Abstract

The retail of alcohol was so central to the economy and society of the Cape of Good Hope during the seventeenth and eighteenth centuries that it earned the nickname “tavern of two oceans”. This retail business was organised on the so-called lease or monopoly (pacht) system whereby a person paid the authorities for the right to sell a certain type of alcohol for a given period in a specific area. This article traces the intellectual origins of this system of alcohol retail at the Cape during the VOC era. It does so by tracing both the idea of using leases or monopolies, first in the Dutch Republic in the seventeenth century, and by investigating the ways in which various products, including alcohol, were leased off in the largest and most significant of the VOC’s colonies, Batavia, during the first half of the seventeenth century. It is demonstrated that the ways in which alcohol retail and other economic activities were organised at the Cape developed out of practices established elsewhere in the seventeenth-century Dutch world, but that the exact nature of the system was adapted to unique local circumstances at the early Cape. As such, this comparative article serves as an illustration that developments at the Cape in such a central sphere as business practices were the product of both global and local forces and influences.

Keywords: Alcohol retail; Atlantic history; Batavia; Business history; Cape of Good Hope; Dutch East India Company (VOC); Dutch Republic; Indian Ocean history; Mercantilism; Taxation

Introduction

For the past generation or so, historians who investigated globalisation in the early modern period have tended to focus on oceanic “systems” – first the Atlantic World and more recently those of the Indian and Pacific Oceans. But much of this scholarship was segregated – Atlantic history was dominated by historians of European expansion to the Americas, who only looked at Africa
in terms of how the slave trade fitted into larger-scale economic developments of this region. These scholars tended to ignore developments on the other side of Africa, in the Indian Ocean, as if the Atlantic was a bounded or closed-off space with no cross-oceanic connections. Lately the Atlantic paradigm has been challenged “as artificially limit[ing] the field of vision of its devotees”.¹ Thus scholars like Alison Games and Peter Coclanis have demonstrated how the Atlantic World was connected with other parts of the globe during the early modern period.² This interconnectivity becomes particularly clear when investigating two different phenomena: the place of southern Africa (including Madagascar) as an oceanic cross-road and the flows of commodities and other goods between different continents.

Although in economic terms the Cape of Good Hope was of fairly minor importance during the seventeenth and eighteenth centuries, its strategic position as the gateway between the Atlantic and Indian Ocean Worlds makes it an excellent candidate to study the interconnectivity of the oceanic worlds during this period. Recently, scholars such as Kerry Ward has shown how far from being an isolated outpost on the fringes of empire, the Cape formed an integral part of a “network of empire” created by the Dutch East India Company.³ Connected as it was through a web of shipping networks which bound the Indian Ocean empire of the VOC together via the movement of people and goods, the Cape also connected this one oceanic world to another – that of the Atlantic world, in particular to the Netherlands from where all VOC ships originated. In short, the VOC Cape acted as a pivot between two different oceanic worlds and networks, and played a crucial role in the rise of a more globalised world interconnected through commerce.⁴ The purpose of this article is to demonstrate further how local developments at the Cape of Good Hope during the VOC era partook of larger global developments in the Dutch world (the Netherlands and its colonial world). More particularly, it aims to show how one important economic feature of the Cape originated from larger developments in the Dutch world but was metamorphosed by local circumstances into something unique. In this sense, what happened in

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the Atlantic and Indian Ocean worlds influenced local developments, but by no means were these mere importations – ideas and practices from elsewhere were always adapted to local circumstances. It is this ability of the VOC to adapt practices to local needs which helps to explain the success and longevity of the Dutch empire. The local and the global were always intertwined.

