CHAPTER VI

August 1914

Shortly before the outbreak of hostilities in Europe, at least three newspapers in the Netherlands Indies, the Java-Bode, De Locomotief, and the Preanger-bode, reported that a Japanese fleet had entered Wijnkoopsbaai on the south coast of West Java. The source of the news was a telegram from Cibadak addressed to the Governor General, in which it was stated that fifteen Japanese warships had been sighted in the bay. The Assistent-Resident of Sukabumi was instructed to investigate. He sent a telegram to a government official stationed on the coast. The reply was that nothing was known about any Japanese fleet. After headquarters in Batavia had contacted him, the local agent of the Koninklijke Paketvaart Maatschappij (KPM, Royal Packet Company) shipping company in Pelabuhan Ratu submitted a similar report. Army and naval command had also been alerted. General De Greve, by now chief-of-staff of the colonial army, personally travelled to Pelabuhan Ratu by car to check. There were no Japanese warships in sight. All had fallen victim to a practical joke. Someone had wanted to deceive the telegraph clerk in Cibadak and had succeeded with a vengeance. Without giving the matter a second thought he had transmitted the telegram with its alarming news.¹

The reaction elicited by the telegram is a minor example of the anxiety that had gripped people all over the world. The dying days of July 1914 were pregnant with rumours and speculations about what was going to happen. The gloom that was building up only grew even more sombre after Vienna’s ultimatum had expired and war was declared on Serbia on 28 July 1914. The Netherlands succeeded in remaining neutral, but inevitably could not escape the economic and financial consequences of the war. A severe crisis was in the making. It was to affect almost all sectors of the Dutch economy. Shipping, trade, fisheries, agriculture, and industry, none escaped repercussions at the outbreak of war. Anxiety was stirred up to greater heights because a shortage of wheat, and hence of bread threatened. Holland was dependent on imports for the bulk of its wheat. Available stock would suffice for two or three weeks.

¹ De Locomotief, 28-7-1914, 31-7-1914.
The new harvest at the end of September would provide only enough wheat for domestic consumption for about two months. Good pre-war bread became but a memory. The Dutch had to eat ‘war bread’, made of one-quarter of wheat flour to three-quarters bran. To guard against a food-shortage export bans, including one on wheat, were instituted. Fuel also threatened to become scarce. To prevent a forcing-up of prices, burgomasters were given the authority to confiscate stocks of food and fuel.

One reason for the threat of scarcities was the fact that Great Britain and France aimed to create a complete economic blockade of Germany and Austria. British warships operated off Dover and off the north coast of Scotland, blocking the entrances to the North Sea. South of Dover, the French Navy patrolled the seas. Neutral merchantmen were arrested and directed to French and British ports. The stopping of neutral merchantmen in a search for contraband had been a point of concern and deliberations for years. During the Russo-Japanese War searches on the high sea of neutral merchantmen by Russian warships had caused great dismay in British commercial circles. At that time London had refused to call for a change in the international rules on contraband. The British government had felt uneasy about the searching of British ships, but had not protested. The prime minister, A.J. Balfour, had explained why. He said that

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\text{[W]e can not be sure that the time will not come when our role will be changed; and that we shall be the belligerents, and when that time comes it will indeed be unfortunate if we had by our own action at the present moment forfeited any of the privileges which belong to a belligerent and which we might at such a time ourselves desire to exercise.}^2
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Impressed by the damage to the trade and shipping, the liberal government of his successor, Sir Henry Campbell-Bannerman, had adopted a different position in 1907 at the time of the Second Peace Conference in The Hague. Cautious, preferring other states which would arouse less opposition from Germany and other powers, to take the initiative, the Foreign Secretary, Sir Edward Grey, had prepared proposals for the abolition of the concept of contraband – and when this proved impossible, for the restriction of goods belligerents could forbid their enemies to be supplied with by neutrals. Initially he had even pleaded for the immunity of enemy private property carried as cargo in ships captured or searched at sea. The Peace Conference ended in a great disappointment for the British delegation and for Grey personally. Apart from a well-intentioned resolution about the urgent necessity to cut defence spending, plans for a naval conference, to be held in London, were the only

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2 The Times, 29-10-1904.
concrete result. ‘The whole conference’, one of the British delegates, E. Crowe, reported, ‘practically united against us on every question of naval warfare, except as regard our proposal to abolish contraband, which was accepted by a majority but which that majority subsequently declined to stick to’. 3 The subsequent Sea War Conference in London did not abolish contraband, also not the so-called conditional contraband; not weapons, but goods which could be used by an enemy army and Navy, such as foodstuffs, garments, and even hay for horses. It drafted a definition, listing products which were to be considered contraband, but at the outbreak of World War One the governments concerned had not yet ratified the London Declaration.

In August 1914, it was blatantly obvious that London had forfeited any reservations it might have entertained about interfering with neutral shipping. The Triple Entente Powers published lists of absolute and conditional contraband, of goods which in order to prevent them ending up in Germany or Austria, they would not allow to be shipped to neutral ports, or if so only in limited quantities. In the latter case guarantees were demanded that such imports would not ultimately end up in Germany or Austria. On the lists were items like foodstuffs, forage and grains suitable for feeding animals, clothes, fabrics for clothing, boots and shoes, suitable for use in war, and gold, silver, and money. After the outbreak of war London forced ships on their way to Rotterdam or Amsterdam with wheat and other contraband goods as their cargoes to return to Great Britain. Other ships which carried such goods from other countries of origin were arrested, thereby adding to the gloomy food prospects in Holland. *The Times* defended the Allied policy writing that Great Britain did not want to make bread more expensive in Holland, if only it were possible for the supply to Germany to be cut in other ways. 4 Similarly imports of cotton for the textile industry in the eastern part of Holland of cotton were cut by the British, indirectly affecting the batik industry of Java, which had become dependent on Dutch cloth. After a couple of weeks when it had become evident to London that all these products were to be used exclusively for Dutch consumption, imports were allowed, albeit in lesser quantities than before.

As Dutch foreign trade included the transit of German merchandise, London also called a halt to some exports from Holland. The British government justified this policy by pointing out that it could not be ascertained whether cargo had originated from Holland or from Germany. Among the products which suffered were sugar and beet sugar. British imports of sugar from the Netherlands Indies in Great Britain were still allowed, providing that

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3 Crow to Tyrrell, 11-10-1907, PRO FO 800 69.
4 *The Times*, 9-10-1914.
the ships transporting the sugar sailed directly to a British port without first calling at a Dutch one.

Paris pursued a similar policy. The Netherlands, as one French Senator remarked, should be economically neutral as well. In the eyes of some Dutch people France was even more stringent than Great Britain. The delays in French ports were lengthier, more cargo was considered contraband, and unloading took more time. The Dutch suspected that the reason for the French pestering could only be that its government was influenced by the French press which had contained among other incorrect reports one about German troops marching through the south of Limburg. As the former editor of De Locomotief, P. Brooschoof, put it, the French press was motivated by ‘ignorance and an innate suspicion’. A few weeks later he observed that British, French, and British Indian newspapers showed ‘a suspicious interest’ in the way in which Holland observed its duties as a neutral country. Some, among them the Times of India and the Daily Mail, called for a blockade of the Netherlands, when it remained a source of imports of food and other essential products for Germany.

With international trading virtually grinding to a standstill, mass unemployment threatened in Holland. Consequently, great apprehension was voiced about the growing number of jobless and the many people who might no longer be able to buy essential foodstuffs or, having no money to pay their rent, would be evicted from their houses. To help out the many families threatened with economic ruin, Queen Wilhelmina took the initiative for the setting up of a Netherlands Koninklijk Nationaal Hulp Comité (Royal National Relief Committee). She herself became honorary chairperson. The committee, which also aimed to provide assistance to companies which had run into trouble because of the war, was constituted on 10 August during a solemn gathering in the Trêveszaal in The Hague. Newspapers did not fail to mention that when the Queen addressed the meeting she could not hide her emotion, speaking at times in a tremulous voice.

Impressed by the grim prospects for Europe and the consequences the war might well have for the Netherlands, expressions of official public joy on festive days were cancelled. Celebrations planned for the birthday of the Queen Mother were called off. Flags were not flown on public buildings on that day. The same decision was taken with regard to 31 August, Queen’s Birthday. Austerity was the catchword and would remain so till the end of the war. At the Queen’s own request celebrations were postponed till the war had ended.

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5 De Locomotief, 7-10-1914.
6 De Locomotief, 22-10-1914.
7 De Locomotief, 9-10-1914.
8 De Locomotief, 22-9-1914.
This was a moment many people in the Netherlands and elsewhere in the world believed – or hoped – would not be far off. Hopes were pinned on the fact that the high costs of modern war technology would impede a prolonged war. Before this goal had been reached and peace had been concluded, public life should be sober.

In the Netherlands Indies Idenburg decided not to cancel the customary audiences held by Dutch civil servants on Queen’s Day to which representatives of all population groups were invited, but in view of the grave situation to cancel the customary balls which were planned in many cities. In December he confided to his adjutant that dancing was not proper given the circumstances (Bijl de Vroe 1980:46). He was forced to change his decision. Instructions from The Hague were explicit: ‘Her majesty emphatically requests (to) cancel audience and avoid everything drawing attention to birthday’. In Batavia the customary audience at Idenburg’s palace was called off. Idenburg also did not present any honours either to native Indonesians and foreign orientals in the colony as was the custom. Civil servants were not even given a full day off. To ease the pain, their chiefs were given the discretion to determine how long and during what hours their subordinates had to work on Queen’s Day.

The Hague’s decision upset the calculations of those in the Netherlands Indies who intended to turn Queen’s Day into a day on which to testify to their loyalty to the Queen and to the Dutch state. One of the persons most eager to do so was the Sultan of Yogyakarta. He could not be dissuaded from offering his congratulations on Queen’s Birthday in person to the Resident, saddling the latter, who had to follow instructions not to celebrate Queen’s Birthday in any way, with a bit of a problem. All the Residents could accomplish was when he visited the Residency in the morning of 3 August that the ‘old ruler’ as he called him – the sultan was about eighty years of age – did not wear his full-dress uniform of an army Major-General, but came in undress. His two sons who accompanied him were similarly clad in the undress uniforms of lieutenant-colonels.

