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THE PALMER LOANS

The great Calcutta financial house of John Palmer and Co. played a part in the history of Indonesia in the 1820s. Besides being agents in British India for the restored Netherlands Indies Government, they arranged for it in a number of loans which undoubtedly assisted the re-establishment of Dutch authority and the maintenance of the "liberal" administrative principles of Governor-General Van der Capellen. But the 1824 loan — the loan that failed, the most notorious in Dutch colonial history — was the most important. The measure was heartily condemned in the Netherlands and precipitated a crisis between the home and colonial Governments, a crisis between Van der Capellen and his closest associates Van de Graaff and Wappers Melis on the one hand, and on the other the Colonial Minister Elout and the King, Willem I, who was short of money, anxious to maintain exclusive royal authority over the Indies, fearful of foreign intervention, and keen on setting up the *Nederlandsche Handel-Maatschappij*. And the crisis, with the reform of the monetary system that was proposed along with the loan, led to the King's appointing Du Bus as Commissioner-General and thus to the end of the "liberal" system.

The Indies administration was chronically short of money. For this various causes have been assigned by various writers. The Commissioners-General who took over in 1816 after the British interregnum had little cash in hand,¹ and Van der Capellen's subsequent government met much opposition in its attempts to re-establish Dutch authority. Hence, for instance, the costly expeditions to Palembang in 1819 and 1821, and to Bangka and Riau. There were also clashes with the Padris in Sumatra (1821) and with the Chinese on the west coast of Borneo (1822, 1823), troubles in Ceram and the Celebes, uprisings in Kedoe and Banten (1820 and 1822), and finally the Java war itself.² Some critics believed that the administrative machine was unduly elaborate,

¹ P. J. F. Louw, *De Java-Oorlog van 1825—30*, Batavia and The Hague, 1897, ii, p. 9.

² *Ibid.*, p. 12.

others blamed the Governor-General's extravagance. And here there was an extenuating circumstance: no proper budgets could be drawn up because the book-keeping was so much in arrears.³ Thus there was room for argument over the real situation, room for "illusions", as Wappers said.⁴ But financial pressure made itself felt more and more as time went by, especially with the decline in coffee prices after 1823. The Government sought loans locally, in British India, and in the Netherlands, and issued promissory notes and paper money which caused inflation and, operating with the currency system established by the *publicatie* of 14th. January 1817, drove precious metals out of circulation.

In seeking loans and precious metals, the Indies Government turned on several occasions to Palmers, their agents in India, who for instance paid pensions there, purchased rice for the Dutch settlements at Malacca and Riau, obtained piece-goods, and marketed Japan copper and Indonesian tin, spices and coffee. The letters of John Palmer, though mostly of a private character, do throw some light on the loan proceedings. It is clear, for instance, that Palmer himself was interested most of all in the agency business and that he, and even more his partners and colleagues, were doubtful about raising substantial loans in British India, obligations he nevertheless undertook not merely for their intrinsic advantages, but rather in order to encourage the Government to develop that agency business. This hardly suggests corruption among the Netherlands Indies officials. Possibly, indeed, the motives of Van der Capellen and Wappers Melis become clearer. There is little evidence, though perhaps some, that Wappers Melis was corrupt, but much more that he was ambitious, and that Palmer attached the fortunes of his firm to the star of this newly-arrived official.⁵ Certainly there is no evidence of corruption in Van der Capellen's case. Otherwise

³ P. H. van der Kemp, „Over de boekhouding en de begroting van Nederlandsch-Indie onder de regeering van den gouv. gen. Van der Capellen", *De Indische Gids*, 30th Year, ii (1908), pp. 1021—1041.

⁴ [P. J. Elout van Souterwoude, editor], *Bijdragen tot de Geschiedenis van het Koloniaal Beheer, getrokken uit de nagelaten papieren van wijlen Den Minister van Staat Elout*, The Hague, 1861, pp. 126-127.

⁵ Wappers Melis, a Belgian adventurer, had been sent out by A. R. Falck, the Colonial Minister, who was interested in his ideas on expanding the market for Netherlands textiles in the Indies. H. R. C. Wright, *Free Trade and Protection in the Netherlands, 1816-1830*, London, 1955, pp. 196-197. Wappers reached Batavia in February 1821, and in September became "lid van den raad van Financien en directeur der inkomende en uitgaande rechten". P. H. van der Kemp, "F. Wappers Melis...", *De Indische Gids*, 30th. Year, ii (1908), pp. 1609-1610.

one would hesitate to draw any conclusions about Van der Capellen's character from Palmer's letters, since he varied his attitudes with the address of his letters.⁶ There are signs, perhaps, of the Governor-General's hesitancy, and perhaps of his inclination after hesitating to do what his last interlocutor suggested.⁷ But clearly the early loans enabled him to continue his "liberal" policy, and his determination upon the great loan of 1824 illustrated, as Palmer believed, not merely extravagance, but a determination to maintain an independence of the home Government that seemed likely to be eroded by the monopolising principles behind the foundation of the N.H.M.

In 1820 the Batavia Government had recourse to private loans of 600000 Indies guilders, and in 1821 to the issuing of paper money and promissory notes bearing interest at 9 %.⁸ That year John Palmer visited the Indies in connexion with the debts of his Batavian subsidiary, Deans Scott and Company, which became Deans and Co., with John Deans and Robert Morris as partners.⁹ Palmer proposed raising in Bengal on behalf of the Indies Government a loan of 2-2½ million sicca rupees at 7 % or 8 %. The majority of the Board of Finances declined the suggestion, Wappers Melis and the Hoofddirecteur, Goldman, favoured it. The Governor-General and Council subsequently agreed with the majority, especially because they doubted if the King would approve a foreign loan. But as the matter had already been discussed with Palmer, who moreover had meanwhile left for Bengal and perhaps, it was thought, had begun negotiating for the money, it was resolved to approve a loan of up to 1.200.000 sicca rupees. In January 1822 Palmer wrote to say that the house had in fact not contracted for more than 50.000 sicca rupees and that it would now cease to negotiate.¹⁰ This, declares Van der Kemp, suggests Palmer's honesty of approach.¹¹ It also suggests his caution.

Late in 1821 Palmer had written to Van der Capellen himself,

⁶ C. E. Wurtzburg, *Raffles of the Eastern Isles*, London, 1954, p. 525. Cf. C. A. Gibson-Hill, "Raffles, Aceh and the Order of the Golden Sword", *Journal of the Malayan Branch of the Royal Asiatic Society*, xxix, Pt. 1 (May 1956), pp. 17-18.

⁷ See also P. H. van der Kemp, "Brieven van en aan Mr. H. J. van de Graaff 1816-1826...", *Verhandelingen van het Bataviaasch Genootschap van Kunsten en Wetenschappen*, lii, Pt. 1, ii (1901), p. 167.

⁸ Louw, *op. cit.*, ii, pp. 15-16.

⁹ P. H. van der Kemp, "Mr. C. T. Elout als Minister van Kolonien...", *Bijdragen tot de Taal-, Land-, en Volkenkunde (B.K.I.)*, 1xii (1909), pp. 8-9.

¹⁰ Louw, *op. cit.*, ii, pp. 599-600n.

