The Economic Historiography of the Dutch Colonial Empire

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Abstract
Colonial possessions were a source of substantial revenue for the Dutch economy for over three centuries. The histories of Dutch trading companies in the East and the West, the Cultivation System and the Dutch Atlantic slave trade have engaged dozens of historians, some of whose work belongs in the select library of the world’s most significant historical literature. The way in which economic historians have dealt with the key themes of Dutch colonial history, and the evolution of their perspectives, forms the subject of this overview. In the conclusion, the present fragmented state of the economic history of the Dutch colonial empire is addressed.

Keywords: colonialism, Atlantic slave trade, trading companies, business history, economic growth, historiography

Introduction

The Dutch colonial empire existed for three and a half centuries and included dozens of territorial acquisitions, both in the eastern and western hemispheres. During the two centuries between 1600 and 1800, Dutch colonial history was dominated by the joint-stock chartered companies that controlled parts of global trade via fortresses, plantation islands and colonial enclaves. After their globe-spanning chain of enclaves and trading posts shrank considerably in the Napoleonic era, the Dutch successfully shifted from maritime to territorial empire building in Asia. Because of these spatial and temporal divisions, Dutch colonial historiography can be separated into four sections, as illustrated in the table below:
To date, few attempts have been made to present comprehensive accounts of Dutch colonial history, or economic history for that matter, and most colonial historians simply confine themselves to one of the sections in the table above. The great majority of all publications on the economic history of the Dutch colonial empire concern the Dutch East Indies, and only a minor part is devoted to the Dutch Atlantic. This is the legacy of the significance of colonial Indonesia to the Dutch economy and society in the nineteenth and twentieth centuries. However, this tends to obscure the contribution of the Atlantic trade to the Dutch economy, particularly in the seventeenth and eighteenth centuries. That stated, this chapter follows historiographical tradition and devotes most of its space to the Dutch East Indies. For this part of the empire, the chapter will first deal with the Dutch East Indies Company (VOC, 1602-1799) and the Cultivation System (1830-1870), with debates on economic drainage, economic growth and living standards. A section on business history and imperialism follows and an overview of the historiography of colonial Indonesia is concluded by a section on the Outer Islands of the Indonesian archipelago. Because the historiography on the Atlantic part of the Dutch colonial empire is less extensive, I bring this literature together under a single heading. My contribution will mostly stay within the confines of the economic history of the colonies, though at the end of it I briefly allude to the debates on the role of coal and the colonies in the Great Divergence.

Most of these themes are intertwined and part of larger narratives. The histories of the VOC and WIC (Dutch West Indies Company), for example, are inexorably linked to the economic and maritime ascendancy of the Dutch Republic. According to Immanuel Wallerstein, the Republic was the first hegemonic power to realise ‘simultaneously productive, commercial, and financial superiority over all other core powers’. It was long taken for granted that the VOC had its best years during the Golden Age – when the Republic was young, dominant and heroic – and that after saturation,

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decline inevitably followed. However, this may not do justice to the fact that the VOC still contributed substantially to eighteenth-century Dutch national income. Meanwhile, in spite of the fact that the WIC was never able to match the success of its Asian counterpart, the gains the Dutch Republic derived from the Atlantic world might have approximated to those from Asia. Here, the debates about Dutch direct and indirect gains from the plantation economies in the New World relate to a much older and internationally more familiar debate on the contribution of the slave-based Atlantic economy to Britain’s global ascendency, a debate that harks back to the days of Eric Williams’ *Capitalism and Slavery*. That this debate is still ongoing, was demonstrated in 2005 by an article by Acemoglu et al., estimating that the direct and indirect revenues from the Atlantic trade accounted for most of the divergence in economic growth between Western and Eastern Europe.

