

---

## 2 Isaac Le Maire and the early trading in Dutch East India Company shares

*J.G. van Dillen, Geoffrey Poitras and Asha Majithia\**

---

The origin of trading in common stocks can be traced to the transactions in shares of the Dutch East India Company (VOC) on the Amsterdam Exchange (e.g. Poitras, 2000, ch. 8). This trade began with the founding of the company in 1602. There are two important secondary sources for this early trading: van Dillen (1930), which is written in Dutch and also includes numerous primary documents, such as the text of legal presentations concerning the valuation of VOC shares; and van Dillen (1935), in French, which summarizes much of the material in van Dillen (1930). Building on the more general overview of Amsterdam exchange trading given, in Dutch, in van Dillen (1927), these two sources focus on Isaac Le Maire, the key figure in the storm of controversy that characterized the early trade in VOC shares. Being produced over 70 years ago, a published reference that translates the sources into English is unavailable. This is an unfortunate omission because, in addition to providing a wealth of information about share trading practices in early seventeenth-century Amsterdam, the events of interest include the first organized attempt to manipulate the share market. As evidenced in De Marchi and Harrison (1994), Barbour (1950) and Wilson (1941), much of what is known about the early trade in shares originates with the work of van Dillen. By providing an accessible English translation of van Dillen (1935), this chapter aims to increase awareness of a range of issues that are of modern interest.

The role of Isaac Le Maire in the early trade in VOC shares is of modern interest for a number of reasons. Perhaps the most significant concerns the actual mechanics of a share price manipulation scheme involving Le Maire. Unlike most manipulations, where forward contracts are used to create a short squeeze resulting in rising prices, the manipulation led by Le Maire involved a series of actions designed to force down the price of shares. Under pressure from the directors of the VOC, the Dutch government acted to eliminate selling of shares for forward delivery that were not owned by the seller at the time of the forward sale. In modern sources, e.g., de Marchi and Harrison (1994), this has been portrayed as a ban on short selling. However, van Dillen (1935) reveals there is considerably more involved. Those involved in the manipulation were speculators making markets in shares. Because there were insufficient shares available for purchase, share traders created contracts that represented claims on shares – often settled with the payment of differences. These were typically forward or ‘term’ contracts. As a consequence, the market makers were net short the market. The incentive to engage in a ‘bear run’ follows appropriately.

Another aspect of the manipulation revealed by van Dillen (1935) is the extent of fraud among the participants. Despite being a significant shareholder, Le Maire was removed as a VOC director in 1605 having been found to have embezzled funds from a company-related venture. This was prior to the share price manipulation scheme. In addition, before forming the secret society to trade VOC shares in February 1609, during the period of the manipulation, and after the collapse of the scheme, Le Maire was engaged in attempts to launch a French

company to rival the VOC. While being the biggest of the nine players in the secret group, Le Maire was not the only member of the group with unscrupulous motives. In particular, the solvency of the Bouwer brothers was in question. The brothers had sold considerable share positions for the longer term with the expectation of purchasing, at a later date, the positions for delivery at lower prices in the shorter term market. A fall in prices was necessary for the Bouwers to avoid financial ruin. The adverse upward movement in share prices also brought ruin to a number of the members of the secret society. It seems that the restrictions on short selling (*in blanco* trading) were as much about controlling fraud as about Christian ethics and a negative social attitude toward the ‘negative’ aspects of speculative short selling.

A final aspect of van Dillen (1935) of modern interest concerns the micro-foundations of early share trading. Van Dillen accurately recognizes that VOC shares had a number of significant differences compared to modern common stocks, describing the VOC as a ‘limited company *in training*’. Following Hecksher (1931), the VOC does satisfy the ‘capital association of a corporate character’ requirement for a joint stock company. Claims against the permanent capital stock of the company provided a forward trading vehicle with more attractive features than wheat and herring, where trading for future delivery was a common practice by the time the VOC was launched. The somewhat demanding requirements associated with actual transfer of VOC shares – involving attendance at the company transfer office and written approval by two directors – gave encouragement to the speculative practice of settlement by payment of differences. In turn, this provided an early foundation for the *rescontre* system for settlement of term sales that became common practice on the Amsterdam exchange by the mid-seventeenth century. The *rescontre* settlement process is described by de la Vega in *Confusion de confusions* (1688) and was eventually transplanted to England, where it became standard market practice by the mid-eighteenth century.

## References

- Barbour, V. (1950), *Capitalism in Amsterdam in the 17th Century*, Ann Arbor, MI: University of Michigan Press.
- De Marchi, N. and P. Harrison (1994), ‘Trading “in the Wind” and with Guile: The Troublesome Matter of the Short Selling of Share in Seventeenth-Century Holland’, in N. de Marchi and M. Morgan (eds), *Higgling: Transactors and their Markets in the History of Economics*, Annual Supplement to *History of Political Economy*, **26**.
- Hecksher, E. (1931), *Mercantilism* (2 vols), trans. by M. Shapiro (1935), London: Allen and Unwin.
- Poitras, G. (2000), *The Early History of Financial Economics, 1478–1776*, Cheltenham, UK and Northampton, MA, USA: Edward Elgar.
- van Dillen, J. (1927), ‘Termijnhandel te Amsterdam in de 16de en 17de eeuw’, *De Economist*: 503–23.
- van Dillen, J. (1930), ‘Isaac Le Maire en de handel in actien der Oost-Indische Compagnie’, *Economisch-Historisch Jaarboek*: 1–165.
- van Dillen, J. (1935), ‘Isaac le Maire et le commerce des actions de la Compagnie de Indes Orientales’, *Revue d’Histoire Moderne*: 5–21, 121–37.
- Wilson, C. (1941), *Anglo-Dutch Commerce and Finance in the Eighteenth Century*; reprinted London: Cambridge University Press (1966).

## Appendix

This section contains an English translation (‘Isaac Le Maire and the Share Trading of the Dutch East India Company’) of the text of J.G. van Dillen (1935), ‘Isaac le Maire et le commerce des actions de la Compagnie de Indes Orientales’, *Revue d’Histoire Moderne*: 5–21, 121–37.

### Part I

Among the many business people from Antwerp who, after the capture of their city by the Duke of Parma, established themselves in Amsterdam around 1585, Isaac Le Maire was one of the

best known. He was born in Tournai in 1559.<sup>1</sup> It appears that he lived in Antwerp for quite some time and, just prior to his departure, he married Maria Walraven. Twenty-two children were the result of this union, a detail that serves as more than simply bibliographic, as we will see later.

In Amsterdam, Le Maire practised, with much success, the business knowledge he acquired in Antwerp. Little is known about his first few years in Amsterdam.<sup>2</sup> It wasn't until 1601 that he decided to become a citizen.<sup>3</sup> But legal documents from around 1595 indicate that he was involved in significant business dealings at the time. The fact that many of his brothers had established themselves in foreign business centres no doubt helped facilitate these matters.