One of the unusual features of the Cape during the VOC era was that from 1680 to 1795 the rights to retail various types of alcohol were sold at a public auction to the highest bidders. In essence, the right to sell a specific type of alcohol at a specific place for a specific period of time was “leased out” (verpachten) – this became one of the major sources of direct revenue for the VOC authorities at the Cape. As Gerald Groenewald has shown, this system, while remarkably stable after 1680, did not arrive part and parcel with the Dutch in 1652, but had a troubled development during the first decades of European settlement, and it took almost a quarter of a century of various models being tried out before both the authorities and the free burghers at the Cape settled on the one which was to remain in place for more than a century. But what were the origins of these ideas and were they unique to the Cape? In short, where does the “idea” of leasing or monopolising the right to retail various products come from? How was alcohol taxed in other parts of the Dutch world? In short, how did developments in the global empire of the Netherlands influence the local practice at the Cape? This article aims to trace these developments in two parts of this empire: the Dutch Republic of the seventeenth century and the first (and most important) of the VOC’s colonies in the Indian Ocean, namely Batavia in the years before the founding of the halfway station at the Cape in 1652.

Batavia

The pacht system at the Cape was not unique – the general idea was familiar to both the Dutch administrators and free burghers of the young colony. Tradition and precedent played an important role in much of the development of the early Cape. It is not for nothing that when the Council of Policy first decided to institute excise tax on retailed alcohol in 1665, its members justified their step by claiming that the coloniers in India (“colonists in the Indies”) had

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been subject to a similar tax. They were acting on a precedent, but since the system that developed in Batavia and the East Indies differed in certain respects from that of the Cape, and again shows up the unique importance of alcohol retail at the Cape, we need to consider its development in some detail.

Within a few months following the Dutch conquest of Jayakarta and the establishment of the “rendezvous”, Batavia, the new authorities issued a placard instituting a “toll”, that is to say customs duty, on all goods entering or leaving the city. The justification for this was to compensate the Company for the “great losses and unspeakably excessive costs” (groote lasten ende onuytspspreecelycke excessive kosten) caused by the recent war against the local populace of Java. In addition to this, it was also decreed that inn-keepers must pay a monthly sum for the right to sell arack and other hard liquor, as well as an excise tax on Spanish wine. This was, however, not sufficient – two days later further means “to improve and alleviate the heavy costs we have to endure every day” (tot soulagement ende vindinge van de swaere lasten dagelycx te dragen) were devised, namely to compel all publicans and alcohol retailers to obtain a licence every month at a set cost in order to be allowed to sell alcohol. At first only wine and “arack” tappers were subjected to this, but in 1634 it was decided to extend this monthly licensing to beer tappers as well. With this, the tone for the future was set. Taxing virtually everything was a most useful way of supplementing the income of the Company.

Soon it was also realised that it is easier to farm out the administration of some of this taxation, saving the Company the trouble, and bringing in an additional income by selling the right to collect the taxes. In 1622, the first verpachting (“leasing off”) in the history of the Dutch East Indies took place when the Chinese Jancongh was allowed, for one year, to collect on behalf of the VOC the toll levied on certain articles: birds’ nests, bird beaks, rhinoceros horns, diamonds, camphor and mijnak samara – seemingly all products

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7 JA van der Chijs (ed.), Nederlandsch-Indisch plakaatboek, 1602-1811: Deel I, 1602-1642 (Batavia & The Hague, Nijhoff, 1885), pp. 74-75. A complete list of the various imposts survived from 1671: everything, except for gold, silver, slaves and wood, was taxed, but at different rates for imports and exports, compare JA van der Chijs (ed.), Nederlandsch-Indisch plakaatboek, 1602-1811: Deel II, 1642-1677 (Batavia & The Hague, Nijhoff, 1886), pp. 535-544.
8 JA van der Chijs, Nederlandsch-Indisch plakaatboek I…, p. 76.
9 JA van der Chijs, Nederlandsch-Indisch plakaatboek I…, p. 309.
Alcohol, taxes and leases in the seventeenth-century Dutch world

This pacht (“lease” or “monopoly”) was expanded in 1632, on the recommendation of the Heren XVII, to include up to a third of all imports and exports, and later fully one half. The concept was broadened from collecting customs duties to collecting other types of levies, when, in 1633, it was decided to verpachten the tax on the slaughter of animals in the city. Hereafter several similar rights were also sold.

