CHAPTER XVIII

The end of Dutch international shipping and trade

In the course of 1917 people in the Netherlands Indies became increasingly alarmed about what the future would bring. ‘Imagine’, the Director of the Colonial Civil Service had posed in January 1917 what will happen when all imports and exports come to a halt because of the isolation from the outside world, [...] the repercussions for the centres of trade and industry, the population compelled to stay alive by planting all available land with foodcrops only, the almost complete unemployment of the European and Chinese populations, and the increasing multitude of Natives who no longer make a living from handicrafts, precisely the so-called intellectuals whose influence on the population is great.\(^1\)

He gloomily predicted that Java would survive only for a few months. The collapse would be accelerated by social unrest. The same scenario was envisaged for the north of Sumatra. Isolated and deprived of rice from Java, the estate region could not hold its own for long.

Though the possibility that the Netherlands would be drawn into the Great War was on everybody’s mind at the beginning of 1918, it would not need war to bring about the ruination of the colony. The disappearance of foreign markets and the disruption of sea transport could achieve the same miserable outcome. The Jember Association of Agriculture and Industry noted that 1918 had ‘started so sombrely that – it could be said – it can bring no disappointments’.\(^2\) A report about the sugar industry for 1917 predicted that if the war did not end soon ‘unprecedented misery’ would be in store.\(^3\)

Others calculated the financial consequences of a collapse of the agricultural export market. Huge amounts of money would be withheld from colo-

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nial society if wages and taxes could not be paid by the estates, or had to be expended without being compensated by income. Sixty-five million guilders were paid out in wages in the sugar industry each year.\(^4\) Annual expenditure for wages in coffee, tea, and tobacco amounted to 43 million guilders (Cramer 1917:407-8). The only bright side was that ‘neither education of children nor position [to keep up] nor fashion’ would make it extra difficult for the indigenous population to make ends meet if they became unemployed or had to cope with a drop in income.\(^5\)

The entry into the war of the United States had added to the gloom. It meant that the alternative trading links established by the commercial world in the Netherlands Indies to compensate for dwindling trade with Europe came under threat. The consequences could be severe. The United States and Japan were the only remaining export partners of any significance. Not taking sugar into account, the United States was good for more that half of the market of the Netherlands Indies. Almost the entire rubber export went to the United States.

In early 1918 the capital tied up in stocks of colonial products stored in the Netherlands Indies because they could not be shipped had reached an

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\(^4\) Regeering 1919:10, citing a report by C. Lulofs and L. van Vuuren about the food situation in the Netherlands Indies; Bezwaren 1919:673.

\(^5\) Sumatra Post, cited in De Indische Gids 1918, I:492.
estimated value of 287 million guilders. In the rare cases that goods could be shipped transport costs had risen to unprecedented heights. Freight costs to the United States tripled. In 1918 for some products they exceeded market price. For a picul of copra bringing in about ten guilders (in 1913 this had been seventeen guilders) the freight price was forty-four guilders. Most of the goods stockpiling were perishable. With this in mind the unrealistic suggestion was made in Holland to ship them all to there. In the more temperate climate, decay would proceed more slowly. The Allied Powers might object, but the NOT, it was hoped, could play a decisive role in making the British and American governments change their minds.

Until the end of 1917 the American hinderance of Dutch shipping had been confined to transatlantic shipping. Sea traffic between the Netherlands Indies and the United States had been left unhindered. In January 1918 this changed. A KPM freighter of the Java-Pacific Line, the Van Cloon, was given only enough coal to sail to Java on the condition that she would return to San Francisco with cargo for the United States. On hearing the news, the KPM management forebode shipping to the United States. The complete isolation of Holland and the Netherlands Indies loomed. One author concluded that the Dutch flag had as good as disappeared from the seas. The ‘free seas’ had become ‘the most blocked territory on God’s earth’s surface’ (Van Heekeren 1918:191). Worse was to come. Desperate to free their own merchant fleets for the shipping of American troops and equipment to the front in France, the Associated Powers tried to force neutral countries to hire out tonnage. They wanted the Netherlands to surrender its merchant fleet for charter with the exception of the tonnage needed for colonial trade and for the transport of food and fodder to Holland which they would graciously allow in return. Indications were strong that draconic sanctions would be in store if the Dutch government did not comply. In that case all Dutch ships in Allied ports might be impounded.

The Hague could hardly refuse. Various people remarked in 1918 that the Netherlands was caught between three fires: the Associated Powers, the Central Powers, and hunger. Wheat was needed to avert a famine in Holland. A ‘basis of agreement’ was reached in London on 18 January 1918. Under this, Holland would receive 400,000 tons of food. In return, the Associated Powers were promised the use of 500,000 tonnage for a period of ninety days. This left about 350,000 tons for the transport of colonial wares to non-European ports, and about 300,000 tons for the transport of food to Holland and for shipping

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6 *Handelingen Eerste Kamer* 1917-18:156.
between the Netherlands and the Netherlands Indies.\(^\text{10}\)

In the end, when the Dutch government inquired whether the Associated Powers would allow an initial shipment of 100,000 tons of wheat to Holland before the final agreement had been signed, the Associated Powers had no objections. The condition was that simultaneously the total amount of Dutch tonnage that had been promised by the Dutch government in January would be placed at their disposal. Initially Washington demanded that freighters would have to sail from Holland to the United States to fetch the wheat. Later Washington permitted that three Dutch merchantmen already in the United States could transport the wheat to Holland. Simultaneously three Dutch ships had to sail from Holland to the United States. Germany would not object. The only sticking point for Berlin was the increase of Dutch tonnage in American ports and so it demanded that in exchange for every ship that left a Dutch port for the United States, a ship of comparable tonnage should sail from the United States to Holland. In Holland desperation had so threatened to engulf the country, that the German position was considered a friendly gesture by Berlin.

Just when everything seemed to have been arranged, a new condition was imposed by the Associated Powers and caused additional delay. Initially the Dutch government had been given the assurance that the chartered Dutch ships would not have to sail the ‘danger zone’; the area where German submarines were active. Before any ship could sail, the hawk Cecil on behalf of the Associated Governments informed The Hague that no exception with regard to the danger zone would be made for the Dutch ships they wanted to employ. The Dutch government had considered the non-sailing of the danger zone a matter of principle. The Hague reacted by stating that the new condition was of a ‘very onerous nature’. In a final and desperate attempt to find a way out, The Hague inquired with Germany whether it could deliver 100,000 tons of wheat within two months. The answer was no. The Dutch government was informed that Germany’s ally, Austria, was suffering a severe food shortage and that any surplus food it might have had to be sent there.

Forced by what Loudon called the stress in Holland and the Netherlands Indies the Dutch government had to accept that the Dutch ships chartered by the Associated Powers would have to sail the danger zone.\(^\text{11}\) It posed some counter-conditions: the Dutch ships would remain unarmed; they would transport no soldiers or war materials; and crews would be free to decide whether to sign on or not. The Hague realized that these conditions were unacceptable, but it had to avoid any chance that Germany could accuse the Netherlands of

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\(^{10}\) *Handelingen Tweede Kamer* 1917-18, II:1081; Colenbrander 1920:128.

a serious breach of neutrality which allowing Dutch ships to transport soldiers and arms to the front would imply (Timmermans 2002:190).

