

THE COMMERCIAL ACTIVITY IN SRI LANKA DURING DUTCH OCCUPATION : 17TH AND 18TH CENTURIES

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Introduction

Sri Lanka is strategically important country in South Asia and strategically located in the Indian Ocean. It provides facilities for the nations from the Far East and west Asian regions could easily arrive there. The abundant natural resources and the location in the Indian Ocean were very conducive and attracted the foreigners, specially the Europeans. We could easily identify the attractions through the different names given to Sri Lanka by early travelers and from other foreigners note. After closing of Constantinople in 1453 A.D, the Europeans started to appear in the South Asian waters. At this juncture , in the 16th century, the Europeans, for their political, economic and religious promotions came to Sri Lanka. The Europeans wanted to enhance the economic prosperity through the spice abundantly available in this region and propagate the religion Christianity. They wanted to achieve these through the political power.

The Arrival of the Dutch

The Portuguese arrived in Sri Lanka(in 1505) before one hundred and fifty three years and had fulfilled their ambitions. In 1658 the Dutch brought the country under their control from the Portuguese and held it for one hundred and thirty eight years. The Dutch captured most of the Portuguese bases in Sri Lanka. They followed the socio- economic, politics and administrative set-up of the Portuguese and utilized them for their benefits. This enabled the Portuguese to promote their economic activities in a greater way. Further, the Dutch established the Dutch East India Company and carried out their commercial activities. Through this it was very well understood that the Dutch established the Dutch East India Company and carried out their commercial activity and established their political control over the Eastern regions for their economic prosperity. The superior economic resources and the Naval Power of the Dutch enabled them to take over the domination of the Indian Ocean particularly in the waters around Southern India and Ceylon. The Dutch mastery was established for a long time.

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The Relation with the king of Kandy

The entry of the Dutch into Indian waters in the beginning of the 18th century with hostile intentions against Portuguese commerce and power seemed therefore timely. The King of Kandy the Rajasingha 11 wanted to expel the Portuguese and had sought the alliance of the Dutch. It was only in 1638 after consolidating their power in Batavia that a long dialogue resulted in a definite alliance between the Dutch and the King of Kandy. By a treaty signed in this year the Dutch promised to assist the King in his War with the Portuguese, and in return the King granted them the monopoly of the major articles of the trade and a repayment of expenses incurred in the war. This treaty was similar to many other treaties the Dutch contracted with Asian Kings against the Portuguese. The Kings was desperate to get rid of the Portuguese, and prepared to sign away a trade monopoly in return for necessary naval and military assistance. For the Dutch, the islands Cinnamon was the great price, for the seventeenth century cinnamon had become a most prosperous spice in European trade, and its prices and sales increased immensely.

The Dutch and the king of Kandy maintained a good relations and expelled the Portuguese little by little from their strong holds in the island.

In 1635 AD - The Dutch took The Eastern coast ports of Trincomalee and Batticalloa

In 1640 AD - From the West the strong forts of Galle and Negambo were captured.

A truce was concluded in Europe between the Dutch republic and the Portuguese. This was declared belatedly in Sri Lanka in 1645AD. The king of Kandy became increasingly suspicious of Dutch intentions in Ceylon. The Dutch put a halt in the places which they had captured from the Portuguese. They demanded the King to pay large some of money for this when the truce was ended and hostilities were renewed in 1652 and they patched up the quarrel between them.

They were able to press the Portuguese and finally in 1656 expelled them from every inch of the South West of Ceylon. Finally they captured that region in 1656. Through the quick expedition to the North in 1658 they had easily annexed Jaffna and Mannar.

The Commercial Policy of the Dutch

The Dutch commercial policy was entirely differed from the Portuguese (Through strategic points). The period of Dutch rule was of a great significance to Sri Lanka's economic development. It was during this time that decisive step were taken towards the incorporation of the island into the emerging

world economy. The Dutch had desired to control the areas that produced valuable spices and there by master their supply. They operated this policy in Ceylon and took over the rich cinnamon lands of the coast as well as the outlets for the spices.