¹¹ Van der Kemp, *Ind. Gids*, 30th Year, ii, p. 1038.

alluding to the house's execution of the agency agreements he had made with Goldman, alluding also to the proposed loan with some doubt, "as the Silence of your Government leads me to imagine it may be relinquished; but I must candidly acknowledge to Your Excellency that I discover a less encouraging Spirit here than I expected to experience among the Monied Men, and a want of that entire Confidence, which my knowledge of Java has inspired me with. If however Your Excellency may still find it expedient to resume that Project I will not despair of affording some satisfaction in my negotiations: for I have greatly at Heart to effect any and every duty which you condescend to refer to my agency" ¹²

By January 1822 Palmer appears to have heard definitely that the project had been abandoned, and it seems that he had not pushed ahead in Bengal, not only because of difficulties in the money market there, but also because of doubts about the situation in Batavia. He wrote to Wappers Melis:

"After my recent communications you will judge that I am not sorry at the failure of the Loan Scheme; and especially as it may be infer'd that I owe it partly to unworthy motives, and partly to an Ineptitude of which I might have been the victim had I not anticipated the outturn of the negotiation.

"It would have afforded me pleasure to possess the power of furnishing you with provisional authority for relieving your Government from impending embarrassment, if I had no cause for fearing that the little passions which defeat the first projected measure might not, as assuredly, paralyze any wherein you and our House should be engaged. I confess the character of the opposing Proceedings leaves me without appetite for extended connections, or the continuance of the agency: for if present Information does not teach me to expect all practicable exception to our provisions of Goods, &^a, I fear in the voice of Mr. Overbeek I have authority for apprehending it, and I may confidentially whisper to you that He does in effect impeach the Justice of your administrators.

"I shall scrupulously observe the caution you justly expect of me, and consider your unofficial communications — whether

¹² Palmer to van der Capellen, 25th. December 1821. *Papers of John Palmer*, Bodleian Library, *Eng. lett. c.* 92, p. 10.

direct, or through Mr. Deans, or Mr. Morris — as perfectly confidential. Your whole Proceeding has been so open, simple and liberal that I at once was satisfied of my Security in all my Transactions with you: but I have no such confidence in other Hands, even if Mr. Van de Graaff, and the good Govr.-Genl. himself were your immediate auxiliaries. What faith can I repose in your colleagues, after their recent machinations and senseless Improvidence? Mr. G[oldman] is probably a just and good Man, but if his Habits are unsuitably punctilious and procrastinating it is easy to see that he would become an Instrument in the hands of Men who might affect his banner in order to subvert the ascendancy of greater Talent in other Men. The Govr.-Genls. fear of responsibility will ever deter him from the adoption of measures not supported by the majority of any of the public Boards; and Mr. V. d. G. cannot be very covetous of the trouble of a constant opposition from the members of a Department over which he presides. You see the Illustration is already afforded us of the Influence of certain Persons over the Minds of the Govr.-General and his colleagues, in defeating a Measure agreed upon in September; and then only awaiting the formality of official signature. Even Goldman himself too, pledged to that very measure . . .”¹³

Another letter shows that Deans believed rivals responsible for the abandonment of the loan project, presumably because they too sought the agency business.

“Having raised no Money for the Dutch Govt. and wanting encouragmt. to beat about for Supplies amongst the monied People, I regret that I cannot pursue the course suggested to me for enabling Friend Melis to interpose for the Relief of his Govt. when his coadjutors fail in their resources. If however I had Funds of my own, I should be very reluctant to commit them to the control of certain Persons who might always have Talent and power enough to hamper Melis’s Engagements, and might be as careless of the reputation of their Govt., as of my Security and Reimbursement . . . I shall as little envy the better success of the other Houses, as I do the little arts by which they supplant

¹³ Palmer to Wappers Melis, 20th. January 1822. *Eng. lett. c.* 92, p. 134. The ‘Overbeek’ mentioned was presumably D. A. Overbeek, the Dutch Resident at Chinsurah.

me: but I doubt if either of them can effect preliminary Measure by foreign Resources; and conclude they possess none of their own adequate to such operations

"I trust it will occur to Melis to shew that any Proposition from others, however specious, grows solely out of ours, and never perhaps had been entertained by anybody but from Example — and possibly an illaudable motive" ¹⁴

The Batavian Government had no love for the founder of Singapore and, as Palmer told Wappers, "it may be a triumph to some to know that Sir Stamford Raffles is the only man of my acquaintance who, except myself, can suffer Disappointment from the failure of the Loan". Palmer explained to Raffles the difficulties in Bengal rather than those in Batavia.

"I have relinquished the Loan, though I view it as one of the best means of employing Money which could be presented to the public in these Times; for I discovered a feverish sensation about the Security of the Dutch, altho their power and Resources were never less equivocal" ¹⁵

The "feverish sensation" seems to have been caused by fears of war in Europe. Palmer wrote later to Melis:

"I lament that the loan operation came to nothing, for I am persuaded that it might have been equally advantageous and secure for, altho I consider nothing more precarious than the tranquillity of Europe I know that even a state of war could only have involved the regularity of payments. I trust and believe that you will easily surmount the pecuniary difficulties of your Government for with such resources as you enjoy order and Aconomy alone must secure you a surplus Revenue your cum-brous Establishment requires the Knife and you may prune off 10 Millions p. annum more easily than even your great resources will enable you to save them. I have suggested to Deans that we might become useful in the furtherance of any financial project of yours.

"Your Interposition has been manifestly salutary in our agency

¹⁴ Palmer to Deans, 20th. January 1822. *Eng. lett. c. 92*, p. 143.

¹⁵ Palmer to Raffles, 17th. March 1822. *Eng. lett. c. 92*, p. 321.

arrangements, and the distrust involuntarily harbored here is giving way to the explanations and information you afford me" ¹⁶

During 1822 the financial situation in the Indies continued to deteriorate and Palmer noted that some agency payments were overdue. This fact,

"combined with a thousand others, must sooner or later, impose a Change and bring W. M. into play. The Govr.-Genl. is paralysed by one or two respectable Persons as to W. M. but his Talent, Information and Perseverance will surmount unwarranted Objection" ¹⁷

Presumably this accurately foretold the future, for in November 1822 Van der Capellen resolved to borrow one million sicca rupees (1,050,000 Indies florins) in silver money from Palmers, the only way, it was thought, to acquire it sufficiently quickly. Goldman and Wappers handled the correspondence.¹⁸ Palmer wrote to a connexion in London:

"Our external relations since you left us have been marked by increasing satisfaction and advantage in our Dealings with the Dutch; to whom we are advancing 10 Lacs for a couple of years at 9 p Cent (or rather half for one year) and to be repaid in Bullion, Produce or Bills on London. I expect larger consignments of Tin from them, and an augmentation of their Indian Investments, and we are perfectly satisfied with the efforts they have made to put us in Funds. General de Kock — as worthy a man as Capellen — has been appointed Lt.-Govr. and will probably succeed the Baron: our Friend W. Melis is well with both and is daily establishing the advantage of his habits for Business and his Talent, in all their Financial and commercial concerns" ¹⁹

"Our Friend W. Melis": but, Palmer told Morris, "despise the malice which imputes clandestine connections between you" ²⁰

¹⁶ Palmer to Wappers Melis, 6th. May 1822. *Eng. lett. c.* 93, p. 248.

¹⁷ Palmer to Morris, 11th. September 1822. *Eng. lett. c.* 94, p. 223.

¹⁸ Louw, *op cit.*, ii, pp. 609-610.

¹⁹ Palmer to Brownrigg, 28th. February 1823. *Eng. lett. c.* 95, p. 128.

²⁰ Palmer to Morris, 23rd. March 1823. *Eng. lett. c.* 96, p. 9.

