

In Plantation We Trust: Nederland Handels Maatschappij in Medan (1886-1960)

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Abstract

This study focuses on a Dutch trading company named Nederlandsche Handels Maatschappij (NHM), which was established to replace Verenigde Oost Indische Compagnie (VOC) due to bankruptcy in the late eighteenth century. This historical study landscape is located in one of their offices in Medan, the capital of Eastern Sumatra during the colonial period. The development of the plantation industry, mainly from Europe, in this region has a connection with the existence and support of NHM in the historical plantation industry. The heuristic phase was performed by collecting colonial archives/documents in the Netherlands, followed by criticism and interpretation of sources. The results showed that the NHM office in Medan had a dual character that distinguished it from those of Dutch East Indies. The banking sector, which has become their identity, encounters another field, which helps to increase plantation business.

Keywords: Plantation, North Sumatra, Nederlandsche Handels Maatschappij

A. Objectives, Methods and Scope of Study

The historiography of Nederlandsche Handels Maatschappij (NHM) in Medan, the capital of North Sumatra Province, is currently obtained from intensive archive studies in the Netherlands, Spring 2018. Primary and secondary data are located in two places, the National Archives in The Hague and the special collections of the University of Leiden in Leiden, Netherlands. This study aims to obtain information related to the existence of the NHM office in Medan and its activities to support the development of the plantation industry in the region.

The data was collected from 1888 to 1960, and it began with the opening of the sub-agency in Medan and ended in 1960 after the NHM's fame in the Netherlands crumbled. The presentation of NHM in this context is further emphasized in the data describing its activities in the area of plantations in the department of cultural affairs (cultuurzaken or afdeling cultuur). The issue of the banking activities undertook is not an aspect of this writing since they were not the main focus for NHM Medan Office. The research structure will be developed through the periodization of the Agency's status in Medan. A little explanation at the beginning of the establishment in 1824 will help to understand its presence in the Dutch East Indies and East Sumatra. Subsequently, the position of the Medan office during the time of the NHM Singapore by 1888-1915 sub-agency is described. Furthermore, there was a very short period where the office in Medan was under the control of the Factorij in Batavia from November-December 1915. Then, it became an independent agency between 1916-1942, until the period after Independence and the Nationalization of Dutch Companies in 1959/1960. At the end of the description, the analysis and conclusions of this historical research are described.

B. The Emergence of NHM in the Netherlands (1824)

The Dutch economy collapsed when the Kingdom of the Netherlands was founded in 1815. Two decades of French rule and the continental system introduced in 1806 made the country poor. North Holland's important trades were practically closed, and most of the industries were relocated abroad. The economic downturn with the loss of international politics supremacy to Britain had begun in the 18th century. As a result, the Dutch lost the economic basis of the capital market that had been in existence since the 17th century.

The emergence of the NHM in 1824 was full of political motives. King Willem I, then in power, was concerned about Britain and America in world trade, especially in the Dutch East Indies. Based on the desire to regain the position lost after colonization by France, NHM was founded to restore the fame of the Vereningde Oost Indische Compagnie (VOC). The emergence cannot be separated from the thoughts of Herman Muntinghe, the Dutch East Indies Board member that was very eager to advance the Netherlands and the Dutch East Indies into a maximum standard.

On March 29, 1824, the creation of the NHM was announced by Royal Decree No. 163, and then on August 18, the Statute was approved by King Willem I. In addition, on 7 February 1825, the deed of establishment was approved. The creation reflects different expectations and objectives. According to Article 2, national trade, maritime transport, shipbuilding, fishing and plantations, factories and the like need to be encouraged in order to serve the benefits of the Netherlands, such as, multiplying profits and promoting industrial products.¹ This is different from the VOC, as it is not a purely private company and the involvement of the government is quite strong both in terms of capital and policy.

Since the creation of NHM, the VOC institution has been used as a trading model in the Dutch East Indies, under the formulation of the Royal Decree on March 29, 1824.² The NHM founder, King Willem I, wanted to return the golden days of the VOC era. For this reason, a regional Electoral College (Regionale Kiescolleges) was set up to represent local interests, and the commissioners were elected to supervise the activities.

According to King William I, the expectation of economic benefits is actively obtained by the NHM Agency. In February 1826, the Dutch East Indies established the NHM Factorij in Batavia, following the creation of offices in Semarang, Surabaya, and Padang. Furthermore, the management has also attempted to build business relationships with the West Indies, Egypt, Asia Minor, China, Thailand, and Vietnam. Central and South America have just been opened for international trade. Then, in the fall of 1825, twenty expeditions were distributed to both regions. This expedition led to the establishment of NHM offices in Port au Prince (Haiti), Havana (Cuba), Alvarado, Vera Cruz (Mexico), Bahia, Pernambuco and Rio de Janeiro (Brazil), Lima and Valparaiso (Chile) and finally in Buenos Aires (Argentina). In all cases, local officials have been appointed consulates of the Netherlands' kingdom.³

¹ Statuta NHM 1824.

² Mansvelt. *Geschiedenis van Nederland Handel Maatschappij*. I deel 1. p. 108-171.

³ H.C.M. Zoomers. *A Dutch Trade Expedition to Siam in 1828*, Amsterdam 1984. Privileges granted to NHM consist of: a. Sales of all products originating from the Dutch East Indies government, in the form of taxes *in natura*, government crops and also based on *cultuurstelsel* (forced crops). b. Delivery of goods to the Dutch East Indies government, including ancient coins. c. Transportation of military forces, personnel and equipment to the country to the Dutch East Indies. d. Reimbursement of import duties on substances / materials collected in the Dutch East Indies and e. Payment on behalf of the state for leave and retirement of Dutch East Indies government employees. see at Van Zanden, van Riel, *Nederland 1780-1914*. p.139-148.

