

# The Lost Science of Money

## CHAPTER 9:

## THE RISE OF CAPITALISM IN AMSTERDAM



# THEMES OF LOST SCIENCE OF MONEY BOOK

1. Primary importance of the money power
2. Nature of money purposely kept secret and confused
3. How a society defines money determines who controls the society
4. Battle over control of money has raged for millennia: public vs private

# PARTS OF PRESENTATION

1. ROOTS OF 'MODERN CAPITALISM'
2. HISTORY OF FINANCIALLY POWERFUL CITIES: EMPIRES OF TRADE & CREDIT
  - VENICE
  - BRUGE
  - ANTWERP
  - AMSTERDAM
3. AMSTERDAM'S INFRASTRUCTURE PRIOR TO 1585
4. AMSTERDAM'S FINANCIAL SYSTEM (CAPITALISM)
5. BANK OF AMSTERDAM
6. THE BANK ISSUES SECRET CREDIT
7. THE BANK CARRIES ON PROHIBITED TRADE IN PRECIOUS METALS
8. DUTCH COLONIES: WEST & EAST

# PART 1

ROOTS OF MODERN 'CAPITALISM'

# ROOTS OF MODERN 'CAPITALISM'

TO THE ORDINARY PERSON, IT WAS SIMPLY ASSUMED THAT HUMAN RELATIONS CAME FIRST....BUT....

THE MEDIEVAL COMMERCIAL REVOLUTION: **GOLD & SILVER MONEY**

**CHANGED THE RELATIONS BETWEEN PEOPLE**

- Commodification of land, land rents, labor, and wealth – everything valued in money terms
- Removal of manorial responsibilities for tenants and serfs
- Growth of trade in luxury goods and free towns – new class of merchants and artisans governed by town's commercial laws
- Development of rentier class – collect money for rents on land and buildings
- Direct money taxation of peasants – on larger scale than ever before



CULTIVATABLE LAND &  
CASH CROPS –  
not for eating  
or dues

FREE TOWNS  
OF MERCHANTS &  
ARTISANS –  
MONEY MARKETS



# ROOTS OF MODERN 'CAPITALISM'

## THE MEDIEVAL COMMERCIAL REVOLUTION IN MONEY, BANKING & CREDIT --

### THE EARLY FOUNDATION OF 'CAPITALISM'

- Public minted coins supplemented with private bank credit (merchant banks, bills of exchange aka checks, current accounts, letters of credit)
- Growth of international trade for luxury goods using money and credit – trade fairs, clearing mechanisms, Italian private merchant banking partnerships, private shares, commodity & money markets
- Use of money and credit to fund larger wars



# PART 2

## HISTORY OF FINANCIALLY POWERFUL CITIES: EMPIRES OF TRADE & CREDIT

- VENICE
- BRUGE
- ANTWERP
- AMSTERDAM

# HISTORY OF FINANCIALLY POWERFUL CITIES

## RISE OF POWERFUL CITIES – CAUSED BY MONEY, TRADE, BANKING, CREDIT

800-----1100-----1200-----1389-----1500

### VENICE ('first capitalistic city')

- 800-1500 harnesses East-West gold/silver ratio trade: silver drains to East; prosperity built on trade
- 1173 first 'bond market' – Republic's forced loan ('Imprestiti') became investment, bought and sold
- 1204 plundered Constantinople -- Europe flooded with gold and silver
- 1200's + – merchant banking funds international trade
- 1345 – Alexandria trade to East opened to Venice



### KNIGHTS TEMPLARS (1118-1307)

- first bankers of Europe: loans, letters of credit, double-entry bookkeeping
- controlled East-West gold/silver ratio trade thru Levant



### BRUGE (1128-1500)

- town life re-awakens: Flemish wool trade and cloth fairs, Hansa ships
- intl trade: Italian merchant bankers bring luxury trade from Levant (1277 Genoa, 1314 Venice)
- credit creation: deposit banking (current account transfers), merchant banking (bills of credit)
- 1309 first commodity exchange
- 1389-1540 HANSA war on credit causes severe deflation in Bruge; 1433 banking prohibited



# HISTORY OF FINANCIALLY POWERFUL CITIES

## RISE OF POWERFUL CITIES – CAUSED BY TRADE, BANKING, CREDIT

1492-----1500-----1585-----1600-----1700-----1750-----1800

1492 + PLUNDER OF AMERICA AND THE EAST FOR GOLD AND SILVER MONEY



### ANTWERP (1500-1585)

- Portugal sails around Africa to India – grabs East-West gold/silver ratio trade 1500-1640
- Portugal wages war for Eastern trade
- ANTWERP trading center for Portuguese Eastern spice fleets and luxuries – European entrepot using foreign ships
- commodity exchange
- merchant bankers, money lenders, financiers, loans to England (1544-1574)

### AMSTERDAM (first modern capitalistic city, 1585-1750)

- Dutch Republic wins freedom from Spain (1572-1600 and final Treaty of Munster 1648)
- Dutch rebels strangled Antwerp in 1585 by blocking city's sea access; merchants move in mass to Amsterdam
- Earlier in 16<sup>th</sup> century: importance of Dutch herring fisheries and trade, shipped bulk trade in grain etc. between Baltic and southern Europe in Dutch ships, trade moved on payment of coin
- International trade in hands of Dutch merchants and Dutch ships: warred and won Eastern spice and gold/silver trade from Portugal
- Development of industries in sugar-refining, working of tobacco, ship-building, rope & sail-makers, etc. : trade stimulated industry



# PART 3

AMSTERDAM'S INFRASTRUCTURE PRIOR TO 1585

# AMSTERDAM'S INFRASTRUCTURE IN 16<sup>TH</sup> CENTURY

FISHING INCOME WAS BACKBONE OF HOLLAND'S COMMERCIAL RISE.  
DUTCH TECHNOLOGY EXCELLED IN PRESERVING HERRING CATCH IN SALT