As Palmer knew, Wappers Melis was a man with ambition, and thus with ambitious plans for the Batavian Government. But he did not wish Wappers to overplay his hand. Thus on receiving a letter of Wappers of March 1823 he lamented to

“observe you have less confidence in the application of your powerful financial resources than formerly: for your doubts imply a fear of constancy and consistency, which no Talent, Zeal or Industry can remedy. It is more than wise therefore to pause upon such important Measures as funded Debts and Bank Establishments, until you are emphatically assured that the best use will be made of your resources and an undeviating attention shewn to their improvement and development. It is indispensable to your honor, as well as to your success, if such measures are undertaken, that by no possibility, within human control, any diversion of Means whatever should be allowed to defeat your arrangements and Plans. You comprehend your Position too well to compromise either your reputation, or the Interests occasionally confided to you, by hazarding much of either for the mere chances of support.... It is painful to reflect that for unequivocal Services, unabating Labor and ardor and zeal, a generous recompense is yet to be looked for from your Government; and especially whilst so good and so discerning a man presides over it. That Justice should be denied you is grievous in the extreme but nothing short of Infatuation can long withhold from any able and upright Public Functionary the meed of his services. Happy is it for you, my dear Sir, and for all men conscious of their purpose, that nothing can rob you of your own approbation....

“I should infinitely regret any cause which might induce your retreat from the service: for believing firmly that you have already achieved very substantial good in Java, I must persuade [myself] that your merits and claims cannot be long overlooked; and they must be daily more conspicuous and better acknowledged....”²¹

It would seem that Palmer's tribute to Wappers was paid in flattery rather than in florins and that he attempted rather to salve his frustrated ambition than fill his empty purse.

²¹ Palmer to Melis, 15th. June 1823. *Eng. lett. c.* 97, p. 10.

Palmer continued also to correspond with Van der Capellen, "the only great man I ever knew", he told Deans, "that I would go one hundred miles to visit, after having got acquainted with him or indeed before".²² In August he replied to a letter of the Governor-General's, also written in March.

"I very cordially hope that the negotiations upon us in completion of the Loan will yield an unlooked for advantage to your Government, and I as firmly rely upon a proportionate benefit from the Products we receive from you to liquidate our Advances.

"If, as it seems reasonable to calculate, our respective nations keep out of the war which menaces the [Iberian] Peninsula and strengthen the relations now subsisting between them, I shall be prepared for an extension of the Intercourse between Java and India. Your Excellency's naming eighteen Months longer to mature and cement them, will be singularly pleasing to me; and particularly as I can with certainty say that I shall be eye witness of your measures"

He intended to visit Java again,²³ and was clearly looking out for an increase in agency operations.

In a letter to Deans in October, Palmer again alluded to the possibility of war in Europe, though he did not

"suppose the Netherlands will espouse the infamous cause of France

"I cannot harbor a doubt of the Fidelity of the Govt. in the transactions with me whilst such characters as the Baron, General De Kock, and Mr. Van de Graaff occupy seats in the council, altho a temporary suspension of Intercourse and payment may ensue. I fear you may give offence by a suggestion of security in Land or any other real Property" ²⁴

Deans no doubt believed that such was desirable lest the political situation changed. But Palmer was not prepared to allow this problem to interrupt the development of harmonious relations — and agency business — with the Batavian Government. Much further he was not

²² Palmer to Deans, 29th. July 1823. *Eng. lett. c.* 97, p. 298.

²³ Palmer to Van der Capellen, 12th. August 1823. *Eng. lett. c.* 98, p. 53.

²⁴ Palmer to Deans, 3rd. October 1823. *Eng. lett. c.* 98, p. 303.

prepared to go at this time: he wanted no big deals. Deans planned a discount house, dealing in the precious metals that tended to disappear from circulation.²⁵ But Palmer was not very encouraging.²⁶

The Government's shortage of cash and the disappearance of the precious metals led in 1823 to a new arrangement for Palmers' supplying "Bullion Dollars or Rupees to the extent of Fifteen Lacs", in return for consignments of products to Europe, thus providing some money fairly quickly; also, said Palmer, "the apparent competition . . . must have the inevitable effect of enhancing the value and price of that Portion of your Produce which is sold bona fide to Speculators . . ." ²⁷

Bigger schemes than this Palmer still did not seem to favour.

"I do not think our capitalists are so speculative as to trust their Funds under a Foreign and distant Flag: so that I fear I shall carry no subscriptions for your Bank even [should] a real security constitute the Basis of such an Institution and of course the same may be said of Loans

"I abstain here from noticing the Austin Friars plan of Loan Such schemes of Loans and Banks are too vast for our resources and above all for our Nerves" ²⁸

This presumably was a reference to a scheme originating with Robert Morris for procuring through Cockerell Trail and Company of Austin Friars, the house connected with Palmers in London, a loan of six million Indies florins, to be used partly for immediate expenses, partly for paying off debts, partly for calling in paper money, and to be secured on the residency of Kedoe. The matter was referred home, Van der Capellen saying that he would have preferred a loan raised in the Netherlands. However, Morris, who was going to Europe, would discuss the matter with the Colonial Minister, and a further report from Batavia would assist in a decision on the matter.²⁹ Elout, the new Colonial Minister, wrote privately to Van der Capellen in April that the decision would be affected by the setting-up of the trading company (i.e. the future *Nederlandsche Handel Maatschappij*), and

²⁵ L. de Bree, *Gedenkboek van de Javasche Bank*, Weltevreden, n.d., i, p. 173.

²⁶ Palmer to Deans, 30th. November 1823. *Eng. lett. c.* 99, p. 184.

²⁷ Palmer to Van der Capellen, 19th. January 1824; to Deans, 18th. January 1824. *Eng. lett. c.* 100, pp. 109, 103. Louw, *op. cit.*, ii, p. 23.

²⁸ Palmer to Deans, 18th. January 1824. *Eng. lett. c.* 100, p. 120.

²⁹ Louw, *op. cit.*, ii, pp. 25-26, and Bijlage 8. Van der Kemp, *B.K.I.*, lxii, pp. 10-13. Elout, *op. cit.*, pp. 114-116.

that a large loan, secured on a whole residency, was unlikely to be approved unless a strong case could be made for it and rigid economies first attempted. In another letter of May Elout wrote that the proposal would not go through but that he would do all he could to support the Batavian finances. And finally he was to recommend a loan of eight millions from the N.H.M. secured on the coffee of the Preanger regencies.³⁰

Meanwhile Palmer had last arrived in Java. The sanguine Deans was talking there, it seems, of trying to raise the six millions in India, and for that real security would clearly be required. Palmer, it seems, was now ready to contemplate this, perhaps believing it was the best way of consolidating the firm's position and the position of Wappers in an administration clearly much divided over the issue. But Palmer's colleagues back in Bengal were not encouraging. H. W. Hobhouse wrote:

"Your report upon the fluctuating and capricious Councils at Java confirms me in the opinion I always entertained of the expediency of receiving real Security for any specific Loan.... I have no hesitation in saying that they would not at this moment raise six millions here on any terms, and it would be idle in them to indulge in any such speculation. I think 20 Lacs the outside of their Credit — finding the Burman [war] bid[s] fair to use all the spare cash in the Country...."³¹

E. A. Newton wrote:

"I am somewhat disturbed by your awakened suspicions of the good faith of some of the Persons constituting the Govt. where you are. Nevertheless my confidence yet remains unbroken, and so long as we are really treating with the proper authority, and observe the strictest order and regularity on our part, and require the same on theirs, my repose will continue undisturbed. Evidently we are of the greatest convenience to them, and I think, all matters considered, are serving them faithfully, and for as moderate recompense, as circumstances will admit, and with a degree of good faith, that is not to be excelled — all we gain is apparent, there is nothing hid.... Landed security, such

³⁰ *Ibid.*, pp. 116, 119-120.

