LXV

SIXTY-FIFTH SESSION

JCC

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Introduction to the JCC

Joint Crisis Council (JCC) has always been about competition. Two different groups of delegates, each utilizing crisis procedure, battle it out against each other using strategy, subterfuge, and diplomacy for supremacy over the other. This year, JCC looks at the era from the 1600-1700's; a time when trade was controlled by government sponsored trade organizations, the biggest of which were the British East India Company (EIC) and the Dutch East India Company (VOC). Delegates will assume the role of traders in either the EIC or VOC, and have to use their economic, political, and military skills to take control of the spice trades, and bask in the riches spawned from mercantilism.

Topic | East Indies Trade Wars: The Anglo-Dutch Rivalry

Topic Background

Throughout the 1600s and 1700s, the British East India Company (EIC) and the Dutch East Indies Company (VOC) competed fiercely with each other over the trade of spices (spices such as pepper, clove, nutmeg, etc., which were considered rare and valuable goods). This was known as the Anglo-Dutch rivalry.

The rivalry of EIC and the VOC encompassed an ongoing game of cat-and-mouse as each tried to gain market share over the other and tried to wrest control of the spice trade. High stakes were involved as this was not merely business enterprises that were competing for revenue, but also included concerted political, geographical, economic efforts to control lands and the people living on them; especially impacting the lands and people of India and the Indonesian archipelago (Java, Sumatra, Bali, New Guinea, etc.) The original charter documents provide legal language of wide sweeping powers to each of the EIC and the VOC, including as example excerpt from the EIC charter: “We of our more ample and abundant Grace… have granted to trade and traffic to and from said East-Indies” (Irwin 1991).

Major strategic and tactical practices of the EIC and the VOC against each other included harassment of each other’s shipping vessels, pursuit of monopolistic contracts with spice suppliers, failure to honor collusive agreements with each other, attempts to gain territorial control, use of colonization, and other exclusionary trade practices which are detailed herein.

Spice trading has been in existence thousands of years and traces back to the days when Arabic merchants sold spices of the Middle East to Europeans who so fervently desired the spices. At first, land routes were the only viable means to transport the spices. Of the various land routes, the Silk Road is the most well-known and it connected Asia, North Africa, and Europe. Starting in the Han dynasty, Chinese silk was carried along the trade route, ultimately giving it name of the Silk Road.

The act of trading achieves more than just the exchange of goods for money. Trading sparks the development of whole civilizations, such as in the case of the Silk Road through which China evolved and extended its civilization along with Persia, Arabia, the Indian subcontinent, and other areas touched by the trading efforts. Countries and peoples interact because of trade, crafting new relations between them politically and economically. This sharing then also tends to have each share and borrow in improving their own practices, technologies, and economic and socio-cultural approaches, and was also reflected later on in the relationship between the VOC and the EIC; namely, the VOC and EIC would each observe how the other conducted trade and would often copycat each other. This included the negotiated deals such as pricing and volume of trade, the manner of packing and transporting the goods, the payments for the goods, and other trading practices.

Romans utilized their conquest of Egypt to carry out trade that further expanded the Roman Empire. Besides traveling on land, the Romans established an extensive network of sailing ships to carry out trade. Trading inspired Romans to find more efficient ocean routes to get from country to country. Indeed the famous “Periplus of the Red Sea”, a navigational map that the Romans derived, provided insights about the

Indian Ocean that would likely not have been discovered were it not for the advent of trading in spices.

During the early 1600s, a Dutch shipping captain by the name of Jan Huyghen van Linschoten managed to bring back to Holland a cargo of spices from Java. This prompted several other private Dutch firms to likewise sail to the east, in hope of bringing back similar riches. The Dutch republic became concerned that this multitude of private firms would carry out trade without the appropriate government oversight. As such the Dutch East India Company was formed, which would have great powers of trade and be a concentrated private-public enterprise.

Meanwhile, in England, there was equally a keen interest in spice trading. Once again, rather than having a multitude of firms all scatter gun trying to carry out trade, the Queen decided to allow for a private-public entity to have nearly exclusive trading in the East Indies, and granted a charter for the British East India Company.

