

Corruption and political modernisation in the Netherlands 1850-1950

The Billiton-Affair 1882-1892

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Part I Research-project: The Genesis of public value systems 1650-1950

- There are three research projects: 1650-1750, 1750-1850 and 1850-1950 (see: www.corruptionproject.nl).
- These use political corruption scandals to research the development of the public valuesystem in the early-modern and modern era
- My PhD-research: The history of 'modern' public values and political corruption in the Netherlands, 1850-1950.

General Approach of the project:

- Every time has its own corruption. Corruption depends on time, culture and context. Corruption scandals give insight in public value systems.
- Focus on debate and perception of corruption.
- Corruption is normative. In Dutch historical dictionaries it meant: 'bad', 'abberation', 'decay', 'bribery', 'seduction', 'dirty'.
- Public value system = the set of values, norms, and rules on which public officials base their behavior or *should* base their behavior.
- Why do we use corruption scandals to analyse public values?
 - Values often remain implicit.
 - Scandals are moments of disagreement which cause discussion about 'right' and 'wrong' and make public and political values explicit.
- Definition of Johnston: 'the abuse, according to the legal or social standards constituting a society's system of public order, of a public role or resource for private benefit'.
- Sources we analyse: public opinion, moral authorities/ best opinion, shop-floor/ internal codes of conduct, formal laws/ rules.

Part II:

The history of 'modern' values and political corruption in the Netherlands, 1850-1950.

'Modern' corruption

- Every time has its own corruption and value system. 1850-1950 is period of 'modern' ideals and practices.
- 1789-1914: Bayle; 'the genesis of the modern world'
- 1900-2000: Best: 'modernization and perfection of modernity'
- 1789-1945: Creveld: 'The state as an ideal'.
- 1848-1950: Modernity as an ideal in the Netherlands. Most clear at the end of 19th century among (progressive) liberals.
- Modern = a period (1789-2000/ now), historical practices and a political and social ideal.
- Important modern political practices = differentiation between public and private, bureaucratic state, parliamentary-democracy, universal male suffrage, political parties.
- Modern definition of corruption: use of (entrusted) public power or resource for private gain.
- Jens Ivo Engels: In modern politics only one public moral value system accepted, however grow of hidden practices which were scandalized and debated to get rid of them.

Modern corruption cases 1850-1950

- Focus on perception and debates about political corruption scandals (not petty (bureaucratic) corruption) to get more insight in 'modern' corruption and process of political modernisation.
- 1865: The Letters Affair. Election fraud, independency of political officials, liberal-constitution and regional interest vs national interest.
- 1882-1892: The Billiton case. The state as an ideal, 'modernity' as an ideal, bureaucracy as 'good governance', state interest vs private interest.
- 1909: The honours-affair: Supporting a political party in exchange for honours. Party corruption.
- 1918: WO1 and the case De Jong = bureaucratic corruption and hidden practices during war.
- 1920: Gas-scandal: Gascompany as a private or city/ public activity.
- 1930-1945: National-socialists and corruption.

Part III: The Billitoncase 1882-1892

- In 1852 the Billiton company, a private company, receives the concession for the exploration of tin-ore at the Island of Billiton in the Dutch Indies. Concession-contract lasts from 1852-1892.
- In 1882 extension of concession with another 35 years, 1892-1927.
- Parliament is furious and get's support from press: no parliamentary consultation, not according to the law, in favour of a small group of share-holders.
- Main reasons: private shareholders profit and harm the state and common interest and governmental authority.
- In general not 'modern'.

Parliamentary commission 1882-1883

- Parliamentary commission was formed
- Two questions: is the concession 1) legal and 2) in the interest of the state?
- In February 1883 a majority of Parliament answered no on both questions.
- In 1883/84 Minister of Colonial Affairs De Brauw, Governor of Dutch East Indies 's Jacob, and finally the entire cabinet would retire because of the 'Billiton-case'.
- The Billiton-case would be discussed for over ten years: 1882-1892. The main debates were during 1882/83, 1891 and 1892.

Why corruption according to MP's: illegal concession

- Illegal because, Parliament serves general interest but was not consulted so that there was no public discussion
- Justification or contraseign by minister of Colonial Affairs afterwards is not legal, it should be beforehand.
- The right procedures were not obeyed: MP-Keuchenius: 'The minister of colonial affairs has the habit of discussing public affairs in private letters with the governor-general - who is chosen from among his friends - in a way which is acceptable for both of them'. [public-private not respected and hidden practice].
- In general: hidden practices were disapproved of.

Why corruption according to MP's: Small-group of share holders which would profit:

- Journalist Buitendijk: 'The Billiton-company is an aristocratic shop'.
- Profit was estimated at at least 70 million guildens
- One of the founding members was prince Hendrik, brother of king William III
- It was accepted to make an exception for the royal family but not for other aristocrats according to conservative MP Wintgens.
- In total around 80 shareholders: among whom were many aristocrats
- Several directors, shareholders and commissioners were Members of Parliament. (Director of Billiton company in 1891/92 was MP Michiels Verduyen).
- This caused indeed condemnation and questions about the differentiation between public and private
- MP-Keuchenius: 'I repeat that this concession is without any question highly favourable for the shareholders of the Billiton company, however the state interest is neglected. That is a fact without any doubt', 1883.
- MP-Farncombe: 'This is an excessive concession, based on excessive terms'.
- MP-Borgesius: 'This concession is damaging for the state ... harmful to the treasury, in favour of few and justified by the slogan of private interest on which conditions so many millions were offered to so few'.

Justifications:

State interest and state authority as a 'modern' ideal

- Liberal historian and political intellectual Robert Fruin in 1887:
'the general interest is the well-being of the state'.
- MP Farncombe december 1891:
'I dare to state that in modern times never in such a manner, in such a profligated way, a territory has been given away; or it should be seen - what indeed sometimes happened - as if a black nigger king in Africa, ripped of by a clever European adventurer, sold a whole province for a couple of old rifles and some barrels of rum'.
- MP Levy. In 1891 against in 1892 in favour. His justification:
'For a long time it seemed that Dutch and Indian taxpayers would be responsible for the fact that a private company could bathe in millions... and this company seemed to be more powerful than Parliament and State authority.' 'Finally, with the new concession it became clear that government authority and state interest is no laughing matter'.

Rise of state interest in concession

- In 1852, 3% of yearly profit in favour of the state was agreed on.
- In 1882, 10% of yearly profit in favour of the state, **not accepted** by parliament
- In 1891, 50% of yearly profit in favour of the state, **not accepted** by parliament

In 1892, 60-50% of yearly profit in favour of

Concluding remarks

- Parliamentary commission 1882/83: concession should be 1) legal 2) and in state interest.
- Formal = state interest and public approval beforehand
- Justification, as Fruin said: 'general interest is well-being of the state'.
- Not legal: nepotism, approval afterwards or excessive private gain = hidden practices
- A small group of shareholders – although they are aristocrats – should not be favoured when state authority and interest are harmed.
- In 'modern' times concessions should be made in the interest of the state, because then state authority, general interest and formal public interests are respected.