³¹ Hobhouse to Palmer, 13th. June 1824. *Eng. lett. d.* 105, p. 118.

as you hope to obtain, is most desirable, and will enable us to extend our relations — but I somewhat doubt if we are ever able to lend, or procure them, so large a sum as Deans has named, to wit 60 Lacs Rs, for the aspect of things here is somewhat cloudy, and this Burmese War may be a most expensive and bloody one . . .”³²

Clearly there were doubts — and in relation to the nature not of the international situation, but rather of the Batavian Government — about the security of loans, if not of extended advances on agency account. Even with such security, Palmer’s colleagues queried if they could raise as much as Deans suggested, especially in view of the war in Burma that had begun in February.

Palmer meanwhile was having discussions with officials in Batavia. One of the results was a second loan of one million sicca rupees, later secured, with the first, on the opium farm.³³ Further arrangements appear to have been discussed, for in a letter replying to Palmer’s of early May, Hobhouse intimated that he thought the agency business must be restricted: “if we are correct in assuming that only 10 Lacs *can* be repaid *here* annually, then, as it would be inconvenient to us to take payment of more than 20 Lacs by shipment from Java to London, our commercial agency, including Bullion shipments necessarily limits itself to 30 Lacs of Rupees . . .” As for the loans, they were now in advance thirteen lacs (with interest nearly fifteen) i.e. ten lacs on the first loan and three on the second. When the first was paid off, they would lend seven more, the total at any one time being ten lacs for two years reimbursable in Calcutta. Palmers, too, should have “Collateral Security (Territorial) to the whole extent of our Credit”, i.e. about forty lacs.

“We are of opinion, that if the Dutch were now to come into our money market simply on their own credit, they could not do so with much effect, and generally speaking that 50 Lacs altogether must be assumed as the maximum of their available Credit in Calcutta. By altogether, we mean from ourselves on all accounts, and for all purposes, and from others in simple loans. We have none of the cumbrous balances you speak of; on the

³² Newton to Palmer, 15th. June 1824. *Eng. lett. d.* 105, p. 121.

³³ Louw, *op. cit.*, ii, p. 620. Palmer to Hobhouse, 7th. October 1824. *Eng. lett. c.* 126, p. 16.

contrary we are prepared and preparing to withdraw our capital from other employ to meet the wants of Java Government.

"... The substance of all this is, that we wish no limit to exist to our commercial and Bullion agency, but their means of repayment here in the course of the year after 10 Lacs paid here and allowing them to pay 20 Lacs in England annually by shipment from Java. The Loan of 10 Lacs is a kind of bonus that we are willing to pay" ³⁴

In Batavia letters of February 1824 from Falck, Elout's predecessor, had arrived, asking for remittances to cover the colonial debt in the Netherlands. A new public loan was recommended, then deferred till the Governor-General returned from his visit to the Moluccas.³⁵ Palmer thought of taking part in a remittance loan and committing his London friends to a share in it. The letter in which he explained this to Trail may be a further clue to his policy thus far in relation to the Batavian loan transactions.

"The past present and future state of things has accumulated and is still accumulating such a superfluity of Capital in Europe. North America and Asia, it is a matter of astonishment to me that this Govt. has not with its great resources turned the circumstance to its own account and made those provisions for its financial relief, which early improvidence and false Policy have imposed upon it. In a state of universal peace, and when its continuance was universally necessary, a large military and naval Establishmt., a cumbrous staff, and all its extravagant concomitants have been pompously and ruinously maintained here; and a revenue fairly and easily augmented to 28 Millions, still leaves an annual deficit of 3 or 4 Millions of Rs, and the evil must augment until a greater difficulty of raising supplies imposes a change of system, and introduces regulations better suited to the condition of the Country. Casting about for temporary succour, I am not confident of preserving the advantages we have acquired in the extensive agencies of this Govt., for we neither escape notice, nor envy, and it wants but little to raise up powerful competitors in India and England, perhaps in Europe

³⁴ Hobhouse to Palmer, 19th. August 1824, and enclosure. *Eng. lett. c.* 101, pp. 42, 50.

³⁵ Louw, *op. cit.*, ii, pp. 30-33, 621-623.

or America, which with a change of Rulers might shake the relations at present happily established between us. In this view of things I have travel'd something out of our way already, and am disposed to deviate a little farther; — and having recd. a formal pledge of security from the temporary Govt., and a recent confirmation of it under the hand of the absent Govr.-General, there needs no further restraint than is prescribed by our own conscience. I know that it is the Policy of this Govt., and I believe it to be a salutary policy, to keep its principal arrangements free from the interference of the Parent Govt., which would absorb or waste in its measureless patronage, a vast deal more than the difference of Interest, with which Indian Loans and advances must be fettered. — I have no hesitation in asserting that this Govt. would prefer local transactions at 9 p.Ct — to loans originating at home, and controlled by the Parent Govt. at 5 or 4 pr. Ct. On this feeling I consider it fair to act, and actually enjoying a safe and lucrative agency and [I] may add a pleasant and creditable one, it has occurred to me that I may safely engage your House in a transaction of some moment and of the most unequivocal security. Deans has already broached the Subject matter to Larpent and perhaps secured you its European Agency but I have reason to believe that I can direct this benefit to you, and fix it prospectively, by taking a prominent place in their remittance loan, by accomplishing in large part, and facilitating in toto, the success of that arrangement.

'It is probable that the loan may fill without alien assistance, tho' I believe with some rare exceptions (the G.G. and a high functionary or two) there is an absolute deficiency of means in their Service I know it would be peculiarly acceptable that I came forward in this exigency, and by a decisive measure not only filled their loan, but enabled the Govt. at once to fulfil the special object of it, namely acquitting the Colonial debt to the Mother Country

"I have special reasons for not engaging in this Loan on account of the Calcutta House; for besides the chance of the Burma War affecting their dormant balances, at the moment when they had reduced the rate of interest, I must still press equally upon your resources if I did not forego the important object of effecting an immediate impression upon the Colonial debt — the only motive to, and perhaps the only value of my

critical interposition. I am sure I shall not need stipulate for your perpetual Agency, for I have observed from the outset that wherever our connection was established or our confidence reposed, there became concentrated, all the operations of this Government. But I shall take care to have a clear understanding with the Govr and his successor, that all their European Agency be referred to your House.

"... Various Efforts have been made to participate in their Indian Agency, and if persisted in by sturdier Rivals, it would require great moral influence to secure the advantages we possess. I think we hold this at present for the Govr feels strongly that our aid was liberal as well as timely..."³⁶

The loan was not, however, at once carried through, the Batavian officials awaiting the return of Van der Capellen, and Palmer doubted if, when he did come back, he would "sanction the measure until necessity forces it upon him". Palmer had heard indeed

"that the Terms on which this Government was treating for money were condemned at Home, and as the new Company may choose so to employ a portion of its funds, I shall not be surprised that they interrupt such a Loan. Still I believe that reluctance to European engagements and to their concomitant Patronage, influence and control will prevail over the advantage of lesser Interest and induce a dependence upon their Indian credit and facilities even if the Dutch Company [the N.H.M.] should be timely in the field. — But the habitual slowness of all great bodies cannot keep pace with the pressing wants of this Government; and I shall expect the gratification of putting a safe and good transaction in your way..."³⁷

These letters seem to suggest the motives of Van der Capellen and Palmer in entering upon the great loan negotiations of late 1824, a desire for independence on the one side and, on the other, not merely a profitable commission but also the prospective development of general agency business. Early in October the Governor-General at last returned from the Moluccas.

