The Dutch East India Land Syndicate Ltd.

A private national company on the island of Sumatra, 1910-1940

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Introduction

"The Government can only welcome the fact that a powerful Dutch Company is doing the job, which can in the first place be expected of the Dutch, namely the further exploitation and cultivation of our possessions, which surely should be regarded as an imperative requirement of this time, and posed to a Colonial Power." [1]

This was the main reason for the creation of the Dutch East India Land Syndicate, as described by Johannes Marinus in his memorandum of 1911. This Syndicate was founded in 1910 by Johannes Marinus and Hendrikus Colijn. Marinus first arrived in the Dutch East Indies when he started working for the Deli Spoorweg Maatschappij (Deli Railway Company). He learned quickly and made a fortune by investing in tobacco plantations in the East Coast of Sumatra residency.[2] In 1909 he decided to start his own company.[3] His idea: a private company with a national purpose. By this he meant to stimulate the development of the outer islands of the Archipelago via the Syndicate, while receiving financial advantages from the State in return. In his memorandum, Marinus stated the three main points on which the company was founded. These were firstly "because of the great love for our beautiful Indian possessions." Secondly, "by the urge to give a powerful boost to the exploitation of the vast area of fertile soil, which has been waiting for cultivation for too long." Lastly, "To create a large Dutch (National) Company, in addition to the many very large Foreign Companies, so that we at least remain in our own colonies a dignified figure in an area in which the Dutch certainly do not have to lag behind any Foreign Power."[4]

Marinus not only got the interest of Colijn, who was a member of the Dutch House of Representatives and former military officer in the Dutch colonial army, but also from Johannes van Heutsz, former governor-general of the Dutch East Indies. Furthermore, two important companies were also interested in this new plan, and these were the Nederlandsche Handel-Maatschappij (Netherlands Trading Society) and the Royal Dutch/Shell Group. During the first

[1] "de Regeering kan niet anders dan toejuichen dat eene krachtige Nederlandsche Maatschappy het werk doet, dat toch in de eerste plaats van Nederlanders verwacht kan worden, namelijk het verder ontginnen en in cultuur brengen onzer bezittingen, hetwelk toch zeker als een gebiedende eisch des tyds beschouwd moet worden, en gesteld wordt aan eene Koloniale Mogendheid." in: Nl-HaNA, Nederlandsche Handel-Maatschappij (N.H.M.), nummer toegang 2.20.01, inventarisnummer 11725, 05-02-1911.
[2] This is known today as the province North Sumatra.
[3] H.H. van Kol, *Het Nederlandsch-Indisch Land-Syndicaat. Met een "Open Brief" van H. Colijn tot den schrijver gericht, en diens "Antwoord"* (Amsterdam 1921), 12; T. de Graaf, *Voor Handel en Maatschappij, Geschiedenis van de Nederlandsche Handel-Maatschappij, 1824-1964* (Amsterdam 2012), appendix 3, 41.
[4] NL-HaNA, 2.20.01, inv.nr. 11725, 05-02-1911.

meeting where the memorandum and articles of association were designed on the 9th of June 1910, six men were present. The initial founders of the plan J.H. Marinus and H. Colijn. From the Royal Dutch/Shell Group, directors H.W. Deterding, jhr. H. Loudon and A.J. Cohen Stuart. Representing the N.H.M., director C.J.K. van Aalst. These men each bought five shares worth ƒ10.000,- per share, a total of ƒ300.000,- in a starting share capital of ƒ1.000.000,-.[5] Colijn started with the search for new shareholders, and he was very successful. This led to an amendment of the articles of association in October 1911. The share capital of the Syndicate was extended to ƒ10.000.000,-, divided in 90 shares A of ƒ5.000,- each and 9.550 shares B of ƒ1.000,- each. All shares A and 3.550 shares B were subscribed.[6] Notable shareholders were: the De Rothschild Frères company who owned ten shares A and 1.318 shares B, the Rothschild & Sons company who owned 250 shares B, and the Netherlands Trading Society who owned ten shares A and 990 shares B. The De Rothschild Frères were represented by L.A. Auerbach as commissioner, while the Rothschild & Sons were represented by F. Lane.[7]

While the Syndicate does not seem exceptional when compared to other companies in the Dutch East Indies, it does become a rather interesting case study because of three reasons. The first reason is the idea of the Syndicate. As already mentioned, the Syndicate not only had a financial goal, but also an idealistic set up. Marinus and Colijn saw the Syndicate as a national cause and wanted to form a counterweight against the foreign companies that were operating in the Dutch East Indies. This is rather interesting, since most of the investments in the company came from foreign investors such as the De Rothschilds. Furthermore, the founders hoped that the development of the Syndicate would lead to further development and innovation on the Outer Islands of the Archipelago.

The second reason is the functioning of the Syndicate, and is related to the first. One of the main purposes was the cultivation and exploitation of the land that had not been cultivated yet in all parts of the Indonesian Archipelago. The company had no physical boundaries for the application of land concessions, and its directors were willing to become concedes for all the unexploited plots of land all over the Archipelago. This resulted in the fact that the directors were forced to develop and manage a company which operated in three different provinces on the island of Sumatra, namely East-Sumatra, Palembang, and Bencoolen.

The third and last reason is the relationship the Syndicate developed with the Dutch political world back in the Netherlands. The Syndicate provoked a fair amount of political

[5] NL-HaNA, 2.20.01, inv.nr. 11725, Statutes of Incorporation, 1910, art. 1.
[6] NL-HaNA, 2.20.01, inv.nr. 11726, Articles of Association, 1911, art. 4.
[7] NL-HaNA, 2.20.01, inv.nr. 11746, List of Shareholders, 1917.

uproar. During the first years of the company's existence, it was managed by high ranking political figures such as Colijn and van Heutsz. Many politicians in the Dutch House of Representatives and Senate argued that there was a conflict of interest between politics and business. Furthermore, these politicians argued that these men were influencing local politics for not only the Syndicate, but also for their own benefit. Next to the political uproar it created back home, the Syndicate also tried to gain financial and political advantages in the Dutch East Indies. Both the directors and commissioners of the company, especially those who used to be elected officials, tried to lobby the colonial officials to gain these advantages.

These three reasons combined bring up an interesting question. The directors and commissioners of the Syndicate not only had to manage the economic and financial aspects of a company, they also had to keep in mind the idealistic set up this company had as well as the political uproar it created. So the question arises: was the Syndicate able to manage the confluence of these three elements (financial/economic, idealistic and political)? This thesis seeks to answer this question in three different chapters. The first chapter will focus on the financial and idealistic set up of the Syndicate. It will describe who was involved with the founding of the company, who were the shareholders, and how its managerial structure developed. Furthermore, a comparison between the Dutch East India Land Syndicate and other syndicates in the Archipelago will be made. The second chapter will describe the day-to-day activities of the Syndicate, as described as its main goal in the articles of association:

1. "[…] to acquire land in all parts of the Dutch East Indies, either via lease or rent, or in the form of agricultural concessions or otherwise and, in connection therewith, the formation, management, exploitation and promotion of cultural enterprises in the broadest sense, and the sale of agricultural products, both for its own account and for third parties;"
2. "The alienation of concessions or rights on concession, whether by sale or other means […];"
3. "[…] to participate in or otherwise become financially involved in other companies or enterprises, that envisage the same goal or promote the purpose [of the Syndicate].[8]

[8] "[…] het verkrijgen van gronden in alle deelen van den Nederlandsch-Indischen Archipel, hetzij in erfpacht of huur, dan wel onder den vorm van landbouwconcessies of op andere wijze en, in verband daarmede, het vormen, beheeren, exploiteeren en bevorderen van cultuurondernemingen in den meest uitgebreiden zin, de verkoop van landbouwproducten voor eigen rekening als voor rekening van derden; De vervreemding van gronden of rechten op gronden, hetzij door verkoop dan wel op andere wijze […]; om deel te nemen in of zich op andere wijze

Based on this, a more thorough analysis is given on how the company created, exploited and managed its plantations; on how it obtained, developed and sold concessions; and on how it financially participated in other companies. Furthermore, an analysis will be made on how the company tried to stimulate innovation and development in the rest of the Archipelago, and thus serve a 'national cause'. The third and last chapter will analyse the political context in which the Syndicate was founded and how it created the political uproar that came with it. It will also analyse how the commissioners lobbied for financial advantages and how they tried to gain exceptions from legislation.

Although the question on how the Syndicate managed the confluence of the three different elements is a small one in- and of itself, it does touch upon some current debates in the historiography of the late colonial Dutch East Indies. Two historiographic debates within the history of the Dutch East Indies are important here: whether or not the Netherlands can be seen as an imperialistic entity and how the economy developed in the Archipelago.

Marinus and Colijn came up with the idea for a 'private national' company in 1908. This was at a time when the Indonesian Archipelago was not yet fully controlled by the Dutch. In the north-western part of the island of Sumatra, the Dutch government was taking military actions to gain control over the province of Aceh. These actions had already started in 1873, and only ended officially in 1914.[9] This idealistic set up of Marinus and Colijn can be seen as fitting for that time. In 1901 the term 'Ethical Policy' was introduced in the Queen's Speech. All political parties in the Netherlands agreed that something had to be done to provide a better living for the indigenous population of the Indonesian Archipelago. Military intervention and conquest had to be followed by an unselfish policy that should lead to an improvement of the material and mental state of the subjugated indigenous population; slavery had to disappear, order and safety guaranteed, and prosperity brought to the subdued population.[10] This policy was seen as a guideline for Dutch imperial governance in the first decades of the twentieth century, as well as a dividing line between the 'old nineteenth' and the 'new twentieth' century in the Dutch East Indies.[11] Moreover, it was the main legitimatization for the Dutch

financieel te interesseeren bij andere vennootschappen of ondernemingen, die een gelijk doel beoogen of haar doel kunnen bevorderen" in: NL-HaNA, 2.20.01, inv.nr. 11726, Articles of Association, 1911, art. 2.

[9] For a detailed account on the Aceh war see: P. van 't Veer, *de Atjeh-oorlog*, (Amsterdam 1969) and J. Kreemer, *Atjeh: Algemeen samenvattend overzicht van land en volk van Atjeh en onderhoorigheden, eerste deel* (Leiden 1923).

[10] J. van Goor, 'Imperialisme in de marge?' in: J. van Goor e.a., *Imperialisme in de marge: De Afronding van Nederlands-Indië* (Utrecht 1985), 9-18, there 10.

[11] C. Fasseur e.a., *Imperialisme en Ethische Politiek* (Leiden 1983), 3.

administrative expansion in the Outer Islands and to see it as different from other 'imperialistic' colonial powers.[12]

From the beginning of the 1970s, however, a debate has started about whether or not the Netherlands can be seen as an imperialistic entity during the turn of the nineteenth to the twentieth century. In the international debate on imperialism, the Netherlands was never a prime example. Hannah Arendt described Dutch imperialism as atypical, a mixture between French and English imperialism. Continuous expansion was not present, and it was rather a consolidation and modernisation of already owned territory.[13] Ivo Schöffer adds that the Dutch were able to consolidate because they were doing so in a relatively safe environment, meaning that there were no other European imperialist entities present in the area of the Archipelago. Jurrien van Goor described this as 'imperialism in the margin'; the rounding-off of empire and the consolidation of Dutch colonial rule.[14] Furthermore, Schöffer also states that "Dutch nationalism […] was too weak to give strong support for empire-building overseas".[15] Cees Fasseur adds that not only nationalism was absent, but also the urge to conquer new territories or the search for new markets for export were missing in the case of the Dutch East Indies.[16]

Opposing almost all of these arguments is Maarten Kuitenbrouwer. He states that there are two characteristics of imperialism which are applicable to the case of the Dutch East Indies, namely contiguity and pre-emption. He sees this, respectively, as the extension of administrative authority from older settlements, and the preventive occupation of new territories because of nationalist rivalries with other countries.[17] Elsbeth Locher-Scholten adds to this the argument that the Dutch decision-making process "preceding military expeditions brings to light an array of motives behind Dutch expansion in the Indies that fits in with theories of modern imperialism".[18] Refuting these arguments, Henk Wesseling states that contiguity in this case does not apply, because the Dutch did not reach out for new areas in the world. Instead,

[12] E. Locher-Scholten, 'Dutch Expansion in the Indonesian Archipelago Around 1900 and the Imperialism Debate' in: *Journal of Southeast Asian Studies,* vol.25, nr.1 (Singapore 1994), 91-111, there 91.
[13] H. Arendt, *Imperialism, part two of the origins of Totalitarianism* (New York 1968), 10-12.
[14] van Goor, *Imperialisme in de marge,* 16.
[15] I. Schöffer, 'Dutch Expansion and Indonesian Reactions: Some Dilemmas of Modern Colonial Rule (1900-1942)' in: H.L. Wesseling & F. Braudel, *Expansion and reaction: essays on European expansion and reaction in Asia and Africa,* (Leiden 1978), 78-99, there 80.
[16] C. Fasseur, 'Een koloniale paradox: de Nederlandse expansie in de Indonesische archipel in het midden van de negentiende eeuw (1830-1870)' in: *Tijdschrift voor geschiedenis, vol.92* (1979), 162-186, there 163.
[17] M. Kuitenbrouwer, *Nederland en de opkomst van het moderne imperialisme. Koloniën en buitenlandse politiek* (Amsterdam 1985).
[18] Locher-Scholten, *Dutch Expansion in the Indonesian Archipelago*, 91.

he argues that colonial policies were not changed because of the expansion in the Outer Islands of the Archipelago, thus becoming a case of continuity instead of contiguity.[19]

Next to the debate about Dutch imperialism in general, historians have focussed on the economic aspect of Dutch imperialism. One argument made by Arendt was that private investment, which she calls 'the prime mover of imperialist movement', was slow to get started in the Dutch East Indies.[20] Theo van Tijn agrees with this, but adds that this private economic interest still can be seen as the primary factor for the development of a 'Dutch imperialistic mentality'. The more economic interests in the Archipelago grew, the more the Dutch State had to do to create a safe environment for these interests.[21] Bridging the gap between the two standpoints Thomas Lindblad argues that there is an interaction between intensification of actual control and economic development in the Dutch East Indies.[22] He states: "the vast economic potential of the Outer Islands could not have been realized without an appreciable degree of consolidated Dutch rule. The growth path itself provided a powerful impetus to sustained State formation."[23]

So, according to Lindblad, Dutch expansion in the Archipelago went hand in hand with growing private interest, often alternating and reinforcing each other. In this context, the Syndicate seems to be a relevant case study because it tries to combine financial, idealistic and political goals. For this reason, it is important to discuss some aspects of the economic development of the Dutch East Indies.

From the beginning of the 1990s, historians have gained an interest in many aspects related to economic development in the Archipelago. Comparing the Syndicate to the arguments that are made by historians on the larger economic studies on the Archipelago would be unwise, since these arguments are too generalized. [24] There are, however, some specific studies that are relevant in the case of the Dutch East India Land Syndicate. As already mentioned, the Syndicate operated in three different provinces (or residencies) on the island of Sumatra, namely East-Sumatra, Palembang, and Bencoolen. According to historians, these

[19] H.L. Wesseling, 'The Giant that was a Dwarf or the Strange History of Dutch Imperialism' in: A Porter & R. Holland, *Theory and Practice of European Expansion Overseas* (London 1989), 60-72, there 64.
[20] Arendt, *Imperialism,* 7.
[21] Th. Van Tijn, 'Een nabeschouwing' in: *BMGN: Low Countries Historical Review*, vol.86. nr.1 (1971), 79-89, there 85.
[22] J.Th. Lindblad, 'Economic Aspects of the Dutch Expansion in Indonesia, 1870-1914' in: *Modern Asian Studies, v*ol.23, nr.1 (1989), 1-23, there 5.
[23]Lindblad, *Economic Aspects*, 23.
[24] See for instance: A. Maddison & G. Prince, *Economic Growth in Indonesia 1820-1940* (Leiden 1989); A. Booth, *The Indonesian Economy in the Nineteenth and Twentieth Centuries: A History of Missed Opportunities* (Palgrave 2001); J. Luiten van Zanden & D. Marks, *An Economic History of Indonesia 1800-2012* (Routledge 2012); A. Schrikker & J.L. Touwen, *Promises and Predicaments, Trade and Entrepreneurship in Colonial and Independent Indonesia in the 19th and 20th Centuries* (Singapore 2015).

provinces can be grouped in different clusters. These differed not only in size or population, but also in export and import capacity, trade surplus, and types of production.

Lindblad and Clemens clustered the islands not only within the geographic context of the Archipelago but also in the economic structure of the different provinces, while also taking into account European and indigenous production. They identified five clusters. In cluster one, economic expansion is driven by Western entrepreneurs, and includes the provinces of East-Sumatra, Riau, Bangka and Belitung. The second cluster is comprised of provinces where economic development lagged behind other regions in the Outer Islands, and includes Aceh, the Westcoast of Sumatra, Tapanuli, and Bencoolen. The third cluster includes Jambi, Palembang, and Lampung. In this cluster, economic expansion is driven by a combination of indigenous and Western entrepreneurship. The fourth cluster in made up by both residencies on the island of Borneo, Southeast Kalimantan and West Kalimantan because of a thinly populated inland. The last cluster comprises the islands in the eastern part of the Archipelago; South Sulawesi, Manado, Bali, Maluku, and the Lesser Sunda Islands. This cluster is characterized by stagnation.[25]

In a later publication, Lindblad devised two new forms of clustering, one that was based on the sheer value of foreign exports and imports, and one that calculated the surplus on the balance of trade of each residency as a percentage of export revenues. Based on the value of foreign export and import, Lindblad describes four clusters: East-Sumatra, the other provinces of Sumatra, both residencies on the island of Borneo, and the rest. His latter clustering produces five clusters that differed a lot from the others: 1. Regions that displayed a deficit rather than a surplus (Aceh, Tapanuli, West Sumatra, and Bencoolen); 2. South Sulawesi and Maluku with a surplus below the overall average; 3. West Kalimantan and Manado, regions with a surplus a little below average; 4. East Sumatra, Palembang, Jambi, and the Lesser Sunda Islands, regions with an average or higher surplus percentage; 5. Southeast Kalimantan and Riau, provinces with a surplus percentage above average.[26]

Jeroen Touwen, in his dissertation on the economic development of the Outer Islands of the Archipelago, saw some flaws in these clusters. For the first clustering, he argues that

[25] J.Th. Lindblad, 'De opkomst van de Buitengewesten' in: A.H.P. Clemens & J.Th. Lindblad, *Het belang van de Buitengewesten: Economische expansie en koloniale staatsvorming in de Buitengewesten van Nederlands-Indië 1870-1942* (Amsterdam 1989), 1-37, there 17-20; A.H.P. Clemens, 'Regional patterns in the foreign trade of the Outer Provinces, 1911-1940' in: A.H.P. Clemens, J.Th. Lindblad & L.J. Touwen, *Changing economy in Indonesia: a selection of statistical source material from the early 19th century up to 1940. Vol 12b: Regional patterns in foreign trade, 1911-1940* (Amsterdam 1992), 33-45.

[26] J.Th. Lindblad, 'The process of economic development in the Outer Provinces of the Dutch East Indies', in: *Journal of the Japan-Netherlands Institute,* vol.2 (1990), 208-234, there 218-222.

although geographically close together, the economic structures of these residencies differed greatly. On the cluster of trade balances, Touwen argued that it makes it difficult to draw a line between different clusters. Instead, he chose to ignore geographic location and instead focus on two different criteria. He incorporated the dualist approach, that is to which extent the European and/or Asian sector dominated the economy and the outlook of economic performance (the increase in income and prosperity, construction of infrastructure, and provision of social capital, schools and hospitals. He divides the provinces in four clusters: 1. East-Sumatra, Palembang, and Southeast Kalimantan, which both had European and indigenous export production; 2. Provinces which were dominated by indigenous production: Aceh, West Sumatra, Jambi, Lampung, West Kalimantan, South Sulawesi, and Manado; 3. Bangka, Belitung and Riau, where European export production dominated and lastly 4. Provinces where little to no economic expansion took place: Tapanuli, Bencoolen, Bali, Timor and Dependencies, and Maluku.[27] Although all of these clusters were formed from different viewpoints, it can be assumed that Bencoolen differed from the other two provinces the Syndicate was working in. It had a deficit on its balance of trade, and there was almost no economic expansion. Since economic development was one of the key goals of the company, it is interesting to see if the directors adopted a different strategy in these different provinces to promote innovation and development.

The founders of the Syndicate were not only interested in the development of their enterprise alone, but also in providing a boost to other development and innovation in these provinces. Students of economic development in the Dutch East Indies have used spillovers and linkages to see if foreign private investment lead to further economic development in colonial Indonesia. Spillovers can result from foreign firms entering the local market and thereby demonstrating new technologies or providing technical assistance, which results in technological improvement and an increase in productivity for local firms or the indigenous population.[28] According to Kokko, this can be done deliberately by transferring technology from foreign companies to host country companies, or by technological diffusion, which is the technological distribution through observation by another party.[29] Two students of economic development in the Outer Islands have dubbed the effects of spillovers in the Archipelago as

[27] J.L. Touwen, *Extremes in the Archipelago: Trade and economic development in the Outer Islands of Indonesia 1900-1942* (Leiden 2001), 59-65.
[28] A. Kokko, 'Technology, market characteristics, and spillovers' in: *Journal of Development Economics*, vol.43 (1994), 279-293, there 279.
[29] A. Kokko, *Foreign Direct Investment, Host Country Characteristics, and Spillovers,* (Stockholm 1992), 19-21.

insignificant. Thee Kian-Wie argues that foreign Dutch firms did not stimulate the rise of peasant rubber culture in Sumatra and Borneo, but that it was done by Chinese traders located in Singapore who gave demonstrations to the locals.[30] Furthermore, Touwen argues that development of foreign firms failed to produce the development of local import substitution.[31] However recently, Frank Ochsendorf has provided two cases in which these spillovers did take place. Tea estates in West Java supplied local peasants in the area with material and knowledge to produce tea, and in Southeast Kalimantan, local smallholders were observing rubber estates to improve their productivity.[32]

Apart from spillovers, historians have also used linkages when discussing economic growth in the Archipelago. In 1958, Albert Hirschman introduced the idea of 'forward and backward' linkages. Backward linkage means when development of a given company stimulates development of another company because the latter can supply inputs to the first, for instance the purchase of building materials from local companies instead of importing these. Forward linkage means that the output of a company leads to the development of local industries which use this output as their input, for instance the processing of raw materials such as tea and rubber. In short, the additional effects created by linkages stimulate the local economic development.[33] Thee Kian-Wie added to this the 'final demand' linkage.[34] When a company requires input of primary economic factors, such as labour or capital, this leads to increased income for these labourers and creates an increase in consumptive demand. Touwen has dubbed this as an 'indirect backward linkage'.[35] He has also shown that backward linkages were more important than forward linkages in economic development in the Archipelago. The most notable of these is the development of infrastructure, such as the Deli Railway on the island of Sumatra, an increased demand for food and construction materials generated by the European export industry, and the increased consumption due to wages payed to local labourers.[36]

Next to spillovers and linkages, historians have also used another method to explore the impact of Dutch private investment on the economic development in late colonial Indonesia.