Another metanarrative concerns the increasing recognition of the maritime strength of Southeast Asia after J.C. van Leur defended his seminal PhD thesis in 1934. In the early 1930s, a time at which Dutch colonial chauvinism had reached its apex, he was still a dissident voice emphasising the autonomy of the Asian maritime world, where the VOC was just one of the actors. However, over the years the appreciation of Asia-centric perspectives grew, eventually culminating in Anthony Reid’s *The Age of Commerce* (1988-1993). Applying a Braudelian approach, Reid portrayed a flourishing Southeast Asian maritime economy at the crossroads of world religions before the European trading companies destroyed the grand emporia such as Malacca, Banten and Makassar. Over the decades, Dutch mercantile history in Asia has become increasingly integrated into the maritime history of the Indian Ocean. Moreover, from the 1960s onwards, the Indian historian Om Prakash pioneered the mercantile history of the Indian Ocean using VOC sources. In the 1990s, Leonard Blussé launched the TANAP (Towards a New...
Age of Partnership) programme to train young scholars Asia on the use of VOC archives in Asia, South Africa and the Netherlands. The ambition was to develop a history beyond colonialism towards ‘connections’? Meanwhile, the VOC archives have obtained recognition as being of irreplaceable value to global history and have accordingly been listed in UNESCO’s ‘Memory of the World Register’.

My final preliminary remark concerns the rootedness of the economic history of Indonesia in colonial times. This started with discussions about the economic impact of the Cultivation System (1830-1870) and continued with debates on the detrimental effects of the colonial plantation economy on the development of Java’s rural society. Between the 1950s and 1980s, barely any economic history on Indonesia appeared apart from Clifford Geertz’s famous Agricultural Involution (1963), which was widely contested by other scholars working on Java. However, from the 1980s onwards, the economic history of Indonesia began to flourish, ranging from a reappraisal of the Cultivation System to extensive studies and debates on economic growth, living standards and the balance of payments. At least three edited volumes on the economic history of Indonesia appeared around 1990. These included contributions not only by well-known economic historians such as Peter Boomgaard, Anne Booth, Thomas Lindblad, Thee Kian Wie, Angus Maddison and Pierre van der Eng, but also by Radin Fernando, Roger Knight and Vincent Houben, who we would consider today to be social historians. This testifies to increasing specialisation since the 1990s, fortunately without compartmentalisation.

Changing perspectives on the VOC

The portrayal of the eighteenth-century VOC as a story of misery and decline, incompetent leadership and all-pervasive corruption, originated in the early nineteenth century and has lingered on well into the twentieth century.

7 See http://www.tanap.net [consulted on 29 November 2013].
The image of incompetence and careless financial management set the tone for the first serious historical works on VOC bookkeeping by G.C. Klerk de Reus in 1894 and W.M.F. Mansvelt in 1922. Impressed by the sheer size and power of the VOC up to 1740, they dissected how the VOC Gentlemen XVII from that moment onwards had deliberately eroded the capital base of the company.

After Mansvelt, decades of silence followed with regard to the economic history of the VOC, only interrupted by the 1958 dissertation of the Danish historian Kristoff Glamann, who expressed his amazement that there had been so little scholarly interest in the VOC as the world’s first multinational. This changed, however, when between 1968 and 1988, J.R. Bruijn, F.S. Gaastra and I. Schöfffer produced their important three-volume collection of sources on Dutch Asiatic trade. In the course of that project, Gaastra’s well-known popular general history of the VOC appeared. From 1982 onwards, it went through more than ten reprints, providing an accurate and popular overview of the wide-ranging operations of the first multinational in the world, employing 18,000 Europeans in Asia by the late-eighteenth century.

A contested issue has been the role of intra-Asiatic shipping, the relative value and profitability of which declined in the eighteenth century. According to Gaastra, the importance of intra-Asiatic trade for the VOC diminished, together with the need to obtain Asian commodities to be traded for precious spices. Hence, the extensive VOC infrastructure in Asia

12 Mansvelt, Rechtsvorm en geldelijk beheer, 101.
13 Kristoff Glamann, Dutch-Asiatic Trade, 1620-1740 (Copenhagen 1958).
became a millstone around the VOC’s neck. By contrast, Els Jacobs, whose *Merchant in Asia* details the inner workings of this immense eighteenth century network, argued that the VOC was capable of adapting to changing circumstances and shifting consumption patterns in Europe in particular. Some of the new commodities, tea for example, had to be bought in China, or bartered for pepper and tin, which kept alive the need for an extensive intra-Asian network. Jacobs also directed attention to local brokers and elites who entered the scene as partners of the VOC, changing the character of its operations towards a more Asian style in the eighteenth century.