Concomitant with these tax-farming pachten, a different sort of pacht developed, the one associated with the Cape, namely one that meant control over a monopoly. This first happened with sirih-pinang, which only the pachters were allowed to sell, while all privately grown sirih and pinang had to be sold to them. At first the obligation to sell home-grown sirih-pinang to the pachters was not part of the pacht, but smuggling made the authorities reconsider this. Three years later some individuals obtained the right to buy all the tobacco imported to Batavia and to sell it to the populace at large. Yet, a third type of pacht, one which came to dominate Batavian economic life, was instituted in 1631 when the management of, respectively, the meat and fish markets, were leased off. This pacht meant that a person was responsible for the running of the market – ensuring its cleansing, upkeep and every-day running – in exchange for a certain percentage of the price goods were sold at. A sort of combination of the tax-farming type pachten and the latter management type came into existence with the arack pacht of 1633, where the job of the pachter was to ensure that there was no illegal distilling of arack through the selling of monthly licences to distillers – in a way he both managed the industry, or the smooth running thereof, and collected the income from it.

During the first couple of decades it seems as if the pachten were sold ad hoc to individuals who applied for them, i.e. in each case an individual contract was drawn up, setting forth the terms and conditions, as well as what the

10 JA van der Chijs, Nederlandisch-Indisch plakaatboek I…, p. 94. For a general discussion of pachten in Batavia, and especially the important role of the Chinese population in it (virtually all the pachters throughout the Company period were Chinese), see HE Niemeijer, “Calvinisme en koloniale stadscultuur: Batavia, 1619-1725” (PhD, Free University of Amsterdam, 1996), pp. 77-79.
11 JA van der Chijs, Nederlandisch-Indisch plakaatboek I…, p. 282. In 1653 it was increased to 50%, JA van der Chijs, Nederlandisch-Indisch plakaatboek II…, p. 187.
12 JA van der Chijs, Nederlandisch-Indisch plakaatboek I…, p. 291.
13 This was perhaps the bubble-gum of the age. It was made from the nuts and leaves of the betel palm, and all the natives of Batavia were seemingly addicted to it.
14 JA van der Chijs, Nederlandisch-Indisch plakaatboek I…, pp. 112 & 202-203.
15 JA van der Chijs, Nederlandisch-Indisch plakaatboek I…, p. 203.
16 JA van der Chijs, Nederlandisch-Indisch plakaatboek I…, pp. 259-262.
pachter (“lease holder” or “monopolist”) had to pay in exchange for his pacht. Several new pachten came into being because individuals made offers to the authorities to take over a given aspect of the economic life in return for some form of income. In most cases, pachters usually paid their pacht penningen (the amount of money they paid for the lease) on a monthly basis, while their pachten were renewable after a year. Often the contracts stated that the current pachter would get preferential treatment at the expiration of the pacht. However, this seems to have changed in the 1650s when the pacht system was reviewed and standardised. One of the new innovations was that the various pachten would all be publicly verpachten in the Castle at the end of every year on terms and conditions which were made public some time before the event. The first time this happened, in 1655, it was not stated so, but from 1658 onwards it is always mentioned that the pachten would go to the “person who offered the most” (meest biedende), i.e. a measure of free-competition was introduced with the institution of a public auction, seemingly open to everybody who could produce the sureties and pay the pacht penningen.

At the end of 1658 the conditions of all the available pachten were published, which gives us a good opportunity to see to what an extent pachten had come to dominate the economic life of Batavia, as well as the astonishing variety of the system. Of the fifteen mentioned on this occasion, only one can be considered a strict monopoly, namely the right to control the making and selling of candles in the city (nobody was allowed to make candles for private use, but had to buy them from the pachter). Most pachten were of the management type mentioned before. Thus we find people buying the right to manage and use the fruit of the coconut trees in and around the city (for the making of arack), or to control, respectively, the waege (weighing house) or