The initial period was difficult due to the ignorance of new areas and excessive capital as well as the dysfunction of management and the intervention of the main shareholders. Therefore, the results of these trading and company activities were disappointing. At that time, the Latin American countries did not offer enough commercial opportunities with the Netherlands. At the beginning of 1827, permanent agents were transformed into consultants. NHM functions more broadly than pure private companies. It is the basis of the close relationship between it and the State, which manifests itself in the privileges granted, and in the financial support to the country and the Dutch business world.

The presence of NHM in Indonesia has greatly benefited from the policy of the forced planting system (*Cultuurstelsel*), designed by Governor General Johannes van den Bosch between 1830 and 1834 and then introduced in Java. The Dutch government in the East Indies has urged residents to grow certain crops and share some of their yield. Residents receive 'crop wages' as compensation. The main tropical products were coffee, sugar, indigo, and tea. They were delivered to the Netherlands and sold on behalf of the Dutch government. Furthermore, transportation and sales were regulated by NHM.⁴ The forced system brought great financial benefits to the Netherlands until 1877. For example, colonial revenue was largely from the cultural system. Between 1850 and 1860, it produced more than 30% of the total Dutch state income (between 1830 and 1850 is 19%). In 1870, the Colony Minister, E. de Waal initiated the Agrarian Law (*Agrarische Wet*) which allowed private entrepreneurs to build a business in the Dutch East Indies and lease land. Under this new law, Europeans were not allowed to buy land. Alternatively, they could lease it for a period of 75 years, therefore, allowing them to provide collateral when they take out loans and mortgages.

The presence of the NHM in the Dutch East Indies was marked by the foundation of the *Factorij* in Batavia, which was characterized by a difficult start. There was opposition from Dutch East Indies officials and a boycott towards its products. Furthermore, it was difficult to recruit suitable staff for the Dutch East Indies. The NHM in India was founded in 1826 by the agencies of Semarang, Surabaya and Padang. The investment effort in Asian intermediaries has made *De Factorij* a product of the European market.. After the first major government auction in Batavia in the fall of 1826, positive results were achieved for the first time in this activity.⁵

De Factorij worked in Asia as a member of the Amsterdam Board of Directors. Since Dutch India was an important part of NHM's activities until the 20th century, it was involved in transactions at least between 1824 and 1880. In addition, it also participated in the revival of trade in Dutch India. The factories of Batavia played an important role in the creation of agencies' networks across the archipelago.⁶

C. Become a Singapore Sub-Agent (1888-1915)

The first NHM office in Medan was a small lodge in one of the hotels. Therefore, a supervisor that visited the Singapore Agency Office and Medan sub-agent in August 1888, indicated that the office would be relocated to a building a few months after the visit to one of the hotel lodges. Furthermore, it is almost certain that in the future, only the lower part will be used because the employees assumed that the office space on the ground floor was

⁴ H.W. van den Doel. *Het Rijk van Insulinde: Opkomst en Ondergang van een Nederlandse Kolonie*. Amsterdam, 1996.

⁵ Horlings. *The Economic Development of the Dutch Service Sector, 1800-1850*. Amsterdam, 1995. p.142.

⁶ Appendix 1, *Binnenlandse en Buitenlandse Agentschappen, 1824-1964*.

sufficient to accommodate NHM activities at that time.⁷

The agency in Medan was established to meet the needs of credit facilities for the plantation companies' development on the East Coast of Sumatra. For this purpose, plantation companies were initially served by the NHM Singapore Agency. Furthermore, it has contracted the largest plantation companies and also active in buying and selling goods, as well as providing services for the recruitment of Chinese coolies in Singapore and Penang.

In 1888 and 1889, Ton de Graaf reported that an NHM agent in Singapore respectively opened subagents in Medan and Penang as part of the development of the tobacco industry in Deli and trade with strait settlements. Its competitor, Chartered Bank, had settled in Medan in 1880, but due to lack of eligibility in 1886, caused its office to be closed. The reopening took place in 1889. Hong Kong and Shanghai Banking Corporation (HSBC) opened an office in Penang in 1884. The trading company Brown & Co. has been operating in Medan as a representative of the Mercantile Bank since 1889.⁸

From the beginning, the agency served cash orders, which could be exchanged for silver dollars with a certain fee. This was due to Javasche Bank restrictions on the distribution of coins and banknotes until the early 20th century. Outside the region, since the introduction of the Coins Act in 1854, the use of copper coins and the entry of Dutch-Indian Gulden into other regions in 1908 have stopped the spread of NHM cash orders.⁹

The main activity in NHM's early years in Medan was money exchange transactions. Since it has long been the only Dutch bank on the east coast, it has been able to provide services to major European manufacturers. This monopoly is due to the fact that other banks had problems during the sugar crisis in 1884 and therefore could not establish themselves on the east coast. Also, the monopoly continued until the beginning of the 20th century. British banks have been operating from Singapore and Penang on the east coast since the early 1880s. From 1896, the Medan agency also focused on closing consignment contracts. In addition, at the beginning of the 20th century, the agency funded more than 20% of the total tobacco harvest on the east coast of Sumatra. Many companies operating from their headquarters received a loan from NHM in Amsterdam, which was then paid by their offices in Medan.

