

# The Forgotten Gold?

## The Importance of the Dutch Opium Trade in the Seventeenth Century

by Martijn Burger

*Some revisionist historians see the income from opium trade of the Dutch East India Company as the decisive factor that triggered the Dutch Golden Age in the seventeenth century. Is such a claim justifiable?*

*Swiftly he undid his bundle  
Immediately taking out a huge quid of opium dross  
And swallowing it in one gulp  
Directly the intoxicating power spread right through  
His entire body, through both skin and flesh  
Gliding rapidly through every muscle  
His bones and marrow  
All of his strength was now restored*

Translation of Suluk Gatolotjo<sup>1</sup>, Stanzas 11 and 12, part IV/I

*...A Northsea coast state of robbers  
building railways from stolen money...  
stunned the victims with  
**opium**, Gospels and Dutch gin*

Multatuli (1861)<sup>2</sup>

### A Window-Dressing Nation?

History is often used to create a national feeling amongst a population. Victories, heroic deeds, economic prosperity and world power are often highlighted, whereas the dark pages are disguised in order not to harm the nation's pride. The role of the West in the colonial opium trade seems to be one of such topics difficult to talk about. Ironically, many countries such as the Netherlands, that once aggressively introduced opium to former colonies, are now fighting the flow of drugs from those countries. However, just as the Dutch involvement in the Asian opium trade comes as no big surprise to most of the

international readers, since the Dutch are commonly associated with drugs, the Dutch history books maintain a stony silence about it. Although most critics writing on Dutch colonialism admit that the opium trade in the former Dutch East Indies began to flourish during the Dutch colonial government in the nineteenth and twentieth century, some scholars, like Ewald Vanvugt, argue that an important part of the wealth of the Dutch Golden Age was derived from the opium trade of the Dutch East India Company (VOC) operating in the seventeenth century.<sup>3</sup> Official figures on the magnitude of this trade during that period are scarce and probably incomplete, so it is difficult to determine whether this hypothesis is true. Moreover, the few sources that do exist seem to contradict each other. In the course of this paper, I will try to assess to what extent such thesis could be true.

### Opium in Asia

Before the arrival of the Europeans in Asia, opium had been already a major item for inter-Asian trade. Cultivation of the poppy, the flower from which opium is made, probably developed in the eastern Mediterranean during ancient times. The drug then travelled to Asia, spreading by way of the major trade routes. We find opium's first appearance in Chinese pharmacopoeia during the eighth century AD. Although the drug was initially used only for medical purposes, there is evidence from the fifteenth century onwards that opium was also used in certain areas as a purely recreational euphoric. However, it was still mainly a popular luxury that was only affordable to the upper classes. The popularity of opium among the elites was noted in many records written by Europeans visiting in the sixteenth and seventeenth centuries. Cornelis Matelief, one of the founders of the VOC and admiral of the fleet

between 1605 and 1608, reported in his journal during a stay in Ternate (Moluccas) in 1607 that “he found the country and its population in a flagging state,” for which the incompetent, opium smoking king was to be blamed.<sup>4</sup> Even more striking are old transcripts from the island of Bali, which describe cockfights organised by Balinese kings and lords in order to fund their opium habits. Subjects were obliged to participate in these fights. Kings and lords received a share of the gambling stakes during these cockfights and invariably a number of participants would incur debts to the point that they could be sold into slavery and exchanged for opium.<sup>5</sup>

Upon their arrival in Asia, the Europeans soon discovered the economic potential of opium. Affonso de Albuquerque, viceroy of Portuguese India, advised his king in a letter from India dated 1513 to “sow all the fields of Portugal with poppies and produce opium for export to India, since the people over there can’t do without.”<sup>6</sup> From Goa, located in West-India, the Portuguese started trading with the Indian interior. They also began competing with the Arabs and Persians for trade with China, which included opium. Soon after the Portuguese, several other European nations arrived in Asia. Europeans introduced the opium pipe to Asia, which helped to transform opium from a luxury good into a mass commodity: now opium would be mixed with tobacco. This mixture was not only more popular and more affordable, but it was also more addictive.

### **The Dutch Network and the Inter-Asian Trade**

Stimulated by the economic prosperity resulting from the European ‘rich trade’, the Dutch became interested in involvement in the Asian trade.<sup>7</sup> After the partially successful journey to the East by Cornelis de Houtman (Compagnie van Verre, 1595), the Dutch invasion of Asia began. In 1598, almost a century after the arrival of the Portuguese, twenty-two vessels sailed to East Asia, from which only twelve returned home. Over the next five years, sixty ships, representing fourteen different companies, tried their luck in the East.<sup>8</sup> However, since the “frantic activity inevitably caused chaotic oscillations in the Dutch and Asian market,”<sup>9</sup> the States General negotiated with the merchants a merger of all the small companies into one all-inclusive company. This resulted in the foundation of the Verenigde Oostindische Compagnie (VOC), also known as the United East India Company or the

Opium, together with Indian cloth, was considered as a substitute for silver in the inter-Asian trade and became a very popular trading commodity.