If the truth be told, people did not feel like celebrating. In the Netherlands and elsewhere in Europe governments decided that it was not proper to organize festivities when soldiers were killing each other at the front. Even dancing was discouraged. In Holland the atmosphere was such that a visitor from the Netherlands Indies, who had looked forward to his stay in his fatherland and had arrived there during the first days of the war, almost immediately decided to return to Java as quickly as possible. He wrote home that ‘[e]verywhere there was gloom, poverty began to manifest itself everywhere, merrymaking

9 Pleyte to Idenburg, 24-8-1914, NA, Kol. Geheim, Vb. 25-8-1914 Y16.
10 Resident Yogyakarta to Idenburg, 3-9-1914, NA, Kol. Geheim, Vb. 30-12-1914 K25.
was absolutely out of the question, theatres, concerts, fairs did not go on’. In the Netherlands Indies the mood was much the same. Concerts and theatrical performances, even by such a famous Dutch actor as Eduard Verkade, who only a few days earlier had still attracted full houses, were suddenly much less busy. Fancy fairs were cancelled because of the ‘sad circumstances’. In the north of Sumatra, as an extra gesture of sensitivity, the local authorities asked directors of cinemas not to show war films. The Javanese elite joined in this effort to avoid excessive festivities. In Yogyakarta the installation of a new crown prince was celebrated with less lustre than was customary.

The grave consequences of the war – initially still qualified as a European war – for the country’s economy coupled with the tense international situation compelled the Dutch Senate and Parliament to shorten their recess. Both convened on 3 August to discuss the political and economic situation that had been thrust upon them and the measures to be taken to deal with the situation. Foreign affairs formed no part of the debate. The Dutch government refused to say anything about such matters. The Prime Minister, P.W.A. Cort van der Linden, explained that his government was afraid that any word incautious about that subject could expose the Netherlands to the ‘gravest danger’. Urgent decisions had to be taken. Cort van der Linden asked the members of the Lower House to complete their discussion of the emergency measures suggested by his government concerning the armed forces and the economy within one day. Ranks were closed. All proposals put forward by the government were accepted unanimously. Troelstra, stressing that if there was one government in Europe which was innocent of ‘the terrible crime’ it was that of the Netherlands, joined in the call for unity. He announced that his party would continue its socialist propaganda against militarism and capitalism with redoubled vigour after the war. At the end of the month, Troelstra could also proudly point out the exemplary behaviour of the crew of the ‘red fleet’, and at the decision of the Bond van Minder Marine-Personeel to abandon any agitation for the time being. He was probably not aware that in Surabaya the chairman of the union had gone further and had urged the members of his union to forget that they were socialists. Had the socialists at home not inveighed so loudly against the strengthening of the fleet, the Navy would have had bigger and better ships. This mistake should not be repeated. In future the colour to be fought for should not be red, but Red, White, and Blue, the national colours. His audience greeted these words with cheers.

11 De Locomotief, 5-10-1914.
12 Handelingen Eerste Kamer 1913-14:2589.
13 Handelingen Tweede Kamer 1913-14:585.
14 De Locomotief, 5-10-1914.
15 Soerabaiasch Nieuwsblad, cited in De Locomotief, 17-8-1914.
Decisive measures were all the more necessary because in the Netherlands and elsewhere in Europe people had panicked when war broke out. The financial world, already reacting nervously as international tension mounted, came under severe pressure. It was observed a few weeks later in a Dutch periodical that it was difficult to find words to describe the consternation elicited by the political reports following Vienna’s ultimatum (Van Nierop 1914:348). In Amsterdam, as in other European stock markets, share prices plummeted. Traders who had borrowed money on shares as security feared financial ruin and forced the exchange to close on 28 July. The closure became effective the following day. This had not even happened in 1870 at the outbreak of the Franco-Prussian War. The exchanges in London, Paris, and Berlin closed on 31 July.

In Holland commercial and savings banks were confronted with runs on their buildings by customers who wanted to close their accounts. At the Rijkspostspaarbank, the State Postal Savings Bank, a sum amounting to over one million Dutch guilders was withdrawn on 30 July. The following two days the figure rose to two-and-a-half, and almost five million guilders respectively (Van Nierop 1914:362-3). Banks reacted by refusing withdrawal of deposits, except when it could be established that the money was to be used for urgent purposes. To back them the government extended the period within which a bank had to honour a request for payment of deposits from two weeks to six months; allowing for intermediate withdrawals of at most 25 guilders per week. People also tried en masse to change paper currency for silver coins. Armed with chairs, mattresses, and cushions they queued in the evening to make sure that they were served the following morning (Vissering 1920:235). Generally speaking, the public was hesitant to accept bank notes. Some feared immediate depreciation and sold their paper currency at a price lower than its face value. Coins were hoarded. People refused to part with their coins and small change was not given, which undermined the faith in paper money even more. Shopkeepers refused to act as an ‘exchange bureau’ for customers trying to get rid of their banknotes. To cope with a situation in which many members of the public had lost their confidence in financial institutions, the Dutch government prohibited the export of gold on 3 August. As an additional measure the Central Bank was allowed to extend its uncovered circulation from two-and-a-half to five times its gold and silver reserves. To keep money transactions at a reasonable level, the state and even municipalities were forced to print zilverbonnen, ‘silver paper money’ to replace the coins of small denomination (Treub 1920:135-9).

Besides the flight in coins, another major problem which had to be solved was that of credit and loans. Some feared that they would not be able to cash in outstanding loans. Others wondered whether they would still be able to pay their debts or receive the credit they needed to pursue their business. The
C.J.K. van Aalst, President NHM (Gedenkboek 1924: between pages 90 and 91)
possibility of a moratorium on the payment of debts, endorsed by a number of Chambers of Commerce, was considered. It was rejected by the government on the grounds that such a measure would be counterproductive and would only add to the panic. Great Britain and France did introduce a moratorium, Germany did not.

Leading bankers acquiesced in the stand taken by the government. They wired the Minister of Agriculture, Industry, and Trade, M.W.F. Treub, that a moratorium was ‘a highly precarious leap in the dark’. It would upset the whole credit system, lead to enormous disasters especially for the Netherlands Indies, and would damage the reputation of the Netherlands for a long time to come. Leading bankers acquiesced in the stand taken by the government. They wired the Minister of Agriculture, Industry, and Trade, M.W.F. Treub, that a moratorium was ‘a highly precarious leap in the dark’. It would upset the whole credit system, lead to enormous disasters especially for the Netherlands Indies, and would damage the reputation of the Netherlands for a long time to come.16 The major Dutch banks had worked out their own solution. They formed a syndicate to come to the rescue of companies engaged in industry and trade that had run into trouble. Van Aalst had been the key figure in bringing this about, and most of the negotiations to establish such a syndicate took place at the offices of the Nederlandsche Handel-Maatschappij (NHM, Netherlands Trade Company). The syndicate had to help out bona fide companies with sound security, which had run into trouble because of the exceptional circumstances and needed credit to avoid bankruptcy. Its establishment caused some confusion. An advertisement had to be published in the Dutch papers to assure the public that it would be incorrect to conclude that the consortium came to the rescue of the stock and money markets, and of wholesale business only. Small businesses or private persons were equally eligible for help. By September it had already turned out that applications for financial assistance were not as numerous as initially expected; and that the financial consequences of war in the Netherlands were less catastrophic than had been feared in the inevitable confusion during the first days of the war. Although rather an anti-climax, Treub concluded that the syndicate had done a good and useful job. It had restored confidence that credit was still available.17 Ten years later the NHM was ready to acknowledge the praise it considered its due. In a commemorative volume of the company it was suggested that most of the financial measures taken by the government at the outbreak of World War One had been at the suggestion of Van Aalst and other bankers, whom, the government indeed had pledged, it would consult at all times before concrete measures were taken.18

When the war was discussed in the Dutch Parliament it seemed as if the Netherlands Indies did not exist. Attention focused on the situation in Holland. The colony was only alluded to in passing as an additional argument to reject a moratorium on debts. The Dutch possessions in the West Indies did not rate

16 Handelingen Tweede Kamer 1913-14:2593.
17 Handelingen Eerste Kamer 1913-14:593; Treub 1920:145.
18 Gedenkboek 1924:94.
a single mention. In a sense it was not at all necessary that the Netherlands Indies should have featured in parliamentary debate in The Hague. The colony was much better prepared to cope with the immediate consequences of war on economic life than was the mother country. With the constant fear of a Japanese attack contingency plans had been drawn up years before. In this respect Germany and the Netherlands Indies formed an exception. Nowhere else in the world had governments prepared the economic and financial measures which needed to be taken in the event of war. Consequently, the Javasche Bank knew precisely what to do at the end of July 1914 (Vissering 1920:251).

The disregard the Dutch Parliament showed for the fate of the Netherlands Indies in July and August was shared by the general public in Holland. This attitude contrasted sharply with the concern expressed in the Netherlands Indies about developments in Europe. A.J. Lievegoed wrote a lengthy article in De Locomotief at the end of August in which he complained about the lack of interest in Holland in the way the colony might be affected by the war. He observed that people in Holland were more concerned about Poland and Finland, about the German possessions in China and Samoa, and about the fate of the Czechs, Albanians, and stranded American tourists in Europe, than about the Netherlands Indies. In Holland people knew all there was to know about the armies and fleets of the belligerents, but were ignorant of the strength of the Dutch naval squadron that had to defend Java.9 There were exceptions to this rule. One Dutch weekly raised the question of whether measures had been taken to declare the Netherlands Indies independent the moment the Netherlands should become involved in the war. Such a proposition was grist to the mill of the emerging nationalist movement in Java. ‘Unbelievable!’ was the comment in Oetoesan Hindia. Such an eventuality would raise the status of the Javanese in the national and in the international context, and would mean that the fate of the Netherlands Indies would not be decided in the North Sea but in the Java Sea.

