

Plantation loans and the securitisation of slavery

Dr Alexander Ressos, TEP
Attorney-at-Law (Switzerland), Solicitor (Hong Kong),
Solicitor (England & Wales)

In the second half of the eighteenth century, Dutch bankers developed a financial instrument that allowed investors throughout Europe to lend to the planters of the Dutch colonies in the Caribbean, above all Suriname. The instrument, known as the *negotiatie* or plantation loan, pooled mortgage loans to a number of plantations and issued bonds to investors, who received interest paid from the proceeds of the plantations' sugar, coffee and cotton. The loans were secured on the plantations, including the land, the buildings and the enslaved people who worked them.¹

The plantation loans attracted large amounts of capital, from Dutch investors and from investors in other countries, among them Swiss investors who held Dutch securities. They financed the expansion of plantations in Suriname and increased the demand for enslaved Africans. When the prices of colonial goods fell and the Amsterdam financial crisis of 1773 broke out, many plantations could not pay the interest. The loans defaulted, leaving the investors with heavy losses. The planters, burdened with debt, intensified the exploitation of the enslaved workers to increase production.

The plantation loans have been described as an early form of securitisation: the pooling of loans into securities that could be sold to distant investors who had no direct knowledge of the underlying assets. The comparison with the mortgage-backed securities that contributed to the financial crisis of 2008 is instructive. In both cases, the financial structure allowed investors to lend to borrowers they did not know, secured on assets they could not assess. In both cases, too, the structure encouraged excessive lending and concealed the risks. In the case of the plantation loans, the underlying assets included human beings held in slavery, so that the securities were a means of financing their exploitation.

1 Notes

1. On the Dutch plantation loans (negotiations) of the 1750s–1770s, secured on plantations in Suriname and other Dutch colonies including the enslaved workers, and their collapse after 1773, see the literature on Dutch colonial finance. To be verified. ↩

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