In explaining Dutch policy in Holland, Loudon took great pains to avoid any impression that the interests of Holland and not those of the Netherlands Indies had been decisive in bowing to the Allied Powers’ demands. He explained in Parliament that it was the duty of the government to assure that the Dutch fleet would ‘not be banned from the seas, especially from the Eastern seas, to ensure that for as long as possible that we are not completely cut off from our Colonies’.12 Loudon added that the alternative, requisition, would mean that ‘our ships will not be Dutch ships, our colonial trade will disappear, our colonial commercial interest will become totally dependent on the good will of the Associated Governments’.13 The crisis in Holland and in the Netherlands Indies had become so acute that the interests of motherland and colony could no longer be reconciled. Loudon’s words had been intended to soothe sentiments in the colony, but they really stirred up opposition in Holland. Troelstra had the impression that in yielding to Associated demands the government first and foremost had had colonial interests at heart. He could not agree. Troelstra said that it should not be forgotten that ‘our interest lies in the colonies, but that our heart beats here, that the colonies are important to our wealth, [but that] our history, our soul lie where we live, on the estuary of the Rhine’.14 These words did not go down well with Loudon. He riposted that the future of the Netherlands was to a high degree dependent on the way the Dutch fulfilled their colonial task: ‘Exactly in the hour of tribulation we have to show millions of Dutch subjects in the colonies that our policy is not tainted by self-interest, that our and their ideals are one, that the loosening of the historical tie would cut us to the quick, that we are prepared to make a sacrifice to maintain it’.15

The Associated Powers, suspecting that the Dutch government was dragging out on negotiations only because Dutch shipowners did not want to risk their precious freighters, announced that they had rejected the Dutch conditions. They acted accordingly. On 20 March the United States, Great Britain, France, and Italy requisitioned all the Dutch ships in their ports. In one blow the Dutch merchant fleet had lost a total tonnage of almost 700,000 tons.16 At least one Indonesian crew of an impounded ship showed that they sided with the Dutch. When the Rochussen was seized ‘the native crew which was lined up suddenly without any order being given to that effect, on their own initia-

12 Handelingen Tweede Kamer 1917-18:2042.
13 Handelingen Tweede Kamer 1917-18:2042.
14 Handelingen Tweede Kamer 1917-18:2049.
15 Handelingen Tweede Kamer 1917-18:2082.
16 Economisch-Statistische Berichten 24-4-1918, p. 344-5.
tive squatted and made the *sembah* as final homage to our tricolour, while it was lowered'.  

Loudon learned about the Allied Powers’ step in the evening of the following day; Van Limburg Stirum only on 8 March. To justify the requisition London explained that the Associated Powers had exercised their right of angary. The Dutch objected that this right of belligerents to confiscate neutral vessels for their own use when they were hard-pressed for shipping facilities was an obsolete, obscure relic of international law, which the United States and Great Britain had not recognized in the past.  

In Asia, Dutch freighters in British and American colonial ports had been refused permission to put to sea as early as 8 March. At that moment twenty Dutch ships were anchored in Singapore alone. Other Dutch freighters were stuck in Rangoon, Manila, Hong Kong, Colombo, Bombay, and Brisbane. The price of rice in the Netherlands Indies had risen immediately. When the actual seizure became a fact, prices of shares dropped in Holland and the Netherlands Indies. From Semarang it was reported that there were ‘panic-

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17 De Locomotief, 3-4-1918.  
18 De Boer 1997:44-5; *Economisch-Statistische Berichten* 16-1-1918, p. 46.
stricken quotations’ on the local exchange. Most heavily affected were sugar, shipping, and industry. Some prices of stocks dropped to their 1914 level.

Indignation in the Netherlands Indies was great. Bijl de Vroe wrote in his diary that the whole of the Netherlands Indies was in turmoil:

they are wretches n.b. the peoples who claim to fight for the right of the small nations! [...] Still people here remained rather calm about the affair, resigning themselves to what appears inevitable. For the export crops which will miss even more of the necessary tonnage prospects look grim’ (Bijl de Vroe 1980:140).

In a telegram to the Dutch Ministry of Foreign Affairs the Batavia Chamber of Commerce also noted that ‘Batavia [was] seething with indignation and disgust’. Such feelings were shared in Holland. Queen Wilhelmina spoke of robbery of ships (Timmermans 2002:177). Senator J.Th. Cremer lamented that the merchant fleet in the Netherland Indies ‘which is one of the most beautiful fleets in the East and the life-blood of our Archipelago, has been subjected to the indignity of confiscation’. He was especially shocked by the confiscation of the Melchior Treub, which sailed the route Medan-Singapore-Batavia-Semarang-Surabaya. Cremer called the Melchior Treub the ‘most beautiful of our passengerships out there’. Her passengers were transported by steam-launches to an adjacent Dutch island from where a Dutch ship transported them to Batavia.

National pride was hurt most. The requisitioning was less galling than it seemed. From the outset, it was clear that profitable times might be in store for the shipping companies. Their ships could sail and the Associated Powers offered the owners fair compensation. In view of the freight prices offered by the Associated Powers and the high compensation paid for ships that were lost, it was in retrospect indeed concluded that the requisitioning was ‘the largest fixture ever recorded in the annals of shipping’ (Van Dorp 1920:216).

The confiscation of the merchant vessels – the words theft and robbery tended to be used by Dutch and Indonesian residents alike in the Netherlands Indies – ushered in a new period of anxiety. In the Netherlands Indies the fleet was put on the alert. The sailing times of freighters under Dutch flag became a state secret. On 3 April newspapers were forbidden to report on ship movements. To ensure that the editors complied, the regulation dating from the Russo-Japanese War was reinstated. The announcement aggravated the nervous mood prevailing in the Dutch community, already upset by reports

19 De Locomotief, 6-4-1918.
20 De Locomotief, 3-4-1918.
22 Handelingen Eerste Kamer 1917-18:190.
23 Economisch-Statistische Berichten, 27-3-1918, p. 275.
about the dire food situation in Holland, the German offensive launched on the Western front on 21 March, and the sand and gravel conflict. People began to fear that the Netherlands might no longer be able to escape being dragged into the war. From Surabaya it was reported that these were ‘days of enormous tension’ in which there was no room for ‘drinking-table or tango-dinner Patriotism’. After the United States had entered the war, one of the conclusions drawn was that the American presence in the Philippines no longer formed any protection against a Japanese advance. In the mind of some the requisitioning of the Dutch ships turned the United States into a real enemy. Speculation was rife that one of the first hostile steps the United States, said to lust after the annexation of the Central American islands, might take would be the occupation of Curacao to give Washington a Caribbean base to act if ever Venezuela and its oil reserves were lost to the United States. De Standaard concluded that as a Colonial Power the Netherlands found itself ‘in a very threatened position’. Meek acquiescence was the only course of action open. One false move in Holland would have repercussions in the Netherlands Indies, and vice versa.

The tenseness of the situation and the possibility of a clash with the Allied Powers did not escape the Indonesian population. In July Neratja commented that the Dutch government was really in trouble. Neratja made this remark after it had become known that a lieutenant in the colonial army had been put on the black list. Neratja was sure that London would place the colonial government on the black list if the soldier in question was not cashiered from the army.