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[30] T. Kian-Wie, *Plantation Agriculture and Export Growth: an economic history of East-Sumatra, 1863-1942* (Jakarta 1977), 18
[31] Touwen, *Extremes in the Archipelago,* 159-160.
[32] F. Ochsendorf, *Foreign capital and indigenous economic development in Indonesia, Spillovers and linkages in a colonial setting* (Leiden 2016), 2-8.
[33] A.O. Hirschman, *The Strategy of Economic Development* (Yale 1958), 98-100.
[34] Kian-Wie, *Plantation Agriculture and Export Growth,* 50; M. Watkins, 'A Staple Theory of Economic Growth' in: *The Canadian Journal of Economics and Political Science,* vol.29, no.2 (1963), 141-158, there 145.
[35] Touwen, *Extremes in the Archipelago,* 33.
[36] Ibidem, 158-158; Ochsendorf, *Foreign capital and indigenous economic development in Indonesia,* 8-15.

Drawing from a directory, a yearbook with information on several thousand companies in Indonesia, companies incorporated under Dutch law, Lindblad, Ochsendorf and Van de Water created a balance sheet of foreign direct investment in colonial Indonesia.[37] They differentiated between gains that went to overseas shareholders and possible benefits and losses for the local economy and society, and argued that most of the profit was collected by shareholders, while only a small percentage was used for local development.[38] In another article based on this database, Lindblad discusses profitability and strategy of Dutch companies in colonial Indonesia during the 1920s. Using divided rates as an approximation, he shows differences between sectors and branches of industry, as well as 'the lack of a systematic relationship between size and profitability among firms'.[39] Furthermore, following up on this analysis and using the database as the main source, he argues that the average rate of return from companies in Indonesia was 9.3%, which was higher than the average of 6% that was common for shareholders in the Netherlands. He states that there was no presence of a 'colonial drain', as some historians have argued.[40]

By having a quick look on the archive of the Dutch East India Land Syndicate, there is evidence that the company created its own spillovers and linkages. The directors organized a congress for fibre production in 1911, at which they wanted to present new found technologies and change experiences with different fibre companies in the Archipelago.[41] Another example of what might be spillovers are: the testing of new machinery on their plantations, the development of new machinery for fibre production, and the sharing of patent on the processing of tea leaves.[42] The yearly records also show that the Syndicate was investing in local infrastructure. This thesis seeks to find out if this was only for their own benefit or if it also benefited the local population through larger infrastructural projects, and thus can be seen as a backward linkage. Lastly, the articles of association of the Syndicate note that the yearly rate of return is six per cent on average. This could differ if the profit was lower or higher than expected. A more thorough analysis is needed to find out if there was profit in the first place.

[37] *Handboek voor cultuur- en handelsondernemingen in Nederlands-Indië* (Amsterdam 1888-1940). It includes information on the year of incorporation, issued share capital, dividend rate, location of headquarters and operations, and the names of directors and commissioners. For more information and the comprised database, see: www.colonialbusinessindonesia.nl
[38] J.Th. Lindblad, F. Ochsendorf & M. van de Water, *Foreign investment and Dutch colonialism, case studies from Indonesia* (Leiden 2013), 19-20.
[39] J.Th. Lindblad, *Booming business in colonial Indonesia: Corporate strategy and profitability during the 1920s* (Leiden 2014), 17.
[40] J.Th. Lindblad, *The Profitability of Dutch Business in Late-Colonial Indonesia* (Leiden 2016), 10.
[41] NL-HaNA, 2.20.01, inv.nr. 11951.
[42] NL-HaNA, 2.20.01, inv.nr. 11872; 11921;11924.

Secondly, to find out whether the profit was reinvested in the company, the local economy, or whether profit was paid out to the shareholders in the Netherlands.

The main source for this research is located in the National Archive in The Hague. The archives of the Dutch East India Land Syndicate have been deposited under a separate collection in the archive of the N.H.M., under the name *Archive of owned plantation companies*. This is because the N.H.M., in practice, owned the company after 1917. Because of this, there are also administrative papers to be found in the main archives of the N.H.M., for example archival pieces collected by the secretaries of the N.H.M., the dossier on the archive of the Syndicate after it was placed fully under control of the N.H.M. in 1927, and the correspondence between Marinus and the N.H.M.

Not all source material provided in the archive of the Syndicate will be used. The correspondence between different commissioners of the company, for instance, often discuss topics of little importance. Furthermore, all of the important matters were discussed in the meetings between directors, commissioners, and shareholders. So, the main sources that are being used are the annual reports of the Syndicate, balance sheets, profit and loss accounts, and minutes of the meetings of the directors and the board as well as minutes of the meetings between shareholders. However, these sources need to be interpreted with caution, since only the information the management wanted to share with the public is given. The information that is shared however, can be assumed to be correct. This is due to the fact that the Syndicate's financial reports were double checked by the accountants of the N.H.M.

For the sake of clarity, statistics of the Syndicate will be displayed in tables and graphs. The locations of owned concessions, plantations, and factories will be displayed on maps. On these maps and throughout the thesis, traditional names of these concessions, plantations, and factories will be used.

Chapter 1: "A Private National Company"

The start of private investment

Before discussing the Dutch East India Land Syndicate in greater detail, it is important to take a look at how private companies were able to develop in the Outer Islands of the Archipelago. In 1830, the Cultivation System was adopted as a government policy in the Dutch East Indies. This policy was created by Governor-General Johannes van den Bosch and implemented on Java. It meant that indigenous farmers had to devote 20% of their land to cultivate crops for the Dutch government. Local farmers grew indigo, tea, sugar, and coffee. If the value of the crops was higher than the market value, the farmers received a small compensation called 'plantloon'. Farmers who did not own suitable land, were forced to work for the government at least 60 days a year. This form of vassal service not only stimulated export growth in Java, but also the development of an infrastructure of roads and fortifications on the island. The products were shipped to the Netherlands and sold on auctions. The shipping and selling was the responsibility of the Nederlandsche Handel-Maatschappij.[43] This system however, was greatly abused by both Dutch officials and indigenous rulers. Farmers were forced to devote more land than the prescribed 20% or use their most fertile soil for the crops. This resulted in poverty, famine, a decline in population, and stronger social differences for the indigenous population.[44]

From 1848 onward, criticism on the Cultivation System and corrupt Dutch officials grew in the Netherlands. After the Constitutional Reform of 1848, liberal politicians gained the upper hand in Dutch politics. These politicians wanted the Cultivation System to be abolished as a measure of protection of the indigenous population, and the Dutch East Indies had to be opened for private investment. It would, however, take another twenty years before this policy came into place.

The abolition of the Cultivation System came about in 1870, when the Dutch parliament adopted two new laws, the so called *Suikerwet* and *Agrarische Wet*. The Sugar Law determined that the Dutch government would gradually withdraw from the sugar cultivation on Java, ending in 1891. Immediate abolition was not possible because the sugar factories still had to be supplied with raw materials and the Dutch government still needed the income. This law opened up the sugar cultivation on Java for private European companies. The second law, the Agrarian Law, is closely related with the Sugar Law. Also implemented in 1870, it ensured that the

[43] de Graaf, *Voor Handel en Maatschappij*, 47; W.M.F. Mansvelt, *Geschiedenis van de Nederlandsche Handel Maatschappij 1824-1924, deel twee* (Haarlem 1924), 80-88.
[44] W. van der Doel, *Zo ver de wereld strekt. De geschiedenis van Nederland over zee vanaf 1800* (Amsterdam 2011), 76-80.

property rights over the land was recorded. All uncultivated land could be leased to private investors for a maximum of 75 years, while at the same time it was possible for the Javanese population to rent out their property to Europeans under supervision of the Dutch colonial government. So, these two laws made it possible on the one hand for European investors to start companies on the island of Java and, on the other hand, the local population was protected against large companies because their property right over the land could not be alienated.[45]

Although these two laws were mainly applicable to Java, it also opened up the Outer Islands of the Archipelago for European private investors. Sumatra and Borneo in particular "turned out to be a true Eldorado for pioneers".[46] In the period between 1870 and 1905, which Lindblad dubs the *prelude* of economic expansion in the Outer Islands, some of the biggest private companies were founded, such as the Deli Company (Deli-Maatschappij, 1869), the Royal Packet Navigation Company (Koninklijke Paketvaart Maatschappij, 1888), and the Royal Dutch Petroleum Company (Koninklijke Nederlandse Petroleum Maatschappij, 1890). Furthermore, in this period the N.H.M. reopened factories outside Java that had been deemed unsuccessful before.[47] As mentioned before, N.H.M. and K.N.M.E.P. directors stood at prominent founders of the Syndicate.

The Netherlands Trading Society[48]

As mentioned, it was the N.H.M. which organize the shipping and selling of the Dutch government commodities under the Cultivation System. This was the main source of income for the N.H.M. up until the system was abolished in 1870. The board of the N.H.M. agreed that a change of course was necessary. The Society was already familiar with providing loans to the State and other companies in the Dutch East Indies and Japan, and so it was a logical step to expand these activities. Due to an amendment in the articles of association of 1874, the N.H.M. was allowed to trade in bills and securities.[49]

In the beginning, the N.H.M.'s financial activities (issuing of shares, deposits and credit) was mostly centred in the Netherlands, but this changed in 1883. The board of the Factory, the post of the N.H.M. in Batavia, stated that they "are striving to set up promising operations as

[45] van der Doel, *Zo ver de wereld strekt*, 87-88.
[46] J.Th. Lindblad, 'Ondernemen in Nederlands-Indië c. 1900-1940' in: *BMGN- Low Countries Historical Review*, vol.108, no.4 (1993), 699-710, there 703.
[47] Lindblad, *De opkomst van de Buitengewesten*, 2-7.
[48] To describe the N.H.M. in greater detail would deviate too far from the intent of this paper, so only the part related to emissions and syndicates will be treated. For a more detailed account , see: T.de Graaf, *Voor Handel en Maatschappij, Geschiedenis van de Nederlandsche Handel-Maatschappij, 1824-1964* (Amsterdam 2012).
[49] de Graaf, *Voor Handel en Maatschappij*, 78-79.

bankers, we have endeavoured to participate in the creation of industrial enterprises, the construction and exploitation of railways, and the development and exploitation of mines and plantations."[50]

The issue of shares can take two different forms. The first is a so- called 'guichet'. The bank acts as a 'registration desk' for the subscription of issues for a remuneration. The risk of this issue of shares lies with the company that issued them. The shares which have not been sold, must be taken back by the company. The second option is an 'adopted' issue of shares. The bank takes over the total issue of shares at a price lower than the rate of subscription. The bank acts as an issuer, selling the shares at a higher rate. The difference between these two rates is the provision for the bank. Here, the risk of the issue of shares lies with bank. The company knows exactly the total price of the issuing, because the shares that remain unsold stay with the bank. The larger the issue of shares, the higher the risk for the bank. Therefore, in order to spread the risk, large emissions often take place through a group of banks that form a syndicate. Within this syndicate, one of the banks acts as a leader.

The board of the N.H.M. divided the syndicates they participated in, in three different groups: syndicates as a result of different banks working together, syndicates to facilitate production and trade, and syndicates which had a national goal. At first, the N.H.M. took part in smaller participations without risk, but soon it would partake in riskier emissions for private companies. Furthermore, the N.H.M. did not take the initiative for a syndicate, but was asked to participate by a friendly bank, such as Hope & Co. or Banque de Paris et des Pays Bas. If the N.H.M. received a request to participate, it almost always agreed. The main reason behind this was to gain familiarity on emissions, as well as to expand its network to other banks and companies.[51]

After the turn of the century, the banking activities of the N.H.M. started to grow. The agency in Rotterdam became the first agency that was actively involved in banking in 1903. The in 1910 newly opened agency in The Hague, was solely used as a registration desk for the underwriting of issues. In April 1912, a new Securities Department was opened.[52] By 1913, the share of equity capital invested in securities and participations totalled to almost 63%, as opposed to 47% in 1900. This was mainly due to larger participations in shipping and the development of plantations owned by the N.H.M.[53]

[50]de Graaf, *op. cit.*, 89
[51] NL-HaNA, 2.20.01, inv.nr. 435, 1907; de Graaf, *Voor Handel en Maatschappij*, 90.
[52] de Graaf, *Voor Handel en Maatschappij*, 144-146.
[53] de Graaf, *Voor Handel en Maatschappij*, 148.

Rather interestingly, Tom de Graaf noted that the N.H.M. did not participate in the syndicate on the issue of shares of the Royal Dutch Petroleum Company in 1890. De board of the N.H.M. did not have many expectations for this new company.[54]

The Royal Dutch/Shell Group and the Rothschilds

Next to the N.H.M., directors of the Royal Dutch/Shell Group were also founders of the Syndicate in 1910. Roughly a year later, the Rothschilds became the largest foreign shareholder in the company. It was Henri Deterding, director of the Royal Dutch/Shell Group, who was able to convince the Rothschilds to invest in 1911. They had been working together, and were both active in the oil industry. The Rothschilds had been active in the oil industry since the 1860s, importing petrol from America. In 1877 they also invested in the manufacturing of kerosene in Spain.[55] From then on, the banking family was also interested in the oil fields in Russian Azerbaijan, and in 1883, they bought the Batum Oil Refining and Trading Company (Bnito).[56]

It was Fred Lane who was responsible for the shipping of the Batum oil to ports in the Mediterranean and Great Britain. After 1885, Lane started exploring the idea to ship the Batum oil to the Asian markets. It turned out to be easy to sell the oil there, but the problem was the scale. To export the oil to Asia, large tankers were needed, and both the Rothschilds and Lane were not willing to make that investment for Bnito. So Lane turned to M. Samuel & Co, a shipping company founded in 1878. He proposed to Marcus and Samuel Samuel to start with the shipping of kerosene to South East Asia. They accepted, and in December 1891 a supply agreement was set up in the form of a syndicate between Lane, Samuel & Co. and the Rothschilds. Samuel & Co. became the selling agent for the shipping of Bnito oil to the region to the east of the Suez Canal.[57] Within a few years, the competition had grown in the Asian market with new contenders joining the market. The brothers Samuel needed money, and therefore, in 1897, the syndicate was changed into the Shell Transport & Trading Company Ltd. The brother Samuel kept the largest share in the company, with the Rothschilds filling up the rest.[58]

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[54] de Graaf, *Voor Handel en Maatschappij*, 92.
[55] N. Ferguson, *The House of Rothschild, volume 2: The World's Banker: 1849-1999* (London 2000), 354.
[56] Ferguson, *House of Rothschild, vol.2,* 355.
[57] J. Jonker & J. Luiten van Zanden, 'Searching for oil in Roubaix' in: *The Rothschild Archive Annual Review of the year: April 2006-March 2007*, 21-25, there 21; Ferguson, *House of Rothschild, vol.2*, 356; J. Jonker & J. Luiten van Zanden, *Van nieuwkomer tot marktleider, 1890- 1939; Geschiedenis van de Koninklijke Shell, deel 1* (Amsterdam 2007), 36-40.
[58] Jonker & Luiten van Zanden, *Van nieuwkomer tot marktleider,* 45-46; Jonker & Luiten van Zanden, *Searching for oil in Roubaix,* 21.

Meanwhile, in 1890, the Royal Dutch Petroleum Company was founded by H.W.A. Deterding, H. Loudon and J.B.A. Kessler. The company started producing oil on Sumatra in 1892. By 1900, it had become one of the biggest oil producing and selling companies in Asia together with Shell Transport. In November 1901, Lane, as director of Shell Transport, and Deterding started drafting a plan for a joint venture between Royal Dutch, Shell Transport, and Bnito. The Rothschilds willingly accepted to join in this merger, and by May 1902, the plan was formalized. The newly founded Asiatic Petroleum Company was founded on an equal bases, with each party owning 33% of the shares.[59]

Large expansion and bad financial management left Shell Transport nearly bankrupt by 1905. The brothers Samuel had no option than to look for a merger with the Royal Dutch.[60] After long and difficult talks, the formation of this merger was completed in 1907.[61] The structure of this new Group was complicated. The two holdings, the Royal Dutch and Shell Transport, owned three companies. Two of these were newly founded; the Batavian Oil Company in The Hague (Bataafsche Petroleum Maatschappij B.P.M.), responsible for the exploration, manufacturing, and production; and the Anglo-Saxon Petroleum Company in London, responsible for shipping and storage. Both of these companies were owned by the Royal Dutch/Shell Group in a 60%-40% proportion. The third company was the already existing Asiatic, owned for 33% by the Rothschilds, and responsible for the marketing.[62]

The Rothschilds kept this percentage until 1911, when they decided to sell Bnito to the Royal Dutch/Shell Group. This sale left the Rothschilds as the largest shareholders in the Royal Dutch. The purchase of companies with shares was seen as an easy way of payment by the Royal Dutch/Shell Group, given the high stock prices for shares on the stock exchanges in London and Amsterdam.[63] As a result, the Royal Dutch/Shell Group saw the Rothschilds as their most important business partner, not only because they were the largest shareholders, but also because they had been partners since the founding of Bnito. The Rothschilds were the only partners that received 'special treatment'. They received confidential updates on the Group's trading and profits, were allowed to send representatives to board meetings, and were given suggestions for interesting investments.[64] The Syndicate was one of those investments.

[59] Jonker & Luiten van Zanden, *Van nieuwkomer tot marktleider,* 69-70.
[60] Jonker & Luiten van Zanden, *Searching for oil in Roubaix,* 23.
[61] As with the N.H.M., discussing the details of these discussion would deviate to far from the purpose of this paper. For a more detailed account see: Jonker & Luiten van Zanden, *Van nieuwkomer tot marktleider,*73-83.
[62] Ibidem, 84, 90.
[63] Ibidem, 140.
[64] Jonker & Luiten van Zanden, *Searching for oil in Roubaix,* 24-25.

The establishment of the Dutch East India Land Syndicate

Johannes Marinus came up with the plan for the establishment of a Dutch company for the cultivation of land on a large scale in all parts of the Archipelago a few years after his repatriation from the Dutch East Indies. Marinus had already been working several years as a planter for the Deli Railway Company and had earned his money by investing in the tobacco industry on Sumatra. When Maurinus worked for the Deli Company (Deli Maatschappij), he was tasked with the search for suitable lands for the cultivation of tobacco. It was during this time that Marinus met Hendrikus Colijn, who was then still serving as an officer for the Dutch military, met. Because of the ongoing hostilities in Aceh between Dutch colonial forces and local indigenous rebels as a result of the Aceh War, planters had to be protected by the Dutch army.[65] It was Colijn who was responsible for the protection of the Deli Company planters active in Aceh.[66]

Marinus contacted Colijn in 1909 and told him of his plans. Taking the Deli Company as an example, he explained that he wanted to create a company of at least 100.000.[67] But together, Marinus and Colijn decided that they wanted more, and worked up a plan for a company with a "dual purpose". In his rapport Marinus stated: "The Government cannot but welcome the fact that a powerful Dutch Company is doing the job, which can be expected from the Dutch in the first place, namely the further development and cultivation of our possessions" and "agricultural development bring permanent prosperity to the population and promotes the trading and shipping of the motherland."[68]

To attract investors, Colijn drew up a letter in which he explained the advantages of such enterprise. The Dutch East India Land Syndicate Ltd. had to become a company with a "dual motive". On the one hand, it had to become a company "with which one hopes to make money" and, on the other hand, it had "to strengthen the Dutch East Indies and at the same time increase the interest of the Fatherland for the Dutch East Indies."[69] He sent this letter to the

[65] van 't Veer, *de Atjeh-oorlog*, 249, 291; Kreemer, *Atjeh dl1*, 41-43.
[66] P.E. Werkman & R.E. van der Woude, "Hendrikus Colijn (1896-1944) Soldaat, zakenman, politicus", in: P.E. Werkman & R.E. van der Woude, *Geloof in eigen zaak: Markante protestantse werkgevers in de negentiende en twintigste eeuw* (Hilversum 2006), 191-234, there 202.
[67] H. Buiter & A. Doedens, *Nederlands-Indië (1830-1949): een kolonie in ontwikkeling*, (Utrecht 1993), 80-82.
[68] "de Regeering kan niet anders dan toejuichen dat eene krachtige Nederlandsche Maatschappy het werk doet, dat toch in de eerste plaats van Nederlanders verwacht kan worden, namelijk het verder ontginnen en in cultuur brengen onzer bezittingen" and "Landbouw brengt blyvende welvaart aan de bevolking en bevordert handel en scheepvaart van het moederland" in: NL-HaNA, 2.20.01, inv.nr. 11725, 05-02-1911.
[69] "waarmee men geld hoopt te verdienen" and "Indië versterken en tegelijkertijd de belangstelling van het Vaderland voor Indië te verhoogen." in: NL-HaNA, 2.20.01, inv.nr. 11750, correspondence with A.J. Cohen Stuart 1910-1917, there January 1910; NL-HaNA, 2.20.01, inv.nr. 11752, correspondence with H.W.A. Deterding 1910-1917, there January 1910; NL-HaNA, 2.20.01, inv.nr. 11757, correspondence with jhr. H. Loudon 1910-1924, there January 1910.

directors of the Royal Dutch Shell, H.W.A. Deterding, A.J. Cohen Stuart, and H. Loudon. These men al reacted positively and wanted the Royal Dutch Shell to invest in the new company.