The Dutch East India Company and the British East India Company, were to become titans of trade during this era. Their power and influence became immense as they eagerly sought domination and control against each other. This rivalry can be characterized as a type of war, and this historical period and the trading competition eventually became known as the East Indies Trade Wars. These two entities and their interaction during this era will be the particular focus of this committee, including the socio-political and economic events that shaped the East Indies Trade Wars, the Anglo-Dutch rivalry that emerged over the richness of the spice trade, and the lessons learned and insights for today's global trade wars

Key Competitors

Though there were several trading companies that formed during the East Indies Trade Wars and there was a kind of “gold rush” of firms wanting to conduct trade, the British East India Company and the Dutch East India Company were by far the largest and most dominant entities, accounting for the bulk of goods traded and wielding tremendous influence throughout the world powers of the era including England, Spain, Portugal, the Netherlands, and India.

These two private-public powerhouses interacted with each other and competed head-to-head with each other, a conflict ultimately becoming known as the Anglo-Dutch rivalry. Smaller firms that tried to compete against these two were often easily squashed. The British East India Company and the Dutch East India Company used their governmental connections to have governmental agents disrupt the trading by any smaller rivals, doing so by exercising the exclusivities that had been granted to these two titans by their respective governments.

Larger attempts to compete with the two titans were also made . One short-lived emergent rival was the French East India Company. French King Louis XIV thought that the French should have a trading company comparable to the British East India Company and the Dutch East India Company. He ordered towns across France that they would need to order spices via the French East India Company.

King Louis’s attempt to launch the French East India Company was met with resistance, and many French towns defied the King. Louis XIV himself was heavily invested in the entity and so tried vainly to get it to succeed. After various expeditions that were overly expensive to undertake, and after the Dutch East Indies Company

disrupted the French ships including confiscating some of the ships, the French East India Company eventually floundered and fell apart.

In the end, despite the attractiveness of the profit to be made in the spice trade, the British East India Company and the Dutch East India Company were able to keep a stronghold on East Indian trade and in one way or another stifle any competition that tried to emerge. That is not to say it was a simple task to accomplish. The two titans had their hands full fighting off any emergent competition and then fighting each other as well (Irwin, 1991).

British East India Company (EIC)

The most popular name for The British East India Company was the East India Company (EIC), but other names it was known by included the Honourable East India Company and the John Company. What is especially important about the entity is that it carried out activities that might traditionally be seen as efforts a government would undertake, yet it was considered a private entity. The company eventually grew to enormous size and stature, accounting for around half of the world's trade in goods. And, the company initiated and partially came to control the rule of India on behalf of the British Empire.

Chartered by Queen Elizabeth I at the end of the year 1600, the firm was shareholder owned. The government did not own shares and had no direct control over the company, but indirect control by the British government was significant and the entity had to balance its own desires with those of the government. After growing and become quite powerful, the entity eventually declined, suffered severe financial woes, and was taken over by the government and dissolved.

Some key stakeholders of the British East India Company included:

- Queen Elizabeth I, also known as The Virgin Queen or Good Queen Bess
- Francis Drake, knighted by Queen Elizabeth and important for circumnavigation of the globe
- William Shakespeare, English theatre and writer that helped shape culture of the times

- William Cecil, senior adviser to Queen Elizabeth and died just as the EIC was to be formed
- Robert Cecil, adviser to Queen Elizabeth and took the place of his father William Cecil
- King James VI and I, King of England and King of Scotland, took over for Queen Elizabeth
- Sir George Clifford, Naval commander, courtier of Queen Elizabeth and first on the EIC charter
- Sir James Lancaster, commanded the initial voyages for the EIC
- Sir Henry Middleton, commanded voyages for the EIC
- General William Keeling, commanded voyages for the EIC
- Sir Thomas Roe, established commercial treaty the Mughal Emperor Nuruddin Salim Jahangir
- Mughal Emperor Nuruddin Salim Jahangir, granted an important trading treaty for the EIC
- Oliver Cromwell, renewed the EIC charter in 1609, made changes to the holding company
- King Charles II, monarch over England, Scotland, Ireland during the EIC
- Sir Josiah Child, EIC governor and influential member of the EIC
- Sir John Banks, director and then governor of the EIC
- Charles Lamb, an important junior clerk of the EIC
- Charles Cornwalis, impact EIC in its later years

