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Rescued from the Myths of Time

Toward a Reappraisal of European Mercantile Houses in Mid-Nineteenth Century Java, c. 1830–1870

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Abstract

According to a still-lingering scenario, it was not until late in the nineteenth century that 'private' European commercial (and plantation) enterprise gained any real traction in the Netherlands Indies. As a number of scholars have noted over the last few decades, this needs to be heavily revised on several major counts. Nonetheless, the implications of such revision for an understanding of European mercantile activity in mid-nineteenth century Java have been slow to seep through. Building on the work of other scholars and exploiting a variety of original sources, in a preliminary fashion this paper sets out to repair this deficiency.

Keywords

Indonesia – Java – commodities – trade – merchants

The business historian Tony Webster has recently drawn our attention to 'the changing nature of [...] [British and European] business in the East, and its relations with the colonial administration and indigenous mercantile elites', which began in respect to the UK in the 'Twilight' of the (British) East India Company (EIC). In 1813 the Company lost its centuries-old monopoly on trade with the Indian subcontinent, and twenty years later, in 1833, its parallel monopoly on trade between the subcontinent and China. In effect, its commercial operations were privatized. Finally, in the wake of the Great Indian Uprising of 1857–1858, its operations were wound up in their entirety. This period of nearly half a century, however, saw not only the slow demise of the EIC but also a series of new commercial initiatives by private mercantile groups that took place partly in

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opposition to, and partly in conjunction with, surviving EIC interests. Moreover, 'parallel to the emergence of new firms and new pressure groups in Britain and the East', Webster argues, 'was a revolution in the organisation of British firms in Asia, and the nature of British economic relations with Asia' (Webster 2009:10).

These developments, however, were not limited to the British sphere; they also had important parallels in the extensive Dutch possessions in Asia during the early decades of the nineteenth century. Most immediately, what took place there was contingent on the collapse of the Vereenigde Oost-Indische Compagnie (VOC, United East-India Company)—the EIC's Dutch equivalent—at the end of the eighteenth century, and the incorporation of its Indonesian possessions into a new Netherlands Indies state. It was there, primarily in Java, far more densely populated and much richer agriculturally than the larger islands of the archipelago, that firms grew up in the wake of the demise of the VOC. They merit the same sort of discussion that Webster and others have brought to the study of their counterparts in the Indian subcontinent. Of course, there were differences. Not least, the VOC was removed from the scene a full half century before the British Company's mid-nineteenth-century *Götterdämmerung*. Even so, there were clearly similarities. Mid-nineteenth-century Java, like British India, was characterized by the existence of a cosmopolitan mercantile community—a community comprised of firms located along global commodity chains, the principal of which, in this case, related to cotton goods, coffee, and sugar. A further, and fundamental, similarity was that the firms in Java also existed 'under the shadow' of a quasi-monopolistic trading corporation, the NHM or Nederlandsche Handel-Maatschappij (Netherlands Trading Association), founded in Holland under royal patronage in 1824 and, in some limited respects at least, the 'successor' of the VOC (Mansvelt [1924, 1926]; De Graaf 2012).

Partly because of this, until recently the historical significance of Java's mid-nineteenth-century mercantile houses has been underplayed in the relevant literature.[1] An older historiography was centred on the idea that the (European) commercial firms of mid-nineteenth-century Java operated in a political environment that constrained, limited, and was indeed profoundly hostile to, their growth. On this reckoning, it was all these things because of the purported domination of the colonial sector of Java's economy by a state-run system of

1 The prime account to date of the business world in the Indies from the 1840s through to the 1870s is Claver 2006:49–81. See also [Mansvelt] 1938; Van Horn 1997; Bosma 2005.

commodity production (the Cultuurstelsel, or System of [State] Cultivations) functioning in tandem with the NHM as the state's mercantile arm.[2] This way of looking at things at least had the merit of highlighting the importance of political context. This is nowhere more so, perhaps, than in colonial settings where synergies between state and capital were often vital to the fortunes of mercantile concerns. It is precisely in this respect, however, that a rather tattered earlier account of the Cultuurstelsel and the NHM is seriously misleading.[3] Far from serving as a constraint on mercantile enterprise, the two acted together as an incubator for 'private' capital in this as in other sectors of the colonial economy. Indeed, the circumstances of bourgeois capital growth in mid-nineteenth-century Java are such as to render problematic the supposed divide between 'private' and 'state' enterprise.

This article sets out to perform two interlinked tasks closely related to this argument about the need for reappraisal. The first is to identify a number of major general characteristics of Java's colonial mercantile houses in the middle decades of the nineteenth century, roughly in the period 1850–1870. The second is to use brief case studies of four particular firms to explore these characteristics in greater depth and over time. Accordingly, the first half of the article deals with topics including the broader Asian context in which European mercantile houses operated in mid-nineteenth-century Java; general issues of mercantile finance; the location of mercantile houses along the commodity chains in which they were enmeshed; and, closely linked with this, the relations between European mercantile houses and the Dutch colonial state in the Indies. The second half of the article then sets out to add flesh to the bones by taking as examples the mid-century history of four Indies firms: Paine Stricker, Schimmelpennick, Kopersmit, and Maclaine Watson. As will be explained, the choice is—of necessity—a somewhat arbitrary one, but serves nonetheless to illuminate mercantile operations in the colony to a significantly greater extent than has been feasible hitherto.

2 For an extreme statement of this position ('the Culture System grew until it overshadowed and blighted the whole economic organisation of the country, and nothing remained but the Government as a planter on a superhuman scale, with the NHM as its sole agent'), see Furnivall 1939:121.

3 The misleading character of this older literature was remarked upon more than half a century ago by Coolhaas (1964) and—much more recently, and in substantiating detail—by Houben (1993b). Further significant recent literature is reviewed in the text below. i

A Cosmopolitan Mercantile Community

The context in which these several developments took place was one of mercantile networks that were cosmopolitan rather than exclusively 'European'. Local and regional Chinese and Arab mercantile networks played a critical role in articulating the key commodity chains in which Java's mercantile houses were enmeshed, both in Java itself and in the adjacent archipelagoes. As was the case in other major Asian centres of European mercantile enterprise in the middle decades of the nineteenth century, a key facet of the ongoing business of Java's mid-century European mercantile houses was the so-called 'Country [that is, intra-Asian] Trade'. This trade inevitably involved collaboration with Asian traders and shippers. One potentially productive way of conceptualizing the relationship is to adopt Michael B. Miller's recent formulation of 'the overlay of one network over another' and of the 'loop[ing] through' of European shipping and business networks by their Asian counterparts (Miller 2012:2, 109).

However formulated, any notion that the colony's European mercantile houses operated in a hermetically sealed world is well wide of the mark. In the 1820s, for example, it was reported that Eliza Thornton, the woman who ran the eponymous family firm in Batavia, was on such good terms with the town's Indies Chinese merchants, and had such a good understanding of them, that 'she might herself even be thought of as Chinese'.[4] Armenians also featured throughout the nineteenth century as a substantial presence among Java's merchants,[5] and some years ago, in a pioneering article, Frank Broeze drew welcome attention to the extent to which Java's mid-century merchant fleet was in the hands of Chinese and, above all, Arab entrepreneurs (Broeze 1979; Clarence-Smith 2002). Throughout maritime Southeast Asia, an extensive intra-regional (as well as intra-Asian) trade was carried on there by Asian rather than European mercantile networks (Kobayashi 2012). Java's European merchants were, of course, well aware of this. One of them, Gillian Maclaine, appearing before a British parliamentary committee in 1831, extrapolated at some length on the fact that not only was 'the commerce of the country' carried on 'chiefly by the Chinese', but also that 'they trade[d] largely with the eastern islands and with the Malay peninsula, and also with Europe'.[6]

4 From a letter written *c.* 1823 by Candidus ten Brink, partner in the firm of Ten Brink & Reynst, quoted in Molsbergen 1936:5–8.

