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Sailing in Uncharted Waters: Four Dutch Steamship Companies during the First World War, 1914–1918

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Samuël Kruizinga

Abstract

During the First World War, steamship companies based in neutral Holland were confronted by a number of very costly, war-related challenges. The conflict also brought unexpected windfalls: neutrality put these shipping firms in a unique position to profit from the worldwide disruption to global trade. In this article, I reconstruct the wartime balance sheets of four Dutch steamship companies, and relate my findings to an analysis of their wartime policies. My main conclusion is that these companies shared a remarkably similar fear of the post-War future which guided their wartime financial policies. By saving, expanding their fleet and improving their facilities, they desperately tried to guard themselves against the prospect of renewed foreign competition after the War.

Keywords

business accounts, company strategy, First World War, fleet expansion, merchant marine, Netherlands, profits

Prologue: Swiss Retreat

In April 1916, Ernst Heldring, a Dutch shipping magnate, arrived in Switzerland. Suffering from an acute nervous breakdown, his neurologist had ordered him to pursue a regime of spa treatment and fresh mountain air to recover.¹ During his Swiss exile,

1. Ernst Heldring, *Herinneringen en dagboek (1871–1954)*, ed. Johan de Vries (Utrecht, 1970), I, 33. [hereafter: Heldring, *Diary*].

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Heldring kept a diary. In it, he attributed his anxieties to the First World War. He was tasked with plotting a course for his company to follow, to help it sail the uncharted waters of the costliest war mankind had ever known. The enormity of this task, a defeated Heldring wrote, at times completely overwhelmed him.²

A Bright Future Beckons

Heldring stood at the helm of one of the largest Dutch shipping companies. Under his direction, the Royal Dutch Steamship Company (*Koninklijke Nederlandsche Stoomboot Maatschappij*, KNSM), founded in 1856, had embarked on an ambitious expansion programme. Adding to existing trades between Amsterdam and Bordeaux and the Baltic ports, new lines were established connecting the Dutch capital to Spain, Greece, the Ottoman Empire and Egypt. Perhaps most importantly, the new directors founded a daughter company to ‘feed’ its main lines: the New Rhine Shipping Company, linking Amsterdam to the rapidly developing German industrial heartland.³

Germany’s meteoric rise also played a major part in the decision to found the Steamship Company ‘The Netherlands’ (*Stoomvaart Maatschappij ‘Nederland’*, SMN) in 1870 and the Rotterdam Lloyd (*Rotterdamsche Lloyd*, RL) in 1875. Both companies hoped to take advantage of German and Dutch economic development, the new Suez Canal and the liberalization of Dutch economic policies to establish regular routes between Amsterdam and Rotterdam and various destinations in the Indies. After a couple of years of fierce competition, the two companies decided to form a cartel in 1887, enabling them to jointly compete for a government contract to establish both a regular and fast passenger service as well as mail services between the Netherlands and the colonial capital Batavia (current-day Jakarta). They also established a ‘feeder’ – the Royal Packet Company, which brought both classic colonial goods as well as new, industrial raw materials from smaller anchorages in the many islands of the Indian archipelago to the main seaport of Tandjong Priok. Moreover, SMN and RL expanded their spheres of activity by opening lines to Japan and China (1902), Bengal (1906), Australia (1908) and Siam (1910).⁴

For all three companies, the German market was vital. Their directors lived in constant fear, however, that German steamship companies would try to take over their routes and cut out the Dutch middleman. The KNSM was besieged by both the *Hamburg Amerika Linie* and the *Deutsche Levant Linie*, whilst SMN and the Rotterdam Lloyd had

2. Wim Klinkert, Samuël Kruizinga and Paul Moeyes, *Nederland neutraal: De Eerste Wereldoorlog 1914–1918* (Amsterdam, 2014), 423–4.

3. G. H. Knap, *Gekroonde koopvaart. Reisresultaten van honderd jaar zeevaart door de Koninklijke Nederlandsche Stoomboot-Maatschappij N.V., 1856–1956* (Amsterdam, 1956), 5–36; A. Schol, *Koninklijke Nederlandsche Stoomboot-Maatschappij* (Alkmaar, 1998), 14–60.

4. M. G. de Boer, *100 jaar Nederlandsche Scheepvaart* (Den Helder/Amsterdam, 1939), 111–22; Nico Guns, *Koninklijke Rotterdamsche Lloyd: Beknopte geschiedenis van een rederij* (Zutphen, 2004), 37–8, 52–4, 74; J. N. F. M. à Campo, *Koninklijke Paketvaart Maatschappij: Stoomvaart en staatsvorming in de Indonesische archipel 1888–1914* (Hilversum, 1992), 57–70, 245, 301–04, 311–15.

to fend off the German–Australian Steamship Company (*Deutsch-Australische Dampfschiffs-Gesellschaft AG* [DADG]) and the North German Lloyd (*Norddeutscher Lloyd* [NDL]). After a period of fierce competition, SMN and RL were forced to cut the DADG in and allot 25 per cent of all outward Java trade, whilst the NDL, together with a British-owned Dutch subsidiary of the Ocean Steamship Company, divided the profitable Deli tobacco trade amongst themselves, leaving the Dutch empty-handed.⁵

The spectre of ever-increasing German pressure prompted Ernst Heldring to suggest, in the early years of the twentieth century, the creation of a cartel consisting of *all* Dutch steamship lines to make sure they were not picked off one by one. His proposals fell on deaf ears, however, as some Dutch shipping companies were competitors categorically unwilling to work together.⁶ Heldring did manage to strike a blow for Dutch shipping in 1912, when, going against his own Board, he concluded a merger between his company and the Royal West-Indian Mail Service (*Koninklijke West-Indische Maildienst*, KWIM). KWIM connected Amsterdam to the Dutch colonies of Surinam and the Netherlands Antilles, Venezuela, and, via Trinidad, New York.⁷ It had run into severe financial difficulties due to German (and British) competition, but Heldring was determined to keep this company out of the hands of foreign competitors. But the merger made business sense too: the opening of the Panama Canal in August 1914 would, Heldring hoped, allow the KWIM to open new routes to the east coast of the Americas.⁸ In anticipation, KWIM-services were split in two following the merger: one line would service the Dutch colonies and New York, the other Venezuela and Puerto Rico, ending in Colón, the planned western terminus of the canal.⁹

These plans are illustrative of the spirit of optimism within the Dutch shipping community at large in the years before the First World War. Despite ever-increasing German competition, profits were high as freight and transport rates continued to rise, and the Netherlands continued to cement its position as the main transport hub for north-western Europe. KNSM, SMN and RL therefore decided to expand their fleet and invest in new port facilities, warehouses and offices. These were partly paid for out of the company's increasing profits and partly by floating bond loans and increasing share capital. Finding

5. G. J. de Boer, *De Nederlandse Blauwpijpers* (Alkmaar, 1997), 4, 25–34; Peter Hoefnagels and Frank Kriesels, 'Over het vaarwater van de Rotterdamsche Lloyd', in F. M. M. de Goey, ed., *Vaart op Insulinde: uit de beginjaren der Rotterdamsche Lloyd NV, 1883–1914* (Hilversum, 1991), 125.
6. J. Jonker, 'Waterdraggers van het kapitalisme. Nevenfuncties van Nederlandse bankiers en de verhouding tussen bankwezen en bedrijfsleven, 1910–1940', *Jaarboek voor de Geschiedenis van Bedrijf en Techniek*, 6 (1989), 161–2.
7. T. de Graaf and J.-J. Mobron, 'Bankiers en reders: belangen en invloeden van banken op marietiem gebied (1870–1964)', *Tijdschrift voor Zeegeschiedenis*, 14 (1995), 74–85.
8. Amsterdam City Archives (ACA), KNSM Archives, box 696, folder '76. Fusie K.N.S.M.-K.W.I.M, 1912 en regeling met Nat. Stoomboot Mij.: Uittreksels uit de "Notulen Commissaris Vergadering K.W.I.M."' Please note that at the time of writing (May/June 2014), the Royal Dutch archives had not been fully indexed.
9. H. L. Wichers, *De Nederlandsche koopvaardijvloot in MXXMIII. Uitgegeven ter gelegenheid der opening van de Eerste Nederlandsche Tentoonstelling op Scheepvaartgebied te Amsterdam op 5 juni 1913* (Amsterdam, 1913), 17, 31, 112–15.