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17 JA van der Chijs, Nederlandsch-Indisch plakaatboek II…, pp. 245 & 470-471.
18 JA van der Chijs, Nederlandsch-Indisch plakaatboek I…, p. 296.
19 JA van der Chijs, Nederlandsch-Indisch plakaatboek II…, p. 213.
20 JA van der Chijs, Nederlandsch-Indisch plakaatboek II…, p. 312.
21 Pachters always had to produce two sureties when they took on the pacht. Before 1654 the pachters had to pay their pacht penningen at the end of every month. From 1654 onwards they had to pay two months in advance on acceptance of the pacht. JA van der Chijs, Nederlandsch-Indisch plakaatboek II…, pp. 200-201.
22 The texts are in JA van der Chijs, Nederlandsch-Indisch plakaatboek II…, pp. 314-321. A similar complete set survives from 1669, JA van der Chijs, Nederlandsch-Indisch plakaatboek II…, pp. 491-506.
the fish, meat and rice markets, as well as the *pacht* of the Company’s garden.\(^{23}\) Two fairly recent *pachten*, ones which caused much wrangling over the years but which were too lucrative to abolish, were the ones which controlled retail trade in the city.\(^{24}\) The “lease of the market sitters” (*pacht der marktsitters*) enabled the *pachter* to demand from every person selling their goods on the market a daily fee for the privilege – in order to ensure his income, hawking in street was prohibited. Similarly, anyone who wanted to run a shop or wanted to sell goods in front of their houses had to buy a monthly “shop licence” from the *pachter* of the “lease of the shop licences” (*pacht der winckelbriefkens*). Closely related to this, was the *pacht* which controlled the right to have a little boat selling wares to ships in the harbour. Ostensibly, these *pachters* were managing these trades, but in effect this was just a different form of tax, with the *pachters* being used to administer it.

There were also *pachten* which were out-and-out tax farms. Straightforward cases included the various leases relating to the right to use certain rivers to and from Batavia – anybody who wanted to transport anything had to pay a toll on it to the *pachter*.\(^{25}\) By far the most important, though, was the so-called “lease on the head money of the Chinese” (*pacht van ’t Hoofgelt der Chinesen*). This was instituted during 1657 to help pay off the cost of the war against Bantam. The *pacht* controlled the collection of the *hoofgelt* (“head money”) every working Chinese male had to pay every month for the privilege of living and working in Batavia. In exchange for this monthly tax, the Chinese received a “note or little letter” (*biljet off briefken*) which they had to carry with them at all times, on pain of a hefty fine. This was, of course, nothing but a pass system, though a very easy way of generating income, considering that the Chinese were the largest single group of inhabitants in the city, even if, as the authorities claimed, it was a “bearable head money” (*verdraechlyck hoofgelt*). Officially the excuse was that the Chinese, unlike Dutch burghers, were exempt from *tocht ende wacht* (“guard and patrol duties”), i.e. militia service. Women and elderly or sickly males unable to work were excluded

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\(^{23}\) Not mentioned amongst the ones of 1658, is the *pacht* of the Chinese “topbanen”, which were in essence licensed gambling houses. The *pachter* controlled the venues and everybody who set up a top table had to pay him a set sum of money; compare e.g. JA van der Chijs, *Nederlandsch-Indisch plakaatboek II*…, pp. 240 & 499-500. In 1671 the government banned “toppen” as “zeer nadeeligh” and the *pacht* came to an end, JA van der Chijs, *Nederlandsch-Indisch plakaatboek II*…, pp. 552-553. Other managemet type *pachten* which were later instituted, are: the management of the company’s mill, the “*pacht van de houtsagerien*” and a *pacht* which entitled the holder to be the sole provider of bags for and carriers of pepper, Van der Chijs, *Nederlandsch-Indisch plakaatboek II*…, pp. 325-327, 356 & 504.

\(^{24}\) Compare HE Niemeijer, “Calvinisme en koloniale stadscultuur…”, pp. 77-78.