After attracting investors successfully, Colijn needed the cooperation of the Dutch minister of Colonies and the government of the Dutch East India. This was mainly due to the fact that a new ordonnance for leasehold was approved an applied in 1909.[70] Article 3 of this ordonnance states that a plot of land which is to be given as a concession cannot exceed 3.500 hectares (= 5.000 bouws).[71] Werkman and van der Woude argue that this was to prevent monopolistic exploitation. Next to that, they argue that the Dutch East Indies government wanted a share in the exploitation of these concessions. However, this is not included in the ordonnance. Instead, the ordonnance states in article 2 that measures were necessary so that the issuance of concessions could proceed in an orderly fashion.[72]

Next to article 2 and 3 of the ordonnance there was still a later introduction of the *bebouwingsclausule,* or 'building clause'. This clause provided the Dutch East India Government with the chance of denying an application for a concession is there was not enough capital available to cover the take-off costs of cultivation. Article 14 of the ordonnance includes the mapping of the plot, the marking of its boundaries, and the remuneration of the indigenous population.[73] Furthermore, this clause also adopted a rule from British India, according to which within a certain amount of years, a specific part of a concession had to be cultivated. This prevented speculation on plots of land by people who sought to sell the land with profit on the short or long run, without cultivating a single hectare. The ordonnance stipulated that within three years, ten percent of the land had to be cultivated. After six years this had to increase to twenty percent, and after nine years at least one third had to be cultivated.[74]

If the Syndicate was to quickly gain concessions in the Archipelago, it needed an exemption to the ordonnance and the building clause. To achieve this, the Minister of Colonies and the Governor-General of the Dutch East Indies had to be convinced. Colijn thought that he would be able to use his colonial connections to get this exemption. Johannes van Heutsz, Colijn's mentor during his military career, had already given some companies larger plots of

[70] J.G.W. Lekkerkerker, *Concessies en erfpachten ten behoeve van landbouwondernemingen in de Buitengewesten van Nederlands-Indië* (The Hague 1928), appendix II, 189-211.
[71] A bouw is a Dutch length which was commonly used for the definition of land throughout the Archipelago. Although differing from place to place, the common size was 1 bouw equals 0,715 hectare; Lekkerkerker, *Concessies en erfpachten,* appendix II, 190.
[72] Ibidem, 39 and 189.
[73] Ibidem, 194.
[74] Ibidem, 45-46; P.M. Letterie & W.R. de Keizer, *Agrarische en daarmede verband houdende regelingen voor het rechtstreeks bestuurd gebied der gewesten buiten Java en Madoera* (Weltevreden 1924), 328-339.

land during his time as Governor-General of the Dutch East Indies.[75] Furthermore, Colijn had become a member of the Dutch parliament in 1909 for the Anti Revolutionary Party (Anti Revolutionaire Partij, A.R.P.). Before that, he had already become friends with A.W.F. Idenburg and J.H. de Waal Malefijt, who were now members of the same political party.[76] Idenburg was appointed as Minister of Colonies for the second time in 1908, but accepted the function as Governor-General of the Dutch East Indies in 1909, thereby becoming the successor of Van Heutsz. De Waal Malefijt then took over Idenburg's position as Minister of Colonies in 1909.

Colijn and Marinus visited de Waal Malefijt on the 20th of May 1910. After hearing about the idea of the company, de Waal Malefijt was quickly convinced and promised both men that they would receive 'maximum cooperation' from the Ministry of Colonies. The Minister also told Colijn and Marinus to not forget about the N.H.M. He argued that the director of the company, C.J.K. van Aalst, would be interested in the plan as well. Colijn decided to send him the rapport he had written for the directors of the Royal Dutch Shell. It did not take long before they received a positive answer from van Aalst.[77]

On the 9th of June 1910, Marinus had arranged a meeting in the head office of the Batavian Oil Company (Bataafsche Petroleum Maatschappij, B.P.M.). He invited five men: director of the N.H.M., C.J.K. van Aalst, directors of the Royal Dutch Shell, H.W.A. Deterding and A.J. Cohen Stuart, and business partner Hendrikus Colijn. During this meeting, it was decided that the Dutch East India Land Syndicate Ltd. was to be established. All men present, as well as jhr. H. Loudon, agreed to buy five shares worth ƒ10.000,-, to raise a starting capital. Furthermore, it was decided that Colijn and Marinus would become the directors of the new company, while the other men would become commissioners. The founding memorandum and articles of association were officially signed on the 5th of August 1910.[78]

An enlargement of stock capital and the search for new shareholders

Even before the Syndicate was established in August 1910, it had already received a setback. In July 1910, Colijn received the news that the Council of the Indies (Raad van Indië), the main advisory body of the Governor-General, rejected the plan to give the company exemption from the leasehold ordonnance and its building clause. Normally, the Governor-General and the

[75] Werkman & van der Woude, *Hendrikus Colijn*, 203.
[76] C. Bremmer, *ARP, Personen en momenten uit de geschiedenis van de Anti Revolutionaire Partij* (Franeker 1980), 112.
[77] NL-HaNA, 2.20.01, inv.nr. 11747, correspondence with C.J.K. van Aalst 1910-1922, May 1910.
[78] NL-HaNA, 2.20.01, inv.nr. 11725, 5 August 1910.

Minister of Colonies would follow the advice of the Council, but Colijn wanted to know the ins and outs of the matter. Colijn wrote to Marinus that "for now the idea has to be shelved", but promised to find out where it went wrong.[79] Meanwhile, the process for the application of concession went on, which will be discussed in greater detail in chapter 2.

Colijn received the news regarding the exemption in November 1910 from its representative in the East Indies, H.J. Stoof. He, in his turn, had received a letter from the director of the Department of Internal Governance for the Dutch East Indies, D. Tollenaar.[80] In his letter he stated that the colonials officials, who were responsible for the issuance of concessions, had become sceptical because they thought that the starting capital of *ƒ*1.000.000,- of which only *ƒ*300.000,- was issued, was too low to pay for the successful exploitation of such a vast amount of uncultivated land.[81] To sort out this problem as soon as possible, Colijn sent a telegram to Tollenaar stating: "Initial capital Syndicate only meant for the purpose of exploration – enlargement of capital after the issuance of land is ensured – send notice to Governor-General as soon as possible – letter will follow quickly."[82] He immediately drew up a letter to explain the situation, and on the same day he sent this to the Minister of Colonies, the Governor-General, and to Tollenaar.[83]

On the 5th of January 1911, a response from Idenburg came in. In a letter addressed to Colijn, he explained that he shared the opinion of the colonial officials in the Archipelago. Furthermore, he stated that he did not agree with the special treatment that the Syndicate wanted. He thought that this exemption translated onto preferential treatment and that it eventually would lead to a wave of speculations on concessions in the Archipelago.[84] For that reason, the Syndicate would not receive the exemption, and concessions had to be received via the 'conventional' route.

The second board meeting of the directors and the commissioners of the Syndicate, turned out to be quite disputed. Colijn accepted the invitation to become the next Minister of

[79] "[…] voor het oogenblik is het denkbeeld zeer beslist van de baan" in: NL-HaNA, 2.20.01, inv.nr. 11745, 15 July 1910.
[80] The Governor-General governed the Dutch East Indies. The Archipelago was divided into provinces (gewesten), which were governed by Residents. In turn, these provinces consisted of three to five different 'departments'(afdelingen), which were governed by Assistant-Residents. All of these government officials were part of the 'Department of Internal Governance' (Departement van Binnenlands Bestuur). At the head of this department is the Director. For a more detailed account see: H.W. van den Doel, *De stille macht: het Europese binnenlands bestuur op Java en Madoera, 1808-1942* (Amsterdam 1994).
[81] NL-HaNA, 2.20.01, inv.nr. 11735, 23 December 1910.
[82] "Aanvankelijk kapitaal Syndicaat alleen berekend voor exploratie doeleinden, groote uitbreiding kapitaal voor exploitatie na toewijzing gronden verzekerd, verzoeke zoo spoedig mededeeling Landvoogd, brief volgt" in: NL-HaNA, 2.20.01, inv.nr. 11897, 1 December 1910.
[83] Ibidem.
[84] NL-HaNA, 2.20.01, inv.nr. 11897, 5 January 1911.

War and had to leave his function as director for the Syndicate.[85] As a replacement, commissioner Loudon invited J.B. van Heutsz, former governor-general of the Indies, to become president-commissioner. Van Heutsz, Loudon and Colijn became then the Executive Committee of the Syndicate. Van Heutsz was tasked with the organization of meetings, Loudon with the search for new shareholders, and Colijn would give advice when necessary.[86]

The most important point on the agenda was the proposal to enlarge the stock capital of the Syndicate. For this to happen, the statutes had to be amended. After a long discussion, the Board decided to raise the capital to ƒ4.000.000,-. However, the majority of these shares were to be owned by Dutch companies or private investors. It was just a small majority, because ƒ1.800.000,- had to come from foreign investors, while ƒ2.200.000,- had to come from Dutch investors. This was divided into ƒ350.000,- from the management and commissioners, ƒ1.000.000,- from the N.H.M., and ƒ850.000,- from new Dutch shareholders. Furthermore, the Board decided that 350 profit participation certificates would be created, which gave the right to 20% of yearly excess profits. The excess profit was only paid off after shareholders received dividend over their original investment. The interest rate was set at 6%, which was the average shareholders normally would expect on investment.[87] Deterding would take care of finding foreign investors, using his network from the Royal Dutch Shell.[88]

By May 1911, the Syndicate had found new investors and the commissioners discussed the new articles of incorporation that had to be drawn up. The stock capital of ƒ4.000.000,- was now divided into 90 issued shares A, worth ƒ5.000,- each, and 3.550 shares B worth ƒ1.000,- each. The commissioners of the Syndicate, now including J.B. van Heutsz, bought 10 shares. Colijn had managed to convince president-director of the N.H.M., J.T. Cremer, to buy 10 shares A as well as 1.000 shares B. Meanwhile, Deterding had also struck gold, convincing the de Rothschild banking family of France (Fa. de Rothschild Frêres) to invest by buying 10 shares A and 1.850 shares B. Other smaller Dutch investors followed, including banks and private investors, such as J.T. Cremer, the Twentsche Bankvereeniging, and Van Lissa & Kann Private Bankers. Only 250 shares B were left unissued.[89]

There were, however, more points for discussion regarding the amendment of the articles of association, and it would take half a year before an agreement was reached. The Rothschilds filed a complaint that the extra allowance for the commissioners and directors was

[85] Werkman & van der Woude, *Hendrikus Colijn*, 205.
[86] NL-HaNA, 2.20.01, inv.nr. 11735, 30 January 1911.
[87] Lindblad, *The Profitability of Dutch Business*, 10.
[88] Ibidem.
[89] NL-HaNA, 2.20.01, inv.nr. 11735, 24 May 1911.

too high. Their representative stated that: "this would lead to negligence and bad financial management."[90] The second complaint came from the N.H.M. in August 1911. Van Aalst, as representative for the N.H.M., stated that the ratio between shares A and shares B was unfair. The N.H.M. had the largest investment in the Syndicate, but only the shareholders A were able to buy the profit participation certificates. Deterding replied that the commissioners did all the work and thus had the right to profit from this. As a compensation, van Aalst proposed to give the N.H.M. a consignment contract to sell the goods the Syndicate produced, and thereby keeping a share of the profit. Furthermore, the Syndicate would promise to do all its bank affairs via the N.H.M. The one resolving both issues was August Philips, director of the Royal Dutch, who was invited to partake in the meeting by Van Heutsz. He stated that he had been present from the start and had seen the company grow. Regarding the complaint filed by the Rothschilds, he agreed and stated that this was not "the purpose of the Syndicate, since no profit had been made yet." Regarding the second point, he noted that, even if the directors of the N.H.M. had not seen the new statutes, van Aalst could have already communicated with the other directors. As a result, the complaint regarding the ratio was filed too late. Van Aalst was not able to respond to this, and so both issues were resolved.[91]

On the 4th of December 1911, the articles of incorporation were finally amended. The stock capital however, was raised to ƒ10.000.000,-. Reading the articles of association, article 4 states that this could only be done via a unanimous decision in a shareholder meeting. The archive of the Syndicate does not provide the minutes of this particular meeting. Still, the yearly balance sheet does provide a total of stock capital of ƒ10.000.000,- of which ƒ6.000.000,- is not yet placed.[92] Again, there were 90 shares A, worth ƒ5000,- each, which were all issued. The amount of shares B was raised to 9.550, worth ƒ1.000,- each, of which 3.550 were issued.[93] Meanwhile, Deterding had managed to persuade other foreign banks, related to the de Rothschild family bank of France, to participate in the Syndicate. The French bank had decided to sell 250 of its shares B to the N.M. Rothschild & Sons in London and 250 shares B to the Les Fils de A. Deutsch in Paris. Representatives of the banks also bought shares from the French bank. F. Lane and L.A. Auerbach, representatives for the English and French banks, each bought 10 shares B, while the new Belgian representative, Baron Léon Lambert, bought 12 shares B. The N.H.M. sold 10 of its shares B to S.C. van Musschenbroek, former superintendent for the Syndicate in Sumatra. The last 250 shares B were now issued as well between various

[90] Ibidem, 25 July 1911.
[91] Ibidem, 30 August 1911.
[92] NL-HaNA, 2.20.01, inv.nr. 11730.
[93] NL-HaNA, 2.20.01, inv.nr. 11726, Articles of Association, 1911, art. 4.

Dutch private investors. Marinus had the largest share in this issue, with an investment of ƒ187.000,-.[94] Furthermore, the amount of commissioners in the Board was raised from five to eight, of which a majority had to be Dutch.[95] The newly created places were taken by Lane, Auerbach, and van Musschenbroek.[96]

As mentioned, there is no explanation provided nor are there any minutes to be found as to why the stock capital was raised to ƒ10.000.000,-. Furthermore, of the ƒ6.000.000,- that was left unissued, only ƒ750.000,- was placed by the N.H.M. in 1917, which will be discussed in greater detail later in this thesis. Still, a possible explanation can be given, and this is related to the problems the Syndicate had with the acquisition of concessions in the Archipelago. By showing that they had multiplied their stock capital tenfold within less than a year, the Syndicate wanted to let colonials officials know that they meant business.

Van Aalst takes over

By the beginning of 1912 the differences between commissioners and shareholders had been settled and the Syndicate was finally able to start growing. Over the next few years the company received its first concessions, bought its first plantations, and started developing. How this happened will be discussed in chapter 2. By the end of 1916, the Syndicate owned four plantations and a little over a dozen concessions in three different regencies. The plantations produced tea, rubber and coffee, and the profits were reinvested in the company (figure 1). The estimated value of these plantations and concessions were a little over ƒ4.000.000,- (figure 2).

However, as a result of the First World War, profits were low, and according to some commissioners, development was not going fast enough. According to Loudon, the original plan to cultivate as many concessions as possible, was lost ignored. Instead, the small profits made were reinvested in the plantations. During a meeting in May 1916, Loudon proposed to sell plantations in order to gather more funds for the cultivation of the grounds. Van Aalst did not agree, stating that their only source of income would disappear. Instead, he proposed to borrow ƒ1.500.000,- from the N.H.M. and the Rothschilds to speed up the process of cultivation. Loudon accepted, but Auerbach stated that it would be hard to convince the Rothschilds to invest further in the company.[97]

Auerbach was proven to be right half a year later. In October 1916, van Heutsz had received an offer from the Handelsvereeniging Amsterdam (H.V.A.). They offered

[94] NL-HaNA, 2.20.01, inv.nr. 11746.
[95] NL-HaNA, 2.20.01, inv.nr. 11726, Articles of Association, 1911, art 11.
[96] Van Musschenbroek suddenly passed away due to a heart attack in late 1914. His family inherited the shares.
[97] NL-HaNA, 2.20.01, inv.nr. 11735, 29 May 1916.

ƒ6.000.000,- for the Syndicate and all its assets. This meant that the shares A were valued at 160% and the shares B at 128% of the original price. [98] During the next meeting of the Board of Commissioners, Van Heutsz, Colijn, Auerbach, Loudon, and Marinus all agreed, while Deterding and Lane were not present. The only one who opposed the offer was Van Aalst. He stated: "[I] cannot see why we should let this business go, now that it is growing."[99] Auerbach reported that the Rothschilds refused further investment in the Syndicate, even if extra capital was available after the war. Instead, they wanted to accept the offer of the H.V.A. Van Aalst was furious. He answered that the difficulties resulting from the lack of cooperation of the Rothschilds and of some commissioners forced him to prefer to accept the offer. However, when he heard that other commissioners were in favour of selling, he changed his mind and wanted to make it a successful company whatever the cost.[100] To allow reflection time, van Heutsz suspended the meeting that way to be continued when Marinus retrieved more information on the overall situation.

On the next meeting in January 1917, van Aalst showed up fully prepared. As soon as the meeting opened, he started his speech. He reminded the commissioners that the Rothschilds were never willing to cooperate and only gave negative criticism, instead of trying to work together for a better enterprise. He then repeated his statement from the last meeting that he strongly opposed selling the Syndicate, and that they would regret the decision in the years to come. Furthermore, van Aalst argued that after the capital would surely be ready available and more cooperation should be expected from the Dutch Indian government. Lastly he stated: "The Nederlandsche Handel Maatschappij has never abandoned a company, not even one who experienced heavy financial difficulties."[101] As a result, the offer of the H.V.A. was refused.

This resulted in another wave of rapid changes within the company. The Rothschilds sold all of their shares A and B to the N.H.M. at the exchange rate of 160% and 128% respectively. Auerbach, Lane, Deterding and Cohen Stuart all resigned as commissioners, and sold their shares to the N.H.M. as well. This meant that not only the Rothschilds, but also two out of three directors of the Royal Dutch/Shell Group had left the Syndicate. Also, van Heutsz sold his shares A at the exchange rate of 200% to the N.H.M., and bought 100 of new shares B instead.

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[98] NL-HaNA, 2.20.01, inv.nr. 11888.
[99] "Spreker kan overigens niet inzien waarom wij deze zaak, nu ze goed is, moeten laten schieten." In: NL-HaNA, 2.20.01, inv.nr. 11735, 23 December 1916.
[100] Ibidem.
[101] "De Nederlandsche Handel Maatschappij heeft nog nooit eene cultuur maatschappij, ook niet die welke in zeer groote finantieele moeilijkheden verkeerden, aan haar lot overgelaten." In: NL-HaNA, 2.20.01, inv.nr. 11736, 6 January 1917.

After this shift in ownership, van Aalst argued that it would be wise to appoint a second director. He proposed two men, former head administrator of the plantations of the Syndicate in Sumatra, M.J. Salm, and N.J. Hoorweg. The one who was not chosen, would then become a new commissioner for the Syndicate. Because of his experience in dealing with the plantations on Sumatra, Salm was chosen as the second director, meaning that Hoorweg became the commissioner. Van Aalst also argued in favour of a second Secretary for the Board, H.A. van de Wall Bake.[102] His argument was that Marinus, as sole director of the Syndicate, simply could not deliver in time. Van Aalst accused him of flooding the meetings of the Board with paperwork, leaving out really important documents. Marinus also kept abhorring correspondence with the commissioners and he kept spending money everywhere with funds that the Syndicate did not have. The second director and a new secretary were the necessary to keep Marinus in check.[103]

Van Aalst kept implementing changes. Since the N.H.M. had become the largest shareholder within the Syndicate, the head office was moved from The Hague to Amsterdam, so that it was closely located to the head office of the N.H.M. Vacant positions in the Board remained opened and a majority was needed to make decisions. This resulted in a Board of five commissioners by 1917. In terms of executive policy, the Board agreed with van Aalst to reinvest all profits in the cultivation of the concessions. As a result, the payment of dividends to shareholders was paused until the company was able to make a decent profit. This was followed by the halting of payment of bonusses to directors and commissioners, a measure accepted unanimously by the board.[104]

In November 1917, all these points were formalized in new articles of association. By December 1917, the Board of the Syndicate had also agreed to sign an agreement of consignment with the N.H.M.[105] This was the agreement van Aalst wanted when the stock capital was raised in 1911. However, he went a step further this time. He included in this agreement the authorization for the Syndicate to apply for a loan from the N.H.M. This reduced the need to find new investors. It also included a so called 'oogstverband', which meant that the N.H.M. would store goods and products produced by the Syndicate if the prices on the world market would be too low. The N.H.M. would then sell them when the prices went up again, shifting the responsibility of price and market formation onto the hands of the N.H.M.[106]

[102] NL-HaNA, 2.20.01, inv.nr. 11736, 18 July 1917; NL-HaNA, 2.20.01, inv.nr. 11932.
[103] NL-HaNA, 2.20.01, inv.nr. 11736, 18 July 1917.
[104] NL-HaNA, 2.20.01, inv.nr. 11736, 27 October 1917.
[105] NL-HaNA, 2.20.01, inv.nr. 11971.
[106] NL-HaNA, 2.20.01, inv.nr. 11736, 15 December 1917.

All in all, the year 1917 was just as 'eventful' as 1911 with many discussions held in the beginning of the year, and leading to many changes being implemented by the end of the year. The big difference between these two bench years, is the end result. By the end of 1911, the different shareholders were still working together to develop a stable and healthy company, able to cultivate land and build plantations all over the Archipelago. By the end of 1917 however, there is not much left of a syndicate apart from the name. The directors of the Royal Dutch/ Shell Group and the Rothschilds had left the Board of Commissioners. The N.H.M. became the largest shareholder, owning 50 out of 90 shares A and 3.615 out of 4.750 shares B.

Apart from the N.H.M. becoming the largest shareholder within the Syndicate, it seems as if van Aalst had become the most powerful man within the company. According to de Graaf, this was not the first time. He states that, after van Aalst had become president-director in 1913 "[he] wás the N.H.M.".[107] However, it is the new division between the Board and the directors that possibly gave him this influential position. As mentioned, a majority was needed to implement new decisions within the Board. The commissioners agreed that it would be wise to appoint two more commissioners so that a majority was easily reached. N.J. Hoorweg became official commissioner in 1918,[108] while A.W.F. Idenburg was invited by Van Heutsz but he had to decline because he had once again become Minister of Colonies. This makes the appointment of Nicolaas Johannes Hoorweg rather interesting. Cornelis van Aalst was married to Tjalda Hoorweg and they had three children. Their oldest son was called Nicolaas Johannes van Aalst. It is difficult to prove that it was his son who joined the Board of Commissioners. However, N.J. van Aalst had just finished his PhD dissertation at the University of Utrecht. Being appointed to a smaller company, using his mother's maiden name, would provide him with the necessary knowledge, before he started working as an agent for the N.H.M. in 1920.[109] This may partly explain why van Aalst was able to implement his policies and radically change the corporate structure of the Syndicate again a decade later.

A Board of Directors instead of a Supervisory Board

Just as in 1911, the period after the reformation of the Syndicate in 1917 saw a rapid expansion of the company on all grounds. In 1917 alone, a further eight concessions were granted to the Syndicate, followed by another four in 1921. Between 1917 and 1920, the Syndicate managed to open and develop eleven plantations in three different regencies (map 2a,2b,2c). Next to

[107] de Graaf, *Voor Handel en Maatschappij*, 231-232.
[108] NL-HaNA, 2.20.01, inv.nr. 11736, 15 December 1917.
[109] *Persoonlijkheden in het Koninkrijk der Nederlanden in woord en beeld. Nederlanders en hun werk* (Amsterdam 1938) 24 Resources.huygens.knaw.nl

rubber, tea, and coffee, the company also started producing palm oil. This was expanded with cinchona in 1920 (table 1). The total value of its concessions and plantations was estimated at a little over *ƒ*6.250.000,-. This had quadrupled within seven years, with the value estimated at *ƒ*26.000.000,- in 1924 (figure 2). The overall status of the company looked promising, especially when 1919 turned out to be the first profitable year (figure 3). However, this turned out to be short-lived.