5 For the tip of this particular iceberg, see for example De Bree 1928, I:121, 213, and Claver 2012.

6 'Select Committee of the House of Commons on China and the affairs of the East India

The Money Trail: Finance for the Mid-nineteenth-century Mercantile Enterprise

Webster has observed of early-nineteenth-century Calcutta that 'Indian merchants were not only a vital source of capital, they also understood the internal systems of trade and finance which existed in the Subcontinent' (Webster, 2007:78–84). By way of contrast, European merchants in Java operated there in the absence of a discernable Javanese capitalist or merchant class. As we have just seen, however, they did operate alongside, and in inevitable collaboration with, a substantial community of Chinese Indonesian and Arab merchants and capitalists. Like their Indian counterparts in Calcutta (for example), they were well versed in the operation of Java's 'internal systems of trade and finance'. For much of the nineteenth century, for example, the leading Chinese mercantile families in these communities were the exclusive farmers of the Indies government's opium monopoly, which, inter alia, gave them unrivalled access to the island's interior as both traders and moneylenders.[7] As capitalists, moreover, they certainly entered into dealings with a number of European business people and entrepreneurs in mid-nineteenth-century Java. The big Surabaya merchant and 'entrepreneur' (one Governor General referred to him more frankly as 'a scoundrel') J.E. Banck, for example, could hardly have made his way in the world to the extent that he did—he retired to Holland in the 1840s as a very rich man—without the backing of leading Chinese Indonesian capitalists active in East Java.[8] Likewise, in Semarang back in the 1820s, the Scottish merchant John Deans' convivial relations with that city's Chinese mercantile elite—'I have dined with the [wealthy] Chinese merchants at as good a dinner as I could have got anywhere in India'[9]—would certainly have extended well beyond a shared taste in fine cuisine.

Matters may well have changed over time, however, and by the 1860s (in so far as it is possible to be certain about these things) it does not look as if there was much 'Chinese' money involved in the business dealings of the

Company, 1831–2', Vol. VI, 'Evidence Gillian Maclaine 1831', p. 85, *House of Commons Parliamentary Papers*. See also Blussé 2011; Tagliacozzo 2011; Chan Kok Bun 2000.

7 For an introduction to Java's Indies Chinese business communities, see Rush 1990.

8 For Banck (b. Scheswig 1797 d. The Hague 1857) and his various business partners, both 'European' and Chinese Indonesian, see Bosma and Raben 2008:126–7; Baud 1983, II:262, 304 and 1983, III:155.

9 'Select Committee of the House of Lords on the East India Company 1830', Vol. VI, 'Evidence of John Deans' pp. 233–5, *House of Commons Parliamentary Papers*.

European mercantile firms then operating in the colony. It is significant, for example, that two substantial bankruptcies of European mercantile firms in both Batavia and Surabaya in the 1860s (see below) revealed virtually no Chinese names among the creditors. It was now the norm, so it appears, that European (import) merchants were the creditors of Chinese traders, something that they had been since the 1820s or earlier, but which now became their predominant role (Claver 2012:113–21). There are indications that the upsurge (see below) in the commodity trade conducted by the European mercantile houses during the 1850s and 1860s meant that, particularly under state patronage, the European sector of Java's cosmopolitan mercantile community was gaining in traction in the mid-century decades vis-à-vis its Chinese Indonesian, Arab, and Armenian counterparts. To be sure, the question is a vexed one on a number of counts. Not least, the available documentation tends to privilege the European sector, and a note of caution is appropriate. It is noteworthy, for instance, that in 1870s' Batavia one prominent European firm, as it now appears, drew a great deal of its commercial strength from its close and enduring relations with the city's 'very wealthy' Arab 'Major' (the Dutch appointed leader of his community), Said Hoessin bin Mohamad bin Aboe Bakar Aydiet (Claver 2012:118).

The broad picture of how Java's mid-century mercantile houses financed their operations is hence a complex one. Few of the people who established firms in the mid-century decades came to the colony replete with capital (De Bree 1928, I:208). Some of their funds were raised in the Indies, not least from individuals who left capital there when they themselves repatriated. Commercial creditors in Europe were likewise deeply embroiled. Some of the latter were 'accidental' or unwitting suppliers of capital, in so far as colonial firms made (temporary) use of balances accumulated in the commodity trade to finance their operations in Java. In some cases, however, principals in Europe made direct investments. It appears, in particular, that the Batavia-based firm of Reynst & Vinju's considerable expansion in the mid-1860s into the 'plantation' sector (in conjunction with their newly forged close association with the Surabayan firm of Anemaet & Co), was partly financed by a direct injection of capital from Rotterdam by Van Hoboken, the Dutch firm with whom they had been closely associated since the 1820s (Molsbergen 1936:25–7). During the mid-century decades, however, direct metropolitan investment of this kind was exceptional. However precariously, locally accumulated capital and short-term commercial credits from business correspondents in Europe (or North America) appear to have made up the bulk of the funds available to the colony's mid-century mercantile houses. As we shall see, Europe-based institutional sources of finance began to appear in Java during the 1860s, but the amount of capital involved can at that time be safely assumed to have been fairly modest.[10]

Commodity Chains and Commodity Production: The Cultuurstelsel in Mid-nineteenth-century Java

Java's mid-century mercantile houses were as tightly integrated as evolving systems of communication would allow into commercial networks and commodity chains that were global in character. Inter alia, this was evidenced by the regular 'price courants' supplied to interested parties overseas and by the fact that the major firms were demonstrably in constant commercial intercourse (usually in the form of fortnightly letters) with 'correspondents' in Europe, North America, and other colonial settlements in Asia.[11] As far as the key European connections were concerned, matters were greatly facilitated from the late 1840s onward by the development of the so-called Overland Mail (which reduced the time it took to receive a letter from more than three months to less than six weeks). The arrival of the telegraph some two decades later meant that market reports could travel between Batavia and western Europe in a matter of hours, and (potentially, at least) revolutionized risk-taking in often extremely volatile world markets. Indeed, so crucial had telegraphic communication become that, even before the cable itself reached Batavia in 1870, steamers were used to bring the vital telegrams from the nearest telegraph station, initially at Pont de Galle in Sri Lanka and subsequently at Singapore. The opening of the Suez Canal in 1871 served further to speed up—though hardly revolutionize—a global system of communications that had already been radically transformed over the preceding three decades.

10 At the end of 1865, for example, after two years of operations in the colony, the advances made by the Nederlandsch-Indische Handelsbank (Netherlands Indies Trading Bank) to sugar manufacturers and coffee and tobacco planters amounted to just over 1,000,000 guilders (Korthals Altes 2004: 58). This was scarcely more than the sum accumulated on the debit side of the ledger of one single Batavia mercantile house (Schimmelpenninck & Co, see below) at the time of its bankruptcy earlier in the same decade.

