

“Trapezoidal Zone”: Dutch Colonialism and Economic Integration in Indonesia

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Abstract

By using historical documents, this article seeks to answer the question as to how the Dutch colonial government tried to build an integrated economy in colonial Indonesia since the second half of the nineteenth century when the expansion of foreign shipping companies occurred especially the culmination of the Anglo-Dutch rivalry. The Dutch colonial government tried hard to build an integrated economy through shipping and trade which could be functioned also for the political control over their territory by implementing what the so called ‘trapezoidal zone’.

Keywords

Dutch colonialism, economic integration, Anglo-Dutch rivalry, shipping and trade, trapezoidal zone.

1. Introduction

The 19th century Southeast Asia was marked by sharp competition among Dutch and British shipping interest. The British who had the stronger fleet tended to urge the Dutch to liberalize its economic system especially in shipping and trade including to open up more ports for international shipping in the benefit of free trade. In the meantime the Dutch colonial government tended to defend the monopoly system in their colonies.

It is very interesting to be noted that British benefited their colonies to establish overseas shipping networks between China and England. In this respect Southeast Asian ports became one of the most important junction for the British to control shipping and trade not only in their own colonies but also other colonies belong to Westerners. Even the British used their colonies as a power base to expand the colonial control. It is easily to be understood that the establishment of Singapore by Raffles in 1819 as a free port was suspiciously visioned by the Dutch colonial government in the Indonesia archipelago. The Dutch viewed that indigenous traders were eager to trade with Singapore rather than to Batavia in Java meaning that the economy of the Dutch colony in Southeast Asia would be sucked into Singapore. This paper intends to study on how the Dutch colonial government tried to integrate the economy of colonial Indonesia for challenging the expansion of British shipping and trade network in the Indonesia archipelago especially during the late colonial state of Indonesia (since second half of the nineteenth century).

2. Creating A “Trapezoidal Zone”

The Dutch colonial government tried to control and integrate the economy of the Indonesian archipelago by ordering shipping and trade activities. It was aimed to confront foreign shipping expansion which caused the economies of Indonesian archipelago was not centered in Batavia but sucked into Singapore and was controlled by foreign shipping companies. This policy was implemented by creating a shipping core zone in the archipelago of Indonesia, which is able to condition the process of economic integration, especially in the field of shipping and trade. In this case, since 1891 KPM (Koninklijke Paketvaart Maatschappij), a Dutch shipping company, was mandated to control this zone.

During the first five-years of its operation, the KPM had no direct strategy of how to handle the interregional shipping for the interest of economic integration in the Indonesian archipelago. The KPM officials had no adequate experience in this matter. Nevertheless, they took a wait-and-see attitude to the development of interislands shipping activities. At that time, high-ranking officials of the KPM observed the shipping pattern in the Indonesian waters through expeditions to the most important ports and trading centres in the Archipelago. Between August and October of 1891, L.P.D. Op Ten Noort, the head agent of the KPM in the Netherlands Indies, made a shipping tour to several important ports in order to obtain detailed informations about the pattern and the flow of shipping and trade and the condition of the ports and commodities.¹

After the tour Op Ten Noort realized that the existing shipping pattern in the Indonesian waters did not support the Dutch effort in integrating the whole Archipelago politically and economically. He concluded that Singapore had strongly drawn the trade and shipping of the Outer Islands into its sphere, which made the trade connection between the Outer Islands and Java sparse. The Op Ten Noort expedition stimulated the change in strategy of interregional shipping and trade in order to fit it into the framework of international shipping.²

After the Dutch failure in turning the shipping and trade from Singapore to Java in the previous era, the KPM tried to find a new strategy. Op Ten Noort also realised that traders from the Outer Islands (islands beyond Java), especially from the Eastern Indonesia, could not be encouraged to call at a port in Java unless they were assured of some advantages. In the meantime, he also thought that interests and profits could be earned by transforming Java into a transhipment port for export and import trade. He, therefore, wanted to make Java a central node in the Indonesian shipping network challenging Singapore as the centre of the British shipping and trade network. In his view, export and import trade would have been efficient and cheaper if it had been calling at Java rather than at Singapore.³ In view of such considerations, the KPM issued ‘through-bills of cargo’ for commodities shipped through Java in order to maintain low costs early in the twentieth century.