After the introduction of tea and rubber plants in 1913, it attracted the Nederlandsch-Indische Handelsbank (NIHB and Nederlandsch-Indische Escompto Maatschappij (NIEM)). NHM, Java, and Standard Banks played an important and competitive role in this context. NIHB and NIEM are active in the middle market segment, while newcomers to the Colonial Culture and Trade Bank focus on a riskier small business. NHM institutions have now become more active to mediate the sale of Plantation products.¹⁰

The tobacco industry creates important relationships. In 1896, agencies in Singapore and Medan provided various companies such as the Deli-Batavia, the Nederlandsche Asahan, and the Langkat Tobacco Companies to a considerable extent with working capital.

⁷ *Het kantoor wordt nog steeds gehouden in een klein pavillioen van een der hotels en zal eerst over eenige maanden kunnen worden overgebracht naar het in aanbouw zijnde eigen lokaal dat zijne voltooiing slechts langzaam nadert. Men was intuschen reeds ver genoeg gevorderd dat ik mij er van kon overtuigen dat de voor kantoor ingericht wordende beneden verdieping van het hoofdgebouw meer dan voldoende ruimte zalt bevatten en de inrichting doelmatig zal blijken.* H.C. Soeters. Singapore en Medan, 1888. Reisverslagen en Rapporteren No.83. NHM.9471. p..22.

⁸ Ton de Graaf. *Voor Handel en Maatschappij: Geschiedenis van de Nederlandsche Handel Maatschappij, 1824-1964*. Boom, Amsterdam, 2012.

⁹ Ton de Graaf. *Ibid.* p.21.

¹⁰ *Ibid.* p. 22.

Furthermore, loans were granted to Franco-Deli, Serdang, Sakoeda Tobaccos, and Padang Tabak Company.¹¹

The NHM Office in Medan, which opened on March 1, 1888, became a very important tobacco financing agent at Deli and has been able to provide part of its working capital by providing cash since its inception in 1888. From the beginning of the 20th century, Bank Java, especially in Sumatra and Kalimantan, tried to use the Strait dollar as a means of payment. This is the result of the establishment of the bank agent at Pontianak in 1906, followed by a branch in Medan in 1907. From February 1908, this policy was also implemented by the government on the East Coast of Sumatra. On April 1, 1908, it was forbidden to circulate or own the Straits Dollar. As a result, the delivery of profitable cash orders by Medan agents was stopped. In 1913, the NIHB Bank and Chunghwa Shangyeh of China opened branches in Medan, followed by NIEM in 1916 and became NHM's next rival.¹²

NHM stopped its own tobacco company in 1880 following a report by former secretary Jan Hudig. However, that factor does have a relationship with tobacco companies. Consignment contracts were made through offices in Singapore and Medan. In 1900, they were signed with four companies, which subsequently increased to fifteen in 1907 and 1908, but in 1916 this had declined to four. NHM has financial stakes in these various companies.¹³ At the end of the 1888 annual report, mention was made of the need for personnel, the growing wants of offices, the forecasts NHM would receive from opening a banking business, and the future connection to Deli plantations.¹⁴ The NHM office used in the early years until 1930, was rented.

The consignment contracts with Plantation Companies in Deli, Serdang, and Langkat became a new activity that was developed by NHM in addition to the bank/plant loan activities that were performed from the start. The annual records made for the NHM sub-agency office in Medan place the consignment contract report in an important position. The report is also very important, concerning the situation of the tobacco harvest on every farm. NHM's efforts in Medan are deliberately aimed at using the economic resources on plantations in East Sumatra.

The NHM in the Netherlands complied with the target for planting plantations in the East Indies. The official records indicate that Second Department began on January 1, 1825. In the early years, there were departments for 'business in the East', namely the trading operations and supervision of all Factorij, agents, correspondents, and generally, all factors that should be regulated and negotiated for the benefits of the company in countries and territories, located in the east of the Tanjung Harapan, especially in Java, the Indian Archipelago and throughout the Indies East, in China and surrounding countries, the fishing industry, specifically in the Indian Ocean, and all things that can expand NHM support and promotion.¹⁵

¹¹ *Ibid.* p. 108.

¹² *Ibid.* p. 74 and 75.

¹³ L. de Bree. *Gedenboek van de Javasche bank 1828-24 Januari 1928*. Weltevreden, 1928. p. 50.

¹⁴ *Uitbreiding van personeel blijft echter voordien geregelden gang van zaken noodzakelijk, en is het hoogst wenschelijk dat daarin spoedig getreden zal kunnen worden want al moge daardoor de in het afgelopen jaar zeer drukkende kantooronkosten verhoogd worden, zij zal den subagent beter dan tot dusver gelegenheid geven oom en open oog te hebben voor al hetgeen in Deli nog aan winstgevendende zaken voor de Maatschappij weggelegd is.* NHM, Verslag van de sub-Agent te Medan over het jaar 1888.

See also Verslag van de sub-Agent te Medan over het jaar 1902

¹⁵ Inventaris van het Archief van Het Nederlandsche Handels Maatschappij, (1784), 1824-1964 (1994). Versie 14-11-2017. Nummer archief inventaris: 2.20.01. p. 547-548.

In an internal reorganization formed on January 1, 1828, these tasks were transferred to the Department. The Second Division took over the duties of the third Section, becoming a department for 'business in Europe, the Levant and the West', which negotiates and monitors all factor agents, correspondents and in general about everything that needs to be done following countries such as Madeira, Canary Islands, and Cape Verde; along with the west coast of Africa, from Tangier to the closed region of Tanjung Harapan, throughout South America and North America, West Indies, Antilles, and islands in Açorian along the coast of the Mediterranean Sea, and in the Levant, Egypt, Asia Minor, along the Black Sea coast and throughout Europe.