11 This emerges clearly, for example, from the newly available archives of the great Amsterdam commercial house of Van Eeghen, examples from which are quoted below. See Stadsarchief Amsterdam [hereafter: SAA], Archief Van Eeghen [hereafter: VE]. My thanks to the Stadsarchief's indefatigable archivist, Bart Schuurman, for his invaluable and generous help.

Articulated by this evolving framework of communications, the commerce in which the mid-century mercantile houses engaged consisted primarily in the import of cotton goods (mostly from the Netherlands, *c.* 1840 onward) intended for sale within Java and elsewhere in the archipelago. Exports were more varied: coffee and sugar were the main ones, but tobacco, indigo, hides, and rice also featured. Coffee had been exported in considerable quantities from Java to western destinations since the middle of the eighteenth century. The output of Java's long-established sugar industry, on the other hand, historically had gone largely to markets elsewhere in Asia and the Middle East. During the middle decades of the nineteenth century, however, under the impetus of new commercial opportunities in Europe and North America, the bulk of Java's rapidly expanding production of the commodity reached customers 'west of Suez'.

The greatest single impetus to this expansion of Java's mid-nineteenth-century export trade—in sugar and coffee in particular—came from the operation of the Cultuurstelsel, which from *c.* 1830 onward drove up the production of both commodities to unprecedented heights. Initially, most of this increased production came into the hands of the Indies government's 'commercial arm', the Batavia branch-office, or Factorij, of the NHM, which organized its shipment for sale in Amsterdam. In regard to sugar in particular, a key role was played here by nearly one hundred government sugar contractors located in the lowlands of East and Central Java (all of them either Europeans or Chinese Indonesians), who supplied the NHM with the bulk of their output as part of contractual arrangements with a state that provided the manufacturers with capital, raw material, and labour. From around 1850 onward, however, the dynamics of this situation began to change in ways that greatly promoted the growth of 'private' mercantile enterprise. Indeed, in modern parlance, the Cultuurstelsel began to be 'privatized.'

In consequence, increasing quantities of the commodities produced under the aegis of the Cultuurstelsel came into the hands of Java's mercantile houses, particularly those in the European sector. They did so as a result of several parallel developments, including the increased amount of so-called 'free disposal' sugar coming onto the market in Java from factories operating on contract to the Indies government,[12] and because of the sale by auction in Batavia (*c.* 1860 onward) of quantities of 'government' sugar and other commodities. Also of considerable significance, however, was the expansion of production in the

12 'Free disposal' sugar was the part of the factory's output that the contracting manufacturer was not obliged to deliver to the Indies government's (or to be more exact, the NHM's) warehouses (Fasseur 1992:91–2).

non-government sectors of commodity production in general, particularly but not exclusively in the Vorstenlanden, or Principalities, of South-Central Java (Houben 1993a:264–8, 1993b:53–7; Bosma 2007). The upshot of this several-fold development was unmistakable. By 1860, in terms of value, 'private' mercantile firms accounted for forty-six per cent of Java's total export trade, and for some sixty-five per cent of the export value of Java sugar. A decade later, in 1870, the comparable figures were fifty-one and seventy-two per cent (Korthals Altes 1991:13–5, 142–6; Houben 1993b:49–52). In short, the NHM was being edged out—or was edging itself out—of Java's export trade well before legislation in Holland in 1870 pre-figured the end of the Cultuurstelsel and the NHM's purportedly monopolistic position.

All in the Family: The Mercantile Community's Links with the Indies State

One factor in the success of the European sector of Java's mid-nineteenth-century merchant community was undoubtedly its intimacy with the elite Dutch personnel of the Indies state: the high office holders in Batavia and the people established as Residents and Assistant-Residents throughout provincial Java. To an extent, this intimacy had an informal character, based pre-eminently on the family ties that were one of the vital sinews of the Dutch colonial presence in Java (and of the Indies' links to the metropolis). These ties have not been overlooked by historians, but have been undervalued nonetheless in a historiography heavily focused on the development of institutions (Sutherland 1979; Van den Doel 1994; Fasseur 1999; Ong Hok Ham 1978). It remains the case, however, that in Dutch colonial society in the mid-century Indies, elite family ties had important 'political' connotations, and that the history of the colonial state in this period needs to be written with close reference to the role played by consanguinity in articulating the relations between the state and colonial civil society. Family ties were what made the wheels go round. This was as true in the business world as elsewhere. Social connections between mercantile houses and state officials smoothed the way for business, but this understates the situation. The 'official' historian of one prominent mid-nineteenth-century firm, for example, concluded that the excellent rapport between the firm's principals and high officials in Batavia meant, inter alia, that their enterprise was given preferential treatment in matters relating to the shipping of cargoes of 'state' commodities (Molsbergen 1936:130–1). In this context, the extent to which family connection—and elite social networks in general—provided a significant entrée to 'the state' bears both reiteration and elaboration.

One substantial case in point was the firm of Maclaine Watson (discussed in more detail below). Gillian Maclaine, joint-founder of the firm in Batavia in 1827, subsequently married a young woman with excellent family connections with not one but two Governors General. Somewhat jocularly, he reported home to Scotland that 'my interest consequently at court is just as great as a merchant requires'.[13] His cousin Donald, later to become the firm's senior partner, carried on the family tradition by marrying a young woman, Emilie Vincent, who was the Governor General's sister-in-law (Christiaans 1986:50, 2003:1–7). The contemporary case of the firm of Reynst & Vinju makes it clear that Maclaine Watson's links to the official establishment were not exceptional. The Amsterdam-born Candidus ten Brink, the man who (in effect) founded the firm in the 1820s, was reputably a good friend of J.C. Baud who, as Governor General and subsequently long-serving colonial minister, was the leading figure in Dutch colonial circles for two decades or more (Molsbergen 1936:5–8). At least two subsequent Governors General entrusted the firm with management of their private financial affairs (Molsbergen 1936:19, 35), and many of the firm's key mid-century personnel came into the business with a background in government service. The most notable among these was Ambrosius Johannes Willebrordus van Delden, senior partner in Reynst & Vinju and its virtual CEO from 1855 until his death thirty-two years later. He had joined the firm after a career in the nascent Indies bureaucracy that had culminated in the position of adjunct government secretaris (Molsbergen 1936:22–3).

Van Delden was also a key participant in developments early in the 1860s that added a more formal, institutionalized character to the nexus between Java's European mercantile community and the Indies state. This was the establishment in 1864 of Chambers of Commerce at Batavia, Semarang, and Surabaya (as well as at the Outer Island ports of Makassar and Padang). To be sure, the Chambers were set up at the behest of the Indies government, which regulated the size of their membership (limited to seven members in each town) and formally defined their functions (advising the government and disseminating information relating to commerce and agriculture; see *Oprigting Kamers van Koophandel* 1864:57–8). Yet, if this development was an indication, on the one hand, of an embryonic, half-formed bureaucratic state's determination to keep a potentially 'restive' business community under surveillance, it was also a clear sign of the state's recognition of the growing potency of that community. (It was also a sign of that community's increasing estrangement from its erstwhile

13 Gillian Maclaine to Margery Maclaine, Batavia 1-5-1833, Greenfield MSS (in private possession, UK).

Chinese Indonesian counterparts, since the latter were excluded from membership of the Chambers).