Dutch East India Company (VOC)

The Dutch East India Company had several names, including the United East Indian Company and the more frequently used acronym of VOC for the Dutch wording of Vereenigde Oost-Indische Compagnie. It was established as a chartered company and granted by the government a 21-year monopoly on the trade of spices. It was founded on March 20, 1602. Having extraordinary powers that were akin to those of a government, including the ability to wage war if necessary, the VOC soon became a tremendous trader of spices, and was similar to the EIC in some respects such as having a mandate to engage in trade in the East Indies and ensure that their homeland would profit from the trade, meanwhile the VOC differed in other ways such as tending to use force to engage in trade and preferring to have less involvement in aiding the development of the people and lands that they traded with than did the EIC. The profits were incredible and the Dutch government allowed the VOC to carry out the negotiation of treaties and the establishment of colonies.

After many years of success and growth, the VOC eventually went bankrupt and was dissolved of its capabilities in the year 1800. The Dutch government took over what remained of the VOC.

Some key stakeholders of the Dutch East India Company included:

- Jan Huyghen van Linschoten, initial opportunist for the VOC
- Cornelis de Houtman, initial opportunist for the VOC
- Jacob van Neck, first to reach the Spice Islands
- Pieter Both, first Governor-General of the VOC
- Gerard Reynst, second Governor-General of the VOC

- Laurens Reael, third Governor-General of the VOC
- Sir Henry Middleton, voyage commander that saw the first competition with the EIC
- Jan Pieterszoon Coen, Governor-General of the VOC with expansionist desires
- Eustachius De Lannoy, Dutch commander captured by the Nair
- Joseph de la Vega, wrote about the questionable one-stock exchange
- Jan van Riebeeck, established the Cape settlement

Important Competitive Practices

The British East India Company and the Dutch East India Company competed in many ways during the Anglo-Dutch rivalry. There had not previously been a rivalry of this nature and scale between two private-public entities immersed, and it took place during an era when they had the technologies and capabilities to carry out trade in a manner that had not previously been seen. As such, many of the competitive practices were new to the times and emerged while the rivalry grew.

At first the two entities seemed like they might be willing to each stake their own turf and share the riches to be had, doing so via collusive agreements. These collusive agreements ultimately became hollow and were not observed by either side, principally due to the aspect that each side believed they could outdo the other and that trying to share the riches would not be as beneficial as taking the spice trade away from their rival.

The two rivals discovered quickly that neither one was genuine in its initial claim of having a willingness to cooperate with the other. They would pretend at times that they wanted to be cooperative, and meanwhile do whatever they could to subvert the other at trading. This kind of charade permitted them to appear as though they were above the fray and gentlemen-like towards each other, all the while backstabbing as much as they could.

Monopolistic Contracts

The English government granted trade monopolies to the British East India Company. Likewise, the Dutch government granted monopolies to the Dutch East India Company for their trade purposes. Both the EIC and the VOC also tried to convince

various other countries and suppliers to sign exclusive contracts with them in an attempt to further monopolize trade.

The use of monopolies was crucial to the success of the EIC and VOC. Wielding monopolies, they could prevent the rise of other competitors within their own countries and as bounded by the monopolistic contracts. Rather than competing on the basis of price or product, they could go to their respective governments and insist that government close down the competition.

They could each also utilize the full force of their respective governments when competing head-to-head. Veiled threats of going against an entire government were used to play the other rival and also emboldened each entity to believe they were on a mission greater than seeking revenue alone. They claimed to be representing the interests of the people of their respective nations.

The English government and the Dutch government were willing to anoint their respective trading companies with such power because of the immense wealth and the power that it brought to government elites. A government and private enterprise collusion allowed for the enterprises to grow while the government prospered.

But, even this had its limits in that at times the English government worried that the EIC was going too far, and likewise so did the Dutch government perceive at times concerns about the VOC. An ongoing push-and-pull between each enterprise and their respective governments was an additional factor in the strengthening and weakening of the monopolistic approach that each had during this era (it was an ongoing ebb and flow).

