CHAPTER XIII

The consequences of economic warfare

In the course of time more and more commodities were added to the lists of absolute and conditional contraband drawn up by the Great Britain and France. In September 1914 copper, lead, rubber, and hides became contraband (which as London pointed out in 1917 implied that horses were also contraband, as it was impossible ‘to export a live horse without his skin’).\(^1\) A month later jute was added. In December rubber and mineral oils were declared absolute contraband. In March, April, and August 1915 the axe fell on raw wool, copra (used for the production of oil and soap), and cotton respectively. The consequences of such announcements were drastic. Immediately prices of cotton and copra dropped sharply in the Netherlands Indies.

Great Britain and France, developing their measures in close concert, aimed at achieving full economic isolation of Germany and Austria-Hungary. In London and Paris depriving the enemy of imports was seen as one of the ways through which Germany and Austria-Hungary might be forced into surrender. Such a strategy had won strong support in the British Navy as early as 1907 (Ferguson 2001:125). Throughout the war the Allied Powers continued to attach great value to the economic blockade of the Central Powers. When Italy entered the war on the side of the Triple Entente in May 1915, the military advantage to the Allied cause was not rated highly at the Foreign Office in London. What counted was that one of the routes along which a considerable amount of commodities had reached Germany in the previous months was now closed.\(^2\)

Great Britain and France controlled the sea, but they did not have control of the land borders of Germany. For diplomatic and economic reasons, they could not put an end to German imports from the northern neutral countries in Europe. Throughout most of the war the German economy remained strong enough to provide the neutral countries with coal, iron, chemical products, medicines, machineries, textiles and other commodities they urgently needed.

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\(^1\) Townley to Cecil, 18-11-1917, PRO FO 800 195.

\(^2\) Nicholson to Hardinge, 10-6-1915, PRO FO 800 378.
This made an economic boycott of countries like Holland ineffectual, even counterproductive. Till well into 1917, policy makers in London and Paris had to take into account that an economic blockade of the neutral European states, with the Netherlands because of its location being one of the most likely targets for such a step, might force these countries into the German camp. The fewer the goods the Allied Powers allowed to enter the Netherlands, the more the Dutch had to turn to Germany for essential imports.

To the dismay of politicians and of the general public in Great Britain and France, and later also in the United States, a profitable trade developed between the neutral countries and Germany. A hostile press which attacked the profits Dutch people made from the trade with Germany helped considerably to create an anti-Dutch mood in the Allied countries and in the United States. The Dutch sure in their conviction that they had done nothing wrong and that by showing a fair neutrality they had acted as citizens of a neutral country should, blamed the foreign newspapers, especially the tabloids, almost every time they were confronted by unpleasant reactions from the Allied Powers. A member of the Dutch Senate stated in February 1918 that the ‘poisonous gasses of the tabloids’ had had a greater effect than ‘the poisonous gasses of German bombs in the trenches’.3

By November 1914 the heading ‘The economic war’ appeared above the war telegrams in the Dutch-language newspapers in the Netherlands Indies alongside others like ‘War at sea’ and ‘War in the sky’. Confronted with this special kind of warfare, the Netherlands had to find a way to accommodate both Allied and German demands, and from time to time had to parry severe threats from both sides. Berlin’s protests against the way the Netherlands maintained its neutrality were at times, as the British Ambassador in The Hague said, ‘guttural and menacing’.4 London did not eschew ‘bullying’, a word which after a while began to crop up in the correspondence between London and the British legation in Holland about the way the Netherlands should be treated. With Germany and Great Britain trying to starve each other into surrender, the Netherlands was caught between the devil and the deep blue sea. In its negotiations with Germany and Great Britain, the Dutch government had to make sure that the concessions made to one side did not offend the other. As the war progressed, this became increasingly difficult. The members of the Dutch government, especially the Minister of Foreign Affairs, Loudon, had to tread carefully. Great Britain had the power to make Dutch sea traffic impossible. Germany might well be able, as Loudon explained to London on various occasions, to occupy Holland before Allied forces had

3 Handelingen Eerste Kamer 1917-18:191
4 Townley to Cecil, 17-3-1917, PRO FO 800 195.