DUTCH HERRING FLEET



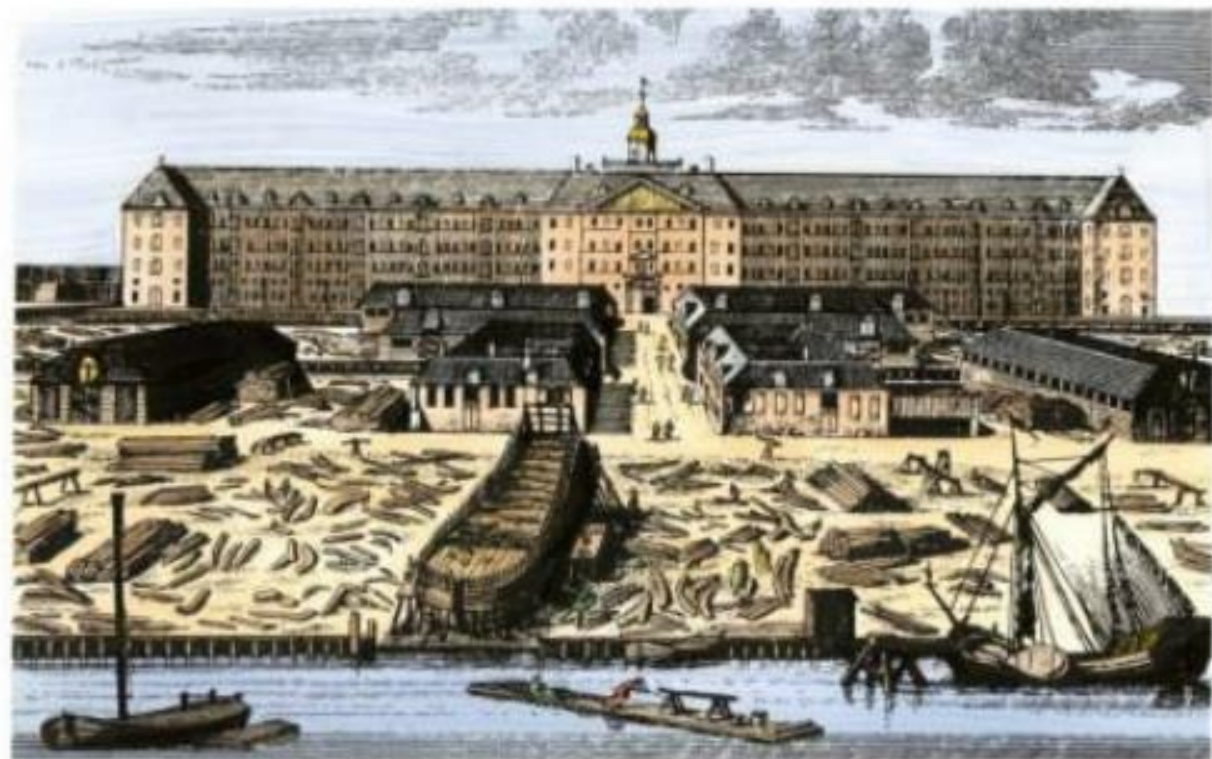
# AMSTERDAM'S INFRASTRUCTURE IN 16<sup>TH</sup> CENTURY

DUTCH ZAANDAM BECAME EUROPE'S PREMIER SHIPBUILDING CENTER.



# AMSTERDAM'S INFRASTRUCTURE IN 16<sup>TH</sup> CENTURY

WAREHOUSES WERE AS IMPORTANT TO DUTCH SUCCESS AS SHIPS – THEY BOUGHT AT SEASONS WHEN PRICES WERE LOWEST AND STORED MERCHANDISE TO AWAIT A SELLERS MARKET.



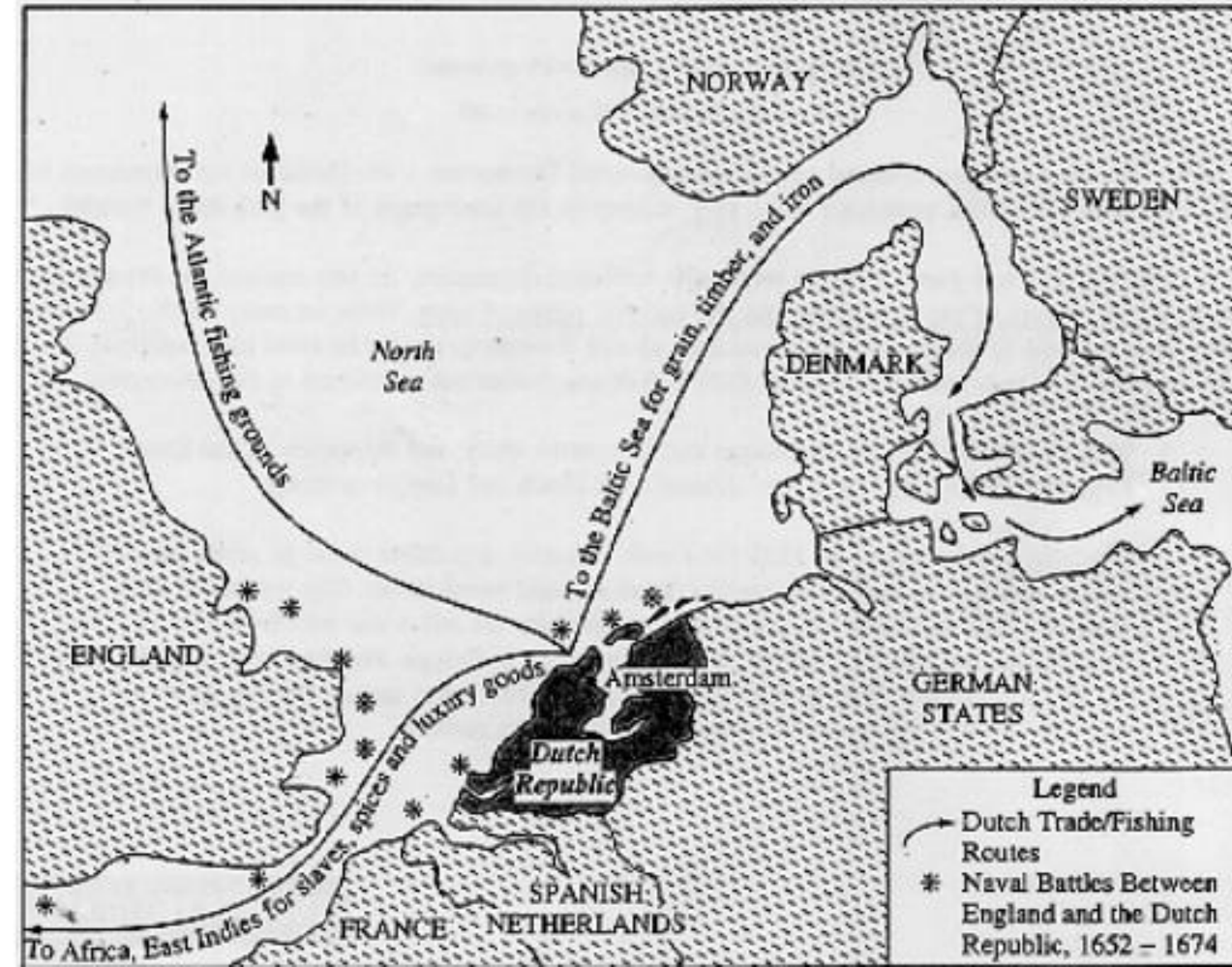
# AMSTERDAM'S INFRASTRUCTURE IN 16<sup>TH</sup> CENTURY

DUTCH SHIPS CARRIED BULK TRADE GOODS FROM THE BALTIC (GRAIN, WOOD, ETC.) AND MET AT AMSTERDAM WITH FRENCH TRADE IN WINE AND SALT

PRIOR TO 1585 –

THERE WAS NO BOURSE, NO BANK, LITTLE SURPLUS MONEY.