Nevertheless, Le Maire's major role begins with the foundation of the Brabantine Company (in 1599). The first Amsterdam company geared towards shipping from the Indian sub-continent was founded in 1594 by Reiner Pauw, Jean Corel, Dirk van Os and others. About 1597, around the time of the return of its first fleet, a rival company was created. Soon enough the first company would come to an agreement with this new company (founded by Vincent van Bronkhorst, Cornelis van Campen and others). The firm, born from the merger of these two companies, which was later named the Expert Company, was probably due to the return of Jack van Neck's fleet of richly loaded ships in 1599, after a quick and fortunate journey. This also formed the motive for Le Maire to create the Brabantine Company. Although only two of the four well-known directors of this company came from the southern Netherlands, namely Le Maire and Jacques de Velaer, it is possible that other Brabantines, such as Louis de la Beeque, were involved in the business.<sup>4</sup> This new company obtained authorization for shipping towards China only, a restriction of little concern to them. Again, a merger appeared to be the answer, but this time the project wasn't effected so easily. The Brabantine Company was founded in August 1599; the merger wasn't achieved until December 1600, and only because of the intervention of the burgomasters. The new United Amsterdam Company, which equipped a total of eight ships within the next year, with Jacques van Heemskerck as commander, was destined to a brief existence. In 1602, this company entered into a larger company, formed from the merger of almost all the Dutch and Zealander companies that existed: the United East India Company (or the byname the Dutch East India Company).

All of the directors of the former United Amsterdam Company obtained administrative functions within the new company. However, a fleet of 14 ships took to the open seas in 1602 under the command of Admiral Wybrant van Warwijck, for the accounts of a combination of directors from different Houses and not for the company. Isaac Le Maire was a part of this combination. Although Le Maire had plenty of zeal and enthusiasm for shipping to India, he spent very little time as a director of the company. At the beginning of the year 1605, he retired, even though he was among the principal shareholders (subscribed in the sum of 60 000 florins). His retirement has often been considered voluntary, when in reality things happened in a totally different way.

In his studies of Isaac Le Maire, Bakhuizen van den Brink has already lifted the veil on this issue.<sup>5</sup> He discovered that rumours existed accusing Le Maire of fraudulent activities. According to these rumours, the bailiff of Amsterdam had summoned Le Maire and obtained the right to sentence him by default. But no decisive proof was made available; in vain the bailiff asked the directors for precise information. In the absence of this information, the law of the times, which was very favourable to arbitrators and advantageous to the justice civil servants, allowed the bailiff to sentence him to a fine of 1200 Flemish pounds, to profit himself and the burgomasters.

Unfortunately, the source from which Bakhuizen drew his information is unknown. I had the chance to find confirmation from a source that Bakhuizen certainly did not use, the minutes of the Consistory of the Reformed Church of Amsterdam.<sup>6</sup> On 23 December 1604 the Consistory made the following decision: since unfortunate rumours are spreading around the entire city about Isaac Le Maire, director of the Dutch East India Company, but it is unknown whether these rumours are true, it was decided to communicate with Le Maire. A few weeks later, Pastor Plancius and his predecessor Philips Corneliszoon were put in charge of proceeding with an investigation, an investigation that, it seems, never took place, perhaps because they were waiting for the result of the judicial investigation. But a year and a half later, this issue became current again because of some unfortunate news Le Maire gave his church.<sup>7</sup> At a meeting on 5 July 1605, the Consistory notes that the administrators never pursued an investigation and decided to speak to the 'Majores' (a title often given to directors) for precise information. Again the responsibility of this was put on Plancius and Philips Corneliszoon. On 9 August they released their report; certain directors had told them that Le Maire had definitely committed fraudulent activities and that he had used his son and servant as accomplices; that the company had established his guilt and Le Maire, having confessed his guilt, had been sentenced to a hefty fine and had paid it. After hearing these communications, the Consistory decided to summon Le Maire. Le Maire, who refused to appear in person but consented to receive a delegation from the committee. Once again Plancius and Philips Corneliszoon were put in charge of interrogating Le Maire, this time at his place. Unfortunately the minutes contain little but brief notes on their report. They only state, 'a lot of things explained themselves differently from what was presented by his accusers' and then continue: 'Due to the fact that this is a matter of great importance, the pastors consented to carry on with the investigation.' In reality it doesn't seem as if the investigation took place because the minutes contain no additional references to it.

There exists a document that proves that the accusation relates to the expedition of the 14 ships, under the command of Van Warwijck. This expedition was undertaken, as stated earlier, for the accounts, not of the company but for a handful of directors. In accordance with the custom of the first firms, each of the directors was responsible for some of the arrangements. Le Maire neglected to return, when the accounts were consolidated, the receipts and other documents concerned with his division. Questioned about this neglect, he tried to defend himself, but, based on the events that followed, his explanation was seen as insufficient.

Later on, Le Maire always maintained his innocence. But the extracted minutes mentioned above, along with the communication from Bakhuizen, give the impression that Le Maire was actually guilty of embezzlement, even though the report of Plancius and his predecessor refers to questionable circumstances.

It is clear, now, that Le Maire did not retire of his own accord. On 22 February 1605 he signed a declaration in which he promised, among other things, not to undertake any expeditions around the Cape of Good Hope or by the Strait of Magellan, and also to not participate in any similar expeditions, in any undertakings of others besides himself, either in Holland or in a foreign country.<sup>8</sup> In addition, he was required to hand over all documents in his possession regarding the company to the directors. As a guarantee he committed a sum of 3000 Flemish Pounds, against the accounts of the company and also a few firms he owned in Egmond.

The King of France, Henry IV, had long nurtured the idea of founding an East India Company in his country. The negotiations that started with this in mind, with a few unhappy Dutch merchants, such as Balthasar of Moucheron and Pieter Lyntgens, were not successful.<sup>9</sup> Around the end of 1607, the French minister Jeannin was put in charge of this project. A Brabantine coun-

cillor drew attention to Isaac Le Maire. He was eager to accept suggestions made to him. In March 1608, he had, on several occasions, long meetings with the French minister, either at a very late or very early hour, in fear 'of those from Amsterdam', as Bakhuizen would call them. But the uncertainty that existed surrounding the relationship between France and Holland, and negotiations for an armistice with Spain, prevented any definitive agreements.

At the same time, the English explorer Hudson arrived in Amsterdam, around the end of 1608. Seeing that negotiations with the company were as yet unsuccessful, Le Maire tried to persuade him to take a voyage to the extreme north for the service of the King of France.<sup>10</sup> In his letters to the King, Jeannin warmly recommended the project.<sup>11</sup> But as a penalty, the directors, on hearing about this project, got in touch with Hudson. The result of this was that, in April 1609, the *HalveMaen* took to the open seas for the company, in search of a northern passage to India.

Far from being discouraged by this misfortune, Le Maire wrote to Jeannin as early as 25 January 1609 to say that he knew of a captain even more experienced than the Englishman. M. Naber supposes he was referring to Jean Ryp. Henry IV let himself be persuaded by Jeannin, who, apparently, was himself persuaded by Le Maire's enthusiasm, to supply the funds for the expedition. Since it didn't seem that Ryp wanted to take part in this undertaking, they had to settle for Melchior van den Kerckhove, about whom we know only that he was an experienced seaman. Le Maire played an ambiguous enough role: officially, the expedition left under his name, he even obtained a letter of recommendation from Prince Maurice, but the captain received secret instructions, after the possible discovery of a strait, to hoist the French flag and, after the expedition, to stop in a French port. On 5 May, one month after Hudson, Van den Kerckhove took to the open sea, with a ship loaded by Le Maire, from his own account, with merchandise totalling 10 000 florins. Of this expedition all that is known is that the desired result was not achieved.<sup>12</sup>

Before he left for France, in the summer of 1609, Jeannin received a promise from Le Maire that he would come to Paris to start negotiations on the creation of a French East India Company. Le Maire did indeed leave for the capital of France during the month of December. De Jonge has already revealed some details about this visit, details that he found in a letter that François van Aerssen, Minister of the Republic, wrote on 25 December to the General Assembly. Additional correspondence of François van Aerssen with Oldenbarnevelt that I've been able to consult allows me to provide more precise information about this event.<sup>13</sup>