Dutch East India Company, in 1602.

When the Dutch arrived in Asia, they had to fight for a place in the pre-existing trading networks because the market had already been well established. The main problem was that Asians were not interested in obtaining any of the European goods, so Europeans were forced to trade with hard cash. This form of trade was made even more difficult by Spanish embargoes that diminished the influx of Spanish silver into the Dutch Republic.<sup>10</sup> In order to still be able to return with pepper, spices and silk to the Northern Netherlands, the VOC started to get involved in the inter-Asian trade. This decision was stimulated by the fact that the colonial goods had a limited consumers’ market in Europe. In 1613, Jan Pieterszoon Coen already pointed out that “the quantity of Asian products that Europe can deal with is only very small and even with the exiting profit margin the Company could eventually not survive.”<sup>11</sup> Moreover, the inter-Asian trade appeared to be much more profitable than the trade to Europe.

Opium was soon discovered by the Dutch as a valuable good that was very popular among Asians, but also as a luxury good, which would gradually become a mass commodity — as described above. It was, together with Indian cloth,<sup>12</sup> considered a substitute for silver in the inter-Asian trade and trading of the good was very profitable. The Dutch obtained opium in the Mughal Empire, contemporary India. Opium cultivation was concentrated there in two main areas: Bengal opium was grown upriver from Calcutta along the Ganges Valley while Malwa opium was grown upcountry from Bombay and westward. Probably because Bengal was better positioned for the trade with China and the East Indies, the Dutch settled in that region. In the early seventeenth century there was a direct trade route between these areas and the Bengal region. However, from the mid-seventeenth century onwards, the Dutch started centralising their trade in Batavia (Java), which became the main depot of the VOC. From then on, almost all of the Company’s profit from opium trade consisted of the difference between its purchase price in Bengal and its selling price in Batavia by public sale. The greatest share of opium was bought in Batavia by speculators and small traders, who shipped and traded the good to other parts of the archipelago and China. Opium was rarely shipped to Europe.<sup>13</sup>

Opium: A powerful drug made from the juice of a type of poppy, used in the past in medicines to reduce pain and help people sleep. Some people take opium illegally for pleasure and can become addicted to it. (Oxford Dictionary Definition)

## The Economic Importance of the Opium Trade

In the early seventeenth century, when the VOC had just arrived in Asia, the volume of the opium trade by Europeans in Asia was very small. Many descriptions of the first journeys to the East suggest that Europeans were unfamiliar with opium. Records of cargo from that time include little or no mention of opium. However, alternative sources implicate an already existing rich trade in opium in these decades.

Wijbrandt van Warwijck mentions the profitable trades in the Indonesian archipelago in his *Noticiën ofte memorien voor Capiteyn Witte* of 1603.<sup>14</sup> He includes opium in the list of items traded with Banda, Moluccas and Atjeh. Governor-General Both reports in 1613 that the Moluccas, Siam, Pegoe (Burma) and China are places where the trade in opium is profitable for the VOC.<sup>15</sup> In a description of the Indonesian archipelago from 1656 it is stated that in Brunei (Kalimantan) opium could be traded for gold dust and that in Jambi and Palembang (Sumatra) pepper could only be bought with opium or Spanish reels (silver).<sup>16</sup> Franzois Valentijn, a seventeenth century clergyman living in the Dutch East Indies, reports from his stay in Cochin (Java) in 1664 that opium is seen there as “the most important kind of profitable business.”<sup>17</sup> Chinese records indicate that the practice of mixing opium with tobacco for smoking purposes was introduced by the Dutch in the middle of the seventeenth century. According to these sources the Dutch brought the habit from Java to their settlement Zeelandia on Formosa (contemporary Taiwan, which served as centre for their international trade with China and Japan). It spread from there to the Chinese mainland. Moreover, the fact that Formosa was one of the most important and profitable settlements of the Dutch VOC,<sup>18</sup> until it was conquered in 1662 by the Chinese warlord Coxinga, suggests the existence of opium trade with this island. However, no records on the magnitude of this trade exist. Moreover, it should be kept in mind that sugar export from the island flourished at that time, which could account for Formosa’s prosperity. Furthermore, some sources suggest that the

