

# Indonesian Economic History in the Dutch Colonial Era

Anne Booth  
W. J. O'Malley  
Anna Weidemann



Monograph Series 35/Yale University Southeast Asia Studies  
Yale Center for International and Area Studies

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Edited by

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Monograph Series 35/Yale University Southeast Asia Studies  
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Library of Congress Catalog Card Number: 89-51449

International Standard Book Number: 0-938692-42-9

© 1990 by Yale University Southeast Asia Studies

New Haven, Connecticut 06520

Distributor:

Yale University Southeast Asia Studies

Box 13A Yale Station

New Haven, Connecticut 06520

Printed in the U.S.A.

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# Preface

Most of the papers in this volume were first delivered at the conference on Indonesian Economic History in the Dutch Colonial Era, held at the Australian National University in December, 1983. We are most grateful to Professor R.G. Ward, the Director of the Research School of Pacific Studies, Australian National University, and to Professors W.M. Corden and J.A.C. Mackie, for their support and encouragement, without which the conference could not have taken place. We are also grateful to the Australian Department of Foreign Affairs, whose assistance made possible the participation of several Indonesian scholars in the conference. The typing of the conference papers and their subsequent revision for inclusion in this volume were done with cheerful efficiency by Hilda Heidemanns and Claire Smith. Evelyn Winburn assisted with the final word-processing of the text. Lorraine Dearden prepared the charts. We would like to thank them, and all the contributors, for their cooperation.

Anne Booth  
Bill O'Malley  
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Canberra, June 1989.

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## CHAPTER ONE

# Introduction

*William J. O'Malley*

A quarter of a century ago, in his contribution to an important symposium on Indonesian historiography, the Indonesian economic historian F.J.E. Tan made a number of points about his field of study that still merit consideration today (Tan 1964). In his brief, somewhat elusive, and rather pessimistic essay, Tan noted:

1. that the economic historian of Indonesia had to be "a kind of hybrid," one who was "at the same time a good theoretical economist and a professional historian" (p. 401);
2. that Indonesian economic history had somehow to keep developments in the village in sight; and
3. that the sociological approach would have to be tied in to economic history if the results were to be adequate.

When taking stock now of the condition of Indonesian economic history, it is useful to bear in mind how valid those points have been. It is also necessary, however, to recall that the writing of that history has not proceeded in the way that Tan had in mind. His view that economic and social questions had to be raised together in considering Indonesia's past is one that few would challenge. But Tan was thinking that economic historians would be stretching themselves beyond their traditional concerns with trade and production figures to include means of social inquiry. Instead, things have generally been the other way around. The major advances in our understanding of Indonesia's economic history, both before Tan was writing and since, have come about not through the innovations or initiatives of economic historians, but through discoveries made by scholars interested in social history who found that they needed to understand the economic side of things better if they were to see more clearly the social changes they were intent on studying. Likewise, the tie between villages and economic history has turned out to be strong in Indonesian historical studies. But, once again, the lead has been taken not by economic historians making efforts to keep village developments in view, but by those interested in the past and present status of villages who came to appreciate the value of economic data—and sometimes the value of economic methods of analysis—in their work.

If Tan got things somewhat back-to-front in his comments on the relationship between Indonesian economic history and sociological, especially rural sociological, research, his observation that an economic historian of Indonesia would need to be both historian and economist, and, moreover, one equipped with

splendid language skills (Tan 1964, p. 400), was surely right on target. And among both Indonesians and foreigners who study the country, that "hybrid" combination has ever been rare. To attempt the task of writing economic history demands a certain confidence in one's data-collecting, analytical, and expository skills; to do the job correctly requires those skills plus unusual combinations of training, of abilities, and of experience; to have the results received well means passing the scrutiny of professionals from different disciplines with different standards and different needs. Under these circumstances, it is not surprising that the number of people who would ever have called themselves Indonesian economic historians is minute, and that the economic history of Indonesia is still comparatively backward. What is surprising is the extent to which what we do know of Indonesia's economic past suffuses our general view of Indonesian history. For in fact, far more than is the case with other Southeast Asian countries, the way in which the history of Indonesia is perceived and taught relies heavily on parameters of commerce and of administration established by considerations that are largely economic in nature.

A measure of how deeply ingrained economic considerations have become in the treatment of Indonesian history can be gained by comparing the two most useful introductory textbooks on the subject, J.D. Legge's *Indonesia* (1964) and M.C. Ricklefs' *A History of Modern Indonesia* (1981). Legge's book is analytical in its approach and focuses on issues of immediate interest to economists and economic historians. Ricklefs' book, on the other hand, is essentially a narrative concentrating on political events and political forces, and it has practically nothing to say about the economic side of Indonesian history. In concerning himself almost exclusively with what happened in the political sphere, and with why things happened there in the sequence they did, Professor Ricklefs has produced a book that was badly needed and is very much up-to-date. It is, moreover, a book that is refreshingly different. Different, because Legge and others in recent decades have been directing their efforts not so much at uncovering what happened in Indonesia, but at attempting to understand and clarify how things worked among the people in the archipelago.<sup>1</sup> This aim led Legge to adopt social-science methods of analyzing conditions and developments in Indonesia, whether economic, cultural, or political. It also led him, given the small size of his book (only some 60,000 words, less than half the length of Ricklefs' text), to chart his course through Indonesia's past by fixing on, inspecting, and evaluating the views of earlier authors. Where to Ricklefs the key figures in introducing Indonesian history are such important leaders as Pakubuwana II, Mangkubumi, and Sukarno, to Legge they are such important scholars as van Leur, Boeke, and Wertheim, none of whom Ricklefs lists in his extensive bibliography. Ricklefs, then, was writing outright history, featuring a clear chronology and a detailed narrative, while Legge's work has about it many