Before 8 December, the minister announced that the question of the creation of an East India Company had re-emerged. Jeannin, who would have been leading this project, also publicly admitted it. On 16 December, Aerssen, in his letter to Oldenbarnevelt, always using the French language, wrote: 'I find that a company for East India is advancing quickly. Girard le Roy, with Isaac Le Maire, both from Amsterdam, are strongly endorsing it; I've been told that the latter is here, staying secretly with Lamet.<sup>14</sup> I still doubt him even though it is true that he promised M. Janin in his letter to leave Amsterdam on 29 November, under the pretext of seeing to his businesses in Antwerp ...'. Moucheron and Joris van Spilbergh were also in Paris. They deliberated every day. Aerssen tried in vain to convince the King's advisers that the undertaking would be as disastrous for the French as it had been for the Dutch, particularly because the prices for spices were on the rise in India and decreasing in Europe due to competition. They realized, in part, the truth of this argument; but then they thought of the idea of a United Company of France, England and the Republic. Aerssen responded that this project was unrealizable: 'it is enough that the funding would be too large, with regards to the deposit, but we, with only

the original funding, already have more spices than Europe can consume'. A similar project would be more possible in regard to the West Indies, but these men wanted to stick to their original idea; the foundation of a West India Company hardly attracted their attention in the circumstances at the time.

Why did Henry IV hold on to his idea of the creation of an East India Company? Aerssen tells us: 'The King is impressed with this company for the pure profit that he could receive from the sale of spices that, in the same way as salt, could be distributed by his kingdom'. According to Aerssen, the King was making a mistake because the French only demanded nutmeg and cloves and very little pepper!

One of the partners declared that he was willing to sabotage the project, in exchange for sufficient compensation. This was Balthasar de Moucheron. 'Moucheron, who is one of the managers, approached me yesterday and proposed that he has a way to break up the plan, if I would be willing to send a reward with him; I excused myself, with the promise that I would ask you [Oldenbarnevelt] about this, on condition that we would use this opening discreetly and that his role in this affair would be covered up'. A few days later Aerssen wrote that Le Maire was avoiding him and that the negotiations were continuing.

On 25 December, the correspondence takes a positive tone. 'I think I've broken the collar of Isaac Le Maire's plan; as a minimum M. de Sully promised me that within six months, he would stop talking with him and wouldn't allow him to be aided by the King's purse, from which he needs funding.' Around the same time a letter was written in Dutch, addressed to the General Assembly. This letter tells us that Le Maire had finally decided to visit the minister. It is with reason that De Jonge speaks of a dramatic meeting. The cunning businessman started by pretending he didn't know anything, then once Aerssen made it clear that he was up to date with all the events, and that he even knew that Le Maire had worked out an entire plan, Le Maire decided to confess. He tried to justify his actions by reminding Aerssen about his large family and of the wrong that other directors had done to him. And, whereas in the past he had always assured Jeannin that, born in Tournai, he had always felt like a Frenchman, he showed himself in front of Aerssen like a good Dutchman, who would never undertake anything without the consent of the State.<sup>15</sup>

However, Aerssen had claimed victory too soon. Even if he had been, as stated by De Jonge, the most perspicacious diplomat of his time, his influence wasn't as unlimited as seemed. He had taken the declarations of the French too seriously. On 29 December he was obliged to admit his ignorance to Oldenbarnevelt: 'Le Maire, who had to leave, renewed his pursuit with the encouragement of M. Jeannin, who took him to see the King this morning, whom he spoke to about the advantages of this commerce for more than half an hour. He argues strongly that he had told you the subject of his voyage and that you had approved it. I did not believe that he discovered that you had real funds; I learned of that later.' It should be noted that in a previous letter Aerssen had said that Le Maire claimed the approval of Oldenbarnevelt.

At last, on 5 January 1610, Aerssen could say that the dangerous man had left: '[He] carried [letters] from the King for his discharge and must return as first in command and undertake the direction of this company, M. les Etat consulted with him. We will spend this year preparing; M. de Sully told me that they are not as far on as they think, that one year is as far as resolution of this matter is concerned. M. Janin said as much; but it is he who is in charge of the direction of all this and of the way Le Maire is treated. I do not have anything else, I had done what you asked of me when I advised you of what was happening ...' The tone of the letters had definitely changed. Even though, ten days earlier, he had again announced with an air of triumph that he

had struck a fatal blow for the plans for the project, he was forced to recognize that the matter was progressing.<sup>16</sup> He consoled himself with the idea that he had done as much as he could.

During this time, rumours about what was going on in Paris had reached Amsterdam. The directors had addressed the burgomasters with a petition in which they maintained that the company was compelled to take on excessive expenses for the wars against Spain and Portugal and that therefore their shares were selling at an extremely low price. It would be very unfair if others could profit from the sacrifices made by the company by going to look for spices in ill-equipped ships with low overhead. After receiving this petition the burgomasters quickly persuaded the General Assembly, in a letter in January 1610, to do anything within their power to prevent the creation of a French East India Company.<sup>17</sup>

This illustrates well that, in fact, there was reason to worry. Le Maire probably didn't find his welcome by the Stock Exchange too joyous. On 1 May he gave his cousin, Alexandre Le Maire, full permission to transfer stock in his name. His name disappeared from Aerssen's letters. The assassination of Henry IV (14 May 1610) was a cruel blow to Le Maire. Following this event, the opportunity to create a French East India Company disappeared for quite some time.

In the early companies, the names of shareholders were unknown to anyone except the administrator to whom they made their payments. One could sell or pass on a stock and the company would hardly notice.<sup>18</sup>

At the Dutch East India Company (founded in 1602) things happened differently. The shareholders were inscribed in the books of the houses of the company, where the money was deposited. At first, it was decided that payments would be made in three allotments but in reality they were completed in 12, with the last one being in 1606.<sup>19</sup> When a shareholder sold their 'stock', a word that came into use much later, it had to be transferred to the name of the purchaser in the presence of two directors. Also the seller had to present himself in person at the office of the relevant division.

It is with reason that the Dutch East India Company is considered as one of the first models of a limited company. However, its structure differed a great deal, especially in the beginning, from those institutions that we designate today with this title. It was really a limited company *in training*. One of the points of difference is that shares of the company didn't have a set, round nominal value; they had various values. Next, the shareholder had almost no rights. With the exception of the General Meeting, the shareholder had no influence over the choice of directors. At first it was thought that the State houses of the different respective provinces appointed the directors, and very quickly, at least in the province of Holland, the burgomasters of cities where the houses were established seized on this idea. Only in 1623, to comply with the wishes of unhappy shareholders, were they allowed to present a list of nominees, a right that was purely theoretical!

Did the company issue securities? Many authors are inclined to give an affirmative response to this question. Sayous is of the mind that we can consider the receipts given to shareholders when payment was made as a security. Van Brackel is in agreement with him, and considered the existence of securities as a necessary condition for the development of share trading.<sup>20</sup>

This opinion was decisively refuted by M. Smith.<sup>21</sup> Negotiable securities never existed. When van Brackel speaks of a 'paper' trade of the company, he presents matters in a very modern way. If securities really did exist, the transfer and complicated formalities that are linked to them would be superfluous. The matter could have been considered resolved, if it hadn't been for the arrival of F.W. Stapel.<sup>22</sup> He recognized that sellable securities didn't exist but, neverthe-

less, believed he could prove that shareholders received a supporting document. He declared this with satisfaction, having discovered that, after the last payment, the provisional receipts were exchanged for a general receipt. He found proof of this fact in a resolution passed on 28 August 1606, when it was decided that shareholders who had paid the last of the 12 payments would be given a general receipt for the entire sum they had invested into the company and that the provisional receipts would lose their value. In my opinion, he didn't prove anything except that a specific distinction was made between general and provisional receipts. Also he forgot that the shareholders had the right to sell parts of their shares, at a considerable price, a right that they used quite often. The general receipt could never serve as proof that one held a share of a specific value. It only proved that the named person was absolved of their payment obligations; in other words it was nothing but a simple receipt.