The Cultivation System (1830-1870)

The study of the economic history of colonial Indonesia began in the early nineteenth century, to feed the political debates about how to administer this potentially rich colonial possession. The political controversies between defenders and opponents of the Cultivation System left their mark on the historiography for many years. In the struggle with their conservative adversaries, the liberals portrayed the Cultivation System as an intolerable government monopoly that had suffocated private enterprise and impoverished Java. The first historical work on the Cultivation System by G.H. van Soest, published in 1869, filed one long complaint against this system of forced commodity production, which in his view should never have replaced sound liberal economic policies. His complaint was echoed by Clive Day, the American historian who wrote perhaps the first economic history of Java, published in 1904. He reiterated the point made by Van Soest and other liberal opponents, that the Cultivation System had exerted strong pressure on village dwellers to share the burdens of cultivation conscription, an obligation that was tied to landownership. This pressure towards communal landownership had kept people huddled together in villages and had restrained them from spreading out and reclaiming waste land. The impoverishing consequences of labour coercion, as well as the pressure to communalise land, still made up most of G. Gonggrijp’s observations on the Cultivation System in his *Schets ener economische geschiedenis van Indonesië* (Sketch of an economic history of Indonesia). In Gonggrijp’s view, the statesman in Johannes van den Bosch had yielded to the merchant in

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17 G.H. van Soest, *Geschiedenis van het kultuurstelsel* (Rotterdam 1869).  
him, who imposed his schemes of forced cultivation – in particular indigo cultivation – in a most reckless way in his drive to replenish the empty Dutch exchequer. 19

This Whiggish historiography initiated by the liberal opponents would barely survive colonial times. The first reappraisal was by Riemer Reinsma, who in 1955 described how new opportunities for private enterprise emerged during the time of the Cultivation System. 20 This approach was pioneered by Cees Fasseur, Robert Elson and Roger Knight, who uncovered how in spite of its trial and error character, the Cultivation System at least did establish a globally-competitive sugar industry. They illuminated how the colonial government succeeded in channelling pre-colonial systems of corvée labour that sustained the Javanese patrimonial polities into a capitalist plantation economy. Over time, corvée and cultivation conscription gave way to wage labour, as Elson and Knight argued, even though they emphasised that this is not the same as free labour. 21

The question of whether the emerging plantation economy and the sugar factories – which came to dominate Java’s commodity exports from the late nineteenth century – were any better for the local populace than the Cultivation System, was raised as early as the 1860s by no less a person than Multatuli, who denounced the liberal colonial ideology as a sham and not inaccurately predicted that the Javanese would be worse off under the yoke of private planters. 22 Central to this debate was whether the introduction of liberal principles would work in a society that was not accustomed to individual property and free labour, and where the fruits of peasant labour would immediately be creamed off by village notables and moneylenders. 23

Against this background, J.H. Boeke launched the concept of ‘economic dualism’ in his inaugural lecture as professor of Tropical-Colonial Economy at the University of Leiden in 1930, concisely presenting the insights he had been accumulating from the early 1920s onwards. He coined the term ‘economic dualism’ to typify a situation in which a superstructure that operated according to economic laws was imposed upon an indigenous society

19 G. Gonggrijp, Schets ener economische geschiedenis van Indonesië (Haarlem 1957).
that was governed by traditional social conventions and therefore not able to respond to economic incentives in the same way as Western societies. He therefore concluded that the colonial state and colonial business had inserted the village economies into a monetised world, but that in contrast to the commonly held view of his days, the actual additional income for Javanese farmers meant a net loss for Javanese rural society.

A highly original version of this dualist perspective was presented by the colonial government statistician J. van Gelderen, who related the high productivity and competitiveness of the Java sugar industry to the abundant supplies of cheap labour. His point, made in 1928, strikingly resembles the thesis of unlimited supplies of labour by the Nobel Prize winner Arthur W. Lewis. Whatever the difference may be between these dualist positions – and Geertz’ theory of agricultural involution also belongs to this family – they shared a pessimistic view about the relationship between ‘traditional’ and ‘modern’ sectors of commodity-producing countries.