\(^{25}\) Earlier, when the company had built a bridge, they decided to charge a toll, and this too was *verpachten* for a while, compare JA van der Chijs, *Nederlandsch-Indisch plakaatboek II*…, pp. 207-208.
The function of *pachten* was of course not just purely income-generating, but perhaps primarily a way of controlling and regulating a specific trade or aspect of the economy. Thus, when the Batavian authorities decided to *verpachten* half of the import and export duties (and not a third as had been the case previously), they stated specifically that this was done to curb private trade and to prevent the traffic of goods on which the proper taxes had not been paid. By having *pachters* whose livelihood and fortune would depend on making sure everybody is taxed who ought to be taxed, the Company could put a check on smuggling and illegal trading, thereby securing their own due income. One should keep in mind that the aim of mercantilist companies was not so much to obtain the highest possible profit, but rather direct and, above all, secure or safe profits: As Jan de Vries and Ad van der Woude claimed: “In general, the Company’s policy was to use its dominant position … to achieve a stable, medium-term optimum rather than short-term profit maximization”. An example of this dual function of *pachten*, i.e. both a source of income and a way to combat smuggling, comes from 1680 when the *Heren XVII* instructed the Batavian government to institute a new *pacht*. Note that this was during the same time when the VOC authorities not only wanted to decrease the expenditure of the Company, but also to control smuggling, as a result of which they were willing to relax the strict rules on monopolies. So, whereas previously private individuals in Batavia were not allowed to import food and drink from Europe, this now became legal, on condition that they had to pay a certain specified *toll off gerechtigheyt* (“tax or excise”) on every item (worked out in extraordinary detail) when unshipping these. Of course, this would have created an enormous amount

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26 The texts are in JA van der Chijs, *Nederlandsch-Indisch plakaatboek II…*, pp. 251-52 & 314-15. In addition to these tax farms, there were also created later on, *pachten* which had to collect the taxes levied on i.a. tobacco, “sirih” and the import of rice and sugar, compare JA van der Chijs, *Nederlandsch-Indisch plakaatboek II…*, pp. 340, 343 & 470-471.


28 According to HE Niemeijer, “Calvinisme en koloniale stadscultuur…”, p. 77, the system of having “licentie briefkens” was primarily a measure to curb “de illegale concurrentie”.


of administration, so a new pacht was created for it, the purpose of which was to inspect the wares, determine the toll and exact the necessary sums. Most ingenious, indeed, but nobody in Batavia was willing to take on the pacht on the conditions set out by the Heren XVII, which led the Batavian authorities decide to shelve the idea, and to keep things “as they had been here before”.  

This dual function of pachten was certainly also what was behind the system of running alcohol retail in Batavia. Seemingly anybody who wanted to and was willing to pay the costs could run a tap. From “the very beginning, though, excise taxes had to be paid on the various types of” alcohol, in addition to paying a monthly fee for the right, i.e. in modern terminology, to have a licence. There were no pachten for different types of alcohol as at the Cape, but simply one over-arching “lease of inn-keepers or tap licences” (pacht der herbergiers ofte tapbriefkens). The pachter’s only function was to sell every month to anybody who comes to ask for it, a licence which would permit that person to tap for one month. His was purely an administrative function, but it was implied that he would also ensure that there were no people tapping without having such a licence. To this end he had to keep a register of all licensed tappers, while all tappers had to clearly identify their taverns as such. To an extent, then, it was a management type of pacht in that it sought to control the trade, but mostly the pachter served as a tax farmer.

To summarise this development: Fifty years after the foundation of Batavia, the system of pachten came to dominate almost every local economic activity in this cosmopolitan city. All the pachten together formed what the Company officials called the “general income of Batavia” and while it would be going too far to claim it as a major source of income for the VOC as a
whole, its importance for the urban economy, and especially to balance off the expenditures of the city, was enormous. The *pachten* were of course predicated on the notion of protecting one’s market and ensuring a monopoly, crucial to the success of the mercantilist VOC, which might explain why they were viewed as a way of combating smuggling by the Company. They were the Company’s instruments of control over the economic activities of their subjects, while at the same time they also made it possible for the Company to benefit directly from these activities. For this reason, the VOC authorities expended much energy in policing the *pacht* system, while those who partook of it also had a vested interest in making sure that their investments were protected (which incidentally explains the longevity of the *pacht* system in the VOC world).\(^{38}\) Perhaps it is the complexity of the economic and demographic profile of Batavia, especially its rapid growth in the first five decades after its foundation,\(^{39}\) that explains the wide variety of *pachten* found there. While this complexity was exceptional, it seems though as if *pachten* eventually, in some form or another, came to be part and parcel of the whole of the VOC empire, even though it may not have been to the same extent as in the capital city.\(^{40}\)

