

# **THE DECLINE OF GERMAN ECONOMIC ACTIVITIES IN SINGAPORE DURING THE FIRST WORLD WAR**

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## **ABSTRACT**

This article analyzes the expansion of German economic activities in Singapore that were restricted by the British administration during the First World War. As the First World War broke out on July 28, 1914, trade relations between Germany and Singapore had to be terminated. This trade relationship ended as a result of Britain's involvement in the First World War against Germany. Several war-related policies from the British Parliament were enacted in an effort to restrict German economic activity globally. Throughout the war period, Singapore, as one of the British colonies, had to implement war-related policies formulated by the British Parliament through the legislation of several ordinances. Therefore, this article evaluates the extent to which the British administration succeeded in restricting German economic activities in Singapore through the legislation of several ordinances issued by the British Parliament. This study applies qualitative methods based on historical research methodology to examine British government documents as well as relevant secondary writings. The results of the study found that efforts implemented by the British administration successfully ended the expansion of German economic activities in Singapore during the war.

Keywords: Germany; Singapore; British; First World War;

## **ABSTRAK**

Artikel ini menganalisis perkembangan aktiviti ekonomi Jerman di Singapura yang disekat oleh pentadbiran British semasa Perang Dunia Pertama. Apabila Perang Dunia Pertama berlaku pada 28 Julai 1914, hubungan perdagangan di antara Jerman dengan Singapura terpaksa ditamatkan. Penamatan hubungan perdagangan ini berpunca daripada penglibatan Britain dalam Perang Dunia Pertama yang menentang Jerman. Beberapa dasar berkaitan perang daripada parlimen British telah digubal dalam usaha menyekat aktiviti ekonomi Jerman di peringkat global. Singapura sebagai salah sebuah koloni jajahan Britain turut melaksanakan dasar berkaitan perang daripada parlimen British melalui penggubalan beberapa ordinan sepanjang tempoh peperangan. Justeru itu, artikel ini menilai sejauhmanakah pentadbiran British di Singapura berjaya menyekat aktiviti ekonomi Jerman di Singapura melalui penggubalan beberapa ordinan yang dikeluarkan oleh parlimen British. Kajian ini mengaplikasikan kaedah kualitatif yang berasaskan metodologi kajian sejarah bagi meneliti dokumen kerajaan British serta penulisan sekunder yang relevan. Hasil kajian mendapati usaha sekatan yang dilaksanakan oleh pentadbiran British berjaya menamatkan perkembangan aktiviti ekonomi Jerman di Singapura sepanjang tempoh peperangan.

Kata kunci: Jerman; Singapura; British; Perang Dunia Pertama;

## INTRODUCTION

On the 28th of July 1914, a seminal event unfolded within the context of the First World War, colloquially recognized as the Great War. In general, wars encompass military conflicts, territorial conquests, and the dynamics of colonization, all of which have a profound impact on civil society. Conversely, wars are caused by disparate narratives, principles, concepts, and propagandistic endeavors propagated by governments (Gilbert, 1994, p. xv). Typically orchestrated to advance political and economic agendas, wars are characterized by objectives such as territorial expansion, border delineation, power consolidation, and the exertion of influence. The consequences of war often determine the trajectories of nations, empires, and their populace. The First World War unfolded as a clash between two formidable coalitions spanning diverse continents (Strachan, 2001, p. 2-3). The Allied Powers, comprising nations like Britain, France, Russia, Italy, and others, found themselves pitted against the Central Powers, a coalition led by Germany, Turkey, and Austria-Hungary. The entangled nature of the conflict extended to involve colonies and vassals of the participating nations, drawing them indirectly into the theater of the First World War (Muhammad Aslah & Mohd Samsudin, 2018, p. 34). Notably, Singapore, as an integral part of the British crown colony in the Strait Settlement, was ensnared in the conflict. The implementation of war policies by Britain, designed to restrict German economic activities during the First World War, extended to Singapore. Consequently, trade relations between Singapore and Germany were restricted due to the participation of Britain and Germany in the war.

At the outbreak of the First World War, Singapore maintained robust trade relations, particularly with Germany. Germany, as a trade partner, held the second-largest share of import and export trade in Singapore, closely trailing Britain (Annual Reports of the Straits Settlement 1855-1941, 1998, p. 63, 167, 255). The surge in the presence of German companies in Singapore was noticeable from the 19th century, with a significant increase from three companies before 1860 to fifteen companies in the 1860s (Shakila Yacob, 2011, p. 6). The flourishing economic activities between Germany and Singapore can be attributed to the free trade policy implemented following Britain's acquisition of Singapore in 1819. Originally aimed at countering the Dutch monopoly policy within its territories, Singapore's free trade policy effectively attracted the attention of traders and investors, positioning the nation as an important trading hub in Southeast Asia (Turnbull, 2020, p. 91). Generally, economic activity can be broadly defined as the production of goods or services, spanning various sectors, including agriculture, trade, services, construction, industry, and others (Henderson, Squires, Storeygard & Weil, 2018, p. 358-360). On the other hand, the role of the government in orchestrating and determining economic structures and policies for the benefit of the nation is integral to understanding economic activity (Jednak, Nikolic, Kragulj & Vujosevic, 2014, p. 29-30). In the context of this study, the trade sector emerges as the primary focus among other economic activities, shaping the economic landscape of Singapore.