The Netherlands Indies had plenty to complain. War came at a moment when the economic boom it had experienced since the turn of the century had seemed to have stagnated for more than a year. In August 1914 it seemed as if the consequences of the war would be as grave in the colonies as in Holland, perhaps even more serious. Merchant vessels, and not only those flying the flag of a belligerent, remained in port. In retrospect the term ‘general panic’ was used to describe the atmosphere prevailing in shipping circles during the first days of the war (Voogd 1924:63). Captains and owners of Dutch ships refused to take them to sea before a proclamation of neutrality had been pub-

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9 De Locomotief, 10-10-1914.
20 Oetoesan Hindia, 16-10-1914.
lished in the *Javasche Courant*. This did not happen till 4 August. Neutral merchant ships which sailed before and after that date risked being stopped and searched at sea. German and British warships carried out this task in Asia, but most problems arose in European waters. Dutch ships sailing from North and South America to Holland, or from Holland to the Netherlands Indies experienced a similar fate. It was no exception for such ships to be stopped five to six times, perhaps more in the first days of the war. One Dutch ship was even forced to call in at Bizerta, Malta, Marseilles, Gibraltar, Cherbourg, Le Havre, Dover, and London (Voogd 1924:63).

Another problem facing Dutch trade in those confused early days of the war was that German merchantmen were taken as prizes by Allied warships. Some had Dutch cargo on board. To deal with this problem a Committee for Seized Exports was formed in the Netherlands in October 1914. In the Netherlands Indies instructions on how to reclaim such goods before prize-courts were published in the *Javasche Courant* around the same time. The information consisted of notices on procedure issued by the British authorities in the Straits Settlements. Part of the Dutch cargo confiscated would be returned, but settlements were far from satisfactory. Over 850 Dutch companies which disagreed with the decision of the prize courts in Allied countries and in Germany and Austria, which later in the war also had to decide on questions about whether their warships and submarines had rightfully destroyed neutral freighters, turned to the Dutch government for help in November 1916. They urged that an international court of appeal be instituted.

Passengers cancelled their journeys. Mercantile houses in the Netherlands Indies, among them the NHM, unsure of what the fate of their cargo would be, had already decided before 28 July not to ship their merchandise. This reaction was consonant with the trends generally prevailing in trading at that time. Unsure of how prices would react – some predicted a rise, others a fall – the dominant mood was one of wait-and-see and to put off buying and selling for the time being. After the war had broken out insurance companies refused to insure cargo against the risks of war.

Apprehension grew when exporters learned from the civil servants in Batavia and from newspaper reports about the confiscation of colonial products on board ships which had been forced to enter French and British ports. Their prompt reaction was to unload such cargo before ships set sail. Pleyte informed his colleague in Foreign Affairs that this had caused ‘great consternation’ in the shipping companies concerned.21 These companies, of which the Rotterdamsche Lloyd and Stoomvaart Maatschappij Nederland were the two most important, immediately noted a sharp fall in the cargo offered. August

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Sultan Hamengkubuwono VII of Yogyakarta in his uniform of a General in the Netherlands Indies army, circa 1910 (KITLV 4027)
1914 was a disastrous month for the export of colonial products. Compared with July the export of coffee dropped drastically from 2,303,000 kg to 400,000 kg, that of copra from 7,162,000 to 1,727,000 kg, and that of sugar from 233,331,000 kg to 126,541,000 kg. The tobacco export experienced a decline from 1,725,000 to 394,000 kg and that of tea from 2,634,000 to 1,538,000 kg. The rubber export in August 1914 amounted to 137,000 kg instead of 418,000 kg in the previous month.\(^\text{22}\)

The postal service between Asia and Europe was another victim. The German trade and mail service to and from the Netherlands Indies came to a halt after German steamers in Asian waters were either seized by the enemy or did not venture to leave port. With the exception of mail from Medan and from the Dutch sub-post offices in Singapore and Penang, the sending of post by British mail was suspended after 8 August. This was done partly at the request of the British government of the Straits Settlements, which wanted to relieve the burden of the censorship offices in Singapore and Penang. The French mail service was no longer used after 12 September.\(^\text{23}\) It did not form a realistic alternative as war had disrupted the overland rail link between Marseilles and Holland. The Dutch mail service was the only possibility that remained, but ran into serious delays because of an initial hesitance to sail and the stopping and searching of liners in the North Sea and in ports. In order not to delay the postal service unnecessary from August till the end of 1914 mail for Holland was forwarded from Gravesend to Flushing with steamers from the shipping company Zeeland. Sending mail to Germany and the other Continental Powers from the Netherlands Indies and vice versa became increasingly difficult. Letters and parcels destined for Germany on Dutch steamers had to be unloaded in Genoa. When they were taken along to British and French ports they were subject to the Allied measures to isolate the Continental Powers. Such shipments ran the risk of being confiscated. After the Ottoman Empire entered the war, mail for Turkey, including letters addressed to the Dutch Consul in Jeddah and to Indonesian Muslims in Mecca, also had to be redirected from French and British ports to Genoa, causing considerable delays. This route was even disrupted before May 1915, when Italy joined the Allied Powers. When relationship between Italy and the Continental Powers soured the Ottoman government seized Italian mail at Jeddah in March 1915. Thereafter, mail still could be sent, but there was no way to avoid the mail restrictions introduced by the allies.

All this circuitous mail did not mean that communication between the German community in the Netherlands Indies and Germany was completely

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\(^{22}\) *De Locomotief*, 17-10-1914.

\(^{23}\) Information of the Department of Agriculture, Industry and Trade, cited in *De Locomotief*, 29-7-1916.
disrupted during the war. The British censor was keen to intercept money, cheques, and merchandise – even in small quantities, mindful of the saying many a mickle makes a muckle – and German war propaganda, which also came to mean German newspapers and magazines in which according to the Allied a distorted picture was given of what happened at the fronts. Letters could still be sent to and from the Netherlands Indies, and German newspapers still reached the Netherlands Indies; though not by British mail. Letters with a suspect content were confiscated when neutral ships were searched but the remainder was allowed through. To circumvent seizure of German mail that was carried on neutral ships by the Allied Powers, codes were developed by the German government to keep open the communication with country-men in Asia, Africa, and the Americas, essential for trade and for the conduct of war. Nevertheless, the chance was high that such mail would be seized, soon eliciting no more than a formal protest by the Dutch Captains and The Hague.\footnote{De Locomotief, 22-2-1916.}\footnote{Interrogation Th. Helfferich, 3-8-1917 and Windels, 11-8-1917, NA, Kol. Geheim, Vb. 10-1-1918 S1.} According to the Acting German Consul General in Batavia about 90 per cent was ‘lost’.\footnote{At the beginning of 1917 the sending of German mail to and from the United States, and from there to and from the Netherlands Indies, by submarine was briefly contemplated. Senders who wanted to make use of this service had to write the word Tauchbootbrief on the envelope.} There were other ways of having messages reach their destination. Sometimes Dutch people were prepared to act as a courier. Another method – until discovered – was to use the telegraph connection between the Netherlands Indies and Japan which was less scrupulously monitored by the censor, using a special code. Important German diplomatic and commercial correspondence sent by sea mail to addresses in neutral countries occasionally also escaped the attention of the British censor, especially when the message was in code or written in invisible ink. Such letters from Germany or from the Netherlands Indies were sent to an address in Holland or in some other neutral country. From there they were forwarded to their real destination. German Envoys, including the Acting Consul General in Batavia, also transposed commercial messages into a special secret code; investing them with a cloak of innocence. The reverse also happened. German diplomats sought the cooperation of German companies to disguise official correspondence. In the Netherlands Indies a central role in this respect was played by the important Hamburg-based estate company and trading house of Behn, Meyer and Company, which had had branches all over Southeast Asia before the war and acted as agent for the German shipping lines.\footnote{For more than a month no mail from the colony, including the reports regularly sent by the colonial administration to Ministry of the Colonies, reached}
Holland. In the middle of September the last written reports that had been received by the Ministry of the Colonies at the Plein in The Hague were dated one and a half month previous. The Netherlands Indies likewise received no post from Europe. The first mail from Holland, with Dutch newspapers carrying detailed information about what was happening in Holland and the rest of Europe, reached Java on 11 September.

To make matters worse, the telegraph links between the two parts of the empire also broke down. Telegrams could not be sent nor reach their destination. In 1914 use of a German cable turned out to be a serious liability. German cables were vulnerable to British attacks. At the end of July, Le Roy had alerted the Ministry of the Colonies to the fact that special precautions had to be taken to protect that part of the cable to Yap that ran through the Archipelago. He pointed out that German warships guarded the cable at Shanghai and at Yap. A Dutch warship should patrol the waters near Manado. Idenburg, informed of this by The Hague, refused to send a warship to Celebes to guard the cable and the station at Manado against an attack. He was afraid of the consequence of splitting the ‘a naval force already too weak’.

What Idenburg did, and this step initially amazed Pleyte, who inquired the reason by wire, was to replace the German staff of the Manado station with Dutchmen. A few days later, on 4 August, after Great Britain had entered the war, a similar measure was taken with respect to British staff at the telegraph stations of the Eastern Extension Australasia and China Telegraph Company in the Netherlands Indies. The council of the Indies had advised this be done in order to honour the rules about the way a neutral country should treat belligerents impartially. As an additional precaution, military officers were stationed at the offices to censor foreign telegraphic communications. As with so many of the measures the colonial government took to guard neutrality, ignorance of how things went in real life anticipated serious flaws. Dutch officials did replace the telegraph operators, but not the other British members of the staff. As two copies of a telegram were filed for administrative purposes, these Britons, as became clear in February 1916, forwarded the text of telegrams from abroad which the censors had refused to pass on to the addressees.