Breaking of Collusive Agreements

The British East India Company and the Dutch East India Company were at first willing to work separately but without ill will towards the other. The thought was that the pot of gold to be had was big enough for them both and so there was not a need to directly go against each other. This led to the creation of collusive agreements meant to iron out turf and ensure that they would not clash with each other. Some historians say that these agreements lasted only as long as it took for the ink to dry on the paper.

One example of a notable agreement that faltered was one that was reached at the outbreak of the Thirty Years War. The agreement was signed in 1619 and allowed the English to have one-third of all spices in Dutch controlled islands in exchange for the English paying one-third of the Dutch military costs. This agreement stopped a potential English assault against the Dutch in 1620.

In reality it turned out that in Asia the VOC felt beyond the control of the States General and so cared little to honor this agreement. Furthermore, the Governor-General Coen cleverly had made sure that the costs required of the EIC for the Dutch military were outweighed by what the EIC actually even had as capital in Asia. This helped to sustain the Dutch monopoly while deceiving the English into believing that the two were more allies than enemies.

An interesting relationship developed between the employees of the two titans. Even though they were outright bitter rivals at a company level, the employees themselves were often considered friends of each other. The employees that carried out the trade for the two entities shared a common bond of being in the same business

and carrying out the same kinds of activities, and would often develop friendships based on their in-common experiences.

Nonetheless, both rivals increasingly flaunted the collusive agreements and ultimately acted as though the agreements were not even in existence. Occasional attempts to either enforce an agreement or to forge new ones were generally met with little or no success. The impact on trading was that each then not only used their resources to conduct trade, but also used their resources to undermine and prevent the trading of the other. Diversion of resources toward trying to curtail the trading of the rival was costly but worthwhile if in the end it allowed greater control over trade and an ability to then exercise monopolistic practices.

Interdiction of Shipping

The trade war depended entirely on shipping. Ships of the time were not guaranteed to safely make the journey when collecting and returning trade. Besides getting destroyed by nature's elements during the sea voyage, the ships also faced the dangers of pirates and piracy at sea. Both the British East India Company and the Dutch East India Company knew that only a percentage of their ships would successfully make each voyage. The losses when ships were lost at sea were substantial, but when compared to the number of ships that made it safely and the huge profits from the trade produced, the lost ships were worth the cost to make the money and keep trade going. Estimates indicate that the VOC made use of around 5,000 ships and the EIC around 2,700 ships, and that the percentage of ships that successfully and safely made the voyage was approximately only one-half to two-thirds of those ships.

The two rivals were generally willing to leave each other's ships alone, but at times they did try to strike. Sometimes one would delay the other one's ships or see if they could force them off-course. More severely, they sometimes seized each other's ships, holding the goods or secretly removing the goods and sinking the ship entirely. These interdictions led to accusations against each other (even on occasions where the other one had not interdicted), and raised tensions not only between the two companies but also between their countries.

At times, this interdiction of shipping erupted into all out battles. During the Second Anglo-Dutch War of 1665 to 1667, the two countries overtly fought each other on the high seas. This was a conflict to control the seas and trade. The English were hopeful of taking over the Dutch trade routes and cutting off the Dutch from their colonies involved in the East Indies trade. Plus, the English elite were promised that they could essentially take over any Dutch ships captured.

The Dutch people were supportive of the trade practices of VOC and were willing to fight the English to continue the Dutch trading practices. An important principle at the time was mare liberum, which was a Dutch belief that they should be able to trade at any time and at any place of their choosing. The English desire to control Dutch trading was at odds with this belief about rights of trading.

Charles II started the Second Anglo-Dutch War and knew that the only way to pay the sailors and build the needed ships would be to capture Dutch fleets during the conflict and sell the booty to raise funds for further fighting. He had no effective means to tax the English people to pay for the conflict and his navy was in poor shape, but at

the first sea battle the English prevailed. It was considered the worst such defeat for the Dutch in the history of their navy.

