Dutch-German Coal Business, 1918-1925

The impact of War on a transnational business relationship: The Rhenish Westphalian Coal Syndicate and the Coal Trade Association

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The authors wish to thank the Bergbauarchiv im Montanhistorischen Dokumentationszentrum beim Deutschen Bergbaumuseum Bochum, especially Thomas Jovović, and the historical company archive of the SHV Utrecht for their kind and helpful support.
Abstract

The article focuses on the transnational business relationship between the German RWKS (Rhenish-Westphalian Coal-Syndicate, Essen) and the Dutch SHV (Coal Trade Association, Utrecht), which was a successful coal marketing relationship in the 1896-1945 period. The paper on the one hand shows the importance of the export market for the RWKS and on the other hand reflects on the intermediation through a foreign sales organization. Whereas the RWKS depended on the SHV for its sales organization, its distribution apparatus and its knowledge of the local market, the SHV depended on the RWKS for the sole selling rights for Ruhr coal on the Dutch market. In particular the paper concentrates on the concept of war as a ‘driver of change’. World War I did not end this interdependent transnational cooperation, but created considerable leeway for tactical and strategical moves on both sides of the border that led to a new balance of power.

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1. Introduction

The industrialization of Germany was accompanied by an unprecedented growth of domestic coal production from the 1870’s onwards. By 1913 Germany reached an annual production level of 190 mio. tons. Even though, this amount contrasted with the 287 mio. tons that the leading player on the world coal market, Great-Britain, was able to generate, Germany had managed to increase its production seven fold in this period, while the British production had increased just over 2.5 times. Mainly responsible for this German production increase was the expansion of the coal production within the Ruhr area. In 1870 about 44 percent of total German coal production had its origins in that industrial district. In 1913 this amount had increased to more than 60 percent.¹

The enormous coal supply and the growing number of coal mines created a tight market in and around the Ruhr region. Particularly in times of recession the market was vulnerable. From the end of the 1870’s therefore, individual mining companies associated in clubs and tried to tie down the ‘unhealthy’ competition among each other by determining production quotas or prices for a definite period. Long term cooperation in these pre-cartel-like associations however, was not realized; nineteen out of twenty-four clubs shattered within five years.²

By far the most successful and long lasting coal association in German history became the Rhenish Westphalian Coal Syndicate (RWKS).³ In the founding year, 1893, the members produced jointly about 85 percent of the total Ruhr coal production. Hardly any research has been done on the organization of this syndicate. However, it is clear that the RWKS was able to damp the fluctuations of the business cycles. It could do so, by balancing between the so-called disputed and undisputed markets. On the undisputed markets, the Syndicate achieved

² Gebhardt, Ruhrbergbau, 25-32.
³ Rheinisch-Westfälisches Kohlen-Syndikat, Essen.
such a dominant position that it was able to determine coal prices, regardless of world market prices. When demand did not meet supply, the Syndicate forced the export towards the disputed markets.

Whether the national borders corresponded to the borders of the un-disputed market for RWKS coal, is subject of discussion. In a more general sense it has recently been argued that the newly formed German Reich itself did not constitute one economy. The geographical configuration of the country made transport in some directions expensive. After all, the two most important rivers in Germany, the Elbe and the Rhine, run from northwest to southeast. Trade relations between the northeast and southwest therefore, were rather limited and each region developed economically according its own geographic endowments. In relation to coal, the suggestion of such an economically not-integrated Germany is supported by the fact that the Hamburg market was dominated by British coal until World War I. British coal also entered the Berlin market and met, due to the geographical constellation of the country, rather Silesian than Ruhr coal as its local competitor. Since they were used as transportation routes, rivers also constituted a link instead of a border between markets. Rhine navigation is an apparent example of a convenient way of transportation that links the Dutch market with the German one, and more specifically: with the Ruhr market.

The Netherlands played quite a particular role in the internationalization of Ruhr coal trade. At the end of the nineteenth century the Netherlands was located between the two largest coal producers in Europe. Until World War I it did not possess a mining industry of significance. Traditionally therefore, it obtained most of its coal from Great-Britain and Germany. Belgium coal played just a minor role (table 1). Not only the Ruhr coal found its way to the Dutch market, also the organizational aspects of the German sales business extended to the Netherlands. In line with its market policy in Germany, the RWKS tried to limit Ruhr coal competition on the Dutch market by uniting the eight biggest traders in Westphalian coal in

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4 N. Wolf, Was Germany ever united? Evidence from intra- and international trade, 1885-1933, in: Centre for economic policy research, discussion paper no. 6796 on international trade and regional economics and economic history (London 2008), 23.

5 R. Fremdling, Anglo-German rivalry on coal markets in France, the Netherlands and Germany, 1850-1913, np. 1995, table 8.

6 We would like to express our support for the recently established academic network that addresses itself to promote and execute (transnational) research on the economic history of the Rhine. In December 2011 the Transnational Rhine Conference will celebrate its 3rd annual meeting in Bochum.

7 Part of these imports was in fact transit, but the share of German coal being transited seems to have been rather similar to the shares of British and Belgian transit coal. All in all, table 1 provides a rather precise idea of the configuration of the Dutch coal market.
the Netherlands into the Coal Trading Association (SHV) in 1896.\textsuperscript{8} On the expense of the British coal supply, the RWKS-SHV cooperation established a great market power on the Dutch coal market until 1914. Furthermore, with rather stable sales on the Dutch market and a continuous increase of Ruhr coal production, the RWKS aimed at entering the world market via the well equipped port of Rotterdam. By 1913 the Netherlands had become besides a final market for Ruhr coal, also a gateway to the world market (table 2).\textsuperscript{9}

\begin{table}[h]
\centering
\begin{tabular}{|l|c|c|c|c|c|}
\hline
 & 1870 & 1880 & 1890 & 1900 & 1910 & 1913 \\
\hline
Germany & 62 & 78 & 82 & 71 & 84 & 90 \\
England & 21 & 13 & 10 & 20 & 12 & 8 \\
Belgium & 17 & 9 & 8 & 9 & 4 & 2 \\
\hline
\end{tabular}
\caption{Total coal import in the Netherlands, divided by country of origin (in %)}
\end{table}


\textit{Note:} Total coal import contains general import and transit.

\begin{table}[h]
\centering
\begin{tabular}{|l|c|c|c|c|c|}
\hline
 & 1870 & 1880 & 1890 & 1900 & 1910 & 1913 \\
\hline
Germany & 21 & 6 & 6 & 21 & 12 & 6 \\
England & 1 & 0 & 0 & 0 & 0 & 0 \\
Belgium & 64 & 93 & 92 & 76 & 70 & 73 \\
Other & 14 & 1 & 2 & 3 & 18 & 21 \\
\hline
\end{tabular}
\caption{Total coal export in the Netherlands, divided by country of destination (in %)}
\end{table}

\textit{Source:} Bos, Brits-Nederlandse handel, 1978, attachment 1; own calculations.

\textit{Note:} Total coal export contains general export and transit. The general export however, is for the years up to 1907 presumably less than 5\% of total exports.

\textsuperscript{8} Steenkolen-Handelsvereeniging, currently SHV Holdings NV, Utrecht.
\textsuperscript{9} R.W.J.M. Bos, Brits Nederlandse handel en scheepvaart, 1870-1914. Een analyse van machtsafbrokkeling op een markt, diss. np. 1978, attachment 1, own calculations, and 140-144.
The well working cooperation was disrupted by the outbreak of World War I. And whereas the military war ended in the autumn of 1918, the outgrowths of the economic war did not. When peace was signed in Versailles in 1919, and the allies decided on the disposal of large quantities of Ruhr coal, conditions for exports towards the Netherlands did not improve. Nonetheless, the RWKS-SHV cooperation became reconstructed and continued to flourish until the RWKS was finally dissolved by the allies after the Second World War.

The question why and in which ways the cooperation between the RWKS and the SHV was reconstructed after World War I is of special interest since it touches the discussion on the internationalization of business, currently ongoing in Business History. Within this discussion World War I is generally seen as a major driver of economic change and as the instigator of the disintegration of the ‘first global economy’. In this paper therefore, the effects of war and crisis on the transnational RWKS-SHV relationship will be examined. Was the relationship rebuilt on pre-war conditions, or can one distinguish a change in the balance of power between the two corporate entities? Specifically it will be questioned to what extent World War I can be seen as a driver of change within the transnational business relationship of the RWKS and the SHV.