NHM activities in these areas were not very successful, and the established boards had been appointed before 1830. The ministry's work was therefore unique. The most important is the America and Suriname case. The work division in 1834 between members of the Director's Board was charged to Director De Clercq, as was the liquidation of matters distributed by the second division. Furthermore, the duties of various departments from 1841 showed that the Second Section did not exist. The correspondence and agenda were kept by Secretariat staff and financial lists by third party personnel. On October 1, 1880, the department was also dissolved, and the settlement of the Suriname case was forwarded to the First Department. The American company was transferred to the new division of Affairs, which involved training an agent in New York in 1879. It used the name of the Second Department after several years, without any decision being known. For practical reasons, it was considered a continuation of the second section of the inventory.¹⁶

From 1915, the Second Department received new content and image, which was mainly for plant affairs in the 20th century. The newly formed department had a purely administrative character and does not have its account. It assumed responsibility for the First Division for trading and banking with the East in 1915 and plant affairs. From 1919 onwards, it was divided into the Second Department for banks and Plantations (second department for banks and cultural affairs)¹⁷. Four of the five cultuurzaken authorities were: 1. Collecting data for Directors to make post-harvest lending decisions, 2. Monitoring financial situation by comparing budgets with results, 3. Reporting financial situation to finance directors and 4. Funding NHM planting issues in this case with the Dutch East Indies, regarding the company's relationships and general plantation topics which keep statistics on production, sales, cost prices, and everything related to plantation issues and others.¹⁸

The second department maintains very close relationships with the fourth one, which regulates the transportation and sale of products. On January 1, 1934, the Second Foreign Exchange and Banking section was merged with the Third Division in a new way. On January 1, 1953, the second division started handling plantation affairs. On 1, 1960, it merged with the department of plantations and products¹⁹

D. NHM Medan Becomes an Independent Agency (1916-1942)

¹⁶ *Ibid.*

¹⁷ *Ibid.*

¹⁸ The Fifth Authority owned by *Afdeeling Cultuurzaken* is in the affairs of Suriname, which certainly does not apply to *Afdeeling Cultuurzaken* in Medan.

¹⁹ *De Tweede Afdeling onderhield nauwe contacten met de Vierde Afdeling, die het transport en de verkoop van de producten regelde. Per 1 januari 1934 werd de Tweede Afdeling Wissel- en Bankzaken verenigd met de Derde Afdeling in een Derde Afdeling nieuwe stijl. De Tweede Afdeling werd nu louter een Cultuurafdeling. Per 1 januari 1953 werd de naam Tweede Afdeling gewijzigd in Afdeling Cultures. Met ingang van 1 januari 1960 werd de afdeling samengevoegd met de Afdeling Producten [de voormalige Vierde Afdeling] tot de Afdeling Cultures en Producten. Ibid.*

By the end of 1916, NHM had 22 branches in Dutch East Indies, including Factorij, and five in Asia. There were a total of 27, including 32 Esser Shipping companies. By the end of 1934, this had decreased to sixteen in the Dutch East Indies. In Asia, it was increased to nine and later expanded to 25, including Esser, in Pasuruan, with a total of 32 branches. NHM particularly affected the crisis due to the structure of the plantations and banking activities. Other banks, such as NIHB and NIEM, were able to increase their market share and expand their number during this period.²⁰

In 1918, there was a significant development related to the expansion of Medan as a new community. This was a grant from the Sultan of Deli to the Government, which assigned these areas generally to its Society as the largest and oldest tobacco plantation in the region. In the 1918 Medan Agency's NHM reported that "The land problem in the community, developed concerning the Grant by Sultan Deli, which was officially performed on 30 November 1918. Registration of ownership with the Judiciary Boards took place on December 31, 1918, therefore it is now officially regulated. "²¹

After a long process, NHM in Medan finally managed to get the land they wanted on Cremer Road near the Esplanade. It was purchased from the community and recorded on January 27, 1921, in a deed of ownership, and its total land area was 1364 m². Based on the measurement Letter dated October 18, 1920, Number 209, reported that the property was given serious value, and the price was estimated at f 95500, following the declaration of the Judge Commissioner²²

On June 29, 1922²³, NHM received an additional land area of 68 m², which was a land exchange from the Dutch East Indies government. As a result, the same was acquired on November 3, 1933²⁴, where there was additional land on an area of 4.40 m² from an exchange agreement with the government of Medan's city. In 1930, the office received approval to exceed the road boundary of 1.5 m² from the outer roof of the building, and this appeared to be related to the construction of the agency.

The NHM as a new trading partner after the VOC collapse, was involved in purchasing or participating as a financier in the establishment of plantations, mining, and other businesses in the economic field.²⁵ For example, in 1917, the agency was involved in the establishment of NV Serdang Cultuur Maatschappij (SCM), which focused on tobacco, rubber, and coconut plantations. SCM exploits several plantations such as Adolina tobacco, Adolina Ulu, and Batang Trap in East Sumatra, as well as Tjoekir Tobacco and Bobongan Coconut.²⁶ Furthermore, the area was expanded in 1926, with tea plantations in the North of

²⁰ Ton de Graaf, *Op.cit.* p. 237

²¹ *De grondkwestie ter hoofdplaats Medan is in zooverre belangrijk gevorderd, dat de schenking door den Sultan van Deli en Zijne Risjkgrooten aan de Gemeente Medan van het grondgebied dezer gemeente op 30 November 1918 officieel heeft plaats gehad. de inschrijving van den gemeentelijken eigendom in de registers bij den Raad van Justitie geschiedde op 31 Desember zoodat de eigendom thans formeel is geregeld.* Verslag van de Agent te Medan over het Jaar 1918. p. 20.