In his letter in which Le Roy had alerted Pleyte, the former had stressed the importance of the German cable for uninterrupted communication between The Hague and the colony at a time of international crisis. Despite their precautions it was precisely this telegraph link between Europe and Asia

28 De Locomotief, 11-9-1914.
30 Idenburg to Pleyte, 3-8-1914, NA, Kol. Geheim, Vb. 4-8-1914 Z14bis.
31 Pleyte to Idenburg, 3-8-1914, NA, Kol. Geheim, Vb. 4-8-1914 Z14bis.
Governor General A.W.P. Idenburg (Van Gent, Penard and Rinkes 1923: Photo 259)
which broke down first. On August 8 the installation on Yap, a major link in the German communications system in the Pacific, was destroyed by well-directed fire from British cruisers; this had been announced to his colleague in Manado by the German telegraphist with the words ‘Adieu Kamarad dort kommen die Engländer’, but within a fortnight the Germans succeeded in building an improvised station.\textsuperscript{32} For a brief period the shelling of Yap also put an end to the telegraph link between Java and Tokyo. The Netherlands Indies had once again became largely dependent on ‘British lines’, and the censorship Great Britain had imposed on telegraphic communications at home and in her colonies and protectorates immediately after it had entered the war. This dependence was an additional reason for apprehension in those first uncertain days of the war. The Dutch in the Netherlands Indies were sure that Great Britain would not inform Batavia were the Dutch government to choose to join the German side. London would not allow the Netherlands Indies to prepare for an attack. Were British armed forces to strike, they would do so without warning.\textsuperscript{33} To intensify the sense of isolation, the French line between Pontianak and Saigon had broken down too, and could not be used.

For the time being telegrams had to be sent via Eastern Extension, which only accepted properly addressed messages with a French and English text.\textsuperscript{34} London also demanded that telegrams bore the full name of the sender and the addressee. Pleyte personally instructed his staff that telegrams had to be addressed to ‘Governor General, Batavia’.\textsuperscript{35} If coded messages in cipher had to be sent, this should be done via the Dutch Envoy in Washington, using the connection via Guam and Yap to Manado. Dutch trade was also hit by the measure. Trading companies used to conduct much of their telegraph correspondence in code. Departing from this custom meant that wires were much lengthier, and hence more expensive, and that the companies had to part with an established way of identifying products.

Trade and communication were not the only matters to suffer from the war. Passengers, often fairly strapped for cash, suddenly found themselves stranded in foreign ports when the ships on which they sailed, in most cases German vessels, were unable to continue their voyage. Ships of neutral countries offered the only opportunity for them to continue their travels; and some captains showed enough compassion not to ask the full fare. Tourists who wanted to return home as quickly as possible were likewise looking for sea transportation on ships flying a neutral flag, for instance Dutch ships calling

\textsuperscript{32} Teitler 1984:31; Holtappel to Pop, 24-8-1914, NA, Kol. Geheim, Vb. 18-12-1914 P24.
\textsuperscript{33} M. 1922:844.
\textsuperscript{34} Sending telegrams to Curacao was even more difficult. The line was disrupted at Santo Domingo, and from there the telegrams had to be transported by ship to Puerto Rico.
\textsuperscript{35} Note Pleyte, NA, Kol. Geheim, Vb. 6-8-1914 D15.
at Genoa and Marseilles. In Genoa hundreds of tourists on holiday in Italy and Switzerland tried to take passage on Dutch liners. Some of them offered large sums of money far in excess of the ordinary fare. Instructed to do so by the owners, Dutch Captains usually accepted only Dutch people. Conditions on board were crowded; the more so as Dutch passengers from the Netherlands Indies, who in normal times would have preferred a leisurely trip overland for the last leg of their journey, decided to remain on board. Extra bunks had to be placed in the cabins, forcing the passengers to accept ‘billeting’. Smoking salons and lounges were converted into dormitories. On at least one such ship, meals were rationed. In anticipation that, as indeed did happen, the ship would be stopped and forced to sail to a British or French port, less copious diners were served. To make room for over one hundred additional Dutch tourists on another Dutch passenger ship cooks, stewards, and Javanese servants had to vacate their cabins and move to the quarters usually reserved for soldiers and to the forecastle. She, too, was stopped a number of times. When it finally became clear that she was to be allowed to continue her journey to Holland, the passengers broke into the Dutch national anthem. On rare occasions such additional passengers complained. A Dutchman who had boarded a Dutch ship at Marseilles considered the third-class cabin below the dignity of him and his daughter. Later he sued the captain for endangering the lives of his passengers by sailing too fast in foggy weather in an attempt to reach a Dutch port as soon as possible. He lost his case.

The fate of German and Austrian passengers was even more hazardous. At the most the Dutch had to share a cabin, or if they were forced to disembark in a French city, had some difficulty in explaining that they were not Germans, and that the language they spoke was Dutch. When Germans or Austrians managed to board a Dutch ship, they and the German members of the crew were usually arrested if the ship on which they sailed was searched in Asian and European waters. They remained interned for the duration of the war. Only clergymen and elderly persons were allowed to continue their journey. For those Germans who had made their living in the Netherlands Indies and were arrested, a life lay in store for which an existence as a member of a colonial elite had not prepared them. One, probably a planter from Sumatra, complained in a letter published in *De Locomotief* about the way the prisoners were treated in a camp in Colombo. The washing facilities were dreadful, they had to do the dishes themselves, and had to cook their own meals. The camp beds on which the prisoners were expected to sleep were not provided with mosquito nets; and, because brushes and polish had not been handed out, they could not clean their shoes.36

36 *De Locomotief*, 9-9-1914.
Occasionally Germans serving in the Dutch colonial army were among those arrested. After protests by the captain of the ship, by their superior officer, or by the Dutch Envoy they were usually released again. Sometimes merely having a German name sufficed to arrested. As Dutch nationals who had visited Germany could also run into trouble the Ministry of the Colonies came to demand from civil servants and army officers who had been on leave in Holland, that if they had been in Germany that they travel home with a new passport.

In the Netherlands Indies a few days elapsed before the news of the war sank. On 1 August De Locomotief still reported that the outbreak of the war had been received calmly by the population. People were aware of the seriousness of the tidings, but Europe was too far away for them to become emotionally involved. The newspaper added that the war did not seem to make the least impression on the natives or the Chinese. The Indische Financier dated the same day also carried a reassuring message. Discussing the panic on the financial markets in Europe it pointed out that, although there were close links between the exchanges in Batavia and in Amsterdam, there was no reason to fear the worst. Europe was far away, and most investors in the colony had put their money into estates in Java and Sumatra. Contrary to what really was to happen, it wrote that the estates were not threatened by the war in Europe. The conclusion drawn was that the intrinsic value of shareholdings and bonds was not at risk. To this De Locomotief added equally encouragingly that it was not difficult to imagine why there were runs on banks in Holland, but that the situation in the Netherlands Indies was completely different. Holland was close to the theatre of war; the Netherlands Indies formed ‘a closed circulation area, which as such is completely outside the war’. The newspaper begged its readers not to withdraw money from the banks. Banks needed their supply of precious metals. Anyway: ‘Large amounts of money in your own house is not safe and should unrest occur the plundering of private houses is more likely, in any case easier, than an attack on the safes of the banks’. It was one of the many appeals in the colony aimed to avert a panic in early August. Observing that people were on edge Idenburg had a special instruction sent to the Dutch Residents. Should circumstances require this, they had to assure the population that there was ‘not the slightest reason for the tension and anxiety’ which could be ‘observed here and there’, and that the economic situation did not warrant ‘excessive concern’ either. In De Locomotief

37 Indische Financier, cited in De Locomotief, 4-8-1914.
38 De Locomotief, 4-8-1914.
39 De Locomotief, 4-8-1914.
of 1 August it was noted that ‘calm judgement in facing a dark present and grim possibilities is a great strength’.41 Six days later a reader who observed a pervading atmosphere of ‘extraordinary nervousness’ appealed to his fellow-Europeans to act normally. They should not forget that Europeans had a task to fulfil in the colony. Millions of natives looked up to them: ‘Our calm gives them composure. If we do lose our calm than the people who expect guidance from us will lose their heads and turn to excesses.’42 The author of these words was not the only one who held this opinion. White Dutch people should set the example. If they did not panic, the population would not either.

Such suggestions fell on deaf ears. The same economic consequences elicited by the news the war had had in the motherland could be observed. Prices rose, the volume of exports and imports declined, food shortages threatened, the supply of credit virtually dried up, and there was a run on gold and silver reserves. Shipping, including inter-island traffic, and the estate industry were especially affected, as were export firms all over the Archipelago. On estates and in harbours the prospect of mass unemployment loomed. Local indigenous producers of export products, rubber, tea, copra, maize, cassava, and beans and peas, and forest products, also suffered. Exports virtually ground to a standstill and prices dropped steeply.

The financial world reacted accordingly. Though there had already been a drop in prices in July the initial hope had been that the exchange in Batavia could stay open. The panic that held sway in Europe had to be avoided, and it had to be said, as it was stated in a report by the Javasche Bank, the stock-exchange in Batavia was of little significance.43 The Netherlands Indies proved less self-contained than people had argued. The exchange had to be closed. Many wanted to sell their shares.

The commercial credit system, an essential element in the business networks, where it was common practice for export firms to advance loans to Arab and Chinese middlemen who in their turn provided credit to their local supplier, came under pressure. European firms set the example. In Batavia it was the NHM which was among the first to renege. The NHM refused to honour letters of credit or to provide credit to companies which were its customers. Such suppliants were referred to the Javasche Bank.44 Other European firms demanded cash payments and their Chinese and Arab customers soon followed suite, or ran into difficulties because they had no cash to pay for new purchases or to meet outstanding financial obligations. All this led to the gloomy prediction that many private companies, even banks, would not survive the financial cri-
sis that seemed the inevitable accompaniment to the outbreak of the war and would soon be bankrupt. Some suggested a moratorium, a suspension on collecting debts and other financial obligations. As in Holland this never eventuated. The Javasche Bank intervened by extending its activities to the provision of credit, including those against the pledge of loans or mortgages, and other forms of transfers and the borrowing of money. Not to hurt commerce unnecessarily, the bank advisedly decided not to increase its interest rate.