For the European members and their associates, the Chambers quickly proved—as might be expected—to be a way of enabling business to gain the ear of government. Within a few years of the inception of the Chamber of Commerce at Batavia, for example, its president, none other than Reynst & Vinju's Van Delden, found himself being invited by GG Pieter Meijer to spend a few days with him at the vice-regal palace at Buitenzorg (Bogor) (Molsbergen 1936:47). It seems reasonable to assume that it was not only the delightful mountain scenery that was the subject of their conversations.

It is this history of close social ties between key members of Java's European mercantile community and leading officers of the Indies state that demonstrates just how far wide of the mark the observation was—made in passing more than a quarter of a century ago by one illustrious (but in this matter, ill-informed) commentator—that the mid-century decades were the scene of a 'twenty-year struggle of the *Kultuurstelsel's beamtenstaat* against private colonial capital (1848–1868)'.[14] To the contrary, notions of a fundamentally antagonistic relationship need to be replaced by a far more nuanced picture of the location of European mercantile enterprise within a colonial state that was essentially a nurturing one for 'private' capital in general and mercantile interests in particular (Van Niel 1964:224–30; Rush 1990:118–9, 147–9).

This is not to say, of course, that there were not elements in the embryonic state bureaucracy that might well have regarded merchants and suchlike as 'pariah entrepreneurs', or that there were not significant clashes of interests between the parties concerned. It is to assert, however, that the relations between the mercantile houses and the state—and the state's chief commercial agent, the NHM and its Batavia Factorij—tended to be complimentary rather than conflicting. One instance is the extent to which the NHM, the mercantile houses in Java, and their Dutch connections collaborated over the provision of cargo space;[15] another is the extent to which the NHM's Batavia Factorij, from the 1850s onward, began to play a key role in financing the production of the commodities (through capital loans and the provision of working capital to sugar manufacturers in particular) on which the 'private' mercan-

14 Anderson 1983:489 (the Germanic spelling in the quotation is Anderson's own).

15 For example, when in January 1859 Van Eeghen's ship, the *Aligone*, arrived at Surabaya with a cargo of cotton piece goods from the Amsterdam firm, in the apparent absence of the prospect of a good return cargo, its captain (Haacke) put the vessel 'at the disposal of the Factorij' in order to obtain one. See Fraser Eaton to Van Eeghen, 18-2-1859, SAA VE 447/1859 A–F.

tile houses relied for their shipments worldwide (Knight 2007:51–3). In fact, in the circumstances of mid-nineteenth-century Java, the ostensible dichotomy between 'state' and 'private' is of limited utility.

Mid-century European Mercantile Houses: Four Exploratory Case Studies

During the mid-century decades, from the 1840s to the 1860s, there were around two dozen European mercantile houses operating in colonial Java. Evidence about their activities is fragmentary. Surviving documentation allows glimpses without providing the wherewithal for a continuous history. Nor does it allow us—until the end of the period under discussion—to differentiate with confidence between those firms that operated in a modest way on the fringes of global commodity chains (as suppliers, for example, of imported 'necessities' to the Indies Dutch communities) and the island's major import-export houses.[16]

The immediate selection of the present case studies is largely determined, therefore, by the scant available evidence. Two of the four firms went bankrupt, an event which, however unhappy an experience for those involved, is a bonus for historians, since bankruptcy almost invariably flushes information into the public domain, from which it is usually absent. Of the other two, both successful businesses, one of which lasted into the mid-twentieth century, we know more for rather different reasons. One of them is the object of a considerable amount of historical detective work by the present author, who is currently completing a book on the firm's early years. The other offers, here only in embryo, the prospect of a much more substantial mid-century history based on the survival of quantities of the papers of one of its leading partners. Avowedly, therefore, this article represents work-in-progress, and its selection of firms is a contingent one.

It is a selection, however, that serves to highlight some key dimensions of European colonial mercantile activity in Java in the middle decades of the twentieth century. In particular, it places a spotlight on the role of merchants in promoting the production of commodities as well as the trade in them. It also underlines the multi-faceted nature of mid-century mercantile operations, and the extent to which they operated on the colonial 'periphery' relatively

16 It was not until 1869 that the *Government almanac* (*Regeeringsalmanak* 1869:514–7) attempted to distinguish among the listing of European firms between those engaged in the import-export business and those whose chief business, for instance, was the retail of goods to (mostly) Batavia's European population.

independent of metropolitan capital and control. In an important sense, these were all enterprises based in the colonies. These and other issues relating to a growing literature on mercantile developments in nineteenth-century Asia will be reviewed in the final section of the article.

At the present juncture, however, it is important to signal the wider context. The four firms under discussion operated at what was becoming one of the key nodal points of Asian commerce, a commerce that was global as well as inter- and intra-regional, and were situated along several of the world's (then) most important commodity chains—above all, those related to the production, distribution, and sale of cotton good, coffee, and sugar. Even so, it is worth remembering that the trade they conducted might sometimes be big in more esoteric items. For much of the 1850s, for example, the trade in cattle hides from East Java to a variety of European ports was a commercially significant one, and none of the firms discussed here were, or could afford to be, exclusive specialists in one commodity or another.

Rice, exported to Asian as well as European ports, was another major staple, and one which relates, of course, to the question—one that can only be raised but not answered here—of the level and degree of integration of these 'European' mercantile houses into expanding Asian trading networks and systems of distribution. Late in the nineteenth century, Java's by then prime export commodity, industrially manufactured sugar, started on a thirty-year trajectory in which it played a highly significant role in inter-regional trade in Asia itself, in the process almost entirely slewing off any bilateral links between Asian colonial producers and European processors and markets.

In short, the case studies form the basis—however tentative—for a number of hypotheses about the activities of European mercantile firms operating in Java *c.*1850–1870. All concern the evolving role of Batavia (and other major ports in Java) as a major Asian trade hub during the middle decades of the nineteenth century, while simultaneously arguing for the historically specific character of developments that linked mercantile interests to the production as well as circulation of key commodities. Some provisional generalizations are possible. Firstly, the major houses were inevitably partnerships (none were public companies—the possibility of incorporation and limited liability came much later in the century) that lasted over several decades, though with substantial changes of personnel. Secondly, they usually had affiliates or associates outside the port in which they were primarily located. Thirdly, they were general commodity merchants whose business was not confined to any particular item of commerce. Fourthly and finally, their business was not confined to commerce exclusively: most of them were engaged in the production of the (export) commodities in which they traded.

Paine Stricker & Co: A Cosmopolitan Partnership

Just as was most likely the case with their Chinese and Arab counterparts operating across the maritime commercial networks of mid-nineteenth-century Asia, European traders were also inclined to shift around to wherever business seemed most promising. One of the two original partners in the Batavia-based firm of Paine Stricker & Co, Charles Stricker (1798–1876), had been born in the Danish settlement at Trankebar on the Coromandel Coast of the Indian subcontinent, the son of the garrison commander there.[17] Sent to Copenhagen at the age of ten, in his late teens he gravitated back to subcontinent and seems to have first made his appearance in the Indies sometime in the 1820s, as a sea captain working for the Batavia-based British merchant George Haswell. In 1833 he teamed up there with a young American, William Fritz Paine, whose career in the East had begun in the China trade in the employ of the leading Boston merchant and shipowner Thomas Handasyd Perkins.[18] Fritz Paine was dead within a year, and in 1839 Stricker left for Holland with his Dutch wife. The firm itself, however, continued for another quarter of a century or more. It retained its New England connection in the person of Alfred Augustus Reed (1817–1878), who joined the firm in the mid-1840s, only returning to America more than a decade later.[19]

Reed's business partners in Batavia were Dutchmen, the brothers Ernst Willem and Frederik Hendrik Cornelis Cramerus. Like them, Reed married locally, thereby firmly securing his place in the Indies' society and his links to the regime, since his wife—Caroline Suzette van Son—was not only a member of an elite colonial family, but also a near relative by marriage to the apparently ubiquitous J.C. Baud, one time Governor General and subsequently minister of colonies in the Hague. For good measure, Reed's father-in-law was a former Resident in the Indies' colonial service and one of his brothers-in-law was a member of the Raad van Justitie (Council of Justice/High Court) at Batavia. Yet another brother-in-law cemented the relationship with Baud by marrying (in succession) not one, but two of his daughters. Since the two Cramerus brothers also married into the same family, Paine Stricker's social and

17 Information kindly supplied to the author by Charles Stricker's Dutch descendant, William Stricker.

18 For information on Thomas Handasyd Perkins (1764–1854), see the entry in Wikipedia: http://www25.uua.org/uuhs/duub/articles/thomasperkins.html.