³⁶ Palmer to Trail, 7th. August 1824. *Eng. lett. d. 105*, p. 130. G. G. de Hoche-pied Larpent was another partner in the Cockerell house.

³⁷ Palmer to Trail, 10th. September 1824. *Eng. lett. d. 105*, p. 135.

"Money is wanted and I shall probably be authorised to borrow beyond your estimate of Dutch credit: but with ample securities in hand and higher Interest than our Govt. will give, I should not despair of raising a considerable sum. I am sure that it would well consort with our Interest to promote the Loan; for commission would necessarily result from the operation....

"Great retrenchments and reforms are imposed upon this Govt. but the whole debt does not exceed half a year's revenue nor much exceed their saleable property in Marine and other Stores and ships." ³⁸

The first result of the discussions with Van der Capellen was a scheme of remittance to Europe, to replace the remittance loan proposals. Palmers were to provide £ 60,000 in sterling bills and deliveries of coffee were to be made in repayment.³⁹ The larger question was referred to a committee consisting of De Kock, Van de Graaff, Goldman, Melis, G. F. Meylan, the director of direct taxation, and W. de Vogel, the director of auditing and bookkeeping, to whom instructions were issued on 23rd October.⁴⁰ These had been preceded by reports from Goldman and Melis. The former had argued that by 1825 the deficit would be f. 14,709,140 and Wappers had more or less agreed. If six millions were obtained in the Netherlands, ten millions would still be necessary, and he recommended a loan of thirteen million sicca rupees from Palmers.⁴¹ Indeed these reports had been themselves preceded by discussions. At least an undated letter from Palmer to Goldman referring to a conference the previous day seems to belong here.

"I lament that I cannot give assurance of raising the further sum required for the exigencies of your Govt. by Loan, or other means, because its magnitude may exceed the latitude of Credit — under any security — which Foreign markets would concede. But I would not despair of our entire success with the general security of these valuable territories, and I shall therefore be prepared to undertake such commission as his excellency may

³⁸ Palmer to Hobhouse, 7th. October 1824. *Eng. lett. c. 126*, p. 16.

³⁹ Elout, *op. cit.*, p. 74. Louw, *op. cit.*, ii, p. 42. The arrangement was virtually concluded in early October, though some modifications were made in November. Elout, *op. cit.*, pp. 75-76. Palmer to Cockerell, Trail and Company, 16th. October 1824. *Eng. lett. c. 126*, p. 20; *d. 105*, p. 146.

⁴⁰ Louw, *op. cit.*, ii, p. 34. Elout, *op. cit.*, pp. 131-132.

⁴¹ Elout, *op. cit.*, pp. 131, 129.

be pleased to confide to my house — and eventually to myself alone, for raising a sum not exceeding ten millions of Java Rs.

“The moment is not propitious to such an operation, for my Govt. is involved in an expensive contest, which may give full employment to a vast amount of the floating capital of India; and prodigious as its resources are, if the contest be long protracted, a great temporary increase in the rate of Interest will probably ensue.”⁴²

In a letter to Hobhouse of 19th. October, Palmer discussed the earlier loans, secured on the opium farms.

“This Govt. has required a loan from the King of the Netherlands of six millions of Java Rs. and will have its answer by the end of the year. If it be affirmative, the loans will be discharged and the security redeemed, if not we may possibly be reduced to its realization if you see no reason for deferring the execution. But the Govt. is probably more anxious still to be independent of the home Govt. in its pecuniary engagements; and it may be that other considerations cause a partiality to Indian Loans. Our Interests might be eminently promoted by a successful agency in such a transaction; as the Loan would certainly be liquidated progressively, in produce, in Calcutta or London. But there is an embarrassment touching the requisition from Home and the G.G. is further apprehensive that the new Company [the N.H.M.], by cupidity or instigation, conclude some comprehensive bargain with the King, for supplying every want of the colonial Govt.

“Supposing however a loan referred to us, the ways and means proposed for its redemption and provision for Interest, will be 50 Lacs of Java Rs. If the whole sum contemplated 13 Millions of Java Rupees be raised — all the debts and obligations of the Govt. would be discharged”

Some paper money would be withdrawn and new currency issued, coined in Calcutta and “restoring the intrinsic value of the Sa Rs in relation to guilders, which the specious quackery of 1816/17 robbed the public of”⁴³

Palmer also wrote to Trail on the matter.

⁴² Palmer to Goldman, n.d. *Eng. lett. c. 126*, p. 18.

⁴³ Palmer to Hobhouse, 19th. October 1824. *Eng. lett. c. 126*, p. 12.

"The lavish expenditure of the Public Money in establishments exceeding infinitely the Public wants, and the imposition from Holland of superfluous stores, coupled with expensive and unproductive wars, have brought this Government into a heavy State of pecuniary embarrassment; and its mischief has been aggravated by the presumptuous complacency of the Government itself. But no longer under any illusion, it is become necessary to adopt some efficacious Plan of general reform providing for the liquidation of all existing engagements, and for the certain extinction of the fresh debt, it must contract for the accomplishment of that important purpose.

"Including a debt in Holland (partially liquidated by my bills on you) and providing for all ordinary contingencies of current expenditure, it is understood that a sum of thirteen millions of Java rupees, are requisite for the attainment of all the objects and engagements of this Government and it is probable that our House in Calcutta will be empowered to raise that amount by loan redeemable in 15 years, which including yearly or half yearly Interest, will be paid off at our office. This loan will be secured upon the Revenues and Territory of Java and its dependencies and its rate of Interest must necessarily be governed by the state of things in India.

"The provision for the punctual discharge of the loan will be made by annual allotments of some Millions of the public revenue, and which in produce will find its way progressively to you and us. The same to be funded for the extinction of this loan. I should have been in some doubt of being able to raise so large a sum of money in India, if I did not rely on the temptation of the Burman War, causing considerable remittances to India, and preventing any pressure on our money Market: but as it is, I think it probable that at the three Presidencies, and subordinate Places, we may be able to raise the money within the next year

"It would seem that the Revenues of the Island, and its dependencies are susceptible of an increase of one Million at least, and its expences may be even now safely retrenched three to four more, and when peace is reestablished on Celebes, the Military reduction will not be less than one and half Million" ⁴⁴

The committee of 23rd. October meanwhile recommended first of

⁴⁴ Palmer to Trail, n.d. *Eng. lett. c. 126*, p. 21.

all the coining of new silver money in Calcutta by arrangement with Palmer.⁴⁵ Its second report, dated 19th. November, reckoned the debt at the end of 1824 at sixteen million guilders and by August 1825 at twenty millions. It advocated a loan of nine millions and probably — since the Dutch Colonial Minister seemed unlikely to send the six millions — ultimately of fifteen millions, secured on Java. Interest at 8 % and a yearly reduction of one thirtieth of the capital would have to be provided for by economy.⁴⁶ Van der Capellen raised various objections: he questioned procuring a loan among foreigners and using Java as security; no absolute refusal had been received from the Netherlands, and possibly capital would be left over after shares in the N.H.M. had been allotted. He suggested a temporary loan, and doubted if he had the power to make alterations in the monetary system which the committee thought should go along with the loan. The committee argued against all this: 8 % was not high, support from the Netherlands was unlikely, Java — or better the whole Indies — gave adequate security.⁴⁷ And the ultimate decision was for a loan of fifteen millions and a change in the monetary system, without which much of the effect of the loan would be lost, Wappers argued.⁴⁸ Hence the instructions to Palmer.⁴⁹ These said nothing about his commission, understood to be 2½ %, as Elout was later told by Wappers⁵⁰ who went home to explain the negotiation.⁵¹ He had indeed been anxious to go on leave.⁵² His reception was most unfavourable. Elout opposed both loan and currency change, and was especially doubtful about a loan among foreigners on such a security, about the looseness of the terms set down and the encouragement to British trade involved.⁵³ The loan was disapproved and a special commissioner was appointed.⁵⁴ Van de Graaff had forecast Elout's opposition,⁵⁵ and Van der Capellen said he had never expected his approval.⁵⁶

⁴⁵ Louw, *op. cit.*, ii, pp. 35-36.