In such grave circumstances The Hague deemed it necessary that Idenburg, whose term in office was to end in December, should remain in office. On 4 August he was sent a wire via the German and Eastern lines first in Dutch, and to be sure that it indeed reached its destination, repeated the next day via the second line in English. Idenburg was informed that ‘with high approval’ (the Queen) the appointment of a successor had been postponed ‘unlimitedly’ and that mindful of the current situation Pleyte trusted that he, Idenburg, would not object.45

The economic crisis with which Idenburg and his staff had to cope was acute. Business slowed down. A fall in foreign trade and production, whether brought about by the contraband policy of the Allied Powers or the hesitation about sailing, would exert a negative effect on the income of the state, which could well lose a significant portion of its customs and tax revenues. In the first nine months of 1914 these earned 1.5 million guilders less than during the same period the previous year; almost all of which had to be attributed to the decline of international trade as a consequence of the war.46 As in the mother country where the Minister of Finance had called for the ‘highly essential thrift’, the colonial administration had to economize. Were the estate sector to collapse, much of the national income would dry up. At the end of August when the situation had already improved somewhat De Locomotief gloomily predicted that in such circumstances the Netherlands Indies was forced to rely for its finance ‘on the fragile fiscal capacity of the native population, on the sixty million or more, which the land rent, the salt, the opium, and the pawnshop services yield together’.47 Consequently public projects were postponed and salary increases promised to European and Javanese civil servants were cancelled. In September, Idenburg also called for a cut back of expenses for tours of duty. Civil servants should travel on duty only when strictly necessary. Idenburg insisted that they had to limit the use of motor cars, and where possible should travel overland instead of booking a sea passage.

45 Pleyte to Idenburg, 4-8-1914, 5-8-1914, NA, Kol. Geheim, Vb. 5-8-1914 B14, Vb. 6-8-1914 D15.
46 De Locomotief, 1-12-1914, citing Korte berichten published by the Department of Agriculture, Industry, and Trade.
47 De Locomotief, 29-8-1914.
In The Hague Pleyte went further. A national budget was presented to Parliament in September. It was somewhat of a farce. The departments had prepared its drafts before war had begun. The Constitution demanded that a budget be submitted but this had to be done at a time when nobody had had any inkling about the financial consequences of the war. Even the government admitted that it was little more than a gesture.\textsuperscript{48} Still it already had one immediate consequence for the colony. One of the decisions Pleyte took was to scrap any rises, how small these might be, in expenditure on personnel from the draft budget. An exception was only made for a few very specific groups such as native schoolteachers and the sub-district heads. To solve the acute problem of the shortage of liquid assets induced by the war, the Ministry of the Colonies also contemplated speeding up and extending plans developed in 1913 to attract private capital for such government enterprises and services as the people’s credit banks, forestry, and the government railways and postal service. To raise additional money the ‘first Indies loan’, which had already been discussed before the outbreak of the war, was floated. It was intended not to add money to the budget but to pay off the floating debt of the Netherlands Indies in Holland. Subscription was opened in March 1915. Within weeks the loan was oversubscribed in the Netherlands Indies. A reason to be proud. The

\textsuperscript{48} \textit{De Locomotief}, 31-10-1914.
loan was as much an investment opportunity as a chance to kindle colonial patriotism. People wondered whether the loan would have similar results in Holland (which it did). Mention was made of large contributions by members of the Javanese nobility and by affluent Chinese, who as their rich compatriots in the Straits Settlements were pillars of colonial society. The staff of the General Secretariat (the Governor-General’s office) also subscribed a modest amount of money.49

The reaction of the European community to news of the war exacerbated the situation. People’s anxiety mounted by the day. All over the Archipelago people phoned newspapers editors, civil servants, and other supposedly well-informed persons to check the many rumours which were circulating and to find out what was happening in the colony and in Europe. It was reported that in Semarang the Resident’s phone rang almost incessantly.50 Such was the increased demand for calls that during the whole of August trunk lines had to be opened to the public for two extra hours in the evening.

Almost all cities of any significance saw runs on the bank. Even in far-away Gorontalo in North Celebes panic struck. The indigenous population were also not unscathed. A remark by a Chinese that it would not be long before Dutch banknotes would no longer be legal tender acted as ‘a spark in a barrel of gunpowder’. Almost all coins were withdrawn from circulation.51 It was the same everywhere. Paper currency was distrusted. Occasionally people inquired whether bank notes could still be cashed. Many preferred coins. Consequently an extra supply of silver money had to be sent to banks. The export of gold and silver was prohibited.

Anticipating a financial crisis, as early as 1 August Pleyste had asked the Queen to allow Idenburg to change the backing of bank notes, current accounts and balance to coins or coin material of the Javasche Bank. Using this power Idenburg lowered the ratio from two-fifths to one-fifth. This offered the possibility to increase the amount of paper money in circulation to deal with a situation in which there was a mounting demand for cash payments, just at a time people were withdrawing large amounts of silver coins from the bank without having any intention of spending the money in the near future. As an additional security and aware that ‘gold [was] nowhere obtainable’, special contracts were concluded with the mining companies in the Netherlands Indies by the Javasche Bank which gave the bank preferential rights to buy gold.52 In an attempt to decrease the distrust in paper currency, banknotes of the Javasche Bank were formally declared legal tender. To combat the hoard-

49 *De Locomotief*, 13-3-1915, 16-3-1915, 18-3-1915.
50 *De Locomotief*, 5-8-1914.
51 *De Locomotief*, 15-9-1914.
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ing of coins the Dutch Residents were instructed by Idenburg to act as rigorously as possible against anybody who undermined trust in banknotes and by doing so stimulated the withdrawal of coins from circulation.

Initially the measures were ineffective. People in all the population groups continued to flock to banks to change their notes for coins. Occasionally the police had to be called in to calm people down. In Semarang, the local branch of the Javasche Bank was overrun by customers. After it had opened its doors those waiting outside ‘dashed in and the whole day it continued to be a continuous flood of people desiring silver. At certain moments the agitation among those still waiting was such that quarrels and small scuffles occurred, to which Europeans were also not immune.’

Tram and railway companies demanded the exact money in coins for fares. They refused to accept payment with large notes which would have required change in coins. The tram and railway companies were perfectly within their rights to do so, and it may have been their contribution to decreasing the exchange of notes for coins, but Europeans castigated such behaviour as setting a bad example to the non-European population. It inexorably stimulated the distrust in paper currency of the indigenous Indonesians who for years had been in the habit of treating railway stations as a convenient place to change banknotes for coins. At at least one station the result had been that the Chinese shopkeepers living nearby refused to accept paper currency.

The Batavia head-office of the NHM was partly blamed for the panic. It refused to pay out silver coins to anybody, not even to long-standing customers who needed the money to pay their employees’ wages. As a consequence the Javasche Bank had to help out the shipping company, the KPM, and a number of estate companies which had an account with the NHM but were refused silver coins. Another large company, which also needed money to pay its employees, the Nederlandsch-Indische Gas-Maatschappij (Netherlands Indies Gas Company), was only provided with coins by the NHM after it threatened to close its account. The NHM had prepared for an emergency such as that which occurred in August 1914. Since 1912 it had built up large stock of coins. The Director of the NHM, A.F. Marmelstein, did his best to keep this so-called war-cash box intact. Expecting a run on his bank, in vain he tried to persuade the Javasche Bank to give his company three million guilders in silver coins. He even called on the mediation of Idenburg. The President of the Javasche Bank and Idenburg refused to comply. They could not permit such a substantial decrease in the stock of the Javasche Bank, exactly at a moment when that bank needed all the gold and silver it had to pay out to the public and to endorse its banknotes. Marmelstein was given to understand that for

53 De Locomotief, 8-8-1914.
the sum for which he asked the Javasche Bank could bring into circulation an amount of banknotes five times higher. The most Marmelstein was prepared to commit himself to, and he considered it a ‘fair deal’, was that the NHM would not withdraw cash from the local branches of the Javasche Bank as long as its own stock remained intact.

Even Pleyte could not persuade the NHM to change its policy. Pleyte had ‘instantly’ phoned the NHM main office to summon Van Aalst to his Ministry when Idenburg had informed him about the company’s attitude on 8 August. The result had been disappointing. Van Aalst was not available, and his deputy, A.H. Muller, was not very eager to send instructions to Batavia rapping Marmelstein over the knuckles. When instructions were finally sent, they did not exude the spirit Pleyte had expected. They merely told Marmelstein to lend the colonial government every assistance without prejudicing the interests of the NHM.54 Pleyte concluded that the conduct of the NHM had been questionable. Idenburg shared this opinion. He wired Pleyte a few days later that the company was ‘only alive to its own interests’.55 This was neatly phrased. According to a secret note drawn up by the President of the Javasche Bank – at the request of Pleyte the words were not included in the version of the report to be shown to the management or Van Aalst – the attitude of the NHM in Batavia at the outbreak of the war had been one of ‘irrational fear, egoism carried to the extreme, and complete indifference to the interests of society and the rights and interests of its clients’.56

The stubbornness of the NHM meant that in Surabaya and Semarang especially, the NHM withdrew large amounts from branches of the Javasche Bank. To add to the irritation, the manager of the NHM office in Surabaya refused to participate in a meeting of the Resident, local banks, and rich Chinese and Arabs to discuss combating the hoarding of silver. He remarked arrogantly that his company was sound enough and had coins enough. It did not have to call on help from Chinese and Arabs.57

The monetary policy of the NHM became the talk of the town. It fortified the general public in their belief that banknotes had lost their value. This meant that to all intents and purposes Marmelstein could have made himself liable to the rigorous action Idenburg had demanded Residents take against people fuelling distrust in banknotes. Marmelstein was indeed punished, but was too important a person to suffer serious repercussions. Angered by the policy of the NHM, which as it was stressed a number of times in official

54 Marmelstein to Idenburg, 10-8-1914, NA, Kol. Geheim, Vb. 18-9-1914 L19.
correspondence only considered its own interests and not those of the state, Idenburg sent a wire to The Hague on 5 August. In it he withdrew his suggestion that Marmelstein be awarded a royal decoration on Queen’s Birthday. In retrospect the President of the Javasche Bank would later complain that because of the lamentable conduct of the NHM, the public had been robbed of its senses. Between 4 and 8 August the bank had literally been stormed by people wanting to change their paper currency for coins. In total the various offices of the Javasche Bank had been forced to pay out twelve million guilders to people who came to hand in their banknotes.