investors posed no difficulties as share prices were high, indicating that investors shared the directors' optimism as to the steamship companies' future prospects.¹⁰

War and Contraband

The outbreak of war in July 1914 immediately threatened an abrupt end to a decade-and-a-half of growth, as hostilities interrupted nearly all overseas traffic. The Amsterdam and Rotterdam company headquarters desperately signalled ships on the high seas to head for the nearest neutral port, fearing that the Netherlands might, like Belgium, be invaded. To make matters worse, ships were warned to stay out of the waters surrounding Britain and Germany, as (erroneous) reports of belligerent fleet movements indicated a massive naval battle was imminent. Adding to the general confusion, communication between the main offices in Amsterdam and Rotterdam, subsidiaries and agents in Batavia and elsewhere, and the ships was often spotty: cables between Europe, Asia and America were either cut or censored, and wireless telegraphy frequently lacked sufficient range to call home.¹¹

Some two weeks after the start of hostilities, it became clear that the reports of a massive Anglo-German naval encounter in European waters were highly exaggerated and that Holland's neutrality was, at least for the moment, secure. Moreover, arrangements were made with the British to use its telegraph cables, provided messages were sent in English or French. However, this did not mean that the Dutch steamship companies could go on trading as usual. Many countries, belligerent and neutral alike, had enacted export prohibitions, limiting international trade. The new KWIM service to Colón had to be suspended for lack of freight for example.¹²

Meanwhile, British and French fleets patrolled the North Sea, checking neutral ships for goods potentially destined for the enemy. If a neutral ship carried so-called contraband goods – products the Allied governments deemed usable for warlike purposes – it was detained and taken into an Allied port for inspection and possible sequestration of its cargo. The close economic relation between Holland and Germany and the ease with which the Ruhr industrial cities could be reached from Amsterdam and Rotterdam made Dutch ships especially suspect in British and French eyes. All goods on the rapidly expanding Allied contraband lists – which included such nebulous categories as 'food-stuffs' – carried aboard Dutch ships were liable to capture unless definitive proof could be furnished that the goods in question would not end up in Germany. Uncertainty over what goods were classified as contraband, the delays caused by frequent inspections and the real difficulty of providing definitive evidence of a cargo's final destination – the Dutch government refused to close the eastern border to transit trade, for fear of angering

10. Rotterdam City Archives (RCA), 451.01/6, RL Board of Directors to Supervisory Board, 4 July 1912, 22 October 1912, and s.d. [July 1913].

11. National Archives, The Hague (NA), 2.20.23/514, 'De Algemeene Toestand bij het Uitbreken van den Oorlog', 1–5; idem, 'Nota over 1914', 1–5; RCA, 451.01/7, RL Board of Directors to Supervisory Board, 25 August 1914.

12. ACA, 713, folder 'Notulen 1912–1921', Minutes, KNSM Supervisory Board, 21 September 1914.

Berlin – scared off potential freighters. SMN and the Rotterdam Lloyd even removed ships from the Java-Europe trade and chartered them out to increase revenue.¹³

The contraband issue threatened to destroy the trades the Dutch steamship companies had spent decades building up and threatened the foundations of the Dutch economy. The Dutch government was prevented from interfering by its neutrality, but intimated that it would certainly not object to a practical solution to the issue if one was found by the Dutch business world, provided that it would have no official part in it. So, representatives of the major Dutch steamship lines and a number of other businesses closely associated with them approached the British Government's representatives in The Hague urging them to come to a definitive contraband list. They agreed that, in return for clear definitions as to what goods the Allies would consider contraband – and the exclusion thereof of luxury products from the Indies, such as coffee and tobacco, now considered 'foodstuffs' and therefore 'liable to capture' – they would guarantee the 'home consumption' of all contraband goods transported aboard their ships. In order to do so, the steamship companies and a consortium of Dutch banks created a new joint venture, the Netherlands Oversea Trust Company (NOT), which would act as a clearing house for all overseas imports and prevent their re-export to Germany or any of its allies. The NOT would distribute goods to end users and resellers, but only if they signed a contract prohibiting sale to enemies of the Allied governments and paid a sizable deposit. If the contract was breached, the deposit would be seized. Shipping companies looking to import contraband goods into the Netherlands had to sign a second contract with the NOT, promising to deliver contraband goods directly to its warehouses and stopping in a designated French or British port on every outward trip for a short inspection of the ship's bill of lading and cargo hold.¹⁴

Wartime Opportunities

The NOT contract system brought security against Allied seizures and reduced costs by eliminating time-intensive searches on the high seas. It allowed the three Dutch steamship companies to resume most of their trades. Although the contraband agreements the NOT had concluded with the Allied governments precluded the sale of these goods to Germany, the Trust Company Board of Directors – which included representatives from all the major steamship lines – had managed to secure some key concessions, mainly colonial produce and fruit, which could be sold to Germany, often at great profit. The NOT also allowed KNSM, SMN and the Rotterdam Lloyd to profit from some unexpected war-related developments.

Firstly, Allied maritime actions against German or German-bound shipping rid the world seas of some of the Dutch steamship companies' most threatening competitors.¹⁵ In the Americas, for example, the Hamburg America Line had abandoned its trades and ordered its ships to take shelter in German or neutral ports. This allowed KWIM to

13. Samuël Kruizinga, *Overlegeconomie in Oorlogstijd: De Nederlandsche Overzee Trustmaatschappij en de Eerste Wereldoorlog* (Zutphen, 2012), 20–35.

14. Kruizinga, *Overlegeconomie*, 36–74.

15. NA, 2.20.23/514, 'Het Goederenvervoer van Ned.-Indië herwaarts', 50–2.

reopen the Colón line, which in 1915 was extended through the Panama Canal to Peru and Chile, from where valuable cocoa and sodium nitrate were shipped back to Europe.¹⁶

Moreover, the War had disrupted many of the trade networks that had formed during the 19th and early 20th centuries. Britain and Germany, for example, had been key trading partners, meaning that both had to look elsewhere to replace business contacts which, due to the War, were no longer available to them. For example, before the War Germany had been one of the main suppliers of beet sugar to both the British and French Empires. Dutch beet sugar replaced German sugar in French Morocco, transported via a new regular KNSM trade opened in 1915.¹⁷ The British, meanwhile, substituted their German beet sugar with Javanese cane sugar, transported via SMN and RL ships.¹⁸

Thirdly, and perhaps most importantly, the War had caused the world's tonnage to decline steeply. The German and Austrian merchant marines had disappeared from the high seas, global trade routes had altered and, in many cases, lengthened, and Allied tonnage had been diverted from their normal routes to transport vitally important goods and raw materials to the front lines. This resulted in sharply rising freights on almost all trades. The KNSM's average freight price per metric ton, for example, rose from 7.21 Guilders in the first few months of the War to 15.96 in the spring of 1915.¹⁹ SMN and RL did not record compound data on average freight rates, but available evidence suggests that these companies also profited from globally rising freights. The costs of transporting 2000 kilos of rice from the Indies to the Netherlands, for example, rose from 60 Guilders on 1 January 1915 to 90 Guilders on 1 July, 108 on 31 December and 150 Guilders on 1 July 1916. Copra, used for the manufacture of margarine, was even more in demand: freight costs (for a 1200 kg. batch) rose from 55.5 Guilders on 1 January 1915 to 168 Guilders on 1 July 1916.²⁰

The high costs of doing business

Although freight rates rose tremendously during the War, sailing in wartime increased operating costs as well. First of all, even for neutral ships, sea travel – especially in the North Sea – was dangerous. The Allies sowed the approaches to the North Sea with mines, limiting access areas heavily patrolled by the Royal Navy. Although these mines were anchored on the seabed, in accordance with international law, they frequently broke free of their cables. Roaming mines became one of the prime hazards for neutral shipping. Whereas mines could not distinguish between friend and foe, German submarine captains often would not. From February 1915 onwards, the German Admiralty unleashed

16. ACA, 713, folder 'Notulen 1912–1921', Minutes, Supervisory Board Royal Dutch, 24 January 1915, 29 March 1915, 24 September 1917.

17. D. Hudig, *Herinneringen van Dirk Hudig uit zijn werkkring bij de KNSM tot zijn benoeming tot lid der Directie (1906–1907), met enige aantekeningen over 1918–1919 alsmede over de oprichting van de David Steamship Co., Londen in 1920* (s.l. s.d. [ca. 1955]), 45.