The economic developments in Germany were influenced by the coordination of German Empire policies, a fact also recognized by the British government. According to a report from the British Embassy in Berlin, several months before the outbreak of First World War, there were efforts within the German industrial network to boost economic activities. There were reports of significant activity in German industrial circles during the early months of the year, with a focus on schemes to promote German exports (Straits Echo, 10 October 1914, p. 5). The British Parliament also found that a secret meeting had been held at the German Foreign Ministry to establish a private company aimed at enhancing German industrial prestige abroad. This company would be funded by other German companies and receive grants from the German Empire. In order to foster Germany's economic activity in trade, the new company was strategically

conceived to exclusively advertise and disseminate information and news pertaining to Germany in foreign newspapers. This concerted strategy aimed to achieve a more widespread elevation of German prestige. However, this plan was not pursued with the onset of the First World War, although Singapore remained a focal point for Germany to advance their economic activities. As Britain entered First World War, Singapore, being a British colony, also found itself in a 'state of war' with Germany (The London Gazette, 5 November 1914, p. 8998). Consequently, the British administration in Singapore enacted several ordinances proclaimed by the British Parliament as 'war measures' to address wartime conditions. This article evaluates the effectiveness of Singapore's ordinances aimed at restricting the expansion of German economic activities during the war.

The expansion of German economic activities in 19th-century Singapore is not a widely discussed historical topic. However, there are scholarly works that have explored and analyzed these economic endeavors in the region. Chiang Hai Ding's thesis (1969), titled 'History of Straits Settlements Foreign Trade 1870-1915', explores the growth and changes in the regional distribution and commodity composition of the Straits Settlements, including Singapore. Chiang Hai Ding underscores that Singapore's status as a free port, coupled with its strategic location, was appealing to foreign merchants and traders, including the Germans. Consequently, this thesis provides valuable information about German economic activities in Singapore leading up to the First World War. In addition to Chiang Hai Ding's thesis, there is also a study by Tarek Abd El-Hamid Ahmed Amin. Tarek's thesis, titled 'Anglo-German Rivalry in the Malay Peninsula and Siam, 1870-1909', focuses more specifically on German economic activities in the Malay Peninsula, including Singapore. Tarek's thesis emphasizes that British colonial expansion in Malaya was driven by a collective desire for more control, territory, and power. Tarek argues that the portrayal of the Anglo-German rivalry and heightened apprehension of Germany during that period were strategically utilized to secure various advantages for the British. He also contends that Germany posed less of a threat to British interests than commonly portrayed (Tarek, 1995, p. 406-408).

On the other hand, it's crucial to understand that Tarek's thesis serves as a counterargument to K.G. Tregoning's concept of 'German Arguments' as outlined in his paper titled 'How Germany Made Malaya British'. Tregoning suggests that British formal control in the western state of the Malay Peninsula during the 1870s was motivated by concerns about Germany (Tregoning, 1964, p. 181). Therefore, Tregoning's study stands as the pioneer of the 'German Arguments.' His perspective heavily relies on the studies by Cowan (1961) and MacIntyre (1961), along with an account from Frank Swettenham (1906), a retired Governor of the Straits Settlement. Since then, the notion of 'German Arguments' seems to be widely accepted as a conventional historiography explaining the reasons behind British territorial expansion in Malaya. Fortunately, Tarek's thesis, along with other literary studies such as Horst Verlag (1977) and Azharudin (2000), provides a fresh perspective on the German endeavor in Southeast Asia. These studies argue that while the Germans did pose a threat to British interests, it was the British who utilized that fear to secure benefits in the region. The collective insights from these literary studies shed light on our understanding of the expansion of German economic activities in Southeast Asia, including Singapore, although most of the studies are limited to the discussion until the early 20th century. Building on these valuable insights, this article investigates the expansion of German economic activities in Singapore at the start of the First World War and examines how the British administration dealt with it during that period.

## **METHODS**

The employed methodology in this article is a qualitative research methodology, based

on the framework of historical research that encompasses heuristic, criticism, interpretation, and historiography. The study relies on relevant primary and secondary sources to accurately depict historical events. The historical research methodology applied here aims to attain historical objectivity, characterized as a system of the right procedure for the attainment of historical truth (Garrahan, 1946, p. 33). To achieve this, the researcher utilized the library research method, systematically gathering information in libraries that encompass both primary and secondary sources. For primary sources, the research concentrated on the Arkib Negara Malaysia in Kuala Lumpur and The National Archives in London. Regarding secondary sources, the study was conducted at the University of Malaya Library and several libraries at the Universiti Kebangsaan Malaysia, including Perpustakaan Tun Seri Lanang (PTSL), Perpustakaan Alam dan Tamadun Melayu (PATMA), and Pusat Sumber di Pusat Kajian Sejarah, Politik dan Hal Ehwal Antarabangsa, Universiti Kebangsaan Malaysia. The study meticulously examines primary sources originating from British administrative offices such as the Colonial Office (C.O.), High Commissioner Office (H.C.O.), and state secretariat files like the Selangor Secretariat File (S.S.F). Delving into official British administrative documents is indispensable for the analysis of British administrative laws in Singapore. The additional sources explored in this study encompass newspapers, a vital resource for gaining a comprehensive understanding of the circumstances, issues, or societal responses to specific legal enactments. Notably, The Straits Times, The Singapore Free Press and Mercantile Advertiser, Malaya Tribune, among others, were among the newspapers scrutinized. Additionally, the range of secondary sources particularly books, theses and journal articles, research papers, serve as guiding references in the discourse on specific issues. Drawing insights from these sources, the researcher gains a clearer perspective and interpretation of the primary and secondary sources, facilitating more discussion on the topic.

