

THE NETHERLANDS AS A COLONIAL POWER

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INTRODUCTION

THE overseas territories of the Kingdom of the Netherlands consist of the West and the Netherlands Indies.

The *West Indies* contain some Lesser Antilles—viz., three Leeward Islands: St. Maarten, the northern part of which, St. Martin, is French, St. Eustatius and Saba; and the Windward Islands, Curaçao, Aruba and Bonaire, these islands all being ruled by a Governor. Moreover, Suriname, situated on the South American Continent between French Guiana (Cayenne), British Guiana and Brazil, is also governed by a Governor.

The *Netherlands Indies* are an archipelago, forming the south-west boundary line of the Pacific, situated between Further India and Australia and governed by the Governor-General.

This Governor-General and these Governors rule in the name of and as delegates of the Queen of the Netherlands. The extent and the importance of these territories are very divergent, as the Antilles, mentioned above, cover some 1,200 square kilometres and between them have a population of 87,000 souls. Suriname covers an area of 173,840 square kilometres with a population of only 147,000 souls. The Netherlands Indies, on the other hand, cover 1,900,000 square kilometres with a population of more than 60,700,000 souls.

THE WEST INDIES

I. HISTORICAL SKETCH

Historically for the Mother-Country the West Indies were of great importance *before*, and the East Indies, on the contrary, far more *after* the nineteenth century. The obstructions Philip II. had put in the way of the Dutch carrying trade, the fall of Antwerp and in consequence the removal of much capital to Holland (soon Amsterdam was to become the first port of Europe)—capital that for the greater part was invested in the carrying trade, led to the extension of the shipping trade in those tropical regions where the Spaniards and Portuguese obtained their products, which were so much needed in Western Europe.

So the salt-deposits discovered in the Leeward Islands in the West Indies led to a lively shipping trade from Holland, which at the same time was made lucrative by a very profitable smuggling

trade in connection with the Spanish and Portuguese possessions in America. In 1621 the first West Indies Company was granted a patent; and since its principal object was, firstly, to inflict injury on the enemy, later, to expel the Portuguese from Brazil—which was a success only to a small degree—and lastly, to conquer land, this again made it necessary to import cheap labour—viz., slaves—and for this object the Gold Coast was conquered in 1637.

From Spain the West Indies Company conquered Curaçao, Aruba and Bonaire, all favourably situated for the smuggling trade on the Spanish colonies on the opposite coast (1634). About 1631 the Dutch settled in St. Eustatius, Saba, and St. Maarten, further in St. Thomas, St. Jan and St. Croix, which three islands were evacuated some years after and then were occupied by the Danes. The French occupied the northern part of St. Maarten in 1640.

After Nieuw Nederland—a colonists' settlement on the Hudson River in North America—had been given up, the profits for the West Indies Company stopped, and in the end payments were suspended.

Through the intermediary of the States-General a second West Indies Company was founded, which took over the possessions of the former Company for 30 per cent.

Whereas the first West Indies Company for the greater part was a carrying trade company for smuggling and privateering, its successor was able to work some commercial stations and managed to run some tropical plantations.

This second West Indies Company subsisted on the recognition payments of the shipping trade and again of the smuggling trade in the Spanish colonies in America, especially of the trade in slaves, for which Curaçao was indeed *the* centre.

For smuggling to North America, St. Eustatius was the proper island, from where arms and munitions were delivered during the American insurrection in 1774. In 1781 it was conquered by the English and ransacked.

In consequence trade was transferred to other islands—viz., to Danish St. Thomas and Swedish St. Bartholomeus.

When the Fourth English War (1784) was over the West Indies Company had continually to struggle with deficits with a burden of debts of f.4 millions. In 1791 the States took over the West Indies Company.

Suriname, where the English sugar planters had their plantations on the Suriname River and the Commewijne, was conquered in 1666 by the Dutch and in 1682 became a possession of the West Indies Company, afterwards of "the Society of Suriname," in which the West Indies Company could exercise an option for one-third. Dutch shippers were granted trade on Suriname at recognition. Colonization was encouraged. The West Indies

Company, however, retained the monopoly of the importation of slaves.

The number of plantations increased from 50 to 200 (1688)—sugar and indigo—and to 400 in 1733. The number of slaves amounted to 12,000 in 1712 and as many as 25,000 in 1749. Many of them fled into the interior and from there repeatedly invaded the cultivated area. Only in 1775 did the troops succeed in checking those raids.

In the meantime, besides sugar and coffee plantations, cocoa and cotton plantations prospered in Suriname, especially between 1750 and 1770. The value of the goods imported into Holland from Suriname was estimated at f.8 millions in 1785. But the colonists wanted many slaves, which forced them to take up money on mortgages with Amsterdam moneylenders, which gradually made them the latter's tenants.

