicate the debit component and omitted any reference to 'must give' or 'debitor', further emphasising the influence of Italian bookkeeping on this chamber's bookkeeping practices.[188] In contrast to Pacioli's recommendation (chapter 11, in Geijsbeek, 1914/1974, p. 43) that the debit and credit components of a journal entry be separated by a pair of diagonal lines (*virgolette*), the VOC's bookkeepers separated debit and credit by the term 'to' (*aen*).

Another apparent idiosyncrasy is that, except for entries relating to cash and interest paid, Amsterdam numbered its journal entries consecutively. The reason for this practice is not obvious but it is reasonable to assume that these numbers must have acted as a reference to a corresponding record kept in another primary record, such as a memorial book.[189] As the chambers' nominated cashiers kept the primary cash records, these transactions would not have formed part of a general memorial book and, therefore, would not have been cross-referenced to the general memorial. It also suggests that these subsidiary records were kept in loose-leaf form. Interest paid must

---

[186] The original meaning of debit and credit and their subsequent usage has become dislocated. Cardano (1539, in Kats, 1929b, p. 285) instructed that an amount receivable (*creditum*) must be placed on the left hand side of an account as an asset and a payable (*debitum*) recorded on the right hand side as a liability. If *creditum* is taken to mean credit and *debitum* to mean debit, Cardano appears to have made an error, however interpreted in its original sense of a debt another has been entrusted to pay, a *creditum* is rightly regarded by the payee as an asset. Similarly, an amount to be paid (*debitum*) is appropriately treated by the payer as a liability. Modern Italian still refers to accounts receivable (debtors) as '*i crediti*' and accounts payable (creditors) as '*i debiti*'. Accordingly, the confusion appears to stem from the translation.

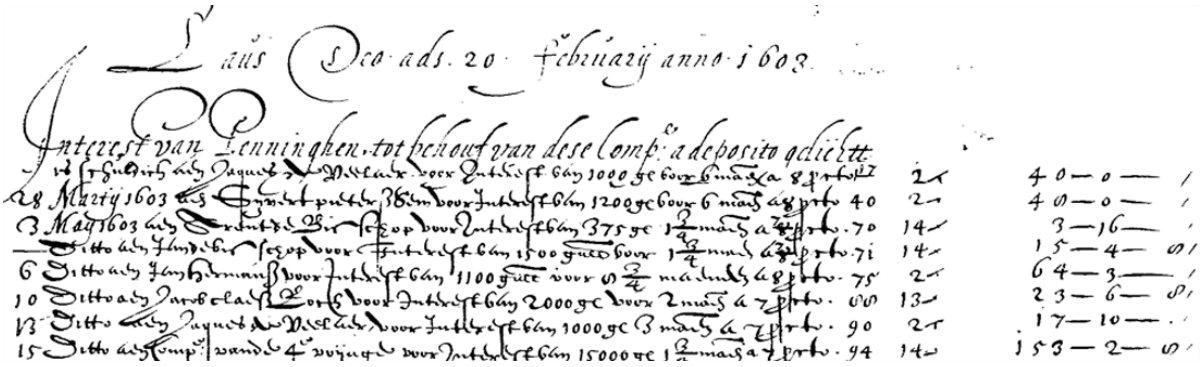
[187] Pacioli (1494/1974, chapter 11) stated: "As said, there are two expressions used in said journal; one is called '*Per*' and the other '*A*', each having a different meaning. '*Per*' always denotes a debtor … and by '*A*' is denoted the creditor". Earlier, in 1485, Cotrugli employed the same convention (Postma and van Helm, 2000, p. 7).

[188] The exception to this rule was the first journal entry in Zeeland's 1606 journal, which read: 'Hans Maillart, widow, is debitor to" (*Hans Maillart weduwe is debiteur aen*). Following that entry, this chamber's journals reverted to type.

[189] Other evidence supports the conclusion that the VOC's chambers kept memorial books as primary records of transactions can be found in the Enkhuizen journal (NL-HaNa, VOC, 1.04.02, file 14854, folios 39, 225-231).

have also being subject to a similar rationale. Evidence from the interest account on folio 12 and the ironmongery account on folio 16 of the Amsterdam ledger (NL-HaNa, VOC, 1.04.02, file 7169) clearly indicates the existence of a primary subsidiary record. In both cases, a cross-reference to the subsidiary record is recorded directly adjacent to the folio of corresponding credit entry in the ledger (see figure 8.1 below).

Figure 8.1 Amsterdam ledger folio 12



VOC ledgers are quite unremarkable in their format. Structured in the Venetian manner, the left-hand folio of the open ledger was reserved for debit entries and the right for credits.[190] Ledger folios were consecutively numbered in the Venetian manner, with both left and right pages of the open book bearing the same number. Each ledger

[190] Early medieval examples of the record that subsequently became the ledger typically placed the entries one beneath the other (*sezione sovrapposto*), probably because these records were not bound but kept in loose-leaf form. During the course of the 14th century a bound ledger was often divided into a debtors section in the front and a creditors section at the back. Both these methods made it difficult to determine the relationship between the two components of the account. Western Italian (Tuscan) practice initially improved on this by placing both sides of an account on a single page, which had the disadvantage that it limited the space available to record details of the transaction. The Venetian variation overcame this disadvantage by placing the two sides of the account on opposite pages (*sezioni contrapposte*). By the 17th century, the latter approach, generally referred to as the Venetian method, was widely accepted as the European standard (Martinelli, 1974, p. 734).

page was headed up by the date of the first entry, which is meaningless in a ledger,[191] and individual accounts were not identified by a distinctive title. The purpose of an account had to be discerned from the entry's narration. A significant difference between the chambers is that while Amsterdam retained the traditional invocation to God, Zeeland's ledgers followed Stevin (1607/1979) in omitting any such reference, which was quite revolutionary for the time. Again, Zeeland's practice suggests that its bookkeeping practices were more modern than further north in Holland. Added weight to this conclusion is lent by the structure of the respective chambers' ledger entries. Whereas Amsterdam retained the traditional Germanic phrase '*is schuldich*' to indicate the debit and '*moet hebben*' for the credit, Zeeland's bookkeepers simply referred to '*debiteur'* and '*crediteur*'.[192] Another distinction peculiar to Amsterdam's ledger was that it recorded the pertinent journal folio on the extreme left of the ledger entry, whereas Zeeland made no such reference (see figure 8.2, below).

Finally, Amsterdam balance accounts, which closed the preceding section of the ledger, included a folio reference to both the folio where the account balance was located prior to the balance and the folio to which it was posted afterwards. By contrast, Zeeland did not follow Amsterdam's comprehensive referencing convention.

The VOC's bookkeeping system was primarily cash-based but the general ledgers did account for trade debtors and creditors; wages paid in advance;[193] unrealised profits

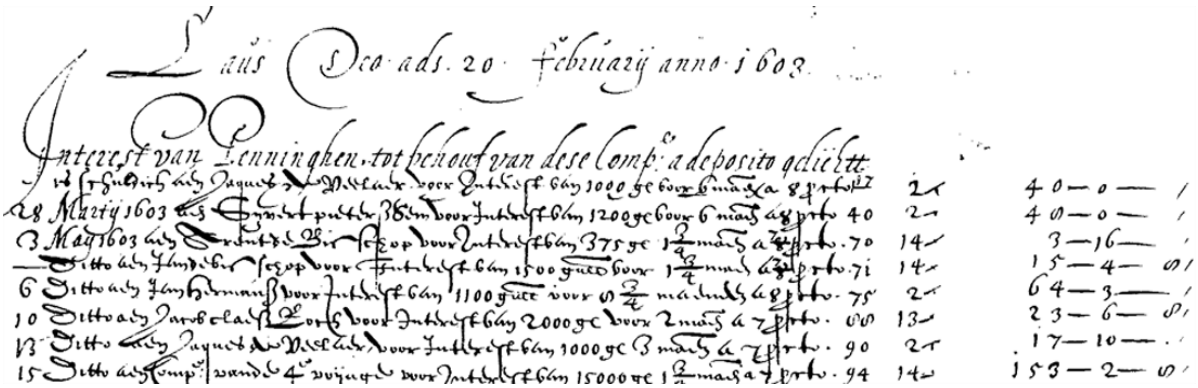
[191] Martin della Faille's journal (1589-1595) numbered the journal pages in the same way, with each facing journal page bearing the same number as in a Venetian ledger (Brulez, 1959, p. 442). As the della Faille's were an Antwerp firm, it is likely that this numbering system was common practice in southern Netherlands.

[192] Zeeland still used these terms in their personalised form. It's accounts referred to a debtor rather than the modern debit.

[193] Ships crews were paid two months wages in advance of the fleets' departure from The Netherlands. The balance was due when the crewman returned to the Netherlands but the wages for the intervening period were not accrued in the company's accounts. Wages of employees who remained in Batavia were paid by the Asian operation.

on the purchase of silver pieces of eight;[194] ships purchased and sold; short-term loans; interest; wages; timber; sails and sail-cloth; rope and hemp for making ropes; arms and ammunition; merchandise; general supplies; accounts for various independent East-Indian companies; accounts with other VOC chambers; and general expenses, including infrastructure such as shipyards and ropewalks, office equipment, and administration (NL-HaNa, VOC, 1.04.02, files 7169, 13784, 13785).

Figure 8.2 Amsterdam ledger, 1603, folio 1



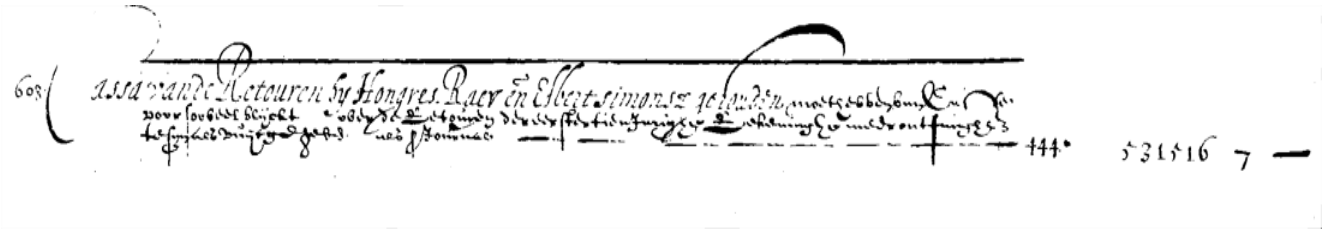
As with the format of the accounting, technical variations in the bookkeeping are readily apparent. Amsterdam's ledger reported sales revenue only as a net cash sum, that is, after deducting unspecified expenses (NL-HaNa, VOC, 1.04.02, file 7169, folio 444),[195] demonstrating that this chamber accounted for sales and related expenses in a

[194] On the 22nd of November 1603, Amsterdam purchased one hundred and forty six thousand, four hundred pieces of eight at between forty-six and a quarter ($46^1/_4$) and forty-six and three quarters ($46^3/_4$) *stuivers* (six *stuivers* equalled a shilling). As the accounting value for a Spanish piece of eight (*real*) of pure silver was reckoned to be 47 *stuivers*, the Amsterdam chamber claimed the difference between what it exchanged for the pieces of eight and the book value as unrealised profit. However, this 'profit' represented the difference between the exchange value of the piece of eight and the accounting value of the *guilder* at that time. The so-called profit was the result of inflation not exchange (NL-HaNa, VOC, 1.04.02, file 7169, folio 20; Wolters, 2008, pp. 40-42).

[195] The journal, dated 9 May 1608, reads: "*Cassa is schuldich aen cassa byde ontfangers … voor sool veel by de voorsch. ontfangers voor de retouren meer is ontfangen als wytgegeven d'welck alhier op d' equipagie wert gebrachen omme op de retouren te sluyten*" (NL-HaNa, VOC, 1.04.02, file 7142, folio 608).

subsidiary set of accounts no longer extant.[196] The brevity of Amsterdam's record for sales in its general bookkeeping system is abundantly clear from the entry for May 1608 on folio 444 (see figure 8.3, below).

Figure 8.3 Sales, Amsterdam ledger, folio 444



Zealand's principal ledger offered more information concerning its sales by maintaining separate accounts for different commodities, such as pepper, mace, nutmegs sugar, and silk (NL-HaNa, VOC, 1.04.02, file 13785, folios 30, 37, 41, 56, 58), as well as accounts for general merchandise (NL-HaNa, VOC, 1.04.02, file 13785, folio 73) and revenue from the sale of redundant ships' equipment (NL-HaNa, VOC, 1.04.02, file 13785, folio 33). Moreover, this chamber also identified each parcel of goods sold, for example, silk from Persia imported in the ship Zeeland (NL-HaNa, VOC, 1.04.02, file 13785, folio 58),[197] sale of miscellaneous goods imported in the ship *Zeelandia* (NL-HaNa, VOC, 1.04.02, file 13785, folio 73),[198] or ebony imported in the ship

[196] In addition, the details of this entry are somewhat confused. The debit entry for this account on folio 444 stated that it was closed to the balance account on folio 448 on the 1st of May 1608. In fact, it was closed to folio 449 on the same date. Furthermore, the credit entry initiating the sales data on folio 444 was undated but the corresponding journal that raised the credit (NL-HaNa, VOC, 1.04.02, file 7142, folio 608) was dated the 9th of May 1608, some days after the account was ostensibly closed. This anomaly supports the conclusion that the financial administration was based on subsidiary records and that the formal books of account were compiled later.

[197] "*Zyde geile persische zyde gecommen met t'schip Zeelandia is crediteur adj 17e February @ 1607. Per Guillam Sweers £491/6/10 voor tt 327 ___ als op fo 57*" (NL-HaNa, VOC, 1.04.02, file 13785, folio 58).

[198] "*Goederen met den stocke vercocht gecomen met t'schip Zeelandia zyn is crediteur. Per Bab. Pieters op 14 April £862/4/10 voor diversche goederen vercocht met den stocke in Martio lestleden, als per ho__ fo 19 verso ende in desen á fo 72*" (NL-HaNa, VOC, 1.04.02, file 13785, folio 73).

Dordrecht (NL-HaNa, VOC, 1.04.02, file 13785, folio 95).[199] The careful note identifying each parcel of goods sold demonstrates that not only did this chamber maintain separate accounts for goods of a certain type, it also structured its accounting to maintain individual control of specific lots of a certain type of goods. Zeeland's ledger also evidences that it charged the independent East-Indian companies for the cost of shipping their remaining merchandise from Asia to The Netherlands (NL-HaNa, VOC, 1.04.02, file 13785, folios 79, 89), which shows that it was capable of applying this same information to the cost of the goods it imported on its own behalf. Furthermore, this ledger allowed trade creditors a cash discount for early payments of their debts, which was offset against sales revenue (NL-HaNa, VOC, 1.04.02, file 13785, folio 41). Consequently, this ledger contained the data necessary to allow not only the calculation of gross profit (both in total and for individual parcels of merchandise) but net profit too. By modern standards Zeeland's ledger was clearly more sophisticated than Amsterdam's bookkeeping. The question is whether such a level of refinement was necessary to adequately manage a 17th century firm, especially as the VOC's archives give no indication that it ever contemplated calculating net profit as a means of determining the periodic increase or decrease in net capital.

Gross margin or an estimate of net profit, compiled as an *extra-comptable* summary of data in both the principal and subsidiary books of account, was a principal element in the management of 17th century companies such as the VOC and EEIC (Baladouni, 1983, p. 78),[200] and the VOC's bookkeeping was organised with this objective in mind. Total receipts from its domestic sales were posted to a general remittances account (*retouren generaal*) and, at the same time, the proceeds realised on

[199] "*Ebbenhout gecomen met t'schip Dordrecht is crediteur adj 9e Aug. @ 1607. Per Jeremias Piertersz. £490/2/4 voor 88 stucken detto weghen tt 14852 á 20 f tt fo 94*" (NL-HaNa, VOC, 1.04.02, file 13785, folio 95).

[200] The principal benefit of calculating the gross margin on particular goods was that it provided a guide of what constituted a reasonable price for future transactions. Consequently, this data was not relevant to every venturer. It only had value if a merchant planned to repeatedly deal in the same goods in the near future, as was the case with the VOC.

individual products, together with a record of the quantity sold, were posted to the specific goods' account (pepper, cinnamon, silk, etc.) kept for each particular product that the company dealt in (Glamann, 1981, p. 272). In addition, income statements (*rendementen*), drawn up after every VOC auction, listed both the invoice price of the goods sold and the selling price (Steur, 1984, p. 72).[201] This data allowed a crude determination of gross profit or loss for each product sold in The Netherlands that was instrumental in deciding what products, and in what quantities, the domestic operation should order from Asia.[202] To further guide the decisions of the committee of *bewinthebbers* charged with ordering the next seasons goods, the company's Asian branch sent the domestic chambers an annual statement of the prevailing cost price of Asian products. Anticipated profit was not the only factor that the *bewinthebbers* were conscious of when ordering goods from Asia. Besides direct costs and selling price, these men were aware of the need to justify the company's investment in the Asian traffic for particular goods. Consequently, any item that could not reasonably be expected to meet a minimum margin might still be ordered if it was justified in terms of a company objective to develop that market.

The foregoing analysis reveals that the company's domestic bookkeeping practices prior to 1608 were confused. Zeeland's bookkeeping did match the criteria for capitalistic double-entry bookkeeping but Holland's major chamber, Amsterdam, adhered to a Baltic variation of agents' bookkeeping that did not fully comply with the requirements for double-entry bookkeeping.[203] After 1608, Holland's method was

---

[201] Until 1623, when the practice was abolished, the company also used this data to calculate the one percent commission *bewinthebbers* were allowed for managing the company's imports (NL-HaNa, VOC, 1.04.02, file 1, Article XXIX).

[202] These schedules were formally known as the order of goods to be despatched (*eisen van retouren).* The Asian operation used a similar system to manage its orders for goods from The Netherlands (Glamann, 1981, p. 258).

[203] The decision to standardise the bookkeeping might have been influenced by a concern that the anticipated twelve-year truce between Spain and The Netherlands proposed to acknowledge Spain's monopoly right to the East-Indian traffic. Had this eventualised it would have meant the immediate liquidation of the VOC (de Korte, 1983, p. 26).

adopted as the company standard. From a present-day perspective this policy might appear a retrograde step. Nevertheless, any such judgement must be tempered by the acknowledgment that early 17th century technology, especially communications and marine engineering, did not match modern norms and, therefore, modern financial administrative practices were not always feasible. An overriding factor favouring of the VOC's choice of bookkeeping is that it allowed the *bewinthebbers* to successfully run a very large and highly profitable organisation for more than a century and a half. It was only after 1736, when it began to suffer liquidity problems, and especially after 1780 when war with England undermined its financial policies, that it could it be argued that the company's bookkeeping system let it down (Steur, 1984, p. 38; Gaastra, 1989, p. 14).[204] In contrast to the domestic bookkeeping, the company's Asian operation was centrally based after 1613, and did comply with the criteria of capitalistic double-entry bookkeeping.

ASIAN ACCOUNTING RECORDS

Little evidence remains of the Asian bookkeeping prior to 1613 but it is known that it consisted of a large number of discrete current accounts in the name of various company agents. These quite elementary records of charge and discharge were intended to fix particular agents' accountability for company assets entrusted to them (Gaastra, 1989, p. 71). The first attempt to rationalise the Asian operation's bookkeeping occurred in 1609, as a result of the *bewinthebbers* plan to structure the VOC as a more permanent

[204] A review of the company's domestic balances shows that this operation ceased to be liquid after 1736 (de Korte, 1983, appendix 1D). Revenue earned continued to rise until the 1770s, after which time it stablised at around twenty million *guilders per annum* until 1781. In the decade 1781-1790, the total value of goods sold by the company fell from a hundred and ninety million *guilders* (*f.*190,000,000) to a hundred and forty-five million *guilders* (*f.*145,000,000) as a result of the war with England (de Korte, 1983, appendix 1E). Steur (1984, pp. 139-155) calculated that the 1780-1784 war with England cost the VOC a total of forty-three million, four hundred and forty-six thousand, nine hundred and forty-six *guilders* (*f.*43,446,946).

entity (Westera, 1992, p. 77). Consequently, the newly appointed Governor-General, Pieter Both, was instructed to calculate the total capital sum of the company in Asia so that a general account or balance sheet for operation could be compiled. To this end, Both was instructed to undertake an inventory of the company's Asian assets and liabilities and to value these at local prices or, where these had no monetary value,[205] to make a reasonable estimate their value based on sound local knowledge. The general account was to credit the company with the total capital sum invested in Asia and debit each branch office with its portion of that sum. Goods or specie sent to Asia by the present or subsequent fleets had to be recorded in the general accounts as a debit, with pieces of eight valued at forty seven and a half shillings each. Particularly noticeable in Both's instructions was the requirement that these accounts were to keep trading data and general expenses completely separate, and the provision that the Asian state of affairs must be compiled from the data recorded in the principal account books. The relevant portion of Both's instructions reads

[205] The VOC's accounting has been severely criticised because it did not account for fixed property (Mansvelt, 1922, p. 2) but Weber (2003, p. 94) pointed out that in the *societas maris* or marine partnership, only movable property was traditionally considered part of the joint capital fund.

> We therefore ordain that in every Asian office and place where the company has any personnel or goods, legal rights or creditors you shall compile an inventory of the nature, quantity and value all such cash, merchandise, legal rights, and creditors. The aforesaid valuations must be based on the local value in the places where these things exist. Where listed items have no obvious value, sound local knowledge must applied to determine a reasonable estimate of their value. The purpose is to allow your bookkeeper to prepare the general account books of the Company in Asia. To this end, you shall record the general company as creditor for the total value of all capital that the Company possesses in Asia and you shall debit the respective branch offices with the portion of this sum they are accountable for. Everything that the Asian offices receive from The Netherlands shall be valued and included in the accounts at forty-seven and a half *stuivers*. Furthermore, you shall keep two separate records of profit or loss. One for the estimated value of the goods purchased in Asia and another for other revenues and costs. From these you shall compile an annual account of the general profit or loss for Asia. Copies of your general account, prepared in good form from your journal and ledger, shall be sent to The Netherlands so that we might determine the general financial state of the entire company.[206]

The significance of these provisions is that they emphasise the *bewinthebbers*' focus on gross margins rather than the net return on the goods remitted to The Netherlands, and that the company's management recognised the importance of an integrated bookkeeping system for the production of credible financial reports. Moreover, these instructions clearly demonstrate that the company's intention at this time was to use the Asian data to compile a comprehensive financial statement for the

[206] "*Zult daarom ordonneren, dat op alle kantoren en plaatsen van Indieë, daar de Comp. eenige personen heeft, of goederen, actiën en crediten is hebbende, alle dezelve, zoo contante penningen, koopmanschappen, actiën en creditien, hoedanig dezelve ook zouden mogen wezen, bij form van inventaris gesteld worden, alles te gelde geëstimeert naar waarde van de plaatsen, daar dezelve gevonden worden, en wat gene waarde heeft, 't zelve estimerende, zulks zij, naar goede informatie, in redelijkheid zullen vinden te behooren, om 't zelve hebbende, daaruit de generale boeken bij Uwen boekhouder te doen beginnen, makende een groote massa of kapitaal van alles, wat de Comp. in Indië is hebbende, makende de Generale Oost-Indische Comp. crediteur, en ieder kantoor van 't geen onder 't zelve berust debiteur, alles wat U bij deze en alle volgende vloten van geld en goed gezonden wordt, instellende tot zeven en veertig stuivers in de koopmansrek.; waaruit volgen zal, dat gij zult moeten houden twee distincte rekeningen van winst en verlies, de eene van de geëstimeerede goederen, die gij in Indië op de respectieve kantoren doet koopen, en eene andere hoe zijn; van welcke rekeningen van winst of verlies op ieder kantoor &ca., waaruit gij zult vinden de rek. in 't generaal van winst en verlies in Indië, en zult alvorens den voors. eersten staat of inventaris gezonden hebbende, met alle vloten copijën uit Uw generale boeken overzenden, in goeden form, zoo van de Comp. bespeurd en verstaan mag worden, met balans van hetzelve boek*" (1609, Article 14, in van der Woude, 1948, pp. 326-327).

entire company. Although the VOC never succeeded in preparing a general financial statement, this document indicates that the *bewinthebbers* were very aware of the value of such a statement in 1609. The intent was to create an accounting system grounded in the principles of agents' bookkeeping. Each Asian branch office was regarded as an agent of the Asian head office in Bantam,[207] which kept a current account for each branch office in its accounts. Bantam, in turn, accounted to the VOC in The Netherlands as the company's agent in Asia. For reasons that are not known, Both failed to carry out his assignment. Subsequently, the same instruction was given to Both's successor, Gerard Reynst, in 1613. He, in turn, delegated the task of reorganising the Asian accounting to the Director-general of the Asian operation, Jan Piertersz. Coen,[208] and Hans de Haze, the director of VOC operations in the Moluccas Islands (Gaastra, 1989, pp. 71, 249; Westera, 1992, p. 78).[209]

Extant Asian balances provide a continuous picture of the region's financial administration since its inception in 1613. The total value of the expenses to date and the closing balances of the Asian offices are found on the debit side, while trade revenues are recorded on the credit. The first balance, dated 1614, still reported a large number of diverse expense accounts but refinements to the system resulted in these being consolidated under five general headings (Klerk de Reus, 1894, appendix XI): general expenses, salaries, expenses related to the ships, fortifications[210], and gifts.[211] In addition, amongst the debits was a line item for bad debts written-off.[212]

---

[207] The VOC's headquarters was moved from Bantam to Batavia in 1619. The latter, which is more generally known as Jakarta, was renamed by the Dutch after they captured the city in 1619.

[208] Jan Pietersz. Coen had been schooled in Rome from the age of thirteen in business and Italian bookkeeping. He was apprenticed to a Dutch businessman, Joris de Visser, who, in Italy, went by the name of Giorgio Pescatore (Masselman, 1963, pp. 235-238).

[209] The restructuring of the company was not the only reason that prompted a reorganisation of the Asian bookkeeping system. Incidents of fraud and the confused state of these records were also responsible for these changes (van der Woude, 1948, p. 326).

[210] Other than the item for fortifications, no specific reference was made to fixed property before 1640 (de Korte, 1983, appendix 6a). Accordingly, it must assumed that prior to that date all fixed property was included under this general heading.

The balance between the debit and credit sides was regarded as the Asian office's indebtedness to the head office in The Netherlands. Furthermore, in accordance with the principles of agent's bookkeeping, this debt represented the capital sum the VOC had invested in its Asian venture. The difference between a particular year's balance and that of a previous or subsequent balance was considered to represent the net profit or loss for the period (Steensgaard, 1973, pp. 138-139). The Asian balance statement, together with copies of the books of account, a statement[213] of the cost price of the goods remitted, and other pertinent documentation, was sent to The Netherlands in the last ship of the season despatched to Europe (NL-HaNa, VOC, 1.04.02, file 100 folio 48; Gaastra, 1989, p. 76), where the information was used to gauge potential gross profit yielded by the Asian operation.

Both and Coen's bookkeeping system remained largely unchanged until the company's demise at the end of the 18th century. Its longevity indicates that it provided all the data the *bewinthebbers* considered necessary to properly manage the VOC (Steensgaard, 1973, p. 138). Importantly, the Asian operation's bookkeeping constituted a complete double-entry bookkeeping system that regularly calculated the division's net profit and closed this sum to a capital account in the name of the General Company. Notwithstanding the Asian operation's compliance with the best standards of double-entry bookkeeping, this office's financial administration was very confused and notoriously unreliable (Gaastra, 1989, pp. 89-90, 203). Spanish pieces of eight, the silver coins that the VOC used as its standard currency in Asia, were the principal cause of this lack of credibility.[214]

---

[211] Respectively, *onkosten*, *soldijen*, *onkosten van schepen*, *fortificatiën*, and *schenkagiën*.

[212] *Quade schulden*.

[213] *Memorie*.

[214] To give the *stuiver* credibility it contained a certain amount of silver that linked it to the Spanish *real de ocho* or piece of eight, a pure silver coin that was the standard currency in Dutch East-Indies until 1658 (Wolters, 2008, pp. 40, 43). The Spanish *real* was a different coin to the *real de ocho*, and worth one-eighth of piece of eight. For practical purposes the VOC used the *real de ocho* in preference to the *stuiver* for purchasing Asian merchandise.

Asia's relatively greater demand for silver during the latter half of the 17th century saw silver coins circulating in that region attracting a twenty to twenty-five percent premium. In 1655 the VOC attempted to dampen Asian demand for silver coins, which were melted down for other purposes, and regularise a practice that had been in use by the Asian management since 1639. It depreciated the silver coins then circulating in its sphere of influence in Asia by twenty percent and classified these as 'heavy' and 'light' money. This policy created a problem because the domestic and Asian management held different interpretations of these terms. Netherlands' management understood 'heavy' money to mean the currency circulating in the Republic and 'light' money to mean the depreciated Asian currency. By contrast, the Asian management regarded 'heavy' money as the depreciated currency and, in 1658, misinterpreted a Netherlands' order and devalued the already depreciated *stuiver* by a further twenty-five percent. The origins of this confusion might have been the instructions given to Both (1609) and Coen (1614) that required the Asian bookkeepers to value local assets and liabilities according to prevailing Asian values. Whatever the real reason for the devalued Asian *guilder*, it effectively created three currencies in the VOC's sphere of Asia: the Dutch *stuiver* that purchased one-fiftieth of a piece of eight, the 'heavy' or 'Indian' *stuiver* that purchased one-sixtieth, and the 'Batavian' or 'light *stuiver*', which was valued at one seventy-fifth of a piece of eight. Reflecting its informal nature, the 'light *stuiver*' was not represented by a coin but used as a unit of account by the VOC's Asian office.

The Asian management compounded their misinterpretation of the VOC's instructions by never making it clear to The Netherlands' *bewinthebbers* that they had devalued the Asian *guilder*, not the Dutch *guilder* as instructed. Nor did the Asian account books always specify which *stuiver* its records referred to. As a result of this duplicity, the Asian accounts were notoriously inaccurate and misleading (van Dam, 1701/1943, p. 36). It accounted for the value of goods and specie received from the Netherlands at their 'heavy' (Netherlands) value but recorded transactions in Asia at the inflated 'light' value. Consequently, it could hardly fail to show a profit on goods and

capital received from The Netherlands. Furthermore, the profits to be made on currency transactions encouraged VOC employees to actively defraud the company by using 'light money' in the bookkeeping records to conceal theft. Standardisation of the domestic and Asian bookkeeping valuations late in the 17th century eliminated most of the problem but it was probably responsible for the sudden reversal in the Asian operation's profits. Whereas Asia had in the past remitted a greater value of goods to The Netherlands than it had received, after 1692 this trend was reversed (de Korte, 1983, pp. 31-34; Wolters, 2008, pp. 45-53).[215]

The foregoing described the mechanics of the VOC's bookkeeping. The following section examines the reports produced by that system. In particular, this section focuses on the financial statements prepared by the VOC and examines how they related to the company's investors and its management.

THE GENERAL COMPANY'S BALANCES AND FINANCIAL REPORTS

The VOC produced a number of financial statements during the period 1602-1622, including liquidation (*liquidatien*) and equalisation (*vereffeninge*) statements designed to reconcile the chambers' economic activity with the proportions set of by Article I of the company's charter. Separate liquidation statements were compiled for the construction and outfitting of the fleet, and the imported goods supplied to the chambers. These reconciliations were an intermediate step in the process of closing the chambers' ledgers and compiling the balance statement (*staet*), a form of trial balance compiled to determine the chambers' state of affairs at a given date. The individual chambers' balances were consolidated in a general balance (*generael state*) for the company as a whole. In addition, the company's charter (Article VII) required that it produce a general accounting every ten years, in 1612 and again in 1622, and that this

[215] Jacob Radermacher, Zeeland *bewinthebber*, noted that although the company was still a very powerful economic force in the 18th century, its balance sheet showed a constant decline in its fortunes after 1730 (Radermacher, in de Korte, 1983, p. 77).

report be provided to the company's participants so that they could decide whether to withdraw their investment in the company's first capital (1602-1612)[216] and whether to invest in the second capital (1613-1622). In addition, the VOC was required to provide its participants with a general accounting every ten years (NL-HaNa, VOC, 1.04.02, file 1, Article VII). In fact, it never produced such a statement but, even if it had, the ten-yearly interval meant that it would not have provided the information that would have allowed the VOC's members to determine the rate of return on their invested capital as specified by Bryer (2000a, p. 368) in his analysis of the EEIC. In the analysis that follows, the liquidation statements are dealt with first, because these represented the lowest level of financial report produced by the VOC. Next the annual balances are examined. The subsequent section of this chapter examines the ten-yearly accounting that should have been prepared for the company's participants.

The liquidation and equalisation statements

Article I of the VOC's charter (NL-HaNa, VOC, 1.04.02, file 1) stipulated that all economic activity resulting from the company's operations must be shared according to a strict protocol that allocated Amsterdam fifty percent of the cost of constructing and outfitting the company's ships and the remittances (*retouren*) received from the East-Indies, Zeeland one quarter, while the remaining chambers shared the balance. Although not explicitly stated, the effect of Article I was that actual economic activity had to be reconciled with the prescribed quotients to ensure that practice accorded with the divisions set by the charter, and to identify the degree of adjustments needed if the chambers' share of the economic activity failed to meet the standard set by the charter. This information also served to determine the *bewinthebbers*' commission (NL-HaNa, VOC, 1.04.02, file 1, Article XXIX) for their management of the construction

[216] The first capital actually extended for eleven years. This was because the company needed time to assemble the company's first fleet. Consequently, for reckoning the first capital period, 1602 was not considered an active trading period.

(*timmeringe*) and outfitting (*equipage*) of the VOC's fleets, and their administration of the remittances supplied by Asia.[217] Separate sets of accounts were kept for equipage and remittances, and a different committee managed each process. Not much is known about the process by which remittances were managed between 1602 and 1622. By contrast a number of equipage statements are extant. An analysis of these documents should provide a reasonable basis from which to infer the procedure likely to have been followed for remittances.

Within three months of a fleet sailing, each chamber had to prepare accounts, known as liquidisation (*liquidatien*) and equalisation (*vereffeninge*) statements detailing their share of the current fleet's costs, and provide relevant supporting documents to support their claim in this respect.[218] Not later than one month later these statements and supporting documentation had to be sent to the other chambers (NL-HaNa, VOC, 1.04.02, file 1, Article XIII) so that these could assess the extent of the claims made. The charter did not specifically require a similar report for remittances but, given its pivotal role in the VOC's management, it is very likely that similar reports were produced.

None of the company's liquidisation and equalisation reports relating to the first years of the company's existence is extant but odd reports, dating from 1611, have survived. These include statements for 1618 and 1622. Copies of the 1611 and 1618 statements are included as figures 8.4 and 8.5 below. The 1611 report did not exist as an independent document but was incorporated in the *Heren Zeventhien's* resolutions for the 15th of November 1611 (NL-HaNa, VOC, 1.04.02, file 100, folios 171-172).[219] The next such report still extant was an independent document. It is labelled number seven

[217] During the period covered by the first charter, the *bewinthebbers'* commission amounted to one percent (1%) of the cost of outfitting the fleet and one percent (1%) of the revenue earned from the sale of imported Asian goods (NL-HaNa, VOC, 1.04.02, file 100, folio 192).

[218] The term '*liquidatie*' was applied to the 1611 and 1618 statements but the title of the 1622 statement more accurately described it as an equipage equalisation (*vereffeninge van equipage*) statement.

[219] A search of the *Heren Zeventhien's* resolutions did not reveal any earlier reports of this type.