Stapel was even more mistaken, in my opinion, when he maintained that the new buyers also received a security. Here's what he wrote on the subject: 'The process for transferring a share has been explained on several occasions: the new shareholder received a document signed by the seller and two directors. This document was proof of their shareholding. The note of transfer played the same role for the subsequent buyers as the general receipt did for the primary shareholder.'

This way of presenting things is not correct. The author seemed to have read the pages of Smith that he refers to only very superficially. The transfer form that he speaks of, signed by the seller and two directors, was never given to the buyer, but was, in contrast, carefully preserved by the company.<sup>23</sup> The Transfer Books, of which an entire series has been preserved in the National Archives, were essentially made up of completed forms. One could ask if the transfer certificate could have been duplicated and if the buyer could have received this copy; but no indication of this has ever been found. In the many legal documents that exist, there is no mention of such use.<sup>24</sup> Also it should be noted that a transfer certificate differs from a security, since the share named in the certificate could be resold. All that I have just stated permits, in my opinion, only the following conclusion to be drawn: the company never issued securities. The shareholders identified themselves exclusively by the books of the company, namely the great book of shareholders and the books of transfer.

The only 'paper' received, from time to time, by those who bought and sold shares was an agreement of sale. It is doubtful that similar agreements were drawn up for cash dealings, but it was the law when the deals were a matter of a term sale. Towards 1629, models for term sales were available everywhere; a white space allowed for the inscription of the name of the company.<sup>25</sup> It must be noted that these were not legal documents but were for private use.

The absence of securities didn't, however, prevent the development of an extensive stock trade. The centre of this trade was the Amsterdam Stock Exchange. With a few exceptions, it was mainly the shares of the House of Amsterdam that traded regularly. This fact was explained with the requirement imposed on the dealers to present themselves in person at the time of transfer, which obviously made it difficult for residents of Amsterdam to partake in trading stock from other houses.

The demand for securities, with a view to their investment alone, can never in itself create active trading. This is achieved only with speculation, that is by the operations of those who buy and sell in order to profit from price differences. In the trade of wheat, very important in Amsterdam for a long time, speculation was far from uncommon. So it is not surprising that the first transactions entered into at the Amsterdam Stock Exchange were part of the same schemes.

The 'shares' of former companies had also been sold, but up to now no information has been found to document stock market transactions about them. It is with the creation of the Dutch East India Company that the first modern company appears. Its capital was divided into a large number of shares: those of the House of Amsterdam alone were worth 3 687 415 fl; divided between 1201 subscribers. Some of the capital was fixed but there were a good number of shareholders ready to sell a part of their total share if it was profitable for them. The unequal value of each share was obviously a significant obstacle to steady trade. But a large number of important shareholders, among them Isaac Le Maire, who had invested 60 000 fl., could, in subdividing their assets, offer shares at a fixed, round value. It is well known that, in the second half of the seventeenth century, all share trades were made with a nominal value of 500 Flemish pounds, that is 3000 florins. Documents prove that, a few years after the creation of the company, the Exchange preferred shares of this value; but shares of different values, always round, were also sold.

In documents, shares valid for ten years are always referred to. That meant that every ten years there was a projected closing of the accounts: the shareholders had to retake possession of their deposited sum, augmented by their portion of the profits. Afterwards a new ten-year subscription needed to be opened. Moreover, the grant certificate contained a clause stating that shareholders would receive a first dividend as soon as the bank recovered 5 per cent from the sale of cargo upon return. Mansvelt remarked that at the time of the creation of the company there apparently wasn't the slightest idea about the needs of a continuing company.<sup>26</sup> The first dividend wasn't paid until 1610; moreover, in 1612 the State excused the company from clearing the accounts and returning the deposits to the shareholders. This decision was motivated by the argument that the shareholders who wanted to could use the Stock Exchange to realize their returns.

Alongside the ten-year shares, the Exchange also sold shares in the 14 ships. I've already alluded to the fact that in 1602, 14 ships took to the open sea, for the accounts of a combination of directors and their shareholders. The management of this enterprise was separate from that of the company. These shareholders, who received their dividends well before those of the company, received a total of 265 per cent. Many authors wrongly considered this sum as a dividend; the initial capital deposited was obviously included in this figure.

At the beginning, a share with all the rights attached to it was considered an indivisible whole. That is, not only the right to future dividends was sold but also the dividends already paid, where the latter were included in the purchase price. A report from 1613 shows that the purchaser could fold back the purchase price by the value of the dividends already received, unless the share was already selling at a 'remaining' price. This explains the expression 'remaining shares' that we often see later. As the first dividend of the ten-year shares wasn't paid until 1610, this last complication had little impact on trading activities before then.

The shares sold not only for cash but also on term. This wasn't anything new in Amsterdam, since term sales had been the custom for trade in wheat and herring. It goes without saying that only term sales could serve speculative goals. Those who term sell don't need to have the merchandise in possession at the time of sale. This is why the 'white' sale of shares doesn't seem to be disappearing.

A few years after the foundation of the company, a large number of shares were bought and sold on term. This gave rise to complicated mutual obligations. It was clear that the settlement of the positions was occurring without the unwinding purse of the Exchange and that only the difference was being paid out in cash. The word 'rescontre' refers to this sort of trade. On this

point, it would be tempting to talk about the term market, but fixed terms of liquidation were not yet in use.<sup>27</sup>

### *Part II*

For several days following the 1602 subscription, and even before the payment, East India Company shares increased to 14–15 per cent above par. Then interest became weaker and the trading rate remained unchanged for several years at 103 per cent and 105 per cent. However, when good news arrived from the Indies – the occupation of the islands of Amboine and Timor and especially when the vessels from the Steven Verhagen fleet returned richly loaded in 1605 – the trading rate rose to 140 per cent. Over the course of the following year, optimism was bound. At the news – which turned out later to be false – of the taking of *Malake*, the shares even climbed to above 200 per cent. But in 1607 bad news arrived, and the trading rate fell to 158–160 per cent. In the two following years, the decline continued, so that in January 1610 the trading rate was quoted very low at 126 per cent at the time and at 131 per cent after a one-year term. At that time, there was once again a sudden turnaround. The news coming out of the East Indies improves; the vessels return richly loaded. The directors agree on a 75 per cent mace dividend, with a dividend of 50 per cent in pepper and yet another of 7½ per cent in silver to follow yet again in the autumn. It goes without saying that the trading rate then increased considerably.

It was especially in the spring of the year 1609 that the decline in the trading rate of the shares was the steepest. The directors believed that this phenomenon was due, not to natural causes, but to the intrigues of a group of decline speculators. They saw in this in particular situation the hand of Isaac Le Maire, whose negotiations with Hudson and with the King of France had not remained secret.