Pressure likewise mounted because the confiscation of the Dutch ships gave rise to the fear that Great Britain might try to seize the German and Austrian merchantmen stranded in the Netherlands Indies. What should be done? There had been no request from the German Consul General, but Commander Bron of the colonial Navy decided that two freighters should be moved to a safer location: the Anhalt away from Telukbetung and the Wismar away from Banyuwangi. The merchantmen anchored in Sabang, Emmahaven, Tanjung Priok, Cilacap, and Surabaya were or, in the case of Emmahaven soon would be, protected by artillery. The four German ships in the roadsteads of Makassar also had a relatively safe anchorage. Other ships were too small to be employed for ocean-going trade, or, as in Ambon, could be and were moved from the roadstead to the safety of an enclosed bay. The plan was to sail the Anhalt to the Bay of Bantam and the Wismar to the roadstead of Pasuruan, voyages of respectively thirteen and twenty-two hours. From there

24 De Locomotief, 2-5-1918.
25 De Standaard, cited in De Indische Gids 1918, I:721.
26 Neratja, 18-7-1918.
it would take only a few hours under way to reach Tanjung Priok or Surabaya if war were to threaten. It was not plain sailing. There were two problems. A minor one was that the hulls of the Anhalt and Wismar had not been careened for four years and were covered with barnacles. There was a good chance they would have to be towed. A more serious problem was that the two German freighters would have to traverse international waters. Van Limburg Stirum was against granting protection by Dutch warships outside territorial waters, and did not disallow the possibility that the Anhalt especially, which had to sail some ten miles through international waters, might be intercepted by a British or a Japanese cruiser. Though Bron had estimated the risk low, Van Limburg Stirum decided that the dangers were too great.7

Assurances by the Associated Powers that no more ships were to be confiscated and that bunkering would be allowed in their ports failed to win the trust of either the shipping companies or the Dutch authorities. In Holland and the Netherlands Indies Dutch ships simply did not venture out to Associated ports. For the crews a period of boredom lay in store. As people were aware of what this might portend initiatives were taken to entertain them. In Surabaya a society was formed, De Nederlandsche Handelsvloot, The Dutch Merchant Fleet, to ensure that the spirit among the European officers remained high. One of the events organized was a dinner in the local theatre. It lasted from 11:30 in the evening till 7:00 in the morning. The three hundred guests ate, sang, recited, danced, and drank toasts. A local newspaper reported that it was ‘a smashing do’.8

Some of the resulting gaps in shipping in the Netherlands Indies were filled by Chinese traders. They chartered small steamers in Singapore to sail between there and Jambi. Such initiatives were just a drop in the ocean. In most ports warehouses, if this was not already the case, were crammed to capacity, forcing some of the companies which owned them to announce they would no longer accept additional goods for storage. In Belawan, near Medan, this even affected imports, including rice. In Padang copra was stored in houses all over the town, even a cinema was pressed into service. The townspeople suffered. The stench became unbearable and innumerable small, black copra beetles invaded their houses. Nothing could be done to prevent the practice. Copra fell outside the scope of the Nuisance Act.9

In the Netherlands Indies, the decision not to sail to an Associated port resulted in fresh complications with the British. Van Limburg Stirum had discussed the fact that goods transported by KPM freighters to Sumatra were

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7 Bron to Van Limburg Stirum, 8-4-1918, 1st Government Secretary to Bron, 22-4-1918, NA, Kol. Openbaar, Vb. 9-12-1918 73.
8 Nieuwe Soerabaia Courant, cited in De Locomotief, 16-4-1918.
9 De Locomotief, 18-5-1918.
forwarded by non-Dutch freighters to Singapore and ports in the Malay Peninsula with the KPM management. At his suggestion, the KPM decided to ask for a guarantee from its clients affirming that the cargo KPM ships transported from Java to ports near Singapore would not have a British or American port as its final destination. In this way the company hoped to protect its future interests and to prevent making it too easy for foreign competitors to exploit the ‘forced unemployment’ of its ships. Without hesitating a second, the British Consul General, Dunn, called the KPM to account. He suspected that the KPM had taken this step in retaliation for the requisitioning of KPM freighters. Consequently, Dunn left no doubt that the guarantee requested by the KPM was a ‘most serious’ matter; important enough for him to have informed London about it. Ominously he told one of KPM representatives that the KPM was playing for too high stakes. Retaliatory measures might lead to a declaration of war and were the prerogative of governments. Private individuals should never take such steps. Batavia drew in its horns and accused the KPM of having acted foolishly. The KPM should have made it clear that its only objective had been to combat unfair competition. The company should have explained that it was impossible to prevent a direct cargo trade from the Netherlands Indies by foreign freighters, but that it was in no way to assist competitors by shipping cargo from Java to other ports in the Archipelago, from where it might be easier for a non-Dutch freighter to transport the goods abroad.

This was not the only clash between the KPM and Dunn. Initially the local management of the KPM believed that refusing to sail to British ports would lead to the release of some of its freighters. It was able to entertain such hopes because the requisitioning of Dutch ships had not had the result the British had hoped for. Crews could not be forced to sail. In both American and British ports it was almost impossible to replace the Dutch officers by experienced American or British counterparts. Finding competent British or American captains, navigation officers, and engineers to replace their Dutch counterparts proved more difficult than had been expected. The result was that in Asia as well requisitioned Dutch freighters remained idle, moored in ports, decreasing and not increasing the tonnage available to the British in Asia. Trade in Burma and the Straits Settlements suffered. In Australia exporters complained about the inconvenience the requisitioning had caused.

The KPM racked its brains about how to exploit the situation. In February the colonial authorities in British India had forced the KPM to conclude a contract in which the latter promised to deploy a number of its freighters for

30 Koning to Van Limburg Stirum, 25-4-1918, NA, Kol. Geheim, Mr. 1918/161x.
31 Hulshoff Pol to President Director KPM, 23-4-1918, NA, Kol. Geheim, Mr. 1918/161x.
32 De Locomotief, 4-6-1918.
the transport of coal between ports in British India. As compensation these ships were allowed to take on board a fixed amount of Burma rice – in total 400,000 tons – on their return journey to the Netherlands Indies. The KPM had assented after consulting the Nederland and Rotterdamsche Lloyd, and after it had received the assurance that none of the ships of the three companies would be requisitioned; a clause, the Dutch never tired of pointing out, the British had violated in March when they seized possession of the Dutch freighters in their ports.

By keeping its steamers in port, the KPM gambled that a moment would come when the British would be so desperate for extra tonnage to transport coal from British India or rice from Burma that they would release the requisitioned Dutch ships in an effort to enlist the service of Dutch freighters held back in the Archipelago. Van Limburg Stirum let it be known he did not share this opinion. Nevertheless, he gave the plan the benefit of the doubt; warning that might he be forced to order freighters to Rangoon to fetch rice, the stubborn attitude of the KPM could have dire consequences for the company.33

At the end of April Dunn inquired on what date sailing to British India would be resumed. A representative of the KPM explained to him that to execute the contract between the KPM and the government of British India, six freighters were needed. Dunn was also told that thirteen ships of the KPM, Rotterdamsche Lloyd, and Nederland had been requisitioned, which left the shipping companies with insufficient tonnage to fulfil even the contracts concluded with the government and exporters in the Netherlands Indies. Dunn appeared impressed. He promised to inquire by wire in London how the British government imagined that the KPM could honour the contract. The following day Dunn demanded a specification of the tonnage needed to fulfil the obligation of the three companies to the Dutch government, to exporters, and to the government of British India. Dunn suggested that if these figures showed that there was a shortage of tonnage, the British government would certainly release some of the requisitioned freighters. The KPM refused to provide the information. It was not prepared to go so far in its efforts to get its ships back.34

In early May headquarters in Holland realized that the KPM management in Java was cherishing false hopes and that shipping to British India and the Straits Settlements had to be resumed to avoid ‘unpleasant reprisals’ on the part of the British.35 Shipping seemed safe. London and Washington had given the assurance – by now on paper – that no more Dutch vessels would

34 Koning to Van Limburg Stirum, 25-4-1918, 27-4-1918 , NA, Kol. Geheim, Mr. 1918/166x.
35 Pleyte to Van Limburg Stirum, 6-5-1918, Koning to General Secretary, 10-5-1918, NA, Kol. Geheim, Vb. 6-5-1918 Q4, NA, Kol. Geheim, Mr. 1918/161x.
be requisitioned. The condition was that nowhere, also not in the territory of the Netherlands Indies, would there be any transport of German, Austrian, or Turkish goods and passengers, or of cargo of black-listed firms.  