19 Van Niel 1964:224–30; Guide to the *Alfred Augustus Reed* Papers—Yale University, springer .library.yale.edu:8083/fedora/get/mssa:ms.0411/PDF, accessed 2012.

'political' position in the mid-nineteenth-century Indies' world can be judged a strong one (Coolhaas 1964:376–7).

So, too, was the firm's commercial position, not least through its connections with Java's sugar industry. A.A. Reed himself was connected through marriage to the owners of a number of sugar factories (one of whom was the younger brother of a later minister of colonies in The Hague), while his firm was also directly involved in the commodity's production as the owners or financiers of at least a couple of sugar factories in West Java (Knight 2007:54). As we shall see shortly, the upsurge in the trading of key commodities by the Java's mercantile houses during the mid-century decades had at its basis not simply the purchase of sugar and suchlike, but also an active involvement in the financing of its production. Furthermore, if Paine Stricker were 'big' in sugar, it was far from their only staple. Coffee was also a key commodity, for which purpose the firm had a branch in Padang, on the coffee-rich west coast of Sumatra. They were, likewise, one of a select number of European firms owning their own ships—five in all in 1850 (Broeze 1979:262). Nor were these 'merely' light coastal craft: indeed, in 1864, the firm's (by then) two ships were the largest registered at Batavia, and at around 800 tonnes each would have been fully capable of making the intercontinental voyage to Europe or America (*Regeeringsalmanak* 1864:415).

Much of their trade, especially perhaps the coffee, was directed to North America. Indeed, Reed evidently continued the Boston end of the business from 1857 until his retirement from the firm in 1865. Paine Stricker also traded, however, on the Amsterdam market, where they dealt with the well-established firm of Van Eeghen, a business that had once been primarily involved in the tobacco trade with the Americas, but which by the middle of the nineteenth century was rapidly expanding its connections with the Indies. From the late 1840s onward, Paine Stricker—judging from the frequency and volume of their letters to Amsterdam—did considerable business with Van Eeghen, but they were not their 'agents' in Java. Indeed, Van Eeghen had no single agent in the colony, preferring instead to deal with as many as a dozen firms at any one time. The Paine Stricker business closed down and was absorbed into the Batavia-based firm of Busing, Schroder & Co late in the 1860s, by which time Reed had left the firm and the brothers Cramerus had relocated to Holland, where they continued to have business interests that connected them to the Indies.[20] The firm, in short, had been a successful enterprise that enabled its

20 Inter alia, E.W. Cramerus was one of the original, Netherlands-based directors (*commissaris*) of the Nederlandsch-Indische Handelsbank, founded in 1863. Another Cramerus

partners to retire to 'patria' with their fortunes after several decades spent in business in Java. That was how matters were supposed to work out. In reality, of course, they sometimes did not.

Schimmelpenninck & Co: The Lure of Commodity Production

Gerrit Schimmelpenninck (1829–1874) did not make it 'home'. Instead, he died in the colonial town of Malang, in the uplands of Java's Oosthoek (Eastern Salient). To be sure, a goodly number of his contemporaries opted to settle permanently in the colony, rather than return to patria. For Schimmelpenninck, however, it was most probably the case that he stayed in the colony because he was a ruined man. Schimmelpenninck & Co was a large and ambitious enterprise with offices in Surabaya and Batavia as well as in the two Oosthoek ports of Pasuruan and Probolinggo. In January 1863, however, it had suddenly ceased trading.

The firm had begun operations in Java in the 1840s with little capital but a promising number of partners and good potential 'connections'.[21] Gerrit Schimmelpenninck himself was born into a Dutch patrician family from Deventer, in the east of the Netherlands, where his father was a wine merchant. His son's chief strength in commercial circles was the fact that he could claim kinship with a former CEO of the NHM, Graaf (Count) Gerrit Schimmelpenninck, who had been *a directeur* of NHM during its foundation years, between 1824 and 1827, and subsequently its president from 1827 to 1833. The young man and his business partners in Batavia evidently moved in the best of circles: a daughter of one of the latter, Constance van den Broek, became the wife of the later imperialist Governor General C.H.A. van der Wijck, member of a rich and influential family of Dutch aristocrats with strong links to the Indies. Credentials of this kind were as important as capital, and appearance was everything: notepaper with a printed letterhead—highly unusual for its time—was but one sign of the rather grand vision that Schimmelpenninck had for his firm. Then, after nearly two decades in business, it all went wrong. The firm was faced with massive

brother (Alexander Robert Jacobus) was an Indies-based director (*commissaris*) of the Handelsbank from 1864 to 1866 (while simultaneously being a partner in Paine Stricker) and subsequently CEO (*directeur*) from 1868 to 1887 (Korthals Altes 2004:27, 65).

21 Partners in the firm included J.W. Doijer (partner from 1847 to 1862); Willem Jacques van den Broek (b. Amsterdam 1830 d. Rio de Janeiro 1874); J. (or D.) van den Burg; and Florus Vriesendorp.

bills to settle, and the fact that its credit had dried up. It did so, moreover, in circumstances that saw a number of other major firms face bankruptcy.[22]

Schimmelpenninck & Co's liabilities in the early months of 1863 were reckoned at the considerable sum of 1,600,000 guilders, with 'assets' (that is, sums notionally owed to the firm) amounting to a little over 1,000,000 guilders.[23] In short, in what one contemporary mercantile house referred to as a 'catastrophe', the firm had lost over half a million guilders in the space of perhaps two or three years. Some idea of the relative extent of the loss can be gauged from the fact that Van Eeghen and other big Amsterdam trading firms of the day were reckoned to operate with a capital of between one and a half and two million guilders ('t Hart, Jonker, and Van Zanden 1997:107). People who had left their funds on deposit with the firm were hit hard: one contemporary remarked that 'we understand that various private individuals (*verschillende particulieren*), who had made their fortune in the Indies have been either partly or totally ruined'.[24] Moreover, debts to creditors in Europe were so substantial that the winding up of its affairs had to be postponed for six months to allow for affected parties in the Netherlands to be properly represented at the creditors' meeting. Among them was the firm of Van Eeghen, who had been doing business with Schimmelpenninck over a number of years; it can be assumed that other Dutch import-export houses were similarly affected.[25] Nonetheless, there can be no doubt that the root of Gerrit Schimmelpenninck and his partners' woes was not commercial per se. Rather, it was the fact that they had seriously overstretched their resources in the financing of commodity production in Java itself, where

22 For a brief discussion of the crisis, see De Bree 1928, I:47–9; Mansvelt [1924–26], II: 361–2.

23 Fraser Eaton to Van Eeghen, 26-1-1863 (SAA VE 447/41), reiterated the point that the creditors in Europe would have to be taken into account before any final settlement was reached: 'We learn that this will not be 40%' [read: will be less] and 8-8-1863: 'we *strongly doubt* [emphasis in original] that the liquidation of Schimmelpennick's affairs will yield the 60% touted by the Commissioners'. For a discussion of bankruptcy in the Indies (albeit focused on a later period than the one under discussion here), see Claver and Lindblad 2009.