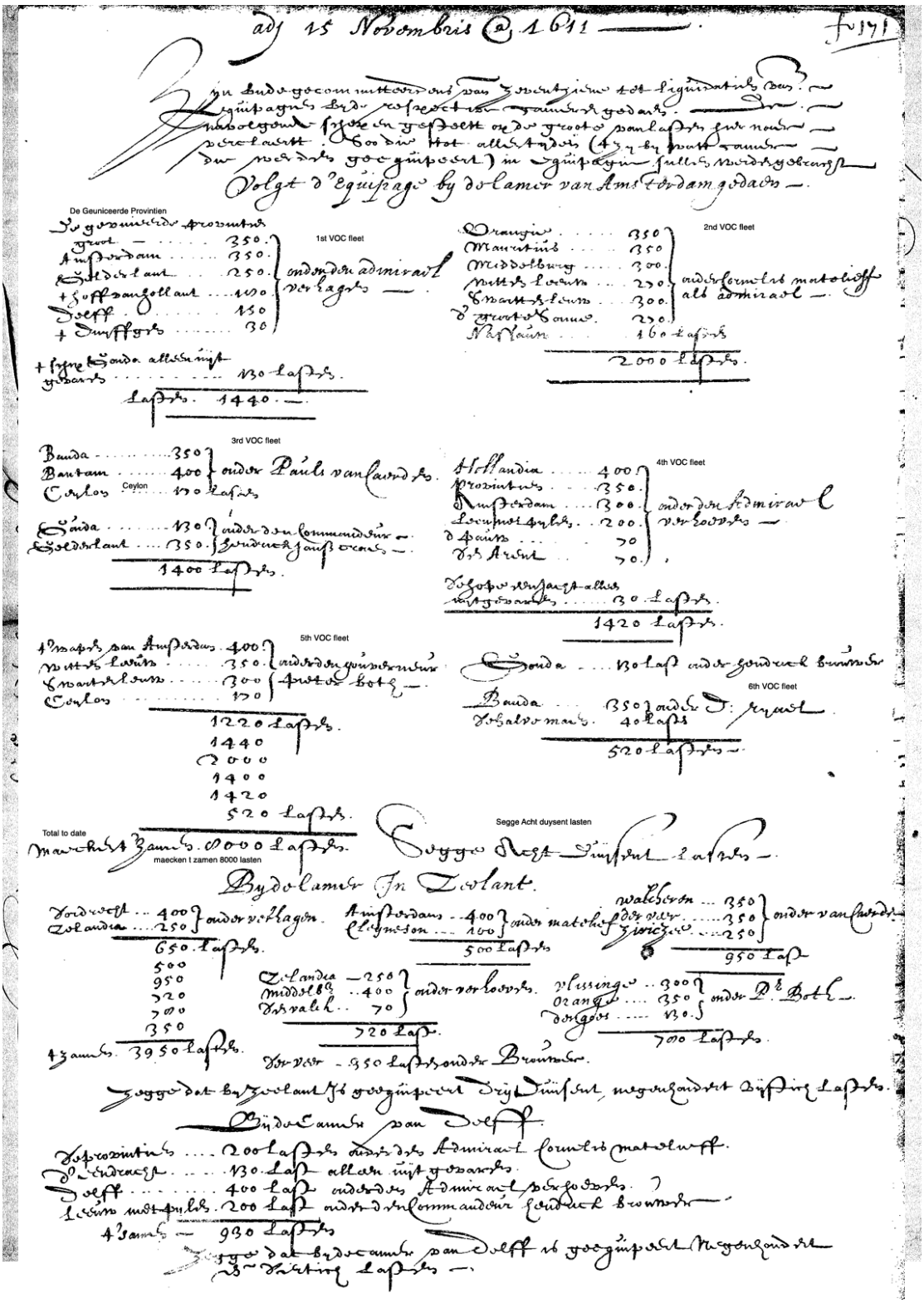
and following one (1622) is identified as number eight (NL-HaNa, VOC, 1.04.02, file 11353),[220] which indicates that another six such statements must have been prepared between 1611 (figure 8.4) and 1618 (figure 8.5). This conclusion is supported by the 1611 statement that records the cumulative capacity of the ships equipped by Amsterdam as eight thousand (8,000) Dutch tonnes (*lasten*).[221]

The 1618 report opens with a total of fifteen thousand, one hundred and ten (15,110) *lasten*, which suggests that there must have been at least one other such report in the interim. Furthermore, as the 1611 statement was part of the *Heren Zeventhien's* resolutions while the 1618 and 1622 reports were independent documents, and given the identification numbers given to the 1618 and 1622 reports, the 1611 and 1618 statements must be part of two different series. Tracing back from the 1618 statement (number seven), and given that the VOC despatched a fleet every year, a 1612 statement would have been the first in the second series. The four-year gap between the seventh (1618) and eighth (1622) statements weakens this argument but can be explained as the result of the *bewinthebbers*' reluctance to draw attention to the five extraordinarily large fleets despatched during this time, which critics have claimed were completely unjustified and designed only to boost the *bewinthebbers*' one percent commission on the cost of the fleets (van Rees, 1868, p. 154; Bruijn *et al*, 1979a, pp. 40-51).

[220] Both the 1618 and 1622 statements are included in VOC file 11353, however, the pages of this file are unnumbered.

[221] The Dutch *last* is equivalent to about two English tons (Blunt, 1837, p. 444).

Figure 8.4 1611 Liquidation statement (NL-HaNa, VOC, 10.04.02, file 100, folio 171)
Figure 8.5 1618 Liquidation statement (NL-HaNa, VOC, 1.04.02, file 11353)



Verreffeninge van Equip. 8 September 1622

Amsterdam

t voorst getimmert	21160
Louisbimo	150
Brouo	170
Voorden	125
Buisen	125
Maurits	400
Witten Bell	150
Gorcum	150
	22430
tot cort na de calula van Boors die to Hoogt is	3930
	26360

Zeelant

to Boorn geequipt	10090
Hoffcappel	30
Valcoskin	250
	10370
tot cort	2810
	13180

Delft

to Boorn geequipt	2450
Sint Barbe	200
	2650
tot cort	645
	3295

Rotterdam

to Boorn geequipt	2785
Thapen van Rotterdam	350
Claeuw Erasmus	100
	3235
tot cort	60
	3295

Hoorn

to Boorn geequipt	2945
Thapen van Boorn	200
Fenix Adam	150
	3295

Enckhuysen Lartz.

to Boorn	2800
Immichdam	150
	2950
tot cort	345
	3295

Nota dat machtiel Boort in equip. met gebroest Holland de resolutie gemaekt 1622.

Verreffeninge van Timmeringhe

Amsterdam

to Boorn getimmert	6475
Buisen	125
Voorden	125
	6725
tot cort ommo met de Tamt van Boors die Boorsst is to vgualtien	3795
	10520

Zeelant

to Boorn getimmert	3395
Hoffcappel	30
	3425
tot cort	1835
	5260

Delft

to Boorn getimmert	1000
tot cort	315
	1315

Rotterdam

to Boorn getimmert	1120
Claeuw Erasmus	100
	1220
tot cort	95
	1315

Hoorn

to Boorn	1315

Enckhuysen

to Boorn getimmert	1055
Enckhuysen	260
	1315

Figure 8.6 1622 Liquidation statement (NL-HaNa, VOC, 1.04.02, file 11353)

The earliest of these reports, dated 15th November 1611 (NL-HaNa, VOC, file 100, folios 171-172), is a relatively crude document. It merely lists the size of the ships supplied by each chamber for the first five VOC voyages to the East-Indies. By contrast, the 1618 liquidation (no. 7) is more sophisticated, being divided into two parts: liquidation of the equipage, and liquidation of construction and repairs. Each part is headed up with the names of the six chambers beneath which the account for each chamber commences with the total tonnage equipped or constructed to date, followed by a list of the ships concerned and the respective tonnage relevant to the period for which the statement was due. For example, The Amsterdam was a ship of eight hundred *lasten* equipped by Amsterdam, which sailed in the 1619 fleet. However, the 1618 liquidisation statement only recorded a capacity of four hundred *lasten* in respect of this ship. The reason for this must be because the balance of the work was accounted for in an earlier statement. As the company's 1618 liquidation statement lists only fifty percent of the ships' capacity, it seems reasonable to assumed that the work was spread out over two years and was covered by consecutive liquidation statements. However, this does fit the evidence. Fifty percent of the outfitting of the Dordrecht, a ship of six hundred *lasten* that sailed in 1620, was accounted for in the 1618 statement but the balance does not appear on the 1622 statement. The same is true for a number of other ships. These omissions support the conclusion that the *bewinthebbers* might have tried to conceal the true value of the fleets that sailed at this particular time.

Progress in the format of these statements can be discerned if the 1611, 1618 and 1622 statements are compared. Whereas the earlier statement provided no indication of the extent to which one or another chamber had to be recompensed or was penalised for not meeting its assigned quota, the 1618 statement incorporated a paragraph setting out the details of the reconciliation. Even more progress can be discerned in the 1622 statement, which incorporated the adjustment necessary after reconciliation in the sum of each chamber's activity.

By 1700 the liquidation statements were denoted in monetary terms, and were no longer limited to the construction or equipping of the fleets but based on the chambers' annual balances extracted form the company's general balance statement. The 1700 report (de Korte, 1983, appendix 3) comprised three sections. The first part of the statement recorded chambers with adverse balances (*ten achter*) on the left and those with favourable balances (*te voren*) on the right. The difference between the two sides accorded with the amount needed to balance the company's annual balance statement. The second section allocated the net balance to the individual chambers on the basis of the proportions set out by Article I of the charter, and in the third section, the amount determined above was deducted from those chambers that had reported an adverse balance and the total of such deductions apportioned to those chambers that had reported a favourable balance. The latter were expected to provide cash or goods to that value to compensate the other chambers (van Dam, 1701/1927, pp. 337-342).[222]

The VOC's practice during its early years of accounting for the ships on the basis of their capacity is not as peculiar as might seem. Very early in its life (1603) the company had determined standard costs for construction, crews, equipment, and provisioning that were based on the capacity of the ships concerned (NL-HaNa, VOC, 1.04.02, files 99, folios 4-8, 47, 58-62; 225). The rationale behind this approach was that it gave the necessary degree of control over these significant cost items while allowing a degree of flexibility in terms of the actual prices paid, thereby avoiding undue arguments over petty details of expenditure and encouraging efficiency.

The early (1602-1608) equipage ledgers are extant (NL-HaNa, VOC, 1.04.02, files 7169, 13785) but those for the remittances (*retouren generael*) no longer exist. Nevertheless, the evidence is clear that such records did exist (Glamann, 1981, p. 272). In the first instance, the need to reconcile their economic activities meant that the

[222] The same basic procedure was followed if all chambers reported an adverse balance. Chambers that had a less than proportionate adverse balance had to provide restitution to those who suffered a disproportionately greater adverse balance.

chambers had to keep separate records for the fleets (the equipage ledgers) and the merchandise from received from Asia (the remittance ledgers). Article XVII of the charter also required that distributions be made to participants as soon as sales' revenues exceeded five percent (NL-HaNa, VOC, 1.04.02, file 1). This stipulation would have made detailed accounting records of sales imperative. Furthermore, VOC chambers established separate committees for the outfitting and construction of ships (equipage) and the sale of merchandise (in Amsterdam, the Commerce Committee, and in Zeeland the merchandise Committee). Moreover, empirical evidence from the first ten-years accounting (NL-HaNa, VOC, 1.04.02, file 7169, folio 444; 13785, folio 41) shows that remittance ledger data was transferred to the equipage ledgers when the chambers balanced their accounts. Clearly, the VOC chambers kept a separate equipage (Amsterdam, NL-HaNa, VOC, 1.04.02, file 7169, folio 345) or voyage account (Zeeland, NL-HaNa, VOC, 1.04.02, file 1374, folio 255) in their general (equipage) ledgers between 1602 and 1608, and must have also kept separate remittance ledgers (*retouren generaal*) for income and expenses related to imported goods and the sale of such goods (Gepken-Jager, van Solinge, and Timmerman, 2005, p. 76).[223] Consequently, de Korte's claim (1983, p. 15) that at the end of the financial year the equipage ledger data was transferred to the remittance ledger (*retouren generaal*) in preparation for compiling a chamber's balance is not correct for this period. In fact, the process was just the reverse.

[223] Although remittance journals and ledgers for this early period are not extant, the general absence of remittance related data in the general (equipage) ledgers, the separate committees established by the VOC for equipping the ships and its commercial activities, the need to calculate the *bewinthebbers*' commission on sales, and the charter's provision that an interim distribution be made to participants as soon as five percent of the goods imported had been realised all support the conclusion that equipage and remittances were accounted for in separate ledgers. A posting in Amsterdam's equipage ledger for sales made immediately before the 1608 balance was prepared (NL-HaNa, VOC, 1.04.02, file 7169, folio 444) provides more conclusive evidence that this the company's practice.

The balance statements

None of the company's general balances (*generaele staeten*) from the period covered by the first charter (1602-1622) have survived. Consequently, very little is known about whether such reports were regularly produced or their format, content, and purpose.[224] Moreover, what information is to hand is quite confused. Not even van Dam (1701/1927) could offer any meaningful insight into the early history of these VOC reports. He stated that the company's first annual balance statement was prepared in March 1617 ("*In voorgaande tyden, en voor erst in 't jaar 1617, heeft men de boeken jaarlijcx gesloten op ultimo Maert*"), and first audited in 1657 but he also reported that the States-General required that the company provide it with audited annual financial statements in 1614 (van Dam, 1701/1927, pp. 337-338, 349).

De Korte, too, offered little assistance to resolve the puzzle of company's annual reports. He incorrectly claimed (1983, p. 13) that the VOC's chambers prepared annual balance statements that were subsequently consolidated into annual statements (general statements) for the company as a whole. Contrary to de Korte, the company's early records show that it did not attempt to compile such a statement before March 1609, when the Bookkeeper-General was instructed to present himself and his account books before the *Heren Zeventhien's* deputies in Amsterdam, where the individual chamber's balances were to be reviewed before the company's annual general balance was prepared (NL-HaNa, VOC, 1.04.02, file 100, folio 30).[225] No evidence exists to support the notion that the VOC compiled a general balance statement before this time. Furthermore, it is not certain that such a balance was actually completed in 1609.

---

[224] No substantive evidence of the VOC's annual statements exists prior to 1638 (de Korte, 1983, p. 14).

[225] "*Dat den Generalen boechouder der Comp. mede inde toecomende vergaderinge sal verschynen met zyn boecken op dat alle Cameren mogen sien in we_ges saldi die gehouden werden om also verseeckerde staet daer uyt te maecken*" (NL-HaNa, VOC, 1.04.02, file 100, folio 30).

The VOC's plan for its bookkeeping in 1609 was more ambitious than simply compiling an annual general balance for its domestic operation. It also wanted to consolidate the Netherlands and the Asian statements so that the *bewinthebbers* could review the state of affairs of the entire company. This objective proved elusive and defeated the skills of a succession of Bookkeepers-General for the next seventeen years. Only in March 1626 did the company finally acknowledge that the task was impossible and impractical (*'t'selve ondoenlijck & impracticable*) and, if pursued, was likely to lead to even greater confusion (Westera, 1992, pp. 85-87). The VOC's *bewinthebbers* undoubtedly appreciated that a consolidated set of accounts would be a most effective aid to management. In this respect van Dam (1701/1927, p. 373) noted that one of the main purposes of balancing the books after a fleet had sailed was to check that the ships had been efficiently loaded and no space left unfilled. More likely, the company's desire to consolidate the domestic and Asian balances was initiated by the impending liquidation of the first capital in 1612 and, later, the termination of the first charter in 1623. Whatever, their rationale, the technology of the time, especially communications and marine architecture, meant that such consolidation was simply not feasible. Even if it could be achieved, the lag between the time when transactions occurred and the date of such a balance would render the latter quite meaningless.

Prior to 1609, the company's balances were not periodic, as de Korte claimed. Rather, they were initiated by a particular event: the sailing of a VOC fleet. Consequently, these balances were not annual. In the period between 1602 and 1608, Amsterdam balanced its general ledger (NL-HaNa, VOC, 1.04.02, file 7169) four times, in 1604, 1605, 1606, and 1608, as did the other chambers. Furthermore, in 1608 the VOC initiated plans to standardise its bookkeeping practices. As a result, each chamber had to produce two balance accounts for audit. One for the Company of 14 Ships (the company that preceded the VOC) and another for the VOC's own operations (NL-HaNa, VOC, 1.04.02, file 100, folios 15-20). A purpose of this initiative was to reassure the Heren Zeventhien that each chamber kept proper accounting records in compliance

with company policy. Accordingly, the audit report had to be based on an examination of the chamber's accounting records and related documents.[226] Another major reason for standardising the bookkeeping and auditing the results was likely to have been founded in an attempt to minimise disputes that arose from the current accounts each chamber kept in respect of its colleagues.

The resultant audit reports were incorporated in the *Heren Zeventhien's* resolutions book (NL-HaNa, VOC, 1.04.02, file 100, folios 15-20) but the transcript of these documents contains a significant error. It records three reports for Enkhuizen and none for Rotterdam (NL-HaNa, VOC, 1.04.02, file 100, folio 19). The most probable reason for this apparent omission might be that the clerk responsible confused the chambers' names and inscribed Rotterdam's report under Enkhuizen's name. The audit reports made no comment regarding Amsterdam and Zeeland's accounts but the smaller chambers' bookkeeping was more problematical. As noted above, each chamber should have presented two separate balance statements for audit but Hoorn's audit report indicates that it only provided a consolidated balance. Furthermore, one of the three 'Enkhuizen' reports was qualified by a note to the effect that the supporting documentation was in such a confused state that an audit could not be completed. More damning still, Delft's audit report noted that it failed to produce a journal, ledger, or any supporting documentation.[227]

No further comment concerning the missing bookkeeping records and documentation appears in the company's records, which suggests that the audit was considered a mere formality. It also indicates that smaller chambers might have considered the formal journal and ledger to be relatively unimportant records that were only compiled, possible from a loose-leaf source, when convenient. Nevertheless, van

---

[226] "*Of sien mete gedeputeerden van d'eene Camere d' ander sal seynden omme visite te nemen op de boecken, documentien, ordre inden ontfanghe ende wtgift meten aencleven vandien. Op dat aller op eenparige voet en goede order in toe commende tot e__ ende gerustheyt vande Comp. sal mogen werden verandwoort*" (NL-HaNa, VOC, 1.04.02, file 99, folio 179, #13).

[227] "*Sonder journael oft grootboeck oft eenige andere documentien verthoont te hebben*."

Dam noted (1701/1927, pp. 338, 349) that such audits continued until at least 1614. The reason he gave for the audit of the company's annual balance statement was that it was a States-General's condition in return for the annual subsidy the company claimed from the state as compensation to defray the costs of the war against Spain.[228] After the state's subsidy ceased in 1614,[229] van Dam reported that the company's annual balance statements, together with the related records and documentation, were not audited until 1658, when the chambers' accounts were examined to verify their completeness, accuracy, and compliance with company policy. Subsidiary objectives of this audit were to also determine whether recorded transactions had been properly authorised, and whether the body of the accounts incorporated sufficient information to allow each recorded transaction to be readily understood (van Dam, 1701/1927, pp. 337-342).

Notwithstanding the confusion surrounding the VOC's balance statements, it is clear that after 1617 the company closed its account books annually on the 31st of March. In June the chambers' bookkeepers, together with a *bewinthebber* from each chamber, assembled in Amsterdam or Middelburg[230] to examine the chambers' journals and ledgers, settle accounts between chambers according to the provisions of the charter, and close the accounts and compile the annual financial statement of the company's progress over the financial period. As these statements contained highly sensitive information, the chambers, and the company as a whole, were determined to keep as much of this data confidential as was possible (NL-HaNa, VOC, 1.04.02, file

[228] In 1611 the state provided the company with arms worth twenty thousand *guilders* (*f.*20,000) and one hundred thousand *guilders* (*f.*100,000) in cash to be clawed back from import duties.

[229] Van Dam's information in this respect is confusing because state subsidies continued to be paid to the VOC for many years after 1614. Dissatisfied with the subsidy being paid in 1614, the *bewinthebbers* gave the state the ultimatum of either accepting full liability for military action against Spain or providing the company with eight or ten large warships and between one thousand five hundred (1,500) and one thousand six hundred (1,600) soldiers. The States-General opted for the latter. However, it also increased the annual subsidy to two hundred thousand *guilders* (*f.*200,000) and, in 1616/1617, increased this to three hundred thousand *guilders* (*f.*300,0000). In total, the state subsidies granted to the company between 1609 and 1617 amounted to one million, seven hundred and forty thousand *guilders* (*f.*1,740,000). State subsidies finally ceased in 1621.

[230] The locality depended on where the *Heren Zeventhien* was currently sitting.

100, folio 36, # 4).[231]. Consequently, those privy to their content were sworn to secrecy (Gaastra, 1991, p. 25). Moreover, the VOC never contemplated providing its investors with any part of this information. There was no connection whatsoever between the VOC's annual balance and the distributions made to its participants nor was the objective behind the balances to measure and report changes in wealth to the company's participants (de Heer, 1929, p. 56; de Korte, 1983, p. 6; Camfferman, 2000, p. 76).[232] The precise calculation of net profit as the basis for calculating the rate of return on invested capital, as suggested by social theories of the development of capital, was completely absent. Indeed, the VOC's participants regarded the company's interim distributions of capital as a form of annuity.[233] Rather than seeking to maximise their returns by scientific calculation, the VOC's investors compared their returns from the company to what was offered by similar investments elsewhere. They were satisfied if the company's distributions were reasonably regular, and comfortably exceeded the returns earned by other investment opportunities (van Brakel, 1908, pp. 127-128). As noted above, the main purpose of the VOC's bookkeeping was to act as a control over the company's domestic income and expenditure in the manner of a venture account.[234] The company was not concerned with progress measured over a short period of time, such as a financial year. Rather, its primary concern was the degree of progress or regression that the company's bookkeeping evidenced since its inception. The accumulated difference between the two sides of a VOC balance statement represent the state of the company's capital. The difference between the capital figure derived from

---

[231] "*Is geresolveert dat alle resolutie sullen werden secreet gehounden van gelycken den generalen state vande Comp. soo voor reeckeninge vande 14 schepen als de 10 jarige reeckeninge die in dese vergaderinge aende 17^e^ is gesloten van welcke aende gedeputeerde vande respective cameren vanden Generaelen en particulieren state sal werden gegeven copyien die in t'huys gecomen synen*" (NL-HaNa, VOC, 1.04.02, file 100, folio 36, # 4).

[232] This was not unique to the VOC. In practice, annual financial statements were not a feature of 17th century company financial administration (Camfferman, 2000, p. 76).

[233] In 1637 the company resolved to henceforth distribute twelve and a half percent ($12^1/_2$%) *per annum*, provided conditions were favourable (de Heer, 1929, p. 20).

[234] The VOC's practice of accumulating costs and revenues for the whole period of the company's existence was entirely consistent with the principles of venture accounting.

the previous balance and that of the current balance represented the extent to which the capital had progressed[235] or regressed,[236] which was considered synonymous with the profit or loss over the company's entire life. Clearly, an interim profit determination of this sort is quite different to the modern accounting concept of net profit. The VOC's 'profit' was little more than a crude estimate, especially as all costs were not included in the domestic financial records. The logical conclusion drawn from this is that the VOC's financial records and reports were ever only intended for internal use. The *bewinthebbers* never contemplated making this information available to its members or the general public.

General participants' accounting

The VOC was legally bound to provide its participants with a general accounting in 1612 and gain in 1622 (NL-HaNa, VOC, 1.04.02, file 1, Article VII). However, it never honoured this obligation because it managed to persuade the States-General to authorise the indefinite continuation of the company's capital. In other words, it was transformed from a temporary to a permanent capital association in the first decade of its existence. The reason for the company seeking authority to extend the capital for a further ten years was to avoid having to present the general participants with a general accounting and thereby reveal the extent to which the company had illegally invested its income in Asia. A question of illegality arose because Article XVII of the 1602 charter expressly required that the company return any sales revenue in excess of five percent of the value of the imported goods to the participants. Consequently, to apply these 'surplus' funds to building up assets in Asia, which were not reported in detail by that office, created a secret reserve for which those involved were not properly accountable.

[235] "*Ten voren*".
[236] "*Ten achteren*".

The company first decided to request permission to combine the first and second ten-year accounting periods in August 1606 (NL-HaNa, VOC, 1.04.02, file 99, folios 205, 206). This petition was unsuccessful but, on the 10th of November 1611, the company again resolved to seek such authority. This time the company's petition was successful. On the 13th of March 1612, the States-General granted the necessary authority to allow the company to combine the first and second ten-year terms specified by Article VII of the 1602 charter (NL-HaNa, VOC, 1.04.02, file 100, folio 161; van Dam, 1701/1927, p. 45). Although this concession appeared to involve no more than simple extension of time, its consequences for the company's participants were significant.

The charter's extension in 1622 (*Continuatie van her Octroy*, copy attached as Appendix II) and the subsequent (1623) amendment (*Ampliatie vant octroy*, copy of original attached as Appendix III) not only allowed the *bewinthebbers* to avoid their obligation to provide participants with a general financial accounting after ten years,[237] it also converted the VOC from a terminating joint venture into a modern corporation with a permanent capital (Westera, 1992, p. 80). Notwithstanding that the decision in 1612 to prolong the first capital denied the participants the opportunity to hold the *bewinthebbers* to account, they failed to take any concerted action to enforce their rights. The participants' apathy in this respect was due in part to the fact that the abandonment of the 1612 liquidation and the required consequent accounting was unexpected. Furthermore, participants' were placated by interim distributions amounting to two hundred and twenty percent (220%) granted by the company between April 1610 and December 1612 (van Dam, 1701/1927, pp. 433-434).[238] Those

[237] This concession was motivated on the grounds that a general accounting and liquidation of the first capital in 1612 would be detrimental to the participants in the company's first capital and benefit the participants of the subsequent capital (Westera, 1992, p. 78).

[238] Participants' concern was largely focussed on the extensive capital investment in Asia, perceived as an unfair cost for investors in the VOC's first capital that was to be liquidated in 1612 (Laspeyres, 1863, p. 68).

participants who still felt aggrieved at the lack of a general accounting were free to sell their capital rights on the open market and liquidate their capital in this manner.

The experience of 1612 was repeated in December 1622 when the States-General agreed to extend the first charter's life for a further twenty-one years, commencing on the 1st of January 1623. Once this became common knowledge, the participants believed that the company would again renege on its obligation to produce a general accounting, and deny investors the option to withdraw their invested capital. Consequently, a group of disgruntled participants[239] forcefully expressed their concerns about the defective nature of the VOC's management,[240] which they believed accorded with neither reason nor commercial practice. The root of this deficiency, they asserted, was the lack of an acceptable financial accounting made by the company's *bewinthebbers* to its general participants.[241] At the core of the participants' protest were a series of public pamphlets, the most important of which were two related publications known as the *Nootwendich discours* (1622), copy of which is included as Appendix IV, and the *Tweede Noot-*

[239] *Nootwendich discours* used the terms '*dolerende*' and '*doleanten*' to describe the collective body of disgruntled participants (1622, A2 recto, D1 verso). 'Dolerende' was a very disparaging term that literally meant those of little honour. The *Nootwendich discours* argued that the number of disgruntled participants far exceeded those who were satisfied with the *bewinthebbers*' performance (1622, D1 recto).

[240] "The bewinthebbers' poor and careless administration conformed to neither reason or the common practice of merchants" ("*De quade ende onvoorsichtige Regieringe der Bewinthebbers die noch naar verstant noch na stijl van kooplieden die behouden willen blijven*") (*Nootwendich discours*, 1622, A4 recto).

[241] "And to demand from the same a proper accounting in the manner of a steward" ("*en van de selve deuchdelicke Rekeninge in forma debita te eyschen*.") (*Nootwendich discours*, 1622, A4 recto). The phrase '*in forma debito*' indicates that the style of account required was that commonly utilised for debts and dues.

wendiger discours (1623).[242] The first of these is considered the more important document of the dissenting participants' grievances, which appeared under a number of different titles (van Rees, 1868, pp. 149,154). Unlike the first pamphlet, the second was not formally dated but rather ironically carried a note that it was written "In the twenty-first year of no accounting".[243] The first pamphlet, published shortly before the charter was extended, set out the participants' principal grievances. The second, published shortly after the States-General had granted the extension, was a lengthier, less coherent exposition that largely repeated the matters presented in the first document but also detailed the changes the participants desired (van Rees, 1868, p.158).[244] The participants' specific concerns are outlined in the following section.

Initial anxiety over the *bewinthebbers* plans was exacerbated by the disclosure that the States-General were contemplating a request to extend the charter for fifty years.[245] Participants were particularly alarmed that the *bewinthebbers*, who had failed

---

[242] These titles translate as; *Necessary discussion*, and *Second necessary discussion*. The first was published under the pseudonym *Ymant van Waar-mond*, literally Someone Credible, while the second appeared under the name *Ymant Adams* or Someone Adams. The author of both is believed to have been Simon van Middelgeest, a prominent Antwerp diamond dealer, merchant, and lawyer, who is thought to have been assisted by Willem Usselincx, a resident of Amsterdam who was born in Antwerp. Both men were participants in the VOC's Amsterdam chamber. Middelgeest subscribed for nine hundred *guilders* (*f.*900), while Usselincx subscribed for one thousand, two hundred *guilders* (*f.*1,200). It is quite likely that the value of these investments would have changed in the intervening period (van Rees, 1868, pp. 149, 159; van Dillen, 1958, pp. 139, 234; de Jongh, 2009, p. 19).

[243] As this pamphlet does not carry a specific date, de Jongh (2009, p. 47) deduced that the *Tweede Noot-wendiger discours* was published before the 1623 charter was enacted in December 1622. However, its title page noted that it had appeared in the "twenty-first year in which no accounting had been made to the VOC's participants" (*In 't Jaar Een-en-Twintich, der Onghedane Rekeninge*), which indicates that it probably dates to 1623.

[244] The author of the *Tweede Noot-wendiger Discours* explained (1623, I3 recto) that the second attempt contained many examples to better illustrate the case being made ("*Daar toe ick eenighe exempelen verhalen moet om sulcke te voldoen welcke meenden dat in't eertste Discours alte generaal geschreven was*").

[245] But, in addition, after the *bewinthebbers* succeeded in obtaining authority for the continuation of the first ten-years' accounting, and after the expiry of the first twenty year charter, the *bewinthebbers* sought a charter for fifty years" ("*Maar alsoo Bewinthebbers prolongatie van de eerste tien Jarighe Rekeninge hebben ghenomen ende na het expireren van dit lopended twintich jarich Octroy noch prolongatie van fiyftich jaren versochten"*) (*Nootwendich Discours*, 1622, A3 verso).

to provide an accounting of their stewardship for the past twenty-one years (*Nootwendich discours*, 1622, A4 verso), as was commonly required of all agents and prescribed by the company's charter, would now have the opportunity to act with impunity for another half-century. Fuelling participants' concern in this regard was that Amsterdam's *bewinthebbers* refused to respond to participants' written requests for financial information about the state of the company's affairs (van Rees, 1868, pp. 147-148). Accordingly, these two pamphlets set out to demonstrate that not only were the *bewinthebbers* guilty of maladministration in their stewardship of the VOC's operations and finances but that they had conducted themselves unethically, and in some cases, fraudulently (*Nootwendich discours*, 1622; van Rees, 1868, pp. 149-154; de Jongh, 2009, pp. 18-31).

More specifically, the disgruntled participants expressed extreme disquiet about the unduly high level of investment in Asia (*Nootwendich discours*, 1622, B1 verso),[246] believing this to not only be a waste of resources but highly risky, given the imminent conclusion of the twelve-year truce with Spain.[247] Furthermore, the participants alleged that by investing in Asia the company was in breach of its legal obligation to return revenues in excess of five percent to the investors (*Nootwendich discours*, 1622, C1 recto, C2 verso; NL-HaNa, VOC, 1.04.02, file 1, Article XVII).[248] Equally disquieting was the *bewinthebbers*' unilateral decision (1621) to invest one million *guilders* of the VOC's funds in the proposed West-Indian Company (*Nootwendich discours*, 1622, D2 recto, D3 verso). Participants resented *bewinthebbers* acting in such an arbitrary manner, and feared that this company would face even greater opposition from the Spanish than did the VOC in Asia. For this reason, they believed, the West Indian

[246] "*En om tegen 't uytgaan van't Octroysoo grooten Capitaal in Oost-Indien te hebben.*" (*Nootwendich discours*, 1622, B1 verso)

[247] The Treaty of Antwerp, signed in 1609, which allowed The Netherlands the right to trade freely in Indian waters.

[248] "*Alsser van de retouren vyff ten hondert in casse sal wesen, salmen aen die participanten vutdeelinge doen.*" (NL-HaNa, VOC, 1.04.02, file 1, Article XVII).

Company was likely to be an expensive and highly unprofitable exercise that would not benefit the VOC's participants but was likely to advantage those VOC *bewinthebbers* who, through the VOC's investment, would be appointed *bewinthebbers* of the new company.

The participants were also aggrieved at the self-serving attitude that the entrenched position of the VOC's management encouraged,[249] and incensed that relatively small investors in the company's capital had been endowed with an uncontrolled, disproportionate amount of power to deal with the funds of much larger investors as they saw fit. Moreover, given the alleged low level of the *bewinthebbers*' investment in the VOC's capital,[250] the disgruntled participants argued that these men were not motivated by income received as distributions of capital but relied on their commissions, which were a factor of the cost of equipping the VOC fleets and the value of the remittances.[251] As a result they had a strong incentive to ensure that company despatched unnecessarily large and expensive fleets,[252] and ordered excessive quantities of overly expensive goods from Asia without any concern for the profit earned but with the sole objective of inflating their commissions (*Nootwendich discours*, 1622, A4 recto, B1 verso, B1, recto, B4 verso, B4 recto, E3 recto).[253] The effect of this practice

---

[249] "*Sonder twijffel sy hebben daar andere Eygen-baat-soeckende Consideratien ingehadt om haar provisien groot te maken.*" (*Nootwendich discours*, 1622, B1 recto).

[250] "*Dat der Doleanten Thien bewijsen sullen meer in de Compagnie te participeren als al de Sestich Bewinthebbers samen daar moeten hebben.*" (*Nootwendich discours*, 1622, D1 verso).

[251] "*Sullen voorts genieten voor provisie van vutreyse een ten hondert, ende oock soo veel vande retouren*" (NL-HaNa, VOC, 1.04.02, file 1, Article XXIX).

[252] Fifty-three ships were despatched in 1619 and a further twenty-five in 1621. The latter cost eighty thousand *guilders* (*Nootwendich discours*, 1622, B1 verso).

[253] "*Want mochtmen de Boecken doorsien men soude bevinden dat eenige Bewinthebbers daar soo weynich Capitals in gehadt ofte noch hebben dat haar meer ghelgen is aan de Provisie als aan de Profyten.*" (*Nootwendich discours*, 1622, B1 verso). In 1623 new rules required that the bewinthebbers' commission be calculated on the basis of net remittances, which proved difficult to do. As a result, bewinthebbers were paid a salary after 1647. At the same time, it was resolved that the company's officials would no longer be paid by the bewinthebbers, as was the case in the past, but would henceforth receive salaries from the company (van Brakel, 1908, p. 142).

not only increased the amount the VOC paid in commissions, it also caused excess demand in Asia and inflated the cost price of imported goods.[254] Furthermore, to inflate individual *bewinthebbers*' share of the commissions still more, chambers deliberately did not fill vacant *bewinthebber* posts, which aggravated the already low standards of VOC management.

Bewinthebbers were accused of profiting from their office by supplying goods to the company at prices unrelated to market value, and that they allowed themselves to purchase the company's wares at very favourable terms. Furthermore, it was alleged that *bewinthebbers* involved in these dealings caused the company's own sales of imported goods to be delayed until such time as the *bewinthebbers*' stocks had been sold at the high prices determined by an undersupplied market (*Nootwendich discours*, 1622, B4 verso, C2 verso). Most damning of all was the accusation that, not only had the *bewinthebbers* failed to heed the company's social objectives, they had cynically used their knowledge of the company's affairs, such as the nature and quantity of the imports expected from Asia, when these goods would be released to the market, the strength of sales, and the timing and size of capital distributions,[255] to profitably speculate in VOC capital holdings at the general participants' expense, particularly those who depended on income from their capital holdings, such as widows, orphans, the aged, and charities (*Nootwendich discours*, 1622, C2 verso).[256] These investors were

[254] The disgruntled participants alleged that imports exceeded the amount of goods that could be sold in a reasonable time by a factor of three: "*Driemael meer te brengen d'ander van doen is ende men vertieren ka*n". *Nootwendich discours* (1622, A4 recto).

[255] A distribution of thirty-even and a half percent, distributed in 1620, together with the news in 1619 that the VOC had concluded a treaty with the English to share the spice monopoly (Irwin, 1991, p. 1300), caused the value of VOC capital holding to rise from one hundred and sixty-six percent to two hundred and fifty percent. After, in the years when no distributions were made, the values returned to their former level (van Rees, 1868, p. 147).

[256] "*Een punt gestelt tot over-grooten dienst end gherieff van Weduwen en Wesen als oock veroude Personen, die op het Inkomsten leven moeten … Maar men socht de Particioanten maar verdrietich te maken om dat sy deur misnoegen van geen uytdeelinghe te bekomen hare Actien tot kleenen prijse souden verkopen. Dit was het wit van dese Huyrlingen diese van inkochten en deur daar naar soo grote uytdeelingen te doen weder tot haar voordeel opjaachden.*" (*Nootwendich discours*, 1622, C2 verso).

forced to sell their holdings when the anticipated distributions failed to materialise. Inevitably, this would be just at the point when the market value for VOC capital holdings were at their lowest. Safe in the knowledge that a distribution was imminent, the *bewinthebbers* were able to purchase these depressed holdings and resell at a handsome profit once the distribution was public knowledge and the market price had risen accordingly.[257]

THE *BEWINTHEBBERS*' RESPONSE TO THE PARTICIPANTS' PROTESTATIONS

The *bewinthebbers*' autocratic character was starkly apparent in their response to the dissenting participants' allegations. They dismissed the protestors as blatant trespassers who had the temerity to demand an accounting from their betters. Moreover, the *bewinthebbers* threatened that should the participants persist in their protests they would receive no distributions for seven years.[258] In a statement that spoke volumes about their ethical standards, the *bewinthebbers* rejected the charge that they treated the company as their private market place by arguing that, as the VOC's charter did not expressly forbid their actions, they were not guilty of any offence and were entitled to act in the way they did (*Nootwendich discours*, 1622, B3 recto).[259]

A formal, public rebuttal of the participants' charges against the *bewinthebbers* was included in a summary of the participants' claims and *bewinthebbers'* counter-

---

[257] A distribution of thirty-seven and a half percent ($37^1/_2$%) in 1620, together with news of the truce negotiated with the English, pushed the value of VOC capital holdings up from one hundred and sixty five percent (165%) of the original value in 1619 to two hundred and fifty percent (250%) in 1620. When no further distributions were made after that, prices retreated to their 1619 level (van Rees, 1868, p. 147).