This is why – probably in the summer of the year 1609 – they addressed a petition to the General Assembly. They say that there is a conspiracy, a ‘dirty scheme’. The conspirators continuously sell large share portions which include a long term of one to five years for amounts which exceed what they own by several thousand florins.<sup>28</sup> At the time of delivery, they weigh down the trading rates by spreading unfavourable rumours. With much trickery, they sell for reduced amounts ‘shares often purchased by their own accomplices’ and at the same time they purchase large amounts at very low prices. This is to the disadvantage of a large number of shareholders, in particular widows and orphans, who let themselves be persuaded by the false rumours into getting rid of their shares. In addition, the agitators have sold such large parts that they will soon no longer be able to deliver. The directors even believe that ‘the general enemy has its accomplices among the important sellers’.<sup>29</sup> This is why they are asking the States to render impossible the blank sale of shares by decreeing that from now on the entry into the books will have to take place no later than one month following the sale.

This petition did not remain unanswered. ‘Several businessmen’ presented a request of their own in which they declared that the decrease in the trading rates was in no way caused by ‘dirty schemes’; it came about as a result of natural causes. Did the company not have a whole gamut of difficulties: the loss of the islands of Tengerate and Timor, the siege without success of *Malake*, and the sinking of several vessels?

Mr De Jonge had already used the two documents mentioned above and it was he who published them. However, I found a paper which, given the handwriting, was probably from the hand of Isaac Le Maire himself and which was most likely written in August 1609.<sup>30</sup> There is no indication to whom this document is addressed; it may have been intended for Oldenbarn-evelt, whom Le Maire knew, to inform him personally.

The author begins by listing the vessels which sank. He evaluates the loss at no less than 1 500 000 florins. Four vessels have just docked, but one of them, the *Ter Gouw*, still belongs to the 14 vessels. Of the other three, the *Ter Veer*, the *Ceylan* and the *Bantam*, part of the freight is destined for the consortium which equipped the 14 vessels. Based on this, the total value of the merchandise going to the company is less than fl. 1 800 000. The vessels are bringing a quantity of mace equal to the value of fl. 800 000, which, however, will not be able to be sold for five years because there is still a large quantity of mace in stock in the stores and even more is expected. The proportion that will be able to be sold annually should be estimated at most at 10 per cent and it should be taken into account that the quality tends to diminish.

Before the arrival of the vessels, the shares were being sold at 123–124 per cent cash and 134 per cent at a year; then they increased to 150 per cent at a year; but as soon as it was discovered that a part of the merchandise was intended for the group of 14 vessels, it reduced once again to 132 per cent cash and 142 per cent at a year, a price which exceeds the real value. The directors were irritated by the fact that the trading rate remained so low. They would have liked to see it increase to 180 per cent and even 200 per cent ‘as the shares have done in the past’. This is why they accused those ‘constantly busy buying and selling shares’ of trickery. Two years before, when the shares were trading at 180–200 per cent, many people with no business knowledge purchased shares ‘as soon as they saw that some directors were purchasing them as well, because the directors knew the right time’.

There was no reason to say that the decrease would be harmful to widows and orphans. As a general rule, those people kept the shares they had. If some of them were selling, ‘this was a service to other widows and orphans who, not knowing how to place their money, purchased new shares with the Company’.

The author believes that the directors were motivated by greed, for several of them purchased ‘large portions of shares at a very high price’. They knew that several of their colleagues were more reasonable and even sold part of what they owned. For some time, we find repeated several times the point made in discussions in the Assembly of the Seventeen – and again at the Assembly of 1 September in Middelburg – the question of knowing if the directors still own the required amount of shares. ‘The president must question them specifically regarding this.’ This proves that people were realizing the dangerous situation the company was in.

The States of Holland consulted with the Court of Holland and the Superior Court regarding the administrators’ request. It was about this consultation that the share merchants addressed the Court in January 1610. In this petition, they listed again the losses suffered by the company, which they valued this time at a million florins. They noted also that the large mace reserves piled up in the stores would not be able to be sold within the first few years. In effect, without authorization, the directors took considerable amounts of money as deposits, for which they had to pay 8 per cent in interest. It is therefore ‘clear as day that the share merchants are not the cause for the decrease, but that it can be found in the Company’s actual situation’. One would even be justified in saying that the current price was still too high. It was in fact the trade of shares which was maintaining the price. The authors see proof of this in the fact that the shares from the Rotterdam, Delft, Hoom and Ekhuiz Chambers usually are traded at 3–5 per cent less than those from the Amsterdam and Zeeland Chambers, because there one does not know business or ‘*rescontre*’. The term sale has always been allowed: ‘often herring was sold using term sales before it was even caught, wheat and other merchandise, before it was grown or before it was received’. Up until now the sellers have settled their obligations; several of the buyers, on the other hand, among whom one finds several directors, went bankrupt. The petition

requesting the forbidding of share trading is, in their opinion, related to individual interests: several directors bought, through term sales, shares for a large sum of money, and these people are already announcing 'loudly' that they are certain that the sellers will be unable to deliver them, 'adding to this the threat of kicking them out of the city if they do not follow through on their obligations'. The petitioners then insist strongly on the maintenance of the freedom of trade. If this freedom is reduced, it is quite likely that the trade of shares will move, as it is already no longer taking place in Amsterdam and Middleburg, but it also occurs in Hamburg, in Frankfurt, in Cologne, in Rouen and elsewhere.

As a supplement, they added to this petition a sort of report which was to show clearly the bad situation the company was in. It is very interesting that, among the liability positions, there is, besides the capital, a sum amounting to 26 per cent of the capital. We remember that the trading rate for the shares was at the time 126 per cent cash.

Just like Le Maire's paper, the two petitions on the part of the merchants show a wealth of knowledge, both of the commerce in the Indies and of the interior business of the company. It is not far-fetched to speculate that Le Maire had his part in the writing of these documents. One might ask: how did Le Maire get his hands on such precise data regarding the company? I believe the solution to the problem lies in the fact that the head accountant for the company was also an enemy of the directors. This person was a certain Barent Lampe, cited by the Minister of France as being among those who were ready to support Henry IV's enterprise.

The petitions were without success. On 27 February 1610, an ordinance was promulgated banning the blank sale of shares. This is therefore an absolute ban on selling shares that one does not own. The shares sold must be transferred no later than a month following the sale. The intention was not, however, to make term sales impossible. But the proclamation specified that, when it was decided to defer the payment until a later date, the seller would keep, regardless of the transfer, 'mortgage rights' over the shares sold. There is one point, however, where the directors were not able to impose their will: they had wanted the obligation to transfer no later than a month following the sale to be applied to current contracts as well. But the proclamation does not speak of such a decision, which would have caused great difficulties for blank sellers.

The documents mentioned above leave no doubt as to the fact that 'decline speculation' and blank sales existed on the Amsterdam Stock Exchange in 1609. But should one conclude that there existed a real bear speculators *organization*, a 'dirty scheme', as the directors say? A happy discovery made in the legal archives enables me to prove that the accusation was well founded. On 11 February 1609, Isaac Le Maire and eight other merchants founded a society which had as its goal to trade East India Company shares at their common expense. Their collaboration was to last several months, until April at the latest. Reinier Lems<sup>31</sup> was appointed accountant. The goal was as much to buy as to sell shares. The associates were to meet two or three times a week. The one put in charge of buying or selling something for the society was to give account of his dealings at the next meeting. It is not certain whether they operated with a fixed capital. But it is mentioned that Le Maire had four-fifteenths' interest in the business. He was followed by Hans Bouwer with two-fifteenths, with most of the others only interested for one-fifteenth. The society is listed under the name 'the big company'. One would therefore be tempted to conclude that there also existed a 'small company' of the same type, but until now no trace of one has been found.