²² For the purchase of land, a total of f 4775 has been paid (as an advance) based on a receipt dated January 18, 1921).

²³ See at the Deed of van Eigendom No. 116, on 29 June 1922.

²⁴ See at the Deed van Eigendom No.224, on 3 November 1933

²⁵ About 20 years before the NHM office founding in Medan (1869), NHM was already involved in investing capital of 50% on the NV Deli Maatschappij establishment, which is the largest tobacco company on the tobacco plantations history in the archipelago. Together with PW.Jansen and J. Nienhuys, NHM has made Deli Mij a respected company. In 1887, NHM sold 349 shares (out of 389) because of a very high exchange rate (above 800%). In 1918, NHM's participation in the company was f 270,000. Ton de Graaf. *NHM Bijlagen. Op.cit.* Pg.41

²⁶ The Bobongan Plantation began a concession in 1886 under the name Frankfurt, then moved to Serdang Cultuur Mij, and to the NHM in 1938 (NHM has 1924 of 2,000 shares). In 1939, it was still in production. After the war in September 1947, it returned under NHM management. In 1948, harvested coconuts were sold, because workers could be used more efficiently elsewhere. In 1949 it stopped. Then, the palm oil plant is carried out for Adolina Ilir. In 1953, it was still producing. *Ibid.* Pg.48.

Redelong, in the Aceh-Gayo and Tanah Alas regions. NHM transported SCM products to the market with broadcast programs.²⁷

In 1928, the agency also started fiber/sisal plantations, and in the same year, Cultuur Maatschappij Lho Soekon was established in Amsterdam with a capital of 3 million Gulden. This is a collaboration between NHM and Hendrik van de Wetering as a director of several plantation industries. The company was located in the Lho Sukon district in the Aceh area/residency and its surroundings. Van de Wetering was appointed as director, while Medan agency was charged with the responsibility of representing the company in the Dutch East Indies. In the early 1930s, NHM acquired all shares in the context of debt restructuring with Van de Wetering. The processing plant had been completed in 1931, but the company was still suffering losses due to falling prices.²⁸

The oil palm plantations are being expanded in areas that are also managed by the NHM office in Medan. In February 1938, Adolina Ilir, which was originally a tobacco plantation under the name Adolina Esperance, was taken over by Serdang Mij, which incidentally is an NHM company. In 1940, tobacco plants were replaced with palm oil due to the decline in prices. The new palm oil mill was established and became operational in 1956. On December 9, 1957, it was headed by the Indonesian government. Then, on 10 December 1957, it was under the New State Plantation Center. By the law of May 20, 1959, it was officially nationalized on June 1, 1959, and adopted by the government.²⁹

The New NHM Office in Cremerweg has been opened since 1930. A report stated that the presence of the new office coincided with the world economic crisis of 1929 (Malaise era). Many branch offices in the Dutch East Indies and Asia were closed, but not in Japan. An NHM office was established in Kobe in March 1920 to finance the increase in Japanese exports to Dutch India. The report also mentions the office construction cost of 1 Million Gulden, designed by J.J.J.de Bruyn & C. van de Linde (Het aantal vestigingen in Nederlands-Indië en Azie nam in deze periode af; de oorzaak hiervan was de grote economische crisis die vanaf 1929 haar intrude deed. Het voor cultuurzaken belangrijke agentschap Medan werd in 1930 nog in nieuw bouw).³⁰

Although the global economic situation was less favorable in the first year, consignment contracts with tobacco, rubber, coffee, tea, sisal, and oil palm plantations could still be maintained. Based on the existing reports in that year, NHM Office in Medan was still connected with 20 coffee and rubber, 19 tobacco, 6 tea, 1 oil palm, 1 coconut (copra), and 2 sisal plantations.

E. The End of the NHM Office in Medan (1945-1960)

The recovery of the Dutch East Indies economy was not complete when the Dutch were attacked by Germany on May 10, 1940. All relations between Europe and Asia were broken. In the Netherlands, several companies have moved their offices to Batavia. In addition, defense of the Dutch East Indies has been raised to a higher level due to new threats

²⁷ The Bobongan Plantation began a concession in 1886 under the name Frankfurt, then moved to Serdang Cultuur Mij, and to the NHM in 1938 (NHM has 1924 of 2,000 shares). In 1939, it was still in production. After the war in September 1947, it returned under NHM management. In 1948, harvested coconuts were sold, because workers could be used more efficiently elsewhere. In 1949 it stopped. Then, the palm oil plant is carried out for Adolina Ilir. In 1953, it was still producing. *Ibid.* p.48.

²⁸ Nationaal Archief. NHM 9127, 1928-1939.

²⁹ Bijlage 3. Cultuurondernemingen en andere Bedrijven en participaties van de NHM in Nederlands Indië, Azië, Suriname en Guatemala. 1824-1964.