Apart from changing banknotes, many people went to the bank to empty their accounts. Most of them were Europeans, Chinese, and Arabs. The indigenous population still did not make much use of the services of banks. In Surabaya 48,000 guilders was withdrawn from the Savings Bank in one day. Under normal circumstances the bank paid out 7,000 guilders per day. On the same day, the branch of the Javasche Bank in Surabaya had to pay out 80,000 guilders. The demand for ready money was such that in Semarang the board of the local Savings Bank put an announcement in the newspapers informing the public that the bank would resort to its statutory right to institute a three month period between requests for withdrawals and the actual pay-out. The bank explained that it could cope with the many requests for restitution, but that it had to act in anticipation of even more withdrawals. It could not do otherwise. Most of its money was invested in solid mortgages, which if suddenly realized would place the debtors in grave trouble, and in shares, which could not be sold at a time when the exchange was closed. To help out its employees, who could well find themselves suddenly without cash money because of the decision of the Savings Bank the Internationale Crediet- en Handelsvereeniging Rotterdam (Internatio, International Credit and Trading Association Rotterdam) decided to pay moderate advances, with savings-bank books as a pledge. The Semarangsche Hulpspaarbank (Semarang Savings Bank) also announced that in order to help out small savers and to combat usury, it would pay out small advances in this way.

Simultaneously, and in this respect Europeans also led the way, all over the colony people began to hoard. In many cities carriages packed with bags of rice, tins of petroleum, dried milk, and tinned food bought by passengers who were often female Europeans became a frequent sight. From Kupang in Dutch Timor an extraordinary demand for evaporated milk was reported. The panic which gripped citizens in a number of regions was augmented by

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60 *Oetoesan Hindia*, 5-8-1914, *De Locomotief*, 6-8-1914.
emergency purchases made by the government, army and Navy. The commander of the Navy, Pinke, ordered the purchase of rice, sugar, coffee and flour for a period of six months (Teitler 1986:13). The commander of the army, Michielsen, ordered the regional army supply officers in Java to lay in a stock of rice, tinned milk, dried fish, butter, and flour, also, but people were not aware of this at first, to be used for distribution among the population should this become necessary. Later Navy beans, sugar, and sago were added to the list. As a precaution, in order to be able to act if food shortages were to occur in certain parts of the Archipelago were imports of rice to dry up, this was followed on 8 August by an instruction to the army’s quarter-master general to stock extra food supplies. He was given the extra responsibility transporting food to regions which might potentially suffer a food shortage. He was provided with two special advances for this purpose; one of one and a half million guilders; the other of over three million guilders.

Though runs on shops had already started talk of the massive purchases by the authorities added to the atmosphere of alarm. In Yogyakarta staff from the nearby estates were alerted by phone to come to the city and stock provisions. It was recollected a few days later that it seemed as if a famine was imminent. The run on the shops in Yogyakarta had commenced after reports began to circulate that the army was buying up the whole supply of milk, butter, and chocolate in the city. Indeed, so much butter was bought by the army that some of it had to be sold again after a few days. Large-scale purchases by the army also contributed to the panic elsewhere. In Batavia people feared that in little more than a week there would no longer be any bread in the shops. In Surabaya the army was blamed for the rising price of bread. In Semarang leading trading firms blamed the panic in the city on the army and its sudden and seemingly unlimited purchases. The result had been a sharp rise of prices in the city, and especially so in the interior. From Salatiga it was reported that after the army had started to make large purchases ‘almost everybody went a little crazy’ and that shops were ‘as it were plundered whatever the price’. What was being referred to in all these reports were essential commodities. Many shops faced a drop in sales because customers unsure of what the future would bring were hesitant to part with their money.

Bleak financial prospects – newspapers reported that the colonial administration contemplated lowering the salaries of its civil servants, according to some rumours as much as by half – and a rocketing demand for some

62 Verslag omtrent de belangrijkste militaire maatregelen sinds 31 Juli j.l. getroffen, NA, Kol. Geheim, Vb. 18-1-1915 P.
63 De Locomotief, 8-8-1914.
64 De Locomotief, 5-8-1914, 11-8-1914, 19-3-1915.
65 De Locomotief, 24-8-1914.
commodities meant that shops refused credit. Up to that moment buying on credit had been an accepted practice and some owners of shops, as happened in Batavia, used the opportunity to force their clients to settle outstanding bills. They refused to sell any more commodities before debts were paid. Even a newspaper like De Locomotief joined in. As of 6 August De Locomotief demanded cash for subscriptions and advertisements. Some welcomed this new, unusual situation as a blessing in disguise. Credit, the buying with, as it was called, bonnetjes, on account, had been widespread. In the opinion of its critics this credit system in the wholesale and retail trade had turned into an unhealthy habit. There were too many outstanding debts and people spent much more than they could afford. They expressed the hope that the sudden demand for cash payments would provide an opportunity to scotch this evil once and for all. It did not come to this. After about two weeks the old practice of buying on credit was resumed.

Expecting a disruption in supply and confronted with the sudden demand shopkeepers, importers, and wholesale traders raised the prices of food-stuffs, drinks, and textiles. European traders, in their own words, ‘adjusted prices to the demand’. De Locomotief reported from Bandung that consumer prices skyrocketed. The result had been ‘great bitterness’. In Semarang one firm doubled the price of flour within a day; another raised the price of a box of matches in six hours from eighty-five to two hundred guilders. Shopkeepers defended their decision by pointing out that Europeans were prepared to pay whatever was asked, even an increase of two hundred per cent. Occasionally they went too far. In the West Javanese city of Sukabumi, a Chinese wholesale trader was forced to distribute a leaflet in which he apologized for the fact that he had increased his prices by 60 per cent. Fearing a boycott by his Chinese customers, he promised to make restitution of the money paid in excess. In Surakarta a shopkeeper decided to lower his prices by 2 per cent after angry customers had threatened that they would stop visiting his shop after the war.

The situation was aggravated by the fact that imports stopped or were disrupted. Some products grew scarce almost immediately. One of these was beer from Europe, but as the editor of De Locomotief wrote, he had bought some Japanese Asahi beer and it had not tasted different. Much more alarming was the prospect of a decline in the supply of rice. After a week the bans on rice exports abroad had been lifted, but much solace this had not given. The war came at a moment that the Archipelago was suffering from an extremely

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66 De Locomotief, 8-9-1914.
67 De Locomotief, 5-8-1914.
68 De Locomotief, 10-8-1914.
69 De Locomotief, 7-8-1914, 26-8-1914.
70 De Locomotief, 7-11-1914.
long drought and concomitantly poor harvests. Coupled with the prospect that because of the disruption of international shipping, rice imports might not be forthcoming for some time, the result was great trepidation. In Java though there were still large stocks of rice available, prices rose sharply almost everywhere; boosted by the fact that the colonial administration started to buy up rice in large quantities. It was reported that in doing so any price asked was unquestionably accepted.\textsuperscript{71} One of the consequences of the rise in price was that pawnshops were inundated with indigenous customers who wanted money which they thought they needed to buy rice.

The situation outside Java was more critical. In South Borneo, one of the worst struck areas, the yield had been half of that of the previous year. In Ternate the harvest had been ‘very disappointing’; while from South Celebes it was reported that because of a bad harvest rice shortages threatened.\textsuperscript{72} The estate and mining regions of Sumatra formed an especially weak spot. These were threatened with the prospect of a sudden shortage of rice – and a sharp increase in its price – as French Indochina, Siam, and Burma had instituted export bans and international shipping any way had come to a standstill. In the north of Sumatra the price of an one hundred kilogram bag of Siam rice tripled from ten to thirty guilders.\textsuperscript{73} Europeans were sure that the labour force on the estates would certainly rise when there was no longer rice to feed them.\textsuperscript{74} In Jambi, Lampung, and the Riau Archipelago people also feared food riots. In the Riau Archipelago, on the island of Pulau Tujuh, this fear was realized. Great anxiety among the population was also reported from Billiton. Rumours were rife that Chinese miners, who expected a shortage of rice, intended to plunder the small town of Tanjungpandan.

On the East Coast of Sumatra, where about two hundred thousand estate workers had to be fed, the Dutch \textit{Resident} summoned a meeting with planters and the managers of shipping agencies and import houses to discuss the food situation. The region was almost completely dependent for its supply of rice on imports from abroad. Afraid that worse was to come, the meeting decided to try and buy 120,000 bags of rice in Rangoon and Siam, a supply sufficient to feed the labour force and the ‘free natives in the cities’ for three months. When necessary the purchases had to go ahead against any price asked, a very popular phrase at that time. Managers promised to start planting \textit{ketela}, sweet potatoes, and other secondary crops, like maize and soya bean, on their estates as a substitute staple. Soon this was to give rise to a new anxiety. The large-scale, sudden planting of secondary crops could well lead to diseases, which

\textsuperscript{71} \textit{De Locomotief}, 17-8-1914.
\textsuperscript{72} \textit{Koloniaal verslag} 1915:31-2, 35-6, 41-2.
\textsuperscript{73} \textit{Feiten} 1916:82.
\textsuperscript{74} \textit{De Locomotief}, 30-5-1916.
might also affect the main crop, tobacco. In Bangka an appeal was made to the indigenous Indonesians and Chinese to prepare extra fields for the growing of food crops. The situation on the island appeared so alarming that anxious to feed the many miners, the colonial administration was prepared to pay for rice bought by private firms in Rangoon, even accepting the risk that because of acts of war the cargo could be lost at sea.\textsuperscript{75} It was one of the rare instances in which colonial and home governments were prepared to offer insurance against the risk of war.