⁴⁶ Elout, *op. cit.*, pp. 132-135. Van der Kemp, *B.K.I.*, lxii, pp. 131-136.

⁴⁷ *Ibid.*, pp. 136-139. Elout, *op. cit.*, pp. 136-137. Louw, *op. cit.*, ii, pp. 38-40.

⁴⁸ *Ibid.*, pp. 43-45, and Bijlage 13.

⁴⁹ Elout, *op. cit.*, pp. 138-139; and, more fully and in English, Van der Kemp, *B.K.I.*, lxii, pp. 142-148.

⁵⁰ Elout, *op. cit.*, p. 140.

⁵¹ Louw, *op. cit.*, ii, pp. 61-62.

⁵² Van der Kemp, *Verhandelingen*, lii, Pt. 1, ii, pp. 217-218.

⁵³ Van der Kemp, *B.K.I.*, lxii, pp. 159-166.

⁵⁴ Louw, *op. cit.*, ii, pp. 78-79.

⁵⁵ Van der Kemp, *Verhandelingen*, lii, Pt. 1, ii, p. 247.

⁵⁶ Van der Kemp, *B.K.I.*, lxii, p. 159.

In fact, as Elout saw,⁵⁷ Palmer had had his doubts about raising the loan and, as Palmers later reported, Elout would be happy to know that they had in fact raised nothing.⁵⁸ On his return to Calcutta, Palmer had tried to secure subscriptions. He wrote to his friend R. Grant in Cawnpore: "if you could put me in the way to get any subscriptions at Cawnpore, it would be rendering me a great Favour and great service too" He offered 7 % interest.⁵⁹ On 20th. March 1825 he wrote to Deans that he had not yet been able "to raise a Stuiver", but he did not yet despair. He observed that by their charter the N.H.M. was "not to meddle with the Public Funds, consequently they cant lend their Money to your Government" ⁶⁰ Palmer wrote to a friend at Benares asking for his help.

"My friend Rammuram has wrote about this Loan to his father at Benares, Collysunker Roy, who I introduced to you two or three years ago; and who he thinks has great Influence with the monied People there. Perhaps you could talk with Collysunker on the subject. The Object is of vast importance to our House, and personally I take the deepest Interest in its success from my sense of obligation to the Govr.-General Van der Capellen and the Lieutt. Governor-General De Kock" ⁶¹

Palmer also wrote to Treves at Lucknow: "get my Friend Ricketts to back your exertions amongst the Bankers. Balmokund Davy Doss might help us" ⁶²

In April a further difficulty arose, as Palmer told Deans:

"Government has refused us the use of the Mint, and in as few words as I use here. They certainly only desire to parry Competition, but have not the courage to say so; and prefer equivocation to a lie. But they have not inhibited the Loan; and as far as Lord Amhersts personal assent may be relied upon,

⁵⁷ *Ibid.*, p. 161.

⁵⁸ *Ibid.*, p. 182n.

⁵⁹ Palmer to Grant, 16th. March 1825. *Eng. lett. c. 101*, p. 147.

⁶⁰ Palmer to Deans, 20th. March 1825. *Eng. lett. c. 101*, p. 159. Elout overcame the difficulty in relation to the N.H.M. Van der Kemp, *B.K.I.*, lxii, pp. 33-35. W. M. F. Mansvelt, *Geschiedenis van de Nederlandsche Handel-Maatschappij*, Haarlem, 1924, i, pp. 121-122.

⁶¹ Palmer to W. A. Brooke, 22nd. MMarch 1825. *Eng. lett. c. 101*, p. 169.

⁶² Palmer to Treves, 23rd. March 1825. *Eng. lett. c. 101*, p. 173.

I am at liberty to proceed. I am in correspondence all round India but having achieved nothing in Calcutta, I despair of success elsewhere. The Houses are at their Tether for some months to come I can pick up trifling subscriptions but will not avail of them until I can secure a considerable Sum. I abstain from publishing to avoid the Humiliation of Failure.

"I am deliberating whether to inform the Baron that I must give up the attempt and propose the sending of one of the Members of the House Home to raise the Loan in England, or still to try what may be done in India" ⁶³

Palmer wrote to Madras the following day,⁶⁴ but shortly after received disappointing news from Lucknow.⁶⁵ "My Dutch loan does not get on prosperously", he told Grant at Cawnpore, "though from the eagerness displayed about subscriptions to this new 5 per Cent loan, one would think the Dutch should get into vogue".⁶⁶ But they did not, thanks above all, as Palmer's colleagues had anticipated, to the Burma war and the consequent Government loans. "Nothing has been done, nor may be done whilst the Burman War lasts; and I conclude recourse must be had to Europe if any innovation upon their System is resolved upon . . ." ⁶⁷

Palmer made this suggestion in a long letter of explanation to Van der Capellen of 25th. June,⁶⁸ written

"in despair of being able to effect the object even partially.

"A lamentable deficiency of Specie and of Bullion had been already been experienced here, before my arrival, while the wants of Government exacted the acquisition of Silver in any form, the moment of its Importation from without, or from within; whilst the well-grounded Belief of large hoarded Funds amongst the Native Population, encouraged a Hope that a fresh Loan at

⁶³ Palmer to Deans, 2nd. April 1825. *Eng. lett. c. 102*, p. 2. Amherst was the Governor-General. There had been some doubt of the Bengal Government's assent to the loan. Van der Kemp, *Verhandelingen*, lii, Pt. 1, i, p. 167.

⁶⁴ Palmer to Sir. E. Stanley, 3rd. April 1825. *Eng. lett. c. 102*, p. 4.

⁶⁵ Palmer to Treves, 14th. April 1825. *Eng. lett. c. 102*, p. 31.

⁶⁶ Palmer to Grant, 26th. May 1825. *Eng. lett. c. 102*, p. 138.

⁶⁷ Palmer to Larpen, 28th. June 1825. *Eng. lett. c. 102*, p. 193.

⁶⁸ Palmer to Van der Capellen, 25th. June 1825. *Eng. lett. c. 102*, p. 188. See also A. Tripathi, *Trade and Finance in the Bengal Presidency (1793-1833)*, Bombay, Calcutta, and Madras, 1956, p. 199.

5 pr. Cent Interest, might tempt the opulent amongst them, to bring out their Treasure.

"The Loan of the previous year, at 4 pr. Cent, had extracted a subscription, from all our possessions, of about 1,40,00,000 (probably the floating capital of our Territories) and that Loan was made the Fulcrum of the fresh one: for the conditions were, an equal Subscription of the 4 pr. Cent obligations, and of cash, for obligations in the 5 pr. Cent Loan. It is probable therefore that the Capital above quoted will be once more attracted to the Treasury; but that I verily believe is the utmost Latitude of the success of the present measure, admitted even that secreted Treasure be drawn forth by the Demand: for the Subscriptions are very slow; and the 4 pr. Cent Notes are actually at a Discount of 1/12 pr. Cent. [*sic in origine*]. It is in this depreciation alone that I would repose a Belief of the secreted Treasure being disturbed; and that but partially for between the Loans such a rate of Interest would be obtained as might tempt some of our Native Bankers to enlarge their dealings.