Consequently the paper firstly outlines the RWKS-SHV relationship as it was before 1914. In a second step it shortly sums up the effects of war. The third and main part of the paper focuses on the renewal of the relationship between the SHV and the RWKS since 1918. It seems necessary to make a distinction here between “tactics” on the one hand and “strategy” on the other. Whereas “tactic” is understood as a reactive handling for a short time of period in a condition of uncertainty in planning, “strategy” comprehends a long-term vision of entrepreneurial and business action.

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2. The RWKS-SHV cooperation before the outbreak of World War I

In 1893 the RWKS was set up as an arrangement of a joint-stock company, which was responsible for the marketing of the members’ coal, and a civil law partnership in which the mines were legally associated.\(^{12}\) It is important to note that the joint-stock company controlled its own sales organization, while the individual members of the civil law partnership were prohibited to market products on their own. By means of the Syndicate’s contract the company and the single coal mines were interlinked.\(^{13}\) Before 1914 negotiations of this contract were long lasting processes, but the contracts provided stable conditions for the members in the end.\(^{14}\) The challenges the Syndicate had to face were primarily the fixing of the production quotas and the integration of iron- and steelworks with their own coal production (Hüttenzechen) into the Syndicate’s organization. Also the integration of the sales function into the Syndicate’s tasks was essential for the empowerment and relevance of the RWKS itself. Because the Syndicate had to deal with existing sales organizations in the Ruhr this integration was not reached instantly.\(^{15}\) Convinced that a definitive “elimination of harmful competition”\(^{16}\) could only be achieved by gaining the control over wholesale, the

\(^{12}\) ‘Joint stock company’ is the translation for the German ‘AG’, or: Aktiengesellschaft, while ‘civil law partnership’ is the English term for GbR, or: Gesellschaft bürgerlichen Rechts. Both companies were also tightly integrated through personal unions. From the foundation of the Syndicate in 1893 onwards Emil Kirdorf for example, was chairman of the mine association (Zechenbesitzerversammlung), chairman of the supervisory board of the AG, and chairman of the advisory board (Beirat) all at once.


\(^{16}\) The founding goal of the RWKS as an association was „[…] die Beseitigung des ungesunden Wettbewerbs auf dem Kohlenmarkt“, cit.: Alfred Baedeker (Ed.): Jahrbuch für den Oberbergamtsbezirk Dortmund. Ein Führer durch die rheinisch-westfälischen Bergwerke und Hüttenkonzerne und die mit ihnen in Verbindung stehenden Großbanken und Elektrizitätswerke in wirtschaftlicher und finanzieller Beziehung mit Darstellung aller in
RWKS began with the integration of existing wholesaler organizations into its apparatus. Moreover, the Syndicate started to establish Syndicate-wholesalers (Syndikatshandelsgesellschaften) shortly after its legal construction in 1893. With the differentiation of marketing rights, the Syndicate implemented a regulation of the Ruhr-coal markets. In other words, it degraded the former Ruhr-coal wholesalers to servants of the Syndicate and retained full control over the newly founded RWKS sales agencies by awarding them the exclusive marketing rights (Alleinvertriebsrecht and Exklusivrecht) while simultaneously determining the sales territories (Verkaufsrevier).\textsuperscript{17}

Already before the RWKS was established, the Netherlands constituted an important market for Ruhr coal. The Netherlands did not possess a mining industry of significance yet, and with the growing demand it depended on coal from its neighbors: Great-Britain and Germany. Apart from the competition between the English and the German coal, particularly fierce competition between the market intermediaries such as traders, sellers, brokers and coal-intermediaries, kept prices low. The RWKS however understood the importance of this market and regarded the Netherlands as its natural outlet. Even more important in the eyes of the Syndicate was the potential for exports to overseas markets the Netherlands offered. This potential was based on the excellent geographical connection between the German Ruhr area and the Netherlands by the river Rhine, as well as on Rotterdam’s access to the open sea. In connection with the increasing coal production in the Ruhr area, and the need for exports (valve function), the Dutch market was of fundamental importance for balancing the individual sales territories of the RWKS.\textsuperscript{18} In 1896 the informal cooperation of the biggest Dutch traders in Westphalian coal led to the foundation of the SHV; an independent Limited Liability Company established under Dutch law that functioned as a Syndicates-wholesaler for the RWKS. The SHV received the exclusive rights (Exklusivrecht) for selling Ruhr-coal on own account that was delivered exclusively by rail for the Dutch market. In exchange for these rights the SHV was prohibited to be involved in the marketing of other, not-RWKS coal.\textsuperscript{19} The SHV could not acquire the sole-selling-rights in the Netherlands after Rhine shipped coal.

\begin{flushleft}
\textsuperscript{17} By 1914 the RWKS had established 11 Syndikatshandelsgesellschaften hosted in: Berlin, Bremen, Kassel [Cassel], Dortmund, Hamburg, Hannover, Magdeburg, Düsseldorf and Mülheim. The two foreign syndicate wholesalers in 1914 were the one in Antwerp (which was liquidated during war) and the SHV in Utrecht; BBA 33/951: Verträge Kohlenhandelsgesellschaften (1906-1915).
\end{flushleft}

\begin{flushleft}
\textsuperscript{18} W. Morgenroth, \textit{Die Exportpolitik der Kartelle. Untersuchungen über die handelspolitische Bedeutung des Kartellwesens}, Leipzig 1907, 40 et seq.
\end{flushleft}

\begin{flushleft}
\textsuperscript{19} Even though the SHV in fact continued distributing some quantities of British coal in the future, it could only do so with the approval of the Syndicate.
\end{flushleft}
coal. The RWKS had anticipated on the great potential of the Rhine as a transportation way for the Ruhr coal export to the world market. By deliberately not awarding the Rhine rights to the SHV, the Syndicate tried to prevent this foreign Syndicate wholesaler of getting hold on both the Dutch market and the export markets. 20

The sales business of Ruhr coal on the Dutch market by rail through ‘one hand’ fared well. Meanwhile the RWKS also found a way to retain control on the Ruhr coal transports on the entire river, from the Upper Rhine down to Rotterdam. The Syndicate integrated the Rhine transportation companies (or the single transportation devices) of its members into a newly established Syndicate-wholesaler. Founded in 1903, this Kohlen-Kontor was charged with the monopoly on the coal transported by barge on the Rhine. 21 In 1904, and under the supervision of the RWKS, the Kohlen-Kontor and the SHV agreed on a separate contract regarding the sole selling-rights from the Rhine-Ruhr ports down to Rotterdam. In return for a 44 percent participation in the SHV, the Kohlen-Kontor contracted itself to sell quantities of coal out of its awarded exclusive sale figure (Verkaufsziffer) to the SHV. 22 Through this legal construction the SHV obtained the sales monopoly for the Netherlands of Rhine shipped coal, while simultaneously the Syndicate’s interests in the foreign export activities were safeguarded. 23 In this way both the RWKS and the Kohlen-Kontor were permanently monitoring the Dutch SHV. By settling the transactions concerning the Rhine-transportation through the Kohlen-Kontor, especially the freight rates, while the Syndicate decided on the supply contracts, the RWKS thought to overcome legal problems that could emerge by dealing with a foreign company in which only a minority of shares was held. 24 In comparison

20 BBA 33/1005: Kohlenhandelsgesellschaften Ausland; (including contracts between the SHV, the railroads and the RWKS since 1896).
21 The Kohlen-Kontor had in every dimension a special status: it had the rights for the inland distribution but was enabled to export to the countries situated on the Rhine. The Kontor was given the sales rights of the sale territories 20 to 28: (including all Rhine ports): Wiesbaden, Mainz, Neukirchen, Frankfurt am Main, Darmstadt, Würzburg, Bavaria (in general), Baden, Württemberg, southern Palatinate, Alsace Lorraine. Furthermore, the Kontor had integrated material handling systems which were provided by its members and got refunded to them.
22 In the starting year of the coal covering from the Kohlen-Kontor 1904/05 the Kontor recorded 1 mio. tons on behalf of the SHV. In 1909/10 the transported amount from the Kohlen-Kontor to the SHV achieved for the first time the 2 mill. tons mark. Until 1911/12 this quantity increased to 2,5 mill. tons; see: Jahrbuch für den Oberbergamtsbezirk Dortmund, Essen 1913, 691 et seq.
23 With the founding of the Kohlen-Kontor the syndicate had considered to bring the SHV and the Kohlen-Kontor to a merger. Because the resulting association would have been too powerful, and perhaps would have been no longer dependent on the syndicate, these ideas were quickly abandoned. To prevent competition between the SHV (railway-) and the Kohlen-Kontor (Rhine-transport) the founding companies of the Kohlen-Kontor (almost all mines with trading organizations) gave their selling rights to the Kohlen-Kontor. The Kohlen-Kontor renounced on the direct sales and gave the sole rights in exchange for the financial participation in the SHV business; see: A. Heinrichsbauer: Kohlenkontor Weyhenmeyer & Co, n.p. (1939), 20 et seq.
24 Before the outbreak of the war the issued share capital of the SHV was 3,360,000 Fl; the share the RWKS held was only 8,6 percent. The Kohlen-Kontor on the other hand held 30,9 percent of the SHV shares, (BBA 33/951, Syndikatshandelsgesellschaften).
to other wholesalers of the RWKS, the SHV received, due to this separation of scope, a special status at the latest in 1904.\textsuperscript{25}