The first Dutch steamers left for British ports in Asia on 15 May. The colonial government, responsible for the regulation of Dutch sea traffic in the Netherlands Indies, allowed ships to sail on the principle, as Pleyte put this, that ‘they can get from us all what we still have to give, providing that we can also get those articles which we so badly need’. Grudgingly the trade with British India and the Straits Settlements was resumed. The Dutch shipping companies explained that there were ‘practical reasons’ for taking this step, but that they still considered the requisitioning of their ships a breach of contract. Two days later the ban on the reporting on the movement of merchant vessels was lifted.

By that time some of the ships seized had already been released. A few had been allowed to sail within a few days of their having been requisitioned. One of them was the *Melchior Treub* which, as a passenger ship and not a freighter, was not of great value to the Associated Powers in Asia. The last vessels confiscated in Asian waters were handed back in June. Optimistically Dutch people assumed that the importance of colonial wares for the world market was the reason for this act of grace.

For the passenger transport between Holland and the Netherlands Indies the seizure of Dutch ships had no consequences. Simply because passenger traffic had come to a standstill. As a consequence the shortage of trained personnel in the private and public sector, already palpable at the outbreak of the war in the Netherlands Indies, had become more acute. The civil service, for which even under normal circumstances it was difficult to interest suitable candidates in Holland, was understaffed. There was also a shortage of professionals, school-teachers, and trained technical staff. The recruitment of doctors was out of the question. All over Europe they had been mobilized.

The other side of the coin was that Europeans could no longer send their sons to Holland for higher education. Both factors combined to push people to take initiatives to improve the educational system in the Netherlands Indies. As late as 1915 the colonial administration had still rejected plans to establish technical secondary schools in the Netherlands Indies. In 1917 Batavia was forced to revise its position. Various projects, most serious among them water management schemes to increase food production, had been delayed because of a shortage of skilled technicians. In 1918 a special engineering course was
set up in Batavia for students who had completed their secondary education but could not travel to Delft to study at the Technical University. The breakdown in the shipping link between colony and motherland also brought a certain emancipation in its wake. European and Chinese children who could not travel to Europe for higher education were allowed to follow classes at the NIAS medical training college, initially intended only for indigenous students.

The army experienced problems similar to those of the civil service. Most crucially the army was short of officers who had been trained in Holland. Indirectly the civil service also suffered. Forced by circumstances, in 1915 Batavia had taken the much criticized decision of having eight army officers fill some of the vacancies in the civil service outside Java, paying them 150 guilders on top of their military pay. Army command refused to supply any more officers for the civil service in 1917.

The modest size of the army had already been a cause for concern at the outbreak of the war. This had been qualified as ‘downright alarming’ in 1915.39 The shortage of European soldiers had risen to 3,478 on a supposed strength of 11,960, or 30 per cent, at the end of June 1917. To make matters worse: almost one-fifth of the some 8,000 Europeans serving in the army was for one reason or another not available for active service. Sixty-three per cent of the European soldiers suffered from a venereal disease. (For the whole army including the Indonesian soldiers the percentage was 30 per cent.)40 As in 1914 part of the answer to diminish the shortage was sought in stepping up the recruitment of indigenous soldiers in the Archipelago and in easing the rules for promotion. The shortage of European soldiers was also the reason why such a haste was made with the creation of a European militia, which it was calculated would soon be 10,000 men strong.41

Officers in the colonial army could no longer be sent to Holland for supplementary training. Special courses had to be organized in Java; in this respect again giving the colony some degree of independence. Though delayed by the cable troubles which made consultation with The Hague a difficult and time-consuming process, plans to establish a Higher Military Academy and a Cadet Training bore fruit in 1918.

The manpower problem was compounded by a lack of munitions, armaments, and other military paraphernalia the colonial army needed, shortages

39 Note Department 8, NA, Kol. Openbaar, Vb. 19-4-1918 1.
40 The percentage had increased over the years. One explanation advanced was the introduction of the Decency Act of 1911 in the Netherlands Indies. It had meant an end to the medical examination of prostitutes and (because of this) to an increase in the number of prostitutes in the Netherlands Indies (De Locomotief, 6-6-1916).
41 Volksraad 1918:577.
which had been felt almost right from the outbreak of the war; and which
would have been felt almost as badly had a regular shipping been maintained
because the army in Holland did not fare much better. A circular issued by
the Indië Weerbaar movement in May 1917 noted: ‘In times like these, now
that we live constantly in danger [...] it has to be realized that we are unable
to make one gun, not one machine-gun, not one torpedo, not one aircraft’. 42
What the circular did not mention was that the commander of the colonial
army had given the order in December 1916 to start as soon as possible train-
ing in the digging of trenches ‘in a way the modern war demands this’. 43 On
9 April 1918, Bijl de Vroe wrote down with dismay in his diary that in the
almost four years of war no economic and military precautionary measures
had been taken: ‘The army still consists in all of about 35,000 men as good as
without munitions, artillery, dressings, aeroplanes and so forth. Nothing is in
order’ (Bijl de Vroe 1980:140). Pistols, field-glasses, cloth to make uniforms,
and horses (for which Australia was a main source of supply) can be added
to his list of items the army was in need of. An export ban on horses had been
instituted as early as March 1915. The lack of horses forced the cancellation of
annual cavalry manoeuvres in 1918.

The shipment of goods from Holland had also grounded to a halt. The
value of imports from Holland dropped from 14 million guilders in 1914 and
48 million guilders in 1917 to 11 million guilders in 1918. Not even govern-
ment goods could be shipped. In mid-February 1918 the man-of-war Hertog
Hendrik had set out on a voyage to the Netherlands Indies through the Panama
Canal to replace the Tromp, which had sailed to Holland in August 1917. The
Hertog Hendrik carried the equipment for a 400 kW radio installation on board.
Her total cargo amounted to 20 m³; a fraction of the 10,000 m³; of government
goods that had been piling up. The Minister of the Navy had informed Pleyte
that a limited number of goods could be transported on the Hertog Hendrik
‘which would be impossible to ship on a private steamer because of the origin
of those goods’. 44 The Hertog Hendrik made it as far as the Faroer Islands. There
she ran into a heavy storm and sustained engine damage. The Hertog Hendrik
had to be towed to Bergen in Norway, from where she returned to Holland.

To relieve the shortage of military and civilian personnel, and of urgently
needed goods in the Netherlands Indies, an emergency plan was devel-
oped. The idea was to have a convoy protected by two warships sail to the
Netherlands Indies in June. During the whole journey, the convoy should
remain independent of any goodwill or services from the side the Associated
Powers. This meant that it had to sail the route around the Cape of Good

42 De Indische Gids 1917, II:1186-7.
43 De Locomotief, 11-12-1916.
44 Rambonnet to Pleyte, 3-1-1918, NA, Kol. Geheim, Vb. 9-1-1918 P1.
Hope and that it had to take along its own coal. The Ships’ Requisition Act was amended to allow requisitioning for the purpose of sending ships to the Netherlands Indies. Initially the Dutch government may have had something grander in mind. There was talk of a large convoy of merchantmen. Soon the intelligence dawned that the convoy could only be a small one. Because coal was scarce, it would have been out of the question to arrange a larger convoy. Dutch industry could not sustain a large drain on its resources, especially not in a time when the import of coal from Germany and Great Britain had stopped. Additional limits on the size of the convoy were set by the fact that coaling from colliers on the high seas, as it had been during the Russo-Japanese War, was still a difficult undertaking.

On the return voyage the convoy could bring colonial products which Holland badly needed. Posthuma reminded ‘the consumers’ in Holland that the ‘fat problem’ which had arisen could only be solved with fats from the Netherlands Indies. Naturally, national prestige was also at stake. Civil servants in the Ministry of the Colonies were afraid that it would only make an unfavourable impression on the population of the Netherlands Indies if the motherland found itself unable to maintain communication with its colonies, even though it was not at war.