18. NA, 2.20.23/514, 'Het Goederenvervoer van Ned.-Indië herwaarts', 50.

19. ACA, 713, folder 'Notulen 1912–1921', Minutes, KNSM Supervisory Board, 29 March 1915.

20. *Verslag omtrent handel, nijverheid en landbouw van Nederlandsch-Indië* (Batavia, 1916–1918).

a series of U-boat campaigns against enemy seaborne trade. However, due to poor visibility, the suspicion that an enemy ship was flying a false flag, or sheer callousness, neutral ships fell victim to these campaigns as well. Moreover, fuels, raw materials for repairs and food and supplies for ships' crews all saw great price hikes, as did insurance premiums.²¹

Danger and rising costs caused passenger traffic to plummet. KNSM suspended nearly all of its passenger services, but SMN and RL could not, their government contract prohibiting them from doing so. For a time, their passenger ships on the Amsterdam/Rotterdam Batavia line stuck to the pre-War timetable, whilst other ships were used in the months after July 1914 to pick up stranded Dutch tourists and Dutch-Indian pilgrims who were surprised by the outbreak of war on their *Hajj* to Mecca. These voyages were hardly cost-efficient.²²

KNSM, SMN and RL also faced dangers that only emerged as economic war between the Allies and the Central Powers escalated. On 1 March 1915, the British Government, in 'retaliation' for Germany's declaration of submarine warfare, declared that it would henceforth consider all imports and exports to be contraband: nothing of suspected German origin or destination would be allowed to pass the Allied maritime cordon of the North Sea. In response, the NOT quickly renegotiated its agreement with the British Government. Under the new deal, Dutch ships were only allowed to transport Indian coffee, cocoa and cinchona for re-export to Germany, and German export on Dutch ships was restricted to a certain number of industrial, pharmaceutical and medicinal products unavailable anywhere else. The NOT agreed to all these measures, arguing that the War might be over soon and that it was more important to keep the Dutch flag flying than taking a firm line on the contraband issue and risk Anglo-Dutch economic disagreements, which could end in blockade or even war. The NOT directors, in full agreement with Dutch shipowners, did demand some concessions; the entire 1915 crop of Indies copra and tea could be transported to the Netherlands 'NOT-free'. And when the KNSM protested that without the transport of Spanish and Greek fruit to Germany it could not sustain its trades to these countries, it was given permission to continue to do so. British fears over the continued 'leakage' of imported goods via the Netherlands soon prompted the Allies to take additional measures. Over the course of 1915 and 1916, 'rations' were introduced to limit the import of strategically important foodstuffs, finished products and raw materials to the Netherlands to the pre-War average, minus export to Germany and Austria.²³

Dutch shipping companies were not only dependent on British goodwill for their right to pass the Allied maritime cordon in the North Sea, they also needed to make use of British port and coaling facilities on their voyages to the Americas and the Indies. Dutch reliance on British coaling stations became problematic from January 1916 onwards, when the British navy declared that Dutch bunker privileges in the Suez Canal were revoked; all the available coal was needed to fuel the Allied Mediterranean fleet. In

21. RCA, 451.01/7, Minutes, RL Supervisory Board, 15 April 1915; SMN Annual Reports 1916–1918.

22. RCA, 451.01/7, Minutes, RL Supervisory Board, 4 November 1915, 20 April 1916.

23. Kruizinga, *Overleconomie*, 77–101.

essence, this closed the Suez Canal to Dutch ships, which had to revert to the old eastern sea route around the Cape of Good Hope. This lengthened the trip to India from 9,450 to 13,650 nautical miles, adding an additional 1.5 to 2 weeks sailing time and causing SMN and RL to reduce the frequency of their mail services.²⁴ Further complications arose when the British Government began demanding that Dutch ships trade cargo space for bunker coal. From April 1916 onwards, all Dutch ships were required to rent out a portion of their tonnage to the British government. However, to appease Dutch neutral sentiments, Dutch tonnage would be used near-exclusively outside Europe.²⁵

The Dutch government, too, saw itself forced by the exigencies of war to interfere in the affairs of the shipping companies. In the decades before the outbreak of war, the Netherlands had become highly dependent on overseas markets and supplies to provide agricultural and industrial raw materials, consumer goods, and, most importantly, food. Pre-War, the Netherlands imported Russian grain but had to turn to the American market after July 1914. In March 1915, the Minister responsible for Agriculture, Industry and Trade, F. E. Posthuma, agreed with representatives of the largest Dutch steamship owners that they would furnish him with enough tonnage to transport American grain at below-market costs.²⁶ SMN and RL refused, however, arguing slyly that the demands placed on them by the government mail contract made it impossible for them to supply ships for the American trade. Instead, they paid a rather hefty compensation: SMN was docked 40,000 Guilders each month, the smaller RL 30,000.²⁷ However, when the government reopened negotiations in October 1915, hoping to prolong the tonnage deal, rising freights had made the shipping companies reluctant to settle. Negotiations dragged on, until Posthuma decided to force the issue. On 18 March 1916, he managed to steer the Ship's Export Law through Parliament, which forbade the (lucrative) sale of Dutch tonnage to foreigners and compelled shipping companies to come to tonnage agreement with the government.²⁸ Both SMN and RL were now obliged to participate, supplying a total of 11 freighters to ferry grain and wheat in the United States.²⁹ Additionally, Posthuma decreed in November 1916 that any freighter returning from the Indies was to be loaded with a minimum of 75 per cent foodstuffs to alleviate price rises in the Netherlands. This was much more than SMN and RL usually carried on homeward journeys; for example, in 1915, the proportion was about 40 per cent.³⁰

Posthuma, however, correctly surmised that even these draconian measures could not guarantee that the Dutch food situation improved, especially when global weather conditions declined in 1916–1917, and decided that the mounting tonnage shortage necessitated even more direct government control. On 10 January 1917, Parliament accepted his proposal for a Ships' Requisitioning Law, which went into effect in early February.

24. SMN Annual Report 1916.

25. Kruizinga, *Overlegeconomie*, 207–09.

26. Klinkert, Kruizinga and Moeyes, *Nederland neutraal*, 249.

27. SMN Annual Reports 1915–1916; RL Annual Reports 1915–1916.

28. Klinkert, Kruizinga and Moeyes, *Nederland neutraal*, 251–3.

29. SMN Annual Report 1916.

30. *Verslag omtrent handel, nijverheid en landbouw van Nederlandsch-Indië gedurende 1916* (Batavia, 1917), 235.

Henceforth, the government would decide which ships were to sail, what they would carry and what freight would be paid; the role of shipowners was thus largely reduced to doing the fetching and carrying on behalf of the Dutch Government.³¹

Only a few days before the law came into effect Germany announced a new, 'unrestricted' U-boat campaign that would target all freighters found within a 'danger zone' surrounding the European Allies. The Germans' explicit goal of starving the Allies of much-needed tonnage sparked competition for the control of Dutch shipping space. Countering the Central Powers, the Allies attempted to use the clause in the NOT contracts mandating every Dutch ship to visit an Allied port for inspection on every journey to force Dutch ships to continue trading with the Allies. Stalemate ensued as the Dutch Government refused to allow the shipowners to honour their NOT contracts and ordered all Dutch ships to remain in port – fearing that German torpedoes might further add to Dutch transport woes. When the British, later joined by the Americans, announced a bunker and trade embargo, which would only be lifted when the Netherlands halted all exports to Germany, many Dutch ships found themselves caught in Allied ports, unable to refuel. To end the stalemate, the NOT, the Dutch Government and Dutch shipowners hoped to negotiate a deal whereby the trade and fuel embargoes would be lifted in exchange for Dutch tonnage. But the Dutch could not agree amongst themselves how much tonnage would be on offer, and even when, after much handwringing, an Allied-American-Dutch deal was arrived at in early January 1918, the Dutch Government shut it down fearing German reprisals.³² Frustrated, the British and American Governments decided to simply requisition the Dutch vessels in their harbours on 25 March 1918. These ships – including 12 freighters owned by RL (69,020 BRT), 11 by SMN (144,474 BRT), 17 by KNSM (32,368 BRT) and 5 by KWIM (12,389 BRT) – were temporarily transferred to American or British ownership and were manned by Allied sailors for deployment as resupply ships or auxiliary cruisers.³³

Unsurprisingly, Dutch sailings in 1917–1918 slumped. Only outside European waters could Dutch ships continue to ply their regular routes, although Indies food shortages and the retaliatory export embargo promulgated by the Governor General further limited freights.³⁴ Additionally, an emergency service (the Java-Pacific Mail Service) was created, transporting mail and passengers from Batavia to San Francisco by boat, then by train to New York where, after arduous negotiations between the Dutch and the American governments, an irregular passenger service departed to Rotterdam.³⁵ As overseas traffic ground to a halt, operating costs increased even further. To provide continued employment to seafarers, shipping companies bought or rented fallow land to grow food which was sold to government distribution bureaus or to the 'farmers' themselves. Moreover, their wages sharply increased to keep pace with increased costs of living and high inflation rates.³⁶

31. *De Schepenvorderingswet en het belang van de scheepvaart voor den economischen toestand van Nederlandsch-Indië* (Weltevreden, 1917), 14–26.