Based on this, historical research encompassing heuristic, criticism, interpretation, and historiography is applied to this study. Heuristic, in this context, involves a systematic exploration of primary sources such as official documents and administrative files, enabling researchers to uncover patterns and gain insights into the gradual changes in German economic activities in Singapore before and during the First World War. Criticism, within the qualitative framework, entails a thorough evaluation of various primary sources, including administrative documents and archival records. By critically examining these materials, researchers can assess the reliability and credibility of information, ensuring that historical narratives are based on accurate and relevant sources. This critical analysis is crucial for constructing an authentic and well-substantiated historical account of the events. Interpretation involves making sense of historical data within its cultural and contextual framework. In the study of German economic activities, the interpretation of primary sources, such as official administrative records and newspaper articles, allows researchers to understand the directions, interactions, and reactions of different stakeholders involved in the economic landscape of Singapore during that period. Finally, historiography emphasizes writing within the framework of historical methodology. In this stage, the writing aims to create a comprehensive discussion of the expansion of German economic activities and how the British curtailed this during the war. In summary, the qualitative research methodology, incorporating heuristic exploration, criticism, interpretation, and historiography, offers a comprehensive and contextualized approach to examining the expansion and decline of German economic activities in Singapore.

## **THE EXPANSION OF GERMAN ECONOMIC ACTIVITIES IN SINGAPORE**

The historical connection between Singapore and Germany before the First World War traces back to the establishment of the British free port in Singapore. Prior to this, Riau

was the central trading hub and a significant port for traders from both the eastern and western regions (Nordin Hussin, 2007, p. 10). However, with the adoption of free trade policies in Singapore, traders from both the western and eastern regions shifted their economic activities from Riau to Singapore. This transition had a ripple effect on intra-Southeast Asian trade, attracting diverse ethnic groups to engage in economic activities in Singapore (Shimada, 2019, p. 65). The decision to relocate their economic activities was influenced by the availability of various facilities at affordable rates and safety measures in Singapore. On the other hand, Singapore's strategic location and its historical significance as an entrepot port during the times of Srivijaya and Melaka contributed to the prosperity of trade in Singapore (Trocki, 2006, p. 7). The substantial influx of capital from European companies further bolstered economic activities in Singapore. This confidence among traders, merchants, and investors not only contributed to the overall economic growth of Singapore but also played a pivotal role in shaping German economic activities in the region, leading to the establishment of German agencies, trading houses, and companies in Singapore.

The expansion of German economic activities in Singapore can be attributed to strong support from the German Empire in Europe. This support is manifested in the flourishing import-export trade and the establishment of German shipping agencies in Southeast Asia. Notably, one of the successful German economic ventures in Singapore was in the field of shipping lines. By the end of the 19th century, the two largest German shipping companies in Southeast Asia, Hamburg-America S.S. Co. and North German Lloyd, designated Singapore as an important port of call for the collection of goods and passengers in Southeast Asia (Pinang Gazette and Straits Chronicle, 1 November 1899, p. 3). Subsequently, Hamburg-America S.S. Co. and North German Lloyd collaboratively agreed to fairly divide trade routes to resolve competition between them. This collaboration had a positive impact, enabling both companies to generate high profits without engaging in direct competition. By the year 1901, Hamburg-America S.S. Co. owned 127 ships, while North German Lloyd owned 113 ships for trade and transportation purposes (Tarek, 1995, p. 83). This success can be attributed to substantial German Empire support provided to German companies operating overseas. In some cases, the success can also be attributed to the willingness of these companies to collaboratively resolve competition. For instance, in 1898, North German Lloyd received a subsidy of approximately £279,500. However, as part of their collaboration, North German Lloyd allocated £115,000 of the received subsidy to Hamburg-America S.S. Co. (Cheong, 1959, p. 4). Consequently, both North German Lloyd and Hamburg-America S.S. Co. continued to thrive amidst competition with other shipping companies until the onset of the First World War. The dominant venture of shipping lines strengthens the expansion of German economic activities in the region, including Singapore.