[258] "The participants who had to approach the *bewinthebbers* to obtain information concerning the company were regarded as unashamed intruders who had the temerity to question their betters" ("*De participanten, die zich afzonderlijk tot bewinthebbers wendden om daaromtrent inlichting te krijgen, werden als onbeschaamde indringers behandeld, die de stoutheid hadden van hunne heerenen meesters verantwoordingte vragen, of zelfs met de bedreiging afgewzen, dat zij in geen zeven jaren eenige uitdeeling zouden krijgen*") (van Rees, 1868, p. 147).

[259] "Because they now claim that it was not expressly forbidden by the charter" ("*Dat sy nu hier op willen seggen tis haar int Octroy niet verboden*") (*Nootwendich discours*, 1622, B3 recto).

claims published in a 1622 pamphlet entitled *Tegen-vertooch* (copy attached as Appendix V).[260] In essence, this document maintained that the *bewinthebbers* had always acted with honour, possessed the necessary authority for their actions, and performed their duties in the best interests of both the VOC and The Netherlands (van Rees, 1868, pp. 152-154). It explained the lack of a general accounting as a consequence of the war with Spain and argued that it would not have been in the national interest for the *bewinthebbers* to disclose details about a major asset involved in that conflict. Van Rees (1868, p. 154) noted, "The incidental affairs of the company were matters of state" (*De aangelegenheden der Compagnie waren 'materie van staat'*) and for this reason the States-General afforded the VOC's *bewinthebbers* special protection ("*speciale sauvegarde ende protectie*").[261] The *bewinthebbers* assured the public that they would not oppose the dissemination of such details at the end of the charter's life. The allegation that the *bewinthebbers* had unjustly enriched themselves by assembling unnecessary large fleets of sumptuous ships was justified on the grounds that the English intrusion into the Asian market warranted a strong show of force as a deterrent to those who might wish to usurp The Netherlands' monopoly. As a counter to the charge that they had unreasonably risked the participants' investment by borrowing large sums to finance the Asian fleets and the distributions made to participants, the *bewinthebbers* claimed that they had the appropriate authority to do so. Moreover, they pointed out that the company's financial position was so secure that it had no difficulty attracting depositors at the ruling five and a half percent interest, and its financial state

[260] The full title of this document was *Counter-remonstration by lovers of the truth and the Fatherland who are participants of the East-India Company, to the States-General* (*Tegen-vertooch, bij eenighe Lief-hebbers vande waerheyt ende haer Vaderlandt ende mede Participanten vande Oost-Indische Compagnie aende Staten Generael*).

[261] The authors of the *Tweede Noot-wendiger Discours* used this rationale to argue for the complete separation of the East-Indian commerce and matters of state (van Rees, 1868, p. 161).

was that it could repay the principal debt many times over.[262] The *Tegen-vertooch* also observed that the participants' failure to profit from their investments was not the fault of the *bewinthebbers* but directly attributable to the public's intense desire to speculate in an unregulated market. Finally, they blamed the burgeoning stocks of Asian product accumulating in the company's warehouses, and a corresponding decline in the value of VOC capital holdings, on a depressed European demand for pepper and spices caused by the war in Germany.[263]

More importantly, the Counter-remonstration *(Tegen-vertooch*), prepared by the *bewinthebbers* themselves or their close supporters, denied that the allegation made against them had any substance in fact, and admonished the States-General for supporting the cause of the disgruntled participants rather than to the *bewinthebbers*, who were their allies. Accordingly, the pamphlet urged the States-General to recognise that its duty lay in defending the *bewinthebbers*' actions and demanded that the States-General protect the *bewinthebbers*, who were only doing their duty, from the participants' scurrilous charges. This appeal had an immediate effect. On the 22 of June 1622, the States-General issued a proclamation declaring the *Nootwendich discours* a libellous document, and its sale, publication, or the reading thereof a punishable offence. To reinforce this initiative, a bounty of four hundred *guilders* was offered to anyone who could identify the perpetrator. As a result, the state effectively conferred a special status on the VOC's *bewinthebbers* that completely altered the relationship between the parties concerned.

Despite the *bewinthebbers*' powerful position, public opinion opposing their actions was so strong that the States-General could ill-afford to entirely ignore their

---

[262] Interest rates in Holland exhibited a steady, slightly downward trend for much of the 17th century. Rates dropped from six and a quarter percent ($6^1/_4$%) in 1618 to five percent (5%) in 1641. In 1643 interest rates stood at four and a half percent ($4^1/_2$%), in 1655 they dropped to four percent (4%), in 1660 to three and a half percent ($3^1/_2$%), and in 1666 they rose to four percent (4%). In 1674 they had returned to six percent (6%) but again fell to five percent (5%) in 1679 (de Korte, 1983, pp. 64-65).

[263] The thirty-years war (1618-1648) between Europe's Bourbon and Hapsburg rulers.

protestations. Disgruntled investors, who collectively held two and a half million *guilders* in VOC capital rights, addressed their concerns to the States-General. Once again their action was to no avail, largely because the States of Holland had instructed its deputies in that forum to oppose the participants' protestations.[264] Although the States-General did reassure participants that their grievances would be addressed in the new (1623) charter, when it finally became apparent that the States-General sided with the *bewinthebbers* and that the first charter could be extended for a further fifty years, the disgruntled participants still believed that the charter's standing as a binding legal document could be relied upon. Consequently, they expected to be able to demand that the courts instruct the *bewinthebbers* to provide a general accounting at the end of the charter's life in 1623, and a liquidation of the company's first capital. To the protestors' chagrin, the States of Holland anticipated this eventuality and took the initiative by forbidding the courts of Holland to acknowledge or deal with any matter relating to such claims (van Rees, 1868, pp. 154-155).[265] As a result, the dissenting participants were denied all legal avenues of redress and had no option but to negotiate a settlement with the *bewinthebbers*.

THE INFLUENCE OF THE 1623 CHARTER ON THE GENERAL ACCOUNTING

The States-General realised that the participants' complaints could not be dismissed out of hand without the risk of upsetting the fragile political accord that constituted The Netherlands Republic. With this consideration in mind, the States-General reassured participants that their grievances would be addressed in the new (1623) charter. In an attempt to draft a new charter, delegations representing the States-

[264] Zeeland's deputies to the States-General, who had recently acquired VOC capital rights, decided to secretly block the establishment of a West-Indian Company (van Rees, 1868, p. 148).

[265] States of Holland resolutions dated the 22nd of December 1622 and the 10th of March 1623 (van Rees, 1868, p. 155).

General, the *bewinthebbers* and the participants[266] met in The Hague at the end of 1622 (de Jongh, 2009, p. 47). When they failed to reach consensus in December 1622, resolution became critical. Without a charter the VOC had no legal standing. Accordingly, the States-General unilaterally rolled over the 1602 charter, albeit with the addition of some changes to address the participants' main grievances, and an article that allowed it to be amended from time to time as the States-General saw fit (van Dam, 1701/1927, p. 45; van Rees, 1868, pp. 162-163).

One of the main concessions made to the disgruntled participants was the inclusion of a clause that confirmed that the *bewinthebbers* had to provide participants with a general accounting for the first twenty-one years of the company's existence by the end of June 1623. Thereafter, an audited, general accounting was required every ten years.[267] More importantly, the general accounting was to be audited by a group of auditors selected from the ranks of the principal participants and assisted by two deputies nominated by the States-General. Notably, the audit had to be performed in the manner commonly used by merchants,[268] and the findings available to all interested participants (van Rees, 1868, p. 163). The significance of the provision was that it required that the audit conformed to the process customarily used by merchants, and for that reason, that it had to verify the general accounting against supporting account books and documents.

---

[266] Amongst whom was Simon Middelgeest, reputed to be one of the authors of the *Nootwendich discours* (van Rees, 1868, p. 164).

[267] This provision demonstrates that a notion of the East-India Company as a terminating venture still lingered. The West-Indian Company's charter was the first to specify a regular accounting to investors. It stipulated such an accounting every six years (van Brakel, 1908, pp. 145-146). The custom previously was to require a general accounting only on liquidation. In the VOC's 1647 charter, a general accounting was required every four years (Bruijn *et al*, 1987, p. 17).

[268] "*De bewinthebbers zouden binnen zes maanden na afloop van het eerste octrooi aan hoofd participanten, door de participanten gekozen, algemeene rekening en verantwoording moeten doen, 'naar stijle ende in behoorlijcke forme, als onder Koopluyden gebruyckelijck is te geschieden,' ten overstaan van gedeputeerden de Staten-Generaal, met open deuren an venstere, zodat alle participanten er bij tegenwoordig konden zijn*" (1623 charter, Article I, in van Rees, 1868, p. 163).

The 1623 charter also addressed participants' concerns about the *bewinthebbers* appointment for life. It drastically altered the *bewinthebbers*' term of office from life to three years, commencing 1626, when one third of their number was rostered to retire. Their replacements were appointed by the relevant States-provincial or city governments, chosen from a list of three nominees compiled by the sitting *bewinthebbers* and principal participants. To ensure that retirement did, indeed, initiate change in the VOC's management, the charter stipulated that retirees could not be reappointed within three years (van Rees, 1868, p. 163).

At the same time, in order to give the general participants a greater say in the company's affairs and allow them to oversee the *bewinthebbers*' actions, the 1623 charter legislated for the appointment of a second board of management.[269] This board comprised participants who had invested at least as much in the company's capital as required by the charter for eligibility to serve as a *bewinthebber*.[270] Known as principal participants,[271] these men were nominated by the general members the chamber where they had invested their capital. The number of principal participants appointed by each chamber was to have been equivalent to the number of *bewinthebbers* allocated to it but things were much more democratic in Zeeland where the States of Zeeland approved a proposal on the 6th of June 1624 that allowed this chamber to appoint double the number of principal participants. As was the case with *bewinthebbers*, one third of the principal participants had to retire every three years at the same time as the *bewinthebbers* (van Dam, pp. 295-301; van Brakel, 1908, p. 147; Gaastra, 1989, p. 29). The basis of calculating the *bewinthebbers*' commission was changed from one percent on both the cost of equipage and remittances to one percent of the outfitting cost and net remittances

[269] This control was quickly rendered ineffective because principal participants were corrupted by their aspiration to become *bewinthebbers* (van Brakel, 1908, pp. 133-134).

[270] In Amsterdam and Zeeland this sum was fixed at six thousand *guilders* (*f*.6,000). In the smaller chambers three thousand *guilders* (*f*.3,000) was required (van Dam, 1701/1927, p. 303).

[271] *Hoofdpartcipanten*.

for the period, which did not address the problem that it gave the *bewinthebbers* an incentive to manipulate the financial results.[272] The 1623 charter also prohibited *bewinthebbers* from dealing directly with the company without first obtaining express permission for every such transaction from the relevant States provincial or city and stipulated that *bewinthebbers* who dealt with the company were not to receive special treatment not available to the ordinary public (van Rees, 1868, p. 163).

Principal participants served on one of three committees. From the perspective of this thesis, the most important of these was the audit committee,[273] comprised of nine members, who were designated as the company's auditors.[274] Four members represented Amsterdam, two were appointed from amongst the Zeeland participants, while candidates from the four smaller chambers filled the remaining three positions.[275] The audit committee was authorised to inspect the general accounting made to participants every ten years (van Dam, 1701/1927, pp. 285-286; van Rees, 1868, pp. 163-164; van Brakel, 1908, p. 146; Bruijn *et al*, 1987, p. 16). The establishment of the VOC's audit committee was a highly significant development in corporate history because it represents the first incidence of the creation of a formal body specifically intended to protect the rights of company members.

Notwithstanding these changes, the 1623 charter extension did not appease dissenting participants. They intensified their protest by sending a delegation to The

---

[272] In 1647 the *bewinthebbers*' commission was made a fixed amount. Amsterdam *bewinthebbers* were entitled to three thousand, one hundred *guilders* (*f*.3,100), those from Zeeland got two thousand, six hundred *guilders* (*f*.2,600), while *bewinthebbers* from the other chambers received one thousand, two hundred *guilders* (*f*.1,200) *per annum*.

[273] This was the *Rekeningscommissie*. One of the other committees, members of which were based in each of the chambers, had the task of nominating candidates for vacant *bewinthebber* positions. The third committee comprised nine principal participants who were entitled to attend the meetings of the *Heren Zeventhien* and make recommendations to that body (Gaastra, 1989, pp. 26-27).

[274] *Rekenopnemers*.

[275] The nine men appointed to audit Amsterdam's accounts were: Jan Duyts, Volckert Nanninck, Daniel Godin, Jan Vernat, Jan Hochepied, Jorge Timmerman, Pirrer le Boucq, Pieter de Slachmulder, Boudewijn A. van der Goes, and Aert Ghijsels (van Rees, 1868, p. 166).

Hague to complain to the States-General that the *bewinthebbers* would still be able to control their property without their consent and demanded certain improvements to the 1623 charter.[276] As a result, the *Detailed interpretation of the continuation of the East-Indian charters*[277] was passed by the States-General on the 13th of March 1623 (NL-HaNa, VOC, 1.04.02, file 3; van Rees, 1868, pp. 164-165). This document reemphasised that a general accounting, which was to be open to all participants, had to be provided at a publically advertised time and place. In addition, the audit committee was authorised to examine the annual equipage statements. However, unlike the case with the ten-yearly general accounting, the results of the latter audit could only be made available to the *bewinthebbers*.[278] Furthermore, the 1623 amendments stipulated that henceforth, if the company's financial position allowed, an annual distribution, in kind or cash, must be made to all participants.[279] More importantly, it added a significant element to the participants' ability to call the *bewinthebbers* to account by stipulating that, rather than an oral presentation of their stewardship, the *bewinthebbers* had to provide a written financial accounting that was to be audited in the style and form customarily employed by merchants (NL-HaNa, VOC, 1.04.02, file 3; van Dam, 1701/1927, p. 367).[280]

The March 1623 changes still did not entirely satisfy the dissenting participants. Demonstrating that they had not grasped the perpetual nature of a permanent company's

---

[276] One of the delegates was Simon van Middelgeest, thought to have been instrumental in compiling the *Nootwendich discours* and the *Tweede noot-wendiger discours* (van Rees, 1868, p. 164).

[277] *Naerder Interpretatie van de Continuatie des Oost-Indischen Octroys* (NL-HaNa, VOC, 1.04.02, file 3).

[278] The strict enforcement of confidentiality necessitated that these principal participants swear a similar oath to that taken by *bewinthebbers* (van Dam, 1701/1927, p. 302). Hence they were also described as 'sworn principal participants' (*beëdigde hoofdparticipanten*).

[279] The charter did not expand on the criteria to determine if the company's financial position warranted a distribution.

[280] "*De rekeningen zouden geverifeerd moeten worden 'mette Boecken, Facturen uyt Oost-Indien ende andere documenten daer to nodich*" (NL-HaNa, VOC, 1.04.02, file 3). That is, a verification based on an independent examination of the supporting books of accounts and other pertinent documentation.

capital, they reiterated that they expected that participants would be free to withdraw their capital at the end of a financial period.[281] They also demanded that the nine members of the audit committee not only be able to advise the Heren Zeventhien but that they should have a vote in that body's decisions. Most members of the States-General were inclined to support the latter request but, as Holland's delegation rejected the proposal, it was declined (van Rees, 1868, p. 165).

The following (1647) charter shortened the period between general accountings to every four years but it removed the concession that the audit of the accounting would be made available to participants in an open forum. Henceforth, participants had to acquire financial information from the chamber's *bewinthebbers*, a regression to the pre-VOC *bewinthebber*/participant relationship (van Dam, 1701/1927, p. 367).

THE AUDIT OF THE ACCOUNTS FOR THE FIRST TWENTY-ONE YEARS

As noted above, one of the most innovative changes implemented by the VOC's 1623 charter was the establishment of an audit committee comprising nine principal participants that was charged with two principal functions. First, it was required to conduct an audit of the company's accounting records from 1602 to the end of 1622. Subsequently, it was to close the company's accounts as at the 30th of December 1622 and prepare a general financial accounting of the company's state of affairs at that date. The committee's objective was to reassure the company's general participants that the *bewinthebbers*' stewardship during the twenty-one years had been properly accounted for and to expose any incidents of maladministration, unethical behaviour or fraud on the part of the *bewinthebbers* and company officials. In this respect, a proper accounting did not mean a ready ability to calculate the rate of return, as Bryer (2000a, p. 136)

[281] Nevertheless, in the *Tweede Noot-wendiger Discours* the dissenting participants made it clear that they did not wish to see the VOC liquidated nor did they intend to withdraw their investment, provided the *bewinthebbers* produced a proper accounting (van Rees, 1868, p. 159).

supposed, but a credible means by which the participants could judge the extent to which the *bewinthebbers* had diligently and honestly accounted for their dealings with the company's assets. As the audit committee's work was deemed to be for the participants' benefit, rather than the company, instead of setting these costs against the company's profits they were to be charged directly to the participants' account. More so than any other change imposed on the company at the end of 1622, the work of this committee aroused a significant and bitter conflict between the company's *bewinthebbers* and its participants.

Changes in the 1623 charter that were intended to enhance the participants' ability to hold the *bewinthebbers* to account were vigorously opposed by the *bewinthebbers*, who argued that the States-General's attempt to make their accountability for the period 1602-1622 subject to the terms of the 1623 charter was completely unjustified. More specifically, the root of the problem lay in the mandate that the accounts be audited in the manner of merchants.[282] This meant that instead of the *bewinthebbers*' discharging their accountability in a public hearing, they had to produce written financial accounts.[283] Furthermore, they also had to produce relevant subsidiary records and documentation so that the auditors could use these to verify the *bewinthebbers*' accounting. As this provision effectively shifted control over the administrators' accountability from the *bewinthebbers* to the participants,[284] the former steadfastly refused to submit to the new regime. Instead they insisted that the audit of their accounting for the period 1602 to 1622 be in the format of a public hearing,[285] as

---

[282] "*Dat de rekening naar stijl van kooplieden moest afgelegd*" (*Cort Verhael*, in van Rees, 1868, p. 166).

[283] "*De lesinge der boecken ter publique audentie, omme daer mede reken. te doen, is wel een maniere van Stadts reken. … Maer een ongehoorde maniere onder Cooplieden, dewelcke sulcke stijl van rekeninge en gebruycken, noch admitteren soude in gene Landen daer Coophandel gedreven wort, ofte het houden boecken gepractiseert wort*" (*Cort Verhael*, in van Rees, 1868, p. 166).

[284] "*De rekeningen zouden geverifeerd moeten worden 'metter Boecken, Facturen uyt Oost-Indien ende andere Documenten daer toe nodich*" (*Cort Verhael*, in van Rees, 1868, p. 164).

[285] "*De lecture van de reckeninge*" (van Dam, 1701/1927, pp. 286-287).

had been the practice in the independent companies that preceded the VOC, used for the closing and audit of the company's 1608 accounts, and adopted when the accounts for the Company of 14 Ships was wound up in 1612.[286] Nor were the *bewinthebbers* alone in their opposition to the measures introduced in the 1623 charter. They had the support of both the Amsterdam civic authorities, and the States of Holland, who regarded any change to the status quo as a threat to their ability to profit from the East-Indian traffic.

At first sight, the *bewinthebbers*' demand that their accountability not be subject to terms and conditions they were unaware of at the time of the 1602 charter seems entirely rational, particularly because, although the 1602 charter specified a general accounting every ten years (Article VII), it was silent on how this should be carried out. Nevertheless, the *bewinthebbers*' argument ignores the distinction between the 1608 accounting and audit, which was intended to reassure the VOC's management that the chambers employed common bookkeeping practices prior to consolidating the company's accounting systems,[287] and the 1623 accounting and audit, which was instituted to reassure participants that the *bewinthebbers*' general accounting for the past twenty-one years was credible and that any improbity in their financial accounting had been exposed. The examples of the type of accounting rendered by the predecessor East-Indian companies, cited by the *bewinthebbers* as justification for continuing the practice used by these companies to discharge accountability, was also invalid. This was because the men who administered the predecessor companies were largely also the direct beneficiaries. As such, the investors in the earlier East-Indian companies could

---

[286] *"Sooals dat by de voorgaende Compagniën, alsmede op 't octroy in de reeckeninge der 14 schepen, gedaan was", and "sooals de vier equyppagiën, tot 1608, afgelesen, gepointeert, gesommeert en gesloten waren*" (*Heren Zeventhien*, in van Dam, 1701/1927, p. 288).

[287] *"Opdat alles op eenparigen voet en doede ordre in toecomende tot eene ende gerustheyt vande Comp." (NL-HaNa, VOC, 1.04.02, file 99, folio 179), and "de Rekeningen die nu voortaen zullen opgenomen werden behoirlijck sullen moeten op eenparigen voet te boeck gestelt zyn*" (NL-HaNa, VOC, 1.04.02, file 100, folio 13). The VOC was not successful in this and continued to pursue the ideal of a comprehensive, standardised accounting system. The idea was revisited in 1626, and again in 1648, but a semblance of control over the chambers' account books was not achieved until 1657 (Westera, 1992, pp. 87-88).

exercise adequate control over their colleagues and, therefore, did not have to rely on an independent verification for reassurance that the accounting they were presented with was credible. A similar close association between administrators and investors did not apply to the relationship between the VOC's *bewinthebbers* and the general public who invested in the company. Consequently, reason demanded a different check on the *bewinthebbers*' general accounting to reassure participants that the accounting they were presented with was a complete, honest rendition of the company's financial affairs. In the context of the VOC, such reassurance could only be provided by an independent verification of the *bewinthebbers*' financial assertions with pertinent supporting records and documentation. When seen from this perspective, the method of accounting and audit stipulated as a result of the 1623 charter did not constitute an imposition of additional, more onerous conditions, as the *bewinthebbers* claimed, but was nothing more than a reasonable interpretation of the intent of the 1602 charter. Furthermore, if the examination of the *bewinthebbers*' accounting was to be effective, it had to include the financial administration of the entire organisation and not be restricted to just The Netherlands' part of the company's accounting

The participants rejected the *bewinthebbers*' preference for an oral presentation and examination of their accounting (*Cort Verhael*, in van Rees, 1868, p. 166) on the grounds that this type of audit was only appropriate for public officials charged with dike construction and maintenance,[288] where expenses had to be accounted for but not revenues. A public hearing was not, however, an acceptable means of discharging accountability for commercial operations that resulted in a more complex relationship.[289] Notwithstanding these critical differences of principle, both parties

[288] *Dijcksagien*.

[289] "*De lesinge der boecken ter publijcque audentie, omme daer mede reken. te doen, is wel een mannier van Stadts reken. van Dijckagien ofte diergelijcke, daer maer uytgifte is ende ghene verhandelinge van ware, incoop ofte vercoop van coopmanschappen etc. Maer een ongehoorde maniere onder Cooplieden, dewelcke sulcke stijl van rekeninge niet en gebruycken, noch admitteren soude in gene landen daer Coophandel gedreven wert, ofte het houden van boecken gepractiseert wort*" (*Cort Verhael*, in van Rees, 1868, p. 166).

remained obdurate in their understanding of how the 1602-1623 accounting and audit should be conducted. The dispute resulted in a bitter conflict between *bewinthebbers* and principal participants that endured until the matter was finally laid to rest in 1628 (van Dam, 1701/1927, pp. 290-291). The tension between *bewinthebbers* and participants after 1623 warrants further examination, not least of all because the VOC's audit committee represented the first attempt to establish an internal structure to protect company investors from the excesses that an unrestricted management is capable of perpetrating.

When the auditors commenced work in Amsterdam in the summer of 1623, a dispute immediately arose between the Amsterdam *bewinthebbers* and the auditors who wanted to be assured that all expenditure recorded in the account books was, indeed, a legitimate charge against the company and that all revenue due to the company had been completely and accurately recorded in the company's financial records. The reason for the auditors' concern in this regard stemmed from their recognition that the controls over company assets in Asia were decoupled from the controls in The Netherlands. This duality created a gap in the company's internal control system that administrators could easily exploit to their own advantage. Accordingly, the auditors required to inspect Amsterdam's cashbooks[290] but were repeatedly thwarted in this endeavour by the Amsterdam *bewinthebbers* who acted as the company's Treasurers. The Treasurers maintained that it was sufficient for them to make a statement in respect of their administration to the States-General's deputies seconded to the audit. The auditors, in turn, denied that such a statement created the necessary credibility (van Dam, 1701/1927, p. 286). Moreover, the auditors argued that, as the Treasurers had had seven years warning of the impending audit, their refusal to provide the necessary records and

[290] Each chamber's books of account were separately audited. Principal participants comprising the audit committee were not assigned to audit the accounting of the chamber with which they were associated.

information, indicted that they were complicit in some unethical or dishonest practices (van Rees, 1868, pp. 166-167).

Of particular concern to the auditors was a sum of thirty-five million *guilders* in cash that they alleged had not been properly accounted for, and which the participants demanded should be repaid to the company with interest.[291] Convinced by the auditors' arguments in this regard, the States-General ordered (November 1623) the Amsterdam Treasurers and, where appropriate, the successors to a deceased Treasurer's estate, to produce the cashbooks and other information the auditors required. The *bewinthebbers* countered by claiming that they were not legally obliged to produce the documentation deemed necessary by the auditors but, nevertheless, conceded that they would allow the auditors access to the records they had to hand. However, they refused to answer any of the auditors' questions in respect of the recorded expenditure and revenue (van Dam, 1701/1927, pp. 286-287; van Rees, 1868, p. 167). Accordingly, the States-General advised the auditors that they should use their discretion to find a way around matters that could not be proven with absolute certainty, rather than delay the entire audit process. In response to *bewinthebbers*' claims that, given continuing hostilities with Spain and England, information about the Asian operation was too sensitive to disclose, the States-General ruled that it could see no difficulty with the *bewinthebbers*' complying with the auditor's request, provided the records and documents concerned were subject to a proper inventory and remained under the supervision of the States-General's deputies seconded to the audit.

In response to the auditors' allegations, the *bewinthebbers* strongly denied that any of their number had dealt fraudulently with the company's cash or merchandise, Moreover, they declared that they could not be held liable for events in Asia, especially as the company's officials in Asia had accounted for these matters. However, notwithstanding that the auditors had besmirched their good name, the *bewinthebbers*

[291] Van Dam (1701/1927, pp. 285-286) criticised the auditors for being unreasonably suspicious that the Amsterdam *bewinthebbers* had committed fraud or acted inappropriately.

assured the States-General that they were ready to assist the auditors and present them with all pertinent records and documentation in their possession, provided the auditors were prepared for the accounts to be verbally examined and that no new conditions be placed on them in this respect as a result of the 1623 charter (van Dam, 1701/1927, pp. 286-287).[292] As could be expected, the auditors rejected this qualification, arguing that it was impossible to properly verify the company's accounts under the conditions proposed by the *bewinthebbers*. Accordingly, they reiterated their demand that the *bewinthebbers* allow them unrestricted access to all pertinent financial accounting records and documents.

Further attempts (10th of November 1623 and February 1624) by the States-General to force the Amsterdam chamber to comply effort were equally unsuccessful. When the *bewinthebbers* had still not complied by the 4th of April 1624, the States-General again ordered them to produce the records and documents listed in the auditors' inventory. Once again, this was of little avail. In the face of the auditors' reasoned request, the States-General had no option but to agree.[293] Exasperated by the stalemate, the States-General eventually ordered both parties to appear before it and that the auditors produce a list of the books and records they required, together with the reasons why these materials were necessary. The Amsterdam *bewinthebbers*, supported by the States of Holland, which ensured that its representatives blocked any supporting resolution that would have forced the Amsterdam chamber to comply, remained resolute in their defiance. As a result, the States-General could only request that the records and

[292] "*Met de publique lecture van de reeckeninge*" (van Dam, 1701/1927, p. 286). Notable, too, is that van Dam (1701/1927, p. 285) portrayed the 1623 audit process as an oral presentation, literally an audition: "*hoofdparticipanten kiesen … te horen, op te nemen en te sluyten de particuliere en generale reeckeningen van de twintichjaerige administratie, oock tot de auditie van de reeckeningh komen*".

[293] Although nominally the senior arm of government in the Dutch Republic, the States-General had to seek consensus from the various States Provincial, which were ultimately dependent on the towns' approval. Moreover, the men who controlled the towns where a VOC chamber was located also had a direct influence on the VOC's administration (see chapter four).

documents relevant to the audit[294] be assembled at a central place, where the auditors might freely access them. For its part, the company continued to insist that the audit should be conducted in accordance with the precedent set by earlier audits. Moreover, the *bewinthebbers* accused the auditors of deliberately prolonging the exercise to increase their salaries. The States-General, supported by Zeeland, rejected this latest obfustication by the Amsterdam representatives. Other than to reiterate their demand that the accounts be audited in accordance with mercantile principles[295] they were powerless to do more (van Dam, 1701/1927, pp. 287-289). Not only did the *bewinthebbers* continue to defy the States-General but, on the 24th of June 1624, when the auditors returned to Amsterdam to continue work, they found that much of the material they had been able to acquire had since disappeared. Even notarised demands for the records and documents to be produced were ignored (van Rees, 1868, pp. 167-168).

In another audit-related matter, the auditors reported to the States-General that the accounts prepared by the company were deficient in that they did not incorporate the goods in the company's warehouses or reconcile the details concerning these goods with the various chambers' records. Accordingly, the States-General ordered (July 1624) that a proper accounting of all goods received from Asia, other merchandise, and income and expenditure be prepared and provided to the auditors. Once again, this had no effect. In August 1624 the States-General again instructed the company to compile

[294] These were defined in 1624 as including all invoices, correspondence, and remittance schedules, together with all subsidiary and general account books kept by the Asian offices. In respect of the domestic accounting, it required that the company supply the auditors with all records of wages paid, all cashbooks, all account books relating to capital and capital transfers, the annual equalisation and liquidation statement, the company's annual general balances, all trade books, memorials, journals and ledgers, and any other books or records kept by the company (van Dam, 1701/1927, p. 288).

[295] "*Na stijl van der kooplieden, met exhibitie van bewysen en andere documenten*" (van Dam, 1701/1927, p. 289)

the necessary inventory.[296] The Amsterdam chamber reluctantly agreed to concede this matter, but added the customary rider that their acquiescence was conditional on the States-General's assurance that it did not lead to the imposition of other obligations in respect of the accounting for these goods (van Dam, 1701/1927, pp. 289-289). Despite all efforts to persuade the *bewinthebbers* to accept the reasonableness of the auditors' demands, the deadlock persisted and, with the support of the States of Holland, the company continued to keep its accounts in the same manner as it had previously done (van Dam, 1701/1927, p. 291).[297]

In March 1625 the States-General assumed that the matter had been resolved and that the company would present its accounts in the required manner, and that the company would provide all account books, documents and other evidence the auditors deemed necessary to support the audit of the company's books. To ensure that the audit progressed, the States-General declared that, in the event of any further dispute between *bewinthebbers* and auditors, it would impose a binding resolution on the parties (van Dam, 1701/1927, pp. 291-292). Nevertheless, because the States of Holland had sufficient power to veto any decision by the States-General (see chapter four) that it deemed unacceptable, the impasse persisted (van Rees, 1868, p. 169). On the 18th of September 1625, the auditors again complained that they had been denied access to the accounting records unless they promised to meet the Amsterdam *bewinthebbers*' demand that they complete the entire audit within two or, at the most, three months (van Dam, 1701/1927, p. 292).

Eventually, in August 1627, the *bewinthebbers* got their way. It was agreed that the twenty-one years' accounting and its audit would proceed in the same manner as

[296] The difficulty was that the States-General was in effect controlled by the States of Holland, which was economically the most powerful of the forum's constituents. As, the States of Holland were closely aligned to the Amsterdam *bewinthebbers*, the interests of the latter usually prevailed.

[297] Although the chambers agreed to more stringent controls over remittances, when three ships arrived from Asia in Delft in September 1624, this chamber proceeded to account for the cargo in exactly the same manner as previously (van Dam, 1701/1927, p. 290).

before. As compensation, it was agreed that the auditors would be able to qualify the *bewinthebbers* accounts in whatever manner they saw fit (van Dam, 1701/1927, p. 293).[298] Accordingly, the *bewinthebbers* prepared the balance account that closed the twenty-one year accounts in the same manner as in 1608 (a copy of the 1602-1608 audit report is attached as Appendix VI). It was signed by the *bewinthebbers* and the two deputies appointed by the States-General to oversee the audit. At that point, the States-General ordered the auditors to complete their task. To ensure that the matter was finally concluded, the States-General decreed that two principal participants (Jan Hochepied and Aert Gysels), together with its two deputies would complete the audit if the appointed auditors failed to do so (van Dam, 1701/1927, p. 293). The task was eventually finalised at the end of August 1627, when on hundred and twenty-six clauses relating to unresolved matters were appended to the accounts. Consequently, the liquidation accounts and related reports for the first twenty-one years' accounting was finally tabled after five years in the meeting of the States-General on 14th of October 1628 (van Dam, 1701/1927, p. 294).[299]

The problems surrounding the closing of the twenty-one years' accounting and the subsequent audit of the related accounts were isolated to the period 1608 and 1618 (van Dam, 1701/1927, p. 293). By contrast, the audit of Amsterdam's equipage ledger for the period 1602-1608 (NL-HaNa, VOC, 1.04.02, file 7169) was completed on the 21st of September 1623. The body of this report provides a succinct insight into the audit

---

[298] "*Dat 't voorsch. slot soude werden geformeert ten overstaan van de gemelde heeren Haar Ho. Mo. commissarisen in dier voegen, dat de opnemers met het werck en de publique lecture gehouden souden sijn voort te gaan en te continueeren met het pointeren en confereren der documenten; oock het sommeren van de cas, sooals dat in den jaere 1608 was geschiet en tot den jaere 1618 toe gecontinueert, behoudelijck dat de opnemers onder het te maecken slot van de voorsch. 21-jarige reeckeningh souden vermogen te stellen alsulcke clausule en protestatie, sooals sy dat souden goet vinden*" (van Dam, 1701/1927, p. 293).

[299] Van Brakel (1908, p. 127) suggested that the *bewinthebbers*' alleged corruption was resolved by the regular accounting and audit instituted by the amendments to the company's charter in 1623. However, when subsequent events are taken into consideration it is apparent that these allegations were not resolved, as van Brakel intimated, but simply became less relevant with the passage of time.

process. The principal objective was to confirm that the audited record of the cash balances, including the capital sum, cash received as short-term loans, and other revenues reconciled with the physical cash held by the Treasurers or in the company's bank account. To this end, the auditors examined the accounting records and confirmed that the journal entries were correctly posted to the ledger. In addition, they declared that they had verified the recorded expenses and revenue by comparing these to relevant supporting documentation. The report gives no indication that the auditors experienced any particular difficulties in carrying out the audit, but it added a qualification to the effect that the value of the remittances from Asia, together with the value of unsold goods on hand, were not recorded in the Amsterdam accounts (NL-HaNa, VOC, 1.04.02, file 7169, unpaginated folio).[300]

The conflict that flared between *bewinthebbers* and participants in the 1620s had dissipated by the end of the decade. The extent to which participant protests had been stifled can be gauged from the changes made to the 1647 charter. This document increased the number of deputies appointed by the States-General to supervise the audit from two to four, while retaining the number of auditors selected by the participants at nine. As a result, participant representation in this forum declined quite markedly. On the positive side, the 1647 charter did stipulate a general accounting every four years, instead of every ten, but added a retrograde step by ruling that the content of this general accounting would not be made available to the participants in an open meeting,

[300] "*In het open boek aft gelesen syn de journalen ende de groot-boecken met verscheyden andere stucken dienende tot bewys vanden ontfangh ende wytgeeft vande vier eerste equipagen gedaen byde camere van Amsterdam, ende bevonden soo door het poincteren, sommeren en t'accordeen dat den ontfangh soo van ingeteeckennde capitael als van penningen op deposito gelicht ende andere ten tyde van de voorgeschreven vier eerste equipagen bedraecht ter somme van twee en tachtich hondert seven en twintigh duysent achthondert negen en dertigh gull. negen stuyvers en vyft penningen, ende den wytgeeft ter somme van twee ende tachtigh hondert twintigh duysent dryhondert vier en vyftigh gull negen stuyvers en vyfthien penningen. Sulcx datter baetsten is alvo_rore ende onder gewoonlycke protestatie naer style van rekeninge compt over te schieten ende in cassa gebleven te syn (onbegrepen de retoeren ende onvercochte goederen uyt de Oost Indien gecomen en andere effecten de compaignie toebehoorende daer van inde voorschreven boecken geen mentie gemaeckt wert*" (NL-HaNa, VOC, 1.04.02, file 7169, unpaginated folio).

as had previously been the case. Just as was done in the earlier East-Indian Companies, participants desiring any financial information about the company had to acquire this from the *bewinthebbers*. In essence, the participants' rights reverted to that which had prevailed in 1606.

Notwithstanding this regression, the company's participants never protested the abrogation of their rights. In the main, this was because the principal participants, who were created to protect the general participants' rights, nurtured ambitions of becoming *bewinthebbers* themselves. These men knew that their ambition would not be realised if they were perceived as the instigators of conflict between the company and its investors. Consequently, they acquiesced to the *bewinthebbers* and all significant resistance to the *bewinthebbers*' accounting practices was effectively extinguished. No further demands for significant reforms to the company's accounting practices were made until the latter half of the 18th century when it was apparent that the VOC was in serious financial difficulties (van Dam, 1701/1927, p. 367; van Rees, 1868, p. 170). Quite clearly, the VOC's autocratic style of governance was not materially disturbed by the VOC's change from a terminating to a permanent capital (van Brakel, 1908, pp. 145-146; Gaastra, 1989, p. 26).