32. Kruizinga, *Overlegeconomie*, 233–44.

33. SMN Annual Report 1918; RL Annual Report 1917.

34. Kruizinga, *Overlegeconomie*, 290.

35. SMN Annual Report 1918.

36. RL Annual Reports 1917 and 1919.

In short, costs rose tremendously during the War, but so did profits. The question remains whether one outpaced the other.

War Profits

During the War, KNSM, KWIM, SMN and RL published annual operating reports. Dutch law, unfortunately, allowed companies a great deal of leeway in reporting profit and loss. Four key issues in particular make comparisons of the numbers reported by the companies themselves highly problematic. First, the annual reports adhere to the so-called ‘cautionary principle’. This means that the value of assets was under- rather than over-estimated, losses and costs were incurred as soon as possible, and profits were only quoted when their realisation was assured. If modern accounting practices had been used, profits would have been higher than recorded in Table 1.³⁷

Table 1. Recalculated profit and balance sheet totals (in 1913 Guilders).

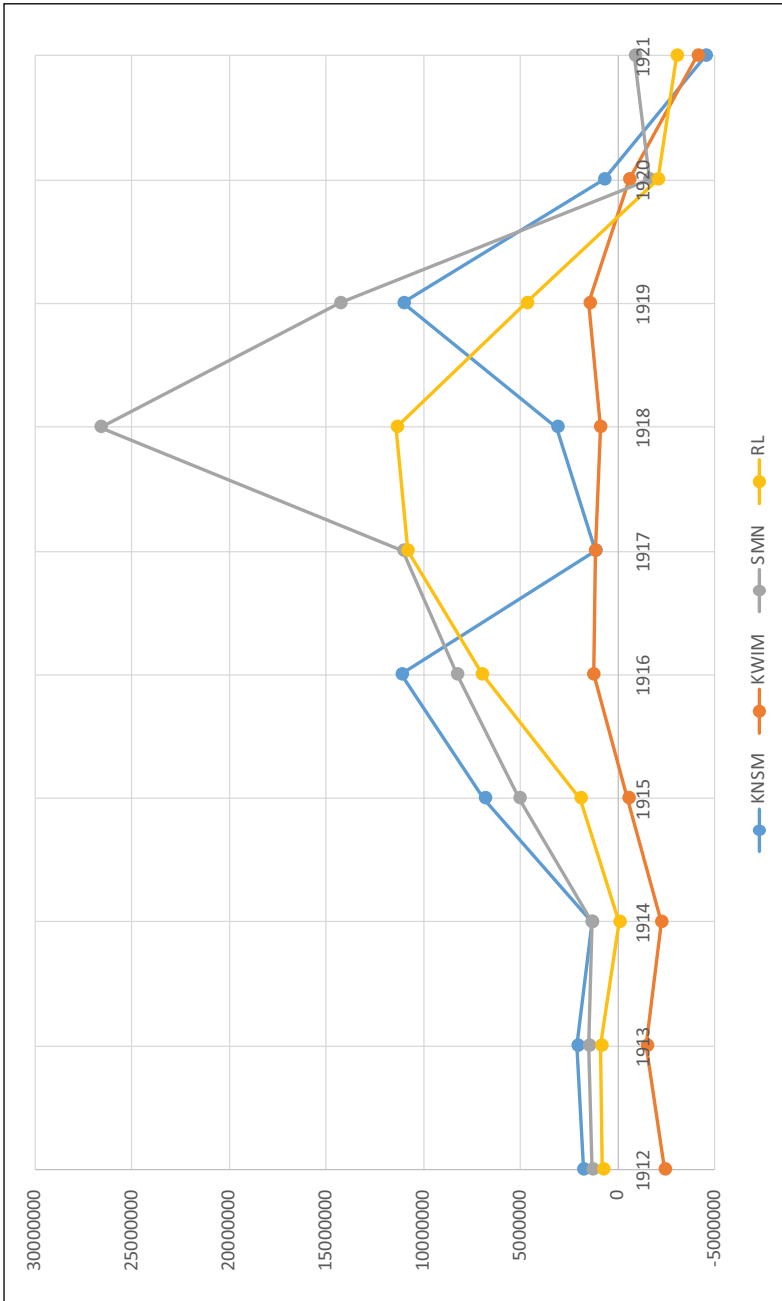
	KNSM		KWIM		SMN		RL	
	Profit	Balance	Profit	Balance	Profit	Balance	Profit	Balance
1912	1,801,212	16,868,758	-2,395,025	7,256,278	1,324,719	37,644,869	774,273	24,924,788
1913	2,092,970	17,921,000	-1,477,587	7,403,018	1,506,845	40,626,832	871,478	26,779,817
1914	1,362,314	19,982,674	-2,210,908	7,174,944	1,361,673	43,940,768	-63,360	26,747,619
1915	6,861,434	28,055,435	-527,803	7,984,450	5,082,568	42,221,230	1,940,510	29,409,817
1916	11,144,533	41,674,325	1,290,149	9,088,414	8,299,456	56,413,317	7,024,395	39,869,995
1917	1,180,098	36,587,209	1,194,343	9,416,890	11,058,145	65,521,935	10,852,686	44,050,451
1918	3,134,875	37,078,348	935,653	8,087,468	26,642,623	81,988,421	11,394,098	53,792,722
1919	11,046,625	48,621,863	1,471,668	8,933,185	14,306,652	85,897,446	4,702,006	53,788,582
1920	722,254	47,367,237	-563,304	7,545,029	-1,591,259	75,924,074	-2,041,662	51,047,897
1921	-4,497,346	50,653,488	-4,094,740	8,661,158	-857,878	77,336,315	-3,011,035	53,482,616

Source: Calculated from Annual Reports 1912–1921.