THE BURGHER CLASS PROSPERED BUT THERE WAS NO GROUP OF CONSPICUOUSLY WEALTHY MEN.



# AMSTERDAM'S INFRASTRUCTURE IN 16<sup>TH</sup> CENTURY

THEN, IN 1585, ANTWERP LOST ITS ACCESS TO THE SEA –

PRACTICALLY OVERNIGHT, NINETEEN THOUSAND MERCHANTS MIGRATED TO AMSTERDAM FROM ANTWERP.

THE TO-BE DUTCH REPUBLIC BECAME THE COMMERCIAL CENTER OF EUROPE 'OVERNIGHT'.

CAPITALISM IN AMSTERDAM IN THE 17<sup>TH</sup> CENTURY, Violet Barbour

“In Holland and Zeeland we find these newcomers organizing or participating in joint-stock ventures, which opened the Russian, Mediterranean, and East-Indian trades, sought northeast and northwest passages, amassed fortunes in the munitions trade, and initiated speculative trading in company stocks.

Of the 320 greatest depositors in the exchange bank of Amsterdam in its early years, 1609-1611, more than half had come from the southern provinces.

The tax returns from the levy of the 200<sup>th</sup> penny in 1631, indicate that about one-third of the richest Amsterdammers were of southern origin.



# AMSTERDAM'S INFRASTRUCTURE IN 16<sup>TH</sup> CENTURY

- 1598 - founding of a "chamber of assurances," which provided marine insurance policies
- 1602 – creation of Dutch East India Company
- 1608 – new stock and commodities exchange
- 1609 - founding of municipal Bank of Amsterdam
- 1610 – approval of Plan of the Three Canals, to expand the size of the city from 450 to 1,800 acres, necessary for dramatic growth of population
- 1589 – 1611 revenue doubled





# PART 4

## AMSTERDAM'S FINANCIAL SYSTEM (CAPITALISM)

# AMSTERDAM'S FINANCIAL SYSTEM (CAPITALISM)

THE PRIMACY OF THE CITY WAS THREEFOLD:

1. SHIPPING CENTER

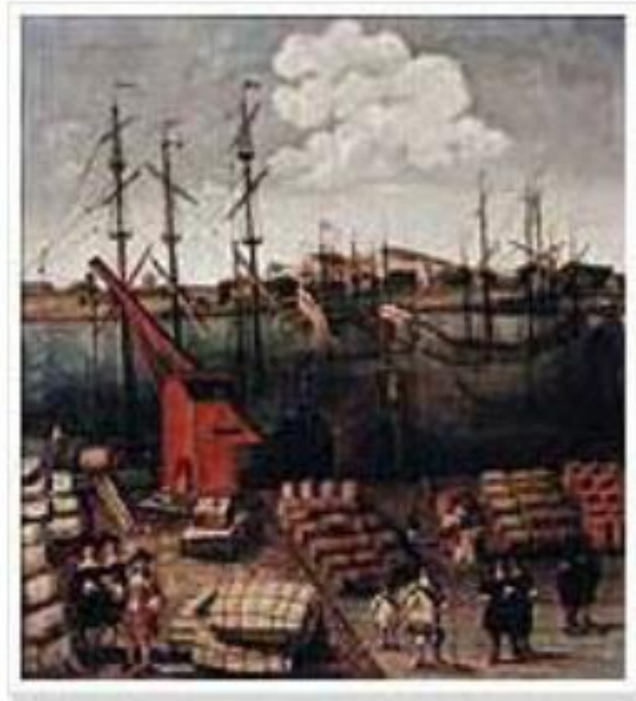
About 1650, the Dutch owned 50% of the merchant ships in Europe.

2. COMMODITY MARKET

3. MARKET FOR MONEY (CAPITAL)



SHIPPING



TRADING



AMSTERDAM STOCK EXCHANGE

# AMSTERDAM'S FINANCIAL SYSTEM (CAPITALISM)

HOLLAND AND ENGLAND, by Charles Wilson

"...the laws which governed trade were made by merchants for merchants and were not permanently subject to the overriding authority of a government whose main preoccupations were military or dynastic and the raising of money to carry out their plans."



The Frigate "De Ploeg" on the IJ Bay with Amsterdam in the background.

## AMSTERDAM'S FINANCIAL SYSTEM (CAPITALISM)

Sir Josiah Child, an Englishman, commenting on Amsterdam's success:

Most miraculous of all, however, they had succeeded in reducing their rate of interest to three per cent (as against six per cent. In England).

How?



# AMSTERDAM'S FINANCIAL SYSTEM (CAPITALISM)

**TRADING WITH THE ENEMY:  
NO CONSIDERATION OF PATRIOTISM OR NATIONALISM – THEY WERE INTERNATIONALIST**

**DURING WAR WITH SPAIN:**

- **AMSTERDAM MERCHANTS TRADED WITH THE ENEMY**
- **AMSTERDAM MERCHANTS INVESTED IN PRIVATEERS WHICH PREYED ON DUTCH SHIPPING**