24 Paine Stricker to Van Eeghen, 29-1-1863, SAA VE 447/43. In an altogether happier context, the compiler of the celebratory history of Reynst & Vinju published for the Batavia firm's centenary in 1936 recorded that by the 1860s it had 'become more and more common for estate owners and well-off planters (*grootgrondbezitters en zeer gefortuneerde planters*) to leave the management of their fortunes in the Batavia firm's hands' (Molsbergen 1936:46).

25 Paine Stricker to Van Eeghen, 29-1-1863, SAA VE 447/43; Kopersmit & Co to Van Eeghen, 28-1-1863, SAA VE 447/43.

they had developed extensive and convoluted ties with both sugar manufacturers and tobacco planters. Indeed, it took the assignees until 1869 to clear up the mess.[26]

The context was one in which although, from *c.* 1860 onward, the Indies government auctioned locally (in Batavia) substantial quantities of sugar and coffee (produced under the aegis of the Cultuurstelsel), keen exporters also sought out other avenues for obtaining access to key colonial commodities. The firm of Reynst & Vinju, for example, entered into long-term financial arrangements with the proprietors of the island's largest 'private' estate to obtain supplies of both coffee and sugar from 'outside' the Cultuurstelsel (Molsbergen 1936:20, 35). Other firms (Paine Stricker among them) owned or financed sugar factories that existed either inside or on the margins of the Stelsel, where they benefited from the 'free disposal' sugar allowed to the manufacturers in addition to the portion of their output that the latter were contractually bound to deliver to the Indies government. The dynamics of this situation need more probing, but it looks as if many manufacturers retained a degree of financial autonomy. Either way, throughout the 1860s, they evidently had sufficient financial strength to hold out for better prices from mercantile houses until the last moment before the campaign or manufacturing season got under way.[27]

It was, in short, a highly competitive business. Schimmelpenninck's major supplier of sugar, with whom the firm entered into short-term consignment contracts (worth around 170,000 guilders per year) was one Baron (His Lordship) Sloet van Oldruitenborgh. Sloet was both an 'orthodox' government sugar contractor and the proprietor of an enterprise based on the 'free' cultivation

26 Fraser Eaton to Van Eeghen, 31-3-1869, SAA VE 447/59.

27 During the course of 1860, for example, the Surabayan firm mentioned in Fraser Eaton's correspondence with Van Eeghen in Amsterdam included a catalogue of instances of sugar manufacturers (*fabriekanten*) holding out for higher prices for the forthcoming season's crop—holding out for prices, indeed, that 'no-one Is disposed to pay' and only—sometimes—acquiescing after a great deal of haggling had gone on. See, for instance, Fraser Eaton to Van Eeghen, 9-4-1860 and 6-7-1860, SAA VE 447/41. This degree of autonomy was still in evidence *c.* 1870. For example, in April of that year, around one month before the manufacturing season was due to commence, Maclaine Watson reported that although the NHM Factorij had intervened in the market to the extent of buying some 15,000 *picul* [one *picul* equals 61.76 kilo] the upcoming crop from 'their mills' for around 14.75 guilders per *picul*, and 'although buyers have retired meanwhile from the market, planters continue to retain high ideas for the future and are unwilling to sell their crop even at the above rate'. Maclaine Watson to Van Eeghen, 19-4-1870, SAA VE 447/63.

by the local peasantry of some four hundred and fifty hectares (600 *bau*) of cane, which was likewise processed into sugar at his factory in Central Java. Influence in the right quarters was essential to the success of an operation of this kind: Sloet was the son-in-law of P.J.B. de Perez (d. 1859), a member and, subsequently, vice-president of the Raad van Indië (Council of the Indies), the Governor General's advisory body, and in his latter position the second most powerful individual in the Indies bureaucracy after the Governor General himself.[28] Tobacco was the other major sought after commodity with which Schimmelpenninck was involved. Indeed, in the 1850s, when the firm was expanding its operations, tobacco was the 'coming thing' in parts of Central and East Java,[29] where a number of entrepreneurs successfully finessed their relations with Indies' officialdom to gain access to so-called 'free' peasant labour to work their plantations (or, alternatively, to smallholder-grown leaf).

Along with sugar, it was tobacco that proved the firm's undoing.[30] A run of poor harvests, disappointing returns, and—quite possibly, though mercantile sources are silent on this score—'political' complications arising from the fact that, at the beginning of the 1860s, the cause of 'free labour' was temporarily in abeyance within the Indies bureaucracy, meant that the firm found itself with insufficient funds to carry on business. When the crash came, around twenty per cent of the Schimmelpenninck's total debts related to their dealings in tobacco with two individuals, G.H. & N.G. de Voogt, long established as planters of the commodity in the Rembang Residency of Central Java.[31] Other tobacco planters in East Java were also affected. Along with at least one other sugar manufacturer Sloet van Oldruitenborgh lost his source of working capital, and after having first appealed in vain to the NHM to bail him out, was refinanced by the Nederlandsch-Indische Handelsbank, one of the new wave of metropolitan-based institutions (see below) that had begun, however tentatively, to take an interest in the Indies.[32]

28 Fasseur 1992:169–72; Notulen Factorij, 11-2-1863 no. 827, Nationaal Archief, Den Haag [NA], Archief Hoofdkantoor Nederlandsche Handel-Maatschappij, [NHM] 2.20.01/ 4408.

29 On tobacco in general, see Padmo 1994:21–40, 57–74.

30 See, for instance, Dorrepaal to Van Eeghen, 27-1-1863, SAA VE 447/41.

31 Batavia Factorij to NHM A'dam, 29-1-1863, Confidentieel, NA NHM 2.20.01/7358. On the 'free' cultivation of tobacco in Rembang and the political storm that it started in colonial circles, see Fasseur 1992:171–84.

32 In 1864 the NIHB advanced 152,000 guilders in working capital. For this and the history of his subsequent relations with the NIHB, see Korthals Altes 2004:52, 100–1.

Barend Kopersmit & Co: Java Traders and the Cotton Commodity Chain

Schimmelpenninck's collapse in 1863 was primarily the result of the overstretching of its resources in the financing of commodity goods production in the colony itself. An equally spectacular business failure in the colony, some six years later, in the middle of 1869, pointed in a different direction: the pitfalls inherent in the location of Java's mercantile houses on the volatile cotton goods commodity chain that linked markets in Asia to centres of raw material production and industrial manufacture on the other side of the world. This particular commodity chain—by far the most significant and extended of its kind in nineteenth-century international commerce—experienced dramatic upheavals in the 1860s, occasioned by the American Civil War and the threat to the chain's raw material supplies inherent therein.