The Dutch East India Company (VOC)

This Company was a joint stock corporation and formed in 1602 A.D primarily for the purpose of Eastern trade and commerce in the Indian Ocean and it was ready to assume sovereign rights of many parts of Asia. The headquarters of their Asian administration was at Batavia, Java

where the Governor General and his Council lodged. The Governor was the chief executive officer and the council of officers assisted him. His authority extended overall Dutch territories in the coastal island and the ports along the fishery coast on the mainland across the straits. The island was divided into three large administrative Provinces centered around Jaffna, Colombo and Galle.

Their clear economic policies helped them to control over the administrative machinery. Their main intention of their economic policy was "to gain more profit within a short period". They wanted to get more profit within their administrative controlled areas. On this basis the following methods were adopted:

1. Wanted to increase the products from the native resources, increase the internal products in order to maintain the internal money exchanges.
2. To avoid the dependence from other countries.

Though the economic benefits were prioritized, their economic activities in the 17th and 18th centuries no doubt improved the economic conditions of Sri Lanka.

The Dutch adopted the three tire economic systems to improve their economy, the trade, the agriculture and the industry. But they gave importance to the trade and developed the other sectors in connivance with it. They concentrated in the foreign and internal trade.



The Administrative Policy

As per the policy of Dutch East India Company (VOC) the headquarters has carried out the administration and the trade in the South Asian region. Through the administration, the Dutch wanted to gain the maximum profit in the island's economic sources and this created a remarkable period in the economic history of Sri Lanka. They not only established a good commercial network between the European countries and the oriental nations and also gave importance to the trade in their administration and politics.

The government of Ceylon received its instructions from the Batavian government and it coordinated its Dutch policy and activities in the East. The administration over the island by the company was divided into trade, civil and military. The trade officials were responsible for the trade related activities. The key officials were Netherlanders and the subordinates were natives. The native officials had functioned as the intermediaries between the Dutch high officials and the natives. This was motivated that the Dutch pursued clearly defined economic policies required to have a greater control over the administrative machinery.

The Governors who were responsible for the island had played key role in drafting economic policies and change of policies according to the situation. They had to carry out the orders from Holland.

The Governors Van Goens and Maet Suyker were very much concerned about the implementation of the economic policies in Sri Lanka. The Governor Gollennesse was responsible to get the order from Batavia to get the land for alternate to the Coffee cultivation. There were conflicts and criticisms of the Dutch Governors regarding their economic activities especially Van Goens agricultural activities were highly criticized. During Van Imhoff's rule there were economic fluctuation in the island. The Dutch relaxed their economic policies when the commercial ships of Britain and France appeared in the Indian Ocean. At the same time they maintained their accounts though there were some corruptions.

Economic Sources

In Sri Lanka, there were good number of economic sources in the 17th and 18th centuries. They were natural resources and cultivated or produced by the Dutch. For their lucrative trade there were Red and Blue precious stones, diamonds, Marsh lands, Cinnamon plants, common plants, spices and Elephants in plenty.

Cinnamon, cardamom, pepper, areca nut, pearls, diamonds, elephants, paddy, cotton, chaya root, cloths, salt, timber, coconut, coconut oil, ropes of coconut fibers were the main commodities of the Dutch. Many of them were exported from Sri Lanka. Few goods were imported. They had the full control of the exported and imported commodities and thereby to achieve the profit in the commerce. But they primarily concentrated in the export trades of Cinnamon, pepper, cardamom, arricunuts and elephants.