Dualism was questioned from the beginning, particularly for its ‘orientalist’ notions. Boeke’s own student D.H. Burger, who studied the impact of the monetary economy on a comparative basis in the 1930s and refined, or perhaps even deconstructed, dualism by emphasising the economic dynamics, including the existence of a land market and social and economic hierarchies within villages. Likewise, Boomgaard’s Children of the Colonial State made an extensive argument for peasant responsiveness to external stimuli, which the author saw as an important cause of Java’s astonishing demographic growth in the nineteenth century. The combination of rising economic expectations and the need to share the burden of conscript cultivation labour, according to Boomgaard, led to a situation in which birth rates did not fall after the introduction of smallpox vaccination had dramatically reduced mortality rates.

Even though manufacturing sectors
such as weaving suffered and Java’s economy had become increasingly reliant on commodity exports, economic dynamism was co-responsible for the demographic growth of Java.

Notwithstanding the fact that Boeke’s dualism has been nuanced and Geertz’ agricultural involution discarded as being too much a static picture, the notion that the Cultivation System and the sugar plantation conglomerate it ushered in may have underdeveloped Java, is difficult to disavow. Recently, Jan Luiten van Zanden provided fresh evidence that in early and mid-nineteenth century Java, markets were imperfect, which forced labour proved to be highly inefficient, and that flooding Java with copper coins to grease the wheels of the Cultivation System caused a monetary crisis. In fact, the same imperfect markets explain the success of the sugar factories in tying peasants to cane cultivation by providing financial advances. A pivotal role in this regard was played by wealthy peasants acting as moneylenders for the smallholders, as has been pointed out by Knight, Elson and Bosma. In these years, the sugar complex owed its position as Java’s most efficient and dominant export sector to the exploiting of market inefficiencies and the extremely limited access of farmers to credit, forcing them to relinquish their land to sugar factories on sub-economic terms.

Financial drainage, economic growth and living standards

Financial drainage was a key issue among Indian nationalists following the days of Romesh Dutt and Dadabhai Naoroji. In the Netherlands Indies of the late nineteenth century, it was interestingly Europeans who loudly protested about the large remittances from the Indies going straight into...
the exchequer of the mother country, claiming this to be the cause of the alleged impoverishment of Java. The exploitative character of the financial relationship between colony and metropolis was first sharply condemned by N.P. van den Berg, president of the Javasche Bank (1873-1889) and of the Nederlandsche Bank (1891-1912), who published dozens of articles on the economy and history of the Netherlands Indies, with an emphasis on currency issues and statistics.\(^{29}\) Van den Berg argued, and with justification, that the Dutch policies of financial drainage compared badly with the British attitude towards India.

Debates on financial drainage subsided after the introduction of the colonial welfare policies, termed Ethical Policies, in 1901, but reappeared in the early 1920s when the sugar factories and rubber estates were remitting massive dividends abroad. Indonesian nationalists took up the subject, but Europeans no longer raised their voices against it in these years. In 1928, when G. Gonggrijp wrote his well-known economic history of the Netherlands, he apparently deemed the old liberal theme of colonial drainage not to be applicable to the twentieth century. Even though he spelled out the massive surplus on the trade balance of colonial Indonesia, he considered this as the logical consequence of earlier investments, apparently ignoring the fact that these investments as a rule were made from profits previously accumulated in the Netherlands Indies.\(^{30}\) The same avoidance of the word ‘drainage’, can be seen in a well-known 1940 article by J. Tinbergen and J.B.D. Derksen, in spite of the fact that it dwelt extensively on Dutch financial interests in the Netherlands Indies.\(^{31}\)

In the 1970s, and even more so in the 1980s, however, the question of drainage returned to the scholarly agenda. First, H. Baudet and M. Fennema pointed out that the Netherlands Indies contributed 13 to 14 per cent of Dutch national income and this in addition to the total income earned by Dutch expatriates in colonial Indonesia.\(^{32}\) Meanwhile, the Indonesian economic historian Thee Kian Wie pointed out that ‘extractive institutions’ such as the plantation belt in Sumatra generated enormous profits for small elites, but hardly any economic spin-off for the overwhelming majority of


\(^{30}\) N.P. van den Berg, *Uit de dagen der Compagnie: Geschiedkundige Schetsen* (Haarlem 1904).