For approximately two years, the English navy and the Dutch navy skirmished and each had wins and losses. Ultimately, the monetary cost of the war was hard for Charles to pay, and England at the same time suffered the Great Plague and the Great Fire of London. With potential revolt facing Charles, and the concern that the Dutch still seemed determined to fight, he decided to have his envoys sign a peace treaty with the Dutch and finish the war while he could do so fruitfully. The treaty stopped the overt war action, but did little to curtail the ongoing friction and interdiction shipping swipes of the EIC and the VOC during their trade shipping.

Colonization and Territorial Control

In an effort to try and gain control over trade, the British East India Company and the Dutch East India Company each tried to grab the lands where the trading goods originated from. If they could not otherwise control the seas or stop each other, each figured that controlling the country of origin would deny trading to the other.

What made these efforts of territorial control and colonization especially brazen was that the efforts to take hold of lands and peoples was being done by companies rather than directly by countries. Empowered by their respective countries, the two companies blatantly sought to colonize where they could. In some respects, historians suggest that this colonization by a company was at times better undertaken than if a country had done the same. That being said, each sought to establish colonies for the primary purpose of perfecting trade.

During the Second Anglo-Dutch War of 1665 to 1667, the grabbing of each other's colonies and territories was especially brazen. The English opted to seize the colony of Dutch North America, called New Amsterdam at the time (later renamed to New York). In response, the Dutch opted to take over the English trading posts in South America and in Surinam. At the end of the Second Anglo-Dutch War, a treaty was reached that allowed the English to retain the New Amsterdam colony and for the Dutch to retain the trading posts in Surinam.

The Dutch were eager to expand and colonize. In the early 1600s, they tried to capture Macau, a key location of the Portuguese for China-Japan trade, and though unsuccessful in taking it, Japan later expelled the Portuguese and allowed the Dutch to trade in Japan (the only European power allowed at the time to do so). Ships of the Dutch Second Fleet that had been sent to the Spice Islands went off-course and upon landing in Mauritius opted to colonize it. They established a colony in the south of Taiwan. The Dutch even tried to take over a Spanish colony in the Philippines.

The English were equally persistent at trying to grab territory. In 1651, in order to try and protect its lands being held in North America, England passed their Navigation Acts. This was a law that required that any goods imported into England had to be provided solely by English ships or by ships from the exporting country. One effect of this law was to try and keep the Dutch out of as much of the English trade as they could. Furthermore, this emboldened English pirates to stop Dutch ships under the pretense that they were trying to enforce the Navigation Acts.

Exploitation of Public-Private Powers

One of the most extraordinary aspects about both the British East India Company and the Dutch East India Company was their public-private arrangements with their respective countries. Companies were anointed with the power to make treaties, imprison people, establish colonies, and even wage wars.

For the countries involved, this allowed the government to remain somewhat apart from what the company was doing, though usually the companies worked closely with the government and were aligned. The company would frequently help line the pockets of government officials, or aid in ensuring that the government retained overall governmental power, thus ensuring that the government would then support the EIC or the VOC.

These two entities are considered to be the world's first multinational corporations. Their formation helped to shape the future of business, shifting private enterprise from a primarily national focus to instead being more international in scope. They also showed that the limits of government in being able to achieve actions for the people could be overcome in close conjunction with private enterprise.

The charter of the Dutch East India Company is especially illustrative of the innovative nature of this newly devised public-private combination of powers. The VOC was headquartered in Amsterdam and was structured as a microcosm of the United Dutch Nations' governing body. There were six chambers and each chamber had fifteen directors. The directors were responsible for supplying and outfitting the ships used for the spice trade for their chamber, and in exchange they received stock in the entity.

The VOC was linked to the government by the charter, and in addition the stockholders were often merchant elites that also served in the government. Some have argued that this is a dangerous arrangement, whereby those that are supposed to presumably be guardians over a private enterprise are also direct members of and beneficiaries of the private enterprise. The Dutch government even allowed the VOC to create and circulate its own currency, which had not been stated in the charter but that the government later decided to let the VOC do.