The support of the German Empire for its citizens engaging in trade and business is instrumental in driving the expansion of German economic activities in Singapore. This backing is methodically implemented through the educational system, where the emphasis on economics and business education is considered a foundational discipline. German education, with its focus on business training and proficiency in multiple languages, has provided a distinctive advantage upon German traders and entrepreneurs (Dunning, 1993, p. 23). The success of German companies is credited to their focus on three crucial aspects: manufacturing, marketing, and management, positioning them as pioneers in emerging capital-intensive industries not only within their homeland but across all of Europe (Chandler, 1990, p. 393). These principles have been actively embraced by German companies, enabling them to effectively compete with British enterprises that have long-established roots in Singapore. Consequently, the support from the German Empire and an understanding of political and economic risks have expedited the expansion of German trade in Singapore (Shakila Yacob, 2011, p. 9). For

instance, the failure of German shipping companies like Kingsin Line to secure subsidies from the German Empire resulted in their incapacity to compete with other German companies. Initially, Kingsin Line managed to rival North German Loyd by intensifying the frequency of trade operations and passenger transportation in Singapore and Penang. However, lacking German Empire subsidies and facing market instability, Kingsin Line incurred losses and was eventually acquired by North German Loyd and Hamburg-America S.S. Co. in 1898 (Chiang Hai Ding, 1969, p. 208). Therefore, in addition to German Empire support, the success of German companies also depends on the acumen of German traders and investors in formulating effective business strategies.

The expansion of German companies in Singapore can also be attributed to effective management, particularly in overseeing the production and distribution of goods. In this context, German companies prioritize the production of manufactured goods such as liquid chemicals, metals, and machinery over consumer products. For instance, in 1913, out of 200 German companies, 127 were oriented toward the production of manufactured goods, with only a small percentage dedicated to consumer goods (Chandler, 1990, p. 394). Conversely, there are also other German companies involved in the production of consumable goods like sugar, alcohol, vegetable oil, textiles, paper, glass, clay, and more. The production of these goods is pivotal not only due to market demand but also because they can undergo further processing to yield other useful products. For example, materials such as paper, textiles, stone, glass, and clay are lucrative in their initial form, but they can also be processed to create diverse commercial items like clothing, books, construction materials, and others (The Straits Budget, 13 November 1913, p. 6). On the other hand, to combat counterfeit goods, German products are marked with the "Made in Germany" stamp (Tarek, 1995, p. 60-61), enhancing the popularity of German goods recognized for their quality and affordability. Consequently, German goods imported by German companies in Singapore continue to witness substantial demand (The Singapore Free Press and Mercantile Advertiser, 18 August 1910, p. 3).

On the other hand, the expansion of German economic activities in Singapore can also be associated with sound financial management. The main advantage in dealing with German companies is their willingness to minimize charges without seeking excessive profits. For instance, German shipping companies are open to reducing transportation fees compared to other shipping companies (Shakila Yacob, 2011, p. 9). A crucial factor in the development of German trade is the network of relationships with Chinese, Malay, and Bugis traders. These strong relationships play a vital role in marketing European goods in the Southeast Asian market and, reciprocally, collecting goods from Southeast Asia for the European market. Furthermore, German companies have a practice of training German citizens as company managers before promoting them to business partners. This method is widely employed by companies from German business families and entrepreneurs, such as Behn, Meyer & Co. Three prominent German families that have managed Behn, Meyer & Co. are the Lorenz-Meyer, Schoenberg, and Kellinghusen families (Shakila Yacob, 2012, p. 3). This collaborative approach results in effective financial management and economic relations among German companies. Both interfirm relationships, involving external collaboration between different companies, and intrafirm relationships, referring to internal collaboration within a company, are practiced to ensure a stable financial flow. In this context, Jürgen Kocka and other German scholars term these relationships as organized capitalism (Chandler, 1990, p. 395). In Singapore, German companies like Behn, Meyer & Co., Rauterberg, Schmidt & Co., Schmidt, Küstermann & Co, Katz & Co, D. Brandt & Co. are among the companies practicing organized capitalism, thereby successfully expanding German economic activities in the trade, shipping, and insurance sectors (Zangger, 2013, p. 99).

The success of the German company Behn, Meyer & Co. significantly contributed to the expansion of German economic activities in Singapore. Behn, Meyer & Co. was originally established in Singapore by two business partners, Theodor August Behn and Valentin Lorenz Meyer. The company began as a commission agent engaged in trade activities between Singapore and Germany. (Makepeace; Brooke; Braddell, 1991, p. 187). Early exports from Singapore to Germany included tea, Chinese roots, camphor, gutta-percha, sago, and pepper (Wright & Cartwright, 1908, p. 670). The company's growth occurred through collaboration with various European firms, particularly German companies like Rauterberg, Schmidt & Co., Schmidt, Küstermann & Co., and Behr & Co. The import-export trade conducted by Behn, Meyer & Co. significantly increased the demand for German goods in Singapore. In this context, Behn, Meyer & Co. played a pivotal role in establishing Singapore as a central hub for collecting goods from Europe. Goods like copper wire, household tools, and glassware exported from Germany to Singapore garnered high demand in Southeast Asia. Simultaneously, imports from Singapore, such as pepper and spices, were highly valued for consumption, while commodities like gambier and gutta-percha were essential for industrial purposes (Wright & Cartwright, 1908, p. 670). Towards the late 19th century, Behn, Meyer & Co. successfully diversified its economic activities into insurance, ship leasing, and shipping (Salma Khoo, 2006, p. 10). For instance, in the shipping sector, Behn, Meyer & Co. profited from transporting processed tin ingots from Singapore to London (The Singapore Free Press and Mercantile Advertiser, 8 October 1935, p. 6). The success of Behn, Meyer & Co. not only enhanced Germany's reputation globally but also attracted more German traders and investors to Singapore. Between 1849 and 1899, no fewer than 12 partners joined and departed from Behn, Meyer & Co. Furthermore, some former partners successfully established their own companies, drawing on the experience and profits gained from their association with Behn, Meyer & Co. (Wright & Cartwright, 1908, p. 672).