In 1791 Suriname passed into the hands of the States. Then there were there 3,000 whites, half of them Jews, and 53,000 slaves.

During the Napoleonic wars all those colonies came into the possession of the English. Not before the Convention of 1814 were Suriname and the six islands—Curaçao, Bonaire, Aruba, St. Eustatius, St. Maarten and Saba—returned to us; in 1816 the transfer took place.

In the British colonies, as also in our above-mentioned colonies, slavery was prohibited in 1808. In 1833 it was abolished by England in all her colonies. France followed in 1840, Denmark later on. In the West Indies slavery was abolished in 1863, which procured f.12 millions as an indemnification for the former proprietors. In Suriname and in the islands 33,621 and 11,654 slaves respectively were liberated. They were in a hurry to leave the plantations, a blow from which Suriname, which as a plantation colony before all needed cheap labour, has never recovered. The fact that owing to the opening of the Suez Canal in 1869 the colonial products from Java, with its prosperous agriculture and numerous and cheap native labour, after 1870 appeared in ever-increasing quantities in the European market, was also decisive for West Indian trade.

After the fall of the Spanish authority in America and the new-born States there had opened their ports to trade, Curaçao also lost its importance as a centre for smuggling, which then had become useless. Thus Suriname as well as Curaçao has been a great disappointment for the Mother-Country since 1816.

After slavery had been abolished in 1863 Suriname had to solve the problem of the immigration of labour. A treaty concluded with England in 1870 allowed us to enlist and ship British Indian coolies. Also Javanese coolies were imported, especially after 1893.

Between 1873 and 1913, 32,000 British Indians and 11,000 Javanese respectively were imported. But agriculture was not a success, paid labour weighed heavy upon the plantations. Moreover, there was much competition from abroad and disease in the plants.

The number of sugar plantations, which in 1833 amounted to 105, was reduced to five in 1914, though with a much wider area than before. The export of coffee (*arabica*) amounted to 15 million pounds in 1790, to five millions in 1816, whereas it quite stopped later on. Since 1881 Liberia coffee has taken its place with a very unstable market—in 1935 an exportation of over 8½ million pounds, but afterwards again there was a great decline. Many sugar plantations were transformed into cocoa plantations in the middle of the nineteenth century, which between them exported 500,000 kilogrammes in 1870, in 1895 as much as 4½ million kilogrammes, but after the *krulote* disease broke out there was a turn for the worse and exportation decreased again.

Cotton realized an export of 1,165,000 kilogrammes in 1825, 309,000 kilogrammes in 1860, but since 1885 cotton has no longer been exported. The cultivation of bananas, started in 1906, was also stopped in 1913, on account of the disease that broke out in 1909; of late years, however, efforts have been made to revive this cultivation. Important recent cultivations are those of citrus and rice especially, which is now the principal Suriname agricultural product.

II. PRESENT CONDITIONS

At present there is in Suriname a population of 148,971, apart from the 17,000 forest negroes and 3,500 Indians. Of these, 35.5 per cent. live in the capital, Paramaribo. The population includes 41,353 British Indians, 33,776 Javanese, 1,962 Europeans, 977 of whom were born in the Netherlands.

Suriname receives a subsidy of some f.3 millions annually from the Mother-Country in order to balance the budget (assets over 1936, f.3.9 millions, liabilities f.6.7 millions).

The American Bauxite Company at Moengo exported 234,845 tons of bauxite in 1936.

The production of gold amounted to 443,487 grammes, of *balata* to 121,044 kilogrammes, of coffee to 3,321 tons, to the value of f.687,000, of rice to 34,154 tons, of oranges, 6,622 cases were shipped, sugar export amounted to 16,115 tons, to the value of f.427,000—everything together in no way sufficient to raise Suriname from this condition of distress.

For this reason Suriname suffers today from financial impotence. The Mother-Country helped Suriname with f.80 millions from 1867 to 1936, but without any result. Financially matters

remained the same and a solution for the better has not yet been found.

The opening of the Panama Canal in 1914 gave new prospects to Curaçao. The capital, Willemstad, has an ideal harbour for ocean traffic. Another advantageous feature is the fact that the Batavian Oil Company and the Standard have made Curaçao and Aruba into important places for their raw oils from Venezuela, which are there worked up for further distribution.

Thus the economic condition of Curaçao is rapidly improving, and soon the subsidy from the Mother-Country can be dispensed with; 4,579 steamers, with a capacity of 24 million metric tons, called at the harbour at Willemstad in 1928, and 5,241 steamers with a capacity of 31 million metric tons in 1936.

Aruba harbour is nearly as large as that of Willemstad. In 1936, 8.2 million tons of raw oil were imported into Curaçao and 10.5 into Aruba.