Economic historians suggest that the VOC was generally much more successful in the spice trade than the English due to the Dutch charter that had been established, and the VOC also impacted other Dutch policies too such as the shaping of the national naval fleets, the decision of when to use force upon foreign lands, and the negotiation of trading pacts. The English had no such equivalent charter and for the EIC provided a monopolistic charter that was fed by stockholder authority. The English were focused on maximizing profit, while the Dutch were more so focused on increasing shipping revenue.

Aspects of Concern

Rise of Mercantilism

This Anglo-Dutch rivalry and the East Indies Trade War gave rise to and fueled the development of mercantilism. Merchants sought to ban foreign competition and used public-private enterprises such as the British East India Company and the Dutch East India Company to do so. The merchants were able to get the government to provide monopolies for them and in a manner that meant the monopoly was enforceable, thus allowing them to control global trading markets for spices and set prices higher than they otherwise would have been with greater competition and more open markets.

The governments enjoyed the rise of mercantilism through the high tariffs they could charge as well as the payments merchants made to the government. This mercantilism also led to the establishment of colonies elsewhere in the world, promoted the growth of European commerce and industry relative to agriculture, increased the volume and breadth of trade, and increased the use of metallic monetary systems such as gold and silver over barter transactions.

Mercantilism was a departure from the prior economic practice of Europe, which involved monarchies and the divine right of kings. As a national economic policy, mercantilism aims to achieve a positive balance of trade by establishing monetary reserves. The use of high tariffs is a standard feature of mercantilism. Tariffs are usually charged on manufactured goods.

There are numerous variants of mercantilism. Some economists argue that mercantilism includes such factors as the forbidding of colonies to trade with other nations. At times, both the Dutch and the English made use of this policy Another factor often seen in mercantilism is the banning of exports of gold and silver. Again, this was a practice tried at times by both the English and the Dutch, and though they both used mercantilism they also often differed by their enforcement practices, including that the VOC used force while the EIC used diplomacy, and the EIC sought to help the trading country while the VOC preferred to just undertake trade but not got involved in improving the lot per se of those they traded with.

Additional facets of mercantilism include the desire to maximize domestic resources. This involves avoiding the importation of raw materials so that instead the nation consumes as much of its own natural resources as possible, rather than relying on other nation's resources. Another factor is the limiting of wages for the workers of the nation. This is believed to keep the costs of goods lower.

The forbidding of trade to be carried by other nation's ships is another factor in mercantilism. The English tried this overtly via their Navigations Act, and the Dutch tried similar tactics. This is a more difficult aspect of mercantilism to try and enforce. To do so, a nation needs to be able to fully guard its ports and inspect goods entering by the ships docking at those ports.

World Regions Affected

What at first might have seemed like the mere implementation of trade in a particular region of the world was soon to branch out and encompass most of the world's affairs. The ability of the entities to move quickly and do so with governmental

blessing allowed much wider efforts than just the initial trading parties envisioned. The wealth that arose from the trading was able to fuel the extension of further and further away expeditions for trading. Colonization was seen as a means to further trade and not perhaps as mired in more traditional sentiment of taking over other lands and peoples.

Spices were considered prized commodities during this era. Besides the use of spices for cooking and food, spices were also used as cures for illnesses and for anti-biotic like applications. Furthermore spices were aromatic and aided dealing with a lack of proper bathing habits, besides also being used as perfumes. In Europe, spices were especially viewed as mysterious and exotic, and were associated with those of sizable wealth. Anyone possessing spices had an appearance of heightened social status. Spices were even used as embalming for the dead and to preserve meats.

As an example of how important spices were, at one point a small island called Run was considered the world's most valued real estate simply because it had nutmeg trees and thus was a tremendous source of nutmeg. The English and the Dutch dueled to see which would possess the island and be able to freely then collect the nutmeg for trading purposes.

European outposts and colonization began to form a ring around the Indian Ocean. Enterprises seeking spices were willing to take great risks and reach Middle Eastern, Asian, and North African lands in hopes of finding spices. Though only a few ships might come back from a large expedition, the potential wealth for those who sponsored the ships that found spices was worth the chance.