The development of German economic activities in Singapore evidently reflects the positive relations between Germany and Britain in Europe. This amicable relationship extended to the colonial level, as seen in Singapore. Before the outbreak of The First World War, Germany and Britain enjoyed the "most favored nation" status, providing favorable tariffs and optimal services in import and export trade (Secretariat Selangor 1841/1914). This special status benefited German traders and British ports in Singapore. To capitalize on this situation, the British administration appointed a German Consul General in Singapore to maintain favorable relations with Germany. The German Consul General played a crucial role in preserving formal relations between Germany and Singapore, along with representing the interests of German citizens in Singapore (Secretariat Selangor 1692/1908, 20 March 1908). Before the onset of The First World War, the position of the German Consul General in Singapore was held by three official representatives of the German government: Hans Eschke (1889-1904), Richard Kiliani (1905-1911), and Karl-Christian Feindel (1911-1914) (Selangor Secretariat 2449/1905, 3 May 1905). In this capacity, the German Consul General was also responsible for presenting improvement proposals to the German government to expand German economic activities in Singapore. For instance, Feindel urged the German government to send a trade expert to explore the economic potential in Singapore more thoroughly (Tarek, 1995, p. 66). However, Feindel's proposal could not proceed when Britain declared war on Germany on August 4, 1914. This war also terminated the "most favored nation" status previously enjoyed by both countries.

### **RESTRICTION ON GERMAN ECONOMIC ACTIVITIES DURING THE WAR**

At the start of the First World War, Singapore, being part of the British crown colony in the Straits Settlement, became intricately involved in the conflict. The strategic interests

among the nations engaged in the war resulted in a complex geopolitical landscape (Azharudin, 2000, p. 105). This period marked a significant juncture where global events directly impacted local territories, influencing policies, trade relations, and economic activities, including those in Singapore. The interplay of these factors determines how German economic activities in Singapore were affected and managed by the British administration during the war.

The initial efforts to restrict German economic activities in Singapore were initiated by the British administration, which imposed a ban on all transactions with British enemies. This prohibition was implemented through the introduction of "The Trading with the Enemy Act 1914," formulated immediately following Britain's entry into the First World War. Upon approval by the British Parliament, the act was enforced across the entire British Empire through a proclamation by the King. In Singapore, the act was embodied in 'The Trading with the Enemy Ordinance,' establishing prohibitions and penalties for engagements with individuals or entities classified as "enemies" (H.C.O. 1479/1914, 6 October 1914). The primary goal was to prevent any transactions with countries, companies, or individuals associated with British enemies, particularly Germany (Secretariat Selangor 5789/1914, 23 November 1914). Consequently, economic activities or any interactions with German countries, companies, or citizens were strictly prohibited under this law. The term "enemy country" used in this law refers to the territory of any country or state at war with Britain, including the colonies and territories of the warring state. The term "enemy" is also defined in this legal ordinance, referring to any person or group of persons, or nationality, residing or conducting business in an enemy country, but excluding any enemy citizen who is neither residing nor conducting business in an enemy country (Secretariat Selangor 5789/1914, 23 November, 1914). The introduction of the law together with specific terminologies is important for the British administration to take necessary action to restrict German economic activities during the period of war.

The introduction of the law prompted the British administration in Singapore to take action by blacklisting individuals or companies classified as enemies. The objective was to ensure that the residents of Singapore refrained from engaging in any transactions with individuals or companies identified on the British administration's blacklist. The names of blacklisted individuals or companies were regularly published in the Government Gazette for the scrutiny of the local population in Singapore (The Straits Times, 11 March 1916, p. 6). An example of the action taken by the British administration regarding transactions with a blacklisted company can be seen in the case involving Chop Seng Guan and Soo Hoe Seng. In this instance, Tan Keng Lan and Tan Chin Keat, as the owners of Chop Seng Guan, exported 520 bags of rice to Soo Hoe Seng in Surabaya (The Straits Times, 20 June 1917, p. 10). As it turns out, Soo Hoe Seng was blacklisted by the British administration because the company was associated with the enemy. During the trial, Tan Keng Lan and Tan Chin Keat pleaded guilty but claimed ignorance of Soe Hoe Seng being blacklisted by the British administration in Singapore. Following the trial in the Singapore court, Tan Keng Lan and Tan Chin Keat were fined \$500 (Straits Dollars) (The Singapore Free Press and Mercantile Advertiser, 19 July 1917, p. 38).