Unfortunately the founding act has never been found. What I have just said was revealed through several acts dated 1610 and 1612, relating to dissension between the associates regarding the way the business was run. One of these acts states that on 28 March 1610, which is to

say one month after the promulgation of the proclamation, the associates made the decision in one of their meetings 'never again to sell to profit their company, but to "resconter" only the parties who are yet to receive with the parties who have yet to deliver'. This passage is important because there is already mention of liquidation, which would later become one of the essential elements of the term market. The term 'resconter' is also found in one of the petitions from the share merchants.

Le Maire's company was without a doubt a secret organization. The business was always done in the name of one of the associates. One of them, named Steven Gerritsen, lived in Dordrecht. The accountant Reinier Lems, who was sometimes given the title of 'director', bought and sold in his own name. The term sale was still being done using a private agreement. A notary public was only contacted if one of the two parties did not fulfil his obligations. I published a great number of the legal notices in the *Annals of Economic History* ('Isaac Le Maire en de handel in actien der Oost-Indische Compagnie', *Economisch-Historisch Jaarboek 1930*: 1–165).

The term sales are often rather long, sometimes of several months, almost always of two or three years. In his paper, Le Maire says that the shares were again at 180–200 per cent in 1607, whereas in the summer of 1609 they were only at 132 per cent cash and 142 per cent with a one-year term. The second petition by the merchants lists a trading rate of 126 per cent cash for January 1610. The legal acts confirm that this information is correct. In the spring of the year 1607 people are selling with a three-year term with 112 per cent in advance, which means it is at a trading rate of 212 per cent; in September people are only selling at 183 per cent with a three-year term. In spring 1609, trading rates are quoted as being at 155–6 per cent at two years; in August the trading rate is of 140 per cent at one year; in October, 144 per cent at two years; in December, 133 per cent at six months. These data are very incomplete, but at least they give a good idea of the considerable decline in the trading rates, although one might expect to see an even stronger decline. De Jonge was of the opinion that the shares were below par, but this is incorrect. The word 'advance' obviously means the profits.<sup>32</sup> Is it in fact possible that, from the year 1608 to the year 1610, the shares were above par? In 1612, the ten years of the first application would be finished and then shareholders would be able to take back their money if they wished to do so. People had become a little less optimistic with regard to the profits, but no one was thinking of the possibility of a loss of a part of the capital.

However, in 1610, the trading rate increased considerably once again; in July and in August it was at 152 per cent and 156 per cent and in spring 1611 it even reached 200 per cent.<sup>33</sup> This increase is related, on one hand, to the favourable news coming from the Indies and, on the other, to the announcement of the distribution of the dividends to the shareholders. In all likelihood, the decision made in April 1610 by the directors to distribute 75 per cent in mace can mainly be explained by the hope they had of stopping the decline of the trading rates.<sup>34</sup> The company had very little money available but had much merchandise, which was impossible to sell at a reasonable price. In the autumn the shareholders received yet again 50 per cent in pepper at the same time as 7½ in silver.<sup>35</sup> In 1612 there followed the distribution of 30 per cent in nutmeg. The right to receive merchandise they could not sell was obviously a doubtful advantage for the shareholders. Also, most of them did not seem to have exercised this right. Several years later, the spice market had much improved. The company was then able, little by little, to sell its stocks. To the shareholders who did not accept the distribution of merchandise, the same percentage, 162½ per cent, was distributed in silver over several terms during the years of 1612 to 1620.<sup>36</sup>

During the year 1610, the contributors to the decline found themselves in very big difficulties. The shares purchased with a one-year term had expired and, following the increase in the trading rates, they were forced to buy them at a higher price. But they were also burdened with regard to the contracts that had not yet expired. For, in the trading of shares, it was a rule that the shares be sold, including dividends. The buyers were having the sellers warned, using a legal act, that they would have to take delivery of the mace and the pepper to profit the buyer and that, if this didn't happen, they would themselves subtract the dividend already distributed in silver from the purchase price at the time of delivery. In addition, the buyers usually required the sellers to prove that they actually were in possession of the shares sold. Le Maire and the other contributors to the decline declared with good reason that nothing forced them to do this. Despite this, Le Maire declared that he was registered in the company's book for an amount higher than 87 000 florins. The other contributors to the decline, who apparently did not hold an interest representing a big sum of money, were smart enough to remain silent.

When the contributors to the decline saw that the game was lost, they tried to liquidate the then current contracts. Instead of delivering the shares, people were content most often to pay the surplus, the difference between trading rates, which had to be settled later.

In the months of April and May 1610, several of the contributors to the decline declared bankruptcy, including Hans Bouwer, Harmen Rosenerans, Reinier Lems and Jacques Damman.<sup>37</sup> Soon the situation became even more difficult when it surfaced that Hans Bouwer and his brother Jasper were convicted of fraud: they had transferred shares for a total value which was well above the amount of their interest in the company.<sup>38</sup> The fact that this was possible despite all the required formalities was due to their complicity with the accountant from the Barent Lampe Company, whom I mentioned above was working with Le Maire. In accordance with the practice, two directors assisted with each transfer; however, since they had total confidence in their accountant, they neglected to check if the person completing the transfer really held interest in the company in the amount being transferred.

Despite the irrefutable proof of fraud, those who had been registered in the company's books in this manner claimed to be recognized as shareholders, which the company refused to do. A long trial, whose outcome we do not know, was born from this dispute.

One of the documents relating to the trial contains the following testimony, given by the directors, regarding the Bouwer brothers. In their opinion the purchasers should have avoided any relationship with people whom they knew intended to pillage the prosperity of the company, and whose meanness was proven in, among other things, their behaviour when they were in Amsterdam at the Doelen with several others of their associates and several vessels returning from the Indies were in great difficulty near the island of Texel following a storm: they drank a toast while singing 'The vessels have sunk, the crew was saved, let's drink to that!'<sup>39</sup>

The purchasers (say the directors) let themselves be seduced by the hope of making a profit, thanks to the difference in trading rates, even though they should have known about the doubtfulness of the Bouwer brothers' solvency. In particular, the fact that the latter were acting out of desperation made it certain that, if the price of the shares did not decline considerably (either by accident or because of trickery), they were ruined. 'For having sold for purchase [*sic*] numerous long-term shares, they had as their goal to bring down the trading rates – by buying large portions of shares at modest prices – and thus to buy, before the expiration date at a lower price, the shares already sold, which would enable them to make a considerable profit'.<sup>40</sup>

Hans Bouwer was not only a brave speculator, he was also an impostor who, in a very clever way, led the purchasers to believe that they had come into possession of the shares by legal

means.<sup>41</sup> All of this does not give us a very high opinion of the people who were Le Maire's associates in the 'big company'.

It would seem that the losses the 'big company' suffered were not too great; one of the acts gives an approximate figure of fl. 45 000. But the personal losses seem to have been worse, with several bankruptcies following, including that of Reinier Lems, who was the accountant for the 'big company' but had never actually become one of the associates.

Thus we can conclude that in 1609 there existed on the Amsterdam Stock Exchange a 'dirty scheme' led by Le Maire.<sup>42</sup> The sentences defining the 'big company's' goal seem quite innocent; but, when one considers them in relation to the rest, one must note that the company had as its goal to cause the decline by artificial means. Everything leads to the belief that the manner in which the directors presented matters was overall correct. The associates did in fact sell as *in blanco* large portions of shares. The fact that they tried to lower the trading rates by spreading worrying rumours is also no doubt true. Nevertheless, it is certain that they negotiated share trades among themselves. This also confirms the complaint from the administrators, who accused them of having negotiated small portions of share trades among themselves in order to reduce the trading rate and thus to be able to buy at an advantageous price.