During a Board meeting on 1 December 1920, the current state of affairs was discussed. Second director Salm had just arrived from the Archipelago and joined the discussion. He stated that because of the rapid expansion of the plantations and concessions on Sumatra, he could not control expenditure. The cost of exploitation in 1920 alone totalled *ƒ*500.000,-, while the company was only able to sell *ƒ*25.000,- worth of products.[110] F.P.J. Vester, who had become director of the N.H.M. as well as commissioner for the Syndicate in 1918, added that the total loan from the N.H.M. was at that point *ƒ*15.000.000,-. Marinus argued that, although the costs of exploitation were too high, the total value of the plantations and concessions was still growing. He continued by adding that the harvest of the products was good, but that world market prices were too low. So, there was still a large amount of products stored on the plantations, ready to be sold when the prices went up again. Both Salm and van Aalst did not agree. Salm resigned as second director, and the Board decided to send Marinus to Sumatra.[111]

What followed were two years when Marinus kept sending rapports to the Board in which he asked permission to keep expanding the cultivation on the already existing plantations, and the Board kept voting against it. Although the total value of the plantations kept rising in 1921 and 1922, costs for the exploitation were unnecessarily high resulting in heavy financial losses for the company (figure 3). Meanwhile, the Syndicate was not able to sell produce, remaining with a stock of *ƒ*1.200.000,- of unsold products by the end of 1922.[112]

Within these two years, it seems as if the commissioners lost interest in the company. During the first ten years of the Syndicate's existence, the Board met at least once every three months. But from 1921 onwards, they only met once a year in the second week of November. The board discussed the annual reports, denied any form of further expansion apart from what they had planned back in 1917, and implemented cuts on the salaries of their European personnel on Sumatra. In this context, Van Heutsz resigned as commissioner in 1922, leaving another vacancy in the Board.[113]

[110] NL-HaNA, 2.20.01, inv.nr. 11730, 1920.
[111] NL-HaNA, 2.20.01, inv.nr. 11736, 1 December 1920.
[112] NL-HaNA, 2.20.01, inv.nr. 11960, 1922.
[113] NL-HaNA, 2.20.01, inv.nr. 11736, 25 November 1921, 13 November 1922.

During the meeting in November 1923, the Board voted for change so that the Syndicate could finally start making some profit. Vester reminded his fellow Board members of the original goal of the Syndicate, which was to receive concessions, cultivate them, and sell the plantations to other Dutch companies, so that it would benefit the national cause. However, he argued that because of the war this did not work out as expected. He then continued by stating that this problem should have been solved by Marinus but instead, Marinus kept investing in the already existing plantations, while it was hard for the company to sell its products. Instead, he should have paid more attention to the cultivation of concessions, so that these could be sold with a profit. The owned plantations were just there to generate some extra income, to be reinvested in the cultivation process of the concessions.[114]

The Board, and especially van Aalst, agreed with Vester and they drew up a future plan. To make sure the company was successful, they first had to consolidate. As a result, the Syndicate stopped applying for new concessions until the ones in portfolio were ready to be sold or to be turned into plantations. Furthermore, Marinus was ordered to stop the expansion of the already owned plantations, and instead was instructed to find possible buyers for the plantations. Furthermore, a selection of concessions was needed, classifying the stock between 'suitable' and 'not suitable' for cultivation. The latter were returned to the Government of the Indies. The stockpiled products had to be sold.[115]

These plans turned out to be successful. The plantations did not expand further (figure 1, table 1), losses were minimized, and Marinus had set up the first negotiations with other companies for the selling of concessions and plantations. Meanwhile, the Syndicate faced another problem. Colijn had to resign as commissioner in 1923, because he had become the Minister of Finance. Because Colijn left, Loudon laid down his position as commissioner in 1924. The Board consisted solely of representatives from the N.H.M. These were director van Aalst, director Vester, and agent Hoorweg.[116] This gave van Aalst the opportunity to kill two birds with one stone. He planned to change the current structure of a Director, a Supervisory Board, and a representative in Batavia, to a new Board of Directors. This new Board would solely encompass directors and other personnel from the N.H.M. together with Marinus. The position of Director would disappear, along with the head administrators on Sumatra. On the one hand, this would mean that Marinus was not able to take action by himself, but was always under control of the N.H.M. On the other hand, instead of having its own agent in Batavia, the

[114] NL-HaNA, 2.20.01, inv.nr. 11736, 15 November 1923.
[115] Ibidem.
[116] NL-HaNA, 2.20.01, inv.nr. 11736, 15 August 1924, 15 September 1924.

new representative was to come from the N.H.M. factory in Medan. The representative reported than to the Syndicate and the N.H.M. simultaneously.[117]

However, van Aalst faced one problem. He was not able to change the articles of association with just three men in the Board. According to the articles of 1917, at least five commissioners had to cast a vote, with a majority voting in favour, to change these articles. So, during the meeting in Augustus 1926, he proposed to appoint two new commissioners. The first was Ph.J. Priesman, secretary for the Syndicate and the N.H.M., and the second was N.R. Boon, accountant for the Syndicate and the N.H.M. Both Vester and Hoorweg agreed. On the same day, a vote was cast, and the concept version of the articles was adopted unanimously by the five commissioners.[118] Just three days later, the new Board of Directors was formalized by the notary in the new articles of association.[119] Meanwhile, Marinus was still busy with negotiating the sale of concessions and plantations, and he did not have a clue of what had happened. He only received a telegram that he was allowed to sell certain concessions and plantations.[120]

The members of the Board of Directors were appointed on the 1st of March 1927. From the old Supervisory Board came van Aalst and Hoorweg, along with former director Marinus. They were joined by J. Bierens de Haan, director of the N.H.M. since 1918; J.C.A. Everwijn, director of the N.H.M. since 1922; and D. Crena de Iongh, director of the N.H.M. since 1925. Next to commissioner, Hoorweg was also appointed secretary and received a monthly salary of ƒ12.000,-. Van Aalst was appointed as chairman while Bierens de Haan became his deputy. Van Aalst, Bierens de Haan and Marinus remained executive managers. As compensation, Marinus would receive ƒ10.000,- as a salary, thus earning less than secretary Hoorweg. [121] The delegate for the Syndicate in the Archipelago was at the head office of the N.H.M. in Batavia (Factory).[122]

The Syndicate as a subsidiary company

The new Board of Directors translated onto a new status for Syndicate as it became a subsidiary company of the N.H.M. This new status had consequences. First, all new European personnel that was hired, as well as all members of the Board, came from the N.H.M. As a result, the Syndicate was now represented by an agent from the N.H.M. agency in Medan, M.J.

[117] NL-HaNA, 2.20.01, inv.nr. 11726, Articles of Association Concept 1926, art 12 and 16.
[118] NL-HaNA, 2.20.01, inv.nr. 11736, 30 Augustus 1926.
[119] NL-HaNA, 2.20.01, inv.nr. 11726, Articles of Association 1926.
[120] NL-HaNA, 2.20.01, inv.nr. 11794.
[121] NL-HaNA, 2.20.01, inv.nr. 11744, 1 March 1927.
[122] NL-HaNA, 2.20.01, inv.nr. 11939.

Herbschleb. Furthermore, the Board named J.C. Groenenberg as the Syndicate's inspector. He had already been working as inspector on several plantations owned by the N.H.M. Second, the Syndicate was now being developed in the same way the other companies were developed by the N.H.M. Lastly, the Board was to meet more frequently.[123]

From 1927 onwards, the Syndicate did not expand much. Acquisition of new plantations stopped and concessions were sold or given back to the government. The only exception to this was the planted hectares of tea and palm oil on the already owned plantations (table 1,5,6). This did lead to another profitable year in 1929, when close to *ƒ*900.000,- profit was made. After that, the crisis hit the world market. The Syndicate was unable to sell its products, international restrictions on tea and cinchona were implemented to protect prices, and the European personnel in the Archipelago had to withstand continuous wage reductions before being fired. The Board stopped further expansion of the planted hectares on the plantations (figure1). Next to that, the value of these plantations slowly declined throughout the years (figure 2). The amount of yearly losses was minimized, but still totalled nearly *ƒ*20.000.000,-. The only profitable year was 1936, when the Syndicate received a rectification worth *ƒ*3.300.000,- for paying too much taxes (figure 3).

In 1938, the N.H.M. was appointed director of the Syndicate. The head office of the Syndicate was sold, and from then on the day-to-day operations were conducted from the head office of the N.H.M. in Amsterdam.[124] The annual reports were since then simply added to the annual reports of the N.H.M.

Conclusion

When the Syndicate was founded, everything looked promising for Marinus and Colijn. Via their own network they had found investors and companies that were interested in the idealistic set up of the company. The Minister of Colonies and Governor-General had promised to provide the Syndicate with institutional cooperation and even protection. Because of the shared effort of different groups, the Syndicate would be able to cultivate large plots of land in every corner of the Archipelago, turn these in to plantations, and bear the fruits of its.

However, roughly five years later, the Syndicate had not made much progress. By the end of 1916, the idea of "a powerful Dutch company" that cultivated and exploited large plots of Dutch possessions, seemed to be lost. By the end of 1917, a lot had changed within the head office of the Syndicate. One the one hand, the primary exploitative and national goal was central

[123] NL-HaNA, 2.20.01, inv.nr. 11744, 26 September 1927.
[124] NL-HaNA, 2.20.01, inv.nr. 11726, Articles of Association 1938, art. 13, art. 17.

again. The company would again focus on the cultivation of concessions rather than investing in its plantations. On the other hand, the principle of a 'shared effort' seemed to have disappeared. Not only did the N.H.M. own the majority of shares, it also had a majority within the Board. This is even more so in 1927. Cleverly van Aalst made sure that the Syndicate was fully under the control of the N.H.M by the end of 1926. In this sense, the idea of a 'syndicate' only applies to the first six to seven years of the company's existence. After that it was nothing more than the name of the company. The other shareholders and commissioners slowly started to leave, being Marinus the only N.H.M. outsider until he passed away in 1930.

When comparing the Dutch East India Land Syndicate to other syndicates in the Archipelago, it becomes clear that hardly any financial syndicates existed. The syndicates that were common on the Archipelago were business organisations, formed by owners of plantations in a specific sector. The establishment of such organizations was usually a response to a situation in which economic or cultural interests of a sector were threatened. Examples of this are the General Syndicate of Sugar Manufactures in the Dutch East Indies (Algemeen Syndicaat van Suikerfabrikanten in Nederlands-Indië), established after the sugar crisis of 1884, and the Dutch East India Agriculture Syndicate (Nederlandsch Indisch Landbouw Syndicaat).[125] This did not mean however, that the Syndicate was not able to fulfil its original goal. The next chapter will analyse how the business proceeded in the Archipelago.

[125] Th.G.E. Hoedt, *Indische bergcultuurondernemingen, voornamelijk in Zuid-Sumatra* (Wageningen 1930), 29-32; A. Taselaar, *De Nederlandse koloniale lobby, ondernemers en de Indische politiek, 1914-1940* (Leiden 1998), 99.

Chapter 2: The activities of the Dutch East India Land Syndicate

This chapter analyses in detail the three main branches the company focussed on. These can also be found in the main goal of the Syndicate. These three branches are: 1. the creation, exploitation and management of plantations, 2. obtaining and selling land concessions, and 3. the financial participation in other companies that envisaged the same goal. But before these branches can be assessed, a small description is given on the start of the Syndicate in the Dutch East Indies.

An enthusiastic start

Immediately after the company was founded, the founders decided that it was necessary to send a representative to the Dutch East Indies. This representative was tasked with inspecting and requesting suitable concessions in the Archipelago.[126] Marinus and Colijn found the suitable person in a former colleague of Marinus, H.J. Stoof. He had worked for the Deli Railway Company and as supervisor on Marinus's plantations.[127] Stoof arrived Batavia in August and was able to submit the first requests for concessions in December 1910.[128] The list is extensive and includes concessions throughout different areas in the Archipelago (map 1)[129]:

- 55.000 hectares in the residency of Lampung
- 285.000 hectares in the residency of Palembang
- 50.000 hectares in the residency of Banjuwangi
- 60.000 hectares in the residency of Bencoolen
- 50.000 hectares in the residency of Tapanuli
- ¾ of the island of Enggano
- 17.500 hectares on the Westcoast of Sumatra

These grounds were deemed suitable for the cultivation of cotton, coconuts, coffee, rubber, tea, tobacco, palm oil and copra. Because of the large amount of acreage and the diversity of products, the directors of the Syndicate decided to hire K.L.F.A. Thörig, former employee of the Dutch East India Ordnance Survey. He left for Sumatra in December 1910 and he was tasked with the registry of the plots that Stoof had requested.[130] Furthermore, Marinus

[126] NL-HaNA, 2.20.01, inv.nr. 11728, 9 June 1910.
[127] NL-HaNA, 2.20.01, inv.nr. 11893; NL-HaNA, 2.20.01, inv.nr. 11927.
[128] NL-HaNA, 2.20.01, inv.nr. 11895.
[129] NL-HaNA, 2.20.01, inv.nr. 11897; NL-HaNA, 2.20.01, inv.nr. 11900.
[130] NL-HaNA, 2.20.01, inv.nr. 11898.

decided to hire a representative for the Company, U. Cazius, to inform the company about the development of legislation concerning concessions and plantations in the Archipelago.[131] Lastly, P.C. van Steyn was hired as superintendent in the first plantations and assistant to Stoof.[132] They were sent to the Archipelago in the beginning of 1911.

Activities in the Archipelago took off quickly. Soon, however, Stoof reported negative news from the Dutch East Indies. As mentioned, the large list of requests for concessions led to indignation among civil servants in Batavia responsible for the land concessions.[133] Marinus tried to convince these officials that the initial capital was only meant for activities related to the discovery of and drawing borders around suitable areas. If concessions were granted, Marinus stated, a large capital increase was to follow.[134]

Against the Board's expectations, requests by the company did not receive priority as promised in The Hague. Applying for requests even became problematic because of two clauses. First, the maximum size of a concessions was limited by the Dutch East India Government to 5.000 bouws or 3.500 hectares. This meant that the Syndicate and its employees had to split their requests into concessions of this size, resulting in more work and higher costs. The second cause was the already discussed *bebouwingsclausule*.

These two barriers resulted into an inhibitory effect for the Syndicate. Firstly, it meant that not only the application for concessions would become more costly because of the extra work, the compliance with legislation also entailed extra costs. Secondly, on the one hand the company's employees became more critical when inspecting grounds for later usage, on the other hand, government officials and civil servants took more time inspect the process. Because of the small share capital of the company, government officials decided to place the Syndicate and its agents on equal footing with the other companies that applied for concessions. This resulted in the first definitive concession only being completed in the beginning of 1912.[135]

The creation, exploitation and management of the company's plantations

The problems that had arisen when applying for and receiving concessions forced the Board to spend its capital in a different way. The first two plantations were not created by the Syndicate itself, but were two of the three plantations bought throughout the years of its existence. In May 1911, the Board of Commissioners agreed to purchase the two plantations from the Si-Antar

[131] NL-HaNA, 2.20.01, inv.nr. 11907.
[132] NL-HaNA, 2.20.01, inv.nr. 11901.
[133] NL-HaNA, 2.20.01, inv.nr. 11735, 23 December 1910.
[134] NL-HaNA, 2.20.01, inv.nr. 11897, 1911.
[135] NL-HaNA, 2.20.01, inv.nr. 11730, 1912; NL-HaNA, 2.20.01, inv.nr. 11735, 9 February 1912.

Sumatra Rubber Company, of which Marinus was the director and sole shareholder. The plantations 'Kerasaän' and 'Bah Bajoe', both located near the city of Pematang Siantar in the residency of East Sumatra, were purchased for *ƒ*400.000,-.[136] This investment contradicted the goal of the company, since it did not allow for the purchase of already existing plantations. Still the Board agreed because only a small beginning had been achieved for the exploitation of plantations. At the same time, this was the only way for the company to have a foothold on East Sumatra. Finally, Colijn argued that the revenues of these plantations could be used to reinvest in the other concessions that had been petitioned.[137]

Marinus had already appointed H.R. Stünzi as superintendent for rubber production on these two plantations. Because of this reason, van Steyn decided to resign as superintendent for the company, even before starting his new appointment.[138] Stünzi deemed the lands on Kerasaän and Bah Bajoe worthy for the cultivation of Hevea rubber, Liberia coffee, and Robusta coffee. The international demand and price for rubber had rapidly increased from the 1908 onwards. As a result, estate production was also booming in the province of East Sumatra.[139] Liberia coffee had already been planted on Kerasaän. Replacing the traditional Arabian coffee by the end of the 19th century, Liberia coffee had become increasingly popular throughout the whole Archipelago. Although Liberia coffee was not one of the main export products of East Sumatra, the small cultivation at Kerasaän would eventually bring in a constant revenue for the Syndicate.[140] The cultivation of Robusta coffee was brought in from Java as a generally accepted form of expansion. Young Hevea rubber trees needed shadow, and because Robusta trees grew fast and were easy and cheap to maintain, it became the ideal "catch crop".[141]

When Kerasaän was bought it had 85 hectares of Liberia coffee and 300 hectares of Hevea rubber. B.C.H. Schreijner was the administrator, brought in from Java. He started with the preparation of an extra 230 hectares for cultivation. Furthermore, he created a small village the for coolies (indentured labourers). Bah Bajoe, on the other hand, was yet to be developed and its administrator, H. Hübler, started with the preparation of roughly 260 hectares for the cultivation of rubber.[142]

[136] NL-HaNA, 2.20.01, inv.nr. 11870.
[137] NL-HaNA, 2.20.01, inv.nr. 11735, 24 May 1911.
[138] NL-HaNA, 2.20.01, inv.nr. 11927.
[139] P. van der Eng, *Agricultural Growth in Indonesia: Productivity Change and Policy Impact since 1880* (London 1996), 232-233.
[140] Kian-Wie, *Plantation Agriculture and Export Growth*, 59.
[141] P.J.S. Cramer, *A Review of Literature of Coffee Research in Indonesia* (Costa Rica 1957), 115.
[142] NL-HaNA, 2.20.01, inv.nr. 11730, 1911; NL-HaNA, 2.20.01, inv.nr. 11735, 25 July 1911.

The Syndicate developed its own first plantation in September 1912, near the city of Pematang Siantar. Their tea superintendent, O. van Vloten, reported that the first concession of Bah Biroeng Oeloe was suitable for the cultivation of tea.[143] J.C. Warns, its administrator, started with the deforestation of roughly 250 hectares of a total of 1.000 hectares.[144] Furthermore, the rubber cultivation at Kerasaän and Bah Bajoe was expanded to a total of 500 hectares, with the same amount of Robusta coffee as catch crop.[145] Because the Syndicate now owned three plantations near Pematang Siantar, the Board decided to open its first office in the city (map 2a). The administrators of the different plantations were now subordinate to a head-administrator, M.J. Salm, who arrived in March 1913.[146]

The three plantations slowly expanded and the harvests brought in small amounts of profit, which were reinvested in the company. In 1916, Kerasaän and Bah Bajoe had a combined total of 1.343 hectares planted with Hevea rubber and Robusta catch crop, while Bah Biroeng Oeloe had 645 hectares of tea. More importantly, the Board of Commissioners had agreed in 1914 to build factories so that raw products could be processed.[147] These factories were completed in 1916, and greatly expanded the output and value of these plantations.[148]

In September 1916 the Syndicate opened its first plantation on one of their concessions in South Sumatra. Padang Karit was a Robusta coffee plantation, located in the Pagar Alam district in the residency Palembang (map 2c). The administration was assigned to J.C.F. Knapp, who began with the construction of a hospital, a factory, 40 kilometres of main road and a bridge.[149] Lastly, Salm had resigned as head administrator of East Sumatra, and handed over his position to B.F. Cambier.[150]

As mentioned in chapter 1, the year 1917 brought about significant changes for the Syndicate. When the N.H.M. decided to buy all the shares of the company, the commissioners of the Rothschilds group and the Royal Dutch Shell all resigned. This meant that the decision-making process developed smoother than before.[151] This resulted in the opening of three plantations in 1917. First, between the plantations of Kerasaän and Bah Bajoe, a new Robusta/Hevea plantation was opened, called Bandar Siantar. The Syndicate now owned three neighbouring plantations near the city of Pematang Siantar. Secondly, the tea plantation of Bah

[143] NL-HaNA, 2.20.01, inv.nr. 11785, 1912.
[144] NL-HaNA, 2.20.01, inv.nr. 11730, 1912; NL-HaNA, 2.20.01, inv.nr. 11735, 27 September 1912.
[145] NL-HaNA, 2.20.01, inv.nr. 11730, 1912.
[146] NL-HaNA, 2.20.01, inv.nr. 11929, 1912.
[147] NL-HaNA, 2.20.01, inv.nr. 11730, 1914.
[148] NL-HaNA, 2.20.01, inv.nr. 11730, 1916.
[149] NL-HaNA, 2.20.01, inv.nr. 11730, 1916.
[150] NL-HaNA, 2.20.01, inv.nr. 11735, 30 March 1916.
[151] NL-HaNA, 2.20.01, inv.nr. 11736, 18 July 1917.