By applying this strategy, the KPM hoped that either the domestic or the international shipping of the Archipelago would begin to be controlled by the Dutch. The collaboration between the KPM and the Dutch colonial government led to a complete monopoly. The KPM could maximise profit in the name of its ‘state mission’, while it was still receiving subsidies on the part of its shipping lines. Meanwhile, by using the KPM, the government could establish a maritime infrastructure to be used for political and economic interests.⁴ Close connection between the government and the KPM also benefited both sides, through such as the fast growth of many additional routes and the use of coal from the Netherlands Indies instead of the British coal. This also shifted the focus in the network of routes from Singapore to Batavia. The KPM’s progress can be seen through the increasing number of its vessels.

¹From Batavia, he traveled to Semarang, Surabaya, Makassar, Kupang (Timor), Amboina, Ternate, Menado, Gorontalo, Samarinda, Banjarmasin, Pontianak, Singapore, Penang, Belawan, Uleleuwe, Teluk Bayur (Padang), Bengkulu and Teluk Betung (Lampung) by s.s. *Camphuys*; see NA: KPM/KJCPL, Inv. no. 80, ‘Missive van de Hoofdagenteen de KPM aan den Raad van Bestuur der KPM te Amsterdam, Singapore (SS Camphuys), 29 September 1890’.

²Nationaal Archief: KPM/KJCPL, Inv. no. 80, ‘Missive van Agent van de KPM in Singapore aan de Vertegenwoordige der NV KPM voor Nieuw Guinea, Hollandia, 14 Maret 1961’.

³M.G. Boer and J.C. Westermann, *Een Halve Eeuw Paketvaart 1891-1941* (Amsterdam: De Bussy, 1941), p. 221.

⁴J.N.F.M. À Campo, *De Koninklijke Paketvaart Maatschappij: Stoomvaart en staatsvorming in de Indonesische archipel 1888-1914* (Hilversum: Verloren, 1999), pp. 635-641.

Between 1891 and 1907 the number of the KPM vessels increased from 28 to 51 and reached 93 in 1916.⁵

The number of regular lines grew very rapidly during the operation of the KPM. Based on the first contract of 1891, the company was required to maintain regular traffic along 13 lines on the basis of a government subsidy to compensate for the shipping lines which might be unprofitable.⁶ Twenty years later, when the company signed the third contract in 1915, it had to regularly maintain 30 lines. This number grew to 73 by the cessation of Dutch colonial rule in Indonesia. Any changes of these lines had to be approved by the Governor-General. Corresponding with the fast growth of scheduled shipping lines, the government enabled the company to make its own policy to stimulate commercial traffic, provided efficient regulation of the service and the charge of reasonable freight rates. Good deals were made with Chinese and Arabian traders and passengers to attract them to use the service of the KPM.⁷

After the military expedition to Aceh, Lombok, and Bone during the turn of the twentieth century, the KPM grew rapidly in the fields of goods and passenger transports, the growth of additional routes, and the increasing number of private passengers.⁸ This demonstrates that the KPM functioned well both politically and economically, and helped to integrate the Archipelago. Even after the turbulent period at the turn of the twentieth century, the KPM's role in economic expansion and integration were increasingly more important than its role in politics.

It is clear that in the late Dutch colonial period, the KPM had developed shipping lines throughout the Indonesian archipelago. The KPM became the Dutch government's most important instrument in integrating the Indonesia archipelago economically and politically: "...the KPM not merely constitutes an important factor in the economic life of the Netherlands Indies, but also is an intrinsic part of the Government apparatus of this island empire which makes it possible to be governed...very efficiently.⁹

At that time, the system of interregional shipping networks in the Archipelago was centred in several major ports around the Java Sea such as Batavia, Surabaya, Makassar and Singapore. But The involvement of the KPM in Singapore's routes was not designed to facilitate the flow the trade to and from Singapore itself, but rather was aimed at dominating the shipping routes between colonial Indonesia and Singapore that were previously in hands of the Singapore-based fleet. It seems that the Dutch followed a motto: 'if you are not able to

⁵G.J. Knaap, *Changing Economy in Indonesia*, Vol. 9, *Transport 1819-1941* (Amsterdam: Royal Tropical Institute, 1989), p. 24. See also De Boer & Westermann, *Een halve eeuw*, p. 24.