Cinnamon

The rain fed commercial crop cinnamon became one of the most lucrative and profitable spice export trade from Sri Lanka. The Dutch had mainly concentrated in the spice trade. The Sri Lankan cinnamon trade had gained popularity in the European markets because of its quality and value. Cinnamon was grown naturally in Kotte and in Kandyan kingdoms as well as from the coastal areas of Chillo to Matara. The Dutch were very careful in getting processed the Cinnamon. They even very diplomatically handled the political situation of Kandy and Kotte in order to get the Cinnamon without any disturbances. There was a separate administration for getting the Cinnamon in proper way. A separate official were appointed to collect the Cinnamon and the *Chalias* (peelers) who peeled the Cinnamon.

The Cinnamon department became even more important than before. It was headed by a Dutch officer but the native organization was maintained. The annual demand for the European and Asian markets were calculated in advance and the officer in-charge apportioned this demand among the *Chalias* of the different villages through their headmen. The demand tend to increase every year and it was necessary to keep the *chalias* a skilled labor force at maximum strength, Prices also tended to increase in the 17th century and so the cinnamon which was collected at negligible expense from Ceylon was a great source of profit to the company. The demand for the cinnamon in Europe and Asia was 5:1 and the Dutch decided towards the end of the rule to cultivate cinnamon plantations around Colombo.

The Dutch sought to monopolize its trade to get more profit from the cinnamon trade with their superior Navel power and control of the seas the Dutch had this trade at their mercy. They adopted the following methods to gain profit over their trade.

1. Kept the Cinnamon growing areas under their control and vigilant.
2. They had the control and vigilant over the cinnamon exporting ports and other ports
3. They ordered the local companies to give cinnamon to the Dutch only
4. All who come to trade in the island had to carry Dutch passes and confine their trade to one of the larger ports Colombo, Galle or Jaffna.

The Cinnamon trade clearly showed the Dutch commercial ambition in Sri Lanka.

The other Commodities

The Dutch not only concentrated in cinnamon to gain monopoly on their trade, but also gained control over the other commodities.

Pepper:

The Dutch were more interested in getting of pepper. They lost the Malabar pepper trade and wanted to gain it from Sri Lanka. They tried to cultivate it in 1720 in different parts of the government controlled areas in Sri Lanka. The Ceylon pepper was in good quality and they put a bar for private pepper trade in 1739. Governor Gollense had concentrated on pepper trade.

Cardamom:

The cardamom also attracted the Dutch because there was a demand for cardamom for 1000 £ every year in Europe.

Areca nut:

This was also gained the attraction of the Dutch and they profited from this trade. Though the Dutch held the monopoly of the export of areca nut in 1670, they cannot handle it all alone and permitted the private individuals to export it in 1697, But they had to pay 1/5 Rix dollars for every annam. At the same time the internal individuals were barred from purchasing it. The Dutch faced some problems time to time in areca nut trade.

Elephants:

The elephant export fetched high value. Elephant must have been a valuable trade commodity from the period of the Jaffna kings. The Dutch had continued after the Portuguese. It fetched high prices in the 17th and early 18th centuries because of the demand in the Mughal empire and the Nayakdoms of the South. During the peak of the trade they fetched annually up to 200,000 Dutch florins. Buyers were the wealthy merchants of Bengal, Golconda and Tanjore who paid in Silver and Gold coins. Under the Dutch the export of Elephant was a Company monopoly and the proceeds were credited to the Dutch treasury. But it created a large deficits in the second half of the 18th centuries and caused a shortage of money in the country.

TOBACCO

Another item that brought cash into the country was tobacco. There must have been some cultivation in 17th century. But only in the 18th century that this product reached the heights. It became an important article of export and

occupied an important place in the economy of the peninsula. There was a burgeoning demand for Jaffna Tobacco in South Malabar –A report of 1783 provides some detailed statistics of this trade. It appears that annually from one million to 1,300,000 pounds of Tobacco leaves were exported from Jaffna. The best quality Tobacco had fetched about Rs. 120 per candy (of 500 pounds) it was called as Queen of the cash crop in Jaffna and made a revolution in the Jaffna economy.