Most immediately, the effect in Asian markets was to force up prices. In turn, this encouraged 'an immense' consignment of cottons to Batavia and the other Javanese ports from the Netherlands and the UK, as manufacturers and mercantile houses sought to exploit the situation. The (prospective) good times came to an end, however, with the termination of the Civil War and a subsequent global fall in the price, as panic about the drying up of supplies of raw cotton subsided. The stage was hence set for chaotic conditions on the Indies' cotton market, as cotton traders were caught with huge stocks on a rapidly falling market. For them, 1868 became a disaster year.

Especially in Batavia, the Indies Chinese traders, who were the main conduit for the distribution of cotton goods imported by the European mercantile houses, almost all went bankrupt or had to 'reach an accommodation' with their creditors (*Verslag Koophandel* 1870:125, 133–4, 168–73). Nor was the crisis over quickly. Reporting some two years later on the depressed state of the local market for piece goods in the middle of 1870, the substantial firm of Maclaine Watson (see below) noted: 'In the Chinese camp a little more activity has been apparent, and we hope that this will be the precursor of improved business.' As it turned out, however, this optimism was premature, since the 'piece good market is rather inactive [...] and the improvement our dealers had expected has not set in [...] Our Chinese dealers are unfortunately in anything but a prosperous condition and many importers are very [wary] of extending them credit'.[33]

This train of events, of course, also strained the resources of the European mercantile houses themselves. Indeed, one of the foremost Indies' victims of

33 Maclaine Watson to Van Eeghen, 24-6-1870, 22-7-1870, and 13-10-1870, SAA VE 447/63.

this latest period of boom and bust along the cotton commodity chain was the substantial and long-established Batavia-based firm of Kopersmit & Co (they had been in business there for around three decades) and the associate firms of Von Hemert & Co (Batavia) and Bicker & Co (Surabaya).[34] At an initial meeting of the interested parties in Batavia, immediately after Kopersmit & Co were forced to stop payments, it was 'ascertained that the chief creditors are in Europe'.[35] They included Barend Kopersmit himself, who had retired to Holland (and a mansion on the outskirts of Leiden) around 1854, and presumably left his capital in the Indies with the firm that he had founded.

Among the other similarly situated creditors were the Amsterdam bankers Alstorphius & Von Hemert, a well-established firm that was a core presence in the Amsterdam business establishment of the mid-century decades. Inter alia, it had been instrumental in financing loans for railway construction in the United States during the 1850s and 1860s (Veenendaal 1996:23, 59, 71, 180, 225). Batavia-based J.Ph. von Hemert, chief partner in Von Hemert & Co, was a scion of the Alstorphius & Von Hemert families.[36] The Amsterdam banker's stake in the Kopersmit concerns centred on its recent financing of cotton goods consignments to Batavia worth more than one quarter of a million guilders.[37] It was indicative of the size of their potential losses (and of the fact that they had secured a deal with the NHM in Amsterdam to transfer some of the goods to them) that they were represented at the creditors' meeting in Batavia, in October 1869, by both the CEO (*president*) of the NHM's Batavia

34 According to Maclaine Watson to Van Eeghen (26-6-1869 SAA VE 447/59) Kopersmit's assets were put at ƒ203,000 and their liabilities at ƒ847,000. It was hence estimated that the creditors would get 23%. According to this same source, Von Hemert and Co had recently lost ƒ170,000 on a shipment of rice to Australia. Partners in several enterprises at the time of the collapse included J.G. Platte Jr and J.Ph. von Hemert. The information in the following paragraphs comes from the [printed] enclosure 'Resumé van het verhandelde in de vergadering van de firma's B. Kopersmit & Co in liq. en Von Hemert & Co., Batavia—Bickert & Co., Sourabaija, gehouden in het lokaal van de Javasche Bank op Vrijdag den 22 October 1869', enclosed in Maclaine Watson to Van Eeghen, 2-11-1869, SAA VE 447/69. This (semi-public) document does not contain any indication of the relative amounts of money involved.

35 Maclaine Watson to Van Eeghen, 23-5-1869 and 26-6-1869, SAA VE 447/59.

36 J.Ph. von Hemert (b. Amsterdam 1831 d. Yokohama 1894) was one of the merchant sons of the Amsterdam banker J. Alstorphius von Hemert (b. Amsterdam 1797 d. Amsterdam 1854).

37 For details of the cotton goods consignments (worth ƒ270,000) and the involvement of the NHM, see NHM Inkomende Brieven Factorij Batavia, 14-5-1869/5422; 20-5-1869/5429; 28-5-1869/5440; and 11-6-1869/5443, NA NHM, Archief 7365.

Factorij, P.C. van Oosterzee, and a Factorij board member (*lid*). In all, the Kopersmit and their associates' creditors included more than forty mercantile houses, manufacturers, and individuals in Europe (twenty-three of them in Germany) and another dozen or so in the Indies. One further creditor was in the Antipodes: the Sydney firm of Fanning, Griffiths & Co.

The historical interest in Kopersmit's bankruptcy relates not only to cotton goods per se, but also to what it revealed about the changing character of investment in mercantile speculations in the Indies during the course of the 1860s. Among Kopersmit's creditors were a number of (quasi-) financial institutions, some of them native to the Indies and others based overseas. Here, in embryo at least, was the institutional underpinning that was such a vital part of the financing of late colonial enterprise in the Indies, mercantile as well as agricultural. The institutions were the Batavia-based Nederlandsch-Indische Escompto Maatschappij; the Amsterdam-based Nederlandsch-Indische Handelsbank; the Bataviasche Spaarbank; the London-based Chartered Bank of India, Australia and China; the Internationale Crediet- en Handelsveereeniging 'Rotterdam' (later known as Internatio); the Javasche Bank; and the Batavia-based Oost Indische Maatschappij van Administratie en Lijfrente. Of these institutions, only the last two had existed at the beginning of the period under consideration.[38] Hence, we are looking at a considerable expansion over the course of some thirty years of the credit facilities available to mercantile houses in the Indies—an expansion that dated essentially from the 1860s. It was not sufficient, however, to save Kopersmit and his Java associates.

Maclaine Watson: An Asia-based Mercantile Network

Broadly speaking, around the middle of the nineteenth century the commercial and financial metropolitan 'core' began to exert a hitherto unprecedented degree of control over the global 'periphery'. It did so, inter alia, because of the way in which such control, fuelled by economic growth in the 'core', was facilitated by developments in communications and transport.[39] With respect to British India, for example, the case has been made that the mid-century decades saw (by and large) the replacement of an earlier generation of quasi-autonomous European mercantile houses with a new breed of enterprise much

38 For a recent, succinct survey of credit institutions in the Indies *c.* 1850–70, see Claver 2006:67–8; De Graaf 2012:68–70

39 John Darwin makes the point with his usual concision and elegance in Darwin 2009:63.

more in thrall to metropolitan financial and commercial interests than had been the case with their immediate predecessors (Webster 2009:12, 92–8). The point is well taken, and, as we have just seen, had a limited degree of applicability to contemporary Java. Yet, it is not the whole picture, anymore than the 'core' and 'periphery' binary upon which it rests is a totally satisfactory way of analysing the 'world economy'. The long-lived firm of Maclaine Watson (1827–1964) offers an illuminating instance of just how problematic such a scenario might be.