# AMSTERDAM'S FINANCIAL SYSTEM (CAPITALISM)

**TRADING WITH THE ENEMY:  
NO CONSIDERATION OF PATRIOTISM OR NATIONALISM – THEY WERE INTERNATIONALIST**

**DURING WAR WITH ENGLISH:**

- **SOLD MUNITIONS TO ENEMY**
- **PROVIDED CORDAGE AND SAILCLOTH TO ENGLISH**



# AMSTERDAM'S FINANCIAL SYSTEM (CAPITALISM)

**TRADING WITH THE ENEMY:  
NO CONSIDERATION OF PATRIOTISM OR NATIONALISM – THEY WERE INTERNATIONALIST**

**FINANCING THE ENEMY WAS EASIER THAN TRADING WITH THE ENEMY**

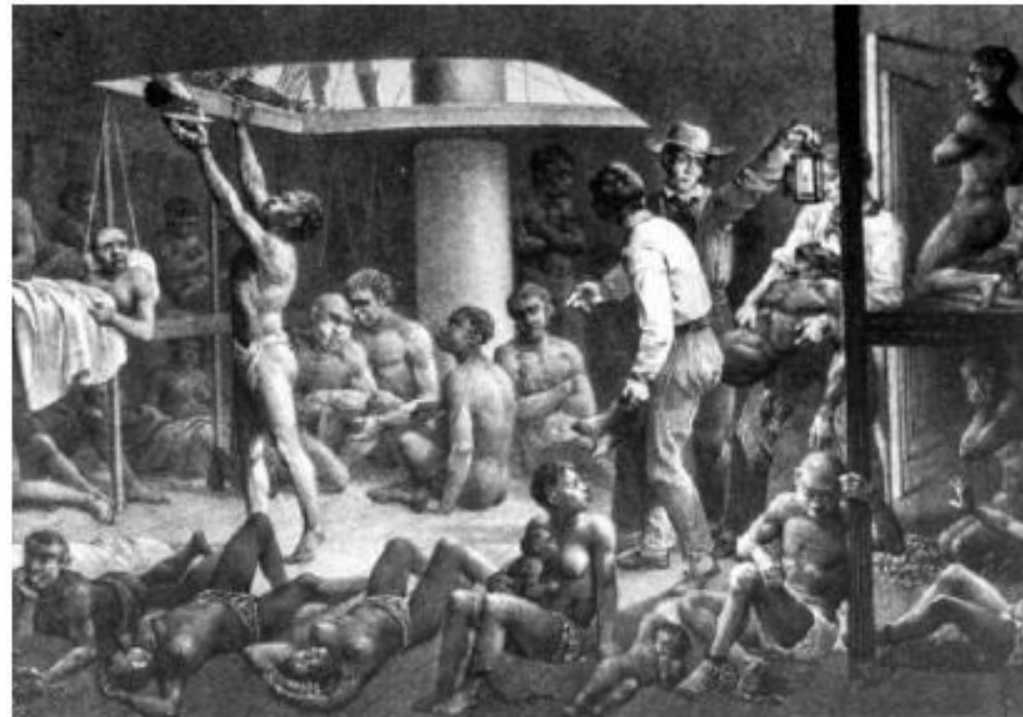


**DUTCH MERCHANTS ALSO WITHHELD SUPPLIES FROM HOLLAND,  
EXCEPT AT MONOPOLY PRICES.....**

# AMSTERDAM'S FINANCIAL SYSTEM (CAPITALISM)

## DUTCH FIRMS FUNDED RIVAL COUNTRY'S COMPETITORS

THE DUTCH FUNDED DANISH AND SWEDISH COMPANIES COMPETING WITH THE DUTCH WEST INDIA COMPANY FOR THE PRIMACY OF THE SLAVE TRADE

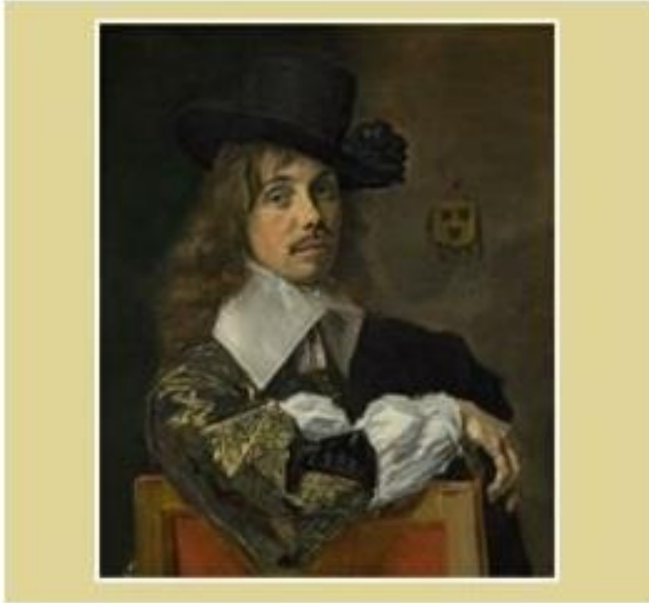




# AMSTERDAM'S FINANCIAL SYSTEM (CAPITALISM)

THE BUSINESS ORGANIZATION WAS USUALLY A FAMILY PARTNERSHIP OR COMPANY.

INTERMARRIAGE BETWEEN FAMILIES WAS COMMON; ALSO, MARRIAGES OF CONVENIENCE.



Willem Coymans, a member of one of Holland's wealthiest merchant families



Since the late Middle Ages, Dutch cities had been run by the richer merchant families, who gradually formed a closed group.

# AMSTERDAM'S FINANCIAL SYSTEM (CAPITALISM)

THE DUTCH COOPERATED IN JOINT ENTERPRISES  
TO COMBINE MONEY AND CREDIT FOR A LIMITED PURPOSE,  
SUCH AS BUILDING A SHIP OR FINANCING A VOYAGE.



# AMSTERDAM'S FINANCIAL SYSTEM (CAPITALISM)

## PRICE FIXING:

THE DUTCH MERCHANTS FORMED TEMPORARY COMBINATIONS OF BUYERS AND SELLERS OF SOME PARTICULAR COMMODITY OR GROUP OF COMMODITIES IN A PARTICULAR MARKET.....  
TO INFLUENCE PRICES



# AMSTERDAM'S FINANCIAL SYSTEM (CAPITALISM)

THE DUTCH FINANCIAL APPARATUS HAD ALL BEEN USED EARLIER BY ITALY, ANTWERP, ETC.

BOURSE

JOINT-STOCK COMPANY

CARTEL

BANKING

EXCHANGE

BROKERAGE

INSURANCE



# PART 5

BANK OF AMSTERDAM

# BANK OF AMSTERDAM

1609 – THE MUNICIPAL BANK OF AMSTERDAM WAS CREATED.  
ALL OTHERS WERE FORBIDDEN TO ENGAGE IN BANKING.  
IT WAS COPIED FROM THE PUBLIC BANKS OF SEVILLA AND VENICE.



PUBLIC BANK OF AMSTERDAM

VENETIAN PUBLIC BANCO DI RIALTO



# BANK OF AMSTERDAM

Wrote an English nobleman:

... the bank's reputation was "another invitation for People to come, and lodge that part of their Money they could transport, and knew no means of securing at home. Nor did [only] those people lodge Moneys here, who came over into the Country; but many more, who never left their own; Though they provided for a retreat, or against a storm, and though no place so secure as this, nor from when they might so easily draw their Money into any parts of the World."

The city also founded the Amsterdam Lending Bank, which offered 3% loans to its best customers.



# BANK OF AMSTERDAM

THE PURPOSE OF THE BANK OF AMSTERDAM WAS TO STABILIZE THE MONEY SYSTEM,  
NOT TO BE A BANK OF ISSUE

Instability was caused by:

1. 14 Dutch mints competed with each other, encouraging corrupt practices
2. Because a considerable number of foreign worn-down, clipped, illegal, counterfeit coins circulated, any newly minted coins were collected, melted down, and exported as bullion.
3. Minted money was necessary for foreign trade to Baltic states and Levant, but money changing practices kept back full-weight coins

AMSTERDAM MINT TOWER



Dutch  
silver  
coin



# BANK OF AMSTERDAM

## FUNCTION OF BANK: CREATE UNIFORM CURRENCY CALLED BANK MONEY

Coins were taken in as deposits, with **credits, known as bank money**, issued against these deposits, based not on the face value of the coins, but on the metal weight or intrinsic value of the coins.

Thus, a perfectly uniform currency was created. This feature of the new money, along with its convenience, security and the city of Amsterdam's guarantee, caused the bank money to trade at an *agio*, or premium over coins.