"The Effect of this new Loan upon Men in our Situation, would, at all times, be embarrassing enough, but being announced before all our Annual Engagements were formed and concluded, it has been very severely felt by the whole Mercantile Community, and we suffer vast Inconvenience from it, to meet the sudden exigency of investing Balances, we expected to hold throughout the year of account....

"Your Excellency will perceive, from this state of things, that pecuniary Succour from here, is hopeless, though I will not abandon the effort of raising a Sufficient Fund to redeem your two existing Loans of 10,00,000 each, without, if possible, varying the Terms already proffered to the Public. Indeed, I have never imagined, under the peculiar Circumstances of the Times and case, that higher Interest, or better Terms would have induced extended Subscriptions to your Excellency's Loan, or otherwise I should have offered them at once. But, in the Dearth of Silver, and the wants of the Government, and its little equivocal proceedings towards us, success would scarcely depend upon the Superior Benefit of your Loan...."

Perhaps London might be tried, though it might again be necessary to offer the interest he had been offering in India, namely 7 %. It is

notable — and understandable — that Palmer did not try offering 8 % in India.

Early in July he wrote of his

"continued Disappointment At this time Loans covered by realizable and adequate security, are with difficulty obtained at 10 per Cent, and whilst the enormous public Expenditure is continued, the Evil must augment. I do therefore as painfully as reluctantly abandon the attempt to raise your Loan, altho' I shall still feel it my duty to avail of any change in circumstances which may enable me to provide for your Loan falling due in December next for one million of Rupees I am highly gratified that your Excellency gives me credit for zealous and unsparing exertions to raise your Loan; and have as generally as intelligently appreciated the unexampled difficulty of the Times. This has been constantly encreasing, for never was there known so inconsiderable an Importation of Silver; or so utterly disproportioned even to the ordinary Demand of the Country unless some speedy succour comes in, I really can foresee no mean of supporting the public Expenditure but by legalizing a temporary Paper currency. I shall be happy to learn that your new Company brings large supplies to your relief; but its regulations seem to preclude Loans or Dealings in any Funded Property. I trust however that the Company will aim at large Dealings in your Products" ⁶⁹

Though the situation in Batavia was desperate — especially with the opening of the Diponegoro revolt — the Council was opposed to trying to raise money in London. Presumably aid was expected from the N.H.M., or least disapproval from Elout. Ultimately a loan of twenty million Netherlands guilders was in fact approved by the States-General.⁷⁰

The desire of Van der Capellen to continue a "liberal" policy had put his Government into debt, and the desire to retain some independence of the Government in Europe and the N.H.M. made him turn to British India for succour. The great loan, upon which he embarked perhaps in desperation and certainly with doubt of success, precipitated

⁶⁹ Palmer to Van der Capellen, 8th. July 1825. *Eng. lett. c.* 102, p. 214.

⁷⁰ Louw, *op. cit.*, ii, p. 82. Elout, *op. cit.*, pp. 142-143. Van der Kemp, *B.K.I.*, lxii, pp. 182-184.

the appointment of Du Bus as Commissioner-General and the changes of policy that ensued. Whether, as Palmer implied, economy would have saved Van der Capellen and his policy seems doubtful. Ultimately pressures at home would have compelled a change, if not the Java war, itself a result of "liberal" policy. Palmer tried to serve the Indies administration in the first place in order to improve his general relations with it and the general business prospects; and even the last loan, though itself advantageous, was perhaps entered into with this view, since it was in face of the opposition his colleagues in India had raised (as he had himself earlier) against extensive loans. In all this there seems little room for the corruption of which Du Bus suspected Wappers.⁷¹ It seems much more likely that Palmer's connection was not with his cupidity but with his ambition. The fact that Wappers believed that the 1824 project would help his career and that he wished to go home to present the case for it suggests a strange misjudgement of the situation but not a consciousness of corruption. Certainly he found himself in difficulty on his return and he asked Palmer to vouch for his character and principles. The merchant replied: "If not to coax and flatter your superiors, but fearlessly and honestly to express your Sentiments, if not to overreach your Equals in Transactions of moment as well as in common affairs, and if not to trample on your Subordinates and Inferiors were public virtues, then I now not the Man in Java more entitled to confidence, respect, and Esteem." ⁷²

Van der Capellen was also criticised on his return. While he was going home, Palmer wrote him a most flattering letter.

⁷¹ Van der Kemp, *Ind. Gids*, 30th. Year, ii, pp. 1612-1613. Van der Kemp mentions one of the matters over which Wappers was criticised, the Government purchase of a warehouse from Deans and Co. at a price allegedly inflated by his intervention. It seems strange that Wappers should have risked what he had so far achieved by a favour to a merchant who was in any case interested in his success. Yet we find Palmer writing to him in September 1823: "I am infinitely obliged to you for your promised consideration and good offices towards little Deans, who is an active intelligent and worthy man, rallying under misfortunes which would have subdued the Energy of half the men in the world. Your attachment to him is a real consolation to me; and the motives for it equally acceptable and flattering. I know our obligations to you about their Stores, whilst you must be satisfied that you combined your public Duty, with an act of private kindness..." Palmer to Wappers Melis, 30th. September 1823. *Eng. lett. c.* 98, p. 276. But this in any case is hardly evidence of Palmer's or Deans' corrupting Wappers.

⁷² Palmer to Deans, 29th. September, 16th. November 1826; to Wappers, 4th. November 1826. *Eng. lett. c.* 104, pp. 88, 200, 173.

"Of Javan affairs I will not venture to speak, because I could only speak in sorrow and Despair: but Your Excellency need not deprecate a comparison of their condition under your parental Administration, with their subsequent State. Whatever might have been their exigency, your credit was never extinct, nor your Engagements violated...." ⁷³

But Palmer could write to another:

"The System of Economy imposed upon the Com. Genl. is what alone can rescue the Colony from Ruin.... One half of the Civil, Military and Judicial Establishments was superfluous; and at least two thirds of the Naval; whilst at the same time, the degrading system of Checks and pomp of ridiculous Forms, multiplied the Labors of every Department, and every subordinate office, almost beyond the phisical power of every Functionary...." ⁷⁴

And to Deans:

"I hear nothing of his [Van der Capellen's] being in favour; and I scarcely expect it after his unfortunate administration; for so it must be considered in every Instance except the Palembang. He could not avoid the Expences of his Government, but by a decided opposition to the causes of them, and for that and every other opposition he wanted Energy...." ⁷⁵

Some in Java described Palmer, according to Wappers, as "the proud and haughty English Merchant pervading the Country en Prince, corrupting the public Functions, and laying the Govt. under arbitrary contribution...." ⁷⁶ And, as his letter to Van der Capellen suggests, and as might be expected, Palmer was rather at odds with Du Bus. Late in 1826 Palmer had written: "if he [Du Bus] is an honest Man, I am satisfied his Prejudices will subside, when he sees the Services I have rendered to his Government: if, as I believe, he is a Rogue, I shall covet his worst opinion...." ⁷⁷ In fact "we are said

⁷³ Palmer to Van der Capellen, 18th. April 1827. *Eng. lett. c. 105*, p. 308.

⁷⁴ Palmer to Bouman, 24th. June 1827. *Eng. lett. c. 106*, p. 182.