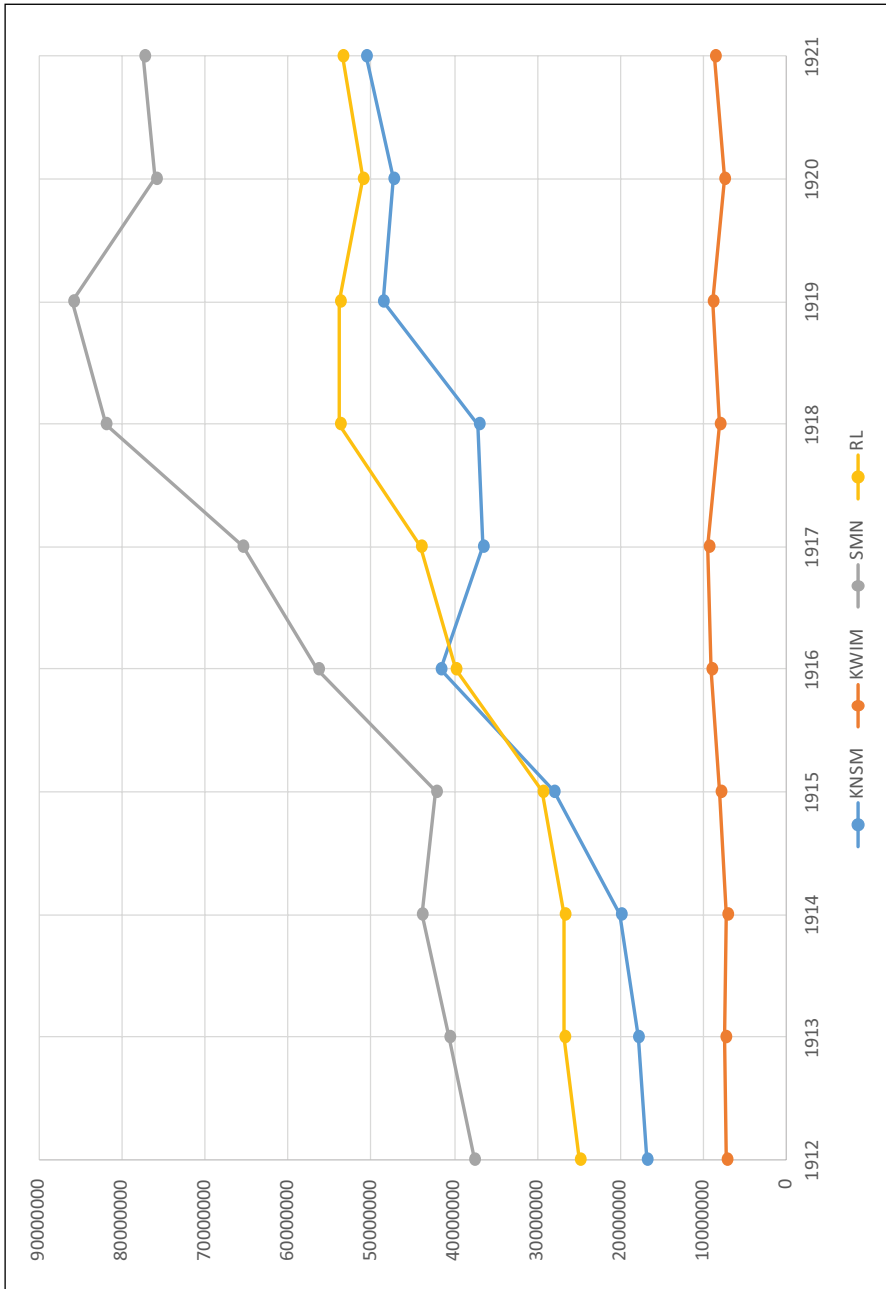
Second, the annual reports of the shipping companies under review do not separately report ‘net profit’. What is referred to as a company’s yearly ‘profit’, instead, is calculated using a balance sheet that includes items which, strictly speaking, have nothing to do with a company’s economic activities during the fiscal year, such as increases in the value of assets, bonuses to staff, Directors or Supervisory Boards, or price differences in holdings in foreign currency.

Moreover, the annual reports lack consistency. For example, all four shipping companies’ reports list ‘expenditures’ as a distinct item. The KNSM’s 1912–1914 reports, however, separately mention ‘maintenance costs’. As ships need constant maintenance, other companies must have incurred these costs as well and included them under the more general heading of ‘expenditures’. However, from 1915 onwards, KNSM makes no more

37. Kees Camfferman and Bob R. C. J. van den Brand, *Jaarverslagen van Nederlandse onderne-
mingen van 1811 tot 2005* (The Hague, 2010), 13–15, 88–102.



Graph I(a). Reported profits, 1912–1921.



Graph I(b). Balance sheet size, 1912-1921.

mention of 'maintenance costs', but their 'expenditures' do not rise enough to compensate.

Finally, the reporting of taxes paid is spotty at best. Until 1916, companies were taxed very little. But the high costs of continued full mobilisation and food distribution caused the Dutch government to seek additional forms of revenue, which it found in the so-called 'War Profit Tax', an additional levy of 30 to 50 per cent on all profits made by companies as a direct result of the War. Although all four companies undoubtedly had to pay these taxes, their annual reports seldom reflect this – although sometimes a sizable sum was mentioned in the balance sheets as 'kept in reserve' for War Profit Tax collection. Problematically, the 'tax reserves' are joined by numerous other, sometimes rather nebulously named 'reserves', often – especially during the war years – of substantial size. These reserves might have been used to hide funds from the War Profit Tax collectors.³⁸

Due to these four issues, it is impossible to determine the operating profits of SMN, RL, KNSM and its smaller partner KWIM. Table 1, however, provides as close an estimate as is possible. Using annual reports from 1912–1921, I have combined the items listed as 'Profits shipping company', 'Interests' and 'Dividends of sister companies' to approximate yearly operating profits, and subtracted the combined value of the items 'amortization', 'operating' and 'maintenance' costs as yearly operating costs in order to come to an approximation of yearly profits before taxes. In order to compensate for high wartime inflation, all values are expressed in 1913 Guilders. I have also included the total value of the four company's balance sheets, which provides an indication of the size of their annual turnovers.

Table 1 clearly shows that all four Dutch steamship companies reaped enormous profits during the First World War, with average profits during the wartime years significantly higher than those of 1913, which (at the time) was almost-uniformly considered to be one of the best years for Dutch business. Apparently, high freight rates more than compensated for the increased costs of doing business in wartime. They even managed to compensate for the fact that the two shipping companies steadily lost control over many of their own ships. Profit margins for 1918 indicate that, in many ways, the requisitioning of much of their fleets by the British and the Americans was a blessing in disguise. As the Allies and the Americans paid 'top dollar' for the use of Dutch ships, the more companies suffered the indignity of seeing their ships flying foreign flags and pressed into war service, the higher their profits soared. The numbers for 1917 warrant closer inspection as well. Whereas KNSM and KWIM posted lower profits than the year before, SMN and RL did even better than in 1916. An explanation might be that the latter two companies, plying Asian routes, were somewhat less susceptible to Dutch government interference, the German submarine threat and the Anglo-American coal and trade embargo than KNSM and KWIM. Additionally, the KNSM 'feeder' company, the New Rhine Shipping Company, ran into serious financial difficulties during the war as German transit traffic was largely eliminated, and had to be supported by the KNSM. Furthermore, the German government monopolized all inland carrying trade in 1917, so most of the New Rhine Shipping Company fleet had to be laid up at great cost. Finally, the abnormally high losses suffered by KWIM and (in 1921) by KNSM are the result of unusually large amortizations

38. Klinkert, Kruizinga and Moeyes, *Nederland Neutraal*, 430–5.

(in 1921 more than 10 million Guilders), which were probably paid by dipping into the reserves.

Now we have established that, despite the immense risks and costs the four companies endured, profits reached all-time highs during the First World War, we turn to the question of how the company's directors chose to spend the money generated by their firms in wartime. As control over their ships was increasingly wrested from them, the companies' directors spent most of their time deliberating over what to do with their war profits. Their decision-making process, however, resulted in remarkably similar financial strategies, meant to fortify their current positions and prepare for the post-war future.

Saving and Spending Money

Table 2 shows that, although dividends rose during the War, they did not keep pace with the meteoric increases in operating profits (which, once again, were probably significantly larger than Table 1 suggests). Even though some members of the companies' Supervisory Boards, acting as advisors to the Board of Directors whilst representing the interests of shareholders, occasionally advocated making larger dividends, the directors did not follow their advice, correctly assuming that their companies' stellar performance

Table 2. Dividends (%) and capital stock (millions of Guilders), 1912–1921.

	KNSM		KWIM		SMN		RL	
	Dividends	Capital	Dividends	Capital	Dividends	Capital	Dividends	Capital
1912	8	11.5	7	3.5	10	16	10	15
1913	8	11.5	6	3.5	10	16	10	15
1914	5	15	5.5	3.5	7.5	19	7.5	15
1915	15	15.05	7	3.5	10	19	10	15
1916	20	15.05	12	3.5	15	19	15	15
1917	10	15.05	10	3.5	20	19	15	15
1918	15	20.05	12	3.5	30	20	25	20
1919	20	20.05	15	3.5	30	20	20	20
1920	10	25.05	6	3.5	20	20	15	20
1921	0	25.05	0	3.5	11	20	10	20

Source: Calculated from Annual Reports 1912–1921.

in the Amsterdam and Rotterdam stock exchanges needed little boosting. More importantly, they had other uses for their money.