CONCLUSION

This chapter has demonstrated that the VOC's management in the early 17th century was aware of, understood the practice of double-entry bookkeeping, and determined to implement a standard system of bookkeeping in the company's Netherlands chambers. Nevertheless, there were clear differences in the manner that the southern chamber, Zeeland, structured its accounting and that of Holland's northern chambers, particularly Amsterdam. Up to 1608, Zeeland's bookkeeping undoubtedly complied with the principles required of modern double-entry bookkeeping, including reporting sales revenue and a globular capital sum in its balance account. By contrast,

Amsterdam's accounting followed the method that prevailed in northern Europe in the latter half of the 16th century. Consequently, it was not concerned with capital as a fixed sum but as a residual sum required to equalise the balance account. In this respect the northern chambers' bookkeeping can be classified as venture accounting.[301] This method of accounting was not inappropriate because the VOC was undoubtedly a venture by sea that would be terminated after ten years. Moreover, its organisational form demanded a simpler form of bookkeeping than that required by a permanent entity. The principles underlying the VOC's method of accounting took cognisance of the uncertainties inherent in long-distance commerce in the early 17th century. In particular, the difficulties of timeously assembling all the information needed for a modern calculation of net profit were accommodated in the fact that a venture was intended to be a temporary enterprise with a limited lifespan. Therefore, profit was a final residue that was only apparent on the venture's liquidation.[302] The great advantage of this approach is that it eliminated the complexities of determining inventory valuations, distinguishing between revenue and capital flows, and accounting depreciation and other internal charges (de Roover, 1968, p. 148; Lane, 1977, pp. 179, 190). Nor did venture accounting acknowledge the need to distinguish between capital and ordinary expenditure. Instead, it required that the bookkeeper record the total amount expended on the venture on the debit side and net revenue received in return on the credit. The

[301] Agent's accounting is an integral component of venture accounting (Lane, 1945, pp. 164-166; Lane, 1977, pp. 180-182). "A more likely purpose of the *viagio* (*voyagie*) account was to unburden the agent's personal account so as to give a clearer view of his operations and obligations … In short it seems possible that *viaggio* accounts were devised expressly as a tool of management in handling agents" (Lane, 1977, pp. 190-191), and "Venture accounting was especially well adapted to managing commission agents (who generally received two percent on sales and one percent on purchases) and it fitted also the needs of such agents" (Lane, 1977, p. 181).

[302] It was estimated that it would take between three and four years to assemble all the necessary accounting records in a central place (Glamann, 1981, p. 244). Accordingly, the time between a transaction's occurrence and the completion of a consolidated report meant that by the time such as statement was compiled it would have lost all relevance.

difference between the two represented the extent to which the business had profited or suffered a loss since its inception (Lane, 1945, pp. 167-168; Lane, 1977, p. 179).

When compiled at the end of the venture's life, the balance on its account represented the capital sum plus net profit or loss that was due to the to the entity's investors. A concept of capital, as globular sum that needed to be preserved, was entirely foreign to the venture. Much more relevant was the sum due to the individual investors when the venture was finally wound up at the end its life. Consequently, the venture's 'capital' varied from time to time but was always ultimately equivalent to the physical cash in the treasurer's hands or in the bank.

The distance between Asia and Europe, together with the technology of the time, also necessitated that the VOC decoupled its domestic and Asian accounting systems. In essence, the Asian arm reported as an agent of the domestic operation but the results of the Asian accounting were not incorporated into the domestic accounting. Asia discharged its accountability when it placed the remittances on board ship. The domestic accounting system did not record the value of the cargo received from Asia in the main ledger. Instead it recorded the quantities of the remitted goods received in a subsidiary warehouse account book. Only when the goods were sold was the value recorded, and then only the net value (less miscellaneous expenses incurred by the warehouse) was recorded in the respective chambers' balance account in the main ledger.

Holland's VOC chambers utilised a pure agent's bookkeeping undertaken within the context of a business venture and, in this respect, they complied with the traditional principles of the northern European business model. Zeeland's organisation followed much the same model but, as noted above, its early accounting system was more inclined towards the contemporary Italian double-entry bookkeeping system. Overall, the VOC did not regard its accounting system as a means of communicating with the company's members but as an effective means to maintain control of various agents, such as its Treasurers, warehouse managers, merchants, and other officials entrusted

with company assets. Moreover, the company's accounting system was the main reason it was able to manage its Asian operation from The Netherlands. Without an effective accounting system, long-distance trade, which by necessity had to rely on agents, would have been impossible.

While it was appropriate to conceive the VOC as a venture in the early 17th century, the company no longer fitted this model once it had resolved to make it capital permanent in 1612. Accordingly, it could reasonably have been expected that its members would have demanded that the VOC's bookkeeping be restructured to better reflect its status as a permanent entity. In particular, that the company produce a regular, frequent report of its state of affairs and net profit. However, the VOC's participants did not respond in this manner. As long as the distributions they received from the company comfortably exceeded the returns that could be earned from other investments, the participants were content to continue to receive such reports at the ten-year interval specified by the 1602 charter, which reflected their comprehension of the VOC as a traditional venture and not a permanent enterprise. As a result, they did not protest the company's failure to provide that information more frequently. Furthermore, when the participants did criticise the company's lack of accounting they did so on the grounds that they were unable to properly judge the extent to which the *bewinthebbers* had properly acquitted their responsibilities as the stewards of the participants' assets.

The 1622 decision to extend the VOC's capital for a further twenty-one years raised considerable protest from the company's participants. The cause of their concern was that they were at the mercy of a group of administrators who could not be held to account for their administration during the previous twenty-one years. Moreover, because the participants had been unable to exact an accounting from the *bewinthebbers*, they were incensed at being compelled to continue to invest their funds for a further twenty-one years under the same conditions. The accounting and audit demanded by the disgruntled participants as a condition for their continued investment was not intended to acquire information in respect to the profit earned during the period.

The company's profit was of little consequence for the participants because distributions were unrelated to the size of the profit earned. VOC distributions, which were an interim payment made in anticipation of the capital's final liquidation, were based on the senior management's judgement and frequently funded by short-term loans. As long as the percentage distributed equated favourably with what other investments were earning, and occurred with reasonable frequency, the participants were content. Consequently, the participants demanded an audited accounting from the *bewinthebbers* in order to reassure themselves that these men's administration had been honest and fair.

Participants' concern about the lack of control over the *bewinthebbers* was appeased by two changes made to the company's organisational structure in the 1623 charter. One of these was that *bewinthebbers* would henceforth be appointed for a three-year term, rather than for life, as had been the case in the past. The second concession made to the body of members was to allow them to appoint a second board to oversee the *bewinthebbers*' accounting. Although these amendments seemed to offer the general members a more significant degree of control over the company's affairs, the effect of the second change was quickly dissipated by the opportunity offered by the first. Principal participants quickly acquired the ambition to be *bewinthebbers*. In the hope of being elevated to the rank of *bewinthebber*, the principal participants readily acquiesced to the will of the sitting *bewinthebbers*, thereby abrogating the intended control.

Bryer (2000b, p. 368) argued the EEIC's adoption of a permanent capital in the latter half of the 17th century resulted in a 'social capital' that compelled the company's management to account to the shareholders. Moreover, a 'social capital' necessitated that the company apply the principles of modern double-entry accounting to separate profit from capital so that investors readily discern the rate of return on invested capital. Consequently, the EEIC was forced to adopt double-entry bookkeeping in the late 17th century.

However, the evidence concerning the VOC's conversion to a permanent capital does not support this hypothesis. While it is true that the company's participants demanded that the *bewinthebbers* provide them with an audited accounting in 1623, the purpose was to curb the *bewinthebbers*' autocratic management and the consequent excesses that that style of management encouraged. Nor did the participants' protest in the 1620s explicitly call for, or even imply, a particular form of accounting. Furthermore, even though the 1623 charter decoupled the principle of exacting an accounting from the *bewinthebbers* from the act of liquidating the company's capital, the participants never demanded access to the data that would allow them to precisely calculate the rate of return on their investment in the VOC but appeared to accept a comparable rate of return with other forms of investment.[303] Consequently, the conception that a company's bookkeeping should primarily focus on profits as a means of funding dividends paid to shareholders was entirely foreign to the VOC, which generally funded distributions to participants by short-term loans. Accordingly, while the venture accounting employed by the VOC might not measure up to the exacting standards of today, it was the method most suited to the peculiarities of the VOC's business. Lane (1945, pp. 172-173) noted of Venetian venture accounting described by Pacioli

> If we judge an accounting system by its success in achieving the end now generally accepted – namely, the determination regularly and periodically of the rate of return on the capital invested, Venetian accounting about 1500 appears definitely inferior to the Florentine. … The venture system of accounting used at Venice was the most practical form for merchants much of whose wealth was coming and going by sea. It could be varied to suit many situations as is shown by the extant Venetian account books, few as they are. It was a flexible system which enabled a merchants, while keeping a clear and accurate record of his obligation and his debtors, to calculate not regularly but easily and realistically his profits and losses.

[303] By November 1623, when the VOC was paying between six and eight percent *per annum* for short-term finance, participants had received distributions totalling three hundred and eighty-seven and a half percent (387.5%), an average of eighteen and a half percent per year.

CHAPTER 9

CONCLUSION.

> Believe me, no: I thank my fortune for it,
> My ventures are not in one bottom[304] trusted,
> Nor to one place; nor is my whole estate
> Upon the fortune of this present year:
> Therefore my merchandise makes me not sad.
> (Shakespeare, *c.* 1596/1843, Merchant of Venice, Act 1, scene 1).

Located on the cusp between restricted feudal partnership and modern public company, the establishment of the *Verenigde Oost-Indische Compagnie* or VOC in 1602 represents a significant opportunity by which to better comprehend the role of double-entry bookkeeping in the development of the capitalistic firm. The few studies of the VOC's organisation and bookkeeping that have been undertaken have generally been limited to the last years of the company's life. Furthermore, while historians have commented on the company's peculiar structure, they have generally not attempted to rationalise its organisation as a means to comprehend the company's bookkeeping practices. More importantly, evidence of the VOC's organisation and financial administration has not formed part of extant studies of capitalism's development. Accordingly, the principal objectives of this study were to use the context in which the VOC was established to develop an understanding of the company's organisation and to extend this to explain the VOC's bookkeeping practices. From this base the VOC's bookkeeping was used as a means to test the social theories of the development of capitalism proposed by Sombart (1913/1967), Weber (1956), and Bryer (2000a, 2000b). In general, these theories postulate that a particular form of double-entry bookkeeping

[304] That is, a ship.

(scientific or capitalistic double-entry bookkeeping), which allowed investors to calculate the rate of return on a company's capital, was an essential element of the development of capitalism and the capitalistic firm. Calculation of the rate of return on capital necessitated that a company's bookkeeping system incorporated a capital account and that the capitalistic company used the data contained in its principal ledger to make a regular, precise calculation of net profit. Bryer (2000a and 2000b) extended the Sombart/Weber hypothesis to propose that a social or joint capital, in which the general public could freely invest and trade their capital rights, must result in investors demanding an accounting from that company that would enable them to calculate the rate of return earned on the company's capital. For this purpose Bryer used the English East-India Company (EEIC) as a case study to demonstrate that, as the company's capital became increasingly socialised after the mid 17th century, it was forced to adopt a modern scientific or capitalistic form of double-entry bookkeeping to administer its financial affairs.

The objectives of this study included establishing whether the VOC matched the criteria required of a capitalistic business entity and whether it employed a capitalistic form of double-entry bookkeeping. An essential requisite for a comprehensive analysis of this nature is an understanding of the underlying rationale that contributed to the particular manner in which the Dutch organised the VOC and its bookkeeping. As none of the actors responsible for the creation of this quite revolutionary business entity can be interrogated to discover what motivated them to act in the way that they did, such an understanding necessitated the primary causes be teased from an interpretation of the prevailing social and historical context of the late 16th and early 17th centuries.

HISTORICAL CONTEXT: A RATIONALE FOR THE VOC'S ORGANISATIONAL STRUCTURE

The Netherlands' States-General chartered the Dutch East-India Company (VOC) as an independent public company in 1602. Their purpose was to alleviate an

increasingly destructive spirit of competition that had erupted between an escalating number of independent Dutch East-India companies (*voorcompagniëen*), and to stem demands from these entities for state subsidies for duties, arms, and ammunition while at the same time continuing to support an effective challenge to Spain's hegemony in the Indian Ocean. This complex strategy posed a difficult task, particularly as it required the support of all factions of The Netherlands' Republic, many of whom were not active participants in the East-Indian traffic, and who stood to gain little from the activities of such an enterprise. To ease resistance to their proposal, the States-General ensured that investment in the company's capital was freely available to all who wished to avail themselves of the opportunity (NL-HaNa, VOC, 1.04.02, file 1, Article XI).[305] In addition, investors' risk was minimised by the understanding that their liability was limited to the unpaid portion of the capital they had subscribed for.[306]

Invested capital was initially fixed for ten years, which was thought to give an appropriate balance between the length of time investors could be persuaded to risk their capital as well as providing the degree of stability the VOC needed to develop the East-Indian traffic and make a reasonable profit (van Brakel, 1908, pp. 122-124).[307] Established as a temporary corporation for ten years, the VOC took a profound decision after 1608 to shed this mantle and make its capital permanent. It successfully achieved this significant goal in 1612. The change to a permanent capital did not have a profound

---

[305] The notion of a jointly owned capital was not a new idea in 1602. A general lack of capital meant that common investment in capital intensive and high-risk business undertakings was generally accepted by the 16th century Dutch, who applied the concept to the ownership of land, ships, windmills, industry, and overseas trade. The major difference in the VOC's case was that the legislature enshrined the requirement in the company's charter.

[306] Although the VOC's charter only stipulated limited liability for the company's *bewinthebbers* (NL-HaNa, VOC, 1.04.02, file 1, Article XLII), van Brakel argued (1908, pp. 161-163) that in practice, as was the case with the independent Dutch East-India companies (*voorcompagnieën*), this privilege applied to all participants "*In de praktijk is echter nooit getwijfeld of ook de bewindhebbers niet verder aansprakelijk dan te beloope van hun anndeel*".

[307] Article XV of the West Indian Company's charter (1621) specified a general accounting every six years. Significantly though, it did not require that the company's capital be liquidated at the same time, as was the case with the VOC. This change demonstrated a distinct advance from the principles of venturing that prevailed in the VOC's organisation.

effect on the company's general participants because capital rights could be freely traded on the open market. The permanency of the company's capital was more momentous from an historical point of view because, for the first time, all hallmarks of a modern public company were present in one organisation. Nevertheless, not all historians agree that the VOC was, indeed, a public company.

Mansvelt (1922, p. 106) observed that, by comparison with any other examples, the VOC's system of financial administration was impossibly outdated and not suited to a public company and, therefore, could not be a public company.[308] Based on the company's constitution as six relatively independent chambers, he concluded (1922, p. 52) that the VOC was not a company but a loose cartel of commercial interests. By contrast, Dutch jurists van Brakel (1908, pp. 123-124) and van der Heijden (1989, pp. 1-3) argued that because the VOC was an independent legal body, investment in its capital was open to the public, and investors' liability for the company's debts was limited the unpaid portion of the capital they had subscribed for,[309] from a legal perspective the VOC was a public company (*naamloze vennootschap*).[310] These authors did, however, temper their assessment of the VOC's form with the qualification that, because its capital was limited to a ten-year lifespan and its participants only had to be provided with a general accounting on the company's liquidation, its organisation retained distinct elements of the commercial venture. Accordingly, van Brakel and van der Heijden believed that the VOC could not be considered as the equivalent of the modern

---

[308] "*Bij alle pompe naar buiten, was de Compagnie toch niets anders dan een onmogelijk ouderwetsch bedrijf, door haar antidiluviaansche bookhouding*" (Mansvelt, 1922, p. 106).

[309] Investors' limited liability was not a 17th century innovation. The Dutch had used the practice since medieval times (Riemersma, 1967, pp. 55-59). It was based on the much older application of 'abandonment' under maritime law that allowed the partners in a shipping venture to abandon their claim on the partnership if they believed that its debts would outstrip returns. Effectively, this practice meant that no partner was liable for more than their invested capital sum.

[310] The term '*vennootschap*', which referred to an association or company of capitals intended for a common economic purpose, entered the Dutch legal language in 1826. Consequently, it has no direct relevance for the VOC (van der Heijden, 1989, p. 1). The expression *naamloze vennootschap* was adopted from the French '*société anonyme*', and literally means that the company was a legal body, quite separate from its owners who were not publically named.

public company (NL-HaNa, VOC, 1.04.02, file 1, Articles VII-IX; van Brakel, 1908, pp. 125-126; van der Heijden, 1989, p. 4). Notwithstanding his reservations, van der Heijden (1989, p. 2) did allow that the VOC was the most advanced public company of its time. Seé (1928/2004, p. 49) was altogether less cautious in his assessment of the VOC's organisational type. He declared that the VOC "was a real corporation of the modern type", and observed that "the organization of the East India Company served as a model for most of the privileged trading companies formed in other countries during the seventeenth and eighteenth centuries".

Van Brakel (1908, p. 92) also refuted the notion that the VOC could be construed as a cartel of existing Dutch East-India companies. In his opinion, the VOC's single capital, which was entirely independent of those of the independent Dutch East-India companies (*voorcompagnieën*), together with the fact that its participants were all entitled to the same proportion of any distribution of capital made by the company, clearly indicated that it was not a cartel. Rather, the VOC's organisational structure reflected contemporary practice in Holland that sought to acknowledge the economic interests of the Dutch towns granted the right to host a VOC chamber and thereby secure the States-General's support for the proposed company (NL-HaNa, VOC, 1.04.02, file 1, Article I).[311] The primacy afforded the towns' economic interests was also reflected in the company's very decentralised administrative structure and the relative independence of the chambers. Each chamber was responsible for its own personnel, ships, procurements, sales, and bookkeeping. The source of the towns' priority was a direct result of the limited land available to the Dutch and its proclivity to devastating floods that rendered much of Holland and Zeeland unsuited for habitation or

[311] The Nordic Company (*Noordsche Compagnie*), a whaling company established in 1614, had five chambers comprising Amsterdam, Hoorn, Enkhuizen, Rotterdam, and Delft. The West Indian company, established in 1621, also had five chambers: Amsterdam, Zeeland, the Maeze (South Holland), North Holland, and Friesland. This chamber's administration was also apportioned to a sixth group, the city and country, which was not recognised as a chamber.

production in its natural state. The land's wretched state meant that subsistence farming and feudalism, the backbone of medieval European society, were not viable in much of medieval Netherlands (de Vries and van der Woude, 1997, pp. 160, 547). In the absence of a coalescing authority the Dutch were forced to take the initiative to protect themselves and ensure their economic welfare. Local groups of farmers banded together to protect their homes and livelihood from flood, and cooperated to drain the land and make it more suitable for habitation and agriculture. This experience endowed the Dutch psyche with a deep sense of independence, individuality, and rationality (de Vries and van der Woude, 1997, pp. 164, 666, 688).

Free settlement of large parts of northern Netherlands also ensured an open market in land that created an egalitarian society that was most unusual for the time, which engendered a strong sense of democracy in the Dutch. In time, a collaborative effort between neighbours expanded into a matter of vital communal interest that elevated the town to the dominant authority. The rise of the towns as an important political element in Dutch society was reinforced by the reality of their environment that compelled the Dutch to urbanise very early in their history (de Vries and van der Woude, 1997, pp. 350, 688-689, 692, 696, 713).[312] Rapid urbanisation, in turn, forced the Dutch to rely on a continually expanding commerce to sustain themselves. Consequently, the Dutch developed a cash-based economy by the 16th century (Seé, 1928/2004, p. 48). A major contributing factor to 16th century Netherlands' economic success was a government structure attuned to mercantile needs. Especially after the formation of the Netherlands' Republic in 1585, many of the men most active in shipping and trade were also powerful figures in Netherlands city politics (van der Chys, 1857, pp. 33-34, 56; Barbour, 1950, p. 17; Riemersma, 1950, p. 39; Steensgaard, 1981, pp. 55-56; Adams, 1994, p. 329; O'Brien, 2000, p. 481). Moreover, their highly

[312] In 1650 The Netherlands' urban population exceeded that of Germany, previously Europe's largest market, and that of Britain and Scandinavia combined (de Vries and van der Woude, 1997, p. 671).

urbanised population and a monetary economy contributed to 17th century Netherlands' business methods far surpassing those of any other European region, and helped establish Amsterdam as the centre of European shipping, commerce, and finance (Barbour, 1950, pp. 13, 18, 85, 88). Consequently, when the VOC was formed at the beginning of the 17th century, the Netherlands epitomised the capitalistic spirit, its businessmen "unmatched in their knowledge of the trader's entire bag of tricks" (Sombart, 1913/1967, p. 144).

Economic management was not a national or even a provincial concern in The Netherlands, it was a vital, local matter that led to an intense rivalry between Netherlands cities that the Dutch believed had to be accommodated nationally as a broad consensus. Coordination of these diverse interests at the national level was assigned to the most senior Netherlands governing body, the States-General. Its primary role in internal Netherlands' governance was to ensure that potentially divisive dissent between regional factions did not splinter the tenuous Netherlands' federation. Real political power was devolved to the Dutch provinces and ultimately vested in the towns, each of which recognised that its power could only be sustained as long as the Republic flourished. Accordingly consensus could be assured because the parties concerned recognised that their very survival depended on it.

Precisely the same principle was applied to unite the VOC's rival chambers. When faced with the problem of uniting the combative independent Dutch East-India companies, the States-General adopted the same federal model used to unite the Dutch provinces under The Netherlands Republic in 1585 (Meilink-Roelofsz., 1982, p. 173), which, in turn, was a product of the north-German Hanseatic League's governance practices. The effect was to render the notion of the VOC as a general company an administrative fiction.

THE VOC'S ORGANISATION

As noted above, the VOC comprised six relatively independent entities or chambers located in the cities of Amsterdam, Middelburg,[313] Rotterdam, Hoorn, Delft and Enkhuizen that were loosely controlled by the company's senior administrative arm, the Heren Zeventhien. Nominally the senior governance arm of the VOC, Heren Zeventhien, like The Netherlands' States-General, was the company's link with the outside world. Its internal role was limited to that of a facilitator responsible for policy formation and inter-factional dispute resolution.

In practice, each chamber equipped and despatched its own ships, managed its own procurements and sales, and kept its own accounting records. The natural competitiveness between the chambers was held in check by the provision of Article I[314] of the charter that allocated Amsterdam fifty percent of the authority and economic consequences in the company, Zeeland twenty-five percent, and the four smaller chambers the remaining twenty-five percent (NL-HaNa, VOC, 1.04.02, file 1, Article I; NL-HaNa, VOC, 1.04.02, file 100, folios 171, 172; NL-HaNa, VOC, 1.04.02, file 11353, unpaginated). To give this provision real effect, statements of the chambers' economic activity had to be regularly reconciled with the norms prescribed by the charter. The proportions contained in this stipulation bore no relationship to the capital sum invested in each chamber but coincided with the economic quotas traditionally used to apportion Netherlands taxes (Israel, 1990, p. 16; de Vries and van der Woude, 1997, pp. 92, 97-99, 127). This arrangement recognises that at that time little connection was perceived to exist between capital investment and the firm's management. Similarly, notwithstanding the public nature of the VOC's capital in 1602, its organisation did not acknowledge the relative power of the investors according to the

[313] Middelburg, Vlissingen, Veere were all located in the province of Zeeland but negotiations left only Middelburg with a representation in the VOC. Hence, the original chamber of Middelburg was later known as the Zeeland chamber.

[314] The fact that it was the first article in a long and complex agreement is an indication of the importance that the instigators attached to this control.

size of their respective investments, as is the case with modern companies. Even though a minimum investment was stipulated as a criterion for the office of *bewinthebber*, appointments to this office in 1602 were not made according to the size of an individual's investment in the company but as a consequence of the fact that they acted in a similar capacity in one of the independent Dutch East-Indian companies (*voorcompagnieën*). As with the company's general power and authority, the number of *bewinthebbers* allocated to each chamber was based on Article I of the charter. A generality based on capital investment was only apparent in the distributions the company made to the participants in anticipation of its eventual liquidation.[315] These payments, which were made in both cash and kind, were entirely related to the extent of the individual participant's investment in the company.

A decentralised organisational structure and financial administration, such as that employed by the VOC, was not usual for northern Europe, where Netherlands' business associations of the 16th and early 17th centuries were a variation of the Baltic (Hanseatic) business associations (de Waal, 1927, p. 75; Mickwitz, 1938, pp. 188-189; de Roover, 1956, pp. 165, 169; de Roover, 1974, p. 170; Brulez, 1959, p. 319). Dutch towns around the *Zuider Zee* had close commercial ties with the Baltic region and many were members of the Hanseatic League, a loose association of commercial Baltic towns whose commercial dominance stretched from Russia in the east to London in the west and as far south as the Mediterranean. Although Hoorn and Amsterdam were not Hanseatic towns, their trade was primarily with the Baltic and, as a result, north-Holland's business practices were developed along similar lines to the governance practices and bookkeeping methods employed by the Hanseatic League (Zimmern, 1891, p. 163; Posthumus 1953, pp. 4, 33; de Roover, 1974, p. 174; de Roover, 1963, p. 111; Blockmans, 1993, p. 48). Some appreciation of the extent and complexity of the

[315] These payments were not dividends, based on a proportional share of the company's profits, but an interim division of the company's capital in anticipation of its eventual liquidation. In many respects VOC distributions were more akin to an annuity or interest payment.

Hanseatic trading network is apparent when it is considered that a merchant's span of operations could cover one thousand, six hundred kilometres, span Europe from Russia to England, include up to forty different associates whose relationship with each other was very fluid, and endure for more than twenty years (Posthumus, 1953, p. 35; Ewert and Selzer, 2001, pp. 5-6). The practicalities of their business, such as limited capital, long distances, extreme seasonal changes, and a wide range of merchandise caused Hanseatic businesses to lack a cohesive identity and comprise quite fluid associations of merchants whose relationships with each other were subject to constant change.

The cooperative nature of Hanseatic commerce, which could result in two merchants simultaneously acting as both principal and agent in respect of different transactions between them, prohibited fixed business associations. Given the technology of the time and geography, the sheer number of associates that the Hanseatic traffic required meant that a cohesive business entity would have been impossibly cumbersome (Kellenbenz, 1979, p. 88). Accordingly, the Hanseatics developed a reliable network of loosely structured business associates who acted in each other's interest for an agreed share in the profits from particular transactions. Their loose business associations, the reciprocal nature of their commerce, and a reliance on the foreign venture meant that a centralised accounting system was not a feasible option for the typical north European business entity (de Roover, 1956, p. 156). Each wholesale transaction constituted an independent and complete commercial event in itself, and was subject to unique set of personal relationships. Consequently, each such transaction was accounted for quite separately (Mickwitz, 1938, pp. 138, 141, 190; de Roover, 1963, pp. 109-110). Moreover, a capital sum in the modern sense was indeterminable except when an association was terminated. Such a determination made at any other stage after the business' formation could be no more than a rough approximation (Mickwitz, 1938, p. 189; Posthumus, 1953, pp. 9, 10, 73-74; de Roover, 1963, p. 107; Riemersma, 1967, p. 57; de Roover, 1974, pp. 171, 175; Ewert and Selzer, 2001, p. 12).

The nature of the Hanseatic business association meant that it could economise on the amount of capital required (Ewert and Selzer, 2001, pp. 10-15) but, from a bookkeeping perspective, capital determination was made problematical by the custom of classifying assets as either 'active' or 'passive' and entirely omitting the latter from the firm's accounts. Active capital, or '*coopscat*', was distinguished as being those assets specifically offered for exchange; it included merchandise committed for sale, or sent on consignment, and could also encompass cash dedicated for purchases or sent to an agent for business purposes. Passive capital, known as '*coopmanscip*', was that part of the merchant's wealth not intended for exchange, or not yet committed for exchange. The former included assets such as warehouses and ships, an example of the latter could be a stock of furs in a merchant's store that had not yet been sold or set aside for sale or consignment. Passive stock, by definition, remained relatively remote from the process of exchange and for this reason it was not considered necessary to make it a part of a formal commercial reckoning. The rationale behind this practice rests on the assumption that, as a merchant's property is his own business, no one else is entitled to an accounting of the passive assets. Furthermore, because the passive stock remained under the merchant's direct control, any additional accounting control was redundant.

When the northern Dutch expanded their Baltic commerce during the 16th century, they followed the tried and trusted example of their Hanseatic neighbours. It was this reliance that subsequently led Mansvelt (1922, pp. 59-60) to describe to VOC's bookkeeping practices as more appropriate to that of a commission agent (*commissionairs-boekhouding*), an association of merchants who had jointly invested in

a ship to conduct commerce overseas (*reederij*),[316] or a partnership (*handel in Compagnie*). He collectively classified these types as agents' bookkeeping (*factoorsboekhouden*). The general term used to describe such business undertakings is 'venture', and the type of bookkeeping associated with these entities is known as 'venture accounting' (ten Have, 1933, p. 37; Posthumus, 1953, p. 29; Penndorf, 1966, p. 2).

Venture accounting was the most effective means for wholesale merchants to financially administer their long-distance trade before modern forms of transport and communication was a form of bookkeeping known as venture accounting. Variations of the principles of venture accounting were widely used to administer commercial ventures from the 14th to the 20th century. The venture accounts kept by early 15th century Venetian merchant Andrea Barbarigo are widely agreed to have complied with every aspect of double-entry bookkeeping, and the Venetian venture formed the basis of Pacioli's *Particularis de Computis et Scripturis* (1495), generally considered to be the earliest and most complete rendition of double-entry bookkeeping (de Waal, 1927, p. 65; Peragallo, 1938/1974, p. 36; Lane, 1967, pp. 154, 164, 172; de Roover, 1974, pp. 161-162, 170; Martinelli, 1974, p. 886; ten Have, 1976, p. 33; Lane, 1977, p. 179; Chatfield and Vangermeersch, 1996, p. 127).

In contrast to modern accounting methods that record the effect of a business' transactions as a continuous stream for an indefinite period, venture accounting typically produced a complete set of financial records for each individual voyage undertaken by the merchant. A feature of venture accounts is that the transactions

[316] Notwithstanding that the independent Dutch East-Indian companies (*voorcompagniëen*) resembled *reederijen* (Riemersma, 1952, pp. 330-338), the term was not commonly used in 16th century Netherlands (de Waal, 1927, p. 24). Furthermore, documents from the early 17th century refer to the VOC as a 'company' and never used the term '*reederij*' to describe it. Nor can the *voorcompagniëen* appropriately be classified as *reederijen* because their capital structure differed. Whereas the *reederij*'s bookkeeping distinguished between the ownership of the merchandise and the ship used to carry it, a *voorcompagnie* owned both ship and cargo, and its bookkeeping did not differentiate between the two assets.

recorded occur in two sharply contrasting periods. At the beginning of the venture all expenses incurred in outfitting the voyage, including the ship, merchandise, and a cash sum allocated for purchases and incidental expenses in foreign parts are recorded as debits. The sum of which represented the venture's capital investment at the start of the enterprise. From the perspective of the sedentary merchant, a long period of apparent inactivity followed the initial record. Nevertheless, the principal was not entirely without knowledge of the state of the business as the supercargo (agent) kept rudimentary records en route and informed the principal of the progress of the voyage by correspondence. At the same time the principal also received information from a network of business contacts along the voyage's route that informed him of prevailing prices, the state of the market, and, where relevant, the activities of his agent.

The nature of the venture meant that variances in the capital sum would not be readily apparent to the principal in the period between the venture's initiation and its conclusion. Nor was this sum relevant to the supercargo, whose responsibility was limited to accounting for a particular quantity of goods and cash.[317] For this reason, profit, too, could only be determined at the venture's conclusion. Prior to that time the best that could be achieved was a reasonable estimate of the possible profit. Activity resumed when the ship (or fleet) returned, at which time the crew was paid off. At the same time, the ships and their related equipment were sold, and the proceeds realised on imported goods recorded to the credit of the venture account. The difference between the two sides of the account represented the net profit or loss of the concluded venture (Lane, 1945, p. 173; de Roover, 1956, pp. 156, 157; Glamann, 1981, pp. 244-245; Brulez, 1959, p. 437). Venture accounting also differed from agents' bookkeeping, such as that used by the north European *wederlegging*e in another important aspect. The

[317] The lag between expenses being incurred and income realised acted as a control over schemes that were too ambitious or poorly funded (Riemersma, 1952, p. 336). For the same reason, partners could not draw a share of the profit before the venture had been liquidated (de Roover, 1968 p. 100).

venture, unlike pure agency, was cash based. Consequently, the typical venture's financial records did not include accounts of receivables and payables, which meant that there was less incentive for the principal and agent to regularly meet to reconcile their records.

Mansvelt's criticism of agents' bookkeeping stemmed from the fact that while these organisations might incorporate some principles of double-entry bookkeeping, he believed their financial administration commonly comprised a set of fragmented records, rather than the cohesive double-entry bookkeeping that could be expected of a public company. Instead of a capital account, which Mansvelt assumed to be a defining element of double-entry bookkeeping, the focus of agents' bookkeeping was a current account (or series of current accounts) that recorded the parties' indebtedness to each other. Moreover, rather than a concern with the profitability of the principal's business activities, the primary objective of agents' bookkeeping is to keep an accounting of the physical assets entrusted to them by their principal (de Waal, 1927, p. 75; Kats, 1929b, p. 290).

Notwithstanding the use of a current account to record an agent's obligation to their principal, this did not necessarily prohibit agents' bookkeeping from meeting the criteria of double-entry bookkeeping. The VOC's Asian operation, described by de Korte (1983, p. 28) as agents' bookkeeping (*factoorsboekhouding*), used precisely such a system. Yet it was identified as having been kept by double-entry bookkeeping by Mansvelt (1922, p. 11) and others (Glamann, 1981, pp. 251-252; de Waal, 1927, pp. 282-283). The difficulty Mansvelt had was that he failed to properly distinguish between the bookkeeping of a commission agent and that of an agent who was an employee of the principal. The term factor (the Italian '*fattore*') did not necessarily mean an agent. In the 14th century it referred to a firm's employee or even a partner serving abroad. In exchange for their services, such a person was entitled to a salary but not a share in the profits. Factors who acted as managers normally also had power of attorney to allow them to act on behalf on the company (de Roover, 1948, pp. 32-33).

For the purposes of analysing historical bookkeeping records, it is important that a clear distinction be made between the conventional (commission) agent and the employee.

Separation of the agent, who acted as the firm's bookkeeper, from the commission agent caused a paradigm shift in agents' bookkeeping as the bookkeeper, unlike the commission agent, had to take a comprehensive view of the principal's business affairs. The effect of this was that the principal's current account, which, despite the conceptual change, continued to be used by bookkeepers, assumed the role of the capital account. The dilemma was whether capital, however it was termed, should be administered in a single, joint account or whether individual accounts should be kept for each participant (ten Have, 1976, pp. 71-72).

Considered in the context of the Baltic business association, the decentralised nature of the VOC's organisational structure and its bookkeeping is quite comprehensible. It represented a continuation of traditional north European agency and agents' bookkeeping (Mansvelt, 1922, p. 93; de Roover, 1956, p. 165; de Roover, 1974, p. 171; Glamann, 1981, pp. 244-245). However, a pure form of agents' bookkeeping would have presented significant difficulties if applied to a large, public enterprise, such as the VOC. Accordingly, the company's general accounting adopted a modified form that, amongst other things, utilised voyage accounts, a distinctive feature of venture accounting.

THE VOC'S FINANCIAL ADMINISTRATION IN THE 17TH CENTURY

Despite the similarities between the VOC's method of accounting and venture accounting, the company's accounting system was a hybrid, adapted to suit its particular circumstances, a not uncommon practise amongst 17th century businesses (Lane, 1967, p. 154; Glamann, 1981, pp. 244, 251). The VOC's accounting varied from typical venture accounting in that, although the company kept separate voyage accounts of the costs of each fleet despatched to the East-Indies, it did not match the costs incurred by a

particular fleet against the revenues earned by that fleet. Consequently, the VOC's accounts could not be used to calculate net profit for each voyage in the manner of venture accounting. Nor, because of the permanent nature of its capital after 1612, was it forced to close its general accounts and produce a general balance for its participants. Instead of a single voyage or a series of voyages, the accounting reported the costs and revenues for every voyage that the VOC had engaged in since 1602. The fact that its business was never concluded before the VOC was bankrupted meant that the company was never in a position to determine its net profit. Consequently, not only did the VOC's general accounting system not conform to a modern form of double-entry bookkeeping, in that it did not consider capital as an accounting concept, it also did not meet the requirements of pure forms of agents or venture accounting. The absence of capital and profit and loss accounts, together with the company's failure to value its assets and include that data in its general accounting records meant that the VOC's accounting did not meet the modern standard for double-entry bookkeeping, which has led to it being described as primitive (Steensgaard, 1973, p. 137; Meilink-Roelofsz, 1980, p. 21).