Opinion in Holland about the convoy vacillated between extreme caution and stubborn intent to restore the sea link with the Netherlands Indies. Some pointed out the possibility that warships of the Associated Powers might want to search the convoy. One member of the Lower House feared that such an incident would ‘simply be war’, Others were furious at the hesitation shown. They stressed that the Netherlands should not abandon the right to send Dutch ships wherever it wanted. Representing this view, a Member of Parliament said that Dutch shipping had been crippled because the Dutch ships had always needed something from other countries. Was such help – coal – not needed then the interference by a third country would amount to a grave injustice: ‘We abide therefore by the proper view, when we try to find the way to the Netherlands Indies under our own steam’.

Plans had to be adjusted. Repairs to the Hertog Hendrik, one of the two warships which was to protect the convoy, took longer than expected. The boiler of another warship, the Gelderland, exploded. To prevent the number of seaworthy Dutch ships in the fleet shrinking to an unacceptable level, a passenger ship, the Tabanan, was transformed into an auxiliary cruiser.

By far the greatest delay was caused by the Associated Powers. Initially the

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45 Handelingen Tweede Kamer 1917-18:2649.
46 Note Department 8, NA, Kol. Openbaar, Vb. 19-4-1918 1.
47 Handelingen Tweede Kamer 1917-18:2649.
Dutch government does not seem to have given much thought to British objections. In the middle of May Loudon assured Parliament that he did not expect problems with London. If he was sincere, Loudon had completely misjudged the situation. British opposition was vehement. In 1909 the British government had consented to a right of convoy, but only on the condition that the captain of the accompanying warships could present cargo manifests and that should doubts arise about the accuracy of the manifests, the merchantmen in the convoy could be searched. Some civil servants in the Ministry of the Colonies believed that such an eventuality could be avoided if the Netherlands sent out warships, not merchantmen. They proposed to charter a mailship and have her sail under a naval ensign. The crew was to enter the voluntary *landstorm*, home guard, for the duration of the voyage. Other civil servants in the Ministry considered such a decoy a folly. They warned Pleyte that the ‘comedy of transformation’ would not deter the British, or for that matter the Germans, who, they pointed out, did not shun from violating every tenet of international law when their interests demanded them to do so.

London’s reaction was prompt and unequivocal. The British Foreign Secretary, A.J. Balfour, lost no time in instructing the British Ambassador in The Hague to impress upon the Dutch government that Great Britain ‘of course’ did not recognize a ‘right of convoy’. British warships would exercise ‘the belligerent right of visit and search’. The Dutch government tried to prevent the perpetrating of such an act and the loss of face such a search would have implied. The Dutch Envoy in London, R. de Marees van Swinderen, was asked to explain to the British government that the voyage was purely a government undertaking and was in no way intended to circumvent the Associated blockade. Van Swinderen wrote to Balfour that the purpose of the convoy was to relieve military men and to send out civil servants with their families. Dutch officials would supervise the loading of goods. They would also ensure that only passengers to whom the Associated Powers could have no objections sailed. No private correspondence would be allowed on board, nor would ordinary mail be sent along. The government goods transported would all have a certificate of origin. The British could inspect the certificates before the convoy set sail.

This was not the reply Balfour had been waiting for. He had expected a

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49 *Handelingen Tweede Kamer* 1917-18:2649.
50 Note Department 8, 21-2-1918, NA, Kol. Openbaar, Vb. 19-4-1918 1.
51 Addendum to note of Department 8, 21-2-1918, NA, Kol. Openbaar, Vb. 19-4-1918 1.
52 Balfour to Townley, 25-4-1918, Balfour to De Marees van Swinderen, 7-6-1918, *State Papers* 1917-18, III:533, 539.
53 De Marees van Swinderen to Balfour, 29-4-1918, Balfour to Townley, 7-6-1918, *State Papers* 1917-18, III:534, 540.
prompt reaction to the message Townley had conveyed. The ‘friendly warning’
Townley had presented to Loudon on his behalf, which had been in a ‘courte-
ous form suited to such a communication to a friendly neutral Government’,
had been ignored.\textsuperscript{54} To Balfour’s ‘considerable surprise’ the Dutch Minister of
the Navy, Rambonnet, had made matters worse by blazoning abroad that the
commander of the convoy would not tolerate a search of the merchantmen. An
admonition was in order. It was conveyed in ‘the most formal manner’. Balfour
refused to let pass what he considered a Dutch demand that Great Britain abdi-
cated ‘her belligerent right to stop contraband trade by the regulated exercise of
naval force, and, in the middle of a great war, abandon the Allied blockade’.\textsuperscript{55}

Balfour made it perfectly plain that he was of the opinion that the Dutch
government had blundered. An ‘international complication of the utmost
gravity’ could be the result.\textsuperscript{56} He had Lord Cecil inquire of Van Swinderen why
the protection by warships was needed. The escort of a warship was ‘hardly
capable of explanation’, except if the convoyed vessels were ‘to be protected in
some transaction which the belligerents do not recognize as legitimate’.\textsuperscript{57} The
conclusion was that the Dutch authorities might in ‘good faith’ have expected
that the guarantees as conveyed by Van Swinderen would suffice, but the
course taken by The Hague, was ‘lacking both in courtesy and in prudence’.\textsuperscript{58}
The Netherlands should be under ‘no misapprehension’ that the British Navy
would not exercise its rights. Nevertheless, the British government wanted
to ‘maintain their relations with the Netherlands Government on the most
amicable footing’. They were prepared ‘to go out of their way in order to save
the susceptibilities which the Dutch official announcement was calculated
to arouse’, but only ‘to prevent the action of the Netherlands Government
from definitely creating a situation gravely imperilling the friendly relations
between the two countries’.\textsuperscript{59}

London would allow the convoy to sail undisturbed, providing that The
Hague did not take this as a precedent. There were a number of conditions.
A list of names of passengers, all of whom had to be government officials,
had to be handed over, as had full particulars of the cargo. The Dutch gov-
ernment had to guarantee that none of the goods shipped were wholly or in

\textsuperscript{54} Balfour to De Marees van Swinderen, 7-6-1918, \textit{State Papers} 1917-18, III:539.
\textsuperscript{55} Balfour to De Marees van Swinderen, 7-6-1918, \textit{State Papers} 1917-18, III:540.
\textsuperscript{56} Memorandum recording confidential statement Lord R. Cecil to Dutch Envoy, \textit{State Papers}
1917-18, III:541.
\textsuperscript{57} Memorandum recording confidential statement Lord R. Cecil to Dutch Envoy, \textit{State Papers}
1917-18, III:541.
\textsuperscript{58} Memorandum recording confidential statement Lord R. Cecil to Dutch Envoy, \textit{State Papers}
1917-18, III:541.
\textsuperscript{59} Memorandum recording confidential statement Lord R. Cecil to Dutch Envoy, \textit{State Papers}
1917-18, III:541.
part of enemy origin. The escorting warships should not transport civilian passengers or civilian goods. They could carry only articles for the colonial army and Navy, a list of which had to be submitted for examination. Finally, ‘no mails, correspondence, private papers, printed matter, or parcels [were] to be carried by any ship in the convoy (except official dispatches of the Dutch Government)’. The Hague accepted, trying to save as much face as possible. Van Swinderen wrote to Balfour that the British conditions were almost identical to what the Dutch government had asked him to convey from the outset. Information about passengers and cargo would be sent to ‘all foreign legations, as the Netherlands Government wished to avoid any possible impression that anything is being concealed’.