Biroeng Oeloe also gained a neighbouring tea plantation called Penang Ratoes. Lastly, a third tea plantation, Permanangan, was opened in November 1917.[152]

1918 was the year when the plantations of the Syndicate were really growing in size and number. The three coffee and rubber plantations on the East coast of Sumatra held 1.600 hectares planted with rubber and 1.500 hectares with coffee (table 1a). Furthermore, the coffee factory at Kerasaän expanded, and the rubber factory at Bah Bajoe was finally finished. The three tea plantations had a combined area of 1.375 hectares planted, while the new head administrator, Cambier, had decided that rice had to be planted between the tea plants to feed the workforce.[153]

In the province of Bencoolen in South Sumatra, three new plantations were opened in 1918. A Robusta coffee plantation, Pematang Danau, was opened on a concession with the same name. Directly neighbouring this plantation, a small cinchona plantation, called Boekit Kaba was opened. Here, a beginning was made for a nursery garden and a factory. A new Robusta coffee plantation was opened on the concession of Aer Simpang, accompanied by the immediate construction of a main road, a bridge, and a factory. A fourth plantation was opened in the province of Palembang. Aer Temam, a Hevea rubber plantation, was opened on a concession with the same name, located in the district of Moeara Bliti. Because of its central position between all other plantations, a hospital was built to serve the local workforce and their families.[154] Lastly, because the provinces of Palembang and Bencoolen now had a total of seven plantations spread over a vast amount of land, the Board decided to open a second office in Palembang. The same construction was used as in East Sumatra, with all different administrators now being subordinate to a head administrator.[155] For the East coast of Sumatra, this was Cambier, successor of Salm. Jhr. A.J.B. van Suchtelen van de Haaremedio was named head administrator of South Sumatra.[156] These head administrators were subordinated to the second, newly appointed director, M.J. Salm.[157]

In 1919, several experimentations took place. The Syndicate's first palm oil plantation was opened on the concession of Taba Pingin. It was the section plantation in the district of Moeara Bliti. Furthermore, at the tea plantation of Bah Biroeng Oeloe, a factory for the withering of tea was finished. This resulted in even faster processing of the cultivated tea. At

[152] NL-HaNA, 2.20.01, inv.nr. 11730, 1917.
[153] NL-HaNA, 2.20.01, inv.nr. 11730, 1918.
[154] NL-HaNA, 2.20.01, inv.nr. 11730, 1918.
[155] NL-HaNA, 2.20.01, inv.nr. 11736, 11 December 1918.
[156] NL-HaNA, 2.20.01, inv.nr. 11736, 3 December 1919.
[157] NL-HaNA, 2.20.01, inv.nr. 11736, 16 December 1918; NL-HaNA, 2.20.01, inv.nr. 11932, 1918.

the tea plantation of Penang Ratoes, a nursery garden was built to test out new sorts of tea. At Bandar Siantar, a new form of draining was tested out. Lastly, on the concession near Aer Maoeng, the first cattle breeding farm of the region was completed.[158]

Bah Aliran was the third purchased plantation by the Syndicate. The tea plantation, located near Bah Biroeng Oeloe, already had a factory for the processing of tea and 200 hectares planted with tea in 1920. Its administrator, N.W. van der Voogt, decided to improve the factory, and to drastically expand the amount of planted hectares. The Syndicate now owned a total of fourteen plantations, spread out over three different provinces. The amount of hectares planted totalled by then: 2.200 hectares of Hevea rubber, 3.350 hectares of Robusta and Liberia coffee, 2.300 hectares of tea, and 300 hectares of palm oil (table 1a).[159]

Financially however, the company was struggling and results were not as desired. The Syndicate had made a loss of over ƒ600.000,- in 1920 alone and the total loan of the N.H.M. totalled nearly ƒ15.000.000,- (figure 3).[160] As a result, Salm had resigned as second director. The Board ordered Marinus to travel to the East Indies to report on the state of affairs on Sumatra. [161] Half a year later, Marinus had fired the head administrator of the office in East Sumatra, as well as some of the administrators. Furthermore, as temporary head administrator of East Sumatra, he argued that the plantations Kerasaän and Permanangan should expand.[162] The head administrator of South Sumatra argued otherwise. He stated that Taba Pingin and Aer Maoeng needed to be sold, that the company's accountancy needed modernisation, and that further cultivation was not necessary.[163]

The director of the N.H.M. and commissioner for the Syndicate, van Aalst, decided to go with the advice from Van Suchtelen. Van Aalst stated that heavy cuts were needed for 1921. The cattle farm Aer Maoeng was abandoned and the grounds given back to the Dutch East India Government. The plantation of Bandar Siantar was split up and divided over Kerasaän and Bah Bajoe. This resulted in a faster development of the lands of Bandar Siantar. The accountants in the Dutch East Indies were fired. Instead, the accountancy system was adopted from the N.H.M.. Two accountants of the N.H.M. were sent to the Dutch East Indies, who reported to a head-accountant in the Netherlands. The accounts were now double checked, and the yearly

[158] NL-HaNA, 2.20.01, inv.nr. 11730, 1919; NL-HaNA, 2.20.01, inv.nr. 11736, 12 February 1919.
[159] NL-HaNA, 2.20.01, inv.nr. 11730, 1920.
[160] NL-HaNA, 2.20.01, inv.nr. 11730, 1920.
[161] NL-HaNA, 2.20.01, inv.nr. 11736, 1 December 1920; NL-HaNA, 2.20.01, inv.nr. 11932, 1920.
[162] NL-HaNA, 2.20.01, inv.nr. 11735, 20 June 1921.
[163] NL-HaNA, 2.20.01, inv.nr. 11818, 27 June 1921.

reports were delivered in a timely fashion. Expansion of new plantations and construction of new factories was halted. Taba Pingin, however, was not sold.[164]

Notwithstanding these changes, between 1921 and 1925, the tea factory at Permanangan, the coffee factories at Pematang Danau and Aer Simpang, and the kina factory at Boekit Kaba were finished. The already existing plantations gradually expanded their cultivated areas (figure 1), although no new plantations were created. This package of changes increased the value and output of the plantations, and minimalized the losses made by the company (figures 2 and 3).[165]

In 1926, president-commissioner van Aalst proposed to the Board to sell all the rubber plantations. The main reason behind this advice was the fact that in 1926 several quality inspections were issued for the production of rubber. This had to stimulate and improve the export quality of rubber in the Archipelago. As a result, the processing facilities near the plantations had to be improved to meet these inspections.[166] Van Aalst argued that this investment was too expensive for the company and for that reason the only reasonable decision was to sell these plantations. The Board agreed and gave Marinus permission to sell these plantations.[167] Two offers by English companies were declined.[168] The plantations Kerasaän, Bah Bajoe, and Aer Temam were eventually sold to the *Societé Internationale de Plantations et de Finance*, a Belgian company with the same purpose as the Syndicate.[169] The plantations were sold with a profit of nearly *ƒ*900.000,-. Since these plantations also produced coffee (table 1b), the company also lost the largest part of its coffee production.

From 1927 onwards, the Supervisory Board was replaced by a Board of Directors. This also had consequences for the positions on Sumatra. The positions of director and head administrators were removed. The company was from then on represented by an agent from Medan. This person, M.J. Herbschleb, had to enact the decisions made by the Board. In contrast to the former position of Director, he did not have authority to make decisions of his own.[170] The existing the plantations came under control of inspector. J.C. Groenenberg, who was responsible for further development of all of the company's plantations, he was also responsible for doing research for the development of better pesticides and tea species.[171]

[164] NL-HaNA, 2.20.01, inv.nr. 11736, 25 November 1921; NL-HaNA, 2.20.01, inv.nr. 11960, 1921.
[165] NL-HaNA, 2.20.01, inv.nr. 11960, 1921-1926.
[166] van der Eng, *Agricultural Growth in Indonesia*, 238.
[167] NL-HaNA, 2.20.01, inv.nr. 11736, 30 August 1926.
[168] NL-HaNA, 2.20.01, inv.nr. 11918; NL-HaNA, 2.20.01, inv.nr. 11919.
[169] NL-HaNA, 2.20.01, inv.nr. 5955, nr. 73; de Graaf, *Voor Handel en Maatschappij*, appendix 3, 52.
[170] NL-HaNA, 2.20.01, inv.nr. 11726, 1926, art 12 and 16.
[171] NL-HaNA, 2.20.01, inv.nr. 11744, 23 June 1927.

It was Groenenberg who convinced the Board of the Syndicate to shift attention from the cultivation of coffee to further development of its tea and palm oil plantations.[172] A new tea plantation was opened on one of the company's concessions on the east coast of Sumatra near the city of Pematang Siantar, called Hilang Oeloe. Immediately the construction of a factory began, as well as a nursery for research purposes. In the same year, the factory at the palm oil plantation of Taba Pingin was finished.[173]

The cultivated acres of tea gradually expanded and in 1930 another new tea plantation was opened. Bah Boetong neighboured the earlier plantation of Hilang Oeloe, and was also developed on a concession owned by the Syndicate. Because of Groenenberg's dedication, it became the fastest developed plantation of the company, with over 1.000 hectares cultivated and a factory built within the first year of its existence. Meanwhile, in the same period, the cultivated hectares of palm oil at Taba Pingin were doubled, while the coffee cultivation slowly decreased (figure 1).[174]

In May 1930, a restriction was put on the cultivation of tea by the Dutch East India Government.[175] Therefore, Groenenberg decided that further expansion of the tea plantations was not necessary (figure 1). Instead, to reduce administrative costs, he argued that the merging of the already existing tea plantations was the most wise decision. This led to the merging of the plantations Bah Aliran and Bah Biroeng Oeloe in 1932, leaving the latter with a total of 1.600 hectares. In the same year, the newest plantations Hilang Oeloe and Bah Boetong, continued under the name of Bah Boetong. This plantation now had a cultivated area of over 2.100 hectares of tea and the most modern factory of the Syndicate. In 1935 the grounds of Penang Ratoes were added to Permanangan, totalling 1.915 hectares.[176]

On the plantations in South Sumatra not much changed over the course of the years. By 1935, the cinchona plantation of Boekit Kaba had been expanded and the factory was modernised. Further expansion of this plantation was not allowed because of the cinchona ordonnance of 1934, which set a maximum of 335 planted hectares per plantation.[177] The palm oil plantation of Taba Pingin also expanded and its factory modernised. In order to improve transportation, 44 kilometres of railroad track were laid. The Board decided that preparations had to be made to abandon cultivation on the coffee plantations of Pematang Danau and Aer

[172] NL-HaNA, 2.20.01, inv.nr. 11744, 26 September 1927.
[173] NL-HaNA, 2.20.01, inv.nr. 11960, 1927.
[174] NL-HaNA, 2.20.01, inv.nr. 11732, 1930; NL-HaNA, 2.20.01, inv.nr. 11744, 26 August 1930.
[175] NL-HaNA, 2.20.01, inv.nr. 11732, 1930.
[176] NL-HaNA, 2.20.01, inv.nr. 11732, 1930-1933; NL-HaNA, 2.20.01, inv.nr. 11733, 1934-1935.
[177] NL-HaNA, 2.20.01, inv.nr. 11733, 1934-1935.

Simpang because of disappointing results. The latter was eventually abandoned and the grounds given back to the Dutch East India Government in 1937.[178]

by the end of 1938, the Syndicate owned seven plantations in four different commodities. In East Sumatra the administration of the company maintained three tea plantations, each with their own factory for processing, and with a total amount of 5.629 hectares cultivated (map 2a).[179] The administration in South Sumatra had four plantations under its control. Two of these were located in the province of Palembang. These were the oil plantation of Taba Pingin in the district of Moeara Bliti and the coffee plantation Padang Karit in Pagar-Alam. The other two were located in the province of Bencoolen, a cinchona plantation Boekit Kaba and a another coffee plantation Pematang Danau (map 2b&c). Again, all plantations had their own factories for processing. The amount of hectares planted with coffee totalled 1.060, the amount of cinchona was 352 ha, and the amount of palm oil was 1.698 hectares.[180]

Obtaining, developing and selling concessions

The lack of capital, the maximum size of the concessions, and the *bebouwingsclausule* forced a review of Stoof's petitions. This review was meant to minimize costs were minimalized and only the best plots of land were requested. In the beginning of 1912, Stoof stated that he found it difficult to work together with van Steyn because their opinions often differed.[181] Stoof would rather work alone. The Board disagreed and fired Stoof. So it was van Steyn that became responsible for the review and the new petitions for concessions.[182]

The first concession was received by mid-1912 and turned into the tea plantation Bah Biroeng Oeloe. The other concessions, were not as easily conceded as expected. The process of requesting a plot of land became very time consuming. Van Steyn first had to decide whether or not a plot was suitable for cultivation. He then had to petition for the plot at the Dutch East India Government. When granted, the Syndicate received a 'provisional' concession. This meant that boundary posts had to be placed, a map of the plot had to be drawn up, including details such as the living area for workers and accessibilities (roads mostly).[183]

[178] NL-HaNA, 2.20.01, inv.nr. 11732, 1930-1933; NL-HaNA, 2.20.01, inv.nr. 11733, 1934 -1937.
[179] NL-HaNA, 2.20.01, inv.nr. 11733, 1938.
[180] NL-HaNA, 2.20.01, inv.nr. 11733, 1938.
[181] NL-HaNA, 2.20.01, inv.nr. 11901.
[182] NL-HaNA, 2.20.01, inv.nr. 11735, 2 February 1912.
[183] Lekkerkerker, *Concessies en erfpachten,* appendix II, 194.

By the end of 1913, van Steyn had received eight provisional requests in the residencies of Bencoolen and Palembang, with a combined total of 40.000 bouws.[184] The Board, although pleased with his work, decided not to renew his contract in 1914.[185] Colijn, in a personal letter, asked him to return to the Netherlands and to hand over his work to Salm, who was then head administrator of the company in the Archipelago.[186] Salm decided that it was best that he hired agents to check if plots were deemed suitable for cultivation. If he thought a concession was suitable, he filed a request with the Government, whilst instructing the agent to start with mapping and defining boundaries. Thörig would then visit to check on the proceedings and make amends if necessary.[187]

Salm's new system worked out and by the end of 1915, nineteen provisional requests in the residencies of Bencoolen and Palembang, with a combined total of 43.000 hectares, were nearly completed. In 1916, nine of these nineteen provisional requests were fully mapped and marked out by the agents and were granted as concessions by the colonial government. Four of these, with a combined total of 10.700 hectares , were located in Bencoolen (map 3b). The other five had a combined total of roughly 7.150 hectares and were located in Palembang (map 3c). The grounds were suitable for the cultivation of tea, coffee, rubber, and coconuts.[188]

In 1917, eight out of the remaining eleven concessions were granted; another four in Bencoolen with a total of a little over 7.150 hectares, and another four in Palembang with a total of 10.000 hectares. By the end of 1917, the Syndicate owned seventeen concessions, accumulating almost 35.000 hectares, suitable for different kinds of products.[189] In the same year, one month after the N.H.M. bought all the shares of the company, Salm made a proposition to the Board. In exchange for another *f*750.000,- in shares, the Syndicate should take over seven concessions from the N.H.M. in the regency of Simalungun, located in the residency of East Sumatra (map 3a). This would not only expand the share capital of the company, but also place the Syndicate at the service of the N.H.M.[190] Within two years, the Syndicate owned 24 concessions in three different residencies with a combined total of 47.418 hectares on Sumatra. On two of these, plantations were immediately opened.

The last concession was granted in 1918. After that, the Board decided to stop applying for concessions on Sumatra, and instead focused on the development of their attained assets.

[184] NL-HaNA, 2.20.01, inv.nr. 11730, 1913.
[185] NL-HaNA, 2.20.01, inv.nr. 11735, 11 February 1914.
[186] NL-HaNA, 2.20.01, inv.nr. 11930.
[187] NL-HaNA, 2.20.01, inv.nr. 11912.
[188] NL-HaNA, 2.20.01, inv.nr. 11730, 1916.
[189] NL-HaNA, 2.20.01, inv.nr. 11730, 1917.
[190] NL-HaNA, 2.20.01, inv.nr. 11735, 17 November 1917; NL-HaNA, 2.20.01, inv.nr. 11913.

The concessions that had been provisionally remained in the portfolio. Four plantations were opened on the concessions in Bencoolen and Palembang in that same year, and the other concessions were prepared for the same goal. These preparations included deforestation, controlled burning of parts of the forest to ensure good crop growth, the construction and maintenance of simple drainages, as well as the construction of roads, bridges and small buildings.[191] In the same year, commissioner van Aalst thought it would be wise to move onto the island of Celebes, "which is to be considered to be of great national importance."[192] The Board agreed, and decided to send an agent to the Celebes to look for suitable grounds for the exploitation of coconuts and copra.

From 1919 to the beginning of 1921, not much happened concerning the concessions. In 1919, two concessions were turned into plantations and the others were further developed. In 1921, the last provisional concessions were finished. Six new concessions were granted in the residency of East Sumatra. Two of these were located in the regency of Simalungun, the third in the regency just south of Simalungun, called Tapanuli. The other three were located in the regency to the west of Simalungun, called Asahan.[193] The Syndicate now detained roughly 50.000 hectares of concessions. This, however, would be the maximum of concessions the Syndicate would ever own.

During a meeting between the commissioners of the Board and director Marinus in 1923, it was commissioner Vester who stated that the results of the company were disappointing (figure 3). He argued that it was in the company's best interest to stop petitions for new concessions and rationalize the concessions already granted. The ones that were deemed unusable needed to be sold. If that was not possible, they were to be given back to the government. This also meant that applications for concessions on Celebes were dropped.[194] In the same month, two concessions in Palembang were given back to the government for a compensation of *f*4,89 per hectare, a price that was far lower than its market value.[195]

In August 1924, the other five concessions Palembang were returned to the government, finishing the company's investment in that residency. The Syndicate had invested heavily in these concessions, but still did not demand compensation from the government. Even though the concessions were fully ready to be turned into plantations, the Syndicate's representative in

[191] NL-HaNA, 2.20.01, inv.nr. 11730, 1918; NL-HaNA, 2.20.01, inv.nr. 11912.
[192] "wat van groot nationaal belang wordt geacht." In: NL-HaNA, 2.20.01, inv.nr. 11736, 16 February 1918.
[193] NL-HaNA, 2.20.01, inv.nr. 11960, 1921.
[194] NL-HaNA, 2.20.01, inv.nr. 11736, 15 November 1923.
[195] NL-HaNA, 2.20.01, inv.nr. 11960, 1923; NL-HaNA, 2.20.01, inv.nr. 11916, 1923.

Palembang was unable to sell them for a market price.[196] Meanwhile, the Board had ordered the head administrator in East Sumatra to start negotiations with the Handels Vereeniging Amsterdam (H.V.A.) for the sale of five concessions in Simalungun (map 3a).[197]

This deal was completed a year later. The five concessions totalled a little over 10.000 hectares. The value per hectare was estimated at ƒ92,30, but the H.V.A. offered the Syndicate ƒ172,83 per hectare. This resulted in a profit of ƒ808.275,49 for the company. After almost fifteen years, the company had successfully sold some of its concessions.[198]

After the deal with the H.V.A., the company only successfully sold plots of land twice. The first time in 1928, when the Syndicate sold 272 hectares in the regency of Asahan to the Dutch East India Government. The profit totalled ƒ16.249,37.[199] The second time, precisely one year later the concession of Tapanuli was sold, instead of returned, to the Government. Although suitable for exploitation, its remote location made it unattractive for the company to open a plantation on this concession. The total amount of 2.821 hectares was sold with a profit of ƒ94.815,33.[200]

By 1929, the Syndicate only had 17.000 hectares of concessions left, meaning that it had 66% less compared to 1921 when it totalled 50.000 hectares. Of these, only 13.000 hectares, or 40%, was sold with a profit. The other 60% was simply given back to the government. The management of the company deemed that the concessions that they still owned were the most valuable. They were right, but their representatives were unable to sell the ten plots of land the Syndicate still had left.

In January of 1930 the three concessions in the regency of Asahan were given back to the government.[201] The agent also failed to sell four concessions with a total area of 4.000 hectares in the residency of Bencoolen, and these were also given back to the government.[202] The last two concessions in Bencoolen, in the hands of the company since 1917, were given back to the government in 1934 “since exploitation of the grounds in the near future is ruled out”.[203] After that date, the Syndicate only owned one last concession, located near the plantation Bah Boetong in the residency of East Sumatra. As it was described in the yearly report, the situation of “trying to sell the remaining concessions” had now changed to: “an

[196] NL-HaNA, 2.20.01, inv.nr. 11960, 1924; NL-HaNA, 2.20.01, inv.nr. 11916, 1924.
[197] NL-HaNA, 2.20.01, inv.nr. 11736, 15 August 1924; NL-HaNA, 2.20.01, inv.nr. 11917, 1924
[198] NL-HaNA, 2.20.01, inv.nr. 11960, 1925; NL-HaNA, 2.20.01, inv.nr. 11917, 1925.
[199] NL-HaNA, 2.20.01, inv.nr. 11732, 1928.
[200] NL-HaNA, 2.20.01, inv.nr. 11732, 1929; NL-HaNA, 2.20.01, inv.nr. 11744, 1 July 1929.
[201] NL-HaNA, 2.20.01, inv.nr. 11732, 1931; NL-HaNA, 2.20.01, inv.nr. 11744, 14 January 1930.
[202] NL-HaNA, 2.20.01, inv.nr. 11732, 1932.
[203] NL-HaNA, 2.20.01, inv.nr. 11733, 1934.

attempt is made to return the concession still in our possession […] to the government, as it has become apparent that it has no value for us."[204] The government refused to take back the concession, since it was unsuitable for a plantation because it was too small, and too large to be used a public space. The problem was only solved when in 1937, after one part of the concession was added to the nearby plantation, whilst the rest was used to build a village for the workers on the plantation.[205]

The financial participation in other companies that envisaged the same goal

During the first years, the Syndicate received multiple offers from other companies to buy unexploited plots of land and received invitations to partake in new companies. Almost all of these offers and invitations were declined, not only because these invitations were often unattractive because of climate or location, but mainly due to the fact that they collided with the original goal of the Syndicate, namely the exploitation of land received from the Government, or at least to reserve the available resources as much as possible for that purpose.[206] There were some exceptions to this, and these have already been discussed in this chapter. First, the acquisition of the two plantations Kerasaän and Bah Bajoe from the Si-Antar Sumatra Rubber Company in 1911. Second, the purchase of the tea plantation Bah Aliran in 1919. Lastly, the acquisition of small plots of land bordering the plantation of Pematang Danau, also in 1919. There were, however, some other instances when the Syndicate participated in different kinds of organizations. This differed from participation in other companies, the development and testing of new patents, participation in hospital associations, and participation in institutions that aimed at the overall improvement of trade in different types of raw materials in specific regions of the Archipelago. The next part of this chapter will discuss these four different groups in greater detail.

The first financial participation of the Syndicate was a share in the founding of the General Dutch East India Tea Culture Society (N.V. Algemeene Nederlandsch-Indische Thee-Cultuur Maatschappij). This company was founded on 6 March 1911, with a share capital of *ƒ*2.500.000,-.[207] The goal of the company was to promote the tea culture in the whole Archipelago, and it started with the purchase of a tea plantation in the Preanger region on West

[204] "Gepoogd wordt de eveneens nog in ons bezit zijnde concessie […] aan het Gouvernement terug te geven, aangezien gebleken is, dat deze voor ons van geen waarde is." In: NL-HaNA, 2.20.01, inv.nr. 11733, 1936.
[205] NL-HaNA, 2.20.01, inv.nr. 11733, 1937.
[206] The list of propositions and offers is to extensive to discuss in greater detail. Furthermore, discussing these would diverge to far from the purpose of this paper.
[207] De Telegraaf 05-07-1912, 9, Delpher, De Telegraaf 05-07-1912.