Spices during this era that were of greatest importance included nutmeg, cloves, turmeric, ginger, cinnamon, black pepper, and cardamom. Pepper was one of the most widely used spices. Ginger was likely next in most common use, and besides being used for food it was also considered useful for warding off colds and for easing digestive gas. Cinnamon was used for food and also as a food preservative. Cloves had considerable aid for digestion and were used too for anesthetic purposes such as dealing with toothaches. Cardamom was said to cure bad breath and could also be used to treat headaches and fevers.

Naval Tactics and Warfare

The trading efforts of the British East India Company and the Dutch East India Company were greatly dependent on shipping. The volume of shipping along with the need to protect the ships that were tied to making profits was able to contribute toward expanded need for naval tactics and protection of ships. These naval tactics came to also be important during skirmishes and when attempting to take over other ships.

During the Second Anglo-Dutch War, the rush to build ships for use in the fighting led to speedier ways to construct ships and make them ready for sailing. Tactics during the battles were at times ad hoc, and the commanding of hundreds of ships entailed new ways to communicate among the ships and coordinate their activities.

Naval battles consisted of fleets that combatted each other. The usual formation consisted of a line of ships, primarily the larger ships, and then attended by faster smaller ships that would move about the fleet. The smaller ships would scout the opposing forces, and make attacks at any convenient weak points. For the larger ships,

they would move forward to discharge their cannon at the opposing ships. Raking fire was the usual preferred method, consisting of firing at the bows or stern of an opposing ship.

Ships tended to be weakest at the bow and the stern. The sides of ships were usually well reinforced and consisted of heavy and impervious timber. Once both sides had tried to fire upon each other and damage or sink the ships of their opponent, they would then either retreat if circumstances warranted or would enter into ship-on-ship encounters which might include boarding each other's ships.

Other naval tactics included trying to shoot at the masts and rigging of an opposing ship, in hopes that the ship would become disabled by no longer being able to sail. Aiming to put a hole near or below the waterline of a ship to get it to sink was nearly impossible. Getting a cannon ball into the area of a ship where the gunpowder was stored had the potential for igniting an explosion and getting the ship to become disable or sink. Snipers would be at the top of the masts in hopes that if an opposing ship got very close they could pick-off the captain or other officers of the enemy.

Strategic Trade Policies

The Anglo-Dutch rivalry during the East Indies Trade Wars was able to shape our understanding of strategic trade theory and policies. One form of strategic trade that emerged was mercantilism, which has been described earlier herein, but it is not the only type of strategic trade possible and there were anti-mercantilists that argued for free trade and other forms of economic systems. The emergence of mercantilism ultimately shed light on other ways in which trade can be undertaken and the impact that trade can have on the geopolitical and socio-economic map.

The trade policies of the time were focused on shifting profits from foreign firms and countries to instead be realized by domestic firms. The use of tariffs and subsidies were some of the parameters utilized. Trade agreements were formulated, some of which were observed and some of which were broken outright. The role of the public-private partnership in forging and manipulating trade was readily illustrated by the efforts of the British East India Company and by the Dutch East India Company.

The great economist John Locke argued in 1690 that prices of goods will vary in proportion to the quantity of money in circulation. In short, he contended that the wealth of the world was not fixed and could expand. In contrast, mercantilism assumed that world trade was a zero-sum game, wherein ultimately someone wins and someone loses.

Years later, in 1776, Adam Smith was to produce his arguments that refuted mercantilism and created what is today called classical economics or laissez-faire economics. The English and the Dutch gradually realized of their own accord during the 18th century that the mercantilist approach was not a sound economic system and gradually entered into a free trade approach as later articulated by Adam Smith.

Case Studies

French East India Company

As the decades rolled past and the founding of the British and Dutch East India Companies slipped into history, France was yet to launch a viable trading company. Early attempts, such as the Compagnie de Dieppe in 1604 (which became the Compagnie de Maluques in 1615), were contemporary with their counterparts but never matched the power or influence of rival European nations in that region. Six decades after the EIC and VOC had taken root Jean-Baptiste Colbert, the French Minister of Finances, planned the Compagnie Française des Indes Orientales (French East India Company), with King Louis XIV issuing its charter in 1664. France had finally entered the East Indies Trade Wars.