³⁰ Ton de Graaf, *Op.cit.* p. 237

from Japan. The Indonesian people are partially satisfied with Japan and the invasion and overthrow of the Dutch government. As a result, the nationalist movement developed strongly during this period. Some Indonesians continued to work in companies under the Dutch government. However, some Indonesians were involved in romusha or forced labor. They were commissioned to carry out infrastructure projects in Sumatra, in Pekanbaru Railway or Southeast Asia. Many of the victims died of hunger and were usually captured by the Dutch.

In 1942, the Japanese presence became evident and caused the stagnation of Dutch companies in almost the entire archipelago, and also in plantations at East Sumatra. In July 1942, the plantation industry was placed under the direction of Japanese organizations, Saibai Kigyô Kanri Kôdan (SKKK), and the sugar company fell under Jawa Togyo Rengokai, as a former Federation of Sugar Companies in Java. In November 1942, all of them were confiscated and converted to six Japanese private companies. NHM companies elsewhere fell to Dai Nippon Seito (later Nitto Kogyô). Initially, production in all plantations continued under the guidance of European administrators. However, they were gradually released from their functions and replaced by Japan and Indonesia. The last Europeans were arrested and imprisoned in August 1943.³¹

The uncertain conditions faced by NHM and foreign companies in Indonesia, especially in Medan with Japanese capitulation ended after they surrendered to the allies, due to the bombing of Nagasaki and Hiroshima in August 1945. Severe operating conditions due to the unmanaged Japanese period paralyzed NHM's revenues from this sector. Until 1945, there were plantations in the office in Medan which could be put back into service, such as Coconut, Bobongan, Coffee, Redelong Noord, Adolina Ilir, and Ulu Palm Oil, Bah Birong Ulu, Bah Butong, Redelong Noord and Sisal in Lho Soekon.³²

A secret letter was sent to Medan, which mentioned the names of arrested, sick, and dead Europeans. Written reports were addressed to the NHM office in Medan. One letter said that: Medan, 21 October 1945. NHM-Amsterdam. "Yesterday, in a letter sent down, 5 Europeans including Mr. Groenberg were killed in Siantar. A brief report on the incident illustrates that on the morning of October 15, some Nationalists took action in the city and the situation was not conducive, while the Japanese military placed two machine guns in front of the Siantar hotel. Mr. Banner that tried to explain their condition was shot, as well as Mr. de Boers whose wife was lying in bed due to illness, was also killed."³³

The leadership changes in East Sumatra with the formation of the East Sumatra State in 1947 created a new atmosphere in Medan, particularly related to the relationship pattern between the NHM and the government.³⁴ Furthermore, another problem that directly involves gaining from the plantation sector is its seizure by the community (either from the residence in East Sumatra or from Tapanuli). It was ultimately caused by severe food shortages during the period. Several efforts by NHM, in collaboration with the Rubber

³¹ J. Van der Zwaag. *Verloren Tropische Zaken. De Opkomst en de Ondergang van de Nederlandse Handel & Cultuurmaatschappijen in het Voormalige Nederlands-Indie*. Meppel, 1991. Pg. 253-262.

³² Ton de Graaf. *Op.cit.* Pg.392-393.

³³ NA. Nederlandsche Handel Maatschappij 1824-1964, Inv.Nummer 8314. Information about the NHM office condition in Medan was also found. The letter stated that: "All banks - including NHM - were closed after March 2, 1942 and have not been opened since that date. Our office building (NHM) was confiscated by the Japanese military in March 1942. The building has not been given to this day."

³⁴ The State of East Sumatra (NST) is one of the countries that independent from the Indonesia and the Netherlands Kingdom, and lasted for a long time in the ex-Dutch East Indies environment, which is December 25, 1947 to 1950.

Plantation Association (AVROS)³⁵ and the new government have failed, and the agency has continued to suffer losses.

In January 1959, after the Plantation Division was under Indonesian care, the management became very concerned about the fate of the banking activities. Some options were considered, where Factorij contributed to the Indonesian Company (NHM and Bank Indonesia joint ventures) with foreign banks. However, there were no decisions made, since NHM's relations with the government were still very good. Therefore, making President Factorij or L. de Jong the only Dutchman to be invited to the New Year reception by Soekarno.³⁶ However, it can no longer be hindered. On June 15, 1960, a ban on transactions was announced, Factorij lost the status of a foreign exchange bank. All trading activities were expected to end in October. On November 21, 1960, all NHM branches were placed under Indonesian government management. Finally, on December 5, 1960, it operated retrospectively until December 3, 1957, and the offices were nationalized and changed their names to the newly formed Farmers and Fishermen Cooperative Bank.

NHM was the last Dutch company to nationalize its activities in Indonesia and was able to work until the end of 1960, while its rival, the National Trade Bank, was nationalized in April 1959. However, this was not clear. Korthals Altes showed that many concessions towards the Indonesian authorities could be the reason for this. A more rational reason is that the interest in the economy was much greater than that of the NHM. In addition, untimely nationalization can lead to major disruptions.