Java.[208] H.J. Stoof, the Syndicate's representative in the Dutch East Indies, advised the Board to participate in the Tea Culture Society. He argued, that once the Syndicate's new tea plantations were up and running, they could eventually be sold to this company. The Board agreed, and invested ƒ90.000,- in the Tea Culture Society in 1911.[209] However, the deal fell through. While the tea plantations of the Syndicate kept expanding and kept showing good progress, the Tea Culture Society did develop much.[210] Continuous draught and diseases on its plantations stopped company to gain any profits, let alone expand its business. In 1924, the debt of the company was as high as 75% of its share capital, and it went into liquidation.[211] The Syndicate had already sold its shares in 1919 with a loss of ƒ10.000,-.[212]

The second financial participation of the Syndicate dates to 1912. The Society for Fibre Industry was founded in July 1912. Its goal was to develop a new process for the cultivation of fibres. This also included the development and testing of a new machine for the processing of these fibres.[213] The enterprise was led by G.M.E. Pos, an inventor from Haarlem. He contacted the Syndicate's director J.H. Marinus and president commissioner J.B. van Heutsz to propose a partnership. Both of them agreed to buy the last ƒ10.000,- worth of shares out of a share capital of ƒ80.000,-.[214] This agreement excluded the consent of the other commissioners of the Syndicate. This resulted in negligence from the commissioners, especially van Aalst, when the plans of the company were discussed during meetings.[215] The Society for Fiber was short lived as many mistakes were made from the beginning. Shortly after the founding meeting, Pos was send to the Archipelago to search for decent grounds for the cultivation of fibres. As a result, he ordered another company to build the machine he invented. When the machine was finished, the Board of the Society immediately send it to Sumatra without proper testing. Meanwhile, Pos had not found suitable grounds in the Archipelago and the Board had ordered him to purchase grounds that were not fertile enough. This resulted in bad harvests two years later. When it turned out the machine did not work properly either, the company filed for liquidation.[216]

The last participation of the Syndicate in other companies was the creation of the International Plantation Syndicate (Het Internationaal Plantage Syndicaat), after a keen

[208] NL-HaNA, 2.20.01, inv.nr. 11871, 1911.
[209] NL-HaNA, 2.20.01, inv.nr. 11735, 20 March 1911.
[210] NL-HaNA, 2.20.01, inv.nr. 11871, 1916.
[211] NL-HaNA, 2.20.01, inv.nr. 11871, 1924; De Telegraaf 20-06-1924, 10, Delpher, 20-06-1924.
[212] NL-HaNA, 2.20.01, inv.nr. 11730, 1919.
[213] NL-HaNA, 2.20.01, inv.nr. 11872.
[214] NL-HaNA, 2.20.01, inv.nr. 11730, 1912.
[215] NL-HaNA, 2.20.01, inv.nr. 11735, 17 September 1912.
[216] NL-HaNA, 2.20.01, inv.nr. 11872, 1918.

suggestion by Marinus in November 1927.[217] This new Syndicate had the exact same goals and articles of association as the Dutch East India Land Syndicate. It was Marinus' idea to put all the plantations in the residencies of Palembang and Bencoolen (map 2b &2c), as well as the local hospital, its administration, and concessions under the control of the new Syndicate. As a compensation, the Dutch East India Land Syndicate would receive 25% of the shares in the new Syndicate, while the rest would be paid "in cash". As a result, the debt the Syndicate to the N.H.M. would decrease. The other partners were foreign companies, located in Berlin, New York, Basel, and Brussels. As a result, Marinus stated: "[…] the Dutch East India Land Syndicate and the N.H.M. would remain in control and enjoy the side benefits, while spreading out the financial risks."[218] The proposal for this new syndicate were rejected, though. Firstly, the influence of foreign investors was the exact opposite of the goal of Syndicate. Secondly, the fact that risks were spread out instead of reduced, resulted in two financially weaker companies instead of one with a stronger financial position, according to the Management Board. Lastly, and probably the most understandable reason, the Board argued that Marinus had come up with this plan to save his own investment by becoming director of a new, smaller company. During the meeting where this plan was discussed only Van Aalst, still director of the N.H.M., agreed with the proposal because the debt of the Syndicate would decrease. The other commissioners did not and the plan abandoned before it even started.[219]

Spillovers and Linkages

Apart from the intentional influence on local economy and society, the Syndicate provoked unintended change. Scholars investing economic development have used different theories to measure whether investments by foreign firms lead to economic development. One of these theories is the so-called 'spillover effect' according to which foreign firms entering into a local economy showcase new technologies to local firms or entrepreneurs. It must be noted that this effect can only occur when foreign firms share in the gains of increased productivity that result from this technological transfer. The term 'spillover' must be used with caution, since it is hard to measure how different parties benefited from technological diffusion. This measurement is even more difficult when diffusion is involuntary. When studying the Dutch East Indies as a whole, it is difficult to find solid evidence that spillover effects were significant in the 19th and

[217] NL-HaNA, 2.20.01, inv.nr. 11920.
[218] "opdat het N.I. Landsyndicaat en de N.H.M. daardoor de hoofdleiding kunnen hebben en de neven-voordeelen genieten, zoodat financiële risico's zeer verdeeld worden" in: NL-HaNA, 2.20.01, inv.nr. 11920.
[219] NL-HaNA, 2.20.01, inv.nr. 11744, 27 November 1927.

early 20th centuries. However, the spillover effect of a foreign company on a local, smaller society might have had a significant impact.

In the case of the Syndicate, two voluntary cases of spillover are apparent. In 1916 a thorough inspection was ordered by the Government of the Dutch East Indies on the medical treatment of workers and the organisation of hospitals in the regency of Bencoolen. The results were appalling, according to the inspectors. Coolies were exposed to numerous illnesses like cholera and stomach diseases. This was, according to the inspector, mainly caused by the poor provisioning of foodstuffs, especially rice. The rice that was imported for the coolies was mouldy, shrivelled and moisty. The coolies themselves had no time to grow their own rice because there was neither suitable ground nor suitable time to do so.[220]

Two years later, in 1918, the Syndicate received a warning by the Public Health Authority for the Dutch East Indies. The company had not taken the necessary steps to improve the medical situation and living conditions of the workers by neglecting to provide for food supply. Since importing rice had proven too costly because of high transportation costs to the remote plantations, the administrator of one of the plantations decided to cultivate foodstuffs (rice, corn and potatoes) on parts of the estate that was not being used or deemed unsuitable for the production of tea.[221] He ordered the coolies to care for their own crops, while the Syndicate would then pay for the seeds and tools. The administrators taught the head planters how to dig trenches and the best techniques for the planting and the nurturing of these plants. These head planters then passed this information to the coolies working on the plantations. This plan was implemented within two years in all the plantations owned by the Syndicate. The plantations that did not have enough space were supplied by the others in the area. Both parties benefitted from this plan. It was cheaper for the Syndicate to supply the coolies with the necessary equipment rather than to import the expensive rice from other places. The medical situation of the coolies improved in a very short period of time.[222] Furthermore, and in the long run, the coolies were able to profit from the acquired knowledge and in a few years they were able to produce a surplus of foodstuffs that was sold to plantations in the area.[223]

The second case of voluntary diffusion of technology can be found on a couple of tea plantations owned by the Syndicate. Once again, it was the administrator of the Bah Biroeng Oeloe plantation who came up with the idea of devoting a small area for testing new methods of planting, nurturing and harvesting tea. The Syndicate would supply the coolies with the tools,

[220] NL-HaNA, 2.20.01, inv.nr. 11931, 5-6.
[221] NL-HaNA, 2.20.01, inv.nr. 11730, 1918.
[222] NL-HaNA, 2.20.01, inv.nr. 11730, 1920; NL-HaNA, 2.20.01, inv.nr. 11736, 18 January 1920.
[223] NL-HaNA, 2.20.01, inv.nr. 11736, 19 February 1921.

while the administrator would discuss the new methods with the head planter. The tea produced in these areas was then purchased by the Syndicate from the coolies at a fair price. The idea was implemented in Bah Biroeng Oeloe, Penang Ratoes and Aer Simpang and it became a success. In 1928 the total production of the so called 'coolie tea' amounted to nearly eight percent of the total production of tea. Its quality was slightly lower though, so it made up little over four percent of the yearly profit made on tea. When the tea restriction was implemented in 1930, the Syndicate stopped buying the tea from the coolies. The administrators did allow the coolies to produce and sell their own grown tea to other possible buyers, while still paying for the production costs and supplies.[224]

Note that these two cases of spillovers are both voluntary. During the enlargement and development of its plantations, the Syndicate willingly provided the coolies with the necessary knowledge and payed for the production costs. The same reasoning is far more complex when thinking of involuntary technological diffusion. There are cases on Borneo where ex-coolies and supervisors were selling their gained knowledge on the planting and tapping of rubber trees to other new planters.[225] However, the archive of the Syndicate does not provide anecdotal evidence of ex-coolies or indigenous supervisors using the gained knowledge as a source of income by selling it to other planters or competitors in the region.

Apart from spillovers, there is another theory by which the Syndicate could stimulate the local economy in which they operated. As Hirschman argued, through forward and backward linkages, a leading sector could stimulate investments and thus development in other sectors.[226] A forward linkage means that investment by a company leady to further investment by another company which uses the output of the former as its input. In the case of the Syndicate this did not happen. Almost all plantations had their own factories for processing. So the Syndicate processed its own cultivated coffee, rubber, tea, cinchona, and oil on the spot. As a result, the Syndicate did not stimulate the development of factories owned by other companies in the region. This corresponds to what has been argued by scholars of colonial Indonesia as they argue that export industries only created a few forward linkages, mainly in the processing of raw oil.[227]

Backward linkages did have a larger impact on the economy of the Dutch East Indies. A backward linkage is the result from a leading sector using the input of other local industries.

[224] NL-HaNA, 2.20.01, inv.nr. 11960, 1925-1927; NL-HaNA, 2.20.01, inv.nr. 11732, 1928-1935.
[225] Ochsendorf, *Foreign capital and indigenous economic development in Indonesia,* 8.
[226] Hirschman, *The Strategy of Economic Development*.
[227] Touwen, *Extremes in the Archipelago,* 33; Ochsendorf, *Foreign capital and indigenous economic development in Indonesia,* 8.

For instance, when a company needs food and housing for its labour force, these can be supplied locally or they can be imported. If the materials are imported, it nullifies the local growth effect. On the contrary, if these materials are produced locally, it creates a backward linkage. The Syndicate did try to buy as many materials locally as they could. To import all building materials proved to be too costly, since most of the plantations lay in remote areas. Heavy machinery and cars were shipped to the plantations by the N.H.M. Still, most materials were acquired in the region, mostly for the construction of factories. From 1928 onwards, the Syndicate started building houses for the labour force and bought the wood from the indigenous workers that were cultivating the surrounding concessions. The Syndicate also approached the Deli Railway Company to build railways to the plantations. As a result, the shipping process to the coast was made easier and faster.

Conclusion

This chapter has discussed the activities of the Syndicate as described in their main goals, namely: the creation, exploitation and management of plantations; obtaining and selling land concessions; and the financial participation in other companies that envisaged the same goal. During the first year of the Syndicate's presence in the Archipelago, agents had petitioned for a little over 500.000 hectares of concessions. However, it was not easy for the Syndicate to get those concessions. Local civil servants unwilling to cooperate, and thus every petition turned out to be a long, painstaking process of measuring and defining boundaries. In 1923 the Syndicate reached its peak as far as size is concerned. Throughout three different residencies, it owned 25 concessions with a total acreage of roughly 50.000 hectares, and 14 plantations on which 10.000 hectares were planted with rubber, tea, coffee, cinchona and palm oil (table 1). By 1936, the company had given back all their concessions to the government, and only owned seven plantations, with roughly 8.500 hectares planted.

The development and cultivation of the Syndicate's concessions and plantations in the residences of Sumatra's East coast, Bencoolen and Palembang follows the average economic development of the Outer Islands. After the First World War, the infrastructure saw a rapid development in the Outer Islands, and especially on Sumatra. This development resulted in easier access to concessions and thus the starting of new plantations. The amount of concessions granted to companies reached its peak in 1925, with roughly 3.000.000 hectares.[228] This period was followed by a period of stagnation. The amount of concessions stayed the same, but a

[228] *Statistisch jaaroverzicht van Nederlandsch-Indië over het jaar 1923* (Batavia 1924), 112.

growing amount of hectares were being planted with crops. During the crisis of the 1930s, many plots of land were returned to the government, especially on Sumatra.[229]

In conclusion, the activities and development of the Syndicate in the Archipelago tends to follow the administrative changes back in Netherlands. The company expanded rapidly after the Rothschild and the Royal Dutch/Shell Group had left the company in 1917, and consolidated its possessions after the N.H.M. had fully taken over roughly a decade later. Throughout these years, the Syndicate was able to stimulate local economic growth and help the indigenous population on a small scale via voluntary technological diffusion and backward linkages, whilst exploiting their labour potential.

[229] Taselaar, *De Nederlandse koloniale lobby*, 41.

Chapter 3: A combination of business and politics

There were some moments when the Board and Directors of the Syndicate tried to receive exemptions regarding specific legislation from the Minister of Colonies and the Dutch East India Government. At the same time, European personnel faced difficulties and even opposition by local civil servants responsible for the granting of concessions. In both cases, politics and economics seem to have mutually influenced the outcomes in the results of the Syndicate.

There is, yet, another case when politics stood in the way of the Syndicate, and especially of Colijn. He had become a member of the Dutch House of Representatives as the East Indies specialist for the Anti Revolutionary Party, and became director for the Syndicate a little over a year later. Some other politicians in the House of Representatives found this relationship between politics and business ethically reproachable. This chapter looks closely into these 'clashes' between politics and business in greater detail.

'Indische Jongens'

The founding entrepreneurs of the Syndicate consisted of six men: Marinus, Colijn, Deterding, Loudon, Cohen Stuart, and Van Aalst. Apart from Marinus, all men had known each other for a long time. The same is true for those men that joined the Supervisory Board at a later stage. Deterding and van Aalst had been working as agents for the N.H.M. in the Archipelago since 1888. Deterding started working for the Royal Dutch Petroleum Company in 1896 and became president in 1902. In the same year, van Aalst became director of the N.H.M. In 1913, van Aalst became president of the N.H.M. [230] He also became a supervisory director for the Royal Dutch in 1910.[231] Loudon had been working in the Dutch East Indies as Head of Administration for the Royal Dutch Petroleum Company since 1894, and became director of the company in 1902.[232] Cohen Stuart, who did not spend time in the Dutch East Indies, worked as a lawyer for the Royal Dutch and became director in 1906.[233]

By 1910, Colijn did not have experience in business or in politics. He served in the Royal Dutch East India Army for most of his life, and was responsible for the civil administration in some parts of Aceh. From 1904 onwards, his career gained momentum, both in business and in politics. In 1904 he became deputy to the Governor-General Van Heutsz. From 1907 to 1909 Colijn served as his personal secretary and advisor. In 1910, he became a

[230] H. Brugmans & N. Japikse, *Persoonlijkheden in het Koninkrijk der Nederlanden in woord en beeld: Nederlanders en hun werk* (Amsterdam 1938), 22-24; 348-349.
[231] Jonker & Luiten van Zanden, *Van nieuwkomer tot marktleider,* 289.
[232] Brugmans & Japikse, *Persoonlijkheden in het Koninkrijk der Nederlanden,* 949-950.
[233] Jonker & Luiten van Zanden, *Van nieuwkomer tot marktleider,* 90.

member of the House of Representatives for the Anti-Revolutionary Party and a year later he became Minister of War. By 1920, he had been managing director for the Batavian Petroleum Company for six years, a member of the Dutch Senate for six years, and had just become the party leader of the A.R.P. [234] During these years, the Board was joined by Van Heutsz (1911) and Idenburg (1917). As mentioned before, van Heutsz served as Governor-General of the Dutch East Indies until 1909, while his successor, Idenburg, served as Governor-General until 1916.

All the Syndicate's commissioners started their careers, or spent a long time in the Archipelago. Therefore, Werkman and van der Woude call the Board of the Syndicate a group of *Indische Jongens*.[235] As previously mentioned, some men resigned as commissioner and left this group being then replaced by Vester, who had become director of the N.H.M. in 1918 and who would succeed to van Aalst as president in 1934.[236] When the Supervisory Board changed to a Board of Directors (1927), all new members were directors of the N.H.M., namely; J. Bierens de Haan (1918-1933), J.C.A. Everwijn (1922-1929), D. Crena de Iongh (1925-1934), M. Taudin Chabot (1929-1946), A.A. Pauw (1930-1946), and C.J. baron Collet d'Escury (1934-1948).[237]

All these men were members of what Arjen Taselaar calls the 'core elite', a group of 143 men who formed the top of business and industry in the Dutch East Indies. Many of these men had multiple positions, such as director or commissioner, in different companies, and at the same time. Van Aalst was a commissioner for the K.P.M. as well as for the Royal Dutch Shell, while acting as director for the N.H.M.[238] According to Taselaar these elite formed a network which can be divided in thirteen different clusters, of which the N.H.M. was the most important. Other clusters are for instance, the mining, the oil production and the shipping sectors.[239] This resulted in a far-reaching cooperation between the largest companies in their respective sectors, alienating the need for the creation of business interest associations.[240]

The benefits of a business network

The presence of this business elite had some direct benefits for the Syndicate. First and foremost, the company was able to find European personnel easily for all the necessary

[234] Brugmans & Japikse, *Persoonlijkheden in het Koninkrijk der Nederlanden,* 313-314.
[235] Werkman & van der Woude, *Hendrikus Colijn,* 203.
[236] de Graaf, *Voor Handel en Maatschappij,* appendix 4, 64.
[237] Ibidem, 64-65. Note that the years in brackets are the years these men served as directors for the N.H.M.
[238] Taselaar, *De Nederlandse koloniale lobby,* 92-94.
[239] Ibidem, 96.
[240] Ibidem, 97

positions in a short amount of time. On a yearly basis, commissioner van Aalst provided the company with a large list of suitable applicants for positions such as head-administrator, secretary, and administrator. Almost all of these man were working or were former employees of the N.H.M..[241] Secondly, as demonstrated in chapter 1, commissioner Deterding was able to rapidly find suitable investors via the Royal Dutch Shell. Lastly, the Syndicate did not need to partake in business interest associations in the Archipelago, apart one small occasion.

The larger companies in the Dutch East Indies did not have to rely on trade associations because of their strong cooperation and network. These companies often solved labour conflicts by themselves, and exchanged technological systems when needed, especially in shipping and oil extraction. This was not the case, however, for the smaller companies that exploited and managed plantations. Although the export agriculture in the Archipelago did not need large operating systems, technological advances and scientific progress did become more important by the end of the nineteenth century. Therefore, plantation owners united in business associations. These associations represented the common labour and technological interests of the associated plantations. A good example is the establishment of local laboratories, in which, for instance, better planting techniques were tested. Furthermore, it provided these smaller companies with a stronger case against policies from the Dutch East India Government.[242]

Because of the strong geographical dispersion of plantations in the Archipelago, the business interest associations were organized for a longer period of time on a regional scale. In 1910, the General Association of Rubber Planters of the East Coast of Sumatra (Algemeene Vereeniging van Rubberplanters ter Oostkust van Sumatra, A.V.R.O.S.) was founded. Plantations in South Sumatra united themselves in the South-Sumatra Agriculture and Industry Association (Zuid-Sumatra Landbouw- en Nijverheidsvereniging). In 1900, the General Coffee Syndicate (Algemeen Koffiesyndicaat) was founded. This was reorganized in 1908, and recalled the Dutch East India Agriculture Syndicate (Nederlands-Indisch Landbouw Syndicate, N.I.L.S.).[243]

The main reason why the Syndicate was not a member of any of these business interest associations is because the commissioners wanted to resolve matters on their own grounds. It was common knowledge at the time that cooperation within the associations was difficult and led to and increasing amount of problems.[244] In the case of Sumatra, the laboratories worked within confined areas. Since the Syndicate's plantations were located all over the island they

[241] NL-HaNA, 2.20.01, inv.nr. 11929, 1912-1926.
[242] Taselaar, *De Nederlandse koloniale lobby*, 97.
[243] Ibidem, 99-100; Hoedt, *Indische bergcultuurondernemingen*, 29-33.
[244] Taselaar, *De Nederlandse koloniale lobby*, 101.

had been forced to become a member of different, smaller laboratory associations. This unpractical and inefficient solution isolated the Syndicate with the result that since all laboratories were essentially researching the same issues, keeping up with findings and improvements was almost impossible. This led to a serious fragmentation of the scientific labour force.[245] The Syndicate then decided a new approach. It ordered the construction of laboratories for the Syndicate alone. The N.H.M. was able to provide a suitable labour force and work resumed.

There was one occasion when the Board decided to become a member of a business interest association, upon the instalment of the Association for Tea Cultivation in the Dutch East Indies (Vereeniging voor de Thee-Cultuur in Nederlandsch-Indië). This association was based in Amsterdam and founded in 1918. The Board thought it would benefit the Syndicate as they had only then started tea production. However, in the years that followed, the company was unable to profit from the tea plantations, and, since the membership fee of the association was linked to the amount of hectares planted and thus relatively high, the Board decided to drop out.[246]

Lobbying for exemptions

Before the Syndicate was founded, Colijn thought he would be able to use the network he had built up during his years in the Archipelago and as a member of the Anti-Revolutionary Party to gain benefits for the Syndicate. Especially in the first years of the Syndicate's existence, Colijn, together with van Heutsz, tried to get exemptions from certain legislation. As mentioned in chapter 1, Colijn tried to get an exemption for the company on the ordonnance for leasehold, adopted in 1909.[247] At first, the Minister of Colonies de Waal Malefijt and Governor-General Idenburg promised they would grant Colijn this exemption. This was revoked by Idenburg a little over a year later, because the Council of the Indies had rejected the exemption.

Idenburg fell however short of modifying the leasehold ordonnance in a way as to benefit the Syndicate. If the total size of multiple petitions for concessions was equal to- or larger than 35.000 hectares, it was possible to receive the grounds in option for three years to find out whether or not the ground was suitable for exploitation. The company that received this privilege, got priority over others when petitioning for the leasehold. This reform of the ordonnance coincided closely with the founding of the Syndicate, and therefore it got the

[245] Hoedt, *Indische bergcultuurondernemingen,* 34.
[246] NL-HaNA, 2.20.01, inv.nr. 11953.
[247] Lekkerkerker, *Concessies en erfpachten,* appendix II.

attention of the Dutch press. The Java-Bode, an important newspaper in the Dutch East Indies, wrote in May 1911: "the licence for an exploration of this nature, which gives the holder, with priority over all others, the opportunity to acquire all the land situated within the complex on a long-term lease, can only be granted to capital-rich persons or companies […]."[248]

The Syndicate had received another exemption, still. To promote the economy of the Archipelago, the Dutch East India Government did not levy taxes on newly granted concessions for a certain amount of time. This used to be fifteen years, but was changed at the beginning of the 20th century to five years. However, because the Syndicate was applying for large plots of land, this legislation did not apply. Again, the Dutch press made a statement against this exemption. The Java-Bode wrote in February 1912 that: "[the] forthcoming attitude of mister Idenburg is not entirely correct, since it should have been the same for all."[249]

An article published in the Batavian Newspaper (Bataviaasch Nieuwsblad) of 17 January 1913 finally resulted in a reaction by the opposition in the Dutch House of Representatives and the Senate. It stated: "[Colijn and van Heutsz] have claimed the favours of senior officials, and indeed, by attitude and acting as chosen ones, they have moved more than one senior official to cooperate, in a way which others would not dare to hope for. That is the moral disadvantage of the land syndicate." and ended: "The colonial government should think carefully about the actions of the Dutch East India Land Syndicate."[250] However, no action was taken by the Dutch Government, and the Syndicate was allowed to continue its practises. But, when Colijn got involved with a similar situation eight years, the exceptional position of the Syndicate was again revisited.