Unreliable cost data and a failure to produce reliable profit and loss accounts were much later identified as the weakest features of the VOC's financial administration (Mansvelt, 1922, pp. 16-17, 107-109). Ineffective cost management, Mansvelt believed, led to the company continuing to trade in goods that had long been unprofitable. He was misled by the VOC's preference not to keep a complete record of annual revenue and operating costs. Total receipts from its domestic sales were posted to a general remittances account (*retouren generaal*) and, at the same time, the proceeds realised on individual products, together with a record of the quantity sold, were posted to the specific goods' account (pepper, cinnamon, silk, etc.) kept for each particular product that the company dealt in (Glamann, 1981, p. 272). A schedule of data (*redement*) compiled after an auction of the company's wares that listed both the invoice price of the goods sold and the selling price allowed the company to calculate the gross margins

for particular goods (Steur, 1984, p. 72).[318] This data allowed a crude determination of gross profit or loss for each product sold in The Netherlands that was instrumental in deciding what quantities of a product the domestic operation should order from Asia.[319] To further guide the decisions of the committee of *bewinthebbers* charged with ordering the next seasons goods, the company's Asian branch sent the domestic chambers an annual statement of the prevailing cost price of Asian products. In the absence of a calculation of net profit to determine distributions to company members, the VOC, like the EEIC, based these sums on the extent of its surplus cash (or kind), or its ability to borrow the necessary amount.[320] Furthermore, the VOC's participants never demanded a precise calculation of net profit because they did not gauge the reasonableness of the company's interim capital distributions on the basis of the relationship between net profit and invested capital but on a comparison of the rate returned by other, similar investments.[321] In this respect, the VOC's members were more akin to bond-holders or annuitants than modern shareholders. As the VOC never sought additional capital from the public, it had no need to appease investors who , following Bryer, might have demanded to be able to calculate their net return on their capital investment. The evidence strongly suggests that the participants considered the primary function of the accounting system to be the prevention of fraud and error (Steensgaard, 1973, pp. 129, 137-138, 141, 149; Glamann, 1981, p. 250; Meilink-Roelofsz., 1982, p. 184; Westera, 1992, p. 99; Camfferman and Cooke, 2004, p. 56). Consequently, in contradiction to Bryer's proposition, the VOC had no need to calculate net profit. Nor did its concept of

---

[318] Gross margin or an estimate of net profit, compiled as an *extra-comptable* summary of data in both the principal and subsidiary books of account, was a principal element in the management of 17th century companies such as the VOC and EEIC (Baladouni, 1983, p. 78).

[319] These schedules were formally known as the order of goods to be despatched (*eisen van retouren).* The Asian operation used a similar system to manage its orders for goods from The Netherlands (Glamann, 1958, p. 258).

[320] Between 1633 and 1833, unless exceptional circumstances prohibited it, distributions were a fixed at a minimum of twelve and a half percent *per annum* (Mansvelt, 1922, p. 88).

[321] The irrelevance of a net profit calculation to determine shareholders' returns during the 17th century is apparent in the EEIC's practice in the decade after 1664 of declaring a dividend before the proceeds from sales had been realised (Winjum, 1972, pp. 227-228).

profit coincide with what is understood by this term today. To determine profit, the company simply deducted the total cost incurred in equipping the fleets (equipage general) from the total cash receipts (*retouren-generaal*) for the goods sold in The Netherlands, by modern standards an extremely crude measure that disregards the true cost of the goods sold. Nevertheless it sufficed for the VOC's purposes because the *bewinthebbers* did not regard net profit as an effective tool for rationally directing the company.

Despite the company's apparent neglect of profit calculation it was extremely profitable. During the first seventy-five years of its life the company's financial performance largely matched expectations. In 1610 the original 1602 investment had appreciated by forty percent. By 1650, the capital had escalated from the six million, four hundred thousand originally invested to thirty seven million *guilders*. This grew to forty million by 1660, and by 1720 the capital had grown by one thousand and eighty percent. In the same period, the company distributed sixty-two million *guilders*. By October 1677, participants had received distributions amounting to one thousand two hundred and eighty three and one third percent, which amounted to seventeen percent per year. Over its entire life (1602-1798), the company distributed in excess of two hundred and thirty one million *guilders* to its participants, which averaged eighteen and a half percent *per annum*. By 1720 the original 1602 investment had appreciated by one thousand and eighty percent (NL-HaNa, VOC, 1.04.02, file 14549, folio 1; de Vries and van der Woude, 1997, pp. 388, 462-463, 670; Valentyn, 1724, p. 130).

The assessments of the VOC's accounting practices that have condemned it as primitive generally neglect to consider each chambers' accounting individually, or to take cognisance of changes in the company's method of accounting. What is not generally appreciated is that the general accounting prepared by the chamber of Zeeland during the first decade of the company's existence did conform to all the requirements of Italian double-entry bookkeeping. Up to 1608 this chamber's balances did report its

capital, and could have been used to calculate net profit.[322] By contrast, Holland's northern chambers applied north European agents' bookkeeping.[323] When the company's accounting was standardised in 1608, Holland's bookkeeping practice prevailed, and, notwithstanding the professed advantages of a capitalistic form of double-entry bookkeeping, Zeeland's use of such a system became redundant. Compared to earlier balances, Zeeland's 1623 balance statement (NL-HaNa, VOC, 1.04.02, file 13791, folio 190) was highly summarised. A most obvious omission from this statement was any reference to the chamber's capital. The debit side of the statement simply recorded the balances of the chamber's voyage accounts during ledger B's life (voyages fourteen to twenty-two), while the credit recorded only the balance of ledger A, cash on hand as at the 20th of March 1623, and the balances of the subsidiary ledger F and that for the ship *Orangie*.

In comparison to Zeeland's earlier accounting, the dearth of information provided in the 1623 balance represented a retrograde step in terms of a modern understanding of double-entry bookkeeping but, as the post 1608 bookkeeping was not applied in ignorance, the VOC must have had good reason for insisting on what appears to be a more inferior bookkeeping system for the company's domestic general accounts.[324] The change might have been initiated by the difficulty of timeously assembling all pertinent accounting records in a central place. However, the most likely explanation is that the change to the accounting system in 1608 was precipitated by the need for all chambers to use a standard accounting system after the *bewinthebbers* had decided in 1606 to make the company's capital permanent (Westera, 1992, p. 77). The company's domestic

---

[322] "The relatively advanced state of Flemish book-keeping in the fourteenth century is without doubt due to Italian influences. Beyond Bruges, even in Holland, this was no longer true, and business techniques tended to depend upon the practices developed by the Hanseatic merchants" (de Roover, 1974, p. 170).

[323] "In the Middle Ages the Dutch towns near the *Zuider Zee* had close ties with the Hanseatic League, even if they were not actual members. Business methods also were similar, and so was the book-keeping" (de Roover, 1974, p. 174).

[324] This supports Glamann's conclusion (1981, pp. 244, 251) that the VOC's financial accounting exhibited a range of methods.

accounting system, together with the fact that the domestic and Asian accounting systems were decoupled, allowed the company to accumulate significant capital reserves from its inter-Asian trade. However, claims that the decentralised Asian accounting system allowed the company to make significant investment in Asia without accounting for their size or nature are invalid. During the period covered by this thesis the Asian operation did report its capital assets as a note to the balance statement provided annually to the VOC in The Netherlands (Batavia general balance, 1627, in Klerk de Reus, 1894, appendix XI(a)).

RATIONALITY, DOUBLE-ENTRY BOOKKEEPING, AND THE RISE OF CAPITALISM

Although never conceived of as an ideal or innovative business form, as noted above, the VOC nonetheless incorporated all the essential elements of modern public company (van Dillen, 1958, pp. 27, 40). Its capital was provided by public subscription, that capital was made permanent in the first decade of its existence, and its capital rights were freely transferable in an open market.[325] The company was independent of its investors, whose liability for the company's debts was limited to any outstanding portion of their subscribed capital. The VOC undoubtedly was a legal entity in its own right. A contemporary observer, English ambassador Ralph Winwood, described the VOC in a letter to the Count of Salisbury dated 31 January 1612 as

> A body by themselves, powerful and mighty in this State, and will not acknowledge the authority of the States generally more than shall be for their private profits (quoted in Adams, 1994, p. 336).

Modern commentators largely agree that the VOC was principally a commercial operation, not least of all because its top management were first and foremost merchants (de Heer, 1929, p. 284). An examination of the archived resolutions of the *Heren*

[325] Amsterdam had an organised and very active share market after 1603. One third of the VOC's capital changed hands in the first five years of the company's existence (Gelderblom and Jonker, 2006. p. 8).

Zeventhien (NL-HaNa, VOC, 1.04.02, files 99, 100) and those of the Amsterdam's *bewinthebbers* (NL-HaNa, VOC, 1.04.02, files 225, 226, 227, 228) conclusively demonstrate that the company's management perceived commercial opportunity and profits to be its primary objective. Any further doubt as to the VOC's capitalistic motivation is dispelled by the fact that between 1602 and 1643 it imported goods worth two hundred million *guilders*. Of this sum the participants received forty million *guilders*, or twenty percent *per annum*, while current and capital costs accounted for the balance of one hundred and sixty million *guilders*, a large portion of which was invested in fixed assets in Asia (van Dam, 1701/1929, p. 514). Consequently, economic goals rather than military strategy or colonial conquest was at the forefront of the unification of the independent Dutch East-India companies (Steensgaard (1973, p. 137; Gaastra, 1991, p. 19). Despite allegations that the company was intent on waging war in Asia with the Spanish and Portuguese (Emmer, 2003, p. 7; Mostert, 2007, pp. 11, 16), the company's management perceived little benefit in waging war with Spain simply for war's sake (Heeres, 1902, p. 18; Meilink-Roelofsz., 1980, p. 20, Mostert, 2007, p. 11).

Company advocate, Pieter van Dam, offered an interesting view of the company's purpose. It was, he believed, firstly intended to benefit the general population and secondly to generate a profit for the company's investors (van Dam, 1701/1929, p. 484),[326] an opinion supported by the company's charter.[327] Undoubtedly, the perception of the country's general welfare did include ensuring that Spanish rule was not re-established in The Netherlands, and to this end the States-General relied on the VOC to harry the Spanish Empire in the Indian Ocean. However, the fact that the VOC's fleets were heavily armed, as were those of the independent Dutch East-India companies,[328]

---

[326] "*Dienvolgende heeft deselve primarie tot bevorderingvan den welstant deser Landen, en secundarie tot profijt van d'ingesetenen van dien*" (van Dam, 1701/1929, p. 484).

[327] "*Tot vervorderinge vanden welstant der vereenichde Landen, eensamentlijck het proffijt van alle den Ingestenen der selver* " (NL-HaNa, VOC, 1.04.02, file 1, introduction).

[328] Steensgaard (1973, p. 127) recognised the independent Dutch East-India companies (*voorcompagniëen)* that preceded the VOC as perfect capitalistic organisations.

was a reality of early 17th century Asian commerce. The Spanish regarded the Dutch merchants, and those from other nations, as interlopers, to be driven out of the Indian Ocean by whatever means possible. The only way Spain would tolerate the Dutch trading in Asia was if the latter's merchants were supported by a powerful navy. Heavily armed fleets were a consequence of the spice trade at that time, not conclusive evidence of martial intentions. Moreover, although the Dutch indulged in some privateering, where expedient, they deliberately avoided direct confrontation with the Spanish. Chaudhuri (1978, p. 6) agreed that the VOC, like the EEIC, had both a commercial and political agenda but he stressed the importance of the former's commercial management. He noted that

> the governing body of the United East India Company of the Netherlands possessed from its early days a collective strength of purpose, a financial and political ideology, that was an object of admiration from the Company's English counterpart (Chaudhuri, 1978, p. 6).

That the VOC had certain national obligations in return for the state monopoly granted to the VOC was not unusual for the time. When the provision in the company's charter authorising it to unilaterally make treaties and contracts with East-Indian rulers was reaffirmed in 1609 (after the signing of the Twelve Year truce between Spain and The Netherlands), only the province of West-Friesland opposed the motion (van Dam, 1701/1929, Book I, p. 488). The 1609 resolution did, however, contain a subtle modification to the provisions of the 1602 charter that had the effect of changing the company's role in Asia. Whereas Article XXXV (NL-HaNa, VOC, 1.04.02, file 1) had limited the company's belligerence to the degree of aggression necessary to carry out its business in a profitable and orderly manner, it did not commit the company to wage war on The Netherlands' behalf. It only gave the company the right to respond with due restraint if threatened or attacked (NL-HaNa, VOC, 1.04.02, file 1, Article XXXVI) and to take prizes (NL-HaNa, VOC, 1.04.02, file 1, Article XXXVII). The tone of the 1609 provision was quite different. Prefaced by the truce between The Netherlands and Spain that allowed The Netherlands the right to trade freely in Indian waters, the Dutch

anticipated that this concession would place their Asian traffic on a much firmer footing and lead to a substantial expansion of their Asian traffic. As a result, the VOC appointed a Governor-general to administer Asian affairs on its behalf. This act heralded the company's role as a colonial power.[329] As a result, Steensgaard (1973, p. 127) drew a sharp distinction between the independent Dutch East-Indian companies and the VOC. The former he described as "true capital associations, divested of political interests, and probably the first organisations of that kind in the European expansion in Asia".[330] The VOC, he maintained was not an evolution of these highly capitalistic forerunners but a mix of commercial and colonial interests that, by comparison, was less capitalistic than the independent Dutch East-Indian companies. Even though the VOC assumed a quasi-governmental role in 1609, Meilink-Roelofsz. (1982, p. 171) was adamant that the VOC remained an independent commercial entity. Whether her conclusion holds for the entire period of the company's existence is contentious but there is no doubt that the argument can be sustained for the larger part of the period covered by this thesis, especially as the VOC did not assume an overly colonial role before its forces captured Jakarta in 1619 and established the colony of Batavia (de Vries and van der Woude, 1997, p. 386).

The States-General's understanding of developments in Asia at that time is interesting. It considered the VOC the main beneficiary of the conflict in the Indian Ocean and, therefore, maintained that the military costs involved were a legitimate charge against the company's profits and the country's liability. The company, in turn, adopted a commercial stance and sought to protect its profits. Company remittances

---

[329] Cornelis Matelieff, commander of the 1605 fleet, first motivated the idea of appointing a permanent Governor-General in Asia. Matelieff believed that the policy of delegating the admiral of each fleet the authority in Asia resulted in an unstable management and not in the company's long-term interests. Amongst others, he convinced Hugo de Groot (the company's advocate) and Johann van Oldenbarneveldt of the wisdom of his proposal. As a result, the VOC appointed Pieter Both as Governor-General of the Asian operation in 1609 (Mostert, 2007, p. 12).

[330] Steensgaard (1973, pp. 127-128) was amiss in concluding that the early Dutch East-Indian companies were pure capitalistic entities with no political obligations. These early Dutch East-Indian companies relied on state support, in exchange for which the state imposed certain obligations.

between 1603-1606 were, it claimed, increasingly absorbed by the escalating costs of equipping a fleet with large, well-armed warships. Later, between 1609-1617, the company alleged that it had spent seventeen million *guilders* on warships, fortifications and arms. This rate of investment, it argued, left little surplus for cash distribution to the participants. Accordingly, the VOC entered into protracted negotiations with the States-General after 1613 to ensure that its obligations in Asia were based on a more commercial footing (van Dam, 1701/1929, pp. 484-486, 498, 491-499). This squabble had some far reaching implications, not least of which was that the company's chambers borrowed much of the money required against the anticipation that it would be recovered from the realisation of prizes. Indeed, the sale of the Portuguese carrack St. Catharine (*Santa Catarina*), captured off Singapore in 1603, realised three million four hundred thousand *guilders*, of which the state received four hundred and fifty thousand *guilders* after all the company's costs had been defrayed.[331]

The taking of the St. Catharine had some far-reaching implications. It caused considerable disquiet amongst the VOC's investors, who believed it constituted an illegal act not sanctioned by the company's charter. As an act of protest, four of the company's largest investors withdrew from the company in 1608. The affair also led to the publication of Dutch jurist and Amsterdam chamber's advocate Hugo de Groot's (1608) treatise *Mare Liberum* (*Freedom of the Seas*), which justified privateering on the grounds that the Dutch were compelled to fight the Spanish for a share in the Asian traffic

> Wherefore since both law and equity demand that trade with the East Indies be as free to us as to any one else, it follows that we are to maintain at all hazards that freedom which is ours by nature, either by concluding a treaty, or by continuing the war (de Groot, 1608/1973, XIII, p. 17).

[331] An audit of the ship's manifests indicated that she was fully laden with a cargo worth well over the three million *guilders* that the Dutch inventory claimed. As a result, the VOC charged its commander, Jacob van Heemskerk, and the captain of the Alkmaar, Jan Pauwels, with embezzlement, alleging that three thousand *guilders* of booty was found in their personal chests on their return to Holland (van Ittersum, 2003, p. 545).

In December 1613 another group of investors complained that the company had contravened the requirements of the charter by applying the company's profits to the continuation of the war against Spain (Glamann, 1981, pp. 7-8). This protest could not have been prompted by the war with Spain, as Glamann suggested, because the truce negotiated under the Treaty of Antwerp was in force at that time. Instead, the issue of concern must have been the company's continued investment in fortifications in Asia and the large number of heavily armed ships it continued to despatch to Asia. Participants were aggrieved because they believed that the truce made such expensive fleets redundant and, moreover, that the *bewinthebbers* continued the practice simply because it benefited them through the one percent commission they earned on the cost of equipping each fleet.

In the context of the time the VOC was undoubtedly an independent commercial enterprise, not merely an extension of the state (Meilink-Roelofsz., 1980, p. 18; Meilink-Roelofsz., 1982, pp. 171-172). Moreover, it has been shown that for much of its life the VOC was a highly profitable organisation. However, general questions concerning the VOC's organisation, such as whether the company was a rational organisation, must be considered from the reality that the company was a confederation of relatively independent units, not a single entity. Accordingly, when addressing the question whether the VOC was a rational, capitalistic organisation it is necessary to distinguish between the company in The Netherlands (Patria) and the Asian (Batavian) operation that increasingly displayed the attributes of an independent entity after 1609 (Mostert, 2007, pp. 8-9).[332] The former comprised six relatively independent chambers that acted as the importers and wholesalers of Asian product. The latter was essentially a venture capitalised by the company to procure and stockpile Asian goods for supply to

[332] Mostert (2007, p. 9) "The VOC had become a very strange organisation: whereas back in the Netherlands it was a trading company, on the Asian side it increasingly had the nature of an autonomous political entity. It had its own government in Batavia, its own body of diplomats, its own allies, its own military means: a state of sorts."

domestic operation. Of the two, Asia undoubtedly assumed the greater governmental role (Mostert, 2007, p. 9) and, in this sense, could be considered the less commercially rational. Consequently, Asia could reasonably be expected to have used the same or a less capitalistic form of bookkeeping than the domestic operation but the reverse is true (Meilink-Roelofsz., 1980, p. 16). Unlike the domestic operation, which continued to use a form of venture accounting, Asia's financial accounting complied with all the requirements of modern double-entry bookkeeping (Mansvelt, 1922, p. 11; Glamann, 1981, pp. 251-252).[333] This finding raises significant implications for both the Sombart-Weber hypothesis and Bryer's Weber-Marx social theories that purport to explain the relationship between double-entry bookkeeping and the rise of capitalism.

THE VOC AND THE SOCIAL THEORIES OF THE DEVELOPMENT OF CAPITALISM

The Sombart-Weber hypothesis and Bryer's Weber-Marx hypothesis propose that the unique features of scientific or capitalistic double-entry bookkeeping exercised a significant, direct influence in the creation of the modern capitalistic firm. In this respect, Sombart declared

> Double-entry bookkeeping created not only "capital" as a concept but also "the capitalistic enterprise (Sombart 1916/1953, p. 39).
>
> The concept of capital does not exist in the absence of the application of scientific (systematic) double-entry bookkeeping (Sombart, 1916/1953, p. 38).
>
> The characteristic pattern of business organization resulting from systematic bookkeeping had been of crucial importance for the development of capitalism (Sombart 1916/1953, p. 38).

[333] "*Dat men in Indië een boekhouding voerde volgens wat men gewoonlijk noemt de dubbele methode*" (Mansvelt, 1922, p. 11). He clarified what he meant by double-entry by stating that such a system must continually record the effect that changes in the business' assets and liabilities have on its capital and must calculate that effect in a profit and loss account. Glamann (1958, p. 252) concluded his analysis of the Asian branch of Gamron by stating "In other words, it is possible from the accounts to read practically all that one would expect to read out of a modern account."

A scientific or capitalistic system of double-entry bookkeeping incorporates both a profit and loss account and a capital account (Yamey, 1949, p. 99; Winjum, 1972, p. 17; Cohen, 1980, p. 1341; Bryer, 2000a, p. 144). In Sombart's terms, the modern, capitalistic form of business organisation meant a joint stock company (Nussbaum, 1937, p. 162). The essence of the Sombart-Weber thesis proposed that a spirit of capitalism utilised capitalistic double-entry bookkeeping to create the capitalistic firm that was completely independent of its investors (Sombart, 1919/1979, p. 246). Thus depersonalised, the firm was free to pursue profits without regard to any other goals or moral check.

By contrast, Bryer's Weberian-Marxist approach suggested that the adoption of capitalistic double-entry bookkeeping resolved the social conflict that arose between the firm and its shareholders once capital investments were opened to the public (Bryer, 2000a, p. 137; Bryer, 2000b, pp. 327-336). He defined socialised capital as a pooled capital, such as is found in partnerships and joint stock companies. The ultimate development of socialised capital, fully social capital, added the following criteria: the investment must be open to an unrestricted class of investors, the investment capital must be capable of being used for any legal purpose, and the invested capital right must be freely transferable (Bryer, 2000a, p. 137). Mansvelt (1922) offered a similar proposition, without being specific about how the relationship between firm, capitalism, and bookkeeping worked. Clearly drawing on Sombart (or similar source), he asserted that a modern company had to use a capitalistic form of bookkeeping (Mansvelt, 1922, pp. 81, 89, 93, 107-109).

Capitalistic double-entry bookkeeping is believed to have initiated the development of capitalism by shifting the focus of financial administration from a means of controlling individuals, activities, and commodities to one that optimised opportunities for the creation of wealth. The particular quality of double-entry bookkeeping assumed to have led to the development of the capitalistic firm was its ability to provide an accurate, independent computation of net profit that also served the

key to equalising the balance sheet. This feature, social theorists argued, made rational investment decisions possible, which, in turn, encouraged investment in business enterprises with the sole intention of realising the maximum return possible on the invested capital. Furthermore, the process was assumed to have an inherent energy, generated by the gains earned through rational investment decisions being constantly reinvested, thereby perpetuating the cycle. A direct consequence was that the emphasis of financial accounting changed from a process intended to facilitate management and secure stewardship to one that was structured to meet shareholders' requirement for information on which rational investment decisions could be based. According to Bryer (2000b, p. 328) this "revolution made the rate of return of capital the purpose of economic life, and, in Marx's theory, provided the essential ingredient for the emergence of modern capitalism from capitalistic agriculture".

As noted above, the VOC met all criteria for a capitalistic firm and had a social capital in the first decade of the 17th century. Notwithstanding this classification, the VOC's domestic bookkeeping never utilised scientific or capitalistic double-entry bookkeeping (Meilink-Roelofsz., 1980, p. 21). Nor does Bryer's Weberian-Marxist theory fit the pattern of events in 1623 when VOC participants protested the company's consistent failure to produce a proper accounting. Protestors never articulated a demand for capitalistic bookkeeping but insisted that the company provide them with a proper account of the manner in which it had managed the members' investment. In other words, the VOC's participants demanded an account of stewardship to satisfy themselves that their investment was not being squandered or diminished by fraud and unethical practices by the VOC's management. Besides their concern with stewardship, the VOC's participants did not demand a capitalistic form of bookkeeping because they used an historical measure to gauge the value of their investment, rather than a predictive measure like the rate of return on invested capital suggested by capitalistic theory. Investment decisions were made on the basis of the return earned compared to what was earned by similar investments opportunities. Consequently, the method of

calculating distributions was entirely irrelevant to the 17th century investor, which supports Yamey's claim that no substantive evidence exists to support the contention that an endeavour to maximise profits acted as the spur for the adoption of scientific double-entry bookkeeping (Yamey, 1940, pp. 333-342; 2004, p. 150).

Indeed, Yamey (1964, p. 132; 2005, pp. 77-88) rely principally on the history of the EEIC, he argued that double-entry bookkeeping played only a minor role in the development of the modern business enterprise. In his opinion, its utility is limited to no more than a means to facilitate financial reporting to external users. Net profit was not utilised as a management tool[334] or rational basis for investment decisions before the second half of the 17th century (Yamey, 1949, p. 110).[335] Even after 1669, net profit determination was not a major objective of the EEIC's bookkeeping, which it should have been had Bryer's assumption held. The company's ledgers were closed and balanced only when convenient, and profits usually not reckoned until the ledger was full. More importantly, the irrelevance of a net profit calculation to determine shareholders' returns is readily apparent in the EEIC's practice of declaring a dividend before the proceeds from sales had been realised in the decade after 1664 (Walker, 1931, p. 101; Winjum, 1972, pp. 227-228). Consequently, net profit did not determine the dividend subsequently paid to EEIC shareholders and, therefore, could not act as a spur for the development of capitalism in the manner hypothesised by social historians such as Sombart, Weber, and Bryer. Further undermining the Sombart/Weber/Marx social explanations of the development of capitalism that hinge on the concept of capital as the abstraction that made the modern capitalistic firm possible is that the concept of shareholders' capital was not abstracted from the physical realities of the rest of the business until Hustcraft Stephens (*Italian bookkeeping reduced to an art*) did so in

[334] Of far more importance for management of the time was the gross margin on particular parcels of merchandise (Baladouni, 1983, p. 78).

[335] Lodovico Flori, a native of Perugia near Florence who published *Trattato del modo di tenere il libro doppio domestico* in 1636, was the first author to require a closing of income and expenses to a particular financial period (Peragallo, 1938/1974, p. 83).

1735, considerably later than the period assumed for the development of capitalism by any of the social theories.[336]

POSSIBLE FUTURE RESEARCH SUGGESTED BY THIS THESIS

The study undertaken of the VOC's organisation and financial administration in this thesis suggests three interesting areas for future research that would significantly enrich accounting history. The first of these is the need for a wide-ranging empirical study of the bookkeeping methods used in northern Europe during the last half of the 16th century, which have been shown in this thesis to have been the major influence on the bookkeeping practices adopted by the world's first public company, the VOC. To rectify this lacuna, a comprehensive analysis of relevant extant primary accounting records is needed to compare the methods used and to indentify the causes of any significant variances in practice that are observed.

Another areas of future research focuses on the cause of the company's demise in 1798. Some researchers have suggested that the company was bankrupted because it refused to increase its capital base, which left it heavily reliant on short-term debt that was secured against the future sale of imported goods. This strategy seemingly was successful until the fourth Anglo-Dutch War (1780-1784) upset it by limiting Asian imports. The direct consequence was that VOC lost about forty-three million *guilders*, and was forced to default on its debts (Meilink-Roelofsz., 1982, p. 184; de Vries and van der Woude, 1997, pp. 455-456). By contrast, Mansvelt (1922, pp. 101-111) argued that VOC's downfall was directly attributable to the deficiency of its bookkeeping system that recorded the company's assets as ten million *guilders* and its liabilities as one hundred and twenty-seven million *guilders* but neglected to account for the value of the assets accumulated in Asia. By Mansvelt's reckoning the VOC was not insolvent, it

[336] According to Stephens, the purpose of bookkeeping was to determine the assets and liabilities that would reveal the present value of the capital sum (Stephens, in Jackson, 1956, pp. 307-308).

suffered a liquidity problem that, if recognised, could have been easily rectified. Other explanations of the VOC's bankruptcy include that the company's bookkeeping system could not produce reliable data concerning costs and, therefore, was incapable of accurately determining net profit and loss data (Mansvelt, 1922, pp. 8, 93; Glamann, 1981, p. 244). Glamann (1981, p. 250) also adopted an entirely different approach. He posited that the company's collapse was attributable to the changing structures of trade, not the directors' ignorance of the bookkeeping system or because it was deficient. Meilink-Roelofsz. (1980, p. 12) adopted a similar theme. She proposed that the company's decline lay in that the extent of its Asian investments were entirely unrelated to the economics of the market. These conflicting views suggest that accounting history would benefit by future research that demonstrated the role the company's bookkeeping system played in its demise.

The final suggestion for future research concerns the VOC's access to short-term funds that finally dried up in 1781. At this time, Holland's chambers were deeply in debt but the situation in Zeeland was much more liquid, so much so that it had no need to seek financial assistance before 1785 (de Korte, 1983, pp. 79-83).[337] The question is what made Zeeland so different? A possibility that suggests itself is that this chamber used a much more sophisticated system of bookkeeping than had been employed by Holland's chambers in the company's early years, which would have allowed it to better manage its finances. Although, Zeeland's general accounting in 1623 indicated that it had been forced to adopt the method prevalent in Holland, it is possible that it continued to manage its affairs by a more sophisticated method of accounting and that only those accounting records that had to be shared with other chambers or submitted to the *Heren Zeventhien* complied with the company's standard method of bookkeeping.

[337] Of a total of fourteen million, five hundred and fifty-two thousand, nine hundred *guilders* (*f*.14,552,900) in short-term financing in 1780, Zeeland's share only amounted to sixty-five thousand *guilders* (*f*.65,000). In 1781 the total rose to eighteen million, twenty-seven thousand, four hundred *guilders* (*f*.18,027,400). At the same time, Zeeland's short-term debt dropped to sixty-two thousand *guilders* (*f*.62,000).

Consequently, research is needed to determine whether Zeeland did, indeed, use a dual system of bookkeeping, and, if so, whether this had any significant impact on the chamber's ability to remain liquid long after its fellow chambers had succumbed to their debts.

BLIOGRAPHY

PRIMARY REFERENCE SOURCES.

Anonymous. (1622). *Tegen-vertooch by eenighe liefhebbers vande waerheyt.* Jacob Pieters.

Cau, *Groot Placcaat Boek* Anonymous. (1622). *Teghen-bedenckinge opte overghegheven bedenckinghe.* Jacob Pieters.

Aristotle. (trans. 1995). *Poetics*. S. Halliwell (Ed. and Trans.). Cambridge Massachusetts: Harvard University Press.

Cardano, H. (1539). *Pratica arithmetice, & mensurandi singularis*. Milan.

Cato, M. P. 1966). *Cato the Censor on farming.* E. Brehaut (Ed. and Trans.). New York: Octagon Books Inc.

Cau, C. (Ed.). (1664). *Groot placaet-boeck: vervattende de placaten, ordonnantien ende edicten vande doorluchtige hoog mog. heeren Staten generael ver Vereenighde Nederlanden, 2.* ‘s Gravenhage: van Wouw.

Cock, D. (1643). *De luchtende fackel van het Italiaens boeck-houden, handelende van de companie-handel*. Amstelredam: H. T. de Vries.

Coutereels, J. (1603). *Den stijl van boeck-houden*. Amsterdam: Symon Moulert.

Dafforne, R. (1660). “The merchants mirrour.” In J. B. Geijsbeek (Ed.), *Ancient double-entry bookkeeping*, 137-181.

De Groot, H. (1608/1973). *Mare Liberum.* R. van Deman Magoffin (Trans.). New York: Arno Press, 1972.

Dieppois, J. B. (1641). *Korte onderrechtingen van’t Italiaensch boek-houden*. Haerlem: Thomas Fonteyn.

Dutch West-India Company charter (1621). The Avalon Project: Yale University Law School. Retrieved on 26/08/2010 from http://avalon.law.yale.edu/17th_century/westind.asp.

East Indian Company. (1628/1968). *The lawes or standing orders of the East India Company. First published by the East India Company in 1628*. Farnborough, Hants.: Gregg International Publishers.

Gammersfelder, S. (1570). *Buchhalten durch zwey bucher nach Italianischer art und weise.* Danzig.

Goessens, P. (1594). *Buchhlten fein Kurtz zusammen.* Hamburg: Henrich Binder.

Gotlib,[338] J. (1546). *Buchhalten zwey kunstliche unnd verstendige buchhalten*. Nuremburg: Johan Petreius.

Hexham, H. (1648). *A copious English and Netherduytch dictionarie composed out of our best English authours.* Rotterdam: Aernout Leers.

Mellema, E. E. L. (1651). *Le grand dictionaire , Francois-Flamen*. Rotterdam.[339]

[338] The author of *Buchhalten zwey kunstliche unnd verstendige buchhalten* was named as Gotlib on the cover of the 1544 text. In a list of German texts, Geijsbeek (1914/1974, p. 5) gives the author of *Ein teutsch verstendig Buchhalten* (1531) as Gotlieb. Bywater and Yamey, (1982, p. 37) simply refer to the author of both texts as Gottlieb. As these were one and the same person, references to this author can be confusing. To simplify the matter, the more frequently used ‘Gottlieb’ has been adopted in the body of this thesis.

Mennher, V. (1565/1979). *Practique pour brievement apprendre à ciffrer, et tenir livre de comptes*. Antwerp: du Roy. Republished London: Scholar Press.

NL-HaNa, Voorcompagnieën, 1.04.01. *Nationaal Archief, Den Haag, Archieven van de Compagnieën op Oost-Indië*.

NL-HaNA, VOC, 1.04.02. *Nationaal Archief, Den Haag, Verenigde Oost-Indische Compagnie*.

Hoog Mog. Heeren Staaten Generaal der Vereenigde Nederlanden. (1748). *Octroy, by de Hoog Mog. Heeren Staaten Generaal der Vereenigde Nederlanden verleendt aan de Oost-Indische Compagnie*. ‘s Gravenhage: Jacobus Scheltus.

Pacioli, L. (1494/1963). *Paciolo on accounting*. R. G. Brown and K. S. Johnston (Trans.). New York: McGraw-Hill.

Pacioli, L. (1494/1974). *An original translation of the treatise on double-entry book-keeping, by Frater Lucas Pacioli*. P. Crivelli (Trans.). Osaka, Nihon Shoseki.

Petri, N. (1635). *Practicque om the leeren reeckenen, cypheren ende boeckhouwen*. Amsterdam: Hendrick Laurentsz.

Pliny. (1950). *Natural history, Vol. IV, Libri XII*. H. Rackman (Trans.). London: William Heineman Ltd.

Schreiber, H. (1544). *Ayn new kunstlich buech welches*.

Schweicker, W. (1549). *Zwifach butchhalten*. Nurnberg: Johan Petreium.

Seneca, L. A. (*c.* 1 A.D./1852). *Opera quae supersunt*. F. Haase (Ed.). Leipzig: B. G. Teubneri.

Stephens, H. (1735/1979). *Italian book-keeping, reduced into an art*. London: Scolar Press.

Stevin, S. (1604) *Verrechting van domeinen, ende vorstlicke bouckhouding op de Italiaensche wyse.* Amsterdam.

Stevin, S. (1607/1979). *Coopmans bouckhouding op de Italiaensche wyse*. In M. F. Bywater (Ed.) London: Scolar Press.

Strabo (1930). *The geography of Strabo, vol. VII*. H. L. Jones (Trans.). London: W. Heinemann.

The Oxford reference dictionary (1988). Oxford: Clarendon Press.

Valentyn, F. (1724). *Oud en Nieuw Oost-Indien, vervattende een naaukeurige en uitvoerige verhandelinge van Nederlands mogentheyd en die gewesten, benewens eene wydluftige beschryvinge der Moluccos, Amboina, Banda, Timor, en Solor, Java, en alle de eylanden onder dezelve landbestieringen behoorende; het Nederlands Comptoir op Suratte, en de levens der groote Mogols.* Dordrecht: Joannes van Braam.

Van Dam, P. (1701/1927). F. W. Stapel, and R. G. P. Grote (Eds.), *Beschryvinge van de Oost-Indische Compagnie*. *Book 1, part I.* ‘s, Gravenhage: Nijhoff.

Van Dam, P. (1701/1929). F. W. Stapel (Ed.), *Beschryvinge van de Oost-Indische Compagnie*. *Book 1, part II.* ‘s, Gravenhage: Nijhoff.

[339] Although 17th century editions of this dictionary credit Mellema as the author, he died between 1591 and 1599, well before the date of publication. However, Mellema is known to have been the compiler of an appendix of words and their meanings and this might have subsequently been enlarged and published as this dictionary (Osselton, 1969. p. 360).

Van Dam, P. (1701/1943). F. W. Stapel (Ed.), *Beschryvinge van de Oost-Indische Compagnie*. *Book 3*. ‘s, Gravenhage: Nijhoff.

Van der Scheure, J. (1625). *Kort onderricht over het Italiaens boekhouden.* Haerlem: Hans P. van Wesbusch.

Van Gezel, W. (1681). *Kort begryp van ‘t beschouwig onderwijs in ‘t Koopmans boeckhouden*. Amsterdam: Jan ten Hoorn.

Van Gezel, W. (1681/1979). *Kort begryp van’t beschouwig onderwijs in’t koopmans boekhouden.* First published in Amsterdam by Jan ten Hoorn. Republished in London by Scolar Press.

Vranck, F. (1587/1974). A short exposition of the rights exercised by the knights, nobles and towns of Holland and West-Friesland from time immemorial for the maintenance of the freedoms, rights, privileges and laudable customs of the country. In E. H. Kossman and A. F. Mellink (Eds.), *Texts concerning the revolt of the Netherlands*. London: Cambridge University Press, 274-285.

W.P. (1596). *The pathway to knowledge*. London: William Barley.

Waningen, H. (1672). In J. Buingha (Ed.), *‘T Recht gebruyck van’t Italiaens boeckhouden.* Amsterdam: Marcus Doornick.