In 1936 the total value of the imports from abroad amounted to f.197 millions, f.179 millions of which represented oils; of the rest, the share from Holland came to f.5.2 millions. Exports to foreign countries amounted to f.201 millions, f.23 millions of which went to Holland.

Since 1932 the revenues, as compared with the expenses, of the colonies have shown a credit balance respectively of f.604,000, f.495,000, f.869,000, f.1,253,000 and f.1,389,000 (in 1936). Liabilities to Holland through cash loans, totalling from 1928 to 1931 7.1 million guilders, were redeemed in full. The account with Holland showed a credit balance of f.1,202,000 for Curaçao towards the end of 1936.

THE NETHERLANDS INDIES

I. HISTORIC EXPOSITION

The policy of Spain, which had compelled the Dutch to extend their profitable shipping trade to the Levant, the West Indies, etc., induced them, following in the path of the Portuguese, to try and find for themselves a way to the Far East, to the Indies (the Moluccas), the rich, marvellous spice islands. To prevent mutually unfavourable commercial competition the East India Company was founded in 1602—in which the statesman Van Oldenbarneveldt took the initiative.

In accordance with the mercantile standards of those early days the Portuguese, who a century ago had already gained authority in the Indies, carried on a policy of monopoly there, rigorously excluding all foreign traders and keeping the internal trade in their own hands.

The East India Company, succeeding the Portuguese, did not lose time in carrying on the same policy of isolation.

Indeed, in those early days it was considered the usual thing for a country to get from the colonies anything that might be of use or yield some profit to the Homeland, and in any case to further her trade. Thus the East India Company strictly adhered to its monopoly, which realized great profits, according to the ideas of those days, the policy being: "The colonies exist only for the profit of the Mother-Country."

The system and organization of the East India Company formed the pattern for most privileged commercial companies founded in other countries in the seventeenth and eighteenth centuries.

In the course of time great loans were granted to the East India Company by the Amsterdam Bank, founded in 1608, residing at the Amsterdam Town Hall; its principal object was to take the place of the private moneylenders, whose actions were considered obnoxious.

This bank, which in the latter part of the seventeenth, and almost during the whole of the eighteenth century had a cash balance of more than twenty million guilders, played an important part in the world trade of those days. In fact, in the seventeenth century Amsterdam was the money market of the world and remained so during the greater part of the eighteenth century. In those days there was a close relationship between this money market, overseas trade and the companies with shares, one of which was the East India Company.

WHAT WAS THE INFLUENCE OF THE EAST INDIA COMPANY UPON HOLLAND?

The staple of the Indian products was transferred from Lisbon to Amsterdam, and so great support was given to the commercial position of the Netherlands. Not only the carrying trade, but also the staple trade was a national branch of business. For the rest, the fight the East India Company, on their own account, carried on with the national enemy was a great help to the Republic. A tax was raised on the shares and bonds of the Company, which from 1680 to 1698 annually brought four hundred thousand guilders into the Dutch treasury.

The Company procured employment for a part of the Dutch nation. From 1640 to 1649, 3,650 hands were annually taken on, and this increased to more than 8,000 after 1750, among whom, however, there was an increasing number of foreigners. In the eighteenth century the number of sailors in the service of the Company was 4,000 on an average, half of them being Dutch.

From 1602 to 1622 the Company paid a dividend of 200 per cent.—viz., 10 per cent. per year. The last year in which a dividend was paid was in 1782. During the whole period of its existence the Company paid out 18 per cent. on an average. Through the Company the national wealth increased considerably. Between 1602 and 1782 its capital was paid out 36 times. In addition there were the remittances of the civil officers, the fortunes taken home and the legacies bequeathed. In the latter part of the seventeenth century f.800,000 on an average were annually remitted per mandate, and from 1770 to 1780 f.4 millions annually. The grand total may perhaps be estimated at f.370 millions.

During the first 100 years of the two-centuries-long government of the Company in the Indies, it was first and foremost a profitable trading concern. Gradually, however, the East India Company was forced to intervene in the quarrels of the native princes and tribes, however much they disliked doing so, and in this way they attained great territorial authority. From a trading concern the Company became a State. But in consequence they incurred the onerous obligation of maintaining an army and a navy, the cost of which constantly increased.

It has been rightly said of the East India Company that "it had no history." Often contrary to the advice of their best Governors-General, the directors in Holland always adhered to their system of getting as much profit as possible for the Mother-Country and adhered to their monopoly even in face of the increasing rivalry of the French and English navigators and traders. Together with bad dividend policy, faulty bookkeeping and the insufficient pay of the officials, with consequent corruption, were prominent causes of the Company's fall at the end of the eighteenth century, when the waves of the French revolution began to spread and finally washed away the East India Company. The colonies then became the property of the Government.