In 1683, this activity of the Bank was extended: it issued receipts to the depositors of metals which retained the right to withdraw the metal, in the event of a rise of specie value:

- The bank would give credit (bank money in its books) for gold and silver bullion deposited, at roughly 5 percent below the bullion's then-current mint value.
- The depositor would receive a receipt that entitled the depositor, or bearer, to draw the amount of bullion deposited from the bank, within six months of the deposit. The bearer needed an amount of bank money equal to the book entry, and payment of a 1/4 percent fee for silver deposits, or 1/2 percent fee for gold deposits.
- Should the six month term expire with no redemption, or without payment of a fee to extend for an additional six months, "the deposit should belong to the bank at the price at which it had been received, or which credit had been given in the transfer books." Thus, the bank would make the 5 percent fee for warehousing the deposit, if not redeemed within the six-month time frame.
- A receipt for bullion was rarely allowed to expire. The receipt would be sold.

# BANK OF AMSTERDAM

## FUNCTION OF BANK: TRANSFER BANK MONEY

One of the services that the bank provided was to transfer, upon order from a depositor, sums (deposits) to the account of creditors, by book entry. This is called a *giro* banking operation. This service was so popular that the withdrawal of deposits from the bank became a very rare occurrence.

The city of Amsterdam required that all bills drawn upon or negotiated in Amsterdam, in the amount of six hundred guilders or more, must be paid in bank money. This took away all uncertainty in the value of the bills and forced all merchants to keep an account at the bank, creating a demand for bank money.

# BANK OF AMSTERDAM

## MORE FUNCTIONS OF BANK

1. The Bank was strictly a deposit bank, with all bank money backed 100 percent by specie.
2. Bank rendered great service to commerce with free transfer between accounts.
3. Bank safeguarded money from theft and attachment.
4. Bank changed coins for merchants at slight charge. It bought base coins and uncoined gold and silver, had it minted, and placed the desired commercial coinage at the disposal of the merchants.
5. The Bank removed the uncertainty in trade of the quality of payment. The Bank removed the possibility to clip Dutch coinage.



## WHAT THE BANK DID NOT DO

- NO INTEREST WAS PAID
- NO OVERDRAFTS OR LOANS WERE MADE
- NO DISCOUNTING OF BILLS WAS PERFORMED – that is, accept bills on other institutions or merchants at discount and then send them for collection

# PART 6

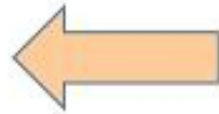
THE BANK ISSUES SECRET CREDIT

# THE BANK ISSUES SECRET CREDIT

**THE BANK REGULARLY GRANTED CREDIT TO CERTAIN ACCOUNTS, EVEN THOUGH PROHIBITED TO ISSUE CREDIT. THIS CHANGED THE NATURE OF THE BANK INTO A COVERT BANK OF ISSUE.**

1. 1614-1640 – to City's Bank von Leeming which issued consumptive and trade loans
2. 1615 + to the Dutch East India Company, which was constantly short of cash
3. 1624 + to the municipal treasury; by 1685 debt of 2,976,222 florins.

This debt equaled the profit made by the Bank but never collected.



CREDIT CREATED IN THE LEDGER OF THE BANK

## THE BANK ISSUES SECRET CREDIT

In 1790, the “agio” on bank money went to a discount to coinage

- 1780 During the 4<sup>th</sup> Anglo Dutch war, war losses caused the Bank to extend a 7.5 million florin loan based on a pledge of its bonds to the Dutch East India Company. Also, loans were extended to Amsterdam’s Municipal Loan Chamber.
- 1781 Neither could repay.
- 1790 People wanted coinage instead of bank money.
- 1794 Bank resumed paying out coinage on demand, for the first time since the early 1700’s; redemption suspended after a few weeks.
- 1802 Forced loan by City and New Batavian Republic re-established full coinage coverage for the deposits.
- 1814 King William I of Holland founds bank of issue on Bank of England model - Bank of the Netherlands; Bank of Amsterdam dissolved 1820

# Part 7

THE BANK CARRIES ON PROHIBITED TRADE IN PRECIOUS METALS



## THE BANK CARRIES ON PROHIBITED TRADE IN PRECIOUS METALS

Imported gold and silver and foreign commercial coinage (Spanish reals, etc.) had to be sent to the mints; selling to others was strictly prohibited....

The large profits found in the books of the Bank indicate other sources of income than money changing. In the 1620's the Bank of Amsterdam carried on illegal trade in precious metals.



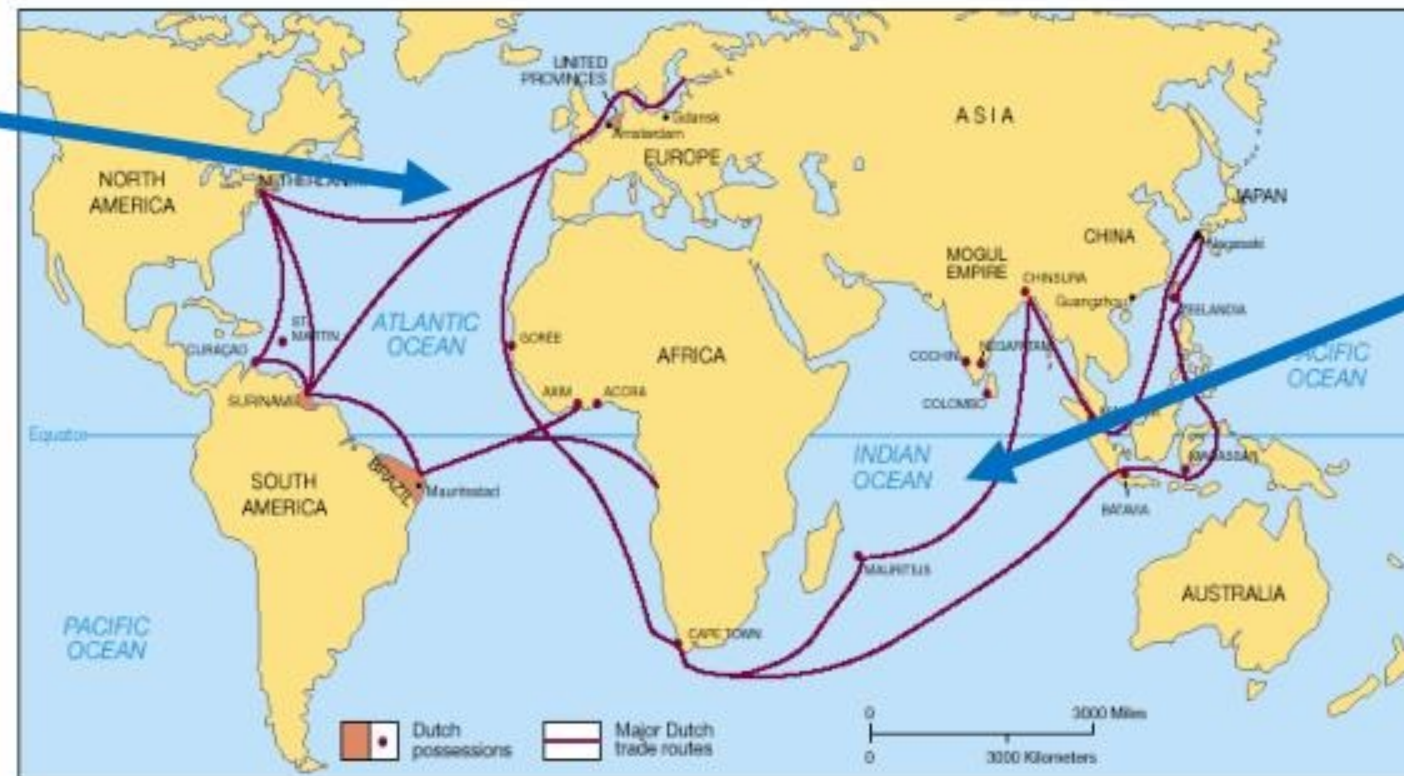
Piet Hein capturing the Spanish silver fleet. He captured 11,509,524 guilders of booty in gold, silver, and other expensive trade goods, such as indigo and cochineal, without any bloodshed.