Waninghen, H. (1629). In J. Buingha (Ed.), *Tresoor van ‘t Italiaens boeck-houden*. Amsterdam: Theunis Jacobsz.

Nootwendich Discours oft Vertooch aan de hooch Mogende heeren Staten Generael van de Participanten der Oost-Indische Compagnie tegens Bewinthebbers. (1622). Koninklijke Bibliotheek van Nederland: Knuttel 3348.

Tweede Noot-wendiger Discours ofte Vertooch aan alle Lant-lievende van de Participanten der Oost-Indische Compagnie tegens Bewinthebbers. (1623). Koninklijke Bibliotheek van Nederland: Knuttel 3350.

Ympyn, J. (1547). *A notable and very excellente woorke*. London: R. Grafton.

Zosimus, (1982). *New History*. R. T. Ridley (Trans.). Sydney: Australian Association for Byzantine Studies.

BIBLIOGRAPHY

SECONDARY REFERENCE SOURCES

't Hart, M. C (1989). "Cities and Statemaking in the Dutch Republic, 1580-1680." *Theory and Society, 18*(5), 663-687.

't Hart, M. C (2006, April). "Who profited in the Netherlands? State formation and public debt under capitalist structures in the eighteen century." *Paper delivered at the 2nd Low Countries Conference, Antwerp,* 1-15.

't Hart, M. C, Jonker, J. L., & van Zanden, J. L. (1997). *A financial history of the Netherlands*. Cambridge: Cambridge University Press.

Abu-Lughod, J. L. (1989). *Before European hegemony: The world system A.D. 1250-1350.* Oxford: Oxford University Press.

Adams, J. (1994). "Trading states, trading places: the role of patrimonialism in early modern Dutch development." *Comparative Studies in Society and History, 16*(2), 319-355.

Adelson, J. (1957). "The early evolution of business organisation in France." *The Business History Review, 31*(2), 226-245.

Adshead, S. (1988). *China in world history*. Basingstoke, Hampshire: Macmillan Press.

Aho, J. A. (2005). *Confession and bookkeeping: The religious, moral, and rhetorical roots of modern accounting*. New York: State University of New York Press.

Akveld, L. M., Hart, A., & Hoboken, van W. J. (Eds.). (1977). *Maritieme geschiedenis der Nederlanden, II.* Bussum: De Boer.

Alagiah, R., Ratnatunga, J., & Gaffikin, M. (1998, August). "Foucault, accounting income and the economic status of indigenous Australian families." Paper delivered at the *2nd Asia-Pacific Interdisciplinary Research in Accounting Conference, Osaka,* 1-30.

Alberts, W. J. (1969). *De Nederlandse Hanzesteden*. Fibula-van Dishoeck, Bossum.

Anes, D. R. (1994). "The Casa de la Contratación de Indias and the application of double entry bookkeeping to the sale of precious metals in Spain, 1557-83." *Accounting, Business and Financial History, 4*(1), 83-98.

Anes, D. R. (2002). "Accounting for the estates of deceased travellers: An example of early Spanish double entry bookkeeping." *Accounting History, 7*(1).

Ankersmit, F. (1983). *Narrative logic: a semantic analysis of the historian's language*. The Hague: M. Nijhoff.

Anonymous. (1665). "A summary relation of what hath been hitherto discovered in the matter of the North-East Passage; communicated by a good hand." *Philosophical Transactions, 10,* 417-424.

Armstrong, P. (1985). "Changing management control strategies: The role of competition between accountancy and other organisational professions." *Accounting, Organizations and Society, 10*(2), 129-148.

Armstrong, P. (1987). "The rise of accounting controls in British capitalist enterprises." *Accounting, Organizations and Society, 12*(5), 415-436.

Armstrong, P. (1994). "The influence of Michel Foucault on accounting research." *Critical Perspectives on Accounting, 5*(1), 25-55.

Arnold, A. J., & McCartney, S. (2003). “It may be earlier than your think: Evidence, myths and informed debate in accounting history.” *Critical Perspectives on Accounting, 14*(3), 227-253.

Ashtor, E. (1983). *Levant trade in the later Middle Ages.* Princeton, N. J.: Princeton University Press.

Backhaus, J. (1989). “Sombart’s Modern Capitalism.” *Kyklos, 42*, 599-611.

Baladouni, V. (1983). “Accounting in the early years of the East India Company.” *The Accounting Historians Journal, 10*(21) Fall.

Baladouni, V. (1984). “Etymological observations on some accounting terms.” *The Accounting Historians Journal, 11*(2), 101-109.

Baldwin, J. W. (1959). “The medieval theories of the just price: Romanists, Canonists, and Theologians in the twelfth and thirteenth centuries.” *Transactions of the American Philosophical Society, New Series, 49*(4), 1-92.

Barbour, V. (1950). *Capitalism in Amsterdam in the 17th century.* Ann Arbor: The University of Michigan Press.

Barnouw, A. J. (1952). *The pageant of Netherlands history.* London: Longman Green and Co.

Bautier, R. (1971). *The economic development of Medieval Europe*. London: Thames & Hudson.

Beazley, C. R. (1968). *Prince Henry The Navigator: The hero of Portugal and of modern discovery, 1394-1460 A. D.* New York: Burt Franklin.

Bedford, N. M., & Ziegler, R. E (1975). “The contributions of A. C. Littleton to accounting thought and practice.” *The Accounting Review, 50*(3), 434-443.

Bell, C. (1974). *Portugal and the quest for the Indies*. London: Constable.

Bell, D. (1996). “How (and how not) to write histoire evenementielle: Recent books on eighteenth century French politics.” *French Historical Studies, 19*(40), 1169-1189.

Bentley, M. (Ed.). (1997). *Companion to historiography*. London: Routledge.

Bentley, M. (1999). *Modern historiography: An introduction*. London: Routledge.

Benvenisti, E. (2002). *Sharing transboundary resources: International law and optimal resource use*. Cambridge: Cambridge University Press.

Berger, A. (1953). “Encyclopaedic dictionary of Roman law.” *Transactions of the American Philosophical Society. New Series, 43*(2), 333-809.

Berlin, I. (1960). “History and theory: the concept of scientific history.” *History and Theory, 1*(1), 1-31.

Berman, H. J. (1983). *Law and revolution: The formation of the Western legal tradition.* Cambridge, Mass.: Harvard University Press.

Bernstein, J. M. (1995). *Recovering ethical life. Jurgen Habermas and the future of critical theory.* New York: Routledge.

Bes, K. (1908). *Bijdragen tot de geschiedenis en de theorie van het boekhouden*. Tilburg: M. G. Vattier Kraane.

Bevir, M. (November, 2000). *Narrative as a form of explanation. Disputatio, 9*, 10-18.

Birnbaum, N. (1953). “Conflicting interpretations of the rise of capitalism: Marx and Weber.” *The British Journal of Sociology, 4*(2), 125-141.

Bischoff, J. P. (1977). “Pegolotti: an honest merchant?” *Journal of European Economic History*. *Vol. 6*(1), 103-108.

Blake, C. (1959). “Can history be objective?” In P. Gardiner (Ed.), *Theories of history* Glencoe, Illinois: The Free Press, 329-343.

Blanc, A. (1899). *Le livre de comptes de Jacme Olivier: marchand Narbonnais du XIV siècle*. Book 2, part 1. Paris: Alphone Picard et fils.

Blaug, M. (1985). *The methodology of economics, or, How economists explain*. Cambridge: Cambridge University Press.

Bloch, M. (1973). *The royal touch; sacred monarchy and scrofula in England and France*. J. E. Anderson (Trans.). London: Routledge and Keegan Paul.

Bloch, M. (1982). *Feudal society*. L. A. Manyon (Trans.). London: Routledge and Kegan Paul.

Bloch, M. (1992). *The historian’s craft*. P. Putnam (Trans.). Manchester: Manchester University Press.

Blockmans, W. (1993). The economic expansion of Holland and Zeeland in the fourteenth-sixteenth centuries. In E. Aerts, B. Henau, P. Janssens, and R. van Uytven, (Eds.), *Studia Historica Oeconomica: Liber Amicorum Herman Van der Wee*. http://hdl.handle.net/1887/1549, 41-58.

Blomquist, T. W. (1971). “Commercial association in thirteenth-century Luca.” *Business History Review*, *XLV*(2), 157-178.

Blunt, J. (1837). *The shipmaster’s assistant, and commercial digest*. New York: E. & G. W. Blunt

Blussé, L., & de Moor, J. (1983). *Nederlanders oversee: De eerste vijftig jaar 1600-1650*. Franeker: T. Wever.

Blussé, L., & Gaastra, F. (Eds.). (1981). *Companies and trade*. Leiden: Leiden University Press.

Blussé, L., & Winius, G. (1985). “The origin and rhythm of Dutch aggression against the Estado da India, 1601-1661.” In T. R. de Souza (Ed.), *Indo-Portuguese history: Old issues, new questions.* New Delhi: Concept Publishing Company, *7*3-83.

Boogers, M., & Tops, P. (2000). “Waterschapverkiezingen: Over democratie en het bestaansrecht van waterschappen.” *Bestuurswetenschappen*, *54*(4), 288-303.

Boulnois, L. (1966). *The silk road*. D. Chamberlain (Trans.). London: Allen & Unwin.

Bourdelais, P. (1984). “French quantitative history.” *Social Science History*, *8*(2). 179-192.

Boxer, C. R. (1969). *The Portuguese seaborne empire 1415-1825*. London: Hutchinson.

Boxer, C. R. (1979). *Jan Compagnie in war and peace 1602-1799: A short history of the Dutch East-India Company.* Asia: Heinemann.

Brady, T. A., Oberman, H. A., & Tracy, J. D. (Eds.). (1994). *The handbook of European history: 1400-1600.* Leiden: E. J. Brill.

Braudel, F. (1972-3). *The Mediterranean and the Mediterranean world in the age of Philip II (Vols. 1-2)*. S. Reynolds (Trans.). London: Collins.

Braudel, F. (1980). *On history*. S. Matthews (Trans.). Chicago: The University of Chicago Press.

Braudel, F. (1992a). *Civilization and Capitalism, 15th-18th century: The structure of everyday life*. S. Reynolds (Trans.). Berkeley: University of California Press.

Braudel, F. (1992b). *Civilization and Capitalism, 15th-18th century: The wheels of commerce*. S. Reynolds (Trans.). Berkeley: University of California Press.

Braudel, F. (1992c*). Civilization and Capitalism, 15th-18th century: The perspective of the world.* S. Reynolds (Trans.). Berkeley: University of California Press.

Breisach, E. (1994). *Historiography ancient and modern*. Chicago: University of Chicago Press.

Breisach, E. (2003). *On the future of history: The postmodernist challenge and its aftermath.* Chicago: University of Chicago Press.

Brief, R. P. (1966). "The origin and evolution of nineteenth-century asset accounting." *The Business History Review, 40*(1), 1-23.

Broadbent, J., & Laughlin, R. (1997). "Developing empirical research: An example informed by a Habermasian approach." *Accounting, Auditing & Accountability Journal 10(*5), 622-648.

Broadbent, J., Laughlin, R., & Read, S. (1991). "Recent financial and administrative changes in the NHS: A critical theory analysis." *Critical Perspectives on Accounting 2*(1), 1-29.

Brotton, J. (1997). *Trading territories: Mapping the early world.* London: Reaktion Books Ltd.

Brown, R. (Ed.). (1905/1968). *A history of accounting and accountants.* Haarlem: Frank Cass & Co.

Brown, R. G., Johnston, K. S., & Jennings, A. R. (1963). *Paciolo on accounting*. New York: McGraw-Hill.

Bruce, J. (1810). *Annals of the Honorable East-India Company*. East-India House.

Bruijn, J. R., Gaastra, F. S., & Schöffer, I. (Eds.). (1979a). *Dutch-Asiatic shipping in the 17th and 18th centuries: Volume II, outward-bound voyages from the Netherlands to Asia and the Cape (1595-1794).* The Hague: Martinus Nijhoff.

Bruijn, J. R., Gaastra, F. S., & Schöffer, I. (Eds.). (1979b). *Dutch-Asiatic shipping in the 17th and 18th centuries: Volume III, homeward-bound voyages from Asia and the Cape to the Netherlands (1597-1795)*. The Hagen: Martinus Nijhoff.

Bruijn, J. R., Gaastra, F. S., & Schöffer, I. (Eds.). (1987). *Dutch-Asiatic shipping in the 17th and 18th centuries: Volume I: Introductory volume.* The Hagen: Martinus Nijhoff.

Brulez, W. (1958). "Lettres commerciales de Daniel et Antione van Bombergen à Antonio Grimani (1532-1543)." *Bulletin de L'Institute Historique Belge de Rome, XXXI*, 169-205.

Brulez, W. (1959). *De firma Della Faille en de internationale handel van Vlaamse firmas in de 16e eeuw*. Brussles: Paleis der Academiën.

Brunner, E. C. G. (1924). "Een Hoornsch koopmansboek". *Economisch Historisch Jaarboek, X*, 3-79.

Brunner, J. (1991). "The narrative construction of reality." *Critical Enquiry, 18*(7), 1-21.

Bryer, R. A. (1991). "Accounting for the ''railway mania'' of 1844 - a great railway swindle?" *Accounting, Organizations and Society, 16*, 439-486.

Bryer, R. A. (1993a). "The late nineteenth century revolution in financial reporting: Accounting for investor or managerial capitalism?" *Accounting, Organizations and Society, 18*, 649-690.

Bryer, R. A. (1993b). "Double-entry bookkeeping and the birth of capitalism: Accounting for the commercial revolution in medieval northern Italy." *Critical Perspectives on Accounting, 4*(2), 113-140.

Bryer, R. A. (1994). "Accounting for the social relations of feudalism." *Accounting and Business Research, 24*, 283-310.

Bryer, R. A. (1997). "Accounting for the 'Bourgeois Revolution' in the English East India Company 1600-1657." *Fifth Interdisciplinary Perspectives on Accounting Conference, Manchester University*.

Bryer, R. A. (1998). "The laws of accounting in late nineteenth century Britain." *Accounting History, N.S., 3*(1), 55-94.

Bryer, R. A. (1998). "The struggle to maturity in writing the history of accounting, and the promise – some reflections on Keenan's defence of 'traditional' methodology." *Critical Perspectives on Accounting, 9*(6), 669-681.

Bryer, R. A. (2000a). "The history of accounting and the transition to capitalism in England. Part one: theory." *Accounting, Organizations and Society, 25*, 131-162.

Bryer, R. A. (2000b). "The history of accounting and the transition to capitalism in England. Part two: evidence." *Accounting, Organizations and Society, 25*, 327-381.

Bryer, R. A. (2005a). "A Marxist accounting history of the British industrial revolution: A review of evidence and suggestions for research." *Accounting, Organizations and Society, 30*, 25-65.

Bryer, R. A. (2005b, May). "Smith, Marx or Foucault in understanding the early British Industrial Revolution? A re-examination of management and accounting for capital and labour at the Carron Company." *Paper presented at the 28th EAA Annual Conference, Goteburg, Sweden*, 1-57.

Bryer, R. A. (2006a). "Capitalist accountability and the British Industrial Revolution: The Carron Company, 1759 - circa. 1850." *Accounting, Organizations and Society, 31*, (8), 687-734.

Bryer, R. A. (2006b). "The genesis of the capitalist farmer: towards a Marxist accounting history of the origins of the English agricultural revolution." *Critical Perspectives on Accounting, 17*(4), 367-397.

Bryer, R. A. (2006c). "Accounting and control of the labour process." *Critical Perspectives on Accounting, Special Issue on Accounting and the Labour Process, 17*(5), 551-598.

Bryer, R. A. (2008). "Marx's accounting solution to the 'transformation problem'." *Working paper, Warwick Business School, University of Warwick, Coventry*, 1-52.

Bryman, A. (1984). "The debate about quantitative and qualitative research: A question of method or epistemology?" *The British Journal of Sociology 35*(1), 75-92.

Buingha, J. (1972). *Oprecht fondament ende principalen inhoudt van het Italiaens boeck-houden.* Amsterdam: Marcus Doornick.

Bulut, M. (2002). "The role of the Ottomans and Dutch in the commercial integration between the Levant and Atlantic in the seventeenth century." *Journal of the Economic and Social History of the Orient, 45*(2), 197-230.

Bulut, M. (2006, August). “The Dutch Merchants and their activities between the Atlantic and Levant during the mercantilist ages.” *Paper for IEHA Congress, Helsinki*. Unpaginated.

Burchell, S., Clubb, C., & Hopwood, A. (1985). “Accounting in its social context: Towards a history of value added in the United Kingdom.” *Accounting, Organizations and Society, 10*(4), 381-413.

Burchell, S., Clubb, C., Hopwood, A., Hughes, J., & Nahapiet, J. (1980). “The roles of accounting in organisations and society.” *Accounting, Organizations and Society, 5*(1), 5-27.

Burguiere, A. (1982). “The fate of the history of mentalités in the Annales.” *Comparative Studies in Society and History, 24*(3), 424-437.

Burke, P. (1990). *The French historical revolution: The Annales School, 1929-89*. Cambridge: Polity Press.

Burke, P. (Ed.). (1991). *New perspectives on historical writing*. Cambridge: Polity Press.

Burns, R. M. (2000). “Posivitism.” In R. M. Burns and H. Rayment-Pickard (Eds.), *Philosophies of history: from Enlightenment to Postmodernity*. Oxford: Blackwell Publishers.

Burns, R. M., & Rayment-Pickard, H. (Eds.). (2000). *Philosophies of history: from Enlightenment to Postmodernity*. Oxford: Blackwell Publishers.

Bywater, M. F., & Yamey, B. S. (1982). *Historic accounting literature: A companion guide*. London: Scolar Press.

Calhoun, G. M. (1968). *The business life of ancient Athens*. New York: Cooper Square Publishers.

Camfferman, K. (2000). “Jaarekeningpublicatie door beursgenoteerde naamloze vennootschappen in Nederland tot 1910.” *NEHA-Jaarboek, 63*, 71-103.

Camfferman, K., & Cooke, R. E. (2001). “Dutch accounting in Japan 1609-1850: Isolation or observation.” *Accounting, Business & Financial history. 11*(3), 369-382.

Camfferman, K., & Cooke, R. E. (2004). “The profits of the Dutch East India Company’s Japan trade.” *Abacus 40*(1), 49-75.

Campbell, P. (1998). “The new history: the Annales school of history and modern historiography.” In W. Lamont (Ed.), *Historical controversies and historians*. 189-199.

Cannan, E. (1921). “Early history of the term capital.” *The Quarterly Journal of Economics, 35*(3), 469-481.

Carlos A. M., & Nicholas, S. 1988). “Giants of an earlier capitalism”: The chartered trading companies as modern multinationals. *The Business History Review, 62*(3), 398-419.

Carman, L. A. (1935). “Researches of Raymond de Roover in Flemish accounting of the fourteenth century.” *Journal of Accountancy, 60,* 111-122.

Carmona, S., Ezzamel, M., & Gutiérrez, F. (2004). “Accounting history research: traditional and new accounting history perspectives.” *De Computis Revista Española de Histoia dela Contabilidad, 1,* 24-53.

Carnegie, G. D., & Napier, C. J., (1996). "Critical and interpretive histories: insights into accounting's present and future through its past." *Accounting, Auditing & Accountability Journal, 9*(3), 7-39.

Carosso, V. P. (1952). "Werner Sombart's contribution to business history." *Bulletin of the Business Historical Society, 26*(1), 27-49.

Carr, E. H. (1961). *What is history? The George Macaulay Trevelyan lectures delivered in the University of Cambridge January-March 1961*. London: MacMillan & Co.

Carruthers, B. G., & Espeland, W. N. (1991). "Accounting for rationality: Double-entry bookkeeping and the rhetoric of economic rationality." *American Journal of Sociology 97*(1), 31-69.

Carter, C., McKinlay, A., & Rowlinson, M. (2002). "Introduction: Foucault, management and history." *Organization 9*(4), 515-526.

Cartledge, P. (1997). Introduction. In M. Bentley (Ed.), *Companion to historiography*. London: Routledge, 3-10.

Carvalho, J. M., Conde, M. F., Paixão J. C. (2002, September). "A first attempt to identify phases and periods of accounting history." *Paper presented at the 9th World Congress of Accounting Historians. Melbourne*, 1-25.

Carvalho, J. M., Conde, M. F., & Paixão J. C. (2003). "The historical evolution of the Portuguese management accounting literature." *The Third Accounting History International Congress. Siena, Italy*, 17-19.

Casson, L. (1974). *Travel in the ancient world.* London: George Allen and Unwin.

Cawston G., & Keane A. H. (1968). *The early chartered companies (A.D. 1296-1858).* New York: Burt Franklin.

Cerboni, G. (1886). "La Ragioneria Scientifica e le Sue Relazioni con le Discipline Amministrative." In A. Martinelli, *The origination and evolution of double entry bookkeeping to 1440.* Michigan, USA: Ann Arbor, University Microfilms International, xii.

Charpin, D. (2002). "The Mesopotamian scribes." In A. M. Christin (Ed.), *A history of writing from hieroglyph to multimedia*. Spain: Flammarion.

Chartier, R. (1995). "Intellectual history or sociocultural history? The French trajectories." In J. Revel and L. Hunt (Eds.), J. P. Kaplan (Trans.), *Histories: French constructions of the past.* New York: The New Press, 287-297.

Chastain, C. E. (1973). "Accounting and society: A behavioural view." *The International Journal of Accounting Education and Research, 8*(2), 1-20.

Chatfield, M. (Ed.). (1968). *Contemporary studies in the evolution of accounting thought*. California: Dickenson Publishing Company Inc.

Chatfield, M. (1977). *A history of accounting thought*. Huntington, New York: Robert E. Krieger Publishing Company,

Chatfield M., & Vangermeersch R. (Eds.). (1996). *The history of accounting. An international encyclopaedia*. New York: Garland Publishing.

Chaucer, G. (1998). *The Canterbury tales*. Oxford: Oxford University Press.

Chaudhuri, K. N. (1978). *The trading world of Asia and the English East India Company 1660-1760.* Cambridge: Cambridge University Press.

Chaudhuri, K. N. (1981). "The English East-India Company in the 17th and 18th centuries: A pre-modern multinational organisation." In L. Blussé and F. Gaastra (Eds.), *Companies and trade*. The Hague: Martinus Nijhoff, 29-46.

Chiapelli, F. (1979). *The dawn of modern banking*. New Haven: Yale University Press.

Chiapello, E. (2007). "Accounting and the birth of the notion of capitalism." *Critical Perspectives on Accounting, 18*(3), 263-296.

Chiera, E. (1938/1966). *They wrote on clay. The Babylonian tablets speak today*. Chicago: University of Chicago Press.

Christin, A. M. (Ed.). (2002). "A history of writing from hieroglyph to multimedia." Spain: Flammarion.

Chua, W. F. (1998). "Historical allegories: let us have diversity." *Critical Perspectives on Accounting, 9*(6), 617-628.

Clark, S. (Ed.). (1999a). *The Annales School: Critical assessments* (Vols. 1-4). London: Routledge.

Clark, S. (1999b). "The Annales historians." In S. Clarke (Ed.), *The Annales School: Critical assessments, vol. I*. London: Routledge, 238-256.

Coffman, E. N. (Ed.). (1979). *The Academy of Accounting Historians Vol. II*. Florida: International University.

Cohen E. (1992). *Athenian Economy & society: A banking perspective*. Princeton, New Jersey: Princeton University Press.

Cohen, I. J. (1981). "Translator's introduction." In M. Weber (1981b), *General economic history*. New Brunswick: Transaction Publishers, xv-lxxxiii.

Cohen, J. (1980). "Rational capitalism in Renaissance Italy." *American Journal of Sociology 85* (6), 1340-1355.

Cohen, S. D. (2007). *Multinational corporations and foreign direct investment: avoiding simplicity, embracing complexity*. Oxford: Oxford University Press.

Collingwood, R. G. (1948). *The idea of history*. Oxford: Oxford University Press.

Collingwood, R. G. (1959). *An autobiography.* London: Oxford University Press.

Collingwood, R. G. (1999). *The principles of history and other writings in philosophy of history* W. H. Dray and W. J. van der Dussen (Eds.). Oxford: Oxford University Press.

Colodny, R. G. (Ed.). (1964). *Frontiers of science and philosophy*. London: George Allen Unwin.

Coombs H. M., & Edwards J. R. (1994). "Record keeping in municipal corporations: a triumph for double entry bookkeeping." *Accounting, Business and Financial History, 4*(1), 164-180.

Cooper C., & Puxty, A. (1996). "On the proliferation of accounting (his)tories." *Critical Perspectives on Accounting, 7*(3), 285-313.

Cordes, A. (1998). *Spätmittelalterlicher gesellschaftshandel in Hanseraum*. Cologne: Böhlau Verlag.

Croce, B. (1960). *History: its theory and practice.* D. Ainslie (Trans.). New York: Russell & Russell.

Croft, P. (1989). "Trading with the Enemy 1585-1604." *The Historical Journal, 32*(2), 281-302.

Crone, P. (1987). *Meccan trade and the rise of Islam*. Oxford: Basil Blackwell.

Cushing, B. E. (1989). "A Kuhnian interpretation of the historical evolution of accounting." *Accounting Historians Journal, 16*(2), 1-41.

Danto, A. C. (1965). *Analytical philosophy of history.* London: Cambridge University Press.

Davids, K. (2000). “From ‘Golden Age’ to ‘Golden Age’: An introduction to the role of The Netherlands in economic science and economic history.” *De Economist, 148,* 433-442.

Davids, K., & Noordegraaf, L. (Eds.). (1993). *The Dutch economy in the Golden Age: Nine studies.* Amsterdam: Het Nederlandsch Economisch-Historisch Archief.

Davidson, J. W. (1984). The new narrative history: How new? How narrative? *Reviews in American history, 12*(3), 322-334.

Davis, W. (1988). “Rock art and archaeopsychology.” *Current Anthropology, 29*(1), 184-186.

De Groote, H. L. V. (1961). “Zestiende-eeuwse bookehoudkundigen en cifermeesters in betrekking met Antwerpen.” *Scientiarum Historia, 3*, 142-156.

De Haan, H. (1977). *Moedernegotie en grote vaart: een studie over de expansie van het Hollandse handelskapitaal in de 16e en 17e eeuw*. Amsterdam: SUA.

De Heer, C. (1929). *Bijdrage tot de financiëele geschiedenis der Oost-Indische Compagnie.* Doctoral thesis presented at the Nederlandsche Handels Hoogeschool, Rotterdam.

De Jonge. J. K. J. (1862). *De opkomst van het Nederlandsch gezag in Oost-Indie: 1595-1610).*Volume 1. 's Gravenhage: Martinus Nijhoff.

De Jongh, J. M. (2009). “Aandeelhoudersactivisten avant la letter: De dolerende participanten van de VOC.” In M. J. A. Duker, L. J. A. Pieterse, and A. J. P. Schild (Eds.), *Beschouwingen over de rechtsontwikkeling in de rechtspraak van de hoge raad der Nederlanden.* Nijmegen: Wolf Legal Publishers, 247-271.

De Korte, J. P. (1983). *De jaarlijkse financiële verantwoording in de Verenigde Oostindische Compagnie.* Leiden: Martinus Nijhoff.

De Kraan, A. (2000). “The Dutch is Siam: Jeremias van Vliet and the 1636 incident at Ayutthaya.” *UNEAC, Asia Papers, no. 3*, 1-14.

De Roover, R. (1937a). “Aux origines d'une technique intellectuelle: La formation et l'expansion de la comptabilité à partie double (I).” *Annales d’Histoire Economique et Sociale. (9),* 171-193.

De Roover, R. (1937b). “Aux origines d'une technique intellectuelle: La formation et l'expansion de la comptabilité à partie double (II).” *Annales d’Histoire Economique et Sociale, (9),* 270-298.

De Roover, R. (1938). “Characteristics of bookkeeping before Paciolo.” *The Accounting Review, 13*(2), 144-148.

De Roover, R. (1942). “The Commercial Revolution of the thirteenth century.” *Bulletin of the Business Historical Society, 16 (*2), 34-39.

De Roover, R. (1943). “The lingering influences of medieval practices.” *The Accounting Review, 18*(2), 148-151.

De Roover, R. (1944a). “Paciolo or Pacioli?” *The Accounting Review, 19*(1), 68-69.

De Roover, R. (1944b). “Early accounting problems of foreign exchange.” *The Accounting Review, 19*(4), 381-407.

De Roover, R. (1948). *Money, banking & credit in Medieval Bruges.* Cambridge, Massachusetts: The Medieval Academy of America.

De Roover, R. (1953). “The commercial revolution of the thirteenth century.” In F. C. Lane and J. C. Riemersma (Eds.), *Enterprise and secular change*, 80-85.

De Roover, R. (1955). “New perspectives on the history of accounting.” *The Accounting Review, July XXX*(3), 405-420.

De Roover, R. (1956). “The development of accounting prior to Luca Pacioli according to the account-books of Medieval merchants.” In Littleton and Yamey (Eds.), *Studies in the history of accounting*, 114-174.

De Roover, R. (1963). “The organisation of trade.” In M. Postan, E. E. Rich, and E. Miller (Eds.), *The Cambridge Economic History of Europe, vol. III*, 42-118.

De Roover, R. (1967). “The scholastics, usury, and foreign exchange.” *Business History Review, 41*(3), 257-271.

De Roover, R. (1968). *The rise and decline of the Medici Bank 1397-1494*. Cambridge, Massachusetts: Harvard University Press.

De Roover, R. (1974). *Business banking and economic thought*. Chicago: University of Chicago Press.

De Schepper, H. (1994). “The Burgundian-Hapsburg Netherlands.”. In T. A. Brady, H. A. Oberman, and J. D. Tracy (Eds.), M. Vink (Trans.), *The handbook of European history: 1400-1600*, 499-534.

De Souza, T. R. (Ed.). (1985). *Indo-Portuguese history: Old issues, new questions*. New Delhi: Concept Publishing Company.

De Souza, T. R. (Ed.). (1985). *Indo-Portuguese history: Old issues, new questions*. New Delhi: Concept Publishing Company.

De Ste. Croix, G. E. M. (1956). “Greek and Roman accounting.” In A. C. Littleton and B.S. Yamey (Eds.), *Studies in the history of accounting*. Sweet and Maxwell.

De Vries, J., & van der Woude, A. (1997). *The first modern economy: success, failure, and perseverance of the Dutch economy, 1500-1815*. Cambridge: Cambridge University Press.

De Waal, P. G. A. (1927). *Van Paciolo tot Stevin: een bijdrage tot de leer van het boekhouden in de Nederlanden.* Roermond: J. J. Romen & Zonen.

Dehing, P., & 't Hart, M. C. (1997). "Linking the Fortunes: Currency and Banking, 1550-1800". In M. C. 't Hart, J. Jonker, & L. L. van Zanden (Eds.), *A Financial History of the Netherlands*. New York: Cambridge University Press, 37-63.

Den Heijer, H. (2005). *De geoctrooieerde compagnie: De VOC en de WIC als voorlopers van de naamloze vennootschap*. Deventer: Kluwer.

Den Tex, J. (1973). *Oldenbarnevelt: 1547-1606*. Cambridge: University Press.

Denucé, J. (1941). *Koopmansleerboeken and de xvie en xviie eeuwen in handschrift*. Antewerp: N.V. Standaard Boekhandel Antewerp.

Descartes, R. (1985). *The philosophical writings of Descartes*. J. Cottingham, R. Stoothoff, D. Murdoch (Trans.). Cambridge: Cambridge University Press.

Diffie, B. W., & Winius, G. D. (1977). *Foundations of the Portuguese empire 1415-1580*. Minneapolis: University of Minnesota Press.

Dolfing, B., & Snellen, W. B. (1999). *Sustainability of Dutch water boards: Appropriate design characteristics for self-governing water management organisations.* The Netherlands: ILRI Wageningen.

Dollinger, P. 1970. *The German Hansa.* D. S. Ault and S. H. Steinberg (Trans.). California: Stanford University Press.

Dorfman, J. (1955). “The role of the German Historical School in American economic thought.” *The American Economic Review, 45*(2), 17-28.

Dougherty, R. P. (1928). “Writing upon parchment and papyrus among the Babylonians and the Assyrians.” *Journal of the American Oriental Society, 48*, 109-135.

Dray, W. (1959). “Explaining the ‘what’ in history.” In P. Gardiner (Ed.), *Theories of history*. Glencoe, Illinois: The Free Press, 403-408.

Dray, W. (1960). *Laws and explanation in history*. Oxford: Oxford University Press.

Dray, W. (1964). *Philosophy of history*. Englewood Cliffs, N.J: Prentice-Hall.

Dray, W. (1966). *Philosophical analysis and history*. London: Harper & Row.

Dray, W. (1971). “On the nature and role of narrative in historiography.” *History and Theory, 10*(2), 153-171.

Dray, W. (1985). “Narrative versus analysis in history.” *Philosophy of the Social Sciences, 15(2)*, 125-145.

Dray, W. (1995). *History as re-enactment: R. G. Collingwood’s idea of history*. Oxford: Clarendon Press.

Dray, W. (1997). “Philosophy and historiography.” In M. Bentley (Ed.), *Companion to historiography*. London: Routledge, 763-782.

Dubberstein, W. H. (1939). “Comparative prices in later Babylonia (625-400 B.C.).” *The American Journal of Semitic Languages and Literature, 56*(1), 20-43.

Dumolyn, J., & Haemers, J. (2005). “Patterns of urban rebellion in Medieval Flanders.” *Journal of Medieval History*, 31, 369-393.

Durand, J. (2002). “Cuneiform script.” In A. M. Christin, *A history of writing*. J. Bacon, (Trans.). London: Thames & Hudson.

Edey, H. C. (1968). “Company accounting in the nineteenth and twentieth centuries.” In M. Chatfield (Ed.), *Contemporary studies in the evolution of accounting thought.* California: Dickenson Publishing Company Inc.

Edler, F. (1938). “The market for spices in Antwerp, 1538-1544.” *Revue Belge de Philogie et d’Histoire XVII*, 212-221.

Edler, F. (1938). “The van der Molen, commission merchants of Antwerp: Trade with Italy, 1538-44.” In J. L. Cate and E. N. Anderson (Eds.), *Medieval and historiographical essays in honour of James Westfall Thompson*. Chicago: The University of Chicago Press, 78-145.

Edler, F. (1970). *Glossary of Medieval terms of business.* New York: Kraus.

Ely, R. G., Grunner, R., & Dray, W. H. (1969). “Mandelbaum on historical narrative:A discussion.” *History and Theory, 8*(2), 275-294.

Elton, G. R. (1969). *The practice of history.* Sydney: Sydney University Press.

Elton, G. R. (1983). “Two kinds of history.” In R. W. Fogel and G. R. Elton, *Which road to the past?* London: Yale University Press, 73-121.

Elton, G. R. (Ed.). (1990). *The new Cambridge modern history, volume II: The Reformation, 1520-1559.* Cambridge: Cambridge University Press.

Emmer, P. C. (2003). “The first global war: The Dutch versus Iberia in Asia, Africa and the New World, 1590-1609.” *e-JPH, 1*(1), unpaginated.

Epstein, M. (1908/1968). *The English Levant Company, its foundation and its history to 1640*. New York: B. Franklin.

Epstein, M. (1915/1967). *The quintessence of capitalism. A study of the history and psychology on the modern businessman.* New York: Howard Fertig.

Evans, A. (1931). *Francesco Balducci Pegolotti: La practica della mercatura; a study of the man and his work*, II. Harvard University, PhD dissertation.

Evans, F. (1908). "The evolution of the English joint stock limited trading company." *Columbia Law Review, viii* (5), 339-361.

Ewert, U., & Selzer, S. (2001, September). "Network business organization meets its past: Structure of organisation as a cause of competitive advantage for late medieval merchants of the Hanse." Paper prepared for the *European Business History Association Conference*, Oslo, 1-20.

Ferguson, W. K. (1960). "Recent trends in the economic historiography of the Renaissance." *Studies in the Renaissance, 7*, 7-26.

Fetter, A. F. (1937). "Reformulation of the concepts of capital and income in economics and accounting." *The Accounting Review, 12*(1), 3-12.

Filios, V. P. (1984). "The transition of systematic accounting from ancient to Byzantine Greece." Proceedings of the *Fourth International Congress on the History of Accountancy*, Pisa, 171-191.

Fleischman, R. K., & Radcliffe, V. S. (2003). Divergent streams of accounting history: A review and call for confluence." In R. Fleischman, V. Radcliffe, and P. Shoemaker (Eds.), *Doing accounting history: Contributions to the development of accounting thought*, 1-29.

Fleischman, R. K., Radcliffe, V. S., & Shoemaker, P. A. (Eds.). (2003). *Doing accounting history: Contributions to the development of accounting thought*. London: JAI.

Flynn, T. R. (2005). *Sartre, Foucault, and historical reason*. London: University of Chicago Press.

Fockema Andreae, S. J. (1934). *Hoogheemraadschap van Rijnland: Zijn recht en zijn bestuur van den vroegsten tijd tot 1857.* Leiden: Eduard IJdo.

Fogel, R. W. (1983). "Scientific history and traditional history." In R. W. Fogel and G. R. Elton, *Which road to the past?* London: Yale University Press, 7-70.

Fogel, R. W., & Elton, G. R. (1983). *Which road to the past?* London: Yale University Press.

Forbes, R. J. (1955). *Studies in ancient technology* (Vol. 2). Leiden: E. J. Brill.