In 1794 the liabilities of the Company amounted to f.85 millions, in 1792 to f.112 millions and in 1796 to f.120 millions. The inheritance of the Company, burdened with debts, passed into the hands of the Bataafsche Republiek, which also had to struggle with great financial difficulties. More liberal ways than the Company had followed were first suggested by Dirk van Hogendorp (1799), whose ideas were far ahead of his times.

In 1807, King Louis Napoleon sent "iron-fisted" Daendels to Java to defend it against the English, and Daendels in some way prepared the way for Raffles, who came to Java in 1811 to establish English authority there, but then broke with the past and began to reform the government in a more liberal way.

After the fall of Napoleon the Netherlands recovered their independence, but the Great Powers of Europe required a strong

State that would be prepared to check the French on their northern frontier, and so Belgium and Holland were united and our colonies were returned to us. Thus the young Kingdom of the Netherlands again became a "Colonial Empire."

The new system started by Raffles was maintained by the "Commissarissen-Generaal" (delegates), whom King William I. sent to the Indies to take over the colonies from the English. The repression of corruption was continued, the administration of justice improved, the system of "land rent" of Raffles took the place of compulsory cultivation and the contingent system of the United East India Company and gave back to the native farmer the right to dispose of the fruit of his labour. Trade became free and European private enterprise was allowed to participate in non-native agriculture. Liberalism, as contrasted with the system of the East India Company, revealed the importance of well-regulated internal administration as a means of giving prosperity to the population. The system was not to last long. What the Government had omitted to consider was the fact that the simple native farmers were unable to help themselves without guidance and instruction.

When the pressure under which they had worked so long was taken away it was found that the new policy was of no use to them. The Government in Holland had expected that agriculture would flourish and that increase of the products wanted for the European market would favourably influence trade and navigation with the Mother-Country, so that the colonies, instead of being an encumbrance, would become a source of prosperity and wealth to her. But the new system became a great disappointment in this respect.

The Commissaris-Generaal Du Bus, who wanted to attract Western capital and Western agriculture to the Indies, in his well-known report of 1827 put forward suggestions which would prepare the Indian State for fruitful European enterprise, but that only "very slowly." The condition of colonial as well as home finances, however, was very bad, so that a "quick action" remedy was required. For this reason only King William I. accepted the compulsory "cultivation system" developed by the Governor-General Van den Bosch, which provided a remedy almost at once. Theoretically it looked very fine, but in fact the native farmer was not left any freedom; he was compelled to cultivate those products that the State wanted in order to improve the desperate finances of the Motherland and colonies.

In the result there were no more deficits in the Indian household. On the contrary there was much profit to the Mother-Country. In 1833 the credit balance amounted to f.3 millions, in 1834 to f.10 millions, and about 1845 the proceeds were the

highest and amounted to f.13 millions. This system lasted some 50 years longer and realized about f.900 millions in that period.

In those years the *Nederlandsche Handelsmaatschappij*, founded by King William I., was of great importance. Originally its object was to revive the languishing trade, navigation and industry in the Motherland.

At the beginning the results were somewhat disappointing, but the Van den Bosch system promised great profits to the *Nederlandsche Handelsmaatschappij*.

This concern received in consignment for sale the products of which the Government could dispose, thanks to this cultivation system, and which consequently did not appear in the Indian markets any longer.

Dutch boats chartered by the *Maatschappij* took the goods to Amsterdam, and thus this port was again made the staple place of colonial products, and national shipbuilding and navigation revived.

In the Indies the position of the British trader, however, was much more favourable than that of the Dutch trader, because the British merchant also imported English textiles, whereas his Dutch competitor did not dispose of similar imports. William I. now wanted to make all possible efforts to start a Dutch cotton industry for which the Indies were to be the market. At the so-called secret "linen contracts" the *Nederlandsche Handelsmaatschappij* undertook to spend yearly a certain sum on the purchase of textile products. The duties paid on them in the Indies were returned to the *Maatschappij* and our cotton industry was put on its feet.

But from the increasing quantities of exports, produced under the cultivation system, free trade did not reap any profits, but only the *Handelsmaatschappij*, which to a certain degree was looked upon as a revived East India Company.

It was not so much the system itself, as its faulty application, which proved very oppressive for the population. But the straitened finances of the Motherland needed the proceeds to be forced up and gradually the home finances, which had lacked support, began to depend on the Indian market.

But this system, that became more and more oppressive to the population, deteriorated into a continuation of the contingent system of the East India Company, and in the end there was a primitive form of monopolized State exploitation, the risks for which were for the greater part shifted on to the native farmer himself.

The Dutch people were at first slow to notice the deterioration of the cultivation system, but the new liberal ideas, still weak at the beginning of the nineteenth century, gradually became stronger. Since about the middle of the nineteenth century a revolutionary

reaction had again come over Europe, the Netherlands Parliament had also secured greater authority and influence in Indian affairs, authoritative eye-witnesses and liberal speakers were heard, and consequently the system of Van den Bosch was abrogated.