⁷⁵ Palmer to Deans, 5th. May 1827. *Eng. lett. c. 106*, p. 17.

⁷⁶ Palmer to Deans, 29th. September 1826. *Eng. lett. c. 104*, p. 88.

⁷⁷ Palmer to Robert Scott, 5th. November 1826. *Eng. lett. c. 104*, p. 176.

to owe him the loss of the Dutch Company's Agency".⁷⁸ Subsequently some business was done, however, with the N.H.M. in substitution for the Government agency; and no doubt it was the more necessary to the Dutch because of "the dissolution of the Dutch Establishments in India" under the Anglo-Dutch treaty of 1824.⁷⁹ Palmer was soon talking of "extended Dealings".⁸⁰ He told Deans:

"I wholly agree with you as to the Importance and advantage of their Agency; and am as confident of their security, independent of my conviction of their Prosperity so long as they absorb all the Commerce of the Dutch Colonies. They have no cumbrous Establishments to support; and know better how to profit of the corruption which surrounds them, than strangers and aliens; and have the vigor and sinew wanting to the Colonists: I do not believe that any People on Earth Surpass the European Dutch in Commercial Pursuits — their extraordinary Economy, habitual Phlegm, infinite regularity and precision, facility in languages and great self control, almost leave them without Rival; and to our Enterprising alone do we owe a successful competition:..."

He might visit Java again and would be "glad know the Gentlemen who are come out" to form the N.H.M. Factorij.⁸¹

This letter also suggests that Du Bus was contemplating some new bill arrangement with Deans, and on this Palmer was not keen: "I hope his Excellency will . . . confine his Financial Contrivances to his loving Countrymen and dearly beloved Capitalists of Batavia . . ." Shortly after, however, Du Bus was investigating the £ 60000 remittance arrangement of 1824.⁸²

"If the Cy. Gl. does not know, his colleagues will not forget that his Govt. could not have ensured the arrears of Payment of their Pensions which the Colonial Minister was bellowing for unless I had given them Bills to discharge the Debt and the common obligations of Justice and Humanity . . . I took a fair

⁷⁸ Palmer to Trail, 17th. September 1826. *Eng. lett. c. 104*, p. 45.

⁷⁹ Palmer to Deans, 25th. February 1826. *Eng. lett. c. 103*, p. 64. For the Anglo-Dutch treaty, see Nicholas Tarling, *Anglo-Dutch Rivalry in the Malay World, 1780-1824*, Brisbane and Cambridge, 1962, chapters 4 and 5.

⁸⁰ Palmer to Brownrigg, 25th. December 1826. *Eng. lett. c. 105*, p. 1.

⁸¹ Palmer to Deans, 5th. May 1827. *Eng. lett. c. 106*, p. 17.

⁸² Elout, *op. cit.*, p. 78.

rate of Exchange; as if I had been purchasing or selling a Bill for 1000 £. I explained to the worthy Baron that I was trespassing upon my personal Influence with Cockerell, Trail and Co. and consequently that I was morally bound to secure their Interests by a liberal Commission and the right of charging Interest from the acceptance of the Bills, and that you must be remunerated for your agency in the Transaction...." ⁸³

Late in 1827 Palmer visited Java again and was received by Du Bus

"civilly on Christmas day.... He seemed to avail designedly of an allusion to little Deans to mention his contentions with our zealous and spirited friend in order to tell me that I had drove hard bargains with his predecessors.... The imputation was not perhaps aimed at us at all, but it was obviously intended to inculcate the Baron Van der Capellen, and to enhance the merits of his own administration...." ⁸⁴

Palmer did not, however, "expect to escape some coarse invectives from His Excellency; as he has a rooted opinion of my having turned to the utmost possible advantage, all my transactions with the Baron Van der Capellen...." ⁸⁵ On 31st. January Palmer had a long conference with Du Bus, an account of which is given in an abstract of a letter to Deans —

"his discovered wish to inculcate the B. v. d. C. and criminate W[appers] M[elis] and J[ohn] D[eans] in extravagant and corrupt Transactions with my House — how repelled; readiness to justify my Engagements. His Ex. free Opinions of all Classes of Persons. Boasts of reforms in the whole Administration: liquidation of Debts — overflowing Treasury: and redemption of the Kings Pledge to make the Colony pay the public Debt of Holland; in order to place that part of his Dominions on a level with Belgium. His perfect acquaintance with all Branches of Business...." ⁸⁶

Palmer was still, however, trying to create good feeling (trying also,

⁸³ Palmer to Deans, 7th. June 1827. *Eng. lett. c.* 106, p. 127.

⁸⁴ Palmer to Prinsep, 28th. December 1827. *Eng. lett. c.* 127, p. 4.

⁸⁵ Palmer to Brownrigg, 5th. January 1828. *Eng. lett. c.* 127, p. 6.

⁸⁶ Abstract, Palmer to Deans, 19th. February 1828. *Eng. lett. c.* 127, p. 21.

as for some years, to get rid of his Tjikandi estates), and he took shares in the new Javasche Bank⁸⁷ — hardly “corruption”, or at least not bribery, and perhaps rather comparable to his proceedings in the Van der Capellen period. Palmer also tried on his return to India to carry out a commission of the Commissioner-General’s. De Kock, the Commander-in-Chief, wanted sepoys for use in the Java war.⁸⁸ Palmer saw the new Governor-General, Lord William Bentinck, about procuring two thousand recruits. Bentinck was doubtful of his power to sanction such a measure, but Palmer mentioned that a predecessor, Lord Hastings, had permitted him “to collect a small body of Sepoys for the Raja elect of Acheh and publicly to obtain arms and military stores from the Arsenal for their Equipment”.⁸⁹ Bentinck suggested that the request be made official, but Palmer was doubtful, since this, and a subsequent refusal, might compromise Du Bus’s dignity.⁹⁰ The notion was finally abandoned.⁹¹ The war was indeed going better. In March 1829 Palmer congratulated his friend Nahuys, Resident at Surakarta and Jogjakarta, on the capture of the rebel leader Modjo.

“I wish with all my soul that the cause had been a more righteous one: for . . . who can resist the conclusion that the Princes were driven into revolt; and took arms for the chance of preserving their Dominions from the meditated usurpations of your Govt. A man’s Heart bleeds to find the mildest people in the world a prey to the Cupidity and Tyranny of their Superiors and Allies; and to know that disciplined Force and experienced Policy shall smother up the Rights, and Prayers and Tears, of such a People . . .”⁹²

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University of Queensland, October 1962.

⁸⁷ Palmer to Brownrigg, 28th. January 1828. *Eng. lett. c. 127*, p. 10. De Bree, *op. cit.*, i, p. 213.

⁸⁸ Palmer to Brownrigg, 5th. January 1828. *Eng. lett. c. 127*, p. 6.

⁸⁹ Palmer had supported Syf-al Alam against the legitimate Sultan, Jauhar Alam, with whom Raffles made his treaty in 1819. Gibson-Hill, *J.M.B.R.A.S.*, xxix, Pt. 1, p. 18.

⁹⁰ Palmer to Du Bus, 22nd. September 1828. *Eng. lett. c. 107*, p. 263.

⁹¹ Palmer to Du Bus, 21st. March 1829. *Eng. lett. c. 109*, p. 144. See H. van Hogendorp, *Willem van Hogendorp in Nederlandsch-Indie 1825-1830*, The Hague, 1913, p. 183.

⁹² Palmer to Nahuys, 15th. March 1829. *Eng. lett. c. 109*, p. 111.