Foucault, M. (1970). *The order of things.* R. D. Laing (Ed. and Trans.). London: Routledge.

Foucault, M. (1977). "Nietzsche, Genealogy, History." In D. F. Bouchard (Ed. and Trans.), *Language, counter-memory, practice*. Ithaca: Cornell University Press, 139-164.

Frank, T. (1931). "Some economic aspects of Rome's early law." Proceedings of the *American Philosophical Society, 70*(2), 193-205.

Fritschy, W. (2003). "A 'financial revolution' reconsidered: Public finance in Holland during the Dutch Revolt, 1568-1648." *Economic History Review, LVI*(1), 57-89.

Fukuyama, F. (1992). *The end of history and the last man.* New York: The Free Press.

Funnell, W. (1996). "Preserving history in accounting: seeking common ground between "new" and "old" accounting history", *Accounting, Auditing & Accountability Journal, 9*(4), 38-64.

Funnell, W. (1998). "The narrative and its place in the new accounting history: The rise of the counternarrative." *Accounting, Auditing & Accountability Journal, 2*(2), 142-162.

Funnell, W. (2001). "Distortions of history, accounting and the paradox of Werner Sombart." *Abacus, 37*(1), 55-78.

Funnell, W. (2004). "Accounting and the pursuit of Utopia: the possibility of perfection in Paraguay." *Accounting Historians Journal, 31*(1), 57-91.

Furber, H. (1976). *Rival empires of trade in the Orient, 1600-1800, II.* London: Oxford University Press.

Furet, F. (1975). "From narrative history to history as a problem." *Diogenes (23)*, 106-123.

Furet, F. (1983). "Beyond Annales." *The Journal of Modern History, 55*(3), 389-410.

Gaastra, F. M. (1981). "The shifting balance of trade of the Dutch Easy India Company." In L. Blussé, and F. Gaastra (Eds.), *Companies and trade*. Leiden: Leiden University Press, 47-69.

Gaastra, F. M. (1989). *Bewind en Beleid bij de VOC: De financiele en commerciele politiek van de bewindhebbers, 1672-1702*. Zutphen: De Walburg Pers.

Gaastra, F. M. (1991). *De geschiedenis van de VOC.* Leiden: Walburg Pers.

Gaastra, F. M. (1992). "The organisation of the VOC." In M. A. P. Meilink-Roelofsz., R, Raben, and H. Spijkerman (Eds.), *De Archieven van de Verenigde Oostindische Compagnie: The archives of the Dutch East India Company (1602-1795)*, 11-29.

Gaffikin, M. (1998). "History is dead, long live history." *Critical Perspectives on Accounting, 9*(6), 631-639.

Gardiner, P. (1952). *The nature of historical explanation*. London: Oxford University Press.

Gardiner, P. (Ed.). (1959). *Theories of history*. Glencoe, Illinois: The Free Press.

Geijsbeek J. B. (1914/1974). *Ancient double-entry bookkeeping*. Scholars Book Co., Texas.

Gelderblom, O., & Jonker, J. (2004). "Completing a Financial Revolution. The Finance of the Dutch East India Trade and the Rise of the Amsterdam Capital. Market, 1595-1612." *The Journal of Economic History, 64*(3), 641-672.

Gelderblom, O., & Jonker, J. (2006). *Amsterdam as the cradle of modern futures and options trading, 1550-1650. Working paper 2003-9*. Retrieved 3rd June 2006, from http://WWW.lowcountries.nl, 1-25.

Gepken-Jager, E., van Solinge, G., & Timmerman, L. (Eds.). (2005). *VOC 1602-2002: 400 Years of company law*. Deventer: Kluwers Legal Publishers.

Geyl, P. (1964). *History of the Low Countries: Episodes and problems*. London: MacMillan & Co.

Geyl, P. (1980). *The revolt of the Netherlands: 1555-1609*. London: Ernest Benn Limited.

Glamann, K. (1981). *Dutch-Asiatic trade 1620-1740.* Martinus Nijhoff. 's Gravenhage.

Giddens, (1992). "Introduction." In M. Weber, *The Protestant ethic and the spirit of capitalism.* T. parsons (Trans.). London: Routledge, vii-xxvi.

Goldthwaite R. A. (1972). *Schools and teachers of commercial arithmetic in Renaissance Florence*. *Journal of European Economic History, 1,* 418-433.

Gourvish, T. (1995). "Business History: In Defence Of The Empirical Approach?" *Accounting, Business & Financial History, 5*(1), 3 – 16.

Gras, N. S. B. (1920). "The Present Condition of Economic History." *The Quarterly Journal of Economics, 34*(2), 209-224.

Gras, N. S. B. (1933). "Economic rationalism in the late middle ages." *Speculum, 8*(3), 304-312.

Gras, N. S. B. (1942). "Capitalism-Concepts and History." *Bulletin of the Business Historical Society, 16*(2), 21-42.

Gras, N. S. B. (1947). "What Is Capitalism in the Light of History?" *Bulletin of the Business Historical Society, 21* (4), 79-120.

Green, W. L. (1974). *History and survey of accountancy*. Osaka: Nihon Shoseki Ltd.

Grey, C. (1994). "Debating Foucault: A critical reply to Neimark." *Critical Perspectives on Accounting, 5*(1), 5-24.

Griffiths, G. (1960). "The revolutionary character of the revolt in the Netherlands." *Comparative Studies in Society and History, 2*(4), 452-472.

Groenveld, S. (1980). "Natie en Nationaal gevoel in de zestiende-eeuwse Nederlands." *Nederlands Archievenblad, 84*, 372-387.

Gutting, G. (1989). *Michel Foucault's archaeology of scientific reason*. Melbourne: Cambridge University Press.

Habermas, J. (1987). *The philosophical discourse of modernity*. Cambridge: Polity Press.

Hain, H. P. (1966). "Accounting control in the Zenon papyri." *The Accounting Review, 41*(4), 699-703.

Hain, H. P. (1967). "Casting the account." *Journal of accounting research, 5*(2), 154-163).

Hamilton, E. J. (1948). "The role of monopoly in the overseas expansion and colonial trade of Europe before 1800." *American Economic Review, 38*(2), 33-53.

Harding, J. (2005). "Rethinking the great divide: Long-term structural history and the temporality of the event." *Norwegian Archaeological Review, 38*(2), 88-101.

Haring C. H. (1918). *Trade and navigation between Spain and the Indies in the time of the Hapsburgs*. Harvard University Press. (Reprinted 1964 by Peter Smith, Gloucester, Mass.)

Hart, S. (1978). "De Italie-vaart 1590-1620." *Jaarboek Amstelodamum, 70*, 42-60.

Hartsough, M. L. (1931-1932). "A new treatise on bookkeeping under the Fuggers." *Journal of Economic and Business History, 4*, 539-551.

Hatfield, H. R. (1916/1976). *Modern accounting: Its principles and some of problems*. USA: Arno Press Inc.

Hatfield, H. R. (1971). *Accounting: Its principles and problems*. Kansas: Scholars Book Co.

Hatfield, H. R. (1977). "Zwei Pfadfinder." R. H. Homburger (Trans.). *Accounting Historians Journal, 4*, 2-8.

Heckscher, E. (1935). *Mercantilism*. M. Shapiro (Trans). London: George Allen & Unwin Ltd.

Heeres J. E. (1902). “De Oost-Indische Compagnie.” *The Netherlands Spectator, 12*. Gravenhage: Martinus Nijhoff.

Hempel, C. (1942). “The function of general laws in history.” *Journal of Philosophy, 39* (2), 35-48.

Hempel, C. (1964). “Explanation in science and history.” In R. G. Colodny (Ed.), *Frontiers of science and philosophy*. London: George Allen & Unwin, 9-32.

Hempel, C., & Oppenheim, P. (1948). “Studies in the logic of explanation.” *Philosophy of Science, 15*(2), 135-175.

Henderikx, P. A. (1977). “De zorg voor de dijken in het baljuwschap Zuid-Holland en in de grensgebieden ten oosten daarvan to het einde van de 13e eeuw.” *Koninklijk Nederlands Aardrijkskundige Genootschap Geografisch tijdschrift XI*(5), 407-427.

Hendy M. (1985). *Studies in the Byzantine monetary economy c. 300-1450.* Cambridge: Cambridge University Press.

Hérubel, J-P. V. M. (Ed.). (1994). *Annales historiography and theory: A selective and annotated bibliography*. Westport: Greenwood Press.

Hobsbawm, E. J. (1980). “The revival of the narrative: some comments.” *Past and Presnt, 86*, 3-8.

Hobsbawm, E. (2007). “Marxist historiography today.” In Chris Wickham (Ed.), *Marxist history writing for the twenty-first century*, 180-187.

Hodgson, G. M. (2001). *How economics forgot history: The problem of historical specificity in social science*. London: Routledge.

Hopper, T., & Armstrong, P. (1991). “Cost accounting, controlling labour and the rise of conglomerates.” *Accounting, Organizations and Society, 16*(56), 405-438.

Hopwood, A. G. (1983). “On trying to study accounting in the contexts in which it operates.” *Accounting, Organizations and Society, 8*(2/3), 287-305.

Hopwood, A. G. (1985). “The tale of a committee that never reported: Disagreements on intertwining accounting with the social.” *Accounting, Organizations and Society, 10*(3), 361-377.

Hopwood, A. G. (1987). “The archaeology of accounting systems.” *Accounting, Organizations and Society, 12*(3), 207-234.

Hopwood, A. G. (2000). “Understanding Financial Accounting Practice.” *Accounting, Organizations and Society, 25*(8), 763-766.

Hopwood, A., & Miller, P. (Eds.). (1994). *Accounting as social and institutional practice*. Cambridge, Cambridge University Press.

Horlings, E. (2001). “Pre-industrial economic growth and the transition to an industrial economy.” In Maarten Prak (Ed.), *Early Modern Capitalism: Economic and Social Change in Europe 1400-1800*. London: Routledge, 88-104.

Hoskin, K. W., & Macve, R. H. (1986). “Accounting and the examination: A genealogy of disciplinary power.” *Accounting, Organizations and Society, 11*(2), 105-136.

Hoskin, K. W., & Macve, R. H. (1988). “The genesis of accountability: The West Point connections.” *Accounting, Organizations and Society, 13*(1), 37-73.

Hoskin, K., & Macve, R. (1994). “Writing, examining, disciplining: the genesis of accounting’s modern power.” In A. Hopwood and P. Miller (Eds.), *Accounting as social and institutional practice* (pp. 67-97). Cambridge, Cambridge University Press.

Howard, M. (1976). *War in European history*. Oxford: Oxford University Press.

Howard, S. E. (1932). "Business partnerships in France before 1807." *The Accounting Review, 7*(4), 242-257.

Howard, S. E. (1932). "Public rules for private accounting in France, 1673 and 1807." *The Accounting Review, 7*(2), 91-102.

Huizinga, J. (1955). *The waning of the Middle Ages: A study of the forms of life, thought and art in France and The Netherlands in the XIVth and XVth centuries*. London: Edward Arnold.

Hunt E. S., & Murray J. M. (1999). *A history of business in Medieval Europe*. Cambridge: Cambridge University Press.

Hunt, L. (1986). "French history in the last twenty years: The rise and fall of the Annales paradigm." *Journal of Contemporary History, 21*, 209-224.

Hutton, P. (1981). "The history of mentalities: The new map of cultural history." *History and Theory, 20(*3), 237-259.

Hvalvik, S. (2001). "Georg Henrik von Wright: Explanation of the human action*." Faculty of Health and Social Sciences. Department of Health Studies, Telemark College. Nr. 1*.

Iggers, G. G. (1997). *Historiography in the twentieth century: from scientific objectivity to the postmodern challenge*. Middletown, CT: Wesleyan University Press.

Inoue, K. (1982). "Threefold bookkeeping." *The Accounting Historians Journal, 9*(1), 39-51.

Irish, R. A. (1968). "The evolution of corporate accounting." In M. Chatfield, *Contemporary studies in the evolution of accounting thought*. California: Dickenson Publishing Company Inc.

Irwin, D. A. (1991). "Mercantilism as strategic trade policy: The anglo-Dutch rivalry for the East-India trade." *The Journal of Political Economy, 99*(6), 1296-1314.

Israel, J. I. (1990). *Dutch primacy in world trade, 1585-1740*. London: Butler & Tanner Ltd.

Israel, J. I. (1995). *The Dutch Republic: Its rise, greatness, and fall, 1477-1806.* Oxford: Clarendon Press.

Issawi, C. (1970*)*. "Eastern trade." In Richards, D. S. (Ed.), *Papers on Islamic history Vol. II): Islam and the trade of Asia*. Oxford: Bruno Cassirer, 245-266.

Jack, S. (1966). "An historical defence of single entry book-keeping." *Abacus, 2,* (2), 137-158.

Jackson, J. G. C. (1956). "The history of methods of exposition of double-entry bookkeeping in England." In A. C. Littleton and B. S. Yamey, *Studies in the history of accounting*. London: Sweet and Maxwell Limited.

Jenkinson, H., & Broome, D. M. (1943). "An exchequer statement receipts and issues." *The English Historical Review, 58*(230), 210-216.

Johnson, A. H. (1923). *Europe in the sixteenth century, 1494-1598.* London: Rivingtons.

Jones, A. (1986). "Semper Aliquid Veteris: Printed Sources for the History of the Ivory and Gold Coasts, 1500-1750." *The Journal of African History, 27*(2), 215-235.

Jones, G. S. (2005). "The deterministic fix: some obstacles to the further development of the linguistic approach to history in the 1990s." In G. M. Spiegel (Ed.),

Practicing history: new directions in historical writing after the historical turn. London: Routledge, 62-75.

Jones, R. H. (1985). "Accounting in English local government from the Middle Ages to *c.* 1835." *Accounting and Business Research, 15*(59), 197-209.

Jones, T. B. (1956). "Bookkeeping in ancient Sumer." *Archaeology, 9*, 16-21.

Jordanova, L. (2000). *History in practice*. London: Arnold.

Jurado-Sánchez, J. (2002). "Mechanisms for controlling expenditure in the Spanish royal household, *c.* 1561 – *c*. 1808." *Accounting, Business and Financial History, 12*(2), 157-185.

Käfer, K. (1966). *The theory of accounts in double-entry bookkeeping*. Centre for International Education and Research in Accounting. University of Illinois.

Kaijser, A. (2002). "System building from below: Institutional change in Dutch water control systems." *Technology and culture, 43*, 521-548.

Kats, P. (1925a). "Hieronymous Cardanus, M. D.: Over de wijze waarop men boekhoudt." *Maandblad voor het Boekhouden, 31*, 178-179.

Kats, P. (1925b). "Over de practische rekenkunde, van Dr. Hieronymous Cardanus van Milan, 1539." *Maandblad voor het Boekhouden, 31*, 179-181.

Kats, P. (1926a). "Hugh Oldcastle and John Mellis (I)." *The Accountant, 74*, 483-487.

Kats, P. (1926b). "Hugh Oldcastle and John Mellis (II)." *The Accountant, 74*, 641-648.

Kats, P. (1927a). "The nouvelle instruction by Jehan Ympyn Christophle (I)." *The Accountant, 77*, 261-269.

Kats, P. (1927b). "The nouvelle instruction by Jehan Ympyn Christophle (II)." *The Accountant, 77*, 287-296.

Kats, P. (1929a). "Early history of bookkeeping by double entry." *Journal of Accountancy, 47*(3), 203-210.

Kats, P. (1929b). "Early history of bookkeeping by double entry (concluded)." *Journal of Accountancy, 47*(4), 275-290.

Kats, P. (1930). "A surmise regarding the origin of bookkeeping by double entry." *The Accounting Review, 5*(4), 311-316.

Katz, F. (1976). *Structuralism in sociology*. New York: State University of New York Press.

Keenan, M. G. (1998). "A defence of 'traditional' accounting history research methodology." *Critical Perspectives on Accounting, 9*(6), *641-666.*

Keister, O. R. (1963). "Commercial record-keeping in ancient Mesopotamia." *The Accounting Review*, 38(2), 371-376.

Keister, O. R. (1968). "The mechanics of Mesopotamian record-keeping." In M. Chatfield (Ed.), *Contemporary studies in the evolution of accounting thought.* 12-20).

Keister, O. R. (1970). "The influence of Mesopotamian record-keeping." *Abacus*, 169-181.

Kellenbenz, H. (1956). "Les frères Fugger et le marchè international du poivre autour de 1600." *Annals Economies, Sociétés, Civilisations*, 1-28.

Kellenbenz, H. (1979). The state of bookkeeping in Upper Germany at the time of the Fuggers and Welsers. In E. N. Coffman (Ed.), R. H. Homburger (Trans.), *The Academy of Accounting Historians, Working paper no. 7*, 87-98.

Kelly, P. (1805). *T he elements of book-keeping; comprising a system of merchants' accounts, founded on real business, and adapted to modern practice*. London: J. Johnston.

Keuning, J. (1938). *De tweede schipvaart der Nederlanders naar Oost-Indië onder Jacob Cornelisz. van Neck en Wybrant Warwijk: 1598-1600. '*S-Gravenhage: Martinus Nijhoff.

Kindelberger, C. (1998). "Economic and financial crises and transformations in sixteenth century Europe." *Essays in International Finance, .206*. Department of Economics, Princeton University, Princeton, New Jersey.

Kinser, S. (1981). "Annaliste paradigm? The geohistorical structuralism of Fernand Braudel." *The American Historical Review*: 86 (1) pp. 63-105.

Kishi, E. (1984). "Prototype of double entry method by V. Mennher." *Proceedings of the Fourth International Congress of the History of Accountancy;* Pisa, 349-362.

Klein, P. W. (1981). "The origins of trading companies." In L. Blussé and F. Gaastra (Eds.), *Companies and trade*, 17-28.

Klerk de Reus, G. C. (1894) *Geschichlicher ueberblick der administativen, rechlichen und finanziellen entwicklung der Niederlandisch-Oostindischen Compagnie*. Verhandelingen van het Bataviaasch genootschap van kunsten en wetenschappen. Deel XLVII. 's Hage: Martinus Nijhoff.

Kojima, O. (1995). *Accounting history*. K. Kojima, Nakatomigaoka, Japan: Nara.

Kooijmans, L. P. (1980). "Archaeology and coastal change in the Netherlands." In F. H. Thompson (Ed.), *The Society of Antiquaries, (new series), 1*, 106-133.

Kossman, E. H., & Mellink A. F. (Eds.). (1974). *Texts concerning the revolt of the Netherlands.* London: Cambridge University Press.

Kryiazis, N, (2006). "Seapower and socioeconomic change." *Theory and Society, 35*, 71-108.

Kurzbauer, G. (1850). Lehrbuch der kaufmänischen Buchhaltung. Vienna: Wilhelm Braumüller.

Lacey, R. (1999). *The year 1000: What life was like at the turn of the first Millennium*. London: Little, Brown and Company.

Lach, D. F. (1965). *Asia in the making of Europe. Vol. I*. Chicago, University of Chicago Press.

Lach, D. F. (1970). *Asia in the making of Europe. Vol. II*. Chicago, University of Chicago Press.

Lai, C. C. (2000). "Braudel's concepts and methodology reconsidered." *The European Legacy, 5*(1), 65-86.

Lamarchand, Y. (1994). "Double entry versus charge and discharge accounting in eighteenth-century France." *Accounting, Business and Financial History, 4*(1), 119-145.

Lambert, A. M. (1971. *The making of the Dutch landscape: An historical geography of the Netherlands.* London: Seminar Press.

Lambert, P., & Schofield, P. (2004). *Making history*. London: Routledge.

Lamouroux, F. M. (2000, July). "Spain at the accounting crossroads of the XVI century: A journal of double-entry bookkeeping in 1581." Paper presented at the *8th World Congress of Accounting Historians, Madrid and Alcalá de Henares*, 1-20.

Lane, F. C. (1933). “Venetian shipping during the commercial revolution.” *American Historical Review January 1933, 2*, 219-237.

Lane, F. C. (1934/1979). *Venetian ships and shipbuilders of the Renaissance*. Baltimore: John Hopkins University Press.

Lane, F. C. (1940). “The Mediterranean spice trade: Further evidence of its revival in the sixteenth century.” *The American Historical Review, 45*(3), 581-590.

Lane, F. C. (1945). “Venture accounting in Medieval business management.” *Bulletin of the Business Historical Society, XIX*, 164-173.

Lane, F. C. (1967). *Andrea Barbarigo merchant of Venice 1418-1449*. New York: Octagon Books Inc.

Lane, F. C. (1973). *Venice a maritime republic*. Baltimore: John Hopkins University Press.

Lane, F. C. (1977). “Double Entry bookkeeping and resident merchants.” *Journal of European Economic history, 6*(1), 177-191.

Lane, F. C., & Riemersma, J. C. (Eds.). (1953). *Enterprise and secular change*. Homewood, Illinois: Richard D. Irwin.

Larmour, R., (1966). “Business investment and social attitudes in 16th century France: The example of the Paris grocers.” *The Business History Review, 40*(4), 491-498.

Laspeyres, E. (1863). *Geschichte der volkswirthschaftlichen anschauungen der Niederländer und ihrer litteratur zur zeit der Republik.* Leipzig: S. Hirzel.

Laughlin, R. (1987). “Accounting systems in organizational contexts: A case for critical theory.” *Accounting, Organizations and Society, 12*(5), 479-502.

Laughlin, R. (1999). “Critical accounting: Nature, progress and prognosis.” *Accounting, Auditing & Accountability Journal, 12*(1), 73-78.

Laughlin, R. (2007). “Critical reflections on research approaches, accounting regulation and the regulation of accounting.” *The British Accounting Review, 39*), 271-289.

Lawrence, P. (1991). *Management in the Netherlands*. Clarendon Press, Oxford.

Le Goff, J. (1980). *Time, work, & culture in the Middle Ages*. A. Goldhammer (Trans.). Chicago: The University of Chicago Press.

Le Goff, J. (1995). “New interdisciplinary alliances.” In J. Revel and L. Hunt (Eds.), A. Goldhammer (Trans.), *Histories: French constructions of the past.* New York: The New Press, 242-246.

Le Roy Ladurie, E. (1979). *The territory of the historian*. Hassocks, Sussex: The Harvester Press.

Lee, G. A. (1075). “The concept of profit in British accounting, 1760-1900.” *The Business History Review, 49*(1), 6-36.

Lee, G. A. (1973). “The development of Italian bookkeeping 1211-1300.” *Abacus, 9(*2), 137-155.

Lichtenauer, W. F. (1956). *Geschiedenis van de wetenschap van het handelsrecht in Nederland tot 1809.* Amsterdam: N.V. Noord-Hollandsche Uitgevers, Mij.

Lieber, A. E. (1968). “Eastern Business Practices and Medieval European commerce.” *The Economic History Review, 2nd Series, XXI* (2), 230-243.

Lijphart, A. (1968). *The politics of accommodation: Pluralism and democracy in the Netherlands.* Berkeley: University of California Press.

Limberger, M., & ‘t Hart, M. C. (2004, October). “The metropolis and the state. The autonomy of Amsterdam and Antwerp in a comparative perspective. (ca. 1530-1830).” Paper presented at the *Seventh International Conference on Urban History, Athens-Piraeus*, 1-20.

Littleton, A. C. (1927). “The antecedents of double-entry.” *The Accounting Review, 2*(2), 140-149.

Littleton, A. C. (1928). “Paciolo and modern accounting.” *The Accounting Review, 3*(2), 131-140.

Littleton, A. C. (1953). *Structure of accounting theory*. Urban, Illinois: American Accounting Association.

Littleton, A. C. (1961). *Essays on accountancy*. Urban, Illinois: University of Illinois Press.

Littleton, A. C. (1933/1966). *Accounting Evolution to 1900*. New York: Russell & Russell.

Littleton, A. C., & Yamey, B. S. (E**ds.).** (1956). ***Studies in the history of accounting*. London:** Sweet & Maxwell.

Littleton, A. C., & Zimmerman, V. K (1962). *Accounting theory: continuity and change*. New Jersey: Prentice-Hall.

Llewellyn, S. (1992). “The role of case study methods in management accounting research: A comment.” *British Accounting Review, 24,* 17-31.

Lloyd, T. H. (1991). *England and the German Hanse.* Cambridge: Cambridge University Press.

Loades, D. (1993). *Essays in European history: 1453-1648.* Bangor: Headstart History.

Lodh, S. C., & Gaffikin, M. J. R. (1997). “Critical studies in accounting research, rationality and Habermas: A methodological reflection.” *Critical Perspectives on Accounting, 8*(5), 433-474.

Lopez, R. S. (1943). “European merchants in the medieval Indies: The evidence of commercial documents.” *The Journal of Economic History 3*(2), 164-184.

Lopez, R. S. (1971). *The commercial revolution of the Middle Ages, 950-1350*. Englewood Cliffs, N.J.: Prentice-Hall.

Lopez, R. S. (1979). “The dawn of Medieval banking.” In F. Chiappelli (Ed.), *The dawn of Medieval banking*. New Haven: Yale University Press, 1-23.

Lopez, R. S., & Raymond, I. W. (Eds.). (1955). *Medieval trade in the Mediterranean world.* New York: Columbia University Press.

Lucas, H. S. (1976). *The Low Countries and the Hundred Years War, 1326-1347.* Philadelphia: Porcupine Press.

Lucassen, J. (2004). “A multinational and its labour force: The Dutch East India Company, 1595-1795.” *International Labour and Working-Class History, 66:* 12-39.

Luzac, E. (1780). *Hollands rijkdom*. Three volumes. Leyden: Luzac and van Damme.

Luzzatto, G. (1961). *An economic history of Italy from the fall of the Roman Empire to the beginning of the sixteenth century*. P. Jones (Trans.). London: Routledge & Kegan Paul.

Lyon, B. (1987). “Marc Bloch: Historian.” *French Historical Studies, 51*(2), 195-207.

Macdowell, D. M. (1978). *The law in classical Athens*. London: Thomas & Hudson.

MacRaild, D. M., & Taylor, A. (2004). *Social theory and social history*. Houndmills, Basingstoke, Hampshire: Palgrave MacMillan.

Macve, R. (1984). "Some glosses on 'Greek and Roman accounting'." Proceedings of the *Fourth International Congress on the History of Accountancy; Pisa*, 409-423.

Macve, R. (2002). "Insights to be gained from the study of ancient accounting history: some reflections on the new edition of Finley's The ancient economy." *The European Accounting Review, 11*(2), 453-471.

Maine, S. H. (1909). *Ancient Law*. London: John Murray.

Mandelbaum, M. (1959). "History and the social sciences." In P. Gardiner (Ed.), *Theories of history*. Glencoe, Illinois: The Free Press, 476-488.

Mandelbaum, M. (1961). "Historical explanation: The problem of 'covering laws'." *History and Theory, 1* (3), 229-242.

Mandelbaum, M. (1967). "A note on history as narrative." *History and Theory, 6* (3), 413-419.

Mann, G. (1994). "The origins of double-entry." *Australian Accountant, July*, 17-21.

Mansvelt, W. M. F. (1922). *Rechtsvorm en geldelijk beheer bij de Oostindische Compagnie.* Den Haag.

Martinelli A. (1974). *The origination and evolution of double entry bookkeeping to 1440.* Michigan, USA: Ann Arbor, University Microfilms International.

Martinelli, A. (1977). "Notes on the origin of double entry bookkeeping. *Abacus, 13*(1), 3-27.

Marwick, A. (2001). *The new nature of history: knowledge, evidence, language*. Basingstoke: Palgrave.

Masselman, G. (1963). *The cradle of colonialism*. New Haven: Yale University Press.

Mathew, K. S. (1986). "Trade in the Indian Ocean and the Portuguese system of cartazes." In M. Newitt (Ed.), *The first Portuguese colonial empire*. Exeter: University of Exeter, 69-84.

Mattessich, R. (1987). "Prehistoric accounting and the problem of representation: On recent archaeological evidence of the Middle-East from 8000 B.C. to 3000 B.C." *The Accounting Historians Journal, 14*(2), 71-91.

Mattessich, R. (1989). "Accounting and the input-output principle in the prehistoric and ancient world." *Abacus, 25*(2), 74-84.

Mattessich, R. (1994). "Archaeology of accounting and Schmand-Besserat's contribution." *Accounting Business and Financial History, 4*(1), 5-28.

Mattessich, R. (2000). *The beginnings of accounting and accounting thought: accounting practice in the Middle East (8000 B.C. to 2000 B.C.) and accounting thought in India (300 B.C. and the Middle Ages).* London: Garland Publishing Inc.

Mattessich, R. (2003). "Accounting research and researchers of the nineteenth century and the beginning of the twentieth century: an international survey of authors, ideas and publications." *Accounting, Business & Financial History, 13*(2), 125-170.

Mattessich, R. (2008). *Two hundred years of accounting research: An international survey of personalities, ideas and publications (from the beginning of the nineteenth century to the beginning of the twenty-first century).* London: Routledge.

McAllister, J. P., & Mills, G. T. (1984). “The economic, social and business origins of double entry: an investigation of the relationship between economic growth, printing and society in early modern Europe.” Proceedings of the *Fourth International Congress of the History of Accountancy; Pisa,* 523-554.

McKinlay, A. (2006). “Managing Foucault: Genealogies of management.” *Management & Organizational History, 1*(1), 87-100.

McMillan, K. P. (1998). “The science of accounts: bookkeeping rooted in the ideal of science.” *Accounting Historians Journal, 25*, 1-33.

Megill, A. (2004). “Coherence and incoherence in historical studies: From the Annales School to the new cultural history.” *New Literary History, 35*, 207-231.

Meigs, W. B., & Meigs, R. F. (1986). *Financial accounting.* Sydney: McGraw-Hill.

Meilink-Roelofsz, M. A. P. (1976). “Een vergelijkend onderzoek van bestuur en handel der Nederlandse en Engelse handelscompagnieën op Azië in de eerste helft van de zeventiende eeuw.” *Bijdragen en mededelingen betreffende de geschiedenis der Nederlanden, 91,* 196-217.

Meilink-Roelofsz, M. A. P. (1980). “The Structures of Trade in Asia in the Sixteenth and Seventeenth Centuries. Niels Steensgaard's ‘Carracks, Caravans and Companies’. A Critical Reappraisal.” *Mare Luso-Indicum 4*, 1-43.

Meilink-Roelofsz, M. A. P. (1982). “Hoe rationeel was de organisatie van de Nederlandse Oostindische Compagnie.” *Economisch en Sociaal-Historisch Jaarboek, 44*, 170-190.

Meilink-Roelofsz., M. A. P., Raben, R., & Spijkerman, H. (1992). *De archieven van de Verenigde Oostindische Compagnie: The archives of the Dutch East India Company (1602-1795).* ’s-Gravenhage: Sdu Uitgeverij.

Menard, R. R. (1991). “Transport costs and long-range trade, 1300-1800: Was there a European transport revolution in the early modern era?” In J. D. Tracy (Ed.), *The Political Economy of Merchant Empires: State Power and World Trade, 1350 – 1750.* Cambridge: Cambridge University Press, 228-275.

Mennher, V. (1927). Practique brifve pour cyfer et tenir Livres de Compte. In P. G. A. de Waal. *Van Paciolo tot Stevin: een bijdrage tot de leer van het boekhouden in de Nederlanden,* 129-141.

Mennher, V. (1927). Buechhalten kurtz Begriffen durch zway Buecher. In P. G. A. de Waal. *Van Paciolo tot Stevin: een bijdrage tot de leer van het boekhouden in de Nederlanden.* Roermond: J. J. Romen & Zonen 129-141.

Merino, B. D. (1998). “Critical theory and accounting history: challenges and opportunities.” *Critical Perspectives on accounting, 9*(6), 603-616.

Merino, B. D., & Mayper, A. G. (1993). “Accounting history and empirical research.” *The Accounting Historians Journal, 20*(2), 237-267.

Meuller, R. C. (1997). *Banks, Panics, and their public debt, 1200-1500.* London: John Hopkins University Press, 255-256.

Mickwitz, G. (1937). “Economic rationalism in Graeco-Roman agriculture.” *The English Historical Review, 52*(208), 577-589.

Mickwitz, G. (1938). *Aus Revaler Handelsbücher: Zur technik des Ostseehandels in der ersten Hälfte des 16. Jahrhunderts*. Helingfors.

Mill, J. (1826). *The history of British India*. London: Baldwin, Cradock, and Joy. Retrieved 7th October 2006, from

http://oll.libertyfund.org/?option=com_staticxt&staticfile=show.php%3Ftitle=1867 .

Miller, J. I. (1969). *The spice trade of the Roman Empire, 29 B.C. to A.D. 641*. Oxford: Clarendon Press.

Miller, P. (1994). "Accounting as social and institutional practice: an introduction." In A. G, Hopwood, and P. Miller, (Eds.), *Accounting as a Social and Institutional Practice*. Cambridge: Cambridge University Press, 1-39.

Miller, P., & Napier, C. (1993). "Genealogies of calculation." *Accounting, Organizations and Society, 18*(7/8), 631-647.

Miller, P., & O'Leary, T. (1987). "Accounting and the construction of the governable person." *Accounting, Organizations and Society, 12*(3), 235-265.

Miller, P., & O'Leary, T. (1990). "Making accountancy practical." *Accounting, Organizations and Society, 15*(5), 479-98.

Miller, P., Hopper, T., & Laughlin, R. (1991). "The new accounting history: an introduction." *Accounting, Organizations and Society, 16*(5/6), 395-403.

Mills, P. (1986). "Financial reporting and stewardship accounting in sixteenth-century Spain." *The Accounting Historians Journal, 13*(2), 65-76.

Mills, P. A. (1989). "Words and the study of accounting history." *Accounting, Auditing & Accountability Journal, 2*(1), 21-35.

Mink, L. O. (1966). "The autonomy of historical understanding." *History and Theory, 5*(1), 24-47.

Minutes of evidence before the Select Committee on East-Indian Affairs. (1830). *Asiatic Journal and Monthly Register for British and Foreign India, China, and Australasia, vol. III* (new series), 34-40.

Miranti, P. J., Jensen, D. L., & Coffman, E. N. (2003). "Business history and its implications for writing accounting history." In R. Fleischman, V. Radcliffe, and P. Shoemaker (Eds.), *Doing accounting history: Contributions to the development of accounting thought*, 121-145.

Mirowski, P. (1981). "The Rise (and Retreat) of a Market: English Joint Stock Shares in the Eighteenth Century." *The Journal of Economic History, 41* (3), 559-577.

Mitchell, W. C. (1929). "Sombart's hochkapitalismus." *The Quarterly Journal of Economics , 43*(2), 303-323.

Mollema, J. C. (1935). *De eerste schipvaart der Hollanders naar Oost-Indië: 1595-1597*. 'S-Gravenhage: Martinus Nijhoff.

Morrison, K. (2006). *Marx, Durkheim, Weber: formations of modern social thought*. London: Sage Publications.

Most, K. S. (1972). "Sombart's propositions revisited." *The Accounting Review XLVII* (4), 722-734.

Most, K. S. (1976). "How wrong was Sombart." *Accounting Historian, 3*. University of Alabama, 22-28.

Most, K. S. (1979). "Sombart on accounting history." In E. N. Coffman (Ed.), *The Academy of Accounting Historians, II*, 244-262.

Most, K. S. (1982). *Accounting theory*. Columbus: Grid Publishing.

Mostert, T. (2007). *Chain of command: The military system of the Dutch East India Company, 1655-1663*. Master's thesis, Department of History, Leiden University.

Munslow, A. (2000). *The Routledge companion to historical studies*. London: Routledge.

Munslow, A. (2003). *The new history*. Harlow: Pearson Longman.

Munz, P. (1977). "The historical narrative." In Bentley, M. (Ed.), *Companion to historiography*. London: Routledge, 851-872.

Murphy, G. J. (1987). Some eighteenth century accounting treatises. [Review of the books *A Treatise of bookkeeping or merchants accounts in the Italian method of debtor and creditor, Bookkeeping modernized or merchant accounts by double entry, and A new and complete system of bookkeeping by an improved method of double entry]. The Accounting Historians Journal, 14*(2), 115-123.

Napier, C. J. (1998). "Giving an account of accounting history: A reply to Keenan." *Critical Perspectives on Accounting, 9*(6), *685-700.*

Napier, C. J. (2006). "Account of change: 30 years of historical accounting research." *Accounting, Organizations and Society, 31(4-5), 445-507.*

Neal, L. (1990). "The Dutch and English East India companies compared: evidence from the stock and foreign exchange markets." In J. D. Tracy, (Ed.), *The Rise of Merchant Empires*, Cambridge, Cambridge University Press, 195-223.

Nicholas, D. (1992). *Medieval Flanders*. London: Longman.

Niemark, M. (1990). "The king is dead. Long live the king!" *Critical Perspectives on Accounting, 1*(1), 103-114.

Niemark, M. K. (1994). "Regicide revisited: Marx, Foucault and accounting." *Critical Perspectives on Accounting, 5*(1), 87-108.

Niemark, M., & Tinker, T. (1986). "The social construction of management control systems." *Accounting, Organizations and Society, 11*(4/5), 369-395.

Nietzsche, F. (1968). *Basic writings of Nietzsche.* W. Kaufmann (Ed. and Trans.). New York: The Modern Library.

Novick, P. (1988). *That noble dream: the "objectivity question" and the American historical profession*. Cambridge: Cambridge University Press.

Nussbaum, F. L. (1937). *A history of the economic institutions of modern Europe: an introduction to Der Moderne kapitalismus of Werner Sombart*. New York: F. S. Crofts & Co.