Whereas the less important compulsory cultivations—often yielding no profit at all—had already been abrogated previously, in 1870 the compulsory cultivation of sugar was also stopped. Only the profitable coffee cultivation was continued, but without its many abuses. The proceeds of this last compulsory State enterprise, however, gradually diminished the credit balances, and remittances to the Motherland grew less and less and then stopped altogether when the Atjeh War broke out in 1873, which was to last twenty years, and cost tremendous sums of money.

II. EVOLUTION TO THE PRESENT POSITION

The abrogation of the compulsory cultivation system in Java was a decisive turning-point in our colonial policy, and the more humane policy of liberalism for the colonies was definitely established. Henceforth the natives were allowed to dispose of their toil and the fruits of their labour. The new agrarian legislation of 1870 scrupulously guarded against dispossession of the land rights of native farmers. Moreover, it created the possibility—the importance of which for economic expansion of the Indies had already become evident—of reclaiming waste lands on a large scale for non-State agricultural enterprise.

Before the abolition of State agriculture by forced labour the Exchequer had been dependent on the compulsory cultivations, but now this financial basis had to be changed. Henceforth the Exchequer depended on the European agricultural concerns founded there, as primitive native farming would not be of any avail in this respect. Western enterprise for agriculture was very much furthered by the policy of “open door” and “free trade.”

“Free trade” and “open door” were the policies pursued from that time onwards, and thus the way was prepared for the European industrialist to grow tropical produce for international commerce. The economic expansion, owing to this quite new policy, was accompanied by a considerable investment, first especially of Dutch capital in agricultural estates in Java, afterwards also of foreign capital especially on the Outer Islands. It was utilized to found large plantations for mountain cultivations for the production of coffee, tea, Peru bark, etc. In the valleys of Java sugar estates and tobacco plantations were started on the grounds rented for this purpose from the natives, everything being done with native labour and deliveries by a free contract.

As to the Outer possessions, the costly Atjeh war dragged on for

twenty years, and was only ended by complete subjection through the vigorous intervention of the military commander of that time, the General Van Heutsz. This success led to Dutch authority being recognized *de facto* everywhere on the Outer Islands, and thus an era of peace and safety was inaugurated, creating the possibility of further economic development. The demand all over the world for rubber, which began in the first years of this century, led to the investment of much foreign capital, besides Dutch money, in order to cultivate waste lands, especially in the Outer Islands, previously reclaimed, and grow rubber, later also tea, coffee in the newly founded plantations, and enterprises in oil-palm, filament, etc.

Thus it came about that in 1929 about 1½ milliard guilders were invested, more than 1 milliard of which was Dutch capital. If we add to this the sums invested in oil and other mining industries, in shipping and railways, banking, etc., the total investment of capital in the Indies before the crisis may be estimated at about 4 milliard guilders, one-third of which was non-Dutch.

Undoubtedly the open door policy, the plantations on the Outer Islands, the economic expansion of the Pacific countries and the late world demand especially for rubber, led the way to this unprecedented investment of capital, which became the powerful lever which, in the last years before the crisis, raised the Netherlands Indies from a purely national domain into an international centre of tropical produce for the world market. For towards the end of 1929 the investment in Java estates was f.1,332 millions, f.1,118 millions of which were Dutch, f.142 millions British, f.36 millions Franco-Belgian, and f.5.9 millions Japanese capital. For Sumatra Eastern Coastlands, f.642 millions, f.360 millions of which were Dutch, f.124 millions British, f.53 millions American, f.72 millions Franco-Belgian, and f.13.7 millions Japanese capital.

For Sumatra Southern Coastlands f.90 millions, f.57 millions of which were Dutch, f.11 millions British, f.3.2 millions Franco-Belgian.

In Java, the principal investments were made in sugar, f.793 millions, f.779 millions of which were Dutch; further in rubber f.270 millions, in coffee f.105 millions, tea f.143 millions, and Peru bark f.20 millions.

For Sumatra Eastern Coastlands, rubber f.351 millions (f.129 millions of which were Dutch), tobacco f.120 millions, oil-palm f.83 millions, tea f.41 millions, filament f.40 millions.

For South Sumatra Coastlands, rubber f.39 millions, coffee f.25 millions, tea f.14 millions, Peru-bark f.5 millions, and oil-palm f.5 millions.

In 1929 the exports from the Netherlands Indies amounted to f.1,443 millions.

In 1929 the East Indies' share in world exports was in the case of agave 22 per cent., Peru bark 94 per cent., coffee 6 per cent., copra 29 per cent., kapok 75 per cent., oil-palm 14 per cent., pepper 69 per cent., rubber 30 per cent., sugar 10 per cent., and tea 17 per cent.