However, for their part, Le Maire and his friends are probably right when they say that it is the fate of the company which decides the increases and decreases. If, around 1609, there was any reason to worry, the speculators seem to have exaggerated. They were basing their claim, it is true, on a factor they could not mention in their request, which was the hope of success of the negotiations of Le Maire with Henri IV! Ludwig Samuel exaggerates, however, when he says that 'the speculators claimed to know much more about business than the directors of the East India Company'.<sup>43</sup> If it is true that the directors exaggerated the influence the speculation had on the trading rates, it is certain on the other hand that the speculators can, using well-thought-out manipulations, have an influence for some time on the trading rate. In addition, in the trading of shares, the 'big company' can be considered as the prototype of a well-organized association aiming at decline.

Most of the members of the 'big company' probably had no other goal than to make a nice profit. However, Le Maire had something else in mind. Following the failure of his negotiations with Hudson, he had, as I mentioned above, suggested to the Minister of France to send out another experienced explorer, a suggestion which was met with enthusiasm and which strengthened the project to found a French Company of the East Indies. In his paper addressed to Oldenbarnevelt dated 24 January 1609, Le Maire fought with numerous arguments the directors' request asking for an extension of the concessions on the deltas which remained to be discovered; the company had wanted to take on too much and was thus unable to dispense its true functions; instead of broadening them, its grants should have instead been reduced; next to it, there needed to be room for other companies.<sup>44</sup> Just when Le Maire was taking care of this opening of the way for the foundation of a competing company, the 'big company' was doing its work! One can't help but think that, in contributing to the decline of the shares, Le Maire wanted to confirm the assertions that the company was being badly administrated.

His projects failed. Henry IV's death removed for a long time the possibility of founding a French company. Van den Kerckhove's voyage brought no results. In 1610, the company's shares increased instead of declining.

In the spring of the year 1611, Le Maire leaves Amsterdam to settle permanently in Egmond. There is only one document stating that he is no longer able to settle his delivery obligations; but nowhere does it mention anything about bankruptcy. He seems to still hold some assets but

he can't have access to them. He still holds an interest in the company in the amount of 3000 Flemish pounds (fl. 18000) but based on the 22 February 1605 contract, the directors refuse to transfer them. He is also disallowed the distribution of what is his of the products from the eight and fourteen vessels. The directors bring up at length a lawsuit against him.<sup>45</sup> In March 1613, Le Maire asks the business community to take appropriate action so that the differences can be resolved by arbiters, but they let him know, through Reinier Pauw, that they can do nothing for him and that they 'do not wish to establish any relationship with him'. The anonymous author of the letter communicating the refusal to him – probably his brother, Pastor Johannes Le Maire – attributes the unfavourable results to the influence of the directors whom everyone tries to flatter. These are 'mean and enraged' people who are very unfair to Le Maire. The author even claims that they increased the share trading rates 'by sinister and dishonest means'!

If you believe the request, Le Maire had lost over fl. 1 500 000 in 28 years. But despite all the losses and all the disappointments, he does not lose hope. In 1614, with a few notables from Hoom, he founds the 'Australische Company' (Southern Company), which equips two vessels the following year. One of the two captains of this expedition is his son, Jacques Le Maire.

During this expedition, a new delta is discovered and given the name of Le Maire, and he was thus saved from being forgotten. But no sooner had the vessels arrived in the Indies than they were confiscated by the governor general Jan Picterszoon Coen, who acted upon orders from the directors. During the return trip, Jacques Le Maire dies. When the vessels return in 1619, Le Maire goes in person to the meeting of the States General to share the important discovery. Bakhuizen rightly notes that, after so many afflictions and disappointments, this day must have been for Le Maire a day of triumph. He must have also felt some satisfaction from finding out that the trial regarding the confiscation of the vessels had been won by the Australische Company.

As can be concluded from several legal acts, during the years 1619 and 1620, Le Maire once again made efforts to obtain the payment of the amount he believed to be his. This was still the 3000 Flemish pounds representing his interest in the company and his share in the profits from the Van Heemskerck and Van Warwijck expeditions. He had even been deprived of the 162½ per cent dividend.

Le Maire constantly bothers the directors with legal notices. In order to settle his previous commitments, he must still deliver shares and, for this reason, requests free access to his portion.

The directors are not very obliging. Referring back to the contract of 1605, they continue to refuse free access by Le Maire to his portion. They agree to pay him the dividends that are owed him from the three different companies, on the condition that he commit in writing not to undertake anything, either in Holland or abroad, that would be contrary to the interests of the company. He therefore still seems to be considered a dangerous man!

Le Maire refuses to accept these conditions. The 3000 Flemish pounds representing his interest in the company, he had sold several years ago. He refuses to sign the declaration as it is submitted by the directors, which would be contrary to the Charter granted to the company, even though he is prepared to promise not to do anything. He adds that he has in fact never violated this concession. Basically, he is stating that he is ready to reveal to the directors 'several secrets on trade in the East Indies, which could be useful'. He believes that the differences must be decided by arbiters.

Le Maire wrote these papers with much skill. A few times he takes on a threatening tone: he could reveal some things which would be very disagreeable and compromising for the direc-

tors. The company is powerful, but one knows ‘that a mouse can very well tease an elephant’. However, his threats have as little effect as his promises. He then tries to get at his enemies through feelings: he is getting old, he is tormented by alcohol, his finances are in very bad shape, and he has under his responsibility an ‘excessive number of children’. But his call to ‘Christian charity’ is also without success. The directors remain in haughty silence.

It is only following renewed efforts from the notary, van Banchern, with the East India Company that Le Maire finally receives a response: an absolute refusal. The directors claim they had nothing to do with the Van Heemskerck and Van Warwijck expeditions. As for his 3000 Flemish pound share and the dividend, they refer not only to the 1605 contract but also to the fact that these amounts have already been seized by Le Maire’s creditors. Nor do they forget to remind him of the embezzlement and of the ‘sinister’ trickery schemed against the company. Even the intervention by Prince Maurice does not make them more acceptable. The suggestion of arbitration is declined, but the directors claim to be prepared to resume the 1611 trial.

Le Maire stands firm and finally addresses the Assembly of the Seventeen with a detailed paper. He even claims to be ready to make a solemn promise not to undertake anything that would be contrary to the company’s interests, which is therefore more or less the declaration he had at first refused to make. But the highest-placed college of the company does not seem to have been favourable to him. No one knows if Le Maire ever received any dividends, but it is certain that he was never able to avail himself of the 3000 pounds.

A few years after this futile feud, in 1624, Isaac Le Maire dies at the age of 65 years. A strange epitaph was carved into the headstone at his grave, which is located in village church of Egmond-Binnen. ‘Here lies Isaac Le Maire, merchant, who, during his activities over all the parts of the world, by the grace of God, knew so much abundance that in thirty years he lost (save his honour) more than 150,000 florins. Died as a good Christian on September 20, 1624’.<sup>46</sup>

Referring to the request of 1613 in which Le Maire claims to have lost, over 28 years, 1 600 000 florins, Bakhuizen demonstrated that in the epitaph a zero is missing in the number and that it should have been a million and a half. The epitaph is still strange because it shows to what extent Le Maire and his family wanted to show that his honour had remained intact. It is hard to judge whether or not this was the case. Isaac Le Maire is an interesting figure, not only from an economic, but also from a psychological, point of view. He was certainly not a vulgar rogue, but it is difficult to see him as an innocent victim of the directors’ meanness as he liked to show himself to be. Though the embezzlement accusation at the time of the equipping of the 14 vessels may have been a bit exaggerated, it did not seem to be without foundation. Later, also, his actions and his words are ambiguous and suspect to a high degree. However, it is impossible to take away from Le Maire the honour of having been one of the most active and energetic merchants in the days of a budding international trade in Amsterdam.