Old documents describe cockfights organised by Balinese kings and lords to fund their opium habits.

incentive for shipping opium to Formosa was to combat the effects of malaria there.<sup>19</sup>

Arguments of scholars<sup>20</sup> who say that the Dutch East India Company did not want to be involved in the opium trade in the early seventeenth century thus seem to be unfounded. From the above-mentioned sources we can conclude that it is likely that from the moment they settled in Asia the

Dutch became somehow involved in the opium trade. However, there is little evidence that the Dutch East India Company had a *substantial share* in the opium trade until the late seventeenth century. This is also the point where sources contradict each other. This can be partially explained by the fact that opium is a contraband trade, and therefore sources on this subject are likely to be patchy and unreliable. However, the trade became significant when the Sultan of Mataram yielded a monopoly in 1676 over the import and distribution of opium in his entire kingdom to the VOC, which made all other traders subject to the Company’s discipline.<sup>21</sup> From here on, more detailed records of sales and profits of the opium trade can be found, although they are still scarce.

The first, and one of the only people, who wrote a detailed overview about the Dutch opium trade in detail is Jean Chrätien Baud (1789-1859). Baud, having been Governor-General in the Dutch East Indies (1834-1836) and Minister of Colonial Affairs (1840-1848), knew about, and had access to, all existing files.<sup>22</sup> In the last years of his life, he wrote a 140-page article on the history of the Dutch opium trade in Asia from 1613 till 1850. It was published in 1853 in the first issue of the *Bijdragen Koninklijk Instituut voor de Taal-, Land- en Volkenkunde van Nederlandsch Indië*, a journal devoted to the Dutch East Indies.

Baud provides a detailed record of the official profits that were made from the opium monopoly in Java and Madura from 1678 onwards. This table indicates that the profits from opium in the late seventeenth century and the early eighteenth century were estimated to oscillate between the 200,000 and 600,000 guilders a year, with some positive and negative outliers.<sup>23</sup> However, it remains unclear whether Baud focuses here on profits or revenues. In other words: did Baud take the costs of the opium trade into account, when he recorded the trade? Knowing that the sales of the Dutch East India Company ranged around four to five million guilders a year and the surplus at most a fifth of that amount,<sup>24</sup> opium would have been one of the only sources of profit, which is hard to believe. Nevertheless, assuming that the opium trade was inter-Asian, and thus less expensive than the trade to Europe, and keeping in mind that it was quite profitable and also that the VOC had a monopoly in certain areas, it can be argued that the opium trade was a substantial and important part of the trade of the VOC. This is strengthened by the fact that the figures do not even include the opium trade of the VOC outside Batavia and Madura, and that figures concerning Dutch opium trade with China, India and the other islands in the Indonesian archipelago are missing. Nevertheless, it must be noted that most of this trade was often left to Chinese traders that operated from Batavia. The

Dutch centralised their trade in this settlement during the later seventeenth century, after they lost Formosa in 1662 and attempts failed to establish direct trade with China through trading embassies in Beijing. Finally, and most importantly, it must be kept in mind that “these figures only represent the official trade, and therefore do not accurately convey the full extent of the Javanese opium market, which was believed to be substantially larger.”<sup>25</sup> The sales of the VOC only show the minimum use of opium a certain year. The VOC had a monopoly, but this did not mean that they supplied all of the opium to the region. Moreover, it is likely that informal trade satisfied part of the demand and therefore in 1678 the use of opium on Java was already much larger than documented.

### The Informal Trade

In 1685 the Heeren XVII, the board of directors of the VOC, was already aware of the existence of a huge informal opium trade network: “[t]he trade in opium seems to become more and more important. Therefore we should try to keep private persons out of this trade, in order to make as much profit as possible.”<sup>26</sup> From the moment they obtained the monopoly, the Company fought a long, and ultimately futile battle against smuggling on Java. It is striking that it was not the Chinese, Arabic or British merchants who were the main competitors of the VOC, but rather its own employees.<sup>27</sup> We are in the dark about the exact size of the informal trade, but it was no doubt substantial. Valentijn mentions that at the end of the seventeenth century, besides the usual one thousand crates (180,000 pounds)<sup>28</sup> of opium of the VOC, another 3,200 crates (580,000 pounds) were illegally imported into Batavia. However, he shows no evidence. In an English ship that moored in Batavia in 1708, six hundred crates of illegal opium were found. In 1725, more than four thousands kilograms of illegal opium were found in the shop of Neeltje Coeck and Helena Kakelaar. In 1727, five ships from Bengal arrived in Jakarta, without bringing back any opium. This was strange since it was usually ordered. In the harbour, a huge amount (230 crates) of contraband was discovered shortly after. The crew was arrested, but because of a lack of evidence, they were released few days later.<sup>29</sup> These individual cases show that the amounts of smuggled opium were certainly not negligible. However, it is unclear whether the aforementioned cases were the order of the day or exceptional.