Impeded by what Cort van der Linden described as objections by the British government to the transport of ‘a small part of the cargo’ and other points of ‘minor importance’ which had to be investigated, sailing was delayed still further. There were even rumours that a British squadron had taken up position just outside Dutch territorial waters to await the convoy. In actual fact the objections raised by the British were far from trivial. There was the usual dispute over chemical dyes. British suspicion also thwarted the plans to build a more powerful radio station in Java. Equipment for a Telefunken 400 kW installation had been loaded on the *Hertog Hendrik*. Much to the dismay of Pleyte it never left port. Together with other government goods, the radio equipment had to be unloaded. Pleyte wired in cipher to Van Limburg Stirum

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60 Statement of conditions handed to De Marees van Swinderen, 7-6-1918, *State Papers 1917-18*, III:542-3.
via Washington that the ‘circumstances’ under which the *Hertog Hendrik* had to sail made its shipment impossible.\(^6\) Disillusioned by the delay, Rambonnet resigned. He did so shortly before a new Dutch cabinet was to be formed. Nevertheless, his ‘firm’ attitude reaped Rambonnet much applause.

To underline the national importance of the voyage, the commander of the convoy and the captain of the auxiliary cruiser, the *Tabanan*, were received in audience by Queen Wilhelmina. Thereupon the *Noordam*, with 1,200 passengers, the *Hertog Hendrik*, and the *Tabanan* set out for the Netherlands Indies on 5 July 1918. Taking part in the convoy was a freighter of the Netherlands, the *Bengkalis*, from which coal had to be transhipped at a number of points along the route of the voyage which took the ships around Scotland and the Cape of Good Hope. Great Britain did not allow coaling in South Africa. Among the passengers were fifty army officers and 155 non-commissioned officers and their families. They and the other passengers did not have a very pleasant trip. The *Noordam* was not suitable for the voyage to the Netherlands Indies as she had been built to sail the Atlantic Ocean. Because of the high temperatures on board caused by lack of ventilation ten babies died during the passage (De Haas 2002:175).

The arrival of the convoy was announced in the press in the Netherlands Indies when the Sabang radio station succeeded in contacting the *Hertog Hendrik*. At that moment the convoy was still seven days’ sailing away. A warship was sent out to welcome the convoy. On board was the journalist Berretty, keen to report on the last leg of the voyage. The convoy finally reached Tanjung Priok on 27 September 1918. The arrival had been intended to be a big occasion. Van Limburg Stirum boarded a ship to meet the convoy on the last miles of its trip. To the disappointment of the Governor General, the occasion did not turn into a grand ceremony. His adjutant, Bijl de Vroe, agreed: ‘It was a failed entrance. The Allied Powers again refused to permit the convoy to return without being inspected. Fine freedom of the seas.’ (Bijl de Vroe 1980:162-3.) This meant that the *Tabanan* and *Noordam* were constrained to remain in the Netherlands Indies till the end of the war. After the war the *Noordam* was to provide the first opportunity to sail to Holland for the many people in the Netherlands Indies waiting to return to the mother country.

Export prospects alarmingly in 1918. When there was a choice between buying colonial wares from the Netherlands Indies or from British and French colonies, the Associated Powers gave preference to the latter. Trade with the United States slackened. For almost all imports, the United States had introduced a licensing system before shipment. Because the telegraphic communi-

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\(^6\) Pleyte to Van Limburg Stirum, 11-7-1918, NA, Kol. Geheim, Vb. 11-7-1918 L6.
cation between the Netherlands Indies and the United States was poor, a great deal of time had elapsed before consent to import reached the Netherlands Indies (Idenburg en De Graeff 1920:391). The value of exports to the United States dropped from 200 to 111 million guilders in 1918 (Carpentier Alting and De Cock Buning 1928:102).

The fate of the export of colonial wares during 1918 presented a sorry picture. The market for tapioca (a cassava product) almost disappeared when the United States, which had been a valuable expanding market for this product in recent years, instituted a full import ban in April. Coffee suffered greatly after Washington demanded a licence for its import in May. As a result, the export of coffee from Java dropped from 13,400 tons in 1917 to 5,400 tons in 1918. In the same month the United States banned the import of tobacco. Consequently the export of tobacco from the East Coast of Sumatra declined even further: from 20.75 million kilos in 1916, via 4.75 million kilos in 1917, to 3.5 million kilos in 1918. From Java there was almost no export at all. In May a licensing system for rubber was also instituted. The impression made by the ban in the Netherlands Indies was great. Rubber was considered to be one of the products of which the export would surely continue unobstructed because of the great demand abroad. The export of cocoa in 1918 was half of what it had been in 1917. The culprit was an American import ban brought in August. In July Washington demanded a licence for the import of tea. Batavia tried to support local tea producers by banning the import of tea. The Chinese business community protested. The ban hit the import of tea from China and Japan the most. In retrospect it had to be admitted that the import ban in the Netherlands Indies had made no difference.

It was the same story with sugar. In 1917 people still cherished the hope that in view of high demand abroad, American and British freighters would certainly continue to call in Java to fetch sugar. It was not to be. In early 1918 the Washington Post observed that Java sugar had become ‘as useless to the world as unmined gold, because no nation can spare the ships to carry it’. ‘Sugar circles in Amsterdam’ were sure that a débâcle was in the making. The price of sugar which in May 1917, when the crisis began, had still been 13 guilders per picul, dropped to 5.50 guilders in July 1918. Afraid of being saddled up with large stocks, producers sold sugar at a great loss. The realization that

64 Koloniaal verslag 1919:253-4.
67 NA, Kol., Vb. 22-4-1918 89.
68 De Locomotief, 6-5-1918.
this erstwhile major export earner, the ‘motor’ of trade as it was called, was caught up in a crisis brought home to Europeans and non-Europeans alike the inexorably growing seriousness of the situation. In April 1918 the Sarekat Islam concluded that the whole population was suffering. The consequences would be grave if the government did not act quickly.\footnote{De Locomotief, 25-4-1918.}

Plans again had to be thrashed out to come to the rescue of estates which had run into financial problems. The situation appeared more alarming than it had been in August 1914. With the falling away of markets, the collapse of the estate sector loomed. Continued operation would mean an accumulation of debts. Closure would imply the annihilation of capital, and many were sure, domestic disturbances. In 1914 people had expected the disruption of export trade not to last long. In 1918 nobody had an inkling of how long the import restrictions and bans abroad would be in operation (Helfferich 1912:18-9). In the previous year, some plantations had only been able to continue to function thanks to soft loans provided by the Javasche Bank; the ‘most powerful moral back-up of agriculture and products trade’ as the institution was lauded in 1918.\footnote{Bataviaasch Handelsblad, cited in De Indische Gids 1918, II:1376.}

Other estates, which had made huge profits from the sale of colonial wares in the first years of the war, still had enough financial reserves to cope with the crisis that emerged in 1917, but if the war were not to end soon – it was feared – a catastrophe was just waiting to happen. For their working capital an increasing number of estates would become dependent on the Javasche Bank, which could not come to their assistance forever. The annual report of the Ministry of the Colonies stated in retrospect that ‘[t]he situation threatened to become fatal in the second half of 1918’. Elsewhere in the same section, the phrases ‘a desperate situation’ and the Netherlands Indies having escaped a ‘serious disaster’ were used.\footnote{Koloniaal verslag 1919:201-2}

This time the Javasche Bank did not intend to lend money directly to the plantations. It opted instead for a special institution that would be responsible for managing the bank’s aid to the estate industry. A Cultuur-Hulpbank (Estate Relief Bank) was instituted in the middle of September. From the Estate Relief Bank estates could borrow money on their produce against production costs and at a moderate rate of interest. The Javasche Bank would provide most of the money needed. The colonial government would act as guarantor for the repayment of the loans. The Estate Relief Bank was also envisaged as a mechanism to prevent a steep decline in export prices. Estates were only eligible to borrow if they promised not to sell their produce below a minimum price. Praiseworthy though it was, the rescue operation did not bring instant relief. Some estates had to be closed, or because ‘times were not good’ had to
refuse demands for a cost-of-living allowance, at most willing to supply their
labour force with cheap rice.