On 4 August Batavia banned the export of rice. Ships destined for Europe which had already loaded rice had to discharge their cargo. An export ban of important secondary crops, like cassava, maize, peas and beans, followed three days later. Special measures were taken for Bali and Lombok. Rice exports from these islands to other parts of the Archipelago were forbidden. Simultaneously Dutch civil servants took action to fix the price of rice. Hoarding was threatened with the confiscation of stock. As an additional threat, the Attorney-General sent a circular to the newspapers ostensibly asking the help of the editors to warn the public that the criminal code covered punishment for spreading unsubstantiated rumours intended to influence the level of prices. He did not fail to mention that the press regulation allowed action to be taken against the deliberate spreading of incorrect reports. The publication of false rumours in newspapers, even when an editor did not know that these were not true, was liable to punishment.\textsuperscript{76} The warning was to no avail. Newspapers continued to report about rising prices and a panicking public.

In the efforts to calm the public down yet another circular, quoted extensively in the press, was sent to Dutch regional civil servants. It said that the supply of food was still amply sufficient, that prices could be kept under control, and that the circulation of money would remain normal providing that coins were not withdrawn. The circular stressed that the colonial administration fully comprehended what was going on and had taken the necessary action to curb the panic.\textsuperscript{77}

Feeding their work force was not the only problem faced by the estates. Dutch- and foreign-owned plantations had to deal with an acute shortage of cash. No money could be wired or sent to them to pay the labour force or to meet other financial obligations. In normal times production was financed by advances from banks which would be repaid from the sale of the estate products, but in this precarious time this source of money threatened to dry up. Private banks – and again the NHM has to be mentioned unfavourably – could

\textsuperscript{75} \textit{Javasche Courant}, 4-9-1914.
\textsuperscript{76} \textit{De Locomotief}, 6-8-1914.
\textsuperscript{77} \textit{De Locomotief}, 13-8-1914.
not or would not help out. The result was that many estate companies had almost no money in hand; a situation made all the more pressing because the Islamic fasting month was approaching and labourers expected their customary advance. One company in Deli had only sixty guilders in cash. Railway companies, themselves feeling the consequences of the drop in economic activity, were also not always helpful. In Sumatra the Deli Spoorweg Maatschappij, the Deli Railway Company, demanded cash payments for its services. It also asked the estates to pay outstanding bills within three days. The company justified its request by pointing out that it needed money urgently to pay its own staff. As an indication of the financial problems in which the Deli Railway Company found itself it announced that it could not, as was normal practice, advance a month pay to its Muslim personnel to pay for their extra expenses at the end of the fasting month. Owing to circumstances, this would be halved.

European estate managers feared trouble with the Indonesian labour force if wages were not paid in full. Occasionally disputes over pay did indeed lead to disturbances. In the middle of August a British estate in Sukabumi had to call in troops to restore order. Some estates in dire need of cash decided to sell all the stock they had with all the consequences this would have for prices. In other cases, one of the regions where this happened was Malang, estates had used the money that remained to buy foodstuffs for their European

78 De Locomotief, 29-10-1914.
79 De Locomotief, 17-8-1914, 18-8-1914.
80 Oetoesan Hindia, 15-8-1914.
staff and indigenous labour force and had to stop production temporarily. Sometimes estates instructed the owners of small shops on their land to sell their merchandise for pre-war prices; promising compensation if this meant that they had to sell at a loss.

Informed of such predicaments, Pleyte urged Idenburg to help the estates in any way possible. The Javasche Bank should give advances to Dutch- and foreign-owned estates with produce as a security. It was a superfluous request. Fearing a ‘general debâcle’ – a production stop, massive unemployment among the labour force, and in the wake of this ‘all kinds of riots and disturbances in the interior’ resulting in an even larger panic among the public – the Javasche Bank had already acted in the direction suggested by Pleyte. As early as 2 August the Javasche Bank promised financial assistance to estates which were in financial hot waters because of the war. Among these were estates in Sumatra for which the branch of the NHM in Medan had refused to buy bills of exchange. As other private banks also refused to accept bills of exchange, in the third quarter of 1914, the Javasche Bank had an extra volume of business in this sector of monetary trade of 20 million guilders. By fits and starts, other banks followed the example of the Javasche Bank, partly prompted to do so by the fact that import firms unable to transfer their money to Europe had built up large deposits.

The feeling among the general public, which was well aware of the problems confronting the estate sector, was that many estates in Java and Sumatra, and certainly those which were foreign owned, should stop production. Predictions were rife that labour would have to be fired on a massive scale, which might well result in unrest among the native population. In a society riddled with rumours, even holidays allowed to estate workers to celebrate the end of the fasting month were initially believed to be lay-offs caused by the difficult situation in which estates found themselves. Under normal circumstances the Dutch did not worry much about such temporary periods of high unemployment. They were convinced that native society could cope. Excess labourers returned to the countryside where they were fed by their fellow-villagers. This time it was a different story. Lay-offs would be accompanied by a rise in prices of basic food-stuffs. People expressed the fear that were it to become impossible for a large section of the population to buy food in sufficient quantities, this would create a situation in which the people would be susceptible to agitation. It was stressed a number of times in De Locomotief that estates should refrain from dismissing their labour force at a time when prices

81 De Locomotief, 7-8-1914.
84 De Locomotief, 21-8-1914.
escalated sharply. Keeping workers on meant an extra financial burden, but the estate managers should have a larger and more important interest at heart: domestic peace. Under no circumstances should the colonial army, which might be needed to defend Java against a foreign enemy, need to be deployed to quell local unrest.85

Bristling with similar fears the colonial administration also took precautions. Large public works had to be slowed down if possible, except for projects which might be useful to combat unemployment. If mass dismissals became a reality, the execution of labour-intensive projects had be speeded up. Indigenous Indonesians who had become redundant could again do work which in recent years had been taken over by machines. Wherever possible the new jobless should – as some indeed would in early August – be engaged ‘against a moderate daily wage’ in the digging of irrigation canals, the construction and repair of roads, and on harbour works, where dredging could be done manually.86

It transpired that the reality was not to be as fraught as initially feared. Within a week the immediate crisis had passed. Idenburg and the President of the Javasche Bank won great acclaim. In retrospect one German businessman, Emil Helfferich (1921:10), wrote that their unique cooperation and determination had done much to calm emotions down. Newspapers began to report about the ebbing away of the ‘great nervousness’ of the first few days. The runs on the banks diminished. A reverse process set in. People en masse deposited in the banks the silver coins they had withdrawn a few days earlier. Helfferich attributed this in part to the policy of the Javasche Bank. He relates how, with what he calls ‘a good understanding of the psyche of the Chinese’, at banks names of Chinese and the amount they withdrew were written down conspicuously. Helfferich explains that Chinese did not like to have their name written down, just as Arabs were averse to having their picture taken. Consequently they returned their money as soon as possible and asked that their names be struck off (Helfferich 1921:10). No special regulation to relieve the Javasche Bank of its obligation to exchange paper currency for coins had to be issued, and no extra paper money had to be put into circulation. Visits to concerts and theatres were resumed. Later horse races, the highlight of social life in many cities, were once again part of the social calendar. Contrary to the more gloomy expectations, they were as usual attended by large crowds. The telegraph links with Europe were restored. After days of anxiety and no opportunity to send or receive messages, people flocked to the telegraph offices to contact relatives and business associates abroad. At the busiest offices a

85 De Locomotief, 5-8-1914, 6-8-1914.
86 De Locomotief, 24-8-1914.
night service had to be instituted.

The measures taken by the colonial administration to contain the rice price had been successful. The restoration of the shipping links with Singapore and other Asian ports also helped quell anxiety. As no prolonged food crisis eventuated, in September the colonial government found itself burdened with a stock of rice – 20,000 tons – it had bought for a price higher than that at which it could sell it. State companies were instructed to buy the rice they needed from this stock. Reassured, the government lifted the export ban on cassava, and beans and peas on 1 September, that on maize on 10 October.

Across the board prices dropped. Nevertheless, at the end of August it was reported from Batavia that loaves of bread had become ‘a little bit smaller and somewhat more expensive’. The bread price was indicative of what was happening. Compared to pre-war standards, the cost of living rose, while the purchasing power in all population groups declined. Indigenous Indonesians left the cities, where life had become more expensive, for the countryside. Other city dwellers who had been able to afford some luxury in the past, adjusted their menus. Chicken replaced beef, coconut oil was used instead of butter, more local vegetables and fruits were eaten. The positive effect was that this
stimulated the rural economy; the negative effect was that such products were growing more expensive in the villages.  

Some found themselves in real trouble. Among them were those who had been fired, or had been forced to accept a drop in wages, or had seen their income dwindle in other ways. The principal victims were people in the estate and trading sector. Other sufferers were missionaries. Apart from the fact that money could not be transferred to them from Europe, donations dried up. Less income forced missionary societies to stop the posting of new missionaries in the colony for the time being. The stipend of missionaries already in the field in the Netherlands Indies was drastically reduced, in some instances even halved. The two measures were interrelated. The boards in Holland feared that were their number still allowed to increase missionaries would impose upon themselves and their families ‘much hardship, which will bound later on their health’.  

Europeans became thrifty. The panic shopping of the first days of the war was replaced by a tendency to buy only the bare necessities, postponing the purchase of clothes, household goods and the like. Owners of shops, hotels, and restaurants frequented by Europeans felt the consequences and had to dismiss personnel or lower their salaries. Some hotels had to close. Tourists cancelled their trips to the Netherlands Indies. Others who had arrived returned home as fast as they could. Luxury commodities could not be sold. In October the rent for space in warehouses in Surabaya was doubled. They were full of cars and other goods importers could not sell.