Nussbaum, F. L. (1941). "The economic history of Renaissance Europe: Problems and solutions during the past generation." *The Journal of Modern History, 13*(4), 527-545.

O'Brien, P. (2000). "Mercantilism and imperialism in the rise and decline of the Dutch and British economies 1585-1815." *De Economist 148*(4), 469-502.

Oakeshott, M. (1983). *On history and other essays*. Oxford: Basil Blackwell.

Odmark, V. E. (1954). "Some aspects of the evolution of accounting functions." *The Accounting Review, 29*(4), 634-638.

Oksala, J. (2005). *Foucault on Freedom*. Cambridge: Cambridge University Press.

Oldroyd, (1999). "Historiography, causality, and positioning: An unsystematic view of accounting history." *Accounting Historians Journal, 26*(1), 83-101.

Olsen, M. (1999). *Michel Foucault: Materialism and education*. West Port, Conn.: Bergin & Garvey.

Oppenheim, A. L. (1947). “A fiscal practice of the ancient Near East.” *Journal of Near Eastern Studies, 6*(2), 116-120.

Oppenheim, A. L. (1959). “On an operational device in Mesopotamian bureaucracy.” *Journal of Near Eastern Studies, 18*(2), 121-128.

Oschinsky, D. (1947). “Medieval treatises on estate accounting.” *The Economic History Review, 17*(1), 52-61.

Osselton, N. E. (1969). “The sources of the first Dutch and English dictionary.” The *Modern Language Review, 64*(2), 355-362.

Parker, L. D. (2007). “Interpreting interpretive accounting research.” *Critical Perspectives on Accounting, 19*(6), 909-914.

Parker, L. D. (2008). “Interpreting interpretive accounting research.” *Critical Perspectives on Accounting, 19*(6), 909-914.

Parker, R. H. (1994). “Finding English words to talk about accounting concepts.” *Accounting, Auditing & Accountability Journal, 7*(2), 70-85.

Parker, R. H., & Yamey, B. S. (1994). *Accounting history: Some British contributions*. Oxford: Clarendon Press.

Paton, W. A. (1922). *Accounting theory*. New York: Ronald Press Co.

Paton, W. A., & Stevenson, R. A. (1916/1976). *Principles of accounting.* New York: Arno Press.

Patrick, J. (Ed.) (2007). “Hapsburg Empire.” In *Renaissance and Reformation*. New York: Marshall Cavendish, 507-515.

Payne, M. (1997). *Reading knowledge: An introduction to Barthes, Foucault and Althusser*. Massachusetts: Blackwell Publishers Inc.

Peele, J. (1569). *The pathwaye to perfectnes in th’ accomptes of debitour and creditour.* London: Thomas Pursfoote.

Penndorf, B. (1930). “The relation of taxation to the history of the balance sheet.” *The Accounting Review*, 243-251.

Penndorf, B. (1966). *Geschichte der Buchhaltung in Deutschland.* Frankfurt am Main: Sauer und Aubermann.

Peper, B., & van Kooten, G. (1993). “The Netherlands: From an ordered harmonic to a bargaining relationship.” In S. Barkin (Ed.), *Worker militancy and its consequences.* New York: Praeger, 111-146.

Peragallo, E. (1938/1974). *Origin and evolution of double-entry bookkeeping. A study of practice from the fourteenth century*. Osaka: Nihon Shoseki.

Perczynski, P., & Vink, M. (2000, April). “Citizenship and democracy: A comparative study of two cases from European history.” Paper presented at the *'Citizenship in a historical perspective' Workshop, ECPR Joint Sessions, Copenhagen,* 14-19.

Peruzzi, S. L. (1868). *Storia del commercio e dei banchieri di Firenze in tutto il mondo conosciuto dal 1200 al 1345*. Firenze: Coi tipi di M. Cellini e c.

Phillips, C. R. (1990). “The growth and composition of trade in the Iberian empires, 1450-1750.” In J. D. Tracy, *The rise of merchant empires: Long-distance trade in the early modern world, 1350-1750*. Cambridge: Cambridge University Press, 34-101.

Pirenne, H. (1963). *Early democracies in the Low Countries: Urban society and political conflict in the Middle Ages and the Renaissance*. (J. V. Saunders. New York: W.W. Norton & Company.)

Planitz, H. (1926). “Über hansisches Handels und Verkehrsrecht.” *Hansische Geschichtsblatter Vol. XXL,* 1-27.

Postan, M., Rich, E. E., & Miller, E. (1963). *The Cambridge economic history of Europe, volume III.* Cambridge: Cambridge University Press.

Posthumus, N. W. (1947). “Het oudst bewaarde Amsterdamsche koopmansboeck.” *Mededeelingen der Koninklijke Nederlandsche Akademie van Wetenschappen, Affl. Letterkunde, Nieuwe Reeks, Deel 10*(1), 1-16.

Posthumus, N. W. (1953*). De Oosterse handle te Amsterdam: Het oudst bewaarde koopmansboek van een Amsterdamse vennootschap betereffende de handle op de Oostzee 1485-1490*. Leiden: E. J. Brill.

Postma J., & van der Helm, A. J. (2000, July). “La Riegola de libro: Bookkeeping instructions from the mid-fifteenth century.” Paper presented to the *8th World congress of Accounting, Madrid, Spain,* 147-178.

Potter, B. N. (2005). “Accounting as a social and institutional practice: perspectives to enrich our understanding of accounting change.” *Abacus, 41*(3), 265-289.

Poullaos, C. (1998). “Telling stories about accounting history.” *Critical Perspectives on Accounting, 9*(6), 701-710.

Pounds, N. J. G. (1994). *An economic history of Medieval Europe*. London: Longman.

Powell, W.W. (1990). “Neither market nor hierarchy: network forms of organization.” In B. M. Staw and L. L. Cummings (Eds.), *Research in organizational behaviour, 12*. London: JAI Press, 479-489.

Power, M., & Laughlin, R. (1996). “Habermas, law and accounting.” *Accounting, Organizations and Society, 21*(5), 441-465.

Prak, M. (2005). *The Dutch republic in the seventeenth century: the golden age.* D. Webb (Trans.). Cambridge: Cambridge University Press.

Prakash, O. (2003). *Euro-Asian encounter in the early modern period.* University of Malaya, South-South Exchange Programme for Research on the History of Development (SEPHIS).

Previts, G. (1977). “The relevance of “Zwei Pfadfinder”.” *Accounting Historians Journal, 4*, 9-13.

Previts, G. J., Parker, L. D., & Coffman, E. N. (1990a). “Accounting history: definition and relevance.” *Abacus, 26*(1), 1-16.

Previts, G. J., Parker, L. D., & Coffman, E. N. (1990b). “An accounting historiography: Subject matter and methodology.” *Abacus, 26*(2), 136-158.

Price, J. L. (1974). *Culture and society in the Dutch Republic during the 17th century.* London: B. T. Batsford.

Price, J. L. (1994). *Holland and the Dutch Republic in the seventeenth century*. Oxford: Clarendon Press.

Prinsen, A. (1987). *Balthazar de Moucheron voorlooper van de VOC.* Middelburg: Stichting VOC Publicaties.

Prinsen, A. J. H. M. (1987). *Balthazar de Moucheron.* Veere: Community Archives.

Prost, A. (1992). “Historiographical review: What has happened to French social history?” *The Historical Journal, 3*(3), 671-679.

Raadschelders, J. C. N., & Toonen, T. A. J. (Eds.). (1993). *Waterschappen in Nederland: Een bestuurskundige verkenning van de institutionele ontwikkeling.* Hilversum: Verloren.

Rapp, R. (1975). “The unmasking of the Mediterranean trade hegemony: International trade rivalry and the commercial revolution.” *The Journal of Economic History, xxxv*(3) 499-525.

Rathbone, D. (1991). *Economic rationalism and rural society in third century A.D. Egypt. The Heroninos archive and the Appianus Estate.* Cambridge: Cambridge University Press.

Ratner, J. (1935). “The correspondence theory of truth.” *The journal of Philosophy, 32*(6), 141-152.

Rayment-Pickard, H. (2000). “Suprahistory.” In R. M. Burns and H. Rayment-Pickard (Eds.), *Philosophies of history: From Enlightenment to Postmodernity*. Oxford: Blackwell Publishers, 131-154.

Rayment-Pickard, H. (2000). “Narrativism.” In R. M. Burns and H. Rayment-Pickard (Eds.), *Philosophies of history: From Enlightenment to Postmodernity*. Oxford: Blackwell Publishers, 274-284.

Renouvin, P. (1966). “Research in modern and contemporary history: Present trends in France.” *The Journal of Modern History, 38*(1), 1-12.

Reus, M. (2002). “Learning from the Dutch: Technology, Management, and water resources development.” *Technology and Culture, 43(*3), 465-472.

Revel, J. (1995). “Introduction.” In *Histories: French constructions of the past, Volume 1*. J. Revel and L. Hunt (Eds.), A. Goldhammer (Trans.). New York: The New Press, 1-63.

Revel, J. (1999). “The Annales: Continuities and discontinuities.” In S. Clarke (Ed.), *The Annales School: Critical assessments*. London: Routledge, 75-85.

Revel, J., & Hunt, L. (Eds.). (1995). *Histories: French connections of the past.* New York: The New Press.

Richards, R. D. (1926). “Early history of the term capital.” *The Quarterly Journal of Economics, 40*(2), 329-338.

Ricoeur, P. (1984). *Time and narrative.* K. McLaughlin and D. Pellauer (Trans.). Chicago: University of Chicago Press,

Ricoeur, P. (1999, June). *Humanities between Science and Art.* Transcript of speech at the Humanities at the Turn of the Millennium Conferences, University of Århus, Denmark. E. Busck (Transcription), 1-15. Retrieved 23rd June 2007, from http://www.hum.au.dk/ckulturf/pages/publications/pr/hbsa.pdf.

Riemersma J. C. (1950). “Oceanic Expansion: Government influence on company organization in Holland and England (1550 - 1650).” *The Journal of Economic History, 10*, 31-39.

Riemersma, J. (1967). *Religious factors in early Dutch capitalism 1550-1650*. The Hague: Mouton.

Riemersma, J. C. (1952). “Trading and shipping associations in 16th century Holland.” *Tijdschrift voor geschiedenis, 65*, 330-338.

Rigby, S. H. (1987). *Marxism and history: a critical introduction*. Manchester: Manchester University Press.

Riley, R. C., & Ashworth, G. J. (Eds.). (1975). *Benelux: an economic geography of Belgium, The Netherlands, and Luxembourg*. London: Chatto & Windus.

Ritter, H. (1986). *Dictionary of concepts in history*. Westport, Conn.: Greenwood Press.

Roberts, M. (2004). “The Annales school and historical writing.” In P. Lambert, and P. Schofield, (Eds.), *Making history*. London: Routledge, 78-92.

Robertson, H. (1933/1959). *Aspects of the rise of economic individualism: a criticism of Max Weber and his school*. New York: Kelley & Millman Inc.

Robertson, W. (1839). *The history of the discovery and settlement of America*. New York: J & J Harper.

Roth, G. (1968). “Translator’s introduction.” In M. Weber, *Economy and Society: An outline of interpretive sociology*. New York: Bedminster Press, xxvii-cviii.

Row-Fogo, J. (1905/1968). “History of bookkeeping.” In Brown, R. (Ed.), *A history of accounting and accountants.* Haarlem: Frank Cass & Co., 93-170.

Rowen, H. H. (Ed.). (1972). *The Low Countries in early modern times.* London: MacMillan.

Rowen, H. H., (1990). “The Dutch revolt: What kind of revolution?” *Renaissance Quarterly, 43*(3), 570-590.

Scapens, R. W. (1990). “Researching management accounting practice: The role of case study methods.” *British Accounting Review, 22*, 259-281.

Scapens, R. W. (1992). “The role of case study methods in management accounting research: A personal reflection and reply.” *British Accounting Review, 24*, 369-383.

Schama, S. (1988). *The embarrassment of riches: an interpretation of Dutch culture in the Golden Age*. London: Collins.

Schilder, G. (1984). “Development and achievement of Dutch Northern and Arctic cartography in the sixteenth and seventeenth centuries.” *Arctic, 37*(4), 493-514.

Schmandt-Besserat, D. (1981). “Decipherment of the earliest tablets.” *Science, New Series, 211*(4479), 283-285.

Scheerer, F. (1950). *Kontentheorien der doppelten Buchhaltung*. Zurich: Schulthess & Co. AG.

Scott, W. R. (1912). *The constitution and finance of English, Scottish and Irish joint-stock companies to 1720*. Cambrige: Cambridge University Press.

Sée, H. (1928/2004). *Modern capitalism: its origin and evolution*. H. B. Vanderblue and G. F. Doriot (Trans.). Kitchener Ontario: Batoche Books.

Seligman, E. R., & Johnson, A. (Eds.). (1937). *Encyclopaedia of the social sciences*. (New York: The Macmillan Company.

Shakespeare, W. (*c.* 1596/1843). *Merchant of Venice*. Leipzig: Bernh. Tauchnitz.

Shelton, J. (1965). “The first printed share certificate: An important link in financial history.” *The Business History Review, 39*(3), 391-402.

Siegel, M. (1970). “Henri Berr’s Revue de synthèse historique.” *History and Theory, 9*(3), 322-334.

Sluiter, E. (1942). “Dutch maritime power and the colonial status quo, 1585-1641.” *The Pacific Historical Review, 11*(1), 29-41.

Sluiter, E. (1948). “Dutch-Spanish Rivalry in the Caribbean Area, 1594-1609.” *The Hispanic American Historical Review, 28*(2), 165-196.

Smart, B. (2002). *Michel Foucault*. London: Routledge.

Smith, M. F. J. (1919). *Tijdaffaires aan de Amsterdamsche beurs*. The Hague: Nijhoff, 96-101.

Smith, S. H. (2001). “The mystification of spices in the western tradition.” *European Review of History, 8* (2), 119-137

Smits, H., & Wiggers, A. J. (1959). *Soil survey and land classification as applied to reclamation of sea bottom land in The Netherlands*. Wageningen: H. Veenman & Zonen N.V.

Social Science Research Council. (1946). *Theory and practice in historical studies: A report of the Committee on Historiography, bulletin 54.* New York: Social Science Research Council.

Sombart, W. (1913/1967). *The quintessence of capitalism: A study of the history and psychology of the modern business man*. M. Epstein (Trans.). New York: Howard Fertig.

Sombart, W. (1916/1953). “Medieval and modern commercial enterprise.” In F. C. Lane and J. Riemersma (Eds.), J. Riemersma (Trans.), *Enterprise and secular change*, 25-40.

Sombart, W. (1919/1979). “Sombart on accounting history.” K. S. Most (Trans.), *The Academy of Accounting Historians Vol. II. Working Paper No. 35*, 244-262.

Sombart, W. (1937). “Capitalism.” In E. R. Seligman and A. Johnson (Eds.), *Encyclopaedia of the Social sciences.* New York: The Macmillan Company, 195-208.

Sombart, W. (1911/2001). *The Jews and modern capitalism*. M. Epstein (Trans.). South Kitchener, Ontario: Batoche Books.

Sorge, A., & van Iterson A. (1995). “The Netherlands: Business systems in the Dutch economy and society.” In I. Brunstein (Ed.), *Human resource management in Western Europe.* New York: Walter de Gruyter, 191-209.

Spate, O. H. K. (1983). *Monopolists and freebooters.* Minneapolis: University of Minneapolis Press.

Spiller, E. A. (1964). “Theory and practice in the development of accounting.” *The Accounting Review, 39*(4), 850-859.

Sreedharan, E. (2004). *A textbook of historiography 500 BC to AD 2000*. New Delhi: Orient Longman Private Limited.

Stanford, M. (1998). *An introduction to the philosophy of history*. Oxford: Blackwell Publishers Ltd.

Stapel, F. W. (1927). “Aandeelbewijzen der Oost-Indische Compagnie.” *Economisch Historisch Jaarboek, 13*, 240-246.

Steensgaard, N. (1973). *The Asian trade revolution of the seventeenth century*. Chicago and London: University of Chicago Press.

Steensgaard, N. (1981). “Companies as a specific institution in the History of European Expansion.” In L. Blussé and F. Gaastra (Eds.), *Companies and trade*, 245-264.

Steensgaard, N. (1990). “The growth and composition of the long-distance trade of England and the Dutch Republic before 1750.” In J. D. Tracy, *The rise of merchant empires: Long-distance trade in the early modern world, 1350-1750*. Cambridge: Cambridge University Press, 102-152.

Stehr, N., & Grundmann, R. (Eds.). (2001). *Economic life in the Modern Age: Werner Sombart*. New Brunswick: Translation Publishers.

Sterling, R. R. (1975). “Toward a science of accounting.” *Financial Analysts Journal, 31*(5), 28-36.

Steur, J. J. (1984). *Herstel of ondergang: de voorstellen tot redress van de Verenigde Oost-Indische Compagnie 1740-1795*. Utrecht: Hes.

Stevelinck, E. (1989). “Luca Pacioli and Pietro Della Francesca.” *Academy of Accounting Historians working paper no. 72*, 170-184.

Stone, L. (1979). “The revival of the narrative: Reflections on a new old history.” *Past and Present, 85*, 3-24

Stone, L. (1987). *The past and the present revisited*. London: Routledge and Keegaan Paul.

Stone, W. (1969). “Antecedents of the accounting profession.” *The Accounting Review, 44*(2), 284-291.

Stuard, S. M. (1981). “The Annales School and Feminist History: Opening Dialogue with the American Stepchild.” *Signs, 7*, (1), 135-143.

Tawney, R. H. (1933). “Bibliography: studies in bibliography.” *Economic History Review, IV*, 344.

Tawney, R. H. (1938). *Religion and the rise of capitalism*. London: Pelican Books.

Tawney, R. H. (1956). “Foreword.” In M. Weber, *The protestant ethic and the spirit of capitalism*. London: George Allen & Unwin Ltd., 1-11.

Taylor, R. E. (1944). “The name of Pacioli.” *The Accounting Review, 19*(1), 69-76.

Te Brake, W. P. (1985). “Popular politics and the Dutch patriot revolution.” *Theory and Society, 14*(2), 199-222.

Te Brake, W. P. (1988). “Violence in the Dutch patriot revolution.” *Comparative Studies in Society and History, 30*(1), 143-163.

TeBrake, W. H. (2002). “Taming the Waterwolf: Hydraulic engineering and water management in the Netherlands during the Middle Ages.” *Technology and Culture, 43*(3), 474-499.

Temple, W. (1705). *Observations upon the United Provinces of the Netherlands.* London: Jacob Tonson.

Ten Have, O. (1933). *De leer van het boekhouden in de Nederlanden tijdens de zeventiende en achttiende eeuw*. PhD. Thesis, Nederlandsche Handelshoogeschool, Rotterdam.

Ten Have, O. (1976). *The history of accountancy*. A. van Seventer (Trans.). Palo Alto, California: Bay Books.

Thick, A. (1999). “Accounting in the later medieval town: the account books of the stewards of Southampton in the fifteenth century.” *Accounting, Business and Financial History, 9*(3), 265-290.

Tilling, M., & Tilt, C. (2002). “Alas poor Critical Accounting, we knew him, Karl.” *School of Commerce, Flinders University, Adelaide: Research Paper Series: 02-3*, 2-11.

Tillinghast, P. E. (1963). “Approaches to history.” Englewood Cliffs, N.J.: Prentice-Hall.

Tol, R. S. J., & Langen, A. (2000). “A concise history of Dutch river floods.” *Climatic Change, 46*, 357-369.

Toms, S. (2007, July). *Calculating profit: A historical perspective on the development of capitalism.* Paper presented at the 7th ECAS conference, University of Glasgow, 1-25.

Torrey, C. C. (1943). "The evolution of a financier in the ancient Near East." *Journal of Near Eastern Studies, 2*(4), 295-301.

Tosh, J. 1992. *The pursuit of history. Aims methods & new directions in the study of modern history.* London: Longman.

Toussaint, A. (1966). *History of the Indian Ocean.* J. Guicharnaud (Trans.). London: Routledge and Kegan Paul.

Tracy, J. D. (1983). "Habsburg grain policy and Amsterdam politics: The career of Sheriff Willem Dirkszoon Baerdes, 1542-1566." *Sixteenth Century Journal, 14*(3), 293-319.

Tracy, J. D. (1985). *A financial revolution in the Habsburg Netherlands: renten and renteniers in the county of Holland, 1515-1565.* Berkeley: University of California Pres.

Tracy, J. D. (1990a). *Holland under Habsburg rule 1506-1566: The formation of a body politic. Berkeley:* University of California Press.

Tracy, J. D. (1990b). *The rise of merchant empires: The long-distance trade in the early modern world, 1350-1750.* Cambridge: Cambridge University Press.

Tracy, J. D. (1993). "Herring wars: The Hapsburg Netherlands and the struggle for control of the North Sea, ca. 1520-1560." *Sixteenth Century Journal, XXIV*(2), 249-272.

Tribe, K. (2006). *Max Weber's 'Conceptual Preface' to General Economic History.* Retrieved 1st March 2007, from http://www.maxweberstudies.org/Beifeft/02%20Beiheft%20II%20GEH.pdf, 1-38.

Uitterdijk, N. J. (1904). *Een Kamper handelshuis te Lissabon: 1572-1594.* Zwolle: J. J. Tijl.

Unger, W. S. (1916). "De Hollandsche graanhandel en graanhandelspolitiek in de middeleeuwen." *De Ecomonist, 65*(1), 337-386.

Unger, W. S. (1940). "Nieuwe gegevens betreffende het begin der vaart op Guinea." *Economisch-historisch Jaarboek (21)*, 194-217.

Unger, W. S. (1948). *De oudste reizen van de Zeeuwen naar de Oost-Indie 1598-1604.* 'S-Gravenhage: Martinus Nijhoff.

Unger, W. S. (1950). "Het inschrivijnsregister van de Kamer Zeeland der Verenigde Oost-Indische Compagnie." *Economisch Historisch Jaarboek*, 24, 1-33.

Urbantke, H. E. (1965). *The United East India Company in the 17th century: A 20th century prototype.* PhD dissertation. University of Houston.

Usher, A. P. (1943). *The early history of deposit banking in Mediterranean Europe, 1.* Cambridge, Massachusetts: Harvard University Press.

Van Bavel, B. J. P., & van Zanden, J. L. (2004). "The jump-start of the Holland economy during the late-medieval crisis, c. 1350-c.1500." *Economic History Review, LVII*(3), 503-532.

Van Brakel, S. (1908). *De Hollandsche handelscompagnieën der zeventiende eeuw. Hunne ontstaan - hunne inrichting.* 'S-Gravenhage: Martinus Nijhoff.

Van Brakel, S. (1917). "Venootschapsvormen in Holland gedurende de zeventiende eeuw." *Rechtsgeleerd Magazijn, 36*, 1-30, and 145-189.

Van Dam, P. J. E. M. (2002). “Ecological challenges, technological innovations: The modernization of sluice building in Holland, 1300-1600.” *Technology and Culture, 43*(3), 500-520.

Van de Ven, G. P. (Ed.) (1994). *Man-made lowlands: history of water management and land reclamation in the Netherlands*. Utrecht, Matrijs.

Van der Chijs, J. A. (1885). *Nederlandsch-Indisch Plakaatboek, 1602-1811. Part 1, 1602-1642.* ’s-Hage: M. Nijhoff.

Van der Chys, J. A. (1857). *Geschiedenis der stichting van de Vereenigde O. I. Compagnie en der maatregelen van de Nederlandsche regering betreffende de vaart op Oost-Indie, welke aan deze stichting voorafgingen.* Leyden: P. Engels.

Van der Heijden, E. J. J. (1908/2001). “De ontwikkeling van de naamlooze vennootschap in Nederland voor de codificatie.” In C. J. H. Jansen and G. van Soligen (Eds.), *Verspreide geschriften van E. J. J. van der Heijden*. Deventer: Kluwer, 1-11.

Van der Heijden, E. J. J. (1914/2001). *Over den jurisdischen oorsprong der naamloze vennootschap.* In C. J. H. Jansen and G. van Soligen (Eds.), *Verspreide geschriften van E. J. J. van der Heijden*, 13-25. Deventer: Kluwer, 25-40.

Van der Heijden, E. J. J. (1989). In W. C. L. van der Grinten, H. J. N. Honee, and H. M. N. Schonis (Eds.), *Handboek voor de naamloze en besloten vennootschap.* Zwolle: W. E. J. Tjeenk Willink, 1-5.

Van der Linden, H. (1978). *Zeventuig: Waterschap en waterschapsrechtin beknopt historisch perspektief.* Deventer: Kluwer.

Van der Linden, H. (1981). “History of the Reclamation of the Western Fenlands and of the organizations to keep them drained.” In: H. de Bakker and M. van den Berg (Eds.), *Proceedings of the symposium on peat lands below sea level, August 24-28*. Amsterdam: ILRI, 42-73.

Van der Wee, H. (1990). *Structural changes in European long-distance, and particularly in the re-export trade from south to north, 1350-1750*. In Tracy, J.D. (Ed.) (1990), The Rise of Merchant Empires, Cambridge, Cambridge University Press, 14-33.

Van der Wee, H. (1990). “Structural changes in European long-distance trade, and particularly in the re-export trade from south to north, 1350-1750.” In J. D. Tracy, *The rise of merchant empires: Long-distance trade in the early modern world, 1350-1750*. Cambridge: Cambridge University Press.

Van der Woude, J. (1948). *Coen: Koopman van Heeren Zeventien.* Amsterdam: C. de Boer.

Van Dijk, N., & Punch, M. (1993). “The Netherlands open borders, closed circles: Management and organisation in the Netherlands.” In D. Hickson (Ed.), *Management in Western Europe: Society, culture and organisation in twelve nations.* New York: Walter de Gruyter, 167-190.

Van Dillen, J. G. (1923). “De Oost-Indische Compagnie. W. M. F. Mansvelt, Rechtsvorm en geldelijk beheer bij de Oost-Indische Compagnie.” *Tijdschrift voor Geschiedenis, 38*, 284-288.

Van Dillen, J. G. (1930). “Isaac le Maire en de handel in actiën der Oost-Indische Compagnie.” *Economisch-Historisch Jaarboek, 16,* 1-165.

Van Dillen, J. G. (1927). “Termijnhandel te Amsterdam in de 16e en 17e eeuw.” *De economist, 76*, 503-523.

Van Dillen, J. G. (1958). *Het oudste aandeelhoudersregister van de Kamer Amsterdam der Oost-Indische Compagnie.* “S-Gravenhage: Martinus Nijhoff.

Van Dillen, J., Poitras, G., & Majithia, A. (2006). “Isaac le Maire and the early trading in Dutch East India Company shares.” In G. Poitras (Ed.), *Pioneers of Financial Economics* (vol. 1). Cheltenham: Edward Elgar, 45-63.

Van Gelder, H. E. (1917). “Zestiende-eeuwsche vrachtvaart-bescheiden.” *Economisch-Historisch Jaarboek, 3*, 124-290.

Van Gelderen, M. (1992). *The political thought of the Dutch revolt: 1555-1590*. Cambridge: Cambridge University Press.

Van Houte, J. A. (1977). *An economic history of the Low Counties: 800-1800.* Weidenfeld and Nicholson, London.

Van Iterson, A. (1995). “The Netherlands: Business systems in the Dutch economy and society.” In I. Brunstein (Ed.), *Human resource management in Western Europe*, New York: Walter de Gruyter. 191-209.

Van Iterson, A. (1997a, January/February). “Sector, firm and management performance in the Netherlands: The role of national governance and institutions.” Paper delivered to the *fourth EMOT-workshop, theme I, Economic performance outcomes in Europe*. Berlin, 1-18.

Van Iterson, A. (1997b). “The development of national governance principles in the Netherlands.” In R. Whitley and P. H. Kristensen (Eds.), *Governance at work: The social regulation of economic relation.* Oxford: Oxford University Press, 49-61.

Van Ittersum, M. J. (2003). “Hugo Grotius in context: Van Heemskerk’s capture of the Santa Catarina and its justification in De Jure Praedae (1604-1606).” *Asian Journal of Social Sciences, 31*(3), 511-548.

Van Kappen, M. O. (1984). “Historisch vennootschaprechtelijke sprokelingen in het oude Overijssel en Gelderland.” In S. M. Bartman and J. B. Wezeman (Eds.), *Goed en trouw; opstellen aangeboden aan Prof. mr. W.C.L. van der Grinten ter gelegenheid van zijn afscheid als hoogleraar aan de Katholieke Universiteit Nijmegen*. Willink-Zwolle: W. E. J. Tjeenk, 153-171.

Van Leur, J. C. (1967). *Indonesian trade and society: essays in Asian social and economic history*. The Hague: W. van Hoeve.

Van Rees, O. (1868). *Geschiedenis der staathuiskunde in Nederland tot het einde der achttiende eeuw*. Utrecht: Kemink en Zoon.

Van Rooyen, P. C. (1990). “The first phase of the Dutch straatvaart (1591-1605): fact and fiction.” *International Journal of Maritime History, II*(2), 69-102.

Van Zanden, J. L., & Prak, M. (2004). *Towards an economic interpretation of citizenship: The Dutch Republic between medieval communes and modern nation states*. *Working paper 2004-7,* 1-50. Retrieved 14th August 2010, from http://www.lowcountries.nl/workingpapers.php.

Vance, L. H. (1943). “The authority of history in inventory valuation.” *The Accounting Review, 18*(3), 219-227.

Vaughan, R. (1970). *Philip the Good: The Apogee of Burgundy*. Harlow: Longmans.

Velleman, J. D. (2002). *Narrative Explanation*. Department of Philosophy, University of Michigan.

Villar, P. (1995). "History after Marx." In J. Revel and L. Hunt (Eds.), *Histories: French constructions of the past, Volume 1*. A. Goldhammer (Trans.). New York: The New Press, 75-81.

Voertman, R. F. (1954). "The sailing ship complex and the decline of Iberian maritime enterprise." *Journal of Economics and Sociology, 14*(1), 77-88.

Von Weitnauer, A. (1931). *Veneziansche Handel der Fugger: Nach der Musterbuchhaltung des Mathäus Schwarz*. Munchen: Ducker & Humblot.

Von Wright, G. H. (1971). *Explanation and Understanding*. Ithaca, New York, Cornell University Press.

Vousten-Sweere, A. (1999). "Een nieuw conceptueel model voor boekhouden met verchillende abstractieniveaus." *Research memorandum 778.* University of Tilburg: Faculty of Economics and Business Administration, 1-32. Retrieved 11th August 2010, from http://www.bi-team.com/index.php/bestanden/doc_view/3-een-nieuw-conceptueel-model-voor-boekhouden?tmpl=component&format=raw.

Vovelle, M. (1990). *Ideologies and mentalities.* E. O'Flaherty (Trans.). Cambridge: Polity Press.

Walker, C. E. (1931). "The history of the joint stock company." *The Accounting Review, 6*(2), 97-105.

Walsh, W. H. (1959). "Meaning in history." In P. Gardiner, (Ed.), *Theories of history*. Glencoe, Illinois: The Free Press: 296 – 307.

Walsh, W. H. (1967). *An introduction to philosophy of history*. Hassocks, USA: The Harvester Press.

Warmington, E. H. (1934). *Greek geography*. London: J. M. Dent & Sons Ltd.

Warmington, E. H. (1974). *The commerce between the Roman Empire and India.* London: Curzon Press.

Walsh E. J., & Stewart, R. E. (1993). Accounting and the construction of institutions: The case of a factory. *Accounting, Organizations and Society, 18*(7-8), 783-800.

Weber, M. (1927/1981a). *Wirtschaftsgeschichte: Abriß de universalen Sozial- und Wirstschaftsgechichte*. Berlin: Duncker & Humblot.

Weber, M. (1927/1981b). *General economic history*. I. J. Cohen (Trans.). New Brunswick: Transaction Publishers.

Weber, M. (1930/1956). *The Protestant ethic and the spirit of capitalism*. T. Parsons (Trans.). London: George Allen & Unwin Ltd.

Weber, M. (1930/1992). *The Protestant ethic and the spirit of capitalism*. T. Parsons (Trans.). London: Routledge.

Weber, M. (1968). *Economy and society: An outline of interpretive sociology*. G. Roth and C. Wittich (Eds.), E. Fischoff, H. Gerth, A. M. Henderson, F. Kolegar, C. W. Mills, T. Parsons, M. Rheinstein, G. Roth, E. Shills, and C. Wittich (Trans.). New York: Bedminster Press.

Weber, M. (2003). The history of commercial partnerships in the Middle Ages.

Weitnauer, A. (1931). *Venezianischer handel der Fugger: Nach der Musterbuchhaltung des Matthäus Schwarz*. München: Duncker & Humblot.

Westera, L. D. (1992). "Boekhouding en management bij de Verenigde Oostindische Compagnie." *Economisch en Social-Historisch Jaarboek, 55*, 75-104.

Whaples, R. (1991). "A qualitative history of the Journal of Economic History and the cliometric revolution." *The Journal of Economic History, 51* (2), 289-301.

White, H. (1984). The question of narrative in contemporary historical theory. *History and Theory, XXIII*, 1-33.

Willan, T. S. (1955). "Some aspects of English trade with the Levant in the sixteenth century." *The English Historical Review, 70*(276), 399-410.

Willemsen, R. Th. H. (2003). *Kabaal aan de Amsterdamse beurs: koersverloop en waardering van het aandeel VOC in de 18e eeuw*. Amsterdam. Retrieved 11th August 2010, from http://www.obligatie.net/images/8/77.pdf, 1-56.

Williams, R. B. (1999). "Lifting stones: a place for microhistory in accounting research?" *Accounting History, 4*(1), 59-78.

Wilson, C. (1968). *The Dutch Republic and the civilisation of the seventeenth century.* London: Weidenfeld & Nicholson.

Windschuttle, K. (1997). *The killing of history: how literary critics and social theorists are murdering our past.* Sydney: The Free Press.

Winius, G. G., & Vink, M. P. M. (1991). *The merchant-warrior pacified: The VOC (Dutch East India Company) and its changing political economy in India.* Delhi: Oxford University Press.

Winjum, J. O. (1970). "Accounting in its age of stagnation." *Accounting Review, 45*(4), 743-761.

Winjum, J. O. (1971). "Accounting and the rise of capitalism." *Journal of Accounting Research, 9*(2), 333-350.

Winjum, J. O. (1972*). The role of accounting in the economic development of England, 1500-1750.* University of Illinois Center for International Education and Research in Accounting.

Wittfogel, K. A. (1957). *Oriental despotism: a comparative study of total power*. New Haven: Yale University Press.

Wolters, W. G. (2008). "Heavy and light money in the Netherlands Indies and the Dutch Republic: dilemmas of monetary management with unit of account systems." *Financial history Review, 15*(1), 37-53.

Woolf, A. H. (1912). *A short history of accounts and accountancy.* Gee & Co., London.

Yamey, B. S. (1940). "The functional development of double-entry bookkeeping." *The Accountant 13*(2), 333-342.

Yamey, B. S. (1947). "Notes of the origin of double-entry bookkeeping." *Accounting Review, 22*(3), 263-272.

Yamey, B. S. (1949). "Scientific bookkeeping and the rise of capitalism." *The Economic History Review (2nd series), 1* (2/3), 99-113.

Yamey, B. S. (1959). "Some seventeenth and eighteenth century double-entry ledgers." *Accounting Review, 34*(4), 534-546.

Yamey, B. S. (1964). "Accounting and rise of capitalism: Further notes on a theme by Sombart." *Journal of Accounting Research, 2*, 117-136.

Yamey, B. S. (1967). "Fifteenth and sixteenth century manuscripts on the art of bookkeeping." *Journal of Accounting Research, 5*(1), 51-76.

Yamey, B. S. (Ed.). (1978). *Essays on the history of accounting.* New York: Arno Press.

Yamey, B. S. (1980). “Early views on the origins and development of bookkeeping and accounting.” *Accounting and Business Research, 10*(37a), 81-92.

Yamey, B. S. (1981). “Some reflections on the writing of a general history of accounting.” *Accounting and Business Research, II*(42), 127-135.

Yamey, B. S. (Ed.). (1982). “Further essays in the history of accounting.” *Dictionary of the Middle Ages, 1*. New York: Joseph R. Strayer.

Yamey, B. S. (1994). Accounting in history. *European Accounting Review, 3*(2), 375-380.

Yamey, B. S. (1997). “Diversity in mercantile accounting in western Eurpe, 1300-1800.” In T. E. Cooke and C. W. Nobes (Eds.), *The development of accounting in an international context: A festschrift in honour of R. H. Parker*. London: Routledge, 12-29.

Yamey, B. S. (2004). “Pacioli’s De Scripturis in the context of the spread of double entry bookkeeping.” *De Computis Revista Espanola de Historia de la Contabilidad, 1*, 142-154.

Yamey, B. S. (2005). “The historical significance of double-entry bookkeeping: Some non-Sombartian claims.” *Accounting, Business & Financial History, 15*(1), 77-88.

Yin, R. K. (2003). *Applications of case study research*. London: Sage Publications.

Zemanek, K. (1999). “Was Hugo Grotius really in favour of the freedom of the seas?” *Journal of the History of International Law, 1*, 48-60.

Zimmern, H. (1891). *The Hansa Towns*. London: T. Fisher Unwin.

Zwaan, T. (1982). “One step forward, two steps back.” *Theory and Society, 11*(2), 165-178.