## Notes

- \* This chapter provides an English translation of van Dillen (1935), originally written in French and translated by Asha Majithia, with an introductory section and assistance by Geoffrey Poitras.
- 1. A document from 21 October 1599 states that Le Maire was 40 years old (Noordkerk, *Handvesten van Amsterdam*).
- 2. A treasury bill according to which on 26 December 1586, Isack de la Mer lent the sum of 75 fl. to the treasury shows that Le Maire was in Amsterdam towards the end of 1586.
- 3. It is incorrect for Bakhuizen to state that he was never a citizen: cf. Civil State B, f. 230v: Isaack la Meer of Antwerp, businessman, took his oath of citizenship on 19 February 1601.

## 62 *Pioneers of financial economics: volume 1*

4. This man, whose name can also be written as de le Beeque or del Beecke, found himself among the first directors of the House of Amsterdam of the Dutch East India Company, whereas he was not among the directors of the former company. Later on he was among the adversaries of Isaac Le Maire.
5. Bakuizen's study first appeared in *Gids* in 1869 and was later inserted in *Studien en Schelsen*. It can also be found in *Historisch Leesboek* from 1906, edited by Professor Brugmans of Nijhoff.
6. Archives of the Reformed Church of Amsterdam. *Minutes of the Consistory*, vol. III.
7. It was learned that Isaac Le Maire had promised his daughter to a young man from Antwerp and that she would settle in that city, which would have caused a scandal. The Pastors Hallius and Middlegeest would have admonished him about this.
8. This declaration can be found in *Pieter van Dam's Beschryvinge van de Oost-Indische Compagnie* (Pieter van Dam's *Description of the East India Company*), ed. by F.W. Stapel, vol. I, p. 227, *Bijks Geschiedkundige Publicatien*, series, no. 63.
9. Both Bakhuizen and De Jonge saw Lyntgens as a successful businessman but Dr Yzerman showed that, at the time of his meetings with Henry IV his finances were in a deplorable state.
10. See, along with the articles by Bakhuizen already cited: J.K.J. de Jonge, 'De opkomst van het Neederlandsch gezag in Oost-Indie' ('The rise of the Dutch authority in East India'); also H.G. Murphy, *Henry Hudson in Holland*, re-edited by Nijhoff in 1909; and Honourable S.P. Naber, *Henri Hudson's reize onder Nederlandsche vlag, Ouvrage de la Societe Linscholoen*, vol. XIX.
11. There is a good edition of this correspondence of Jeannin by M. Petitot, Paris, 1822.
12. Hessel Gerritszoon speaks in passing of 'an unfortunate voyage of Kerchhoven for Isaac Lameir': cf. Honourable S.P. Naber, *Henri Hudson's reize*, p. 24.
13. National Archives at The Hague, 618.
14. In 1601, and again in 1604, Le Roy took a voyage to India for the Zealand Company. He tried to create at Rouen a company for navigation to the Indian sub-continent: see M. Weber, *La Compagnie Française des Indes*.
15. He presented himself as being fond of France, being a native of Tournai where the residents all have the fleur-de-lis in their hearts. Three of his brothers, settled in Spain, Portugal and Italy, had to take part in the project. See *Negociations du president Jeannin*, ed. Petitot, vol. III, p. 280.
16. Since De Jonge didn't know anything apart from the letter from 25 December, he overestimated the success of Aerssen.
17. National Archives, General Assembly Suite 62.
18. See my article in *Tijdschreeft voor Geschiedenis* 1930, vol. IV, entitled 'Nieuwe gegevens betreffende de Amsterdamsche Compagnieën van Verre' ('New information regarding faraway Amsterdam companies').
19. Cf. F.W. Stapel, *Economisch-historisch Jaarboek*, vol. XIII, p. 240.
20. S. van Brackel, *De Hollandsche Handelscompagnieën der seventiende eeuw (The Dutch Trading Companies of the Seventeenth Century)*.
21. M.F. Smith, *Tijdsaffaires in effecten aan de Amsterdamsche beurs (Trading for Time in Financial Securities on the Amsterdam Stock Exchange)*, p. 35.
22. F.W. Stapel, 'Aandeelbewijzen der Oost-Indische Compagnie' ('Share scripts of the East India Company'). *Economisch-historisch Jaarboek*, vol. XIII, p. 240.
23. Smith, *Tijdsaffaires*, p. 32.
24. In the shareholder inventory of the company there is no mention of transfer certificates. Only once did I find, in similar inventories, a general receipt.
25. The East or West India Company.
26. W.M.F. Mansvelt, *Rechtsvorm en geldelijk beheer bij de Oost-Indische Compagnie (Legal Structure and Financial Administration of the East India Company)*.
27. I've spoken before of the term market in an article in *The Economist*, 1927. All things considered, I felt it was better to avoid this expression.
28. Notarized stock was never written with a term of greater than three years.
29. This accusation was probably not true. Nothing seemed to have come from it.
30. The vessels named in this paper arrived at the beginning of August. It was another question for the next Assembly of the Seventeen in September. The record is published in *Economisch-historisch Jaarboek*, Vol. XVI.
31. Reinier Lems was originally from Anvers.
32. A sale of 31 0/0 of 'advance' signifies a trade of 131 0/0. This is what M. De Jonge did not understand.
33. These trades were of stocks where the dividend had not yet been distributed.
34. Already by 1609, 30 0/0 was offered to the shareholders, not as a dividend, but to buy them.
35. The shareholders could not receive payment unless they also accepted pepper!
36. Cf., *Pieter van Dam's Beschryvinge*, vol. I, p. 434.
37. The contributors were composed not only of members of the company, but also of many other people. Jacques Damman, of Anvers, married, in 1607, one of Isaac Le Maire's daughters.
38. *Pieter van Dam's Beschryvinge*, vol. I, p. 149. Hannen Rosencransm, Jacques van de Geer and Corelis van Forest were convicted of the same fraud, but for a considerably lower amount. The total equalled 39 000 florins.

39. Place of recreation for the nobility.
40. This quote was borrowed from a collection of pieces of a lawsuit, relating specifically to competition between the 'Magellaansche Compagnie' and the East India Company: Library of the Municipal Archives of Amsterdam.
41. Hans Bouwer was once part of the India Company. He took part in the voyage of De Houtman as second officer or candidate of the navy, while it had been the expedition of Jacob van Neck as first officer. Cf. M. De Jonge, 'De opkomst', II, p. 188 and 204.
42. The events of 1609 didn't take place at the stock exchange built by Hendril de Keyser, as M. Bakuizen believed. This didn't open until 1611. Before the opening of this exchange people gathered at the *Nieuwe Brug* (new bridge) or, when the weather was bad, in the *Oude Kerk* (Old Church).
43. Ludwig Samuel, *Die Ejjeklenspekulation im 17 und 18. Jahrhundertl. Ein Beitrag zur Borsengeschichle (Stock speculation in the 17th and 18th centuries. History of Stock Exchanges)*, Berlin, 1923.
44. This exposé was published by De Jonge, 'De opkomst', III, p. 364.
45. The records of Amsterdam from this time were only partly conserved, so that one finds nothing more about this lawsuit brought in front of the aldermen of Amsterdam.
46. A second epitaph revealed that his wife Maria Walraven, mother of 22 children, had already died in 1621.