Although smuggling was strictly forbidden and even punished with the death

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Illustration: Vera Ibrpanovic

sentence,<sup>30</sup> this did not deter the employees of the Dutch East India Company from smuggling. Already from the start of the trade with East Asia, the private trade of the crew was seen as a problem. This only worsened through the years. Wages

were low: the income of a soldier was around nine guilders a month, of which, most of the time, only three were paid. The majority of the crew came from the lower class, had been involved in crime, and/or had great debts. This caused low admission thresholds while recruiting for private trade.

However, also in the higher circles of the VOC, smuggling reigned supreme. At his retirement from office in 1709, the possessions of

Governor-General Van Hoorn were estimated at ten million guilders. The Governor of East-Java in that same time had an income of 2,400 guilders a year, and he managed to increase this to 100,000 guilders by various forms of extra income.<sup>31</sup> According to Valentijn, a governor of Moluccas in the beginning of the eighteenth century was able to increase his income from 160 to more than four thousand guilders a month.<sup>32</sup> The profits from the opium trade could have been a major component of this, since opium was a product of low quantity and high value, and thus easily tradable. These sources suggest that a substantial number of people from all the circles within the VOC was involved in the informal trade of small, valuable goods in Asia, and it was difficult for the Heeren XVII, ruling the VOC from the Northern Netherlands, to use his authority and control it.

In the middle of the eighteenth century, the VOC tried to combat the smuggling and corruption by founding the Opium Society (*Amfioen Socijteit*) in 1745. "By giving a private association of merchants the right to buy all the opium that the VOC imported from Bengal into Batavia, the Company would be released from its task of controlling shipping off the Java coast, while it would be in the interest of the Company servants (who were shareholders in the Opium Society as well) to stop the opium smuggle. Moreover, the VOC would be certain of a safe return on its trade in opium, as the Society would guarantee the purchase of all opium that was bought from Bengal at a fixed price."<sup>33</sup> However, this initiative was only partially successful and was unable to completely eliminated smuggling and corruption within the VOC.

## Conclusion

It is difficult to establish precisely to what extent the opium trade was important for the Dutch East India Company and to what extent it contributed to the wealth of the Dutch Golden Age. In spite of many unclear parts of the records published by Baud, they nevertheless indicate that the opium trade had been substantial from the end of the seventeenth century onwards. Such trade was certainly significant for the VOC. Nevertheless, there is no evidence that it was the opium *alone* that enriched the Company. Furthermore, as Prak points out, it must be kept in mind that despite the fact that the colonial trade had a great influence and impact in the Northern Netherlands, it comprised only 10 % of the total foreign trade of the Dutch Republic. The major part of Dutch trade was inter-European.<sup>34</sup>

Alternatively, the entire opium trade story could be seen as a failed opportunity. Due to the corruption of its employees, the VOC lost a lot of revenues. This could have been one of the reasons for its bankruptcy at the end of the eighteenth century. However, it should also be kept in mind that there were other, perhaps even more serious, problems within the trade organisation. To mention only two: the Dutch-Anglo Wars that sacked many of the VOC ships, and its eventual centralised and inefficient decision-making structure in Asia.<sup>35</sup> The VOC gradually lost its position as the leading trader in Asia. The British monopolized both the exports from Bengal in the eighteenth century and thus the opium trade with China. At the end of the eighteenth century, the British opium trade figures had risen to fifty thousand crates a year, whereas the Dutch sales were only two thousand by then (in 1700 the British rates were roughly five hundred, whereas the Dutch sales hit around one thousand crates).<sup>36</sup> What could have become a success story for the VOC, eventually ended in disappointment.

The question whether the opium trade had contributed significantly to the wealth of the people living during the Dutch 'Golden Age', is even more difficult to answer. We can be sure that the private smuggling made at least some individuals rich and it is likely that a major part of this trade consisted of the trade in opium. However, we do not know how many were involved and how much money they made out of it. Was the smuggling mainly a private business or were there entire networks? Did a Governor-General earn as much from the illegal trade as a sailor? If there were differences, how significant were they? The primary sources that are available are insufficient to provide answers to these questions. Opium trade had certainly brought prosperity to some individuals, but to claim that it provided the gold for the 'Golden Age' seems to be an over-statement.