After capture of the silver fleet, the Estates General issued warning to Banks of Exchange and West Indies Company to remind them of metals laws.

## THE BANK CARRIES ON PROHIBITED TRADE IN PRECIOUS METALS

The Bank bought metals from the Dutch West Indies Company to sell it to the East Indies Company, uncoined, for profit. Prices were dependent on the world market.

Silver from America travels back to Amsterdam via Dutch West Indies Co.



Bank sells uncoined silver to Dutch East Indies Co., for transport to East for gold/silver ratio trade.

## THE BANK CARRIES ON PROHIBITED TRADE IN PRECIOUS METALS

Throughout the 17<sup>th</sup> century, the General Masters of the Mint complained of this illegal trade, which resulted in less metals being sold to the mint and at higher prices.

In a memorial of the General Masters of 1680-12-09:

...the Banks of Exchange – especially that of Amsterdam – purchase nearly all imported minting material, whereas they deliver only a very small quantity to the Mints, but sell the greater part for export to the Indies.

Dutch East Indiamen  
making sail.



Dutch East Indiamen Making Sail

John Michael Groves

# THE BANK CARRIES ON PROHIBITED TRADE IN PRECIOUS METALS

## THE BANK OF AMSTERDAM GAVE POWERFUL SUPPORT TO THE METALS TRADE

### AMSTERDAM BECAME THE PRINCIPAL MARKET FOR INTERNATIONAL TRADE IN SPECIE AND BULLION.

- The Bank's advances of bank money upon specie, valued by its metal content only, destroyed it as money, and made a market for precious metals:
  - ...every autumn, the Spanish silver fleet of 30-50 ships, escorted by war vessels, from Cadix, Spain, arrived at Amsterdam.
  - From England came Brazilian gold and Spanish American silver, plundered from the Spanish and Portuguese.



Alexander Del Mar, HISTORY OF MONETARY SYSTEMS, p. 317

“But there was still another motive behind this revolution {Revolt of the Netherlands from Spain in 16<sup>th</sup> century). The learned Abbe Raynal disclosed this motive, in alluding to the disgust of the Netherlands with that edict of Ferdinand which had forbidden them to take part in the gainful commerce of the East and West Indies, by restricting it to ‘subjects of Castile.’ Religion may have swayed the noble and even the common people, it was commerce that swayed the burghers.”

# THE BANK CARRIES ON PROHIBITED TRADE IN PRECIOUS METALS

Alexander Del Mar, HISTORY OF MONETARY SYSTEMS, p. 330-331, published 1901

“The Emperors of Rome controlled the emissions of European money for thirteen centuries, and the kings and dukes for nearly two centuries. It is not too much to say that during these two centuries great monetary changes have been made and more losses have been occasioned to the industrial classes of the European world than were made by all the degradations and debasements of the Imperial and regal periods put together...

...the entire product of industry have been seized and perverted to the enrichment of a class, who know only how to scheme, to undermine and to appropriate the earnings of mankind...

‘The control of money,’ says an eloquent writer on the subject, ‘is the ground upon which an international or cosmopolitan combination ‘finances’ the world and ‘farms’ humanity.’ “



## THE BANK CARRIES ON PROHIBITED TRADE IN PRECIOUS METALS

QUESTION: GIVEN THE RULING WEALTHY CLASS OF AMSTERDAM, WOULD YOU SAY THE BANK OF AMSTERDAM WAS TRULY A PUBLIC INSTITUTION?

Alexander Del Mar, HISTORY OF MONETARY SYSTEMS, p. 332  
“...in 1790, the French again invaded Holland, they found the bank empty and insolvent. Even whilst Adam Smith was penning his panegyrics, it was secretly loaning away bullion which belonged to its depositors and noteholders. Its pious burgomasters were forsworn, the City was dishonored, and the world received its hundredth useless lesson on the folly of trusting to the stability of a monetary system which is not absolutely under the thumb of the State.”

Interior of the burgomasters council chamber.



# Part 8

DUTCH COLONIES: WEST & EAST

# DUTCH COLONIES: WEST & EAST

1602 The Dutch East India Company was capitalized at 6,500,000. Half was supplied by a single Amsterdam firm, that of Lambert van Tweenhuysen, which included Netherlanders from both northern and southern provinces.



It is often considered to have been the first multinational corporation in the world and it was the first company to issue stock. It was also arguably the first mega-corporation, possessing quasi-governmental powers, including the ability to wage war, imprison and execute convicts, negotiate treaties, coin money, and establish colonies.<sup>[5]</sup>





# DUTCH COLONIES: WEST & EAST

Statistically, the VOC eclipsed all of its rivals in the Asia trade.

Between 1602 and 1796 the VOC sent almost a million Europeans to work in the Asia trade on 4,785 ships, and netted for their efforts more than 2.5 million tons of Asian trade goods.

By contrast, the rest of Europe combined sent only 882,412 people from 1500 to 1795, and the fleet of the [English](#) (later [British](#)) [East India Company](#), the VOC's nearest competitor, was a distant second to its total traffic with 2,690 ships and a mere one-fifth the tonnage of goods carried by the VOC.