Henri van Kol's pamphlet

The accusations made against Colijn are summarized in a pamphlet with the same title as the name of Syndicate, 'Het Nederlands-Indisch Land-Syndicaat'. It was written by Henri van Kol in 1921. Van Kol was one of the founders of the Social Democratic Labour Party (Sociaal-Democratische Arbeiderspartij), founded in 1894. He became a member of the House of

[248] "De vergunning tot eene exploratie van dien aard, welke den houder de gelegenheid biedt om desverlangd boven anderen alle binnen het complex gelegen gronden in erfpacht te verkrijgen, zal uit den aard der zaak slecht aan kapitaal-krachtige personen of lichamen kunnen worden verleend […]". in: van Kol, *Het Nederlandsch-Indisch Land-Syndicaat,* 13.
[249] "[de] tegemoetkomende houding van den heer Idenburg is niet geheel correct, omdat zij tegenover allen gelijkelijk had moeten worden betracht." In: Ibidem.
[250] "[Colijn en van Heutsz] hebben aanspraak gemaakt op de begunstiging der hooge ambtenaren en inderdaad door houding en optreden als uitverkorene meer dan een hoogen ambtenaar bewogen tot een medewerking, waarop andere niet zouden durven hopen"; "het optreden van het Nederlands-Indisch Landsyndicaat stemme de Indische regeering tot bedachtzaamheid." In: Bataviaasch Nieuwsblad, 17-01-1913. Bataviaasch Nieuwsblad, 17-01-1913

Representatives in 1897, when the party won its first two seats during the elections.[251] Failing to get re-elected in 1909, he joined the Senate in 1913, where he would remain until 1924.[252] Just as Colijn, van Kol became the East-Indies specialist for his party. He had been studying the Dutch East Indies for a long period of time, and was an investor and plantation owner.[253]

The main argument in the pamphlet is that Colijn, along with Van Heutsz and Idenburg, used their position as former elected officials to gain benefits for themselves or the companies for which they were working. In short, there was a conflict of interest between business and politics. He provides two examples to support his argument. The first is the way Colijn lobbied the Minister of Colonies and Governor-General for exemptions for the Syndicate. The second is the role he played in what would be known as 'the Jambi-scandal'.

Before it was named a scandal, it was known as the Jambi-case, which lasted from roughly 1903 to 1923. Jambi, a residence located north of Palembang (map 1) and known for its oil prospects, was opened for private exploitation in 1903, after it was deemed safe when the Aceh war and its aftermath had passed. Within two years, the Dutch East India Government received and overwhelming amount of petitions, it became impossible to make a selection. The Mining Law of 1899 determined that concessions should be provided on the grounds of "first come, first served", but the government suspected that there were many speculators among the applicants. Therefore, newly appointed Governor-General van Heutsz decided to close the area for private investors, and to conduct a research on the prospects. The results came in 1906 with the daunting result that more prospects were found, which made the area even more attractive to private investors. The Mining Law, however, determined that the Dutch State had priority over all others to exploit the area.[254] Because of this, the government had adopted a new clause in the Mining Law when Jambi was reopened for private exploitation in 1912. This clause added that, if crude oil was found, a concession was not automatically granted as a possible participation of the State had to be previously negotiated.[255]

The cabinet crisis of 1913 and the outbreak of the First World War overshadowed the importance of the Jambi-case and the area remained closed for private investors.[256] When the debates on the Jambi oil fields reopened in 1919, the Dutch East India Government had received 6.617 petitions. The original dissuasive intent of the 1912 clause apparently did not deter private

[251] J. Perry e.a., *Honderd jaar sociaal-democratie in Nederland 1894-1994* (Amsterdam 1994), 21-27.
[252] D.M.G. Koch, *Batig Slot, Figuren uit het oude Indië* (Amsterdam 1960), 87.
[253] A. van Velthuizen, *De Partij, over het politieke leven in de vroege S.D.A.P.* (Leiden 2015), 43.
[254] P. de Ruiter, *Het Mijnwezen in Nederlands Oost-Indië 1850-1950* (Utrecht 2016), 171-172.
[255] de Ruiter, *Het Mijnwezen in Nederlands Oost-Indië,* 173.
[256] F.C. Gerretson, *Geschiedenis der 'Koninklijke' vijfde deel* (Haarlem 1936), 175.

investors. Negotiating state participation in every individual case was bound to cost a significant amount of time and effort. For that reason, the government decided to set up a joint venture between a private company and the state. This company, already proposed by van Heutsz in 1906, was to be led by the state as main participant and was created as the Dutch East India Petroleum Company (Nederlandsch-Indische Aardolie Maatschappij, N.I.A.M.) in a joint venture with a private company. Petitioners for the concessions in Jambi were forced to offer part of their future earnings to the state to even be considered for the bid. The winner turned out to be the Royal Dutch Shell, which offered 50% of its future earnings to the State. A joint venture was set up between the newly founded N.I.A.M. and the B.P.M., the Royal Dutch's subsidiary company responsible for the exploitation of oil fields.[257]

A year before the decision on a joint venture, T.B. Pleyte had resigned as Minister of Colonies. His successor was Idenburg, and it was Colijn who took van Heutsz's plan for his consideration. Colijn, at that time managing director of the B.P.M. and leader of the Anti-Revolutionary Party, argued that the joint venture between the state and the B.P.M. would support and reinforce the 'Dutch' interest in the Royal Dutch Shell.[258] Idenburg agreed, and decided to work out van Heutsz's plan together with Colijn. A year later however, Idenburg had to resign because of health problems. Colijn was the forced to go to S. de Graaff, Idenburg's successor and Colijn's close friend. However, this turn, Colijn stressed the need to grant B.P.M. priority on all concessions in the whole Archipelago. De Graaf decided to accept Colijn's request and added this clause, under article 26, to the draft of the bill. [259]

The legislative proposal on the joint venture was discussed in April 1921. The text of the proposal was not made public, and therefore members of the House of Representatives were only able to briefly view the document. One member of the House and fellow party member of van Kol's, saw article 26 and confronted de Graaff. Article 26 was supposed to remain a secret, and so the only response de Graaff was able to manage is that the article was 'simply a mistake'. Despite this, the proposal was adopted by both the House of Representatives and the Senate.[260]

The adoption of the proposal had direct consequences for almost every party involved. Because de Graaff had tried to keep article 26 a secret, he became known as Simon the Liar. According to the Dutch press, the government had willingly and knowingly handed over power to the B.P.M. and the Royal Dutch and dubbed 'the Jambi-scandal' as a corruption affair. Furthermore, it resulted in a growing resentment among the people against the Royal Dutch. It

[257] de Ruiter, *Het Mijnwezen in Nederlands Oost-Indië,* 173.
[258] Gerretson, *Geschiedenis der 'Koninklijke', V,* 203.
[259] de Ruiter, *Het Mijnwezen in Nederlands Oost-Indië,* 173-174.
[260] Gerretson, *Geschiedenis der 'Koninklijke', V,* 225;234.

became known as the embodiment of 'sinful capitalism', which used every way possible to strengthen its position.[261]

Colijn's involvement in the whole affair came soon to light and the Jambi-scandal turned into the 'Colijn-scandal'. He had persuaded an elected minister to work out the plan for the joint venture when he was managing director of the B.P.M. and had just become managing director for the Royal Dutch when the proposal was adopted. Meanwhile, he was the chairman of the A.R.P., and a former minister of war. In short: "As former official in the Dutch East Indies and now an influential politician in the Netherlands, Colijn had abused his position to benefit himself in the most exasperating way".[262] According to van Kol, men like Colijn were the cause of a rotting system. A system that exploited not only the local population of the Archipelago, but also the Dutch people, for the greater good of colonial capitalism.[263] In his pamphlet he stated: "[I shall] continue to go straight to the heart of the problem, so that this cancer shall be cut out of our political lives."[264] As a result, the Dutch population accused Colijn of partiality and started to see him as an imperialist capitalist who made millions at the expense of Dutch common interest. Furthermore, the Royal Dutch Shell decided to terminate his contract as managing director in 1922, two years earlier than expected.[265]

While his involvement with the Jambi-affair had direct consequences for his position within the Royal Dutch, it did not have implications for his position within the Syndicate. Even though he had become Minister of War from 1911 to 1913, he still remained an active director of the company.[266] He was still actively participating in the Syndicate as a commissioner while he was director of the B.P.M. and leader of the A.R.P. Only when he became prime minister he resigned as commissioner of the Syndicate.[267]

[261]H.J.G. Beunders, *Weg met de vlootwet!: de maritieme bewapeningspolitiek van het kabinet-Ruys de Beerenbrouck en het verzet daartegen in 1923* (Bergen 1984), 52.
[262] "Vroeger als hoofdambtenaar in Indië en nu als invloedrijk politicus in Nederland had Colijn misbruik gemaakt van zijn positie om zich persoonlijk in ergerlijke mate te bevoordelen" in: Beunders, *Weg met de vlootwet!,* 53.
[263] Koch, *Batig Slot,* 93.
[264] "[Ik zal] voort gaan den vinger te leggen op de wonde, opdat men dezen kanker in ons politieke leven zou uitsnijden," in: van Kol, *Het Nederlandsch-Indisch Land-Syndicaat,* 4.
[265] Beunders, *Weg met de vlootwet!,* 53.
[266] NL-HaNA, 2.20.01, inv.nr. 11745.
[267] NL-HaNA, 2.20.01, inv.nr. 11751.

Conclusion

Marinus and Colijn must have been satisfied on the evening of 5 August 1910. Their plan for a new private company with a national purpose had finally come to a reality. They had managed to tie important people, the directors of the N.H.M. and the Royal Dutch Shell, to their idea. Furthermore, they had the full cooperation of the Minister of Colonies, as well as the Governor-General of the Dutch East Indies. Within a couple years, the Syndicate was to become a 'powerful Dutch company', just as they had intended.

What followed was a period of setbacks and slow progress, exactly the opposite of what Colijn and Marinus had expected. The minister of colonies and governor-general were not able to keep their promise, and the Syndicate had not received the necessary legislative exemptions. Furthermore, they were forced to expand their stock capital, driving the company onto the hand of a foreign shareholder the Rothschilds. By 1916, the Syndicate owned three plantations, of which two were purchased, and roughly 18.000 hectares of concessions.

Change was of the essence was the Syndicate to achieve its portrayed goals. By the end of 1917, the Rothschilds and its commissioners, along with two directors of the Royal Dutch Shell, had left the company. A second director and a secretary of the N.H.M. were appointed to keep Marinus in check. The N.H.M. gained a contract to store and sell goods produced by the Syndicate, and the original goal was back in sight. Investment in already existing plantations stopped and attention turned to the new concessions and their cultivation. Results were directly visible: the Syndicate opened three plantations on their own concessions, with another seven to be opened in the next three years. However, the meaning of a syndicate, which is a group of individuals and/or organizations combined to promote a common interest, had disappeared. It had become nothing more than the name of the company.

The value of the company quadrupled within seven years, from a little over ƒ6.000.000,- in 1917 to ƒ26.000.000,- in 1924. However, the plantations turned out to be unprofitable and the cultivating concessions was very expensive, resulting in yearly losses for the Syndicate. Again, a wave of changes was imminent. With Colijn and Loudon leaving as commissioners, van Aalst made sure that the Syndicate fully came under control of the N.H.M. The Supervisory Board was changed to a Board of Directors, the possessions of the Syndicate were consolidated, and unused concessions were given back to government. After Marinus passed away in 1930, the Syndicate became a subsidiary company of the N.H.M, roughly two decades after its inception.

The founding of the Syndicate brought with it a national promise. A large and powerful Dutch company was to be created, which would give a boost to the exploitation uncultivated lands in the Archipelago forming thus a strong counterweight to the presence of large foreign companies in the Dutch East Indies. In order to achieve these goals the Syndicate had the ambition of cultivating concessions, of exploiting and managing plantations and of investing in other companies. As a result the Syndicate would not only become a private entrepreneurial success, but also serve a national purpose. However Colijn, founder, director and commissioner of the company, was brought into disrepute by the Dutch House of Representatives and the Senate. The Syndicate had to manage not only the financial and economic aspects of a company with an idealistic background, but also deal with the political uproar it had created.

Whether or not the Syndicate was able to manage this confluence of goals and interests stood at the core of this thesis. In chapter 1, the analysis of the financial and idealistic setup of the company lead me to conclude that the majority of the company's shareholders and commissioners remained Dutch, although when the stock capital had to be raised to *ƒ*10.000.000,-, the largest investor was a foreigner. After 1917, the Syndicate did become Dutch again, but the Syndicate became fully dependent on loans provided by the N.H.M and was practically subdued to a subsidiary company after 1927. In terms of management, the Syndicate failed to become a powerful Dutch National company, as Colijn and Marinus had foreseen.

In chapter 2, I demonstrate that the company had applied for roughly 500.000 hectares of concessions in seven different regencies by 1910. Thirteen years later, it had only received roughly ten percent, or c. 48.500 hectares. For this reason, the Board decided to consolidate its assets and stopped applying for new concessions. Concessions that were deemed worthless were given back to the government and only nine were successfully turned into functioning plantations, and of those only six were sold at a profit. The Syndicate failed thus to receive and manage vast amounts of concessions and turn them into plantations.

The last chapter makes an incursion into the crossing paths of politics and imperial capitalism. The Syndicate tried to use the network of its elite commissioners for benefits, privileges and exemptions. Colijn and Marinus were able to get positive responses mostly of ministers in The Hague, but they failed to convince the Council of the Indies or the Governor General. The Syndicate was the forced to become and ordinary company like all others. In this process, the ethics and morality of men like Colijn were questioned in the political arena and in the press, although with little consequence for the individuals involved or the promoted policies.

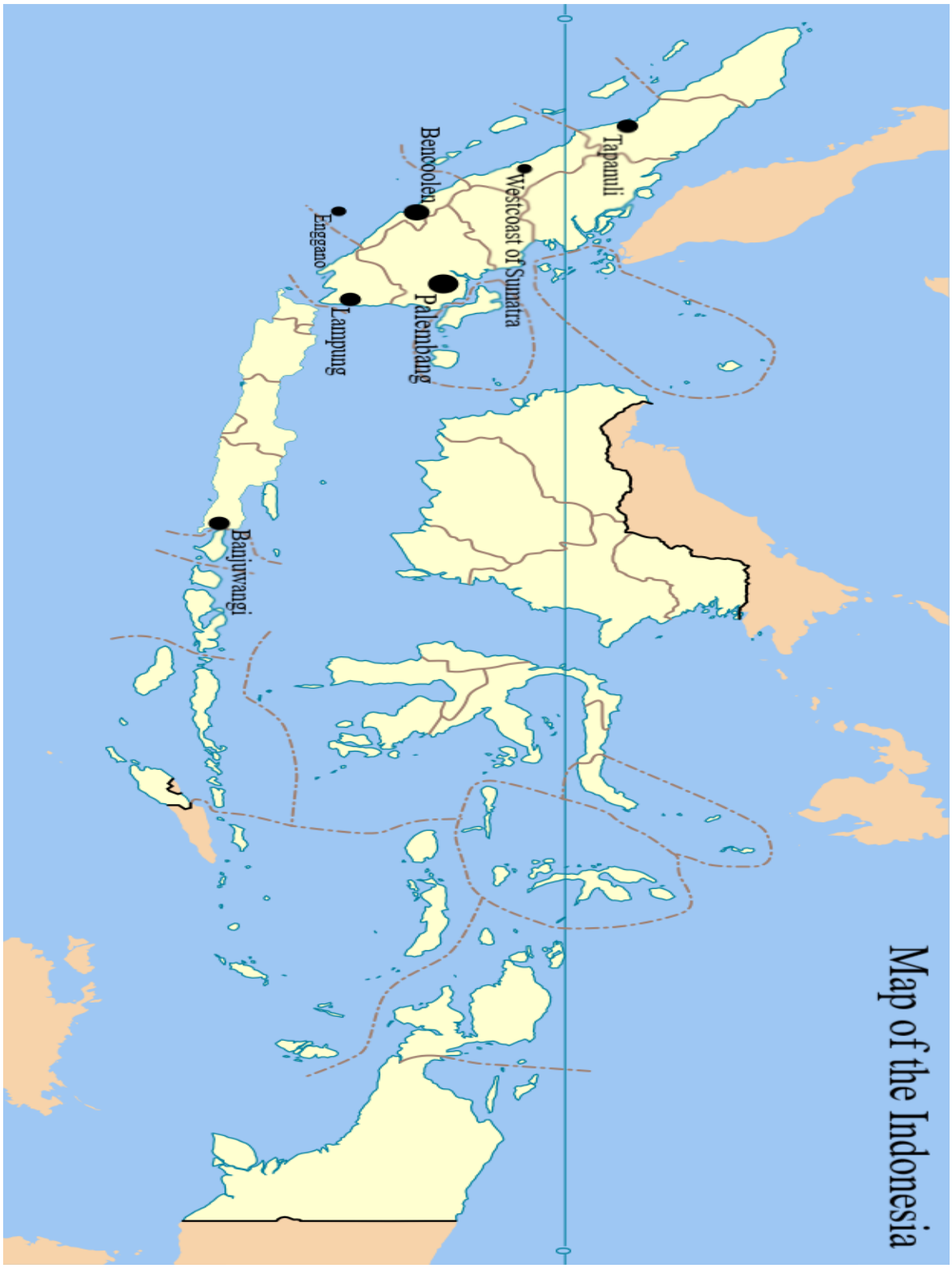
In short, the Syndicate was unable to manage the confluence of the financial/economic, idealistic and political goals as proposed at its outset. Financially, it had to rely on foreign

investment to take off and later on a subsidiary position to a larger firm. The company was unable to make a profit and break away with its creditors, as profit was only attained in four out of twenty two years. It also failed to provide a boost to the exploitation of vast amounts of land and help Dutch government and presence in the Archipelago. However, the Syndicate was able to stimulate the local economy through linkages and spillovers. These extended to the government of the Dutch East Indies, who were able to attain large plots of land ready to be exploited by other companies.

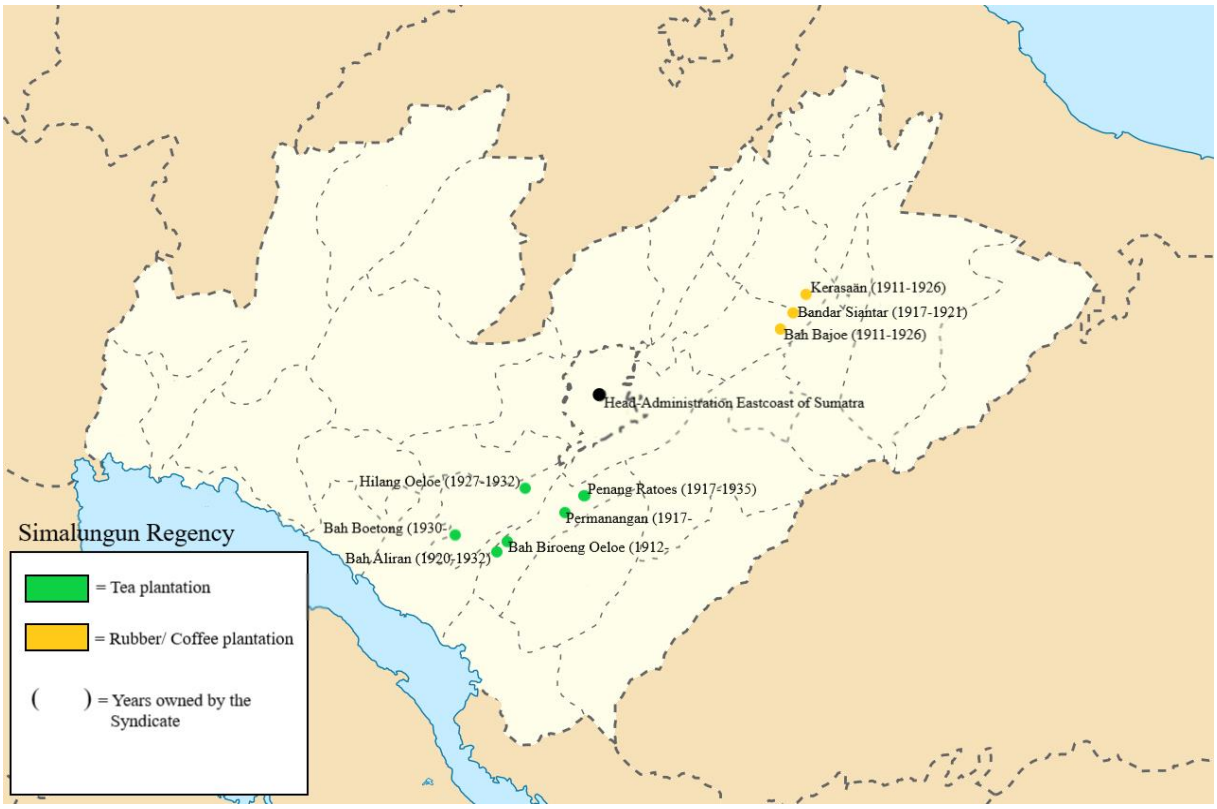
Appendices

a. Maps

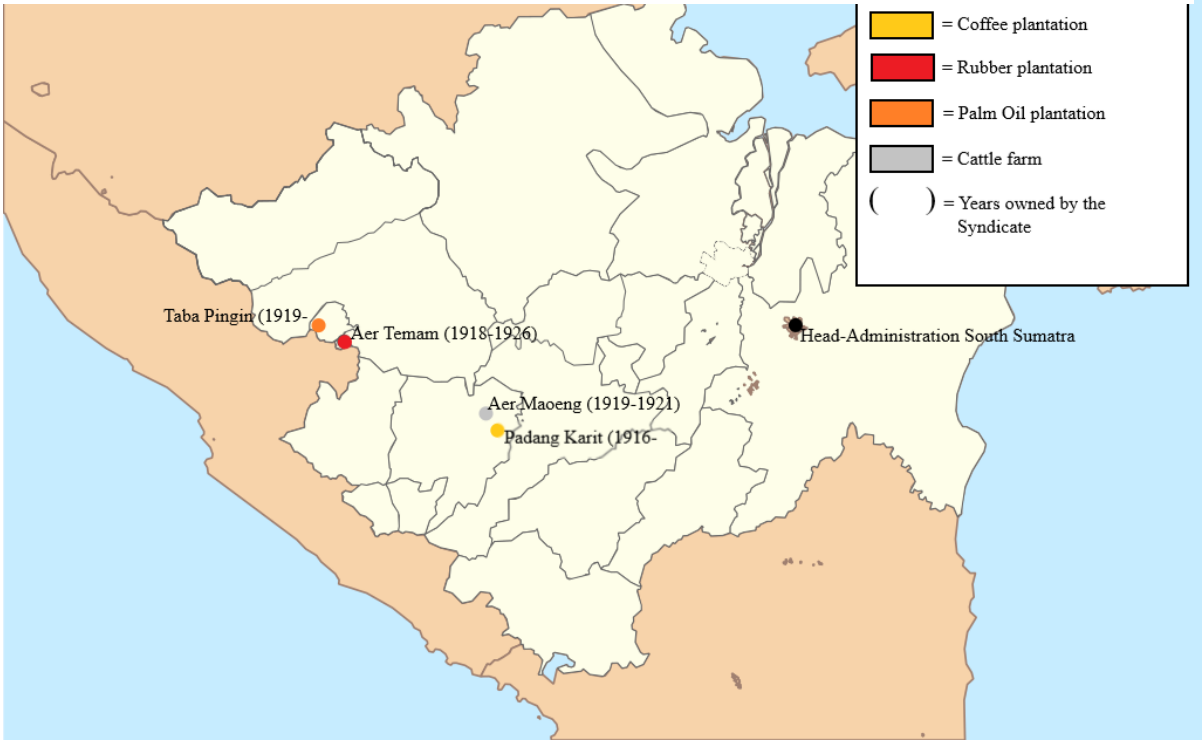
Map 1. First requests for concessions in the Archipelago