To focus on claims from the Dutch business community, the Indonesian compensation claim bureau was established in The Hague on September 1, 1961. In 1962, the total loss of the NHM was estimated at 108 million Gulden, then adjusted to more than NLG 134 million Gulden. The loss for the entire Dutch business sector is around NLG 2.7 billion. In particular, claims for two plantations in and around East Sumatra, namely Serdang Culture Mij and Dutch Indisch Land Syndicate (NILS), amount to 10.9 and 15.9 million Gulden respectively.³⁷

The Dutch government, therefore, brought an action for damages of 1.26 billion Gulden in Indonesia. An agreement between the parties was concluded in September 1966, and the country would replace 600 million Gulden, which would be paid in the 1973-2003 period in annual installments and increased by 1% as an interest per year. In the end, compensation increased by NLG 689 million Gulden, where 223 million was for the state and the rest for individuals and companies. The Dutch state itself shared these funds with the companies concerned.³⁸ In Medan, the NHM immediately adapted to the nationalization agreement under Law 86 of 1958. Subsequently, Government Regulation no.19 / 1959 was

³⁵ The rapid competition of the rubber industry triggers competition among entrepreneurs. This phenomenon is counterproductive towards the trade of raw rubber at a broader level with outside competitors such as Malaya and Brazil. Facing such a situation, an organization of rubber entrepreneurs was established in North Sumatra under the name of AVROS (*Algemeene Vereeniging van Rubberplanters ter Oostkust van Sumatra*) in 1909. This organization not only brings together rubber entrepreneurs but also oil palm entrepreneurs. The main activity of AVROS is to provide plantation laborers, make recruitment regulations and supervise contract laborers if they escape from one plantation to another. With the existence of a liaison organization such as AVROS, entrepreneurs are greatly helped by the sharp fluctuation in rubber prices. The use of contract coolies in East Sumatra began to be enforced since the existence of many tobacco plantations in 1863. After the independence war, plantation companies managed by foreign capital were affected by the independence revolution, hence the control of the companies forced the reorganization of the plantation business associations, such as AVROS, to be united with the DPV (*Deli Planters Vereeniging*) in 1952. Likewise at the research centers managed by AVROS. In 1957, the APA (*Algemeene Proefstation de AVROS*) managed by the Sumatra Plantation Company Association (GAPPERSU) changed its name to RISPA (*Research Institute of Sumatra Planters Association*). For further information see at, AVROS Archive Inventory, 1892-1985. Jakarta: National Archives of the Republic Indonesia, 2009. p.viii.

³⁶ NA. NHM 13401,1959.22.01.1959-05.02.1959.

³⁷ NA. NHM 541, 1962, 20.07.1962. Pg.10-11

³⁸ AAHA, ABN 9156, 18.07.1974

published which appointed companies with Dutch legal entities and the decree became retroactive with effect from December 3, 1957.

This situation ended the history of NHM's involvement in the plantation and banking sector in the archipelago. Two of the companies, namely N.V Serdang Cultuur Maatschappij and N.V Netherlands-Indonesia Land Syndicate were taken over by the New VAT on June 1, 1959. NHM was still permitted to complete export contracts on products from these companies, while the new ones could no longer be performed. Around August, the last export contract was completed and the production department was finally closed. Therefore, the remaining employees were then transferred to the banking department.

After the end of the activity, the real estate agent left Medan on October 2, 1959, with the reason to go abroad. Office space, in which the NHM Plant Affairs division had previously been active for 29 years has been rented to New PPN. Concerning nationalization, various issues related to plants were dealt with. NHM cancels Gappersu membership,³⁹ which means that in recent years, direct contact with plantation companies has completely disappeared, and it has also lost important sources of information on this issue.

On June 1, 1959, the department of the NHM office in Medan still had a consignment contract with 1 rubber (Adolina Ulu / NV Serdang Culture Mij.), 2 tea (Bah Butong, and Bah Birong Ulu) and 1 palm oil plantations (Adolina Ilir). With regard to the existence of the office, the latest report stated that it was now overseen by a military supervisor with the rank of Captain.⁴⁰

At the end of the 1959 report, the lease NHM had obtained indicated the use of offices rented by New PPN and RCMA. For a lease in 1959, RCMA paid Rp.15, 000 while New PPN was Rp.31, 333.32. Absolute legal consequences resulting from nationalization are not yet effective. Thereafter, the rent for the old NHM Medan cultural affairs building will be paid by the new PPN, mandated by the State to continue the affairs of NHM plantation in the region.

When the report contents at the end of the Agency's office work period in Medan are further examined, there is a deep impression that they will resume their original character as banks after planting problems will have been taken over by the new PPN. This can be seen from the way they manage all of their competing banks in and around Medan⁴¹ and its surroundings as well as the statements of the two remaining administrators, named C.H.J.W. Paerels and Y. Cats that, "Even though the Dutch managed companies were transferred to other domestic or foreign banks, last year's results have been taken into account. However, due to the importance of export trade, expectations for 1960 are not high or low." Finally, not only was it low, the history of the NHM office in Medan was over and had an impact on the economy of the Netherlands and Indonesia, especially in Medan, for more than 60 years.

F. Analysis

In general, the presence of the NHM Office in Medan is closely related to the growth of tobacco, tea, coffee, palm oil, and sisal plantations in East Sumatra (now, most of them have become North Sumatra Province). The role as a shareholder in the plantation companies' establishment, lending institutions, opening contracts for the consignment of estate products

³⁹ GAPPERSU is acronym of *Gabungan Pengusaha Perkebunan Sumatera* (Sumatra Plantation Entrepreneurs Association) .

⁴⁰ Verslag van het Agentschap te Medan, Over het Jaar 1959. Pg.3.

⁴¹ *Ibid.* Pg. 7.

and marketing through the scheme of establishing subsidiaries (SCM and NILS), has determined the direction of Medan as a new city at the end of the 19th century and until the middle of the 20th.