**The Dutch Republic**

However, one ought to keep in mind that the idea of leasing economic activities was not unique to the VOC, even though the extent to which the Company employed and enforced the system in its territories might have been exceptional. The notion of farming out taxes had been around since Roman times, and certainly, in the Netherlands of the seventeenth and

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38 There is much evidence from the criminal records at the Cape that the VOC authorities investigated any transgression of the rules governing the alcohol monopoly system. In addition, those *pachters* who had invested in them, made sure that their rights were not infringed by others, and did not hesitate to lay complaints with the fiscal (who had a vested interest in investigating such complaints since part of the fines imposed would accrue to him) when they suspected others of not following the rules. For some examples and references to primary sources regarding this, see GJ Groenewald, “Kinship, entrepreneurship and social capital: Alcohol *pachters* and the making of a free-burgher society in Cape town, 1652-1795” (PhD, University of Cape Town, 2009), pp. 34-36.

39 Between 1632 and 1679 the population of the city quadrupled from 8 000 to more than 32 000, compare Niemeijer, “Calvinisme en koloniale stads cultuur…”, pp. 25-27. In the latter year, there were 232 free-burghers at the Cape, probably around 300-400 Company employees, and conceivably more than 600 slaves.

40 H Sutherland, “Eastern emporium and company town: Trade and society in eighteenth-century Makassar”, F Broeze (ed.), *Brides of the sea: Port cities of Asia from the 16th-20th centuries* (Kensington, New South Wales University Press, 1989), pp. 113 & 123-124, mentions that *pachten* played an important part in the local economy and society of Macassar. Interestingly, during the seventeenth century there was only one *pacht*, to wit the alcohol monopoly, but during the eighteenth century this system expanded to also include management and tax farm type *pachten*, as in Batavia. I know of no other study of *pachten* in the VOC empire.
eighteenth centuries it was the dominant way of collecting money for the government. So, while *pachten* were adapted to the unique local circumstances of the cosmopolitan Indian Ocean city that was Batavia, these ideas have their origins in the Atlantic World.

In the Dutch Republic the most important source of income for the various provinces which made up the Republic was the excises levied on virtually all consumer goods. Especially in the province of Holland, which had been studied in most detail, there was hardly any commodity that remained untaxed.\(^{41}\) These excises on the “common goods” (*gemene middelen*) became the cornerstone of the tax system and expanded to such an extent that there were more than 40 different types of excise taxes in Holland alone by the turn of the eighteenth century. The importance of excises to the tax income of the province is well illustrated by the figures: during the 1630s about two-thirds of all taxes came from excise alone, and by 1650 this had increased to 83%. As a result, Holland became very heavily taxed, especially as cities added their own excises on top of the provincial ones.\(^{42}\)

The government itself did not gather these taxes, but leased them out (*verpachten*). In the province of Holland, the different excises were divided into seventeen districts, which meant that a total of 680 *pachten* were available. Usually, the right to gather these taxes was auctioned off to the highest bidder who could provide two sureties, normally for a period of six months. All the *pachten* in the province were sold on the same day, with the express aim to prevent a person from obtaining more than one. There seems to have been a deliberate attempt on the side of the Dutch government to prevent the establishment of large tax farms such as those which existed in France and which were immensely unpopular.\(^{43}\)

Why did the Dutch authorities opt for excises and for *pachters*? Excise tax affects only a small number of people directly, namely the retailers and

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\(^{41}\) AT van Deursen, *Mensen van klein vermogen: Het kopergeld van de Gouden Eeuw* (Amsterdam, Bert Bakker, 1991), pp. 198-200. The States of Holland introduced excise taxes as early as 1583 but, while all the other provinces eventually also adopted this system of taxation, “the rates of taxation and the goods burdened with excise varied considerably”, De Vries & Van der Woude, *First modern economy*..., p. 102.