In 1929 the imports to the Netherlands Indies amounted to f.1,088 millions. Of this total f.519 millions came from Europe (f.213 millions of which were from the Netherlands), f.139 millions from America, f.395 millions from Asia (f.114 millions of which were from Japan).

There arose in consequence an enormous trade between the Indies and the Netherlands, and in a lesser degree with several other countries, specially those on the Pacific, thanks to our policy of "free trade" and "open door."

In the Indies the seaports began to prosper, as also navigation, money markets, banking; and directly and indirectly the influence of this general prosperity was felt in the Netherlands Indies and in Holland as well as abroad.

The number of Dutchmen who went to the Indies increased rapidly at that time; 40,000 Dutchmen at least were occupied in the Indies and gained their livelihood there. Of the total exports from Holland, the proceeds of which in 1927 amounted to f.1,900 millions, 7 per cent. went to the Indies. Thanks to the Indies some 150,000 people—viz., one-tenth of all the Dutch workers—found regular employment in the Netherlands.

But in 1929 the present world crisis began. In the Indies it made itself felt by a tremendous fall in the prices, for the time being more in export than in import prices. This deterioration in price levels made stringent economy a necessity, and consequently there has been reduction in wages and unemployment. Besides, there has been the serious fact that the exports, during and after the World War more and more directed to the Pacific countries, did not find a regular market there any longer, owing to agitation and decreased purchasing power there. So exportation to European markets began to take place. There followed an export trade in the opposite direction—*from east to west*. The imports into the Netherlands Indies began to come more and more from Asia, for the greater part very cheap goods from Japan, instead of from Europe. Thus there came about an import trade *from west to east*. The system of barter has been revived, and barter and reciprocity are the order of the day.

So in 1928 25·6 per cent. of the textile imports came from the Netherlands, 27·1 per cent. from England, 30·8 per cent. from Japan. But in 1934 those figures were respectively 7·2 per cent., 2·8 per cent., and 83·1 per cent.!

Owing to the world crisis the proceeds of the total imports

amounted only to f.272 millions in 1935, f.99 millions of which came from Europe (of which f.99 millions, f.36 millions again came from Holland), and f.140 millions from Asia (f.81 millions of which came from Japan)—viz., f.69 millions for victuals and luxuries, f.24 millions for chemical products, f.81 millions for yarns and dry goods, f.25 millions for metals, f.11 millions for vehicles, and f.23 millions for engines.

In 1935 the proceeds of the total exports amounted to f.446 millions; f.70 millions of which were for rubber, f.26 millions for spices, f.18 millions for coffee, f.45 millions for seeds and fruit containing oil, f.36 millions for sugar, f.29 millions for tobacco, f.36 millions for tea, f.14 millions for filaments, f.87 millions for petroleum, and f.38 millions for cement and minerals.

It stands to reason that the world crisis strongly influenced the Budget of the State, as the Exchequer for the greater part depends on the cultivation of some products for exportation and on mining products. In 1928 the State's revenues (on the common service) of the Indies amounted to f.551 millions and the expenses to f.510 millions, with a credit balance of f.41 millions on the common service.

In 1929 this credit balance amounted to only f.8 millions. In 1930 the deficits began—viz., f.85 millions, then f.102 millions, f.141 millions, f.121 millions, and in 1934 f.82 millions.

In 1928 the Netherlands Indies national debt amounted to f.1,000 millions.

Owing to circumstances over which there was no control it became impossible for the Netherlands Indies any longer to maintain the policy of "free trade" and "open door," which had been adhered to since 1870.

At present, through international co-operation we have arrived at the restriction of tea, Peru bark, rubber, sugar, and tin.

To prevent the interior market from getting dislocated, the import of foreign rice, kedele, cement, etc., was prohibited altogether or controlled in every detail.

A general emergency import ordinance created the possibility of quotas and licenses, which have been applied for many products. So Dutch industry has a considerable share in the Netherlands Indies imports and could employ many thousands of labourers in our country.

In fact, the Netherlands have shares in some eleven Netherlands Indies quotas to a total amount of f.17 millions; the one in textile industry is of great importance. In that branch of industry labour was assured for 7,000 hands in Holland. At present a considerable part of the Dutch cotton industry is supported by the Netherlands Indies quota.

A general emergency adjustment has also been made for the

exports, so that objects for exchange with mother-countries have been created according to the policy "*Do ut des.*"

Thus economically and financially a series of measures have been taken, with the concurrence of the Motherland, which for the time being deviate from the liberal policy of "free trade" and "open door." This is done only from a defensive point of view, but with the strong intention to return, as soon as circumstances will allow, to the former liberal policy so necessary for the welfare of the Netherlands Indies, an export state *par excellence*.

