Dutch enterprise in independent Indonesia: cooperation and confrontation, 1949-1958

The manager of a Dutch trading firm in Jakarta, December 1957. The graffiti states: ‘You must be swept from West Irian’. "I'm a national" was the only viable alternative.

Jasper van der Kerkhof

Indonesian independence was achieved between 1945 and 1949, but the decisive step towards economic decolonization was only taken after 1957/58, when the Indonesian government ousted the remaining Dutch and nationalized Dutch corporate assets.

There was no overwhelming Indonesian opposition to the restoration of Dutch business interests. Most Indonesian politicians grudgingly conceded that Indonesia still badly needed Dutch capital and expertise for its economic survival. (Butter 1955:662-8). There was, however, widespread feeling in Indonesia that the achievement of political sovereignty should be followed by the realization of economic independence. The continued supremacy of the Dutch and the attendant inferiority of the Indonesians in their own economy were considered an intolerable relic of Dutch imperialism. Sooner rather than later, the ‘colonial economy’ needed to be replaced by a ‘national economy’ in which Indonesians would own and control the country’s productive assets and take up key economic positions.

A ‘national economy’

In the early 1950s, successive Indonesian cabinets tried to give meaning to the ideal of a ‘national economy’ within the boundaries set by the Dutch agreements. Policies aimed at cooperation with Dutch capital, and limited socialization to maximize prosperity for the Indonesian people. This occurred mainly in sectors where the Indonesian government exerted direct influence over business operations, such as banking, mining and transportation.

The nationalization in 1951 of Indonesia’s circulation bank, the Jakarta Bank (later renamed Bank Indonesia), proceeded without major difficulties and by early 1952, the principal Dutch trading houses in the archipelago, Benteng, led to an astronautical growth in the number of Indonesian importers. However, the program led to degeneration of the system: the vast majority of Indonesian ‘national importers’ were so-called Ali Baha companies. Indigenous Indonesian firms and experts in sectors where the Indonesian government tried to direct the economy and the world of industry and commerce’ is part of the broader perspective of roughly parallel approaches to other decolonizing societies. Comparisons with, for instance, Malaysia and the Philippines would bring to light the differences and similarities with the British and American approaches towards economic decolonization and the responses in the emerging nations.

A different set of questions is related to the social and racial components of economic decolonization. Racial prejudice played an important role in the Dutch decision to promote growth in the post-war years. Equally, Indonesian views of the Dutch as ‘shameless exploiters’ hindered fruitful cooperation.

The takeover of Dutch enterprise in Indonesia led to an extended Dutch personnel and their families. Over 35,000 Dutch and Indo-Europeans left for the Netherlands. Meanwhile, the Indonesian government tried to direct the ‘spectacular’ outflow of anti-Dutch sentiment. Dutch companies were put under nominal control of local military commanders, while day-to-day operations were taken over by leading Indonesian personnel. In December 1958, the Indonesian parliament enacted the formal nationalization of all Dutch corporate assets in the archipelago - with the exception of oil company BPM and Univerloc, which were considered British enterprises.

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Research

Indonesian-Dutch relations.

References


Further research

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