The successes that were achieved by the RWKS-SHV cooperation before the First World War are to be found in the strong position of Ruhr coal on the Dutch market and in the rising amounts of coal exported through Rotterdam (\textit{figure 1}). The strong position of Ruhr coal on the Dutch market also resulted in stable profits for the SHV. Unlike one might expect the financial profits for the RWKS proved to be very limited. Since the Syndicate was not able to market the ever growing Ruhr-coal production on the undisputed German markets the RWKS aimed at a strong increase of exports. To achieve such an increase it had to lower the price of its export coal to the current market price in the disputed market of the Netherlands. This market price was much below the German inland price level. Therefore the RWKS subsidized its export by means of a cost share system (\textit{Umlage(verfahren)}). This system made the export of large quantities Ruhr-coal feasible, but could not prevent the financial losses the export caused.\textsuperscript{26} For the RWKS therefore, the success of the cooperation hardly lied in financial gains before the outbreak of war, but rather in the stable export of large quantities of coal through 'one hand'.

\textit{Figure 1: Total German coal imports in the Netherlands 1896-1914 (x 1.000 tons)}

\begin{figure}[h]
\centering
\includegraphics[width=\textwidth]{figure1.png}
\end{figure}

\textit{Sources:} For Rhine coal: Jahresbericht der Zentral-Kommission für die Rheinschifffahrt. Aufzeichnungen bei der Königlich Niederländischen Zollstelle zu Lobith (1896-1913); For the Rails coal: Statistiek van den in- uit- en doorvoer (1896-1913).

\textit{Note:} Coal transports by Rhine are not merely RWKS coal but include quantities of outsider mines from the Ruhr region as well. The amount of coal not handled by the SHV (see table 3) gives an estimation of the amount of export coal.

\textsuperscript{25} The Kohlen-Kontor sent a representative to the Supervisory Board of the SHV; further the SHV had to disclose their contracts to the representatives of the Kohlen-Kontor which in effect was stipulated to grant a greater control over the SHV dealings; BBA 33/950: Gründung des Kohlenkontors (Rheinische Kohlenhandel- und Rhederei GmbH, Mühlheim) 1903; Further: BBA 33/69: Stenogramme der Verhandlung des Aufsichtsrats über [die] Gründung des Kohlen-Kontor, November 1903.

\textsuperscript{26} BBA 33/78: Geschäftsausschuss Jan. 1916 bis Juni 1916, Sitzung des Ausschusses f am 8-06-1916, 1 et seq.
### Table 3: Total Coal Imports SHV, 1896-1914, (x 1,000 tons)

<table>
<thead>
<tr>
<th>Year</th>
<th>SHV Import Rail</th>
<th>SHV Import Rhine</th>
</tr>
</thead>
<tbody>
<tr>
<td>1896</td>
<td>1.813</td>
<td>-</td>
</tr>
<tr>
<td>1897</td>
<td>1.974</td>
<td>-</td>
</tr>
<tr>
<td>1898</td>
<td>2.127</td>
<td>-</td>
</tr>
<tr>
<td>1899</td>
<td>2.155</td>
<td>-</td>
</tr>
<tr>
<td>1900</td>
<td>2.285</td>
<td>-</td>
</tr>
<tr>
<td>1901</td>
<td>2.263</td>
<td>-</td>
</tr>
<tr>
<td>1902</td>
<td>2.637</td>
<td>-</td>
</tr>
<tr>
<td>1903</td>
<td>2.818</td>
<td>-</td>
</tr>
<tr>
<td>1904</td>
<td>3.050</td>
<td>938</td>
</tr>
<tr>
<td>1905</td>
<td>3.180</td>
<td>1.411</td>
</tr>
<tr>
<td>1906</td>
<td>3.143</td>
<td>1.138</td>
</tr>
<tr>
<td>1907</td>
<td>2.939</td>
<td>1.003</td>
</tr>
<tr>
<td>1908</td>
<td>2.996</td>
<td>1.615</td>
</tr>
<tr>
<td>1909</td>
<td>3.001</td>
<td>2.225</td>
</tr>
<tr>
<td>1910</td>
<td>3.170</td>
<td>2.298</td>
</tr>
<tr>
<td>1911</td>
<td>3.295</td>
<td>2.636</td>
</tr>
<tr>
<td>1912</td>
<td>3.657</td>
<td>2.984</td>
</tr>
<tr>
<td>1913</td>
<td>3.586</td>
<td>3.413</td>
</tr>
<tr>
<td>1914</td>
<td>2.962</td>
<td>2.744</td>
</tr>
</tbody>
</table>

**Sources:** SHV transportation in rails en Rhine coal: *Annual Reports SHV (1896-1914)*.

### Table 4: Destination coal transported on the Rhine, crossing the Dutch-German Border (Lobith), (in % of total)

<table>
<thead>
<tr>
<th>Year</th>
<th>1890</th>
<th>1895</th>
<th>1900</th>
<th>1905</th>
<th>1910</th>
<th>1914</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rotterdam</td>
<td>9,1</td>
<td>9,6</td>
<td>6,2</td>
<td>31</td>
<td>35,8</td>
<td>41,6</td>
</tr>
<tr>
<td>Other Dutch ports</td>
<td>69,9</td>
<td>70,7</td>
<td>51,8</td>
<td>34</td>
<td>22,3</td>
<td>21,8</td>
</tr>
<tr>
<td>Belgian ports</td>
<td>21</td>
<td>19,7</td>
<td>42</td>
<td>35</td>
<td>41,9</td>
<td>36,6</td>
</tr>
</tbody>
</table>

**Source:** Jahresbericht der Zentral-Kommission für die Rheinschifffahrt. Aufzeichnungen bei der Königlich Niederländischen Zollstelle zu Lobith (1890-1914); own calculations.

**Note:** The large increase of Rhine coal supply in Rotterdam between 1900 and 1905 is attributable to export.
3. Wartime

Before 1914/1915 the Syndicate had its main tasks in limiting the Ruhr coal production, stabilizing the inland prices and reducing the weight of the so-called outsiders. The war changed the scope and the legal framework of the RWKS. Since the outbreak of war the Syndicate was forced to change into an institution of war economy. The SHV as well, despite the fact that it was located in a neutral country, experienced the consequences of war. Transport problems in sea, rail and Rhine traffic and declining production capabilities in the Ruhr, made the coal imports of the Netherlands fall back (table 5). During the war the flow of Ruhr coal to the Netherlands would even completely suspend for a while. Yet, the contractual relation between the RWKS and the SHV was maintained. The war, and notably the governmental interferences it had evoked, laid the foundation for the post war reorganization of the RWKS-SHV relationship.

Already since 1900 the German government had argued on the Syndicate’s structure and its market power, but it had never influenced the Syndicate directly. In 1915 the German government intervened in the structure of the Syndicate for the first time by federal decree (Bundesratsverordnung). The decree demanded that 97 percent of the coal production of the region joined the (private) Syndicate. Since the state owned mines controlled about 5 percent of the Ruhr coal production, the RWKS was forced to pool them in the new Syndicate. The RWKS accomplished this task, but not without rendering these Syndicate members some extraordinary rights. Furthermore, the decree allowed the state to monitor the Syndicate, especially its pricing policy. Therefore, the year 1915 can be understood as the year in which the long living private Syndicate was terminated. It became legally forced to prolong its existence, if it did not do so the decree specified, the state would install a compulsory syndicate (Zwangssyndikat). The misgiving of becoming a compulsory syndicate was also reflected in the discussions on contract renewals between the Syndicate and its individual members. Whereas before 1915 the members could always try to optimize their bargaining

27 Not all coal mines of the Ruhr-area could be integrated in the Syndicate before the outbreak of the war (Außenseiter/outsider). The regulations of the Syndicate created a free riding effect. Whereas the Syndicate-members had to limit production because of their fixed production quota (Beteiligungsziffer) and had to go with the price setting of the RWKS, the outsider mines did not have to limit production, had not to go with the price setting by the Syndicate and were not forced to pay for the share cost system. Therefore the outsider benefited from the stable prices and the regulated market but did not have to pay for the costs that a syndicated market caused; see: W. Kreutz, Wesen und Bewertung der Beteiligungsziffer beim Rheinisch-Westfälischen Kohlensyndikat, Köln 1911, 13 et seq.

position within these discussions by threatening to leave the Syndicate, with the decree this exit option was eliminated, and so were those bargaining practices. Since also the price setting required governmental approval and the production quotas were, as a consequence of the war, released, the last remaining area of negotiation was the organization of the sales business and the involvement of the Syndicate in this business.  