\(^{43}\) Compare AT van Deursen, *Mensen van klein vermogen*..., pp. 200-203; J de Vries & A van der Woude, *First modern economy*..., p. 103. England too had its tax farmers, seemingly on the French model, as K Wrightson, *Earthly necessities*..., p. 256, refers to them as “the consortia of plutocrats who bought the right to collect taxes”. 
producers of goods, not the consumers, who of course paid indirectly through higher retail prices. It was therefore much more manageable than a more general tax, especially if one considers that early modern governments had no real way of enforcing their will – there was no police force and government bureaucracy was negligible.\(^\text{44}\) This system was also much more flexible – whenever the authorities needed more income, they could increase the excise or introduce new ones.\(^\text{45}\) But why *pachters*? Once again, the state lacked the necessary administrative ability, but in addition, leasing out the collection of taxes meant that the system became much more predictable and thus stable: the government knew what its guaranteed income would be.\(^\text{46}\) However, not only do the authorities get the full amount of taxes with little or no trouble, but the unpopularity of paying taxes would not be levelled against them, but against the *pachters* – they were the ones getting their hands dirty and making life difficult for retailers, not the “regenten” themselves.\(^\text{47}\) This indeed happened in the Netherlands – *pachters* were not very highly regarded.\(^\text{48}\) Since the 1690s, the ever-increasing cost of living – the direct result of a large number of excises – led to periodic uprisings and riots, which usually took the form of common people attacking the *pachters* in person or their houses.\(^\text{49}\) This reached an apogee with the so-called *Pachtersoproer* (“Pachter Disturbance”) of 1748, which started with angry mobs attacking the houses of *pachters* in Friesland in March, but eventually spread all over the country, with people plundering and sacking the houses of *pachters* in most of the Dutch cities during the following weeks. The result of this was that the States-General decided to suspend tax-farms.\(^\text{50}\) De Vries and Van der Woude claim that this uprising led to “the greatest political and fiscal changes in the Republic’s history”. At any rate, the *pachten* came to an end, and direct tax collection replaced it.\(^\text{51}\) Part of the reason for this was an attempt to remove

\(^{44}\) AT van Deursen, *Mensen van klein vermogen*…, p. 208.

\(^{45}\) J de Vries & A van der Woude, *First modern economy*…, p. 102.

\(^{46}\) J de Vries & A van der Woude, *First modern economy*…, p. 103.


\(^{48}\) AT van Deursen, *Mensen van klein vermogen*…, p. 207: “Het publiek zag de pachter als een particulier profiteur…” (The public saw lease holders as private profiteers.)


\(^{51}\) J de Vries & A van der Woude, *First modern economy*…, p. 123.
power from the “regenten” and to create a more centralised state in which political power was consolidated in the hands of the stadholder. But linked to this – as was made clear by the pamphlets distributed by many of the rioters – was the reality that a system of monopolies led to corruption and that the “regenten” had been profiting from this for more than a century. This may be another reason for the popularity of tax farms and monopolies – both in the Dutch Republic and in the VOC empire – the fact that this system was so lucrative in a world beset by corruption and smuggling.

It was in the Netherlands, then, that the idea for pachten had its origin. But it seems as if in Europe this term was mostly understood to mean the right to collect taxes within a certain industry or on certain goods. But there were also, albeit to a lesser extent, certain types of management pachten. De Vries and Van der Woude mention that, in addition to excises and property taxes, there was also “a miscellany of other taxes, fees, and tolls”, and make special mention of the “ubiquitous tolls for the use of roads, canals, locks, bridges and harbors”. It is likely that the management of these were also leased off at a local level. In addition, it is plausible that there were also monopoly type pachten in the Dutch Republic, especially where it concerned highly valuable or scarce commodities. An example of this is the case of fresh water fishing in seventeenth-century Graft, where the right to fish in fresh water, and presumably also to sell the produce, was verpachten annually to (usually) only one person, who may or may not have had partners or assistants, but in any case, was the only one allowed to exploit the valuable resource of fresh water fish. But what is clear is that the basic idea of leasing of (verpachten) existed in the Netherlands in the seventeenth century, and that this practice was metamorphosed in the Dutch colonies to suit local needs and developments, most spectacularly in the complex and cosmopolitan capital city of the VOC, Batavia.