Efforts to restrict German economic activities in Singapore under the Trading with the Enemy Ordinance also involve the prohibition of trade or business transactions, including stocks, insurance, and shares, with individuals or companies categorized as enemies (Secretariat Selangor 5789/1914, 23 November 1914). This prohibition originated when the British administration in Singapore discovered that there were companies not classified as enemies, yet their stocks, insurance, and shares still generated profits for the enemy, especially Germany. Consequently, this ordinance played a crucial role for the British administration to prevent any returns of profit to



individuals, companies, or nations connected to British enemies. The Trading with the Enemy Ordinance clearly specifies that it is prohibited for anyone to directly or indirectly provide any goods that might benefit the enemies. Similarly, individuals are not allowed to directly or indirectly acquire any trade goods from entities or individuals classified as British enemies (H.C.O NO. H.C. 1479/1914, 6 October 1914). Hence, in the early stages of war, investors and share partners from other European countries had to divest their stocks, insurance, and shares from German companies. For example, investors from Switzerland had to withdraw from being partners with German companies in Singapore, such as Rautenberg, Schmidt & Co., Dalmann & Co., and D. Brandt & Co. (Zangger, 2013, p. 100-101). In another case, Swiss investor Robert Sturzenegger faced a court trial when a trading ship owned by his company was seized due to its connection with a German businessman. During the trial, it was determined that the confiscated ship and trade goods were associated with a company named Rautenberg, Schmidt & Co., which had ties to Germany (Straits Echo, 26 July 1916, p. 1268). Sturzenegger subsequently admitted that his company had two German partners, Max Hashe and Martin Suhl. The court ultimately acquitted Sturzenegger because he was a Swiss citizen, belonging to a neutral country during the wartime period (Malaya Tribune, 31 October 1916, p. 1). Although Sturzenegger succeeded in reclaiming his stocks, the operations of his company Rautenberg, Schmidt & Co. in Singapore were terminated.

In line with Britain's efforts to impose extensive economic restrictions on Germany throughout its empire, the swift approval of the "Custom (War Powers) Act 1915" was promptly approved in Britain. Following this, the act was implemented in the Straits Settlements, including Singapore, as the "Registrar of Imports and Exports (War Powers) Ordinance 1915" (Annual Reports of the Straits Settlement 1855-1941, 1998, p. 71). The primary objective of this ordinance was to categorize trade goods as either importable or exportable to foreign countries. Furthermore, the ordinance granted the British administration in Singapore the authority to oversee and regulate import and export activities more comprehensively (Secretariat Selangor 3550/1916, 10 October 1916). This ordinance played a crucial role for the British authorities in Singapore, due to the significance of valuable trade commodities from the Malay States, such as rubber and tin ore, throughout the war period (Proceedings of the Federal Council, 28 March 1916). Hence, strict control was deemed necessary for trade goods collected at the port of Singapore from the Malay States before being exported overseas. The main purpose was to prevent enemies, especially Germany, from obtaining valuable trade goods from the Malay States for wartime purposes. The enforcement of this ordinance is evident in the case involving an Arab merchant named Shaikh Omar bin Mohamed Ashibli. The merchant was fined \$1,000 (Straits Dollars), and his trade goods were confiscated after he failed to prove that his merchandise did not originate from an enemy country (The Singapore Free Press and Mercantile Advertiser, 20 April 1916, p. 2). This enforcement was a result of the Registrar of Imports and Exports (War Powers) Ordinance 1915, which prohibited the export of trade goods from the port of Singapore except to any place or port in the United Kingdom, Britain's allied countries, and countries under the British Empire. The enforcement was also applied to restrict any import of trade goods associated with individuals or entities classified as enemies or having any affiliation with the enemies.

Additionally, a Commissioner of Trade and Customs was formed to manage trade restrictions on Germany in Singapore, especially those involving imports or exports (Secretariat Selangor 3550/1916, 10 October 1916). One of the roles of this commissioner was to identify and halt any trade transactions connected to British enemies. Throughout the war, the primary goal of the Commissioner of Trade and Customs was to control trade involving commodities such as rubber and tin ore (Mohd

Shazwan, Muhammad Aslah & Mohd Samsudin, 2017, p. 13). This objective can be linked to the pressure received by the British administration in Singapore to establish a commissioner capable of regulating the import and export of valuable trade goods during the wartime period. Simultaneously, the Commissioner of Trade and Customs also identified other countries that could replace trade goods previously imported from Germany (H.C.O. 8350/1916, 25 March 1916). Through these measures, goods from Germany were no longer necessary in the Singapore market. Furthermore, the British administration in Singapore issued directives for the strict enforcement of inspections of licenses and valid documents to uphold these restrictions. The firmness of the British administration in this control is evident in the case of Singapore Engineering Company Ltd., which failed to update the Registrar of Companies in Singapore about the change in the company's directors. Failing to update necessary documents cost Singapore Engineering Company Ltd. a total fine of \$50 (Straits Dollars) (The Singapore Free Press and Mercantile Advertiser, 3 May 1917, p. 10).

This ordinance further defines the term alien enemies as foreign entities whose sovereignty or country is at war with Britain (Proceedings of the Federal Council, 28 March 1916). This ordinance plays a crucial role in empowering the British administration in Singapore to block business operations conducted by individuals or companies associated with enemy nations. In this context, enemy nations refer to Germany, Austria-Hungary, and Turkey (Shorthand Report of the Proceeding of the Federal Council, 27 April 1915). The ordinance also delineates the distinction between alien enemies and enemy companies, both of which are restricted by the British administration. The term enemy companies refer to companies where one-third of the issued share capital, on August 4, 1914, or from that date, is held by, or on behalf of, or consists of individuals who are citizens, or residents carrying on business in a country at war with Britain, regardless of whether the company is registered within the British Empire (Syakila Yacob, 2011, p. 16).