Before the War, most Dutch shipping companies stuck to a 'long purse' financial strategy; generally, they were averse to using advanced money to invest and much preferred to pay expenses out of pocket.³⁹ The enormous profits made during the War, first

39. Ferry de Goey and Paul van de Laar, 'Scheepsfinanciering: een comparatief perspectief (1870–1970)', in Karel Davids, Ton de Graaf and Yvonne van Meer, eds., *Tijdschrift voor zeeschiedenis*, 14 (1995), 23–61.

of all, allowed the steamship companies handsome sums of money in new or existing companies that might serve their interests or enhance their prestige. SMN and RL, for example, jointly supported the establishment of a new Indies bank, whilst the KNSM founded Chilean companies in order to supply its new Southern American trade with plenty of return cargo for Europe. More specifically, Dutch steamship companies invested heavily in the new IJmuiden steelworks and blast furnaces, intended to make Dutch shipbuilding independent from German steel and iron imports, and in improving port facilities.⁴⁰ Additionally, all shipping companies used the extra cash to buy Dutch, German or British war bonds, which often yielded an attractive yearly return.⁴¹

But the most significant investment was in new ships. From early 1915, all four companies were on the prowl for new and larger ships to replace obsolete ships in their existing fleets, to replace ships sunk or irreparably damaged during the War, but mostly to add to the size of their fleets. Fleet expansion was motivated by the desire to permanently take control over trades relinquished by German and British competitors, which required ships to establish regular new services. The difficulty of acquiring new ships in a crowded market, and the increasing difficulty of exporting either ready-built British ships or importing German raw materials to have them constructed in Holland, slowed production down, but did little to deter the Boards of Directors from ordering more and more. As Table 3 shows, most ships ordered during the War were only completed in 1920–1921.

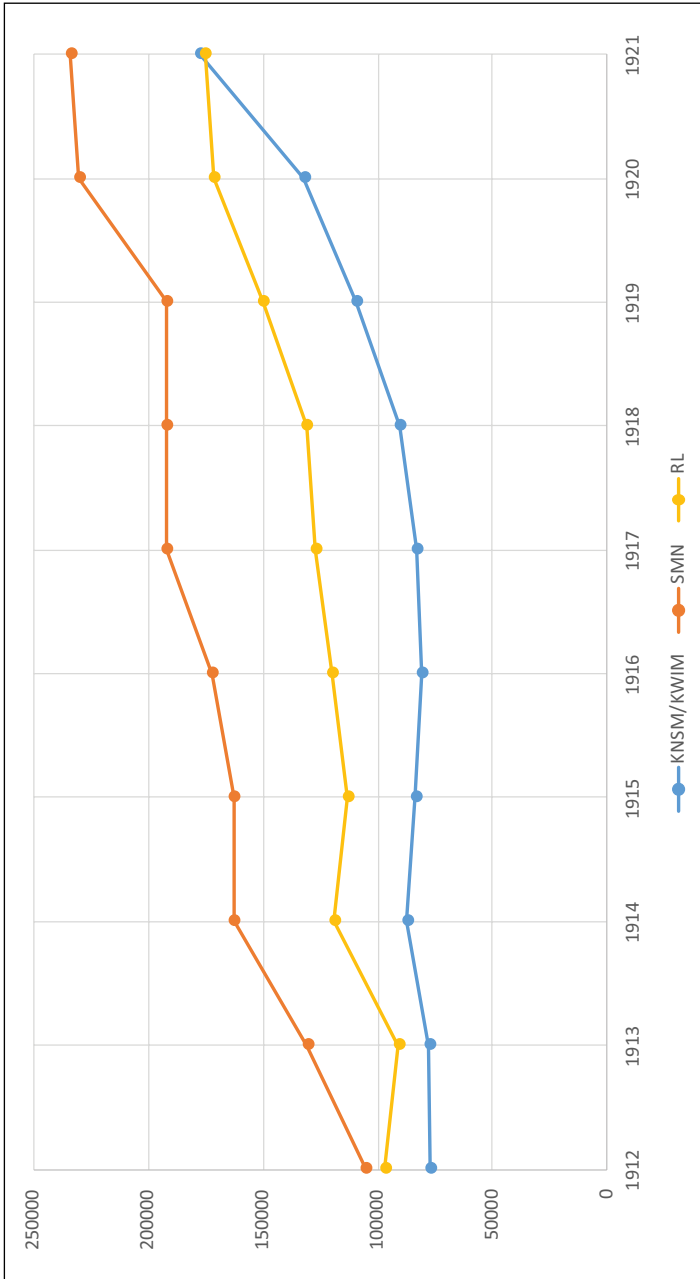
Table 3. Fleet development, 1912–1921, showing both numbers of ships and their total size (expressed in Gross Register Tons, which is a measure of the total permanently enclosed capacity of a vessel. 1 GRT equals a volume of 100 cubic feet, or 2.83 m³).

	KNSM/KWIM				SMN				RL			
	Passenger		Cargo		Passenger		Cargo		Passenger		Cargo	
	Ships	GRT	Ships	GRT	Ships	GRT	Ships	GRT	Ships	GRT	Ships	GRT
1912	10	24,987	46	77,233	8	47,183	20	105,461	8	41,326	19	96,875
1913	10	26,217	45	77,608	9	61,238	23	130,651	9	50,941	18	90,966
1914	10	26,217	50	87,256	8	59,370	27	162,936	9	50,941	21	119,039
1915	11	38,786	47	83,547	8	59,370	27	162,936	9	50,941	20	113,188
1916	7	18,561	46	80,988	8	59,370	28	172,393	9	50,941	20	120,045
1917	8	22,846	46	83,184	8	59,370	31	192,201	9	50,941	21	127,178
1918	8	22,486	46	90,604	8	59,370	31	192,201	8	46,215	22	131,268
1919	9	27,167	54	109,470	8	59,370	31	192,201	9	56,106	24	150,165
1920	8	26,057	62	132,110	9	69,889	36	230,199	9	56,106	26	171,575
1921	9	32,179	74	177,555	9	69,889	37	233,832	9	56,106	27	175,453

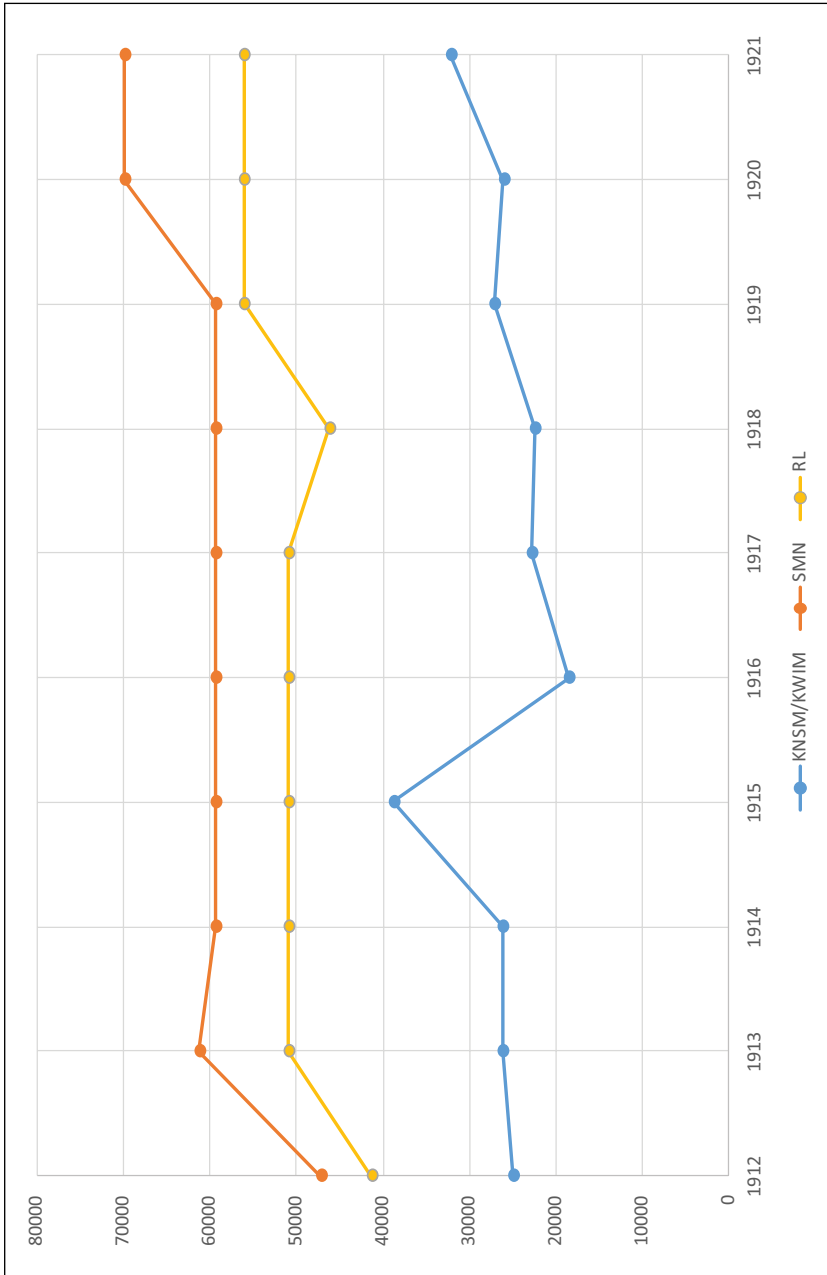
Source: Calculated from Annual Reports 1912–1921.