For the SHV the implementation of the decree had concrete implications. The decree forced the entrance of former outsiders into the RWKS and therefore into the Kohlen-Kontor. Consequently the supply of the Rhine coal to the SHV would increase correspondingly. According to the pre-war contract that was still in effect, the Kohlen-Kontor would be entitled a proportional increase of its participation in the SHV when it increased its supply. This meant that not only the participation of the Kohlen-Kontor in the SHV had to increase (and indeed would become the dominant shareholder as such); it also meant that a larger share of the SHV profits had to flow to the new members of the Syndicate. 

With the aim of protecting the current shareholders, the SHV board took a preventive measure. The measure was to separate all SHV’s interests in companies that were not directly involved in the sales business of Syndicate coal from the SHV. Most important in this regard were SHV’s participations in Rhine transportation companies. The separation was achieved by modifying the existing subsidiary, the Limited Liability Company Administration Office Unitas, into a holding company. The SHV shareholders made clear in their extraordinary general meeting of December 10, 1915, that the Unitas holding was established to act in favor of the SHV in general, but for its actual shareholders in particular. “For special reasons, only those persons that due to their longstanding and close relationship to the SHV are fully introduced in the circumstances and conditions of that company, will be allowed to act as shareholders, commissioniers and directors [of Unitas],” thereby fully disqualifying any ‘new’ actor, including representatives of the new Syndicate members. Dividends, bonuses and extra profits generated by Unitas, would accrue for the biggest part to this selected group of old SHV shareholders. Before the end of the year, all SHV’s interests in non coal sales-related

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29 BBA 33/77: Geschäftsausschuss, [minutes] 1915.
30 Z.W. Sneller, De geschiedenis van de Steenkolen-Handelsvereeniging (unpublished manuscript np nd, presumably around 1948) 139.
31 SHV historical company archive (SHVCA), General meeting of shareholders, 10-12-1915.
32 N.V. Administratiekantoor Unitas, Utrecht.
33 Extraordinary general meeting of shareholders, 10-12-1915: “Als aandeelhouders, commissarissen en directeuren zullen om bizondere redenen alleen die personen optreden, die door de langjarige nauwe relatien tot de SHV met alle toestanden en omstandigheden bij deze laatste geheel op de hoogte zijn.”
companies, predominantly transport companies, were transferred to Unitas. Its main seat was moved from Amsterdam to Utrecht, and appointed directors were Frits H. Fentener van Vlissingen and Daniel G. van Beuningen, both directors of the SHV. The board of Unitas constituted a personal union with the board of the SHV. For the next decades the interests of both companies would run parallel.

During the war export prices rose, and since the German government ignored the Syndicate’s call for higher inland prices, the export quickly became more profitable than the inland marketing. From 1915 onwards, the SHV was charged more than the German inland price for Syndicate coal. Accordingly, whereas before the war the Ruhr mines made their profits above all on the German market, during the war they were (almost) exclusively realized by export sales. Because of this reversed price effect the main committee of the RWKS decided to postpone the claim for higher prices on the German market. For also the responsible committee had come to the conclusion, that retaining these export profits was of main importance. In addition, it was necessary to impede the export limitations that the German government intended to implement, while simultaneously the taxation on exports, the state was about to increase, had to be counteracted. In this situation, in which the sales-organization was the only left ‘private’ sphere of the Syndicate, while at the same time export became increasingly profitable, more and more Syndicate members regarded the SHV as a burdensome appendage. The ambitions of individual Syndicate members to extend their business in export sales and profit from the increasing export prices aroused great discussion with the Syndicate. The RWKS lost cohesion; in fact its very existence was at stake.

Not all Syndicate members showed strong antagonism towards the Syndicate’s sales organization. The so-called Reine Zechen, the pure mines, were as the name indicates, merely

34 J.J. Rijneke, De Rijnvloot van de Steenkolen-Handelsvereeniging NV (Utrecht 1945, internal publication) 17. SHVCA, Minutes of the Supervisory board (MSB), 30-11-1915. By 1916 these companies owned together about 104 barges and 54 tugs that were active in Rhine navigation, comprising a total deadweight of 155.000 tons and a power of 19.000 metric horsepower.

35 SHVCA, Annual report SHV (AR), 1915-1916, 12-13. MSB 30-11-1915. A second measure, perhaps more conventional at the time, was to adjust the assets of the SHV to its actual operating value. In order to prevent the new shareholders from profiting from the discrepancy of the book value and the operating value, the chair of the board, Fentener van Vlissingen, proposed to increase the authorized share capital to Fl. 10.000.000,-, issuing from the reserves Fl. 6.630.000,- to the old shareholders in return for their former shares. On April 6, 1916, the amendment to the statutes was approved by Royal Decree; SHVCA, AR 1915-1916, 13-14. MSB 22-02-1916. EGMS 22-02-1916, 15:00 and 15:30. MSB, 10-12-1915.

36 SHVCA, AR 1915/1916, 9.

37 BBA 33/78: Geschäftsausschuss Januar bis Juni 1916; in particular the Sitzung des Ausschusses f am 8.06.1916. To give an idea of the distribution: the RWKS was in the position to distribute for the second quarter of 1917 profits of an unusual high amount of 17 Mio. M. (excluded the share in costs); in: BBA 33/80, Sitzung des engeren Ausschusses des Aufsichtsrats und Geschäftsausschusses am 20-07-1917, p. 3.

38 BBA 33/78: Geschäftsausschuss Jan. 1916 bis Juni 1916, Sitzung des Ausschusses f am 8-06-1916, p.1 et seq.
mining companies and were not forwardly or backwardly integrated concerns. Therefore they
did not have the disposal of sales or transport organizations and showed much more interest in
conserving the organization of the Syndicate as it was before the decree, both in its overall
organization and in the handling of sales.39 The iron- and steelworks with their own coal
production (the Hüttenzechen), did often posses transport or sales organizations and could
permit themselves to withdraw their confidence from the selling organization of the
Syndicate. They started to establish or expand their own coal trading and sales organizations.
The Thyssen- and the Stinnes-group were exemplary in this regard. As owners of large
Hüttenzechen they tried to exclude the sales function from the Syndicate’s directive and return
it to the coal producers themselves.40 Chairman of the Syndicate, Emil Kirdorf, was indignant
about the rebelliousness in the camp of the Hüttenzechen and tried to convince them of the
effectiveness of a united Syndicate with a sales-function. Regarding the SHV, being the
Syndicate-wholesaler for the Dutch market and the tenant of the Rhine-rights, Kirdorf argued:
“We must insist that the coal in the Netherlands remains exclusively available to the by us
established wholesaler in Utrecht,” in a sub-clause he went on: “[…] which we will preserve
well.”41 Kirdorf did not convince the liberation fraction, but succeeded in avoiding a
compulsory syndicate by preserving the private transitional syndicate. No fundamental
changes on the sales business were accepted at that stage.42

In the Netherlands the SHV was aware of the exited discussions among the Syndicate
members on the sales organization of the RWKS including the SHV itself.43 A letter dated
March 6, 1916 by SHV director Daniel G. van Beuningen to one of his British business
friends however, makes one wonder whether he understood the seriousness of the situation.
Lyrically he described the company’s position towards the German coal mines as “(…) so
strong, as a matter of fact, that some people have contended that we had risen to a basis of
equality with any combination of German collieries (…)”.44 Even though the letter is to be
understood in the light of the company’s listing on the British blacklist that year, it is an

39 See the minutes: BBA 33/79: Geschäftsaußschuss Juli bis Dezember 1916 as well as BBA 33/81:
Geschäftsaußschuss Januar 1918 bis Juli 1920.
40 Sitzung des Ausschusses f am 10-10-1916, in BBA 33/79 (Protokolle des Geschäftsaußschuss Juli – Dezember
1916).
41 Kirdorf, German original: ‘Wir müssen darauf bestehen, dass in Holland die Kohlen geschlossen in der
Verfügung der von uns errichteten Handelsgesellschaft, also der Handelsvereinigung [SHV], die wir wohl
erhalten werden, bleiben.’ (p. 79), in: Sitzung des Ausschusses f am 10-10-1916, in: BBA 33/79:
42 Ibid, p. 79, especially the remarks of Fritz Thyssen.
43 SHVCA, AR 1916-1916, 12.
44 Letter by D.G. van Beuningen to a British business friend, 6 March 1916, as cited in Sneller, De geschiedenis
van de Steenkolen-Handelsvereeniging, 143-144.
indication that the SHV, with the practical consequences of war, did see new chances to overcome the RWKS dominance. It is doubtful whether the SHV board reflected on a possible forced expulsion from the Syndicate’s wholesale structure at this point.