On the other hand, efforts to restrict German economic activities in Singapore were also implemented through the enactment of the Alien Enemies (Winding Up) Ordinance. Through this law, any business and trade owned or managed by companies categorized as alien enemies or foreign enemies could be blocked, and the company's assets could be frozen and seized. This ordinance further defines the term alien enemies as foreign entities whose sovereignty or country is at war with Britain (Proceedings of the Federal Council, 28 March 1916). The ordinance plays a crucial role in empowering the British administration in Singapore to block business operations conducted by individuals or companies associated with enemy nations. In this context, enemy nations refer to Germany, Austria-Hungary, and Turkey (Shorthand Report of the Proceeding of the Federal Council, 27 April 1915). The ordinance also delineates the distinction between alien enemies and enemy companies, both of which are restricted by the British administration. The term enemy companies refer to companies where one-third of the issued share capital, on August 4, 1914, or from that date, is held by, or on behalf of, or consists of individuals who are citizens or residents carrying on business in a country at war with Britain, regardless of whether the company is registered within the British Empire (The Straits Times, 7 December 1914, p. 3).

Throughout the First World War, the Alien Enemies (Winding Up) Ordinance played a crucial role in the British administration's efforts in Singapore to block, freeze, and seize companies categorized as alien enemies or enemy companies. Several amendments regarding the definition of enemy companies were updated from time to time throughout the war. The first amendment was carried out in 1916 to broaden the definition of enemy companies, including any non-enemy alien individuals conducting business and trade on behalf of enemy nations. This restriction also encompassed all enemy companies located in Singapore, including trademarks, land, buildings, and any

permanent assets (H.C.O. NO. H.C. 386/1916, 11 February 1916). The second amendment to the Alien Enemies (Winding Up) Ordinance was made in 1917, renewing the definition of corporate companies under foreign control. This amendment specified that the restrictions, freezing, and seizures were also applicable to corporate companies controlled by governments or administrators not affiliated with the British administration in Singapore or Britain. For example, Behn, Meyer & Co. was a company under British corporate regulations in Singapore as it was established and registered based on corporate regulations recognized by the British administration in Singapore. However, the majority of the company's shares were owned by Arnold Otto Meyer, originating from Hamburg, Germany. Consequently, the ownership of shares in the company violated the Trading with the Enemy Ordinance, which prohibited any transactions in the form of shares with enemy nations. Therefore, the Alien Enemies (Winding Up) Ordinance was used to categorize Behn, Meyer & Co. as alien enemies. As a result, the assets of Behn, Meyer & Co. in Singapore were frozen and seized before being auctioned off by the British administration (The Straits Times, 7 December 1914, p. 3). Besides Behn, Meyer & Co., other companies associated as alien enemies or enemy companies included Schmidt, Kustermann & Co., Rautenberg, Schmidt & Co., Schiffmann, Heer & Co., Herm. Jebsen & Company (C.O. 273/420, 31 January 1915). Consequently, the British administration in Singapore successfully blocked and took control of all companies related to Germany, either directly or indirectly.

### **THE DECLINE OF GERMAN ECONOMIC ACTIVITIES IN SINGAPORE**

The initial impact of the restrictions on German economic activities signaled the decline of German business activities and trade in Singapore. Simultaneously, these restrictions on economic activities provided an opportunity for British traders and merchants to regain dominance in various sectors of Singapore's economy. The success of the restrictions on German economic activities in Singapore can be attributed to two key ordinances utilized by the British administration throughout the wartime period. The Trading with the Enemy Ordinance and the Registrar of Imports and Exports (War Powers) Ordinance played a crucial role in ensuring that any economic activities or communication with the enemies could be blocked (H.C.O. No. H.C. 1479/1914, 6 October 1914). Through these ordinances, the British administration successfully severed the trade relationships that had been established between Germany and Singapore.

Consequently, the Straits Settlements, particularly Singapore, began exploring new trading partners capable of fulfilling the trade needs that were previously met by Germany. Among the countries that replaced Germany in supplying goods were the Netherlands and the United States (The Singapore Free Press and Mercantile Advertiser, 8 December 1915, p. 12). For example, items such as clothing and household tools, previously imported from Germany, were substituted with goods from the Netherlands, including sarongs, household tools, and tobacco. The Netherlands also imported hard liquor, such as gin, to replace beer and alcoholic beverages from Germany. Goods like household tools, cigars, paper, stationery, nails, and manufactured items, formerly imported from Germany, were replaced with imports from the United States. Additionally, Japan stepped in to compensate for the absence left by Germany in the export of various goods, including soap, hats, paper, motorcycle tires, heating machines, and more (Annual Reports of the Straits Settlement 1855-1941, 1998, p. 62).