The only export market which did not suffer was that in Japan. Japan
had not issued import restrictions or bans and Japanese companies deployed
enough freighters to keep trade going. Japan even opened new shipping lines
between Japan and the Netherlands Indies and between the Netherlands Indies
and Calcutta. The only time the apple-cart seemed upset was in August 1918
after Japanese forces had landed in Siberia. It was feared that Japanese trading
companies would stop buying produce from the Netherlands Indies because
all Japanese freighters would be needed to transport troops to Vladivostok for
the Japanese war effort against Russia in Siberia.

In the course of the war various non-food products had become scarce.
Iron, steel, concrete, and coal were among the more important items. The
import of coal to Java had dropped from 244,092 tons in 1916 to 94,716
tons in 1917.73 One of the consequences was that the Dutch squadron in the
Archipelago had stopped using Cardiff coal in order to ‘maintain an adequate
war stock’. The Navy stoked with domestic and Japanese coal. Cardiff coal
was held in reserve.74 The government impressed on foresters in Java that
‘every pile metre produced above the normal amount does its part in reliev-
ing the fuel need’.75 Relief was also provided by the intensification of domestic
coal production in South and East Borneo. This had the additional advantage
that it ‘was a Godsend to the population of a large part of the region’.76

The import of iron had dried up completely. This meant that plans to
replace obsolete ships employed by the colonial government with new ones
could not be implemented. The building of wooden ships (as was done in
Europe and in British India) was considered. It did not prove a viable alter-
native. Besides the fact that there were doubts about whether shipyards in
the Netherlands Indies had the capacity to build larger wooden ships, the
expertise had disappeared. Lack of know-how was compounded by the fact
that iron was not available in sufficient quantities for the machines and boil-
ers required.77 Iron had become so scarce that in the draft colonial budget of
1919 money was set aside to send an engineer to Australia. He was to study
whether the wooden pipes used there, could also be used in the waterworks in
the Netherlands Indies. An export ban for products like barbed wire and nails
had been instituted as early as 1916. In 1918 there was even a shortage of oil
can. Oil companies published advertisements in the newspapers stating that if

73 Koloniaal verslag 1919:262-3.
74 Koloniaal verslag 1918:53-4.
75 Circular Wehbburg 6-3-1917, NA, Kol. Geheim, Mr. 1917/92x.
76 Koloniaal verslag 1918:27-8.
77 De Locomotief, 3-6-1918; De Indische Gids 1919, I:113; Koloniale Studiën 1918:104.
the old cans were not returned no oil would be supplied.\textsuperscript{78}

With the exception of so-called ‘European writing and printing-paper’, paper was still available from Japan, but as the war staggered on this had become highly expensive. This included the price of newsprint. Scarcity had threatened from the outbreak of the war and had forced printers to increase their prices sharply. Consequently, Dutch-language and vernacular newspapers and periodicals had to put up subscription rates; a measure sometimes described as a ‘high cost allowance’. Some publications closed never to reopen, in an exceptional case as happened with the \textit{De Noordkust} (The North Coast) published in Cirebon, because the editor’s health was failing and the high price of paper made it impossible to employ a replacement; and weeklies only appeared only once a fortnight. Some editors had to resign and take on a job that offered them a better income. The severe consequences for the vernacular press prompted Abdoel Moeis to plead in the People’s Council for the establishment of a paper industry in the Netherlands Indies. Mentioning the Dutch paper producer Van Gelder by name he accused those who maintained that a paper industry was not viable of having their own particular reasons for saying so.\textsuperscript{79} Other Indonesians worried about the high price of paper, slates, slate pencils, penholders, writing pens, and pencils. That these school necessities could no longer be bought at an affordable price formed ‘an obstacle in the way of progress of the natives’.\textsuperscript{80}

The government and private firms were both equally plagued by the shortage of paper. Private firms had started to economize on the use of paper as early as the end of 1916. In 1917 the colonial government urged its officials to be thrifty with paper. Army Command followed suit in May 1918. It suggested that instead of using envelopes, sheets of paper could be folded up, and the address written on the back. Even the planned first national census had to be postponed because of lack of paper.\textsuperscript{81}

In early 1918 the economic problems the war caused in the Netherlands and in the Netherlands Indies prompted representatives of the business community in Holland to plead for central control of colonial foreign trade. Exports should be banned except if special permission had been given. One major reason for advancing this idea was that a section of international trade had begun to resemble barter. Imports to Holland were only possible in return for promises to supply the Associated Powers and Germany with specific goods, loans, or tonnage. Those in favour of the centralization of colonial trade stressed that

\textsuperscript{78} Neratja, 28-2-1918; De Locomotief, 3-6-1918.

\textsuperscript{79} Volksraad 1918:299.

\textsuperscript{80} Neratja, 8-1-1918.

\textsuperscript{81} Handelingen Tweede Kamer 1917-18:1443.
the motherland and colony were one, and that the Netherlands Indies had to assist in alleviating the misery experienced in Holland. The Netherlands Indies had much to offer in this respect. Wheat for Holland might be obtained in exchange for rubber or sugar from the Netherlands Indies. Another reason to stress the unity between motherland and colony was that politicians and businessmen in the Netherlands believed that the Netherlands Indies should also shoulder its share in the raising of money for loans the belligerents wanted to conclude and which could hardly be refused. Such credit had to be financed by banks and by the shipping and trading companies. It was only fair that colonial companies should share part of the burden.

Some of the arguments advanced to convince the decision makers in Java that centralization of colonial foreign trade was necessary were impeccable. By giving priority to the export of products urgently needed abroad, Batavia would be in the position to demand a supply of goods urgently needed in the colony such as iron and rice. An additional bonus, and according to some the most important reason to intervene, was that by supervising foreign trade the colonial government could control the shipment of goods and ensure a fair allocation of scarce tonnage. By taking control Batavia would be able to prevent companies with special influence or connections thrusting themselves forward. As with almost all debates about what economic measures should be taken the fate of the indigenous population entered the picture. Control would allow Batavia to assure the shipment of colonial wares specifically produced by them.82

The idea of regulating colonial foreign trade appealed to Pleyte. Within days of the proposal being suggested to him, he sent a telegram to Van Limburg Stirum in which he mentioned three reasons in favour of the centralization of colonial foreign trade. The first was that it would thwart efforts, especially in the United States, to wrest a lower price for colonial products. He mentioned this point because his staff shared the suspicion of the Dutch business community that traders in the United States were trying to take advantage of the circumstances to buy colonial wares for a low price with the intention of re-exporting them to Europe for a higher price. Secondly, it would enable the colonial government to assure the import of essential goods. His staff had suggested that sugar could be used to guarantee the import of rice from British India. The third reason was the ‘threatening danger’ of the credit demanded by Foreign Powers.83

Van Limburg Stirum was not eager to comply. The topic again brought to the fore the distrust felt in the Netherlands Indies for suggestions emanating

from Holland. The plea for central control was seen as an effort on the part of the commercial community in Holland to regain some of the control it had lost over the running of the colonial economy. Van Limburg Stirum replied that he lacked the staff with the necessary expertise to execute a licence system. In the back of his mind lurked a fear of retaliation from abroad and the imposition of additional export obstacles and he was afraid that for products such as tin and rubber a loss of markets to foreign competitors would be the outcome. In contrast to the people in Holland, Van Limburg Stirum advanced the fate of the indigenous population as an argument against export restrictions. He foresaw that export bans on copra, tapioca, tea, kapok, and pepper would have adverse consequences for them. The colonial government lacked the funds to buy up their produce.