of the elements of an extended historiographical essay. Educational experts can debate the relative utility of these methods of introducing a new subject to students, but for those interested primarily in economic history, two aspects of Legge's book stand out strikingly. First, in trying to analyze certain important questions in Indonesia's development which have their roots in the past, Legge was compelled to handle issues directly related to economic history. And second, in adopting an historiography-based approach and deliberately tapping into the lode of previous historical writings, Legge was able to mine a wealth of long-standing discussions, debates, and arguments connected with the economic past. For though the number of *echt* economic historians working on Indonesia may have been small, there is nonetheless a rich tradition of valuable contributions made by those writing with the economy in mind.

In the years since Indonesia gained independence, we have seen major changes wrought in the way that Indonesian history before European contact is interpreted. Combining economic ideas with archaeological and linguistic work, prehistorians have set up far more plausible theories to account for the peopling of the islands of Indonesia (Bellwood 1979). Views of the early history of maritime Indonesia have also been turned around, largely through the work done by Professor Wolters on Srivijaya using trade-based sources and considerations (Wolters 1967). And the study of ancient kingdoms, both in Java and outside, has spread from the establishing of dates and the measuring of Hindu influence to questions focusing on means of production and control (van Naerssen and de Jongh (1977); van Setten van der Meer (1979).

Economic considerations have been important in reshaping the study of early Indonesian history, but they are bound to play an even more important part when the history of Indonesia since 1950 is written. The amount of material dealing with the economic conditions and performance of independent Indonesia is already astoundingly large, and it is growing. Daily newspapers in many languages report constantly on all sorts of items connected with the Indonesian economy. Weekly news magazines, both inside and outside the country, regularly cover the economic beat. Official reports—monthly, quarterly, semi-annual, and yearly, from the Indonesian government, foreign governments, international organizations—overflow library shelves. And the number of economists and other professionals who analyze the Indonesian economy in print is on the increase. Problems for future economic historians will focus on the reliability of data and methods for handling a surplus of materials rather than, as has been the case all too often previously, on shortages of sources.

If economic questions and slants have helped recently to illuminate Indonesian history before Dutch rule, and if economic materials are going to pose new and different challenges for those writing histories of Indonesia since Dutch rule, what about the position of the economic history of Indonesia under Dutch

rule, which is the subject of most of the essays in this volume? How has this history fared since Indonesian independence? What has been its role in shaping the general way in which Indonesia's past is comprehended?

A distinguishing feature of the economic history of colonial-era Indonesia is that the study of that history had already made considerable strides while the Dutch were still governing the archipelago. Unlike the situation with pre-European economic history, there were both sources for, and concerns occasioning, deeper treatments of economic issues in the colonial era. As Van Niel notes in his essay below, the system of forced deliveries known as the *Cultuurstelsel* (Cultivation System) had already roused sufficient ire among its critics to draw forth, by the second half of the nineteenth century, serious writings on economic developments in Java. Those writings contributed significantly to the record, but they were also generally partisan, and they were limited in their coverage with regard to time, place, and problem. Those shortcomings were not characteristics of the more professional works on the economic history of Indonesia under the Dutch, which began to appear early in the twentieth century.

Pride of place in the more modern school goes to the American scholar, Clive Day. In the way that Raffles' *History of Java* (1817) and Crawfurd's *History of the Indian Archipelago* (1820) are given credit, at least by English speakers, for establishing a worthy precedent that Dutch historians would later follow in contemplating their colony, Day's *The Policy and Administration of the Dutch in Java* (1904) set a certain standard of informed and measured analysis against which subsequent works had to gauge themselves. Day was an economic historian by both training and profession. Though he apparently never travelled to Asia himself, whatever he missed in the way of feel for the colony, he more than made up for with his wide-ranging use of sources and his ability to link economic analysis with a careful chronological treatment. While it is probably fair to say that Day's views were not original—he reflected a turn-of-the-century American belief in free enterprise, and was building on themes already established in more policy-oriented Dutch writings—he nonetheless brought a degree of scholarly detachment to his writing that, for the first time, made the economic history of Indonesia a subject intended to inspire contemplation as well as to stimulate political action.