\(^{31}\) G. Gonggrijp, *Schets ener economische geschiedenis van Indonesië* (Haarlem 1957 [1st print 1928]) 168.


Indonesians. These colonial extractive institutions left their legacy on the development path of Indonesia. Booth asked the question of why, in spite of an almost uninterrupted growth in trade and exports from the early nineteenth century to 1929, so little per capita growth of the Indonesian economy had been achieved. She concluded that although the colonial state of Indonesia was much more 'developmentalist' than the government of British India, it was still comparatively underspending. The question of drainage would return in Maddison’s seminal article on Dutch income from Indonesia, which pointed out that drainage was far more applicable to Indonesia than to India between the two world wars, because in the former colony remittances to Europe amounted to 17 per cent against a mere 1.7 per cent from India.

Research into economic growth itself and its sectoral division in particular was initiated in the 1930s by the South-African born W.M.F. Mansvelt, Chief of the Netherlands Indies Government Central Statistics Bureau. Mansvelt did not survive the Second World War, but his assistant P. Creutzberg continued his work at the Royal Tropical Institute in Amsterdam. He in turn was succeeded by Peter Boomgaard. Between 1976 and 1996, the valuable fifteen-volume series Changing Economy in Indonesia appeared. Meanwhile, Angus Maddison and Pierre van der Eng started to reconstruct economic growth per capita. In their assessment, per capita income in Indonesia slightly increased between 1870 and the end of the 1920s, and that Java’s alleged declining welfare in the late nineteenth century actually had not taken place. With regard to the development of living standards in colonial Java, opinions diverge. There is agreement that per capita rice consumption declined from the late nineteenth century onwards, but

opinions vary about to what extent other crops were adequate substitutes. Van der Eng noted that the falling supplies of rice per capita is only part of the story, since the gap could be compensated by increased availability of other food crops. On the other hand, his own estimates of a daily calorie per capita intake somewhere between 1,600 and 1,700 suggests a condition of malnutrition for many Javanese, as Van Zanden observed. Booth asserted that the nutritional conditions of the people of Java were hardly sufficient in terms of calories and proteins until 1929, and often deficient during the Depression of the 1930s.

The issue of living standards is still a contentious one and the same applies to the causes of Indonesia's underdevelopment, or at least it can be said that there are different approaches. Booth, for example, claims that the present-day Indonesian economy is still very much shaped by the colonial policies of the Dutch between 1815 and 1942. Even though Van Zanden and Marks also accept a degree of path dependency, in contrast to Booth they have looked for explanations in the institutional settings rather than in fiscal policy decisions. The latter approach, known as the New Institutional Economic History, seems to be more promising as it takes on board the studies on social transformations of nineteenth and early twentieth century rural Java that I mentioned before under the heading of the Cultivation System. This synthetic approach has resulted in a surprisingly coherent picture of the entanglements of colonial commodity production and the Javanese rural economy.

Over the last decade, we have seen an increasing interest in embedding the historiography of colonial Indonesia in a comparative approach towards path dependency of institutional characteristics in the work by Anne Booth, Bas van Leeuwen, Ulbe Bosma, Ewout Frankema and Frans Buelens.

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40 Van Zanden and Marks, *An Economic History of Indonesia*, 4.
41 Anne Booth, Colonial Legacies. Economic and Social Development in East and Southeast Asia (Honolulu 2007); Bas van Leeuwen, *Human capital and economic growth in India, Indonesia, and Japan: a quantitative analysis, 1890-2000* (Utrecht 2007); Bosma, *The Sugar Plantation; Frankema and Buelens, Colonial Exploitation and Economic Development.*
Business History

The above-mentioned Mansvelt was not only one of the first economic historians working on the history of the VOC and colonial Indonesia’s ‘national’ income, but also pioneered Indonesian business history. It is no coincidence that historians started to publish about colonial enterprise early on in the twentieth century. The centenaries of the Javasche Bank (1828-1928) and the Dutch Trading Society (1824-1924) offered excellent opportunities to commission business histories.42 This was the case in the Netherlands Indies rather than in Suriname or the Antilles. The history of the Central Bank of the Netherlands Antilles, which was established in the same year as