NHM has shown its tenacity internally. From the rental of a lodge in a hotel to building through the purchase of land and the construction of a beautiful office in the middle of Medan. The semi-governmental institutions of the 19th century operating during the second decade was built by King William I. From the start of the NHM Singapore sub-agency, shortly after been managed by Factorij Batavia, it eventually became an independent agency and placed the office in Medan as one of the most important in the Netherlands.⁴²

The agency's office, which has worked in Medan for 60 years, differs from that of Factorij in Batavia, which is also part of the Dutch NHM. At least after 1927, the office showed its character as an important player in the world of plantations. The banking activities have been marginalized by the plantation sector. The participation of the largest shareholder in the plantation company during the Dutch colonial period explains the direction in which East Sumatra will work.

Although there have been important recommendations from the main Dutch representatives at the end of the 19th century on the future of plantation, the officials discouraged the NHM from developing. However, it has been actively involved in the creation and purchase of several plantations. The presence of Serdang Cultuur Mij and Nederlands-Indisch Land Syndicate is an important proof of NHM's commitment to plantation affairs in East Sumatra.

Therefore, it is not surprising that the new building in Cremerweg No. 8 and used in 1930 works better under the supervision of the second department for plant affairs. The division of the first NHM office space as a bank in striking contrast creates room for plantation issues.

Land search and the subsequent construction of a beautiful office is another page that shows NHM's seriousness in the plantation and banking sectors. The land on top of the office building was purchased from the Medan Government after Sultan Deli gave part of it for the development of the city. There was a 9-year gap from the time it was bought in 1921 until the founding of a magnificent and iconic building created by two Dutch architects, J. de Bruyn and Ed. Cuypers in 1930 in downtown Medan.

The development of plantation affairs (cultuurzaken) at NHM Office in Medan is filled with challenges caused not only by the rise and fall in the prices of agricultural and plant products but also by the global political situation in parts of the European continent. During the First World War, Germany occupied the Netherlands until the Japanese invasion and the defeat of the allies in the Pacific, and also influenced the growth and development of the NHM Office in Medan. However, all these processes were passed through the NHM Office in Medan, until Japan invaded Indonesia in 1942.

The period of Japanese entry from 1942 to the end of capitulation in 1945 forced the NHM Office in Medan to close. Japan took over all Dutch power in Indonesia, but was

unable to maintain a working life that had been well organized through the Dutch working system. Plantations and banking experienced chaos amidst food shortages faced in the community. Community planting continued after departure of Japanese, to force the NHM plantation groups to build joint resistance with AVROS and GAPPERSU, until Sukarno finally crossed the nationalization policy contained in Law No. 86/1959, which is the relationships of Dutch companies in Indonesia, including NHM.

The Nationalization Policy launched by the Soekarno government was empirically guarded by military units. The Dutch assets, which were taken over and then transferred to the new agencies created by the new republic, were generally entrusted to the military. Furthermore, the NHM Office in Medan on plantation affairs was nationalized and overseen by the military before being moved to the New PPN, it was a scheme that also applied elsewhere. The publication of government decree No. 64/1948 on the militarization of the State Plantation Center as of October 25, 1948, showed Sukarno's caution about the process of taking over the Dutch companies' assets in ten years later.

The facts related to nationalization by associated institutions needs to be analyzed. In general, NHM is identified as a banking institution. However, it is also related to the trading sector, as it is fully involved in the production of plantations, petroleum, and agricultural product shipping. In Medan, its acceleration is more visible in the plantation sector and agricultural products. In the process of nationalizing the NHM cultural building in Medan, the State should not place, or hand it over to banking institutions but divisions engaged in the field of plantation products.

G. Conclusions

Based on archives and other secondary data presented in the history of the NHM Medan Agency from 1888 to 1960, it can be concluded that from the beginning of its establishment in 1888, it has focused on the plantation business through the provision of credit, binding consignment contracts for estate crops, operating and providing capital in the establishment of the plantation at East Sumatra and surrounding areas, including Aceh. The office in Medan began its work as a sub-agent of the NHM Singapore between 1888-1915 and became a full-time Agent from 1916 until the end of its activities in 1960.

The NHM property and the office building located at 8 rue Cremer Road (today 8 rue Balai Kota) was purchased by the government of the city of Medan and registered in the deed of ownership on January 27, 192. The land area is 1364 m². The van Eigendom deed from it was given number 1, based on the Measurement Letter dated on October 18, 1920, Number 109. Furthermore, the price was estimated at f 95500 following the judgment of the Commissioner. NHM's construction office at 8 Cremer Road was opened in 1930, under the supervision of the second department, and it worked more optimally and specifically for plant-related issues.

NHM Office in Medan has several large plantation subsidiaries namely: Serdang culture society (Bobongan / Coconut), Redelong North (Coffee and Tea), Adolina Ilir (Oil Palm), Adolina Ulu, Trap Rod (Rubber), Adolina Esperance (Tobacco), Nederlandsch Handels Land Syndicaat (Garden), Bah Bajoe, Bah Lias (Coffee), Kerasaan, Bah Lias (Coffee and Rubber), Bandar Siantar (Rubber and Coffee), Bah Aliran (Tea), Bah Birong Ulu (Tea), Butong Bah (Tea), Lho Soekon culture society (Sisal), Siantar Culture Society (Tea), Siantar Tea Society (Tea), and Sumatra Tea Society (Tea).

The operationalization of the Agency's office in Medan was stopped between 1942 and 1945 with the entry of Japan and became operational in 1946 until it was completely shut down in 1959/1960 due to the policy of nationalization of Dutch companies in Indonesia. The functionalization of the Medan NHM office building was subsequently performed by New PPN on military instructions until it moved to the Farmers and Fishermen Cooperative Bank.

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