The firm's founder, Gillian Maclaine (1798–1840), arrived in Java from London in 1820. His subsequent partner, Edward Watson, arrived a couple of years later, and quickly became involved in the importation of cotton goods from Europe and the export of Java coffee.[40] From the outset, he was enmeshed in a network of businesses that included his own firm in Batavia (with an agency further along the coast in Semarang), a sister firm in Singapore, a Calcutta Agency House, and—at the London end of the business—the firm that he had worked for when he had first come down from the Highlands in 1816. However, Maclaine was not merely the latter's agent in Batavia. Indeed, this was something that he staunchly resisted becoming. Rather, he was a partner with the London East India House and their connection in Calcutta—together with the newly formed business in Singapore—in the rudimentary business network known as Gillian Maclaine & Co of Batavia. It was an arrangement that cost him dear, and its dissolution in 1827 and the establishment of Maclaine Watson & Co was explicitly designed to circumvent its evident drawbacks. Nonetheless, the new firm was as singular as its predecessor; indeed, even more so. Maclaine Watson was not a single, hierarchically organized enterprise; rather, it was a group of firms that by the 1830s had come to embrace businesses in Singapore (Maclaine Fraser & Co), Semarang (McNeill & Co), and in East Java's key port-city of Surabaya (Fraser Eaton & Co) as well in Batavia itself (Maclaine Watson & Co). By this date, moreover, the whole network drew the greater part of its business not from the bilateral trade with Europe, but from the intra-Asian Country Trade (Knight 2014).

By the 1860s, however, Maclaine Watson and its closely associated companies in Semarang and Surabaya had begun to change direction once again. Although they had not removed themselves from the trade in the cotton goods from Europe or from the Country Trade, they were starting to shape up as a business whose interests were primarily in sugar, the key commodity of Java's export trade by the 1880s and already well to the fore in the two decades before

40 For a short, pioneering biography of Maclaine, see Broeze 2005.

that. Fraser Eaton, located in Surabaya in close proximity to the biggest single concentration of sugar factories in the entire colony (they also had a branch office in the 'sugar town' of Pasuruan further east along the coast), would appear to have lead the way in this development, but their partners in Batavia also owned or financed factories in West Java, nearer their own commercial base. By 1884, when the collapse of the price for industrially manufactured sugar precipitated a crisis throughout the international sugar economy and Java was badly hit, Maclaine Watson traded more of the island's sugar than any of their contemporaries. Unlike many of the latter, however, this Scots-Dutch combine survived.

'Maclaine Watson' as it had developed during the middle decades of the nineteenth century had already taken on the form that was to characterize it for the next hundred years. That is to say, it was not a single firm, but (in effect) a network of firms held together by the ties of consanguinity and by wider ethnic loyalties. The points at issue are discussed in Forbes Munro's monumental work *Maritime enterprise and empire* (2003) in the context of another, somewhat later and altogether grander business with significant roots in a similar ethnic background to that in which the Maclaine concern was embedded. The 'difference' in the case of Maclaine Watson was underscored by the fact that it was (and continued to be, throughout its long history) a 'family firm', even though the families involved were not those of its founders, and included Dutchmen as well as the inevitable Scots (Crickhowell 2009:131–4; [Maclaine Watson] [1927]:1–16). As such, it formed an outstanding example of the extent to which 'families could be as successful as managers in owning and managing business concerns' (Jones 2008:419–21). Despite the great volume of its business, it was never incorporated as a limited company. Moreover, although Maclaine Watson opened a London office (in the 1880s), the firm's headquarters continued to be located in the East. In the absence of any such metropolitan 'parent', however, and with its base in Batavia and its associated businesses elsewhere in the Indies and in Singapore, Maclaine Watson remained to an extent sui generis—an outlier of the dominant modes in which European business in Asia was connected to metropolitan interests. This did not, of course, make the firm unique, but it did place it among a relatively discrete category of 'colonial' firms that lacked a 'home' base of the kind frequently ascribed to businesses of this kind, at least to those established outside the so-called colonies of settlement.

Towards a Conclusion

What is a mercantile house? More specifically, what was a mercantile house in mid-nineteenth-century Java? It is easier, perhaps, to indicate what it was not: a business solely concerned with trade. The firms that we have categorized as 'mercantile houses' operating in Batavia, and in Java's other two main ports, between the 1840s and *c*. 1870 were anything but exclusively engaged in commerce. As a recent writer has remarked apropos of a somewhat later period of time, 'the identity—"trading house"—was in fact often a misnomer' (Miller 2012:108). Rather, in the case of mid-century Java, in addition to 'purely' commercial ventures, they operated as bankers, insurance agents, ship-owners, and—above all—as the financiers of commodity production on the island itself. Sometimes this involvement extended into the direct ownership of commodity-producing concerns, such as sugar factories. To be sure, in respect to export staples, they were able to benefit from the commodity output of the state-run Cultuurstelsel, substantial amounts of which, from *c*. 1860 onward, the Indies government began to auction in the colony itself. An at least equally important source of supply, however, was to be found in the 'free disposal' output of government contractors and from enterprises—sugar factories, tobacco plantations, and coffee estates—that existed either on the margins of the Stelsel or entirely outside of it (as was the case, in particular, with commodity producers in the Vorstenlanden of South-Central Java).

To do this, of course, they had to have money. Few of the mid-century mercantile firms could be described as offshoots of metropolitan European (or North American) business concerns that might have financed their operations with metropolitan capital. This was certainly the case with the four Java-based firms discussed here. Indeed, there is no evidence that the partners in these four firms brought substantial financial capital with them into their mercantile ventures—though in a number of ascertainable cases they certainly brought social and political 'capital' in significant quantities. One important key to the establishment of a successful business in mid-nineteenth-century Java was access through family ties to the half-formed bureaucracy of the Indies state. An older historiography that emphasized the 'hegemony' exerted by state officials in mid-nineteenth-century Java was not entirely wrong. Its great shortcoming, however, was its failure to grasp how porous an institution that bureaucracy was at that time in its history, and how permeated it was by the interests of the emergent colonial bourgeoisie.

Nevertheless, there were limits to the benefits that 'connections' could bring. The fact that their owners moved in the right circles did not prevent the large-scale bankruptcies of two of the firms under discussion. Credit was tight, and these firms went under, it may be suspected, due to a lack of it, rather than because of the lack of probity of their partners. As emerges from the narrative, a number of institutional sources of commercial credit (in addition to the Java Bank), some with backing in Europe, made their appearance in Java during the 1860s. The amount of capital involved at this date, however, was not large—perhaps less a reflection of Dutch 'caution' than of the fact that Dutch investors much preferred to place their money into such things as North American railway companies. Beyond Java, that is to say, and beyond the commercial correspondents of Java's mercantile houses and the latter's commodity suppliers in metropolitan Europe, the money trail goes cold. In the 1880s, surveying the mercantile and manufacturing scene in the Indies as it was impacted upon by the deepening 'sugar crisis' in the middle of that decade, an expatriate Dutch businessman (Jan Hudig) with much experience in the Indies publicly made the claim that contemporary colonial entrepreneurs had largely made their own way financially until the crisis struck.[41] He had the sugar industry mostly in mind, but it is difficult to divorce his argument—which he supported with a variety of broad financial estimates—from an assessment of the Indies' business world as a whole. That assessment, in turn, needs to be based on an altogether more far-reaching analysis of the source material than can be essayed within the confines of the present, exploratory article.

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41 Hudig 1886. For Hudig's career, see Claver 2006:105–9.

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