The negotiations on the exact participation of the Kohlen-Kontor in the SHV had started just after the implementation of the decree in 1915 and lasted the whole financial year 1916/1917. Only when in April 1917 all Syndicate members agreed on the establishment of a transitional Syndicate of five years, in which all Westphalian mines were pooled in, an arrangement between the Kohlen-Kontor and the SHV could be reached. Even though the supply to the Netherlands of the former outsiders had consisted of around 250,000 tons in 1913/1914, the tonnage quantum of these new Kohlen-Kontor members was set at 1.1 mio. tons. Obviously this quantum was, even by taking into account future production expansion, severely optimistic. The SHV directors protested, but in order to achieve a complete integration of Ruhr coal sales they were kindly requested to make a sacrifice too.45

During the war years the behavior of both the board of the Syndicate and the SHV seemed to have been directed at restoring the pre-war transnational relationship. For the SHV it was of the utmost importance to retain the exclusive rail and Rhine rights. Also their strategy depended on the continued possession of these exclusive rights, since the diversification through the Unitas holding was mostly oriented at emancipation within the RWKS-SHV relationship. Vertical integration into Rhine shipping would improve SHV’s negotiation position towards the Ruhr mines, as long these were united in some sort of combination. In turn, the board of the Syndicate wanted to keep taking advantage of the economies of scale one large marketing apparatus in the Netherlands offered, while also controlling one foreign organization like the SHV was preferred to a situation in which many organizations would compete. Since the transitional Syndicate theoretically covered all Ruhr mines and the company had succeeded in retaining the exclusive rights on rail and Rhine coal, the SHV assumed to market 100 percent of the Ruhr coal in the Netherlands. In fact, with the ever decreasing amounts of coal passing the German-Dutch border (see figure 2), and the tactical countermovement among some Syndicate member that aimed at bypassing the Syndicate with regard to exports, the SHV anything but benefitted from the ‘100 percent’ monopoly on Rhenish-Westphalian coal in the Netherlands.46

45 SHVCA, ‘Streng vertraulich’, nd, presumably 1924, 2.
46 ‘Streng vertraulich’, 2.
Table 5: Production, import, export and domestic consumption in the Netherlands of coal 1914-1919 (x 1.000 tons)

<table>
<thead>
<tr>
<th></th>
<th>Production</th>
<th>Import</th>
<th>Export</th>
<th>Domestic consumption</th>
</tr>
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<tr>
<td>1914</td>
<td>1983</td>
<td>11779</td>
<td>4437</td>
<td>9325</td>
</tr>
<tr>
<td>1915</td>
<td>2332</td>
<td>7629</td>
<td>306</td>
<td>9655</td>
</tr>
<tr>
<td>1916</td>
<td>2656</td>
<td>6353</td>
<td>82</td>
<td>8927</td>
</tr>
<tr>
<td>1917</td>
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<td>3548</td>
<td>1440</td>
<td>114</td>
<td>4874</td>
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<tr>
<td>1919</td>
<td>3540</td>
<td>3571</td>
<td>108</td>
<td>7003</td>
</tr>
</tbody>
</table>


4. Postwar Reconstruction

Attempts for restoration, 1918-1923

Expectations were high when finally a cease-fire was agreed on in November 1918. The hostilities were over and the German members of the RWKS as well as the Dutch businessmen hoped that the times of uncertainty were over and that governmental interference in the economy would decrease. Between 1918 and 1923 however the RWKS-SHV relationship would be tested to the extreme. Two factors were at the basis of this test. Firstly, being a Dutch-German cooperation in which substantial financial and non-financial assets were involved, it had to deal with the interference of the Allies. Secondly, due to the disparate planning of the parties involved, the relationship itself became subject of uncertainty.

Germany was expected to pay the Entente for the war damages. Apart from gold, also coal and other material assets were demanded as payback. The Entente threatened to make Germany supply France, Luxembourg, Belgium and Italy yearly with more than 40 million tons of coal, for the next five years.\textsuperscript{47} Contemporary estimations showed that with such a drain (considering a decline of labor productivity per man to +/- 2/3 of the pre-war level), Germany would be left with 10 million tons just for its industry, a sector responsible for a

consumption of 90 million tons of coal in 1913. Whatever mitigations the peace terms would still get, the SHV concluded that the Netherlands’ most important business partner ended up being politically unhealthy, economically crippled and financially ruined. Besides, the SHV in its annual report 1918/1919 concluded that: “(…) neither the Allied and associated powers with their peace terms, nor Germany with its counter proposals, did in any way take into account the major interests of the Netherlands that are linked with the German coal supply, being the natural outlet for the Westphalian coal basin.”

On the 1st of July 1919, just few days after the conclusion of the Treaty of Versailles, company director Fentener van Vlissingen internally questioned the relationship between the Kohlen-Kontor and the RWKS on the one side and the SHV on the other. The production decrease in the Ruhr-district and the far-reaching reparations as demanded by the Entente gave reasons to believe, Fentener van Vlissingen assumed, that in the near future very few or no coal at all would be available for the Netherlands. Even though Fentener van Vlissingen mentioned that sustaining the RWKS-SHV relationship would be ‘the most sympathetic’ to the SHV, he believed the company had to consider what to do in case the coal supply marginalized. It was an important matter for the SHV, in which two issues were at stake. Firstly, the SHV was in need of coal and should therefore, for the time being, be freer in the purchase and marketing of non-Syndicate coal. As a Syndicate wholesaler the SHV thus wanted to be exempted from the prohibition to supply itself with other – not Ruhr – coal. Secondly, taking into account the marginal contribution of the German shareholders, the old shareholders claimed (until the Syndicate would meet its obligations again) a certain guaranteed dividend before the German shareholders would benefit from the SHV profits. If the Syndicate was not able or not willing to guarantee SHV’s ‘Lebensfähigkeit’ than, Fentener van Vlissingen remarked little enigmatic, the SHV should think of what to do with the shares in the possession of the Kohlen-Kontor and the Syndicate.

Another outcome of the Versailles Treaty asked for immediate action. It became increasingly clear that France might expropriate the German shares in the SHV on basis of article 357 of the treaty. In order to prevent this from happening the German shares were, against the will of

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48 SHVCA, AR 1918/1919, 3. “Men ziet hier duidelijk, dat noch de geallieerde en geassocieerde mogendheden bij hun vredesvoorwaarden, noch Duitschland bij zijn tegenvoorstellen ook maar enigszins rekening hebben gehouden met de groote belangen, die voor Nederland, als het natuurlijke afzetgebied van het Westfaalsche steenkolenbekken, aan een voorziening met Duitsche steenkool verbonden zijn.”

49 SHVCA, MSB 01-08-1919, where it was the German initiator and commissioner of the company, Jean Balthazar, coining the term Lebensfähigkeit as to indicate SHV’s condition in which it could survive the difficult circumstances.
the Syndicate and the Kohlen-Kontor, finally withdrawn in February 1920. In addition, the general meeting of SHV shareholders decided to cancel a clause of article two of the company statutes. This clause stated that SHV’s goal was to market Syndicate coal in particular. After clearing that legal framework, a private contract was worked out in which the interests of all the SHV shareholders, including the Syndicate and the Kohlen-Kontor, were represented. This contract decided to deposit the amount of SHV shares that was in the possession of the Syndicate and Kohlen-Kontor as an interest-free loan. In return for this loan, the SHV committed itself to maintain its apparatus in the interest of the Syndicate. Furthermore, some changes were made in the way the Syndicate received its profits. Since the Syndicate had no longer a participation in the SHV, no dividends on shares could be paid out. Instead, the contract declared that the Syndicate would receive an amount equal to 99 percent of the dividends paid to the shareholders. So in fact, the Syndicate would receive its ‘dividend’. Besides, the contract decided that, from paying an extra profit on every ton of coal sold the SHV now would pay an extra profit on every ton Syndicate coal sold. Finally, all German commissioners kept, be it informally, their position in the SHV board.

