CHAPTER XIV

Adjusting to economic warfare

In the first days of the war it had been predicted that Dutch shipping would benefit from the disappearance from the seas of German and Austrian freighters. That such ships no longer ventured out was seen as a good opportunity for Dutch shipping to expand its business. A neutral flag could also be an advantage in other respects. To the indignation of the British press, in Europe and in Asia at least one shipping company, a firm in Rotterdam, tried to exploit the situation by sending a circular to British trading firms on both continents in which the message was driven home that because the Netherlands was a neutral country, it could still trade with Germany. As an additional bonus the circular mentioned that mail carried by Dutch ships was free from Allied censorship.\(^1\)

Advertising was not necessary. During the war freight prices rose steeply. A combination of factors was at work: the shortage of tonnage caused by the disappearance of the German and Austrian mercantile fleets; the damage inflicted to the Allied merchant fleet by German U-boats and mines; the requisitioning of part of the Allied merchant fleet for war purposes; and, temporarily, the withdrawal of ships from cargo traffic to repatriate pilgrims. Shipping lines eager to exploit a world-wide shortage of tonnage were not the only reason for rising freight prices. The rising price of coal contributed to the inflation, as did higher premiums for insurance against the risk of war. Extra costs were likewise incurred by longer sailing times if alternative routes had to be sought or if speed was reduced to economize on coal. Yet another cost-increasing factor was the shortage of labourers in Allied ports because of the war. Neutral freighters often had to wait in French and British ports until Allied warships and merchantmen had been taken care of, with all the delays and the running up of harbour dues this entailed.

Nevertheless, the Rotterdamsche Lloyd and Nederland, made good use of the shortage of tonnage, which turned cargo trade into a very profitable business. Between August 1914 and January 1915, freight prices for colonial wares...
increased by fifty per cent. In that same month Lovink, the Director of the Department of Agriculture, Industry, and Trade, noted that ‘some of the traders do business with hope in their hearts and consider the trade as a lottery fraught with plenty of bad luck – another group just throws in the towel and dares not undertake anything’.\(^2\) Worse was to come. By August 1916, freight prices were four times as high as at the outbreak of the war. The Nederland and Rotterdamsche Lloyd also upset traders by departing from the custom of concluding shipping contracts with exporters of colonial wares with the freight price being fixed for five months. They reduced this period to two months. The change was a serious setback for exporters. They used to buy up and trade products at the beginning of the harvest, which started in June and ended in October for sugar, shipping the commodities off in portions in the subsequent months.

Throughout the whole of the war people in the Netherlands Indies and in Holland attacked what they were convinced was selfish policy pursued by the Rotterdamsche Lloyd and Nederland. As the two shipping companies (and the Koninklijke Paketvaart Maatschappij (KPM, Royal Packet Company)) worked in close concert under the aegis of their major shareholder, the Nederlandsche Scheepvaart Unie (Netherlands Shipping Union), they were accused by their critics, whose numbers swelled as the freight prices soared, of acting as a trust. There were even accusations after the war that their ‘freight usury’ had caused more damage than many of the measures imposed by the belligerents.\(^3\) The Nederland and Rotterdamsche Lloyd denied such charges. They defended their price policy by pointing out their critics were unaware of the great difficulties encountered in maintaining sea traffic between Holland and the Netherlands Indies. They also maintained that, compared to non-Dutch shipping companies their prices were still moderate.\(^4\)

Criticism by the colonial trading sector was especially harsh. It was claimed that the shareholders of the Nederland and Rotterdamsche Lloyd were making war profits hand over first at the expense of exporters and producers of colonial wares. The main sin for which the companies were attacked was calculating excessive freight prices. Another accusation levied at them was that they selected sailing routes which produced the highest profits and that by doing so disregarded the interests of colonial trade. The Nederland and the Rotterdamsche Lloyd fuelled indignation still further by cancelling contracts and raising tariffs unilaterally any time when the circumstances of war forced them to change the route of their ships or cancel shipping entirely. It also hap-

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