There have been several signs pointing to an economic revival. Since 1936 a more prosperous future may be looked forward to, though again there may be trouble in the exportation to the markets in the agitated Far East, also extra expenditure may be necessary for defence because of the conditions in the Pacific. Symptoms of all this may be stated in the Netherlands Indies Budget.

In 1935 there was a deficit of f.33.5 millions on the common service, in 1936 of f.21.5 millions, in 1937 a balance of f.8.8 millions. For 1938 the expenses of the common service are estimated at f.377 millions and revenues at f.372 millions, the extra expenses at respectively f.83 millions and extra revenues at f.50 millions; so a total deficit of f.38 millions, f.33 millions of which are for extra expenses, especially defence.

In 1935 the Netherlands Indies national debt had risen to f.1,500 millions, with an obligatory payment of rent of f.59 millions, and redeeming f.22 millions, which is a heavy burden on the Budget. At the end of 1937 the Netherlands Indies national debt amounted to f.1,367 millions.

Even a short time ago the Netherlands Indies could defray all the expenses of government as well as of the army; for the navy the Motherland has always defrayed part of the cost. During the crisis that item has been considerably increased. Of great importance for economic revival has been the recent rise in the price of exports, because the economic depression did not so much influence the export weight as the value of those products. Moreover, the emergency measures taken by the Government have undoubtedly contributed towards the cost of the reconquest of the Netherlands Indies market by the West. This is also the case with the Netherlands, and at the same time a withdrawal by Japan has become noticeable.

FUTURE PROSPECTS

COLONIZATION

First of all there is to be considered the question whether the Netherlands Indies, or perhaps Suriname, would not be the

appropriate outlet for colonization and provide a solution for the difficult and grave problem of Dutch unemployment. It seems natural enough that the thinly populated districts of the Outer Islands should be the appropriate territory for colonization from the Netherlands. But here the facts have proved that there are many difficulties.

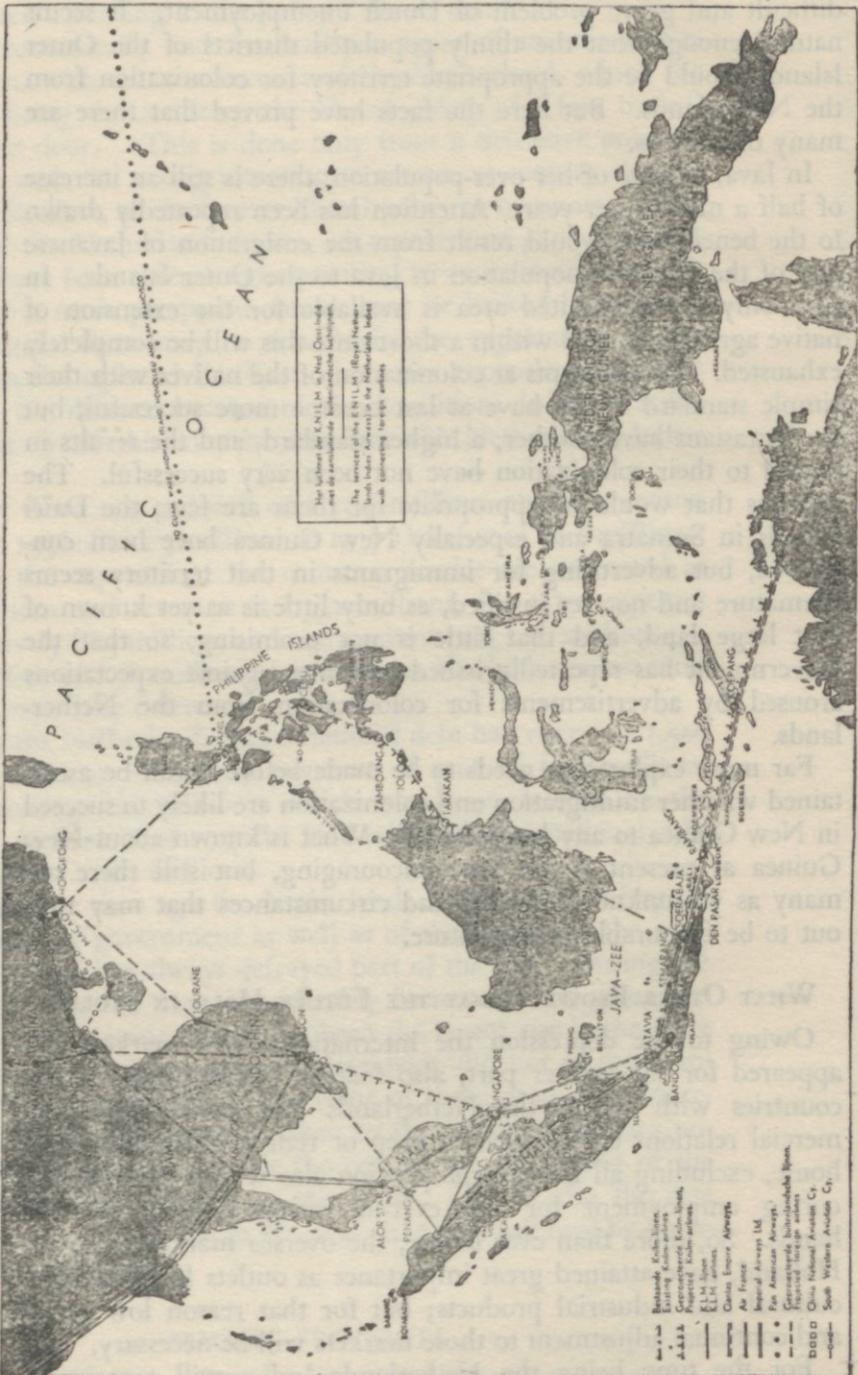
In Java, in spite of her over-population, there is still an increase of half a million per year. Attention has been repeatedly drawn to the benefit that would result from the emigration of Javanese and of the Eurasian population in Java to the Outer Islands. In Java only a very limited area is available for the extension of native agriculture, and within a short time this will be completely exhausted. The attempts at colonization of the natives with their simple standard of life have at last become more successful, but the Eurasians have another, a higher standard, and the results in regard to their colonization have not been very successful. The districts that would be appropriate for them are few; the Dairi Islands in Sumatra and especially New Guinea have been considered, but advertising for immigrants in that territory seems premature and not yet justified, as only little is as yet known of that large land, and that little is not promising, so that the Government has repeatedly issued warnings against expectations aroused by advertisements for colonization from the Netherlands.