Map 2a. Plantations in the regency of Simalungun, residency of East Sumatra

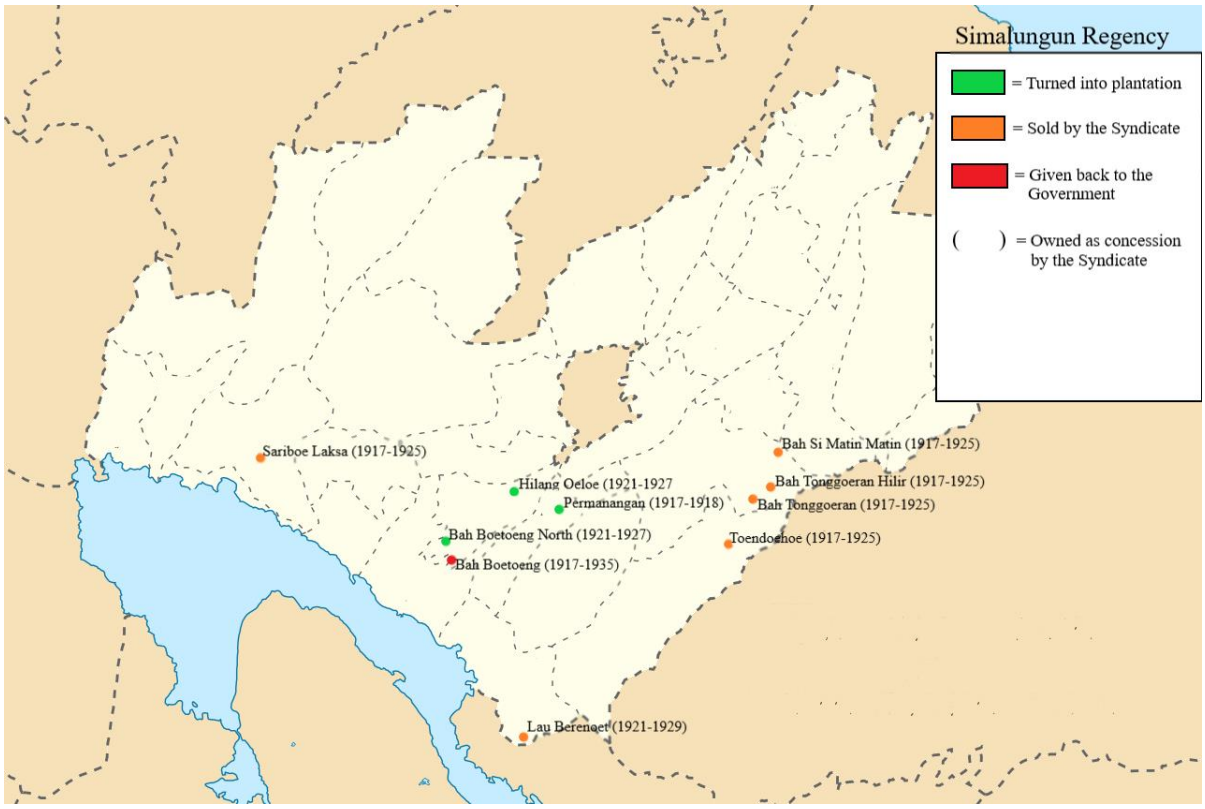


Map 2b. Plantations in the residency of Palembang

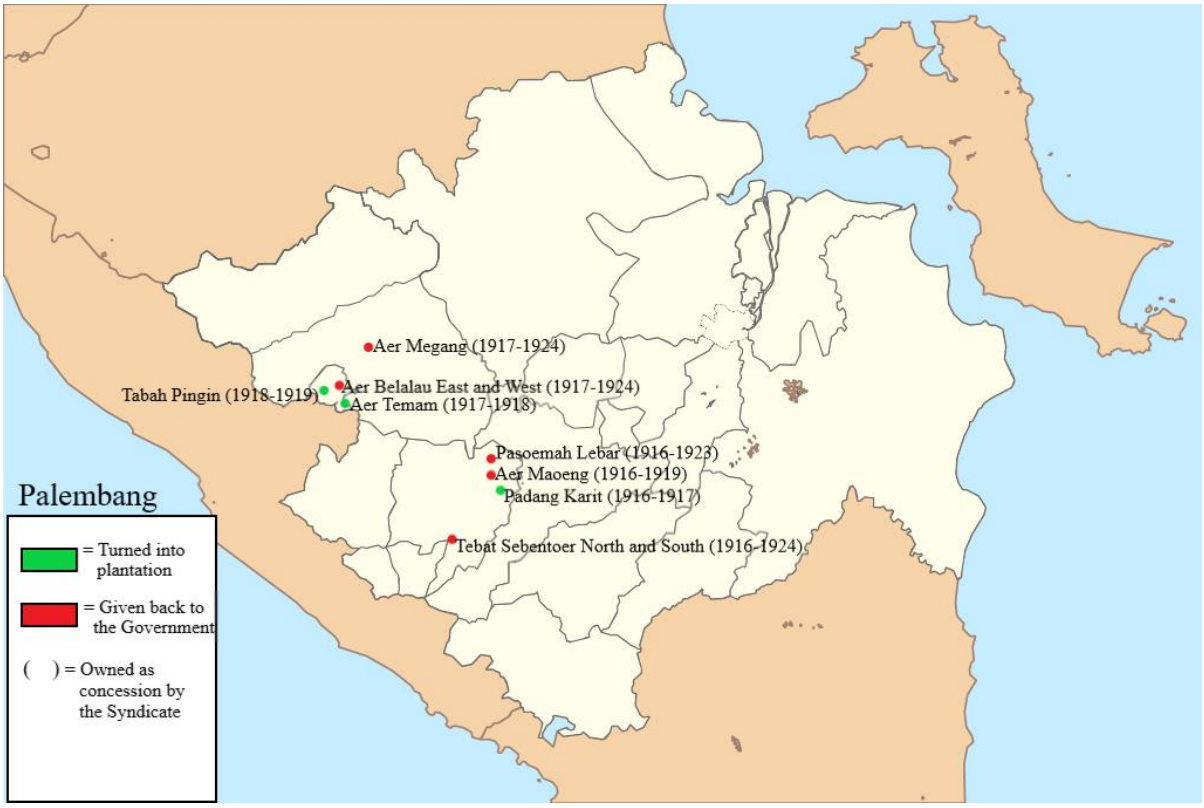


Map 2c. Plantations in the residency of Bencoolen

Map 3a. Concessions in the regency of Simalungun, residency of East Sumatra



Map 3b. Concessions in the residency of Palembang



Map 3c. Concessions in the residency of Bencoolen

b. Figures

Figure 1. Amount of hectares planted per crop between 1911 and 1940

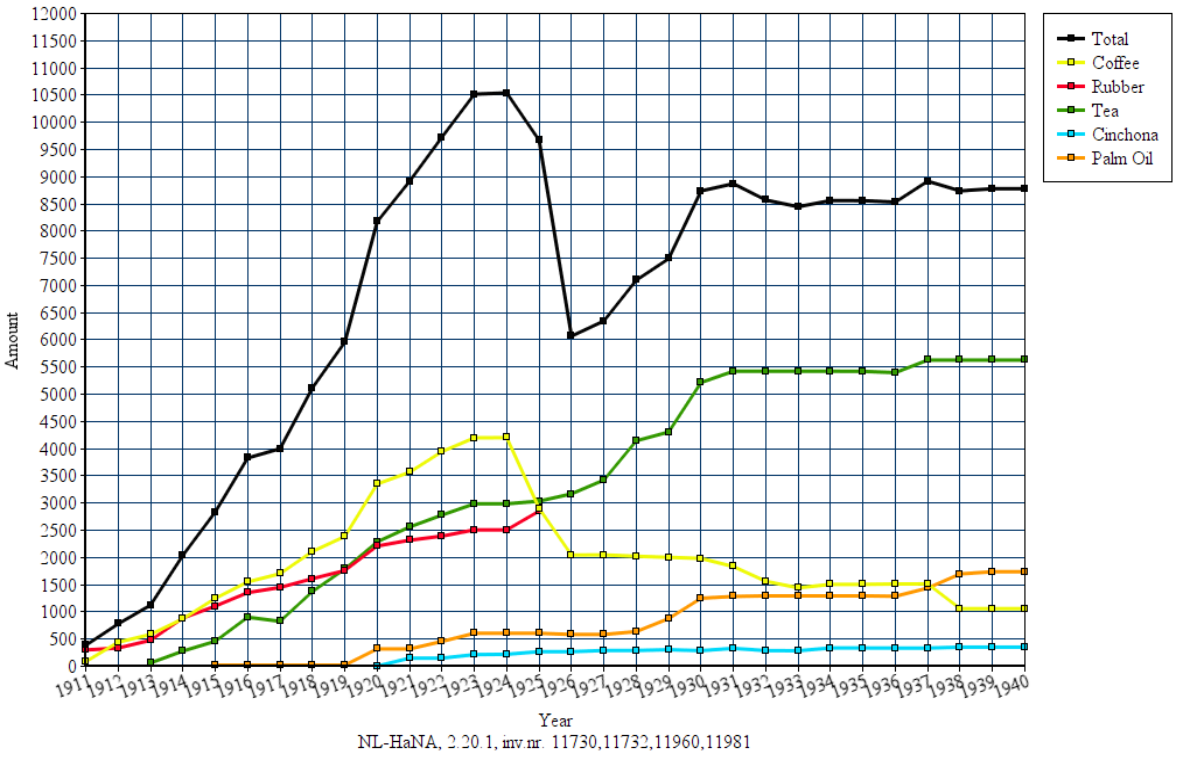


Figure 2. Value of plantations and concessions in guilders between 1911 and 1938

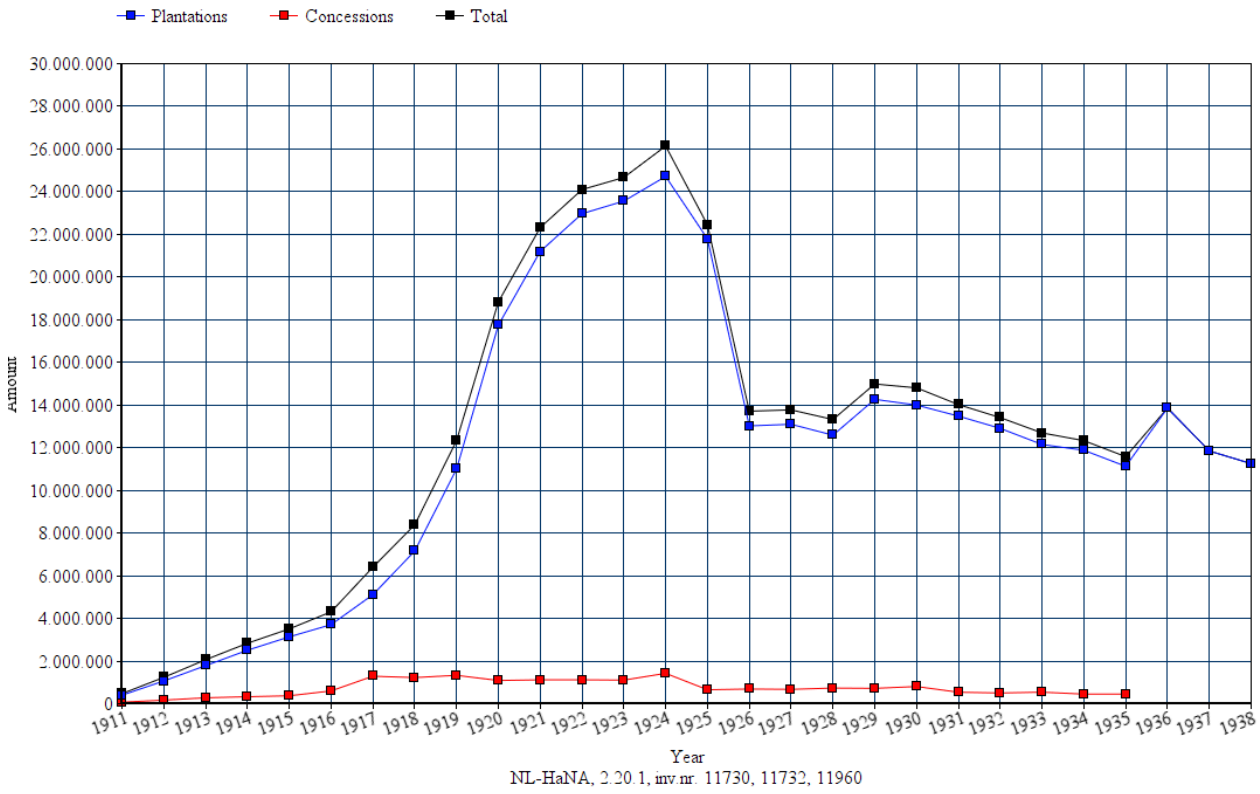
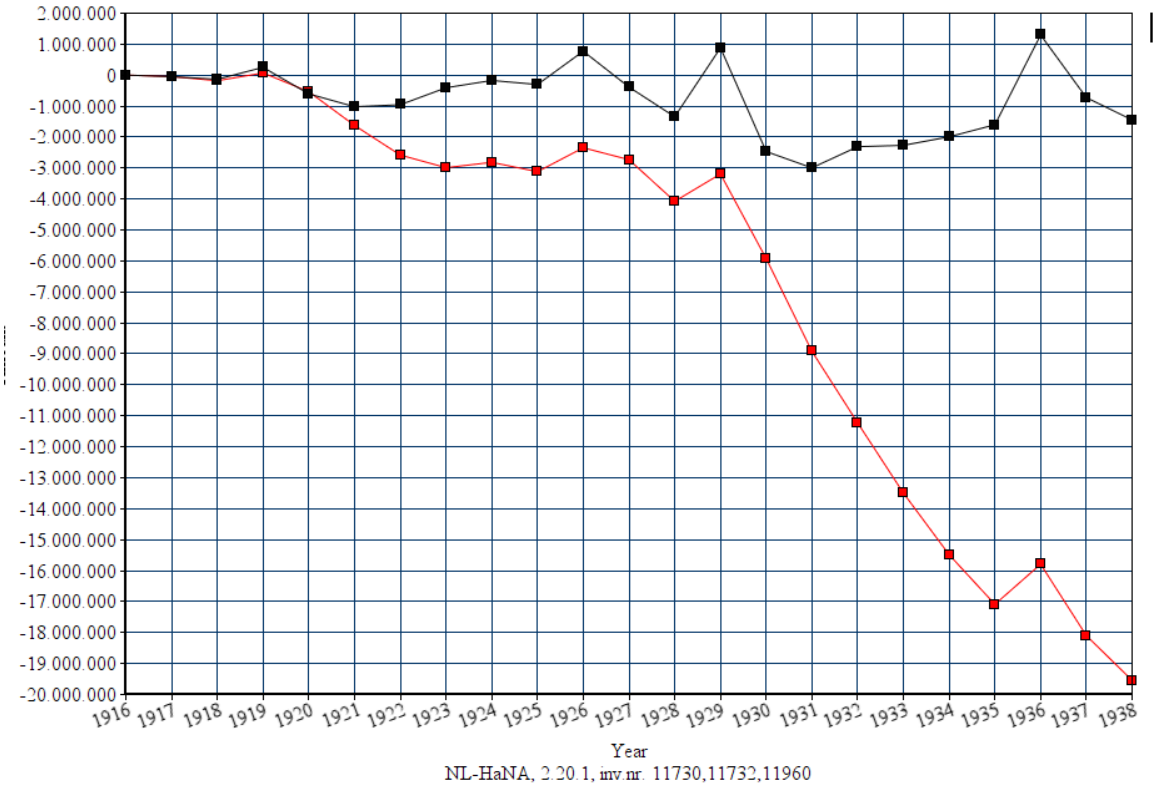


Figure 3. The Syndicate's profits and losses in guilders on the between 1916 and 1938



NL-HaNA, 2.20.1, inv.nr. 11730,11732,11960

c. Tables

Table 1. Total amount of productive hectares per product per year, 1911-1940

Year	Coffee	Rubber	Tea	Cinchona	Palm oil	Total
1911	85	300				385
1912	443	336				779
1913	585	478	61			1124
1914	873	887	280			2040
1915	1249	1106	460		22	2837
1916	1551	1354	902		22	3829
1917	1702	1449	827		22	4000
1918	2111	1611	1374		22	5118
1919	2387	1760	1789		22	5958
1920	3351	2211	2288	4	319	8173
1921	3567	2318	2561	150	319	8915
1922	3947	2393	2780	150	457	9727
1923	4200	2508	2987	215	607	10517
1924	4203	2508	3001	221	607	10540
1925	2904	2853	3036	269	607	9669
1926	2045		3170	269	585	6069
1927	2048		3424	291	585	6348
1928	2023		4145	291	638	7097
1929	2003		4307	305	877	7492
1930	1983		5216	288	1251	8738
1931	1833		5424	330	1284	8871
1932	1563		5424	289	1295	8571
1933	1442		5424	286	1295	8447
1934	1506		5424	337	1295	8562
1935	1506		5422	337	1295	8560
1936	1513		5398	335	1287	8533
1937	1515		5629	335	1438	8917
1938	1060		5629	352	1698	8739
1939	1060		5629	352	1738	8779
1940	1060		5629	352	1738	8779

Source: NL-HaNA, 2.20.01, inv.nr. 11730, 11732, 11733, 11960, 11981

Table 2. Amount of productive hectares of coffee per plantation per year, 1911-1940

Year	Kerasaän	B. Bajoe	B.Siantar	P. Karit	P. Danau	A. Simpang	Total
1911	85						85
1912	443						443
1913	443	142					585
1914	588	285					873
1915	704	545					1249
1916	802	701	48				1551
1917	787	686	203	26			1702
1918	778	629	558	146			2111
1919	778	629	801	179			2387
1920	838	729	796	396	221	371	3351
1921	1489	874		442	337	425	3567
1922	1528	1039		448	453	479	3947
1923	1528	1083		488	568	533	4200
1924	1528	1083		491	568	533	4203
1925	933	44		633	636	658	2904
1926				658	708	679	2045
1927				634	735	679	2048
1928				640	732	651	2023
1929				640	712	651	2003
1930				620	712	651	1983
1931				600	654	579	1833
1932				520	1043		1563
1933				520	482	440	1442
1934				584	482	440	1506
1935				584	482	440	1506
1936				596	479	438	1513
1937				596	481	438	1515
1938				596	464		1060
1939				596	464		1060
1940				596	464		1060

Source : NL-HaNA, 2.20.01, inv.nr. 11730, 11732, 11733, 11960, 11981

Table 3. Amount of productive hectares of rubber per plantation per year, 1911-1925

Year	Kerasaän	B. Bajoe	B. Siantar	A. Temam	Total
1911	300				300
1912	336				336
1913	336	142			478
1914	466	421			887
1915	561	545			1106
1916	642	679	33		1354
1917	642	712	95		1449
1918	642	712	257		1611
1919	642	712	406		1760
1920	645	812	495	259	2211
1921	705	1200		413	2318
1922	705	1200		488	2393
1923	705	1200		603	2508
1924	705	1200		603	2508
1925	705	1200		948	2853

Source: NL-HaNA, 2.20.01, inv.nr. 11730, 11732, 11960, 11981

Table 4. Amount of productive hectares of cinchona per plantation per year, 1919-1940

Year	P. Danau	B. Kaba	Total
1919			0
1920		4	4
1921		150	150
1922		150	150
1923		215	215
1924		221	221
1925		269	269
1926		269	269
1927		291	291
1928		291	291
1929		305	305
1930		288	288
1931		330	330
1932		289	289
1933		286	286
1934		337	337
1935		337	337
1936		335	335
1937		335	335
1938	17	335	352
1939	17	335	352
1940	17	335	352

Source: NL-HaNA, 2.20.01, inv.nr. 11730, 11732, 11733, 11960, 11981

Table 5. Amount of productive hectares of tea per plantation per year, 1913-1940

Year	B. B. Oeloe	P. Ratoes	Permanangan	Bah Aliran	H. Oeloe	B. Boetong	Total
1913	61						61
1914	280						280
1915	460						460
1916	645	257					902
1917	549	278					827
1918	714	382	278				1374
1919	714	575	500				1789
1920	714	719	658	197			2288
1921	742	740	729	350			2561
1922	770	762	820	428			2780
1923	797	792	901	497			2987
1924	801	792	918	490			3001
1925	801	796	949	490			3036
1926	845	803	996	526			3170
1927	845	803	996	586	194		3424
1928	845	803	996	680	821		4145
1929	845	803	996	680	983		4307
1930	845	803	996	680	983	909	5216
1931	853	823	996	680	993	1079	5424
1932	1533	823	996			2072	5424
1933	1533	823	996			2072	5424
1934	1533	823	996			2072	5424
1935	1533		1817			2072	5422
1936	1533		1806			2059	5398
1937	1587		1915			2127	5629
1938	1587		1915			2127	5629
1939	1587		1915			2127	5629
1940	1587		1915			2127	5629

Source: NL-HaNA, 2.20.01, inv.nr. 11730, 11732, 11733, 11960, 11981

Table 6. Amount of productive hectares of palm oil per plantation per year, 1915-1940

Year	Bah Bajoe	B. Siantar	T. Pingin	Total
1915	22			22
1916		22		22
1917		22		22
1918		22		22
1919		22		22
1920		22	297	319
1921	22		297	319
1922	22		435	457
1923	22		585	607
1924	22		585	607
1925	22		585	607
1926			585	585
1927			585	585
1928			638	638
1929			877	877
1930			1251	1251
1931			1284	1284
1932			1295	1295
1933			1295	1295
1934			1295	1295
1935			1295	1295
1936			1287	1287
1937			1438	1438
1938			1698	1698
1939			1738	1738
1940			1738	1738

Source: NL-HaNA, 2.20.01, inv.nr. 11730, 11732, 11733, 11960, 11981

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