40. ACA, 713, folder 'Notulen 1912–1921', Minutes, KNSM Supervisory Board, 18 September 1916, 11 December 1916, 14 March 1917, 18 June 1917, 22 October 1917, 18 February 1918, 25 March 1918, 3 June 1918, 18 February 1918; RCA, 451.01/7, Minutes, RL Supervisory Board, 20 April 1916, 11 January 1917, 21 April 1917, 13 October 1917, 9 January 1918.

41. RCA, 451.01/7, Minutes, RL Supervisory Board, 16 February 1915, 15 November 1916.



Graph 2(a). Cargo fleet size (GRT).



Graph 2(b). Passenger fleet size (GRT).

So, War profits were invested in shares in other companies, in new port facilities, and in ships, but the steamship companies also took great care to improve their financial position. Borrowed capital was quickly paid off, and 'general reserve funds' grew exponentially.⁴² Moreover, KNSM, SMN and RL increased their share capital substantially during the War, taking advantage of the rising prices of their stocks to further increase their financial reserves (see Table 2).⁴³

The excellent financial results thus seemed to provide the foundation for future growth at the expense of foreign competition, forced into inactivity by the War. KNSM Director Ernst Heldring's nervous breakdown and flight to Switzerland alluded to in the prologue to this article is, in the face of this windfall, very hard to explain. But others shared his fears for the future. Heldring's diary, the Board meeting minutes and several other internal policy documents found in various Dutch archives tell a remarkably similar story: the Dutch looked to the post-War future with increasing trepidation. Although the War itself was a respite from international competition, in the post-War world Dutch shipping ran a real risk of being crushed by it. The shipping company directors widely expected the First World War to end in a draw, followed by a sort of economic cold war in which the Allies and the Central Powers would form closed economic systems.⁴⁴ Their governments would require British and German shipping companies to consolidate into 'massive combinations' which, with financial support, would be tasked with monopolising important trade routes to fuel the economic competition with the enemy.⁴⁵ KNSM directors especially feared a post-War German resurgence, which would be buoyed by a depreciated German Reichsmark, lowering relative operating costs. SMN and RL, by contrast, were particularly afraid of the Japanese and the British. Japanese steamship companies profited, on the one hand, from their home country's belligerent status, giving them much easier access to Allied port and bunker facilities than their Dutch counterparts, and, on the other hand, from the fact that most of the trades operated by Japanese steamship lines lay outside Europe, outside the reach of floating mines and torpedoes.⁴⁶

42. SMN Annual Reports 1913 and 1918; RL Annual Reports 1913 and 1918.

43. ACA, 713, folder 'Notulen 1912–1921', Minutes, KNSM Supervisory Board, 1 December 1915.

44. See ACA, 969, folder 'Loket 17, nr. 40–67', envelope 'GEHEIME CORRESPONDENTIE betreffende HET AFTREDEN VAN DE HEEREN VAN RIJN EN VERHOEFF 1916/1917': Van Hasselt to Heldring, 14 January 1917; NA, 2.20.23/514, 'Nota over de vrachtenpolitiek der Hollandsche Stoomvaart Maatschappijen gedurende de jaren van den oorlog 1914–1919, door de Heeren P.E. Tegelberg en H.L. Bekker, resp. directeuren der Stoomvaart Maatschappijen "Nederland" en "Rotterdamsche Lloyd", aan Regeeringsbureaux te Batavia ingediend', 20 March 1919.

45. See M. W. F. Treub, *De economische toekomst van Nederland* (Haarlem/Amsterdam 1917), 111; "V.S.", 'Economische Entente', and C. A. Verrijn Stuart, 'De besluiten der Parijsche Economische Conferentie', *De Economist*, 65, vol. 1 (1916), 465–60 and 629–35.

46. RCA, 451.01/7, Minutes, Supervisory Board, 13 October 1917; NA, 2.20.23/514, 'Nota over de vrachtenpolitiek der Hollandsche Stoomvaart Maatschappijen gedurende de jaren van den oorlog 1914–1919, door de Heeren P.E. Tegelberg en H.L. Bekker, resp. directeuren der Stoomvaart Maatschappijen "Nederland" en "Rotterdamsche Lloyd", aan Regeeringsbureaux te Batavia ingediend', 20 March 1919.

Fear of post-War competition drove SMN and RL to emphasize the importance of new wartime trades over their old ones. Even though the two companies managed to complete more sailings to and from the Indies in 1915 than in 1913, Indies merchants and businessmen complained that their warehouses were slowly filling up whilst ships that could be used in the European trade were employed in the new lines to the Americas. Complaints reached the two steamship companies' Dutch headquarters, and a special mission was soon despatched to explain their position. Indies businessmen remained unconvinced and felt that SMN and RL had given up on their special obligations regarding the Dutch-Indies, embodied in their pre-War contract with the Dutch Government to establish fast and regular mail and passenger services.⁴⁷

The same fear of post-War competition threatened to create problems for KNSM and KWIM. The merger of 1912 had created one common Board of Directors for both companies, which – for the moment – had remained largely independent in their operation. The joint board consisted of three KNSM representatives and one director, C.M. van Rijn, representing KWIM. The harrowing prospect of increased post-War competition vindicated, in chief KNSM director Ernst Heldring's eyes, the merger with KWIM, as this opened exciting possibilities for new trades on both the American east and west coasts.⁴⁸ To his dismay, however, the KWIM director did not share his enthusiasm for rapid expansion. In December 1916, Heldring sent a cable from his self-imposed exile in Switzerland informing the other directors that if his 'annoying colleague' van Rijn did not vacate his seat, he would resign.⁴⁹ The other directors took his side and got rid of van Rijn by offering him a massive cash bonus and a lucrative seat on the Supervisory Board.⁵⁰ His replacement was handpicked by Heldring. Elsewhere, too, the KNSM cleaned house. Their targets were mostly KWIM employees who the new Directors felt were not fit to handle the expected pressures of post-War competition; they were replaced by younger, more energetic and ambitious men. Even those KWIM employees who were seen as worthy, were detached, as much as possible, from their old milieu 'to better instruct them in our way of doing things', stated J. van Hasselt, one of the KNSM's new wartime directors.⁵¹ These personnel shifts turned what was once a merger between two equal partners into a silent takeover of KWIM by KNSM.⁵²

47. NA, 2.20.23/514, Memorandum 'Vergadering van belanghebbenden bij den Exporthandel en de Scheepvaart gehouden op Woensdag 10 maart 1915 des namiddags ten 3 uur in het lokaal der Handelsvereniging', n.d.

48. ACA, 713, folder 'Notulen 1912–1921', Minutes, KNSM Supervisory Board, 14 March 1917; 18 June 1917, 24 September 1917, 16 September 1918.

49. ACA, 969, folder 'Loket 17, nr. 40–67', file 'GEHEIME CORRESPONDENTIE betreffende HET AFTREDEN VAN DE HEEREN VAN RIJN EN VERHOEFF 1916/1917': Heldring to KNSM Board of Directors, 18-01-1917; Heldring, *Diary*, I, 149–50.

50. ACA, 969, folder 'Loket 17, nr. 40–67', file 'GEHEIME CORRESPONDENTIE betreffende HET AFTREDEN VAN DE HEEREN VAN RIJN EN VERHOEFF 1916/1917': Den Tex to Heldring, 5 February 1917, 12 February 1917, 20 February 1917; van Rijn to KNSM Supervisory Board and KWIM, 1 March 1917; van Hasselt to Heldring, 8 March 1917.

51. ACA, 969, folder 'Loket 17, nr. 40–67', file 'GEHEIME CORRESPONDENTIE betreffende HET AFTREDEN VAN DE HEEREN VAN RIJN EN VERHOEFF 1916/1917': van Hasselt to Heldring, 30 November 1916.

52. ACA, 969, folder 'Loket 17, nr. 40–67', file 'GEHEIME CORRESPONDENTIE betreffende HET AFTREDEN VAN DE HEEREN VAN RIJN EN VERHOEFF 1916/1917': van Hasselt to Heldring, 15 November 1916, 22 November 1917, 9 December 1916.