This was not all. In view of the large amounts of foreign capital invested in the colony, and the unremitting efforts to attract even more (that is money from Europe and the United States to block Japanese investments), Van Limburg Stirum considered it ‘very risky’ to abandon the colony’s open door policy. In short, the interests of the Netherlands Indies demanded freedom of foreign trade. Seemingly unaware that the colony was expected to share some of Holland’s burdens, Van Limburg Stirum was not impressed by the reasons put forward by Pleyte. He wired Pleyte that he had consulted leading figures in the commercial community in the Netherlands Indies and that he had learned of no indications that their customers abroad had exploited the situation to demand lower prices or that governments demanded special credit. In no way should anything comparable to the NOT be created in the Netherlands Indies. Were centralization to be inevitable this should take the form of a special government bureau, not of a private organization like the NOT.

Van Limburg Stirum and his advisers made one concession. They were prepared to contribute to the credit demanded from Holland but this should only happen on a voluntary basis and on the condition that ‘the present freedom of trade’ was maintained.

When export prices continued to plummet, Van Limburg Stirum and his advisers changed their minds. In April and May the export of a number of products was forbidden. Among these were tin, timber, tobacco, sugar, tea, coffee, pepper, copra, petroleum, kapok, and quinine, to mention the most

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85 Van Limburg Stirum to Pleyte, 20-2-1918 (Handelingen 1917-18, Aanhangsel: 196); De Kat Angelino to Van Limburg Stirum, 27-2-1918, NA, Kol. Geheim, Mr. 1918/99x.
86 Van Limburg Stirum to Pleyte, 2-3-1918 in Economisch-Statistische Berichten, 15-5-1918, p. 415.
87 Van Limburg Stirum to Pleyte, 2-3-1918 in Economisch-Statistische Berichten, 15-5-1918, p. 415.
important ones. Later other products such as rubber were added to the list. In an attempt to forestall sanctions abroad, Batavia announced its new policy in newspapers in the Straits Settlements and in British India. Batavia tried to argue that the government of the Netherlands Indies had been forced to act as it did because of export bans abroad and conditions which were impossible to meet imposed on exports. As example, the agreement between the KPM and the government of British India was mentioned. The Netherlands Indies was no longer able to honour the arrangement (and hence could no longer import Burma rice) after the requisitioning of Dutch freighters.  

Export permits would be granted, but only when essential commodities were imported in exchange. A firm, as did happen, which wanted to export kapok to the United States was only allowed to do so on the promise that it import iron and steel of equal value. In this case the condition was difficult to meet. Washington had instituted an export ban for iron and steel.

Now it was the turn of the business community in Holland to be angry. Two hundred trading companies impressed upon Pleyte that the Netherlands Indies needed free trade, not export restrictions. It was pointed out that even firms which were engaged in both import and export lacked the necessary expertise and contacts to fulfil the conditions set. This made the exchange of commodities demanded by the government a graver financial risk. The only result of the regulation would be that export would come to a complete standstill. Adding to the discontent was the conviction that decisions about colonial trade had to be taken in Holland, where the headquarters of the Dutch estate companies were located, and from where most of their capital came, not in Java. De Telegraaf even blamed Van Limburg Stirum for having declared economic war on the Associate Powers, offending the United States especially by prohibiting the export of a number of products the Americans needed in great quantities for their war efforts.

The commercial world in Java also reacted sceptically. The only advantage some saw in the licensing system was that government supervision of colonial export might curtail what they considered the power of the shipping companies and lower freight prices. The Netherlands Indies was in too weak a position to lift restrictions on imports imposed by the belligerents. Foreign suppliers would simply not deliver, which meant that colonial exports would be hurt even more. In a petition to Van Limburg Stirum, the Trade Association of Semarang dismissed the licensing system as ‘absolutely impracticable’.  

In practice the licensing system was applied with leniency. One of the reasons for this was probably fear. The Dutch government shrank from

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89 *De Telegraaf*, cited in *De Indische Gids* 1918, I:730.
90 *De Locomotief*, 10-5-1918, 5-6-1918; *De Indische Gids* 1918, II:1369.
the consequences a ban especially on petroleum, the only real means of putting pressure on the Associated Powers the Netherlands had, could have (Helfferich 1921:19). At the end of May Van Limburg Stirum reported to Pleyte that licences for exports to the United States, France, Hong Kong, and the Straits Settlements were freely being handed out, and that trade with Japan had encountered no difficulties. Only with respect to Australia was the licence system in force. The sentence in the report of the Ministry of the Colonies for 1918 that in October the export of rubber was forbidden ‘except when permission had been obtained in advance, which was never refused’ was pregnant with significance. Nevertheless, in retrospect it could not be denied that the system had caused ‘unavoidable impediment’ to exports. Partly this could be attributed to procedure. The Department of Agriculture, Trade and Industry, which had to issue the permits, did not inform the applicants about its decisions. When an export permit was granted it informed the Custom House, which in turn had to contact the company concerned.

In spite of all its trials and tribulations, the licensing system bore one result: it gave Van Limburg Stirum the leverage to force the sugar producers to act in concert. In June, Batavia faced as it was with the plummeting of the price of sugar decided to intervene in the sugar trade. Where the Java Sugar Association had failed to make producers act in concert and headquarters in Holland could not agree on what course should be followed, Van Limburg Stirum succeeded in bringing about the almost impossible. He called together a ‘sugar meeting’ attended by planters and exporters and forced them to cooperate to prevent a further drop in price at the end of July. Export permits would only be granted by a Regeerings Commissie van Advies voor de Suiker (Government Committee of Advice on Sugar) founded on 0 July 1918. The committee only issued a permit when sugar was sold above a certain price (7.35 guilders per picul), thus preventing sales at extremely low prices, even below the cost of production as had been happened. Another condition was that the firm or estate in question would be prepared to enter an Association of Java Sugar Producers and Exporters. One conclusion was, that Holland had only become a complicating factor in international economic relations. The Netherlands Indies had to look after itself. The committee was a great success. It accomplished ‘a complete turn around in the situation’.

Aided by a returning demand, and by the news that the Continental Powers had sug-

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91 Handelingen Eerste Kamer 1917-18:568.
92 Koloniaal verslag 1919:250.
93 Koloniaal verslag 1919:249-50
94 De Locomotief, 3-6-1918.
gested an armistice in early October, prices recovered. In October the price of sugar reached 13 guilders per picul.

Much to the displeasure of the Governor-General and the Minister of the Colonies the Advisory Committee on Sugar and the Association of Java Sugar Producers and Exporters were dissolved at the end of October. The headquarters of the sugar companies in Holland, united in the Bond van Eigenaren in Nederlandsch-Indische Suikerondernemingen (BENISO, Union of Owners of Netherlands Indies’ Sugar Estates), which had been founded in November 1917 at the height of the sugar crisis, rejected any government interference in the sugar trade (Taselaar 1998:106). The headquarters also refused to allow their estates in Java any freedom of action. To counter the steps taken in Batavia, the sugar companies in Holland founded their own organization to regulate trade, the Vereenigde Java Suiker Producenten (United Java Sugar Producers Association), in August 1918. When he left the Netherlands Indies in July 1928, Emil Helfferich was still complaining about the negative consequences of this and similar organizations in Holland for the spirit of enterprise in the estate sector in the Netherlands Indies (Taselaar 1998:1-2).

Nevertheless, producers had been made to see the benefit of cooperation and ‘voluntary was continued, what had been established by pressure from the government’. Batavia and the business community in the Netherlands Indies had discovered the proper instrument to regulate trade and fix prices. A Rubber Producers Association, with a special branch in Medan, and a Coffee Producers Association were established in November. A Tea Producers Association and a Cocoa Producers Association were not far behind.

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