Far more exploration needs to be made before it can be ascertained whether immigration and colonization are likely to succeed in New Guinea to any large extent. What is known about New Guinea at present is not very encouraging, but still there are many as yet unknown factors and circumstances that may turn out to be favourable in the future.

WHAT OTHER PROSPECTS MAY THE FUTURE HOLD IN STORE?

Owing to the depression the international free markets disappeared for the greater part, also for the Netherlands. Many countries with which the Netherlands had entertained commercial relations before tried to keep or redress their balance at home, excluding all foreign competition also with a view to procuring employment for the ever-increasing number of idle hands. So, more than ever before, the oversea markets, also for Holland, have attained great importance as outlets for their agricultural and industrial products; but for that reason low prices and continual adjustment to those markets will be necessary.

For the time being the Netherlands Indies will remain an export country, especially for the surrounding Pacific countries, sending out agrarian and mining products (sugar, rubber, tea, coffee, filament, copra, Peru bark, tobacco, palm-oil, tin, and oil).



In this respect Dutch capital and Dutch enterprise will remain of primary importance.

The defraying of the expenses necessary for the rapid development of the Indies has only been possible because of the revival of the Western estates and concerns there. But only provided their products can regularly be disposed of in the foreign markets will they be able to hold their own. Those Indies products have often proved to be of great value as objects for negotiations when negotiations about commercial treaties were being conducted between the Mother-Country and other States. Extension of the overseas trade—whenever possible—together with further development in transport trade, etc., may lead to the creation of new outlets, which also in the Motherland may perhaps relieve the surplus of population and consequently provide labour for many people there.

It can easily be seen that owing to the unfavourable exchange relation between native agricultural products and European and American industrial products, many hope for a rapid development of native industrialization in Java, and certainly the advantages of a greater industrialization of the Netherlands Indies cannot be denied. So we can account for the rise of a modest native home industry which for some millions provides a small source of income, for others a welcome addition to what they earn already by agriculture. The development of a native home industry is necessary to procure employment in another line for the surplus of the decisively agrarian Java population, which in thirty to thirty-five years will be doubled, whereas there threatens to be a shortage of soil within a short time. Before anything, this native industry will have to face competition with the cheap articles imported from other oriental countries, such as Japan and China.

For Western manufacturers it will be necessary in the first place to produce those articles that are wanted and in demand in the East and that are not made there as yet. The capital and skilled labour needed for this industry may be Dutch again. A great advantage for our trade and industry in the overseas territories is the fact that the whole governing apparatus is in our hands, and Western tuition supports Dutch ideas and principles.

To be sure, this is a grand task for our educated young people and young professionals in those far tropical regions in the Government, the army, the police, jurisdiction, and education. Thus also in the future the Netherlands and their overseas possessions can cooperate economically and culturally. Assuredly for the Netherlands Indies as much as for other countries the future is still very unsettled and there are great anxieties and difficulties to be faced, but there are also many new prospects for the Netherlands Indies as well as for the Mother-Country.