KNSM's heightened interest in establishing trades through the Panama Canal caught the attention of another Dutch company, the Holland-America Line (HAL), which also sought to extend its area of operations into South America, particularly Chile.⁵³ During a round-table meeting between the two company's Boards in 1915, Heldring suggested that the KNSM would stick to South America and refrain from establishing trades to San Francisco, leaving North America to the HAL. However, the HAL Board did not agree. For the moment, they did not have enough ships to mount a challenge to KNSM's South American interests, but that might change, the KNSM Board feared, after the War.⁵⁴

The prospect of post-War competition was the most important factor in driving company policy. A distant second was the fear that the shipping company's own personnel might desert just when they were needed the most. Labour unrest might lead to lower profits, endangering post-War prospects.⁵⁵ The shipping companies sought to deter strikes by providing generous pension schemes and, from 1915 onwards, paying out cost-of-living supplements to compensate workers for the increased costs of living.⁵⁶ KNSM, for example, gave all her employees a monthly bonus of 30 per cent of their normal salary in 1917, increasing to 50 per cent in 1918.⁵⁷ These measures were largely successful in preventing work interruptions.

Epilogue: Unintended Consequences

When the Armistice was signed on 11 November 1918 and, a few weeks later, the Netherlands finally concluded a general economic agreement with the Allies regarding tonnage and trade, KNSM, KWIM, SMN and RL tried to restart regular services. It took a good number of months, however, before a semblance of pre-War normality returned. A significant number of ships, remained out of their control: ships pressed into Allied service would be gradually returned in 1919, and those requisitioned by the Dutch government would remain so until, in 1920, domestic food and coal prices stabilised.⁵⁸ Furthermore, a large number of mines still drifted in the North Sea; until about 1920, they posed a significant danger to international shipping. Finally, it took the signing of the Treaty of Versailles on 28 June 1919 before the NOT could seize operations, removing all remaining contractual obstacles against trading with Germany.

As raw material restrictions eased, shipbuilding activities resumed at an increased pace. Most of the ships ordered by the four steamship companies were completed in the

53. ACA, KNSM 698, folder "111. Holland Amerika Lijn 1911/1916", Correspondence L.P.D. op ten Noort and J. Rypperda Wierdsma, 1911–1913.

54. ACA, 969, folder 'Loket 17, nr. 40–67', file 'GEHEIME CORRESPONDENTIE betreffende HET AFTREDEN VAN DE HEEREN VAN RIJN EN VERHOEFF 1916/1917': van Hasselt to Heldring, 31 December 1916, 14 January 1917 and Den Tex to Heldring, 14-12-1916.

55. Delprat, *Journal*, 18–19.

56. RCA, 451.01/7, Minutes, RL Supervisory Board, 4 November 1915.

57. ACA, 713, folder 'Notulen 1912–1921': Minutes, Supervisory Board Royal Dutch, 16 September 1918.

58. ACA, 713, folder 'Notulen 1912–1921': Minutes, KNSM Supervisory Board, 19 March 1919, 22 November 1919; RCA, 451.01/7, Minutes, RL Supervisory Board, 20 May 1919.

years 1919–1922, right on time, it seemed. Although wartime predictions regarding a cut-throat post-War competition between Allies and Central Powers failed to materialize, the massively increased Dutch merchant marine found ample use for its tonnage, as post-War Europe experienced a great increase in demand for overseas goods. In the Indies, Japanese competitors briefly threatened to open a new trade from Japan via Batavia to Europe, but they were remarkably easily pacified by including them in the Batavia Freight Conference, through which they were given favourable transfer rates for shipments moved from or via Batavia to Japan, but no more.⁵⁹ A new conference agreement was signed with a consortium of American shipping companies when they threatened to open a rival line from New York to Java via the Panama Canal, creating a stable and profitable freight market.⁶⁰ More good news followed when the wartime talks between KNSM and the Holland-America Line over the division of American ‘territory’ sparked a round-table conference of all the major shipping lines regarding how to distribute other ‘disputed’ areas without the need for costly rivalries. In the early 1920s, they managed to conclude a ‘general entente’, whereby all new disputed trades would be undertaken by a new United Netherlands Steamship Company.⁶¹ As an unexpected bonus to KNSM, whose director Helderling saw his pre-War plans for a general Dutch shipping cartel finally realised, the disputed Southern American trade would be executed solely by KNSM and KWIM ships. SMN and RL were participants in the new company as well, which further strengthened their cooperation; in the 1920s, they opened several new trades under its umbrella from the Indies to Singapore and other British Southeast Asian colonies.⁶² As the new trades developed during the War now seemed reasonably secure, the Dutch steamship companies bought up a sizable portion of the German merchant fleet seized by the Allies as part of the Versailles settlement, forming British shell companies to circumvent any legal impediments.⁶³

In the first post-War years, freights remained high. But once wartime shortages were made good, it slowly became apparent to the shipping companies that the War had caused so much devastation and financial dislocation that European demand slumped. For the first time in more than a decade, there was more tonnage than goods needing transport, causing freights to decline.⁶⁴ To make matters worse, strikes in some of the world’s most important coalfields caused fuel prices to explode. To make matters still worse, Allied demands for German reparations caused a further decline in the German mark’s exchange rate, which for both passengers and cargo made rail travel to the nearest German port (e.g. Hamburg or Bremen) a cheaper alternative than using the New Rhine Shipping Company to transport goods to Amsterdam.

59. ACA, 713, folder ‘Notulen 1912–1921’: Minutes, RL Supervisory Board, 19 November 1919; RL Annual Report 1919.

60. SMN Annual Report 1919.

61. ACA, 713, folder ‘Notulen 1912–1921’, Minutes, KNSM Supervisory Board, 28 April 1919.

62. RCA, 451.01/7, Minutes, RL Supervisory Board, 19 November 1919, 29 April 1921.

63. ACA, 713, folder ‘Notulen 1912–1921’, Minutes, KNSM Supervisory Board, 6 December 1920.

64. ACA, 713, folder ‘Notulen 1912–1921’, Minutes, KNSM Supervisory Board, 28 September 1921.

But in 1923, the global economy took a turn for the better as demand and freight rates recovered. The shipping companies had managed to weather the storm, due to the enormous financial reserves which were, for them, one of the prime legacies of the First World War. These same reserves helped them to deal with the strikes, as they could simply wait until labour unions exhausted their strike funds.⁶⁵ The shipping companies' fleets, massively increased in size, now found full employment in both the existing and the new trades. So, although both fleet and financial reserves were created with a different future in mind than had come to pass, they served their companies exceedingly well. The reserves generated in the First World War era had not been exhausted by the 1930s, and helped the shipping companies deal with the first effects of the new global crisis.

Conclusions

During the First World War, KNSM, KWIM, SMN and RL experienced unexpected growth. They profited from the virtual disappearance of most of their pre-War competitors and from high freights. Together, these two factors compensated for the heavy financial losses inherent in doing business in dangerous waters, from which even neutrals were not immune. Although it is very difficult to ascertain exactly how much the four companies profited, that they did so is abundantly clear. High profit margins were no reasons for complacency, however. Directors and Supervisory Boards were in remarkable agreement that, for them, the War formed the eye of a storm, a breathing space to be used to prepare for the expected economic cold war between the Allies and the Central Powers that was to follow the end of armed hostilities. In order to face the challenges to come, the steamship companies formed sizable war chests, invested in new ships, and developed new trades.

Anxiety for the post-War future caused the KNSM to turn their merger with KWIM into a secret hostile takeover, which – due to a few well-placed bribes and strategic replacements – was very successful. Less successful was the attempt by SMN and RL to explain their actions to Indies businessmen, who could not comprehend why the extra steamships were not used to ship goods from overflowing warehouses to Europe, but were deployed instead in new trades. Many chose, in response, to abandon the European trade altogether and focus on Japan and the United States.

To the Dutch directors' considerable surprise, the War ended up producing a clear winner, which meant that the feared economic war failed to materialize. It seemed, for a few months at least, that the steamship companies had gambled and lost, their new ships (ordered during the War) being launched during a post-War slump for which they were of little use. Luckily for them, their wartime investments did pay off after 1921, when the new ships found employment in the new trades opened during and after the War.

65. Ivo Kuypers, *In de schaduw van de grote oorlog: De Nederlandse arbeidersbeweging en de overheid, 1914–1918* (Amsterdam, 2002), 247–51.

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