The French East India Company was public like its counterparts, and its stock quickly sold upon its founding. The company early on attempted to establish a colony in Madagascar but was unable to, and its first ports were on the islands known today as Réunion and Mauritius. By 1667 it had expanded to the Indian city of Surat but it never successfully competed with the EIC or VOC, which already had established means of interacting with Indian society. As a further irritation, the Dutch often harassed French expeditions. But by 1741 though the French had made some headway in forming alliances with local Indian rulers and controlled a considerable amount of territory in India. Hoping to gain dominance the French fought militarily with the British in the region from 1742 to 1754. The British ultimately were the victors and France called off its efforts.

After years in the shadow of the EIC and VOC, the company simply could not sustain itself and the French government abolished it in 1769. Attempts to revitalize it were foiled by the tides of history and though in 1785 the company restarted, its final death knell sounded amid the blood and upheaval of the French Revolution.

Portuguese East India Company

Portugal's bid into the spice trade with India all started with nobleman Vasco da Gama's arrival into the port of Calicut in 1498. Vasco da Gama's journey to India was a faster alternative route that signified Portugal's temporary dominance over the spice trade. With the discovery of the new route around Africa, Portugal gained an early advantage ahead of European countries in the Indian spice trade. At the onset of the 16th century, Portugal's territorial expansion and commercial growth quickened significantly, which were products of the profitability of its monopoly over the Indian spice trade. Portugal's trade revolved heavily around black pepper as well as West African gold, which composed more than half of the country's revenue at the time. Eventually, Portugal's trading businesses would also expand to goods such as cloves, cinnamon, shellac, and copper.

Portugal's sudden ascension into the spice trade was managed by Portugal's royal trading house, *Casa da Índia*, which was originally established to oversee Portuguese exploration of the coast of Africa. *Casa da Índia* operated like any other trading company, with the exception that it happened to be owned by the crown. The Portuguese trading house established prices, supervised purchases and sales, collected taxes, and enforced royal monopolies on certain imports such as spices. Although the *Casa da Índia* was owned by the royal crown, private trade still coexisted.

Royal monopolies were only present on certain products, while free trade was still existent for goods such as textiles, paper, and seafood. Moreover, private traders could sometimes “rent” royal monopolies to trade goods such as spices for a certain period of time.

Unfortunately, around 1570, Portugal’s involvement in the spice trade became unprofitable due to expensive costs in maintaining the country’s presence in overseas territories. Additionally, Portugal’s trading activities relied heavily on services provided from foreigners, which were extremely costly. Because the Casa was in desperate need of revenue, in 1570, Portugal’s King Sebastian declared a free trade clause that allowed any private Portuguese national to trade with India. The Casa then began leasing out its royal monopolies in hopes of sustaining the royal trading house. In addition to financial hardships, Portugal’s dominance in the spice trade was wavering due to encroachments by the Dutch and English trading companies. In hopes of protecting Portuguese interests in India, Portugal attempted to create its own private Portugal East Indies company. The company was dedicated specifically to overseeing trade in India as well as developing measures to protect Portugal’s share in the spice trade from the Dutch and the English. However, investors were skeptical in investing in the company, while merchants rejected the new company’s authority. Moreover, the English and Dutch were able to establish stronger footholds in Asia, decreasing the size and power of the Portuguese empire in Asia. Consequently, because of Asia’s inconsequential role in the spice trade, Portugal’s trading activities continued to wane. In 1633, the Portuguese East India Company was liquidated, and Portugal’s role in trade with India was eclipsed by England and the Netherlands.

Questions to Consider

1. What were the similarities and differences between the British East India Company and East India Company at the time? Which trading strategies for each worked most effectively? How did their respective strategies serve to compete with each other and which had the greater impact on their rival?
2. How and why did mercantilism form? Was it effective?
3. How were different regions affected by the trade wars? India? Asia? The Americas?
4. How did technologies, military strategies, and cultures develop in light of the trade wars taking place during this era?
5. Why were people trading and how did the appetite for spices lead to the formation of these trading entities and ultimately shape the socio-political and economic aspects and history of the era?

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