Efforts to restrict German economic activities not only served the purpose of wartime measures but also yielded significant benefits for the British through the systematic liquidation of the wealth and assets of German companies that had previously flourished in Singapore. Anticipating the need to restrict the enemy's economic activities, the British administration proactively appointed a liquidator. This individual

was responsible for thoroughly examining the standing of companies in Singapore, classifying them as either alien enemies or enemy companies. This categorization played a crucial role in shaping the next steps, leading to the initiation of the liquidation and freezing of assets for companies falling within the specified categories (H.C.O. 681/1916, 7 March 1916). The strategic move to liquidate German assets proved advantageous for the British, as exemplified in the case of Behn, Meyer & Co., a company with operations in Singapore and Penang. The comprehensive impact of the liquidation on Behn, Meyer & Co. throughout the British Empire and its allies during the First World War was staggering, estimated at a loss of 12 million gold marks.

The proceeds obtained from the liquidation, including the company's wealth and assets, were subsequently channeled into the British treasury, contributing to the financial resources allocated for covering war expenses (The Straits Times, 7 December 1914, p. 3). As early as 1915, the British administration had identified as many as 10 enemy companies based in Singapore for the liquidation process. However, it wasn't until 1916 that the process gained full momentum, with several companies successfully liquidated. The cumulative impact was substantial, with an estimated total of 33 companies liquidated across the Straits Settlements from 1914 to 1918 (Annual Reports of the Straits Settlement 1855-1941, 1998, p. 167, 255). Concurrently, the liquidator was vested with the authority to review and revoke business contracts issued in Singapore before the implementation of the Alien Enemies (Winding Up) Ordinance. This proactive measure aimed to ensure that companies seeking new business contracts underwent thorough inspection, preventing any potential profits from flowing to Germany.

The extensive outcomes of liquidating the wealth and assets from German companies resulted in the creation of a position known as the Custodian of Enemy Property. The primary responsibility of the Custodian of Enemy Property was to oversee the confiscation of assets from foreign enemies or enemy companies. Additionally, the Custodian of Enemy Property played a crucial role in identifying individuals or companies holding shares in the assets or property of British enemies. The identified shares were taken over by the Custodian of Enemy Property for sale, generating profits. In 1915, the Custodian of Enemy Property successfully collected a total of \$187,349 (Straits Dollars). Out of this sum, \$89,400 (Straits Dollars) was invested in stock schemes endorsed by the Governor of the Straits Settlements, with the remainder handed over to the British treasury (Annual Reports of the Straits Settlement 1855-1941, 1998, p. 62-63). The collection of asset proceeds by the Custodian of Enemy Property continued to escalate annually. By 1916, the accumulated stock collection balance reached \$3,177,618 (Straits Dollars), of which \$3,053,657 (Straits Dollars) was invested (Annual Reports of the Straits Settlement 1855-1941, 1998, p. 118). Subsequently, in 1917, a substantial amount of \$9,505,539 (Straits Dollars) was successfully collected, with \$6,738,904 (Straits Dollars) being invested. In the final year of the war, a substantial sum of \$12,369,111 (Straits Dollars) was collected, and \$11,864,007 (Straits Dollars) was invested (Annual Reports of the Straits Settlement 1855-1941, 1998, p. 167, 225). Consequently, by the end of 1918, German economic activities in Singapore had been effectively curtailed and seized by the British administration.

## **CONCLUSION**

In this article, it is evident that the expansion of German economic activities in Singapore before the First World War had a gradual and peaceful beginning. The British administration's implementation of protection and free trade policies, coupled with support from the German government, fostered the growth of German agencies and companies in the region. This period witnessed the establishment of significant enterprises, contributing to economic activities and attracting a substantial German

presence in Singapore. However, the success of German entities raised concerns and competition for the British administration and traders. The outbreak of the First World War in 1914 prompted a strategic shift, with German economic activities becoming a targeted focus for restriction. As a British colony, Singapore was obligated to sever its trade relations with Germany and its citizens. Acts passed in the British Parliament were swiftly adopted in Singapore, specifically designed to impede the progress of German economic activities. Consequently, from 1914 to 1918, throughout the war, the British administration actively sought to restrict and terminate the expansion of German economic activities in Singapore. This concerted effort was exemplified by decisive actions, including the enactment of three key ordinances: the Trading with the Enemy Ordinance, the Registrar of Imports and Exports Ordinance, and the Alien Enemies (Winding Up) Ordinance. These measures were strategically crafted to terminate existing economic relationships between Singapore and Germany, block transactions during wartime, and ultimately cripple the expansion of German economic activities in Southeast Asia including Singapore. The Trading with the Enemy Ordinance successfully prevented dealings with entities associated with Germany, safeguarding British interests. Simultaneously, the Registrar of Imports and Exports Ordinance meticulously regulated Singapore's trade to avoid any inadvertent benefits to Germany. The Alien Enemies (Winding Up) Ordinance played a crucial role by effectively liquidating and seizing German assets in Singapore. Together, these ordinances formed a comprehensive framework obstructing any transactions and relationships related to Germany. In conclusion, the intricate interplay between economic expansions, geopolitical events, and wartime measures underscores how the British administration strategically navigated these factors to safeguard its interests during the First World War. The multifaceted approach, involving legislative measures and strategic enactments, effectively curtailed the expansion of German economic activities in Singapore throughout the war.

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