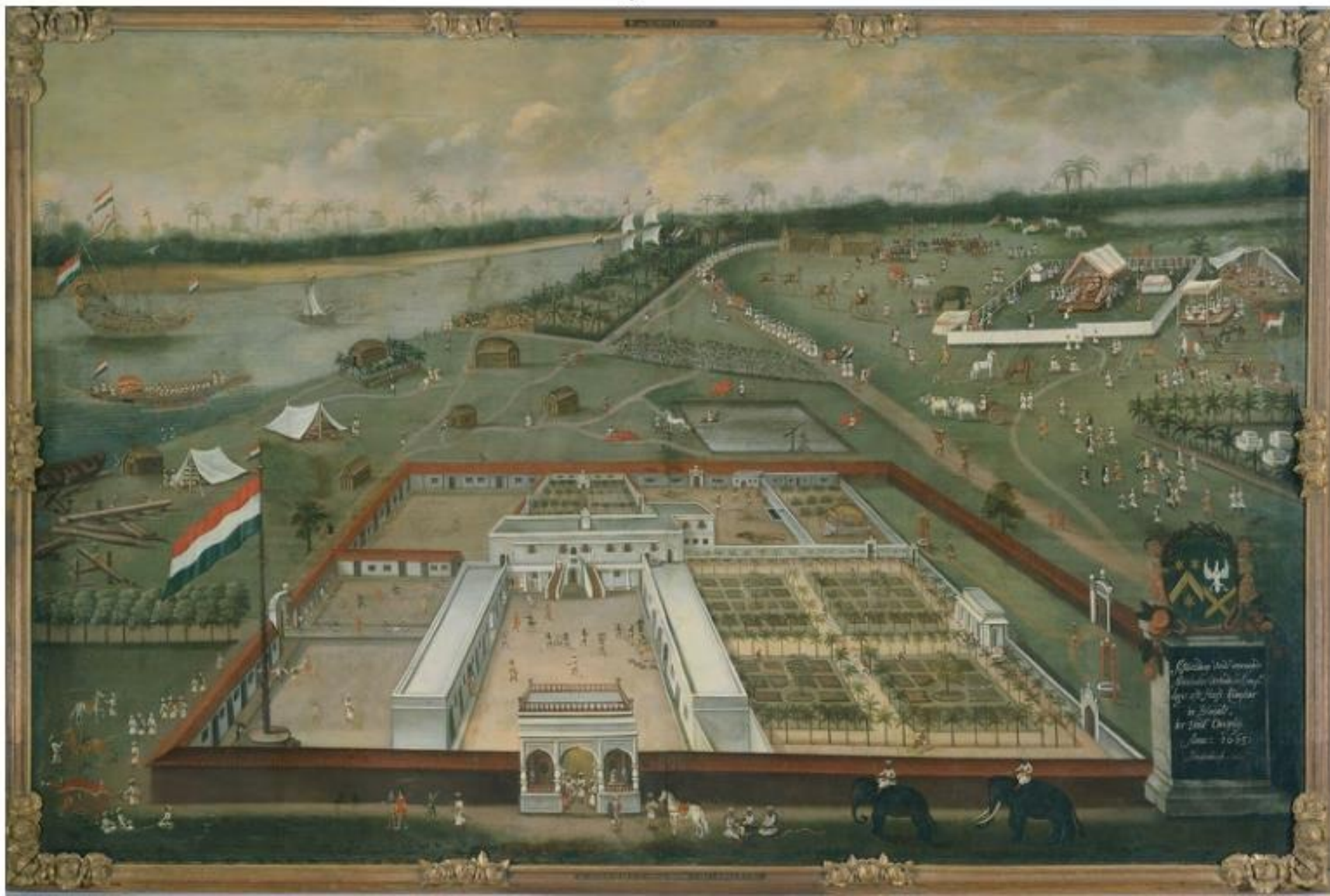
The VOC enjoyed huge profits from its spice monopoly through most of the 17th century



VOC Headquarters in Amsterstam

# DUTCH COLONIES: WEST & EAST

Dutch Batavia in the 17th Century, built in what is now North Jakarta



tuguese had at a public festival seized upon a very beautiful woman; and regardless of all decency had proceeded to the greatest of outrages. Under the leadership of Genulio, the islanders flew to arms, and before attacking the Portuguese, thus addressed them: 'To revenge affronts such as this one calls for action, not for words; yet listen! You preach to us a Deity whom you say delights in generous actions; yet theft, murder, obscenity and drunkenness are your common practices. Your hearts are inflamed with every vice. . . . Go, fix your habitations among those who are as brutal as yourselves. . . . The Itons are from this day your enemies; fly from their country and beware how you approach it again!'

It is hardly necessary to turn from the Portuguese to the proceedings of the Spaniards in the Orient. They were simply the counterpart of previous doings in America. The Moluccas or Spice Islands, the Philippines—indeed every place conquered by them was robbed of its gold, enslaved, and subjected to the most revolting cruelties. If the reader is not tired of these horrors let him read Mr. Horace St. John's "Indian Archipelago," where he can get his fill. In a single day the Spaniards betrayed, entrapped and massacred 20,000 Chinese in the Philippines, and on another occasion 33,000, of both sexes and all ages; the motive in these cases being simply gold. St. John, pp. 238, 327. The object of the present work is not to prove how cruel man becomes in his search for the precious metals, but to place before the reader the evidence that our Institution of Money, so far as it is based upon the theory that the value of gold conforms to the economical cost of its production, is built upon a fatal error; that the cost of gold is not to be measured in economical effort, but in blood, in tears, in hellish passions and in bestiality; and that the economical cost is unknown and unknowable.

We now turn to the transactions of the Dutch. The early pecuniary success of the Dutch East India Company has remained a mystery, which the laboured efforts of De Luzac never succeeded in explaining. The exports from Europe were comparatively small; the imports from Asia were immense. Whence arose the difference? From commercial profits? Impossible: the difference amounted to some thousands per cent. The East Indians are among the shrewdest traders in the world. The honest Abbé Raynal explains the whole matter in a few words: whilst the Portuguese robbed the Indians, the Dutch robbed the Portuguese. "In less than half a century the ships of the Dutch East India Company took more than three hundred Portuguese vessels . . . laden with the spoils of Asia. These

brought the Company immense returns." Thus we find that much of the Eastern gold, which found its way to Amsterdam, was the proceeds of a double robbery.

One of the earliest of the Dutch acquisitions in the Orient was a fort which the natives permitted them to erect near the present city of Batavia. Here they conducted an establishment which was called a trading factory, but which was little more than a trap for slaves, who were captured in the Moluccas, the Celebes, and other islands, and brought hither to cultivate spices or else shipped to Sumatra, to dig gold for their Dutch masters. Raynal (1, 337) estimated these slaves at 150,000. They were not liberated until 1850, before which time spices had ceased to be a monopoly, and the gold of Russia and California had rendered the mines of Sumatra practically worthless.

Of these mines (drift mines in blanket), near which the Dutch built their factory in 1649, Marsden (1812), says that in the domain of Menangkaban alone, to say nothing of others, there were 1,200; and that the annual receipts of gold at the ports, whither only a portion of the product found its way, were about 15,000 ounces. Crawford (1820), estimated the total annual product of Sumatra at 35,530 ounces, or £151,000, or \$671,125. According to Verbeck (1879), this rate of production continued throughout a long period. (Lock, 460.)