⁶Koninklijke Paketvaart Maatschappij, *Dienstregeling der KPM Aanvangende met 1 Januari 1891* (Batavia: Stoomer Albrecht, 1891).

⁷Koninklijke Paketvaart Maatschappij, *KPM: Official*, 8-19.

⁸In 1902, the increasing number of passengers was two times the number of 1891, while the company's income increased from f 394,118 in 1891 to f 1,612,399 in 1902. The rapidly increasing role of the KPM can also be seen through the growing number of routes served. In the first operating years, the KPM maintained additional routes of 76,177 nautical miles, which increased to 352,895 nautical miles in 1910 and 412,664 nautical miles in 1915. While the regular routes based on the government contract that had been successfully served by the company were 90,296 nautical miles, 82,205 nautical miles, 103,797 nautical miles in 1891, 1910 and 1915 respectively. In addition to this, the percentage of government passengers decreased but public passengers increased from year to year. In 1891, 50 per cent of the total were government passengers. But this decreased to about 13 per cent in 1915; see J.A. Kok, *De Scheepvaartsbescherming in Nederlandsch-Indie* (Leiden: Leidsche Uitgeversmaatschappij), pp. 162-163.

⁹Koninklijke Paketvaart Maatschappij, *KPM: Official*, p. 5.

control the trade, control its transportation'. The twentieth century witnessed the KPM domination of the greatest part of the interregional shipping routes in the Archipelago, both of cargo and passenger transport. Even in the eastern part of Indonesia, the KPM became the main passenger transport.

But there was a weakness in this system due to the fact that the KPM served routes in some regions less often than others. This difference in the frequency of route transportation led to a situation that stimulated uneven economic development. Developed regions were more frequently called by the KPM's fleet than the less economically developed ones. This caused the already developed regions to undergo more progress, leaving the less developed regions immediately with far less progress. This uneven development related with the fact that the high intensity of transportation and trade can be the motor of growth.¹⁰

It is important to note that the main task of the KPM was to give new direction to the interregional shipping and trade in the Archipelago, not to cut-off and isolate Singapore from Indonesian trade. The KPM wanted to divert the shipping and trade direction of the Outer Islands from Singapore to Java. To attain this objective, the KPM ventured and successfully took over the role of Singapore-based fleet in interregional shipping. The Dutch colonial government believed that interregional shipping had a strategic role both in politic and economic expansions.¹¹ Singapore had to be replaced by several major ports in the Archipelago as the magnet for the Outer Islands trade.

The KPM, as Op ten Noort said, began to establish a 'trapezoidal zone' that formed the core of shipping network in the Indonesian archipelago. This zone was formed by four points i.e. Batavia, Surabaya, Makassar and Singapore.¹² From these points, the KPM centered its activities and used them as the major ports. Sea traffic spread out evenly from the corners of this trapezoid that would bring passengers, goods and capital to all over the Indonesian archipelago. From these four major ports, the KPM's routes splintered toward every corner of the Archipelago leading to the process of colonial ekonomic integration in Indonesia.

3. Concluding Remarks

From the above description we can take some important notes. Since the end of the first quarter of the 19th century, the Dutch colonial government in Indonesia faced the maritime expansion of the western nations. Various powers of Western colonialists tried to make Indonesia as a satellite to their economy. The Dutch, which at that time ruled over Indonesia tried to challenge the trade and shipping expansion in order to prevent the Indonesian economy under the shadow of the British power in Southeast Asia centering in Singapore. In addition, the Dutch was also trying to be able to control all the colonies in Indonesia archipelago. The efforts were made by building a core shipping zone in the Indonesian archipelago which was centered in four major ports, namely: Batavia, Surabaya, Makassar and Singapore. If the lines are drawn connecting mentioned major ports, it forms a kind of trapezoidal zone. By implementing such kind of spatial arrangement the Dutch attempted to integrate the economy of the Indonesian archipelago.

¹⁰M.P. Todaro, *Economic development of the Third World*, 5th edition (New York: Longman, 1994), pp. 85-86.

¹¹À Campo, *Koninklijke Paketvaart*, p. 1.

¹² De Boer & Westermann, *Een halve eeuw*, 218.

Tapezoidal Zone in Colonial Indonesia