In the estate sector a massive lay-off never eventuated. The following year the official report of the Minister of the Colonies to parliament would state in a veiled way that business on the East Coast of Sumatra ‘here and there to a greater or less degree’ was reduced, but that nowhere had production been stopped. Nevertheless, unemployment grew. Because of the initial consequences for international trade, coolies in ports found themselves without work and income, or were forced to offer their services for much lower pay; sometimes, as was reported from Gorontalo, they asked only one-third of their normal wage. Estates dismissed labour and staff. In the larger cities in Java groups of unemployed Javanese strolling idly became a familiar sight. Many had travelled home from the estates in Sumatra, which had also stopped recruiting labourers in Java. The situation in Sumatra was not better. Some of the labourers who had become redundant were employed in the construction of railways. In North Sumatra preference for this sort of work seems to

87 Preanger-bode, cited in De Locomotief, 30-1-1915.
88 De Standaard, cited in De Locomotief, 5-10-1914.
90 De Locomotief, 15-9-1914.
have been given to Chinese, who were considered a greater threat to law and order than the indigenous Indonesians. Recruitment of coolies in China was stopped. At the end of November, this was followed by the repatriation of coolies. The government bore part of the cost. It paid 25 guilders per person for about three hundred unemployed Chinese whom the Resident of the east coast described as ‘bad elements’ constantly on the prowl. The measure contributed to the maintenance of law and order, but not completely. The Resident of the East Coast of Sumatra reported there were still many unemployed at his post, some of whom refused to take a job because of the low wages offered. The local Dutch community continued to worry about a ‘plague of coolies who wander about’, fearing that the government did not have the money to send them all back to China. To combat theft and other ‘vices’, the private police forces of the local Sultans were assigned to ordinary police duties. At least

92 Van der Plas to Idenburg, 18-1-1915, NA, Kol. Geheim, Mr. 1915/26x.  
93 De Locomotief, 1-12-1914, citing the Sumatra Post.  
94 De Locomotief, 16-12-1914.
as late as January 1915, on the East Coast of Sumatra large groups of jobless Chinese, roaming around footloose and fancy-free, were arrested and repatriated by the colonial authorities. In some cities of Java Chinese without visible means of support were also sent back to China at public expense.

In the construction industry labour was hit by the decision of the colonial government to continue only those works which were strictly necessary or could serve as relief projects. It was reported that construction industry had almost ground to a halt. One exception to this rule were the plague regions. As it was stated in the *Encyclopaedie van Nederlandsch-Indië* the principal aim of the government scheme to combat the plague was to ‘increase the distance between the plague-infected rat(s) and people to such an extent that the chance of infection of the latter is reduced’.

In practice this meant an improvement of housing. Hollow bamboo was replaced by wood or stone, was sealed off, or filled with cement; thus creating extra employment and a continued high demand for products such as roof tiles.

Civil servants suffered as well. Their pay was frozen. Pleyte considered a raise in the salary of Dutch colonial civil servants in 1915. In spite of the growing unemployment in Holland, it remained difficult to attract qualified, well-educated Dutchmen for employment in the colonial civil service. Higher pay would change this. Reluctantly Pleyte later withdrew his proposal. He had to bow to the argument advanced by Idenburg and his advisers that a rise in pay was politically imprudent. Discontent could well be the result if people were to realize that in such economically difficult times they had to pay extra tax to improve salaries of civil servants.

The decision did not go down well with those in government pay. This was one of the reasons army officers in the Netherlands Indies formed their own association. They argued that many officers and their families had to live in poverty, while on the whole the economic situation in the Netherlands Indies was not yet so bad that a rise in salary was out of the question.

The crisis had passed but had disquieted many. In Amsterdam, representatives of the major Dutch estate companies met on 17 August to draw up guidelines in case telegraph communication with the colony should break down again. Not sure how Great Britain would act many thought that such a moment could well not be far off. Once again Van Aalst had taken the initiative. The meeting decided that in four cities located in the heart of the main estate regions – Batavia, Semarang, Surabaya, and Medan – local committees

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95 *De Locomotief*, 4-12-1914, citing *Korte Berichten* issued by the Department of Agriculture, Industry, and Trade.

96 *De Raad*1919:392.


98 *De Locomotief*, 28-1-1916.
should be founded. They should determine how to proceed in such an event. The committees were charged with the task of pleading the interests of the plantations with the colonial administration and were responsible for advising individual estate managers on what to do. It was stressed that they had to perform their task without taking nationality into account. Once it was decided, a deputation visited the Secretary General of the Ministry of the Colonies to ask his mediation in having the decision published in the *Javasche Courant*; the best way to ensure that estate managers all over the Netherlands Indies were informed.

The very same day a wire was sent to Java. Idenburg was not overjoyed. He feared that exactly at a moment that panic had subsided its publication would upset people. A report in the *Javasche Courant* about the meeting should not contain any reference to a new break-down in telegraphic communication. Idenburg stressed in a wire in English to Pleyte that business was again ‘calmly going on’. Any mention of such a possibility would ‘disturb again seriously (the) calm state of mind (of) commercial people and other inhabitants’. 99

The Governor General did not have much choice. Newspapers in Holland had published the decision. The colonial press would certainly cite these reports when copies reached the Netherlands Indies (which *De Locomotief* did on 1 October). The message Idenburg disliked the most, that about a break-down in telegraphic communication, could not be omitted. Pleyte made this clear. It formed the quintessence of what the estate companies wanted to convey; it was the moment the committees had to start working. Idenburg had to consent. At the suggestion of Pleyte, the note was added that the Minister of the Colonies considered the initiative of the companies in Holland ‘a measure of extreme precaution’. As an additional reassurance, the gazette observed that, though a new disruption in telegraphic communication between motherland and colony could never be ruled out completely, the Governor General did consider it highly unlikely that it would happen again. Idenburg also zealously guarded his own authority. He made it plain to the estate companies that in the event of a new crisis it was he who would take the decisions, and not some local committee.

For sugar producers and traders, the war proved a blessing. The sugar industry had been on the brink of collapse. In previous years the sugar estates in the Netherlands Indies had lost much of their share of the European market. Selling-prices had been low. Most of the sugar consumed in Great Britain had come from Germany and Austria-Hungary, and from sugar-beet fields in France which were now laid waste because of the war. Confronted with the drying up of these sources of supply, London placed huge orders in the

99 Idenburg to Pleyte, 18-8-1914, 19-8-1914, NA, Kol. Geheim, Vb. 20-8-1914 V16.
Netherlands Indies. As early as the beginning of September Idenburg could report with satisfaction to Pleyte that the sugar sales to England had yielded enormous profits.100

All in all, the Ministry of the Colonies showed itself pleased with the way Batavia had coped with the crisis. There was also praise for the Javasche Bank, which had spent large amounts of money to meet the demand for cash not only from the business community, but also from the colonial government, which had been forced to undertake a large expenditure to back up neutrality.

There was less acclaim for the ban on the export of rice, which had been suggested by the Ministry itself. The main reason for this was probably that, contrary to the financial measures taken, the decision to ban the export of rice had met with fierce disapproval, even in the colonial press. The colonial authorities were accused of having failed to realize that ‘natives’ and people in Europe ate rice of a different quality. The export variety, the so-called table-rice, was ‘much too good for the general population and for feeding coolies on Bangka’ (Mees 1915:463). A lobby was started by rice dealers in Holland who had already paid for the rice which was not allowed to be exported and had become ‘very upset’.101 The traders succeeded in convincing Pleyte that only a small quantity was at stake, which could easily be substituted by rice of a cheaper variety from Burma. A telegram was sent to Idenburg asking him to lift the ban. Idenburg consented. Rice exporters were allowed to ship rice to Europe on the condition that they first imported an equal amount of Rangoon or Saigon rice ‘fit for the consumption of the natives’. The rice had to be of such a quality that it was indeed to the taste of the Javanese.102 This decision immediately posed a new problem. Exporters in Java, who had expected the ban to last, had already sold part of the quantity they had committed themselves to sending to Holland and other countries in Europe on the local market. They now feared – and their representatives in Holland did not fail to impress upon Pleyte the disastrous consequences – that their European buyers would demand delivery of the originally contracted quantities, which would be impossible for them to honour. Pleyte wavered, suddenly in favour of maintaining the export ban. Idenburg’s reply was reassuring. It concerned only a few exporters, on whom pity should not be wasted as they had made big profits.103

The Ministry of the Colonies was extremely unhappy with the NHM. It was disappointed by the lack of cooperation received in the efforts made

101 Pleyte to Idenburg, 15-8-1914, NA, Kol. Geheim, Vb. 17-8-1914 Hbis.
102 De Locomotief, 12-9-1914.
to ward off a financial crisis, and by the company’s refusal to pay out coins and to provide credit; decisions which a wider public the Netherlands Indies held against Van Aalst and the NHM till well after war had ended (Helfferich 1918:479). The NHM was also held responsible for the ban on the export of gold and silver. Initially the Javasche Bank had deemed such a step unnecessary. The bank had been confident that, in view of the war, nobody in the Netherlands Indies intended to export gold or silver. Only after the Javasche Bank had learned that the NHM had shipped gold to Singapore, had its management advised Idenburg to set up an export ban.04

Marmelstein did not understand what he had done wrong. He wrote to Idenburg that ‘in these difficult days’ the NHM had done all it could to help the government. He added that he would be pleased to learn why Idenburg had complained to The Hague.05 Van Aalst reacted in a similar vein. In the middle of October he sent a letter to Idenburg. He took all the blame. Marmelstein had acted on his instructions. Blame may not be the right word. Van Aalst was the saviour of the nation. He reminded Idenburg that ‘in those tense days’ when the Dutch economy ‘ran the serious danger of becoming disastrously disrupted’ he had frequently – ‘without exaggeration we may say day and night’ – been consulted about the economic policy to be followed. Because of the measures taken and of the consortium that had been formed under his leadership, danger had been averted. The Netherlands Indies had been spared those anxious days. Nobody in the colony had ever known how critical the situation had been, and what disaster could have struck there, had no resolute action been taken by the NHM in Holland.06 Idenburg was not impressed. He asked his Secretary General to write a brief reply. He, Idenburg, had read Van Aalst’s letter with interest, and wanted to let the matter rest. Dragging it up would only disturb the relationship between the NHM and the Javasche Bank.07

105 Marmelstein to Idenburg, 10-8-1914, NA, Kol. Geheim, Vb. 18-9-1914 H19.
106 Van Aalst to Idenburg, 15-10-1914, NA, Kol. Openbaar, Vb. 25-1-1915-.
107 Idenburg to Pleyte, 31-10-1915, Kindermann to Van Aalst, 16-12-1914, NA, Kol. Openbaar, Vb. 25-1-1915-. 