52 J Israel, The Dutch Republic…, p. 1074.
53 The so-called ‘principal-agent problem’ was particularly severe in the case of the VOC empire due to information asymmetries (caused by poor communication systems as a consequence of the very wide geographic dispersion of the Company’s activities and employees) which made smuggling both easy and inviting. The use of monopolies and tax farms may partly have been a solution to this problem. This is an example of how chartered companies like the VOC “facilitated more effective rent appropriation through the closer manipulation of markets”; SRH Jones & SP Ville, “Efficient transactors or rent-seeking monopolists? The rationale for early chartered trading companies”, *Journal of Economic History*, 56(4), 1996, p. 913. My thanks to an anonymous peer reviewer for this reference.
54 J de Vries & A van der Woude, First modern economy…, p. 108.
The Cape of Good Hope

When the VOC established its halfway station at the Cape of Good Hope in 1652, its employees were familiar with a system of excise taxes and, equally, with the notion to sell the right to collect certain taxes to a person. In addition, they also knew that certain privileges, due to their value, might be “leased out” (verpachten), i.e. the original right or ownership remains that of the authorities, but the use and management of it may be sold for set periods of time. This particularly developed in Batavia, largely as a way of controlling smuggling and of protecting the Company’s commercial interests, but with the useful side benefit of generating an extra income.

At first, alcohol retail at the Cape was not considered something to be worried about too much, except to ensure that it did not lead to all kinds of “debauches” such as soldiers spending all their time and money in taverns, although it did serve as a useful way to provide the needy with a supplementary income.\(^5\) However, for a number of reasons, tapping took off at the Cape, and in 1665 the local authorities realised that it needed to be regulated and excise tax was levied as in Batavia and the Dutch Republic. The profitability of tapping and the lack of other economic opportunities made alcohol retail a much-desired occupation, with the result that the number of public houses proliferated, despite of the authorities’ attempts to curb this and concomitant smuggling. The solution they adopted was to institute alcohol pachten in 1673 whereby tappers had to buy the right to retail liquor.\(^7\) While the notion of verpachten was nothing new, considered against the background of developments in Europe and Batavia, the idea to let one person alone have the right to monopolise and manage the retail of one specific type of alcohol, seemed to have been novel – this was not on the Batavian model of a pachter who controlled the license fees of tappers. With this, the underlying principle of the alcohol pachten at the Cape was established, although it took another six or seven years for the other important characteristic of the system – namely that the pachten were sold at a public auction where, in principle, anybody with the necessary means could compete for it – to fall into place. By 1680 the “most significant development in the progress of freeman trade…” was established, to remain a stable feature.

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5 E.g. by allowing poor widows to sell certain alcoholic beverages to supplement their income.
6 See G Groenewald, “More comfort…”, Historia, 57(1), 2012, pp. 4-12 for a fuller discussion of these developments.
of Cape life for more than a century and to form the cornerstone of the Cape’s economy.\footnote{M Whiting Spilhaus, \textit{South Africa in the making, 1652-1806} (Cape Town, Juta, 1966), p. 33. Groenewald has calculated that VOC authorities at the Cape received more than seven million guilders in direct revenue from leasing out alcohol \textit{pachten} between 1680 and 1795; Groenewald, “Kinship, entrepreneurship and social capital…,” pp. 63-69.}

\section*{Conclusion}

In the course of the eighteenth century, the Cape of Good Hope earned the nickname, “the tavern of two oceans”, from the many thousands of sailors who visited its shores on their way to or from the Indian and Atlantic Oceans.\footnote{CR Boxer, \textit{The Dutch seaborne empire, 1600-1800} (London & New York, Methuen, 1965), p. 242.} The many taverns and other public houses they visited during the course of their stay were governed by an unusual set of principles on which many travel writers to the Cape commented. Yet, just as the sailors formed part of a globalising world with many interconnections, so too did the ideas underlying the management of alcohol retail at the Cape. The alcohol \textit{pacht} system was in essence the result of local developments which had their roots in principles well entrenched in the Dutch Republic, but which were further transformed in the unique context of Batavia. As such the Cape was truly a tavern of \textit{two} oceans – both in providing alcohol and the way in which this trade was managed and governed.