In 1682 the Dutch East India Company sent out a party of miners from Saxony under an expert named Benj. Olitzsch, to open up a quartz mine at Sileda, but the undertaking was opposed by the natives and several of the miners were killed. Attempts on the part of the Company to work the gravel mines beyond the protection of their forts, met with little better success; whereupon it was shrewdly resolved to resign the actual working of the mines to the natives and obtain the gold by exchanging for it the iron, opium, and piece-goods of trans-marine origin, which the natives coveted. The process by which the gold was obtained was therefore as follows: One hundred and fifty thousand slaves are captured in the Moluccas, Celebes and other islands to cultivate spices in Java; the spices thus raised are exchanged for European goods brought to Batavia, and these goods are exchanged for the gold washed out by the natives of Sumatra. It would be interesting to learn, from those sciolists whose clamour and false doctrine on this subject fill the commercial world, what they regard as the economical cost of the production of gold in a case of this sort.\*

\* In the ancient Indian mines of the Wynaad, in Mysore, a large number of skeletons were found lying in such positions as to establish the inference that they were those

ened by sectarian and patriotic hatred, for the **Dutch** were Protestants and Holland was a rebellious province of Spain,\* they opened the eyes of the Japanese to the arts of the Portuguese, and thus hastened their expulsion.

The **Dutch** trade commenced from the time when Iy -Iasu declared war upon the Portuguese and their adherents, viz., in 1611. From 1624 to 1853 the **Dutch** were the only Europeans permitted to trade with Japan, and from 1639 they were confined to an islet (Deshima) close, in fact attached, to the port of Nangasaki, limited to a few vessels a year, and restricted in their intercourse with the natives by the most exacting and insulting regulations. For the sake of the enormous profits which the trade yielded at first, they bore these conditions with fortitude, and for their reward managed to obtain about one-half of the total exports of the precious metals from Japan. Very little of this was procured before 1640, or after 1706, when through the medium of the artificial prices (in zenni) fixed by the Japanese upon their merchandise, including the precious metals, the trade became unprofitable.

The Japanese were probably moved to this policy of restriction by the desire of terminating that slavery of the mines which had been greatly extended, if not, indeed, at first introduced by the Portuguese; but in carrying it out, the feudal state of the country, and respect for its powerful lords, obliged the native statesmen to assign a different reason in its behalf. This was the fear of exhausting the deposits of the precious metals. Says a native memorial of the period: "A thousand years ago, gold, silver, and copper were unknown in Japan, yet there was no lack of necessaries. The earth was fertile, and produced the best sort of wealth. Gongen\* was the first prince who caused the mines to be diligently worked, and during his reign an inconceivably great quantity of gold and silver was extracted from them. These metals greatly resemble the bones of the human body, inasmuch as what is once extracted from the earth is not reproduced, if the mines continue to be thus rapidly wrought they will ere long be exhausted.

"Since these metals were exhumed, the heart of man has become

\* In 1555 the crown of the Netherlands was inherited by Philip II. of Spain, who soon after his accession commenced those persecutions which eventually resulted in the revolt and freedom of the Low Countries. In 1567 Alva was sent to Holland; in 1598 the crown fell to Philip III. of Spain and Portugal (Portugal belonged to the Spanish Crown from 1580 to 1640), and thus at the period of the arrival of the **Dutch** in Japan, both Holland and Portugal belonged to Spain.

\* This was either, as previously stated, the Shogun Iy -Iasu, who was entitled "Sho ichi i To sho Dai Gongen," or his son Hidetada. The regnal period of the first was 1603-4, and of the second 1605-22. Griffin, pp. 273 and 295.

more and more depraved. With the exception of medicines (European drugs) we can dispense with everything that is brought to us from abroad. The stuffs (cloths) and other articles are of no real advantage to us. If we squander our treasure in exchange for them what shall we trade upon? Let the successors of Gongen reflect upon this matter, and the wealth of Japan will last as long as the heavens and the earth.\*"

The gold of Japan has been largely obtained from placers; the quartz mines having been chiefly opened in comparatively recent times. The placer deposits occur in about one-half of all the civil districts into which Japan is divided, and lie either in the present valleys, or else in the former (parallel) valleys, of the existing rivers; not in transverse valleys, beds, or benches, as in California and Chile. For the most part the auriferous gravel of Japan is comparatively poor, the average yield not exceeding two or three cents worth of gold to the cubic yard of material. Numerous tests yielded 1 to 2 grains of gold per cubic yard. The average amount of gold in large fields did not exceed  $3\frac{3}{4}$  cents in value to the cubic yard of gravel. The richest gravel found in Yesso yielded less than 7 cents per cubic yard, while the average assay value of the best fields was only  $5\frac{1}{2}$  cents. The first native washings usually yield about 65 per cent. of these amounts; the second washings add 15 to 20 per cent.; the third washings usually bring the total yield up to about 90 per cent. of the assay value. The extraction of probably 120 to 150 million dollars worth of gold from gravel thus poor bespeaks great privation, suffering, and loss of life to the feudal peasants, who were forced to this work by the exactions of their lords and the sordid intrigues of the Europeans, of whom these nobles had become the dupes.

Mr. Isaac Titsingh, who for fourteen years was the agent of the **Dutch** East India Company at Deshima, made a collection of Japanese moneys, which began with issues assigned to the seventh century before the christian era. In 1818 this collection was sent to Paris, and there entrusted to M. Klaproth for arrangement. The first issues appear to have been entirely of bronze. Those which purport to be earlier than the 7th century A. D. are probably false. In A. D. 203 the Japanese plundered Corea of eighty shiploads of gold, silver and other precious merchandise; a circumstance that evinces the Japanese appreciation of the precious metals at an early period of their progressive career. In A. D. 645 (9th Jurukia), says

\* Memorial presented to the government of the Shogun by a Japanese Finance Minister in 1710, quoted in Martin's "China," 1, 392.

# DUTCH COLONIES: WEST & EAST

1621 The Dutch West Indian Company (GWIC) was granted a charter for a trade monopoly in the West Indies and given jurisdiction over the Atlantic slave trade, Brazil, the Caribbean, and the North America.



WEST INDIA HOUSE, AMSTERDAM

# DUTCH COLONIES: WEST & EAST

The Atlantic slave traders, ordered by trade volume, were: the Portuguese, the British, the French, the Spanish, the Dutch, and the Americans. They had established outposts on the African coast where they purchased slaves from local African tribal leaders. Current estimates are that about 12 million were shipped across the Atlantic, although the actual number purchased by the traders is considerably higher.



# Q & A

WILL DECKER'S CONCLUSION:

**THE CONTROL OF MONEY -- WITHOUT CONTROL FROM THE PUBLIC -- LEADS TO CORRUPTION,  
USURPATION, SLAVERY.**