If Day set a useful example for the writing of Indonesia's economic history, the next major figure to have an impact on the field, J.H. Boeke, managed to draw far more responses in his own time than Day was able to do. This was, no doubt, partly because Boeke was a social scientist rather than an economic historian. Thus he was interested in the past more for the purpose of seeing what general lessons he would discover there than for its own sake. Boeke also drew responses because the most important of those general lessons—one he set out in his 1910 dissertation (Boeke 1910), and tried to adapt and re-apply in the remaining forty-

five years of his working life—had serious policy implications. This was the idea that there were difficulties in using general economic laws, laws derived from Western experience and arrived at through Western rationality, to predict or to explain phenomena in Indonesia. Instead, Boeke posited that social rather than purely economic drives motivated many of the economic actions of Indonesians, and that the imposition of an advanced colonial economy on the more primitive local economy had made it impossible for that local economy to evolve along a predictable Westernizing path. What were needed then, in policy terms, were special government programs to coddle Indonesians or to prod them, to preserve them in their cultural shells or to encourage them to break out. In any event, the indigenous peoples could not simply be left on their own to face the storms of the modern world. In the wake of this key observation, Boeke and his critics argued for decades about the roots, the value, and the implications of his discovery (*Indonesian Economics* 1961). But what was just as important for economic history was that, by emphasizing the significance of the impact of Western capitalism on local pre-capitalist societies, Boeke's ideas stimulated new lines of historical inquiry into just how that impact had occurred in the past, and what had thereafter transpired.

A number of important economic-history studies appeared in the years after Boeke put forth his thought-provoking challenge, but the most important of them came from three government officials in colonial Indonesia. Dr. van Doorn writing on Purworejo (1926) and Dr. de Vries studying Pasuruan (1931), produced full-length treatments of economic developments at the local level, and their early interest in regional research has come back into vogue again in the past decade. Another early practitioner of local economic-history research was D.H. Burger, who had already begun in the 1920s to look below the regency level, with which de Vries and van Doorn were mainly concerned, and to explore changes directly at the district and even the village level (Burger 1929; 1930; 1933). Burger expanded his focus in the late 1930s to write a dissertation on Java from the end of the V.O.C. (Vereenigde Oostindische Compagnie) period up to the Great Depression. In that work he combined elements of political, social, and economic history to explore the way in which the expansion of the money-economy affected life in Java (Burger (1939).<sup>2</sup>

At the same time that these strides forward were being made in the study of more recent economic history in Indonesia, a light fueled by economic-history ideas was reflecting glaring defects in the way that earlier Indonesian history had been perceived. J.C. van Leur, in his 1934 doctoral thesis and subsequent essays (van Leur 1955), took issue with the way in which seemingly unanswerable cultural questions and then exclusively Dutch concerns had been given pre-eminence in writings about earlier Indonesian history. By combining economic and sociological insights with a shrewd appreciation of trade data, van Leur was



able to take an approach which emphasized processes of change rather than merely static elements in history, and at the same time helped to restore Indonesians to the centre of the stage in the drama of their own past.

Almost simultaneously with van Leur's insistence that the nature of trade and production be borne in mind by those working in Indonesian history, an important move was made in Batavia to insure that such a course could be more easily followed. This was a project initiated by W.M.F. Mansvelt, the head of the colonial government's Central Bureau of Statistics, to compile and publish lists of data connected with commerce and development in the colony. A few of these works, some of them only provisional in nature, had already appeared in print when the Second World War put a halt to this endeavour (*C.E.J.*, Vol. 1, p. 7).

The pre-war advances in Indonesian economic history had been initiated by one English-language writer. They were capped by another. Perhaps it is an indication of how far the field had advanced in four decades that, while Clive Day seems to have felt he could do much of his work on his own in Europe and North America, J.S. Furnivall's work benefited greatly from his being able to rely on substantial amounts of assistance and encouragement both in Indonesia and in The Netherlands. Following a political-economy line of enquiry that stressed the relationship between official policy and socio-economic change, Furnivall wrote a book on the development of the colonial economy. This work still stands out among the best efforts thus far made to describe and explain the changes that Indonesian society had undergone (Furnivall 1944). Furnivall's particular insight was that the Dutch colony, like others he had known, constituted a plural society, one in which different groups of people lived separate social and economic lives under one political unit. This insight enabled him to make sense, within a single framework, of changes occurring in the European, Chinese, and Indonesian spheres of life in the Indies. Moreover, Furnivall's determination to keep both the systems of internal production and the significance of foreign trade in the forefront of his study meant that he could firmly locate the changes occurring inside the colony within the context of changes taking place in the wider world.

In the final four decades of Dutch rule, then, several important contributions had been made toward the understanding of Indonesian economic history, particularly in the study of that period in which Europeans were prominent in the area. Instead of simply broadening the extent of knowledge about the economic past, however, the scholars from Day to Furnivall were progressively developing an appropriate framework for thinking about the colonial period in Indonesian history. They were also setting out something of an agenda for future thought and research. Their framework has been modified only slightly by later writers, and their agenda has had an important influence on post-independence writing and thinking about modern Indonesian economic history.