Pearl Fishery

This provides a lucrative income to the Dutch state and also brought moneys in to the country and generated economic activity when a fishery was on. It was a seasonal and depended on how well the pearls grow and matured. Near Ormus in the East Cinam bay, and between Kanniya kumari in South India and Sri Lanka. The wealthy buyers of pearls from India, Persia and Arab ports came to Mannar to buy pearls in 1753, the revenue from fishery held off the coast of Arippu was Rs.60,500.

Agricultural Activities

These were many external reasons for the Dutch to involve in the agricultural activities. They brought the rice for military from Bengal, Coromandal coast, Tanjone and Mathurai. They thought that, it would be beneficial if they produce this rice in Sri Lanka. Thus, they stopped providing rice to the armed forces and made them to produce rice. They converted the barron lands into a crop growing lands. They brought the slaves from south India and involved them in the agricultural work. Thus showed their interest over the agricultural development. The Dutch followed the traditional and the modern agriculture system in the paddy cultivation. The Governor Van Goens had concentrated in this agriculture. During 1665-1670 A.D the Dutch highly profited from this paddy cultivation.

The Dutch cultivated other crops like cotton, chaya root, coconut and they try to increase their profits. They got much profit from Mannar, Poonerian and Vanni regions. The Chaya root was cultivated in Karainagar, Mannar and Vanni claimed high demand.

Irrigation Development

To increase the agricultural products the Dutch concentrated in the irrigation development. The knowledge they gained in Holland regarding irrigation techniques helped them to carry out this system in Sri Lanka. The abandoned irrigation tanks by the Portuguese were repaired by the Dutch and developed the irrigation system. The Urubokka tank in the Southern part of Sri Lanka was a good example. They carried out successful irrigation works in Ruhunu , as well as they reorganized the irrigation works in the Akkaraipattu and other places in the Eastern coastal areas. They connected

marshy areas, back waters and rivers in the coastal areas of the Country and developed the waterways. The Dutch developed the annicuts, tanks and the canals for the irrigation systems, and it helped for the internal trade, exports and imports of the country.

Industrial Initiation

Like the irrigation activities, the Dutch concentrated in the development of industry. They encouraged the cotton cultivation to increase the textile products. They brought weavers and dyers from South India and settled them in Jaffna and Mannar for the development of this work. New techniques were introduced to this industry. The dyed clothes were exported to Batavia and South India. They concentrated in producing sugar, Jaggery and others Pylmyrah products line. They cut these stones and used for the Port constitution and exported to Nagappattinam in South India. But the laborers faced legal constrains and found difficult to continue their work.

Taxes

One of the important revenue generated arrears was collecting Tax by the Dutch to various items. They leaved taxes to almost possible items The most important among them were land tax (land registration) number of personal taxes (poll-tax, professional tax, adikari tax, personal labor service tax, (Uliyam), taxes on land and its produce, tax on garden and fruit bearing trees and grain tax. Like this they leaved taxes and improved their income.

Conclusion

The Dutch overall showed interest to increase their income through different commodities. From 1665AD to 1670 AD the income of the Dutch was high in the island. The scholars say that this period was a peace and harmful. There were number of causes responsible for the downfall of their economy and constrain in the development. They were mainly: invasions, rebellions, political conflicts, natural calamities, poverty, some wrong policies of Governors, and corruptions of some of the Dutch officers. The historians and economists pointed out the above reasons. In spite of the above reasons, the commercial developments were an important milestone in the Dutch rule. K.M.de. Silva says the stagnated economy of Kandy was developed during the Dutch period. The scholars say even the strong economy of Jaffna was built by the Dutch. The barren lands were converted into cultivable and productive lands. Number of small industries were also developed. The commerce of the Dutch, made aware of the economic resources of Ceylon to the westerners. Thereafter, it led to the commercial prosperity of the British.

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