The entire opium trade story could be seen as a failed opportunity.

- 1** “The Suluk Gatolotjo is a ribald tale which champions older Javanese mystic traditions over currently prevalent Islamic Doctrines, Its mythical Gatolotjo appears in the shape of a penis, and he is a devotee of the opium pipe. Opium is the source of his strength as well as a medium for religious inspiration”. (Quoted in Rush, J.R. *Opium Farms in Nineteenth century Java: Institutional Continuity and Change in a Colonial Society 1860-1910*. Ann Arbor: University Microfilms International, 1979. 21.)
- 2** Multatuli. *Minnebrieven*. Amsterdam: Querido, 1984.
- 3** Vanvugt, E. *Nestbevuilers: 400 Jaar Nederlandse Critici van het Koloniale Bewind in de Oost en de West*. Amsterdam: Babylon-De Geus, 1996. 95. See for a more detailed argument his work *Wettig Opium. 350 Jaar Nederlandse Opiumhandel in de Indische Archipel*. Haarlem: In de Knipscheer, 1985.
- 4** Valentijn, F. *Oud en Nieuw Oost-Indië*. I, 239. qtd. in Vanvugt 1985: 39.
- 5** Schulte Nordholdt, H. *The Spell of Power. A History of Balinese Politics 1650-1940*. Leiden: KITLV Press, 1996. 42-4.
- 6** Rush: 9.
- 7** Israel, J.I. *The Dutch Republic. Its Rise, Greatness, and Fall (1477-1806)*. Oxford: Clarendon Press, 1995. 320.
- 8** Kalff, S., *De ‘Loffelycke Compagnie’. Historisch Overzicht der O.-I. Compagnie*. Amsterdam: H. Meulenhoff, 1916. 16.
- 9** Israel: 321.
- 10** *Ibid.*: 941.
- 11** Vlekke, B.H.M. *Geschiedenis van den Indischen Archipel*. 149. qtd. in Vanvugt 1985: 52.
- 12** Jong, J. de. *De Waaier van het Fortuin. De Nederlanders in Azië en de Indonesische Archipel 1595-1950*. Den Haag: Sdu Uitgevers, 1996. 29.
- 13** Baud, J.C. “Proeve van een geschiedenis van den handel en het gebruik van opium in Nederlandsch-Indië” *Bijdragen Koninklijk Instituut voor Taal-, Land- en Volkenkunde van Nederlandsch-Indië*: I (1853). 112-113.
- 14** *Ibid.*: 88.
- 15** *Ibid.*: 90.
- 16** Manuscript of Van Dam, qtd. in Baud: 94.
- 17** Valentijn: V, 187. qtd. in Vanvugt 1985: 58.
- 18** Shaogang, C. *De VOC en Formosa 1624-1662: een vergeten geschiedenis*. PhD thesis Leiden University, 1995. 3.
- 19** Morse, H.B. *The International Relations of the Chinese Empire*. vol. 1. London: Longmans Green, 1910. 172-173.
- 20** e.g. Zegers, J.L. *Het Opiumvraagstuk in Nederlandsch-Indië*. Nijmegen: Milborn, 1890. 195.
- 21** Baud: 94.
- 22** Vanvugt, 1996: 95.
- 23** Baud: 216-20.
- 24** de Vries, J. and A. van der Woude. *The First Modern Economy. Success, Failure, and Perseverance of the Dutch Economy, 1500-1815*. Cambridge: Cambridge UP, 1997. 446.
- 25** Rush: 16.
- 26** Letter of 8 Oktober 1685, qtd. in Vanvugt 1985: 67.
- 27** Nevertheless, it must be noted here that the informal trade was not per se illegal. VOC employees were allowed to engage in some private trade, but this was mainly to dissuade them from more serious infringements of the VOC monopoly. Private trade in valuable goods, like opium and coffee, so valuable tradable goods and where the VOC had a monopoly on in certain area was however strictly forbidden
- 28** Pounds refer here to the old Amsterdam pound, which is 0,494 kilograms.
- 29** Baud: 105.
- 30** Manuscript of Van Dam, qtd. in Baud: 94.
- 31** Vanvugt, 1985: 87.
- 32** *Ibid.*
- 33** Opium Society 1745-1795. <http://www.leidenuniv.nl/nhda/esf/projects/amfioen/opiume.htm>, accessed on 15.11.02.
- 34** Prak, M. *Gouden Eeuw. Het Raadsel van de Republiek*. Nijmegen: Sun, 2002. 136.
- 35** de Vries and van der Woude: 449-56.
- 36** Baud: 184-6.