Now the exceptional situation of war was over, German companies in the coal industry hoped also the governmental interference would stop. They were disappointed in their hopes when the Coal Industry Act, was enacted in March/August 1919. The law made clear that a return to a 'private' syndicate was impossible. As an outcome of the act, the members of the Syndicate (so far in the configuration of a transitional Syndicate) could not cancel their membership anymore, as they could do in the pre-war constitution. A real breakdown of the Syndicate was impossible, but the centrifugal forces from the inner circle of the Syndicate, generated by the members that were proceeding their liberation track, undermined the cohesion of the RWKS.

51 SHVCA, ‘Notitie over overeenkomsten met RWKS’, 30-12-1952, ‘(…) waartegenover de SHV zich verplicht haar apparaat in het belang van het Syndicaat in stand te houden.’
52 Ibid.
54 As long as the RWKS was a private syndicate the strategy of the members can be roughly summarized: with the threat of a withdrawal from the Syndicate the members could demand for higher production quotes (Beteiligungsziffern). This possibility of threat was gone when the German state intervened in 1915. The Syndicate was prolonged in 1919 with the Kohlenwirtschaftsgesetz. The governmental enforcement brought up
the implications of state intervention that also continued after the war.\textsuperscript{55} It is apparent however, that the ongoing state intervention led to different tactics among the Syndicate members that undermined the Syndicate. Now the Syndicate was no longer the result of private decisions of several economic actors the members no longer felt bounded to the Syndicate’s idea (\textit{Syndikatsgedanke}). Moreover the large integrated companies like Stinnes and Thyssen, continued to push for the liberation of the sales activities from the Syndicate’s organization. The strong distrust concerning the sales function of the Syndicate’s organization also had its effects on the position of the individual members towards the Dutch wholesaler. The SHV had been subject of criticism before, but with the ongoing state intervention in Germany the Syndicate members were stirred up and their antagonism reached a dangerous level. Accusations of abusing its sale function were commonplace. The SHV also embezzled profits and calculated too high depreciations, so Fritz Thyssen complained.\textsuperscript{56}

By 1920 the SHV traded, for the first time in its existence, less Westphalian coal than other coal. The next year only little more than one third of SHV sales consisted of Syndicate coal \textit{(see figure 2)}. According the annual report of 1921/1922 the company succeeded in purchasing coal from England, Belgium and America, while simultaneously it was able to buy reparation coal from France and Belgium.\textsuperscript{57} Overall however, the turnover had decreased with 40 percent in comparison with a normal year before the war. Having an established organization that was traditionally depending on Ruhr coal made it difficult for the SHV to enter foreign buyer markets, in particular the British.\textsuperscript{58}

In March 1922 the RWKS concluded on a new Syndicate’s contract that had feet of clay. After long lasting negotiations the members reached an agreement to maintain the sales-organization of the Syndicate for the time being. Hence, in the summer of 1922 the Syndicate

\textsuperscript{55} Initial indications, see: P. Wulf: \textit{Die Auseinandersetzung im die Sozialisierung der Kohle in Deutschland 1920/21}, in: VjhZG 25 (1977), 46–98; also: G.D. Feldman: \textit{Politische Kultur und Wirtschaft in der Weimarer Zeit: Unternehmer auf dem Weg in die Katastrophe}, in: ZUG (1) 1998, 3–18. Further research has to be done, in particular the time window since 1920 concerning the coal industry and the German state as an actor is almost untouched. Research on the ‘Kohlenwirtschaftsgesetz’ (1919) and the ‘Kartellverordnung’ (1923) is missing; further the introduction and implications of the ‘Kohlensteuer’ and the Reparations in coal need further research.

\textsuperscript{56} Beiratssitzung des RWKS, in: BBA 33/64: Beiratssitzung des Syndikats; Fritz Thyssen directed some sharp words at the SHV, charging the Dutch trader of dissemination of information and embezzlement.

\textsuperscript{57} In accordance with an agreement made between France and Germany, exporting reparation coal from France would become an illegal act after 1921. See Chapter 4, article 5 of the Protocol of Wiesbaden (07-10-1921).

\textsuperscript{58} SHVCA AR, 1921-1922. Most complications emerged in Britain. Firstly, because most mines with an excellent reputation already had their agents in the Netherlands. Secondly, several major coal exporters started to deliver straight to the major costumers after the war. Thirdly, for the biggest costumers (shipping companies) it was not difficult to obtain the coal themselves in England. And fourthly, many British suppliers feared that SHV’s clientele would be only temporarily, and thus was considered less attractive.
demanded the re-participation of the Syndicate and the Kohlen-Kontor in the SHV. Company
director Fentener van Vlissingen responded that: “(…) during the unwinding of important
matters it had been a great advantage that the shares were officially not in the name of the
Syndicate and the Kohlen-Kontor, while the shares indeed, could be put on name at all
times.”59 Considering these times of uncertainty the SHV deemed it better to leave the
agreement as it was. The Syndicate was not persuadable, finally the SHV board decided to
give the Syndicate its shares back.60 However, just a few months later, the Kohlen-Kontor
requested, for ‘reasons of fiscal nature’, to withdraw its shares again. In December 1922 for
the second time in a row, the shares were withdrawn and the private contract was reactivated.
The motivation of this contract was “(…) on the one hand to give your company [SHV] more
space and opportunities in order to establish new relations, for as long as we are not able to
supply you with larger proportions of our products, on the other hand to give us the certainty
that your organization will be fully at our disposal for the distribution of our products at any
time.”61 Moreover, the Syndicate was allowed to buy its deposited shares back at any time.
With some minor changes the contract was the same as the one agreed on in 1920. At the end
of 1922 the contract was signed for a period of 15 years.62

The contract did not frame the relationship for long. As two months later the occupation of
the Ruhr forced the RWKS to flee from the Ruhr area to Hamburg and the Syndicate wholesalers
had to be released over night. Located too far away from the Ruhr area the RWKS
management was not capable anymore to control the sales of the Ruhr coal products.63 The
Syndicate members that had claimed for the liberation of coal sales before now took
advantage of the situation. It is important to remember that until 1923 the Syndicate-
wholesalers were the exclusive sales organizations of Ruhr coal on behalf of the RWKS. With
the release of the Syndicate-wholesalers no longer the Syndicate controlled the marketing
function but the traders and sellers of the single Syndicate members themselves did. They

59 SHVCA, MSB, 26-06-1922. ‘(…) dat het bij de afwikkeling van belangrijke zaken van groot voordeel geweest
is, dat de aandeelen officieel niet op naam van ’t Syndicaat en Kolenkantoor stonden, terwijl immers ten allen
tijde de aandeelen op naam gezet kunnen worden.’
60 SHVCA, ‘Toelichting op het voorstel tot intrekking der aandelen’, 1922.
61 SHVCA, ‘Streng vertraulich’, Attachment 2: letter RWKS to SHV, 23-11-1922: ‘(…) einerseits Ihrer
Gesellschaft eine grössere Bewegungsfreiheit und die Gelegenheit zur Anknüpfung neuer Beziehungen zu
gehen, solange wir nicht in der Lage sind, Ihnen im grösseren Ausmasse unsere Produkte zu liefern, andererseits
uns die Sicherheit zu geben, dass uns auch fernerhin jederzeit Ihre Organisation für den Vertrieb unserer
Produkte voll zur Verfügung steht.’ And attachment 3, letter SHV to RWKS, 7-12-1922.
62 ‘Streng vertraulich’, ‘Notitie 1952’.
63 With the resettling of the company in Hamburg the RWKS changed its name in ‘Ruhrkohle AG’ but when the
business of the ‘Ruhrkohlen AG’ came to end in June 1925 ‘RWKS’ got reintroduced; then, cp. BBA 33/930:
Rundschreiben an die Kundschaft, 1924-1944.
enlarged their transportation and sales organizations, integrated them promptly in the Syndicate’s contract as “Zechenhandelsgesellschaften”, and were legally enabled to bring their coal products on the markets they wanted. As Walt[her] Fahrenhorst, representative of a Syndicate’s member, recapitalized: “The Syndicate is working under the direst circumstances but does not have the power to concentrate”. Under these circumstances all sole-selling rights (Alleinvertriebsrecht) were also deprived from the SHV. From that moment on the SHV, no longer a Syndicate-wholesaler had to compete with the Ruhr coal it shortly before had sold itself. Large amounts of coal from in particular Hüttenzechen found their way to the Dutch market as well as to the port of Rotterdam without the intermediation of the SHV.

Figure 2: SHV's total coal turnover divided by origin (x 1,000 tons)

Source: Annual reports SHV (1914-1924).

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65 German original: „Das Syndikat arbeitet unter den denkbar schwierigsten Verhältnissen, hat [aber] nicht die Macht sie zu konzentrieren, (...)“, in: Sitzung eines besonderen Ausschusses mit Vertretern der Kohlenhandelsgesellschaft am 21-07-1924, p. 36.

Refreshing a Relation, 1924-1925

The Syndicate’s contract that was signed after the Ruhr crisis, dated January 5, 1924 fixed the release of the sole selling rights from all Syndicate wholesalers, including the SHV. The liberation and the disengagement of the sales organization from the Syndicate led to strong competition on the coal markets. The market battle that arose on the Dutch market was particularly fierce.\(^{67}\)

In September 1924, following months of unprofitable competition and after long lasting negotiations with its members, the Syndicate agreed on a new settlement regarding its sales organization. The markets for Ruhr-coal in general became divided into disputed and undisputed markets. Whereas the marketing activities on undisputed markets were exclusively awarded to the Syndicate-wholesalers, the sales on the disputed markets were also open for the new Zechenhandelsgesellschaften.\(^{68}\)

Since on the Dutch market the Ruhr coal always had to compete with other, mainly British coal, the Netherlands was recognized as a disputed market. Accordingly the new Syndicate’s contract did not hand over the sole selling rights back to the SHV but left the Dutch market open to any Zechenhandelsgesellschaft. From now on, SHV’s Annual Report noted, “(…) a nameplate on a door, an office with a call boy, and no experience, no costumers, no storage, agents, brokers or what so ever (...), was enough to receive quotations at conditions that were previously reserved for the Syndicate wholesalers and their dependent firms only.”\(^{69}\) The SHV faced the fact it could not function without the sole selling rights of the Ruhr mines. The SHV had to avoid losing the relation to the German Syndicate completely. Moreover the SHV had to reflect on a plan to fence off the fierce competition. With the help of a Ruhr mining company the SHV started to recruit mines that were willing to sell their products in the Netherlands exclusively through the SHV, thereby using SHV’s apparatus. The SHV did so with the knowledge, but not the interference of the Syndicate, that after all was tied to the contract with its members.

In addition to the issue of fierce competition another factor influenced the further negotiations between the Syndicate and the SHV since 1924/25: similar to the pre-war market constellation, the shortage of coal transformed again to abundance. The traditional, not

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\(^{67}\) BBA 33/578: Hollandgruppe, Jan.-März 1924, especially appendix: Anlage betr. Beschlüsse und Erklärungen zum Vereinigungsvertrage vom 5-01-1924.

\(^{68}\) Description concerning the chaotic conditions on the coal markets stressed out by Carl Weyhenmeyer (director of the Kohlen-Kontor), in: Sitzung eines besonderen Ausschusses mit Vertretern der Kohlenhandelsgesellschaft am 21-07-1924, BBA 33/296.

\(^{69}\) SHVCA, AR 1924/1925.
integrated, members of the Syndicate pleaded in that context for restoration, arguing that the sales business had to be bundled in one hand again to pursue stable profits. That part of the Syndicate’s members did recognize the advantages of keeping the sales organization of the SHV in the Netherlands integrated in the Syndicate. They suggested that the SHV should get the sales of all the mines that were not involved in sales activities themselves. As a consequence of the broad discussions, the single mines founded the Holland-Group (Holland-Gruppe) that gave its sole-selling rights to the SHV. This meant that no longer the Syndicate but the new intermediary Holland-Group gave these exclusive rights to the SHV. During these negotiations SHV’s strongest trump in order to receive the sole selling rights from the individual mines, was the prospect of a participation in the company.

It would not be daring, to consider the time slot 1924/1925 as the crux within the transformation process of the RWKS-SHV relationship. It was at this time, that both sides had the chance to upgrade their position towards each other within a new contractual foundation. As a first step in this ‘upgrade’ the SHV opened the renegotiations in December 1924. Firstly, Fentener van Vlissingen targeted the export rights that in the pre-war condition were strictly bounded to the Kohlen-Kontor. By singling out the export to Belgium he attempted to stretch SHV’s tasks into exports. “The main thing is that we should not leave the Belgium business all up to Thyssen and Stinnes; currently we always have to say that we are not merchandising German coal. The point is that a few large members of the group should authorize us [SHV] to deliver their coal to Belgium. Everything else can be arranged afterwards.”

Because the members of the Holland-Group indeed feared to lose control on the export markets to the Hüttenzechen and their Zechenhandelsgesellschaften (in particular in Belgium), they reacted positively and gave the SHV their permission for these exports.

Secondly, Fentener van Vlissingen demand successfully to quit the complicated (but obligated) relationship with the Kohlen-Kontor, which was, as mentioned, based on a separation of rights with regard to transportation, sales and export. He complained that the SHV still had to order the amounts of Rhine coal from the Kohlen-Kontor, while the

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71 BBA 33/352: Niederschriften, 1924-1932: Niederschrift über die Besprechung mit dem Vorstand der SHV wegen Vergebung des Alleinvertriebs in Holland am 24-03-1925, p. 2 et seq.
72 BBA 33/249 Aussprache über die Regelung der Zechenbeteiligung an der SHV (23-12-1924), p. 56 et seq.
74 BBA 33/250, Versammlung der durch die SHV (Utrecht) nach Holland verkaufenden Zechen, 5-01-1925, p. 37.
Zechenhandelsgesellschaften were much more flexible in their transportation activities. The freight rates, that the Kontor set, were, as Fentener van Vlissingen went on, still not committed. He feared that the dominant members of the Kontor, mostly Hüttenzechen that had integrated sales activities, would set the freight rates too high. No participant of the Holland-Group objected the SHV in this matter and the group gave its consent for the unbundling from the SHV and the Kohlen-Kontor on only one special condition: the Dutch company had to employ the transport equipment of the members of the Holland-Group.\footnote{Ibid, p. 62.}

In 1925 a group of mines, that amounted 62 percent of the total Ruhr coal production,\footnote{The production quota thus consisted of 62 percent of the total Syndicate production, i.e. 72 Mio. tons, see: BBA 32 [Hibernia AG]/4104; Übertragung des Verkaufs der Holland-Gruppe an die SHV, Jan. 1925, minute dated on 8-01-1925, p. 4.} accepted the offer and joined the ‘Holland-Group’. Within the same year the participation of 62 percent would even grow to 85 percent, but not without settling a final bill. As said, the SHV had held out the prospect of a participation in the Dutch company when an agreement would have been reached. Now this agreement had been realized, the 85 percent of the individual Syndicate members claimed in return for the sole selling rights a majority share in the SHV.\footnote{BBA 33/352: Niederschrift über die Besprechung mit dem Vorstand der SHV wegen Vergebung des Alleinvertriebs in Holland am 24-3-1925.} Fentener van Vlissingen rejected this claim instantly: firstly, he outlined the importance of the Dutch character of the company. Secondly, he reminded the fact that the major part of the wholesale business of the SHV was drawn up by Dutch firms. At least somewhat arrogantly, he remarked that he personally had no interest in being part of a company that was outnumbered by German companies.\footnote{Idem, BBA 33/352, p. 7 et seq.} Instead, SHV director Fentener van Vlissingen proposed the foundation of another holding, the Maatschappij Algemeen Beheer, also known as Malbe. Initially 62 percent of the withdrawn SHV shares would be placed in this new holding, while whenever new mines decided to join the Holland-Group with their production quota, the amount of shares placed could be increased accordingly. Whereas dividends would be paid to the mines, the settlement on the extra profits for the German shareholders as had been agreed on with the Syndicate in 1920 and 1922 was abolished. Furthermore, in order to retain the ‘Dutch character’ of the company a maximum of three German commissioners were appointed to the SHV board. In
addition, a so-called ‘Beirat’, consisting of 16 Ruhr mine representatives, was constituted. This Beirat however, only received a function as advisory board.  

SHV’s interest in a large allied Holland-Group was first of all that it would decrease competition on the Dutch market. In order to incite still more Syndicate mines and Zechenhandelsgesellschaften to join the Holland-Group, the SHV implemented in consultation with the Holland-Group, a price policy that made it virtually impossible for the Zechenhandelsgesellschaften to achieve any profits on the Dutch market. Gradually the SHV succeeded in pooling more and more Syndicate mines and Zechenhandelsgesellschaften in the Malbe. The annual report of 1925/1926 speaks of an incorporation of 88 percent, while with another 7 percent of the Syndicate members another arrangement had been made. “We can add to this,” the report continues, “that in none of the other so-called disputed markets such a large concentration of Westphalian coal sales in one hand has been reached yet.” The SHV was so bold in its firmness that the Dutch company claimed for the exclusion of the Syndicate’s participation in the shares of the Malbe. Even though the Holland-Group had replaced the position of the Syndicate in the relationship with the SHV, this claim was sharply rejected by the board of the RWKS and was finally withdrawn.  

When the discussion concerning the sole-selling rights once again came up in March 1925 the views within the Syndicate regarding the 'Holland-Question' were still divided. Fritz Thyssen himself, not able to join the meeting, sent a telegram in which he raised his objection. Justified with the remark that the awarding of the sole selling rights by a body not recognized by the RWKS, i.e. the Holland-Group, would violate the current Syndicate’s contract, he blocked a decision. Finally, in April 1925, Thyssen submitted a solution for the approach of the Zechenhandelsgesellschaften and the Holland-Group/SHV. It took another four months to reach an agreement with the diverse Zechenhandelsgesellschaften. The SHV received the sole selling rights back, but again was limited to the Dutch market. Even though the SHV

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79 Which caused a great debate related to the differences of Dutch and German stock corporations in general; whereas the German position claimed a say the Dutch position conceded only a right of information for the shareholders; see correspondences in: BBA 32/4104: Hollandgruppe und Übertragung des Verkaufs an die SHV; Schriftverkehr. Suggestion F.H. Fentener van Vlissingen, in: BBA 33/250, Versammlung der durch die SHV (Utrecht) nach Holland verkaufenden Zechen 5-01-1925, p. 11.  
80 SHVCA, AR 1925/1926. “Wij kunnen hieraan nog toevoegen, dat in het overige zoog. bestreden gebied nog nergens weder een zoo groote concentratie van den verkoop der Westfaalsche kolen in één hand bereikt is.”  
81 BBA 33/250, Versammlung der durch die SHV (Utrecht) nach Holland verkaufenden Zechen 5-01-1925, p. 23.  
82 BBA 33/352: Niederschrift über die Besprechung mit dem Vorstand der SHV wegen Vergebung des Alleinvertriebs in Holland am 24-3-1925, p.12.  
83 BBA 33/403: Syndikatserneuerung 1925, Vereinbarung (Abschrift); 28-08-1925.
managed to secure its role in export sales, the enlargement to a general sole selling right for oversea exports was not given.

Figure 3: Periods of awarding the sole-selling rights to the SHV
5. Conclusion

The relation between the German Syndicate and the Dutch Trading Association before 1914 is to be characterized as a stable one. The cooperation resulted in a strong position for Ruhr coal on the Dutch market from which the SHV gained stable financial profits. The cooperation also resulted in a rising amount of Ruhr coal being exported through the Dutch port of Rotterdam, which mainly came to the advantage of the RWKS that had to deal with the overproduction of coal in the Ruhr area. A cost share system provided the RWKS with a tool to make this valve function possible. The financial gains however, were very limited. Even though the SHV provided the RWKS with an important apparatus to distribute its coal on the Dutch market, the transnational organization was largely dominated by the Syndicate at this time. In order to control its foreign activities, the RWKS financially participated in the SHV and successfully created a legal construction in which the sole selling rights were given to the SHV only in two separate parts. The RWKS, setting the terms for the coal transported by rail, and the Kohlen-Kontor controlling the transportation on the Rhine, both monitored the sales business of the SHV with hawk eyes. The war did not terminate this transnational cooperation, but forced both actors to find new ways in controlling foreign activities. This gave considerable leeway to a new distribution of power within the relationship.

In the first period, shortly after World War I until the Ruhr crisis in 1923, it seems as if the relationship was about to be rebuilt on old grounds, even though the legal framework of the relationship was challenged by the demands of the Allies. The weakened Syndicate tried (without the support of all its members) to make the SHV commit to the transnational organization on old conditions, and so did the SHV. This resulted however in a back and forth of SHV shares and the conclusion of two private contracts, which in the end was barely providing fertile grounds for new activities within the relationship. Especially the Syndicate, confronted with state regulation and demands of the Allies, was about to implode. The Coal Industry Act of 1919 seemed to have catalyzed the Syndicate members to brake with the Syndicate’s constraints. The central issue within the ever more exciting negotiations within the Syndicate was the organization of sales. After the war the enormous demand for coal all over Europe made coal sales a lucrative business. Many Syndicate members therefore were enticed by the idea to start selling and exporting themselves. Without the restrictions of the Syndicate and the conveyance of the SHV, they could profit from the market circumstances to the full. Mostly the integrated concerns (Hüttenzechen) claimed for the liberation of the trading function, by excluding it from the Syndicate’s responsibilities. The pure mines on the
other hand were predominantly in favor of restoring the old conditions, which implied a continuation of the Syndicates’ wholesale organizations. Driven by internal antagonism the RWKS became a rudderless body without a consensus on how to regain control over the markets and the wholesale. One could not distinguish a joint strategy but merely diverse forms of tactical behavior of the single members. In contrast the SHV started preparing negotiations and developed a strategy of risk spreading already in 1915. It separated all its non-coal sales related activities from the Syndicate related company, and brought these business divisions in the affiliated holding company Unitas. In this way the SHV started to strengthen its negotiating position towards the RWKS far before the RWKS had even began its planning for the after war period. In particular the holding Unitas proved to be a successful emancipation vehicle for the SHV.

With the ever more vivid liberation movement within the Syndicate and the rising self-confidence of the SHV, it slowly became clear that the pre-war conditions could not be renewed. This was the starting point of the second period within the renewal process. With the occupation of the Ruhr area in 1923 the RWKS lost control over the Ruhr coal business and had to release the wholesales organizations. From then on also on the Dutch market so-called Zechenhandelsgesellschaften would run parallel with the SHV and a fierce market battle arose. Since the RWKS could not pacify the liberating forces among its members, the SHV started pooling in the sole selling rights from individual Ruhr-mines by making the mines nominate the SHV as their “Zechenhandelsgesellschaft”. Quickly, this rather incoherent collection of mines became stronger and outnumbered the Zechenhandelsgesellschaften of the individual integrated concerns. Even though the Holland-Group, as the group came to be called, was completely comprised of Ruhr-mines, it was not a Syndicate’s body and could therefore neither be governed by the Syndicate, nor by the German government. In 1925 the Holland-Group and the SHV created an intermediate private holding, the Malbe, which was commissioned with the management of share-placing. The incorporated shares were the SHV-shares that had belonged to the RWKS and the Kohlen-Kontor until 1920. That new relationship between the SHV and the Ruhr mines was based on a contractual relation between the SHV and the Holland-Group. The sole selling rights were awarded by the single mines in the Holland Group. This contract constituted an unbundling from the SHV and the Syndicate, even though the RWKS itself still was an actor of minor importance within the relationship.
The question whether the First World War constituted a driver of change within the transnational business relationship between the RWKS and the SHV, can be answered affirmatively. Nevertheless, this does not mean that the transnational links disappeared, as regularly suggested in the Business History discussion on the end of the ‘first global economy’. Rather, the organization of these links changed as the distribution of power did.

Some aspects in this transnational history had to remain open. The diversification of the SHV through the Unitas holding has not been reflected in detail. Further, the consequences of the appearance of a new player on the Dutch market, the Dutch state mines (Limburg) since World War I, were excluded from the analysis. To get a more precise view on the coal sales relations also more macroeconomic factors need to be elaborated in the future. The effects of reparation coal, and the changes of marketing channels through the reparation transfers, are still an open field in economic history and are certainly important for the German-Dutch coal business. Further the effects of state interference on the coal industry are not researched in detail yet.

This paper therefore can only be considered as a first step towards a broader understanding of transnational business relationships. How do firms deal with the challenge to uphold their business relationships in times of crisis and uncertainty? Foremost, the study of transnational business relationships in times of war makes the role of national borders and of agency manifest. Sometimes the implementation of ad hoc policies suffices, but sometimes the new conditions give leeway to further expansion and new strategies have to be considered.
Archives

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BBA 33: RWKS
BBA 32: Hibernia AG
SHVCA SHV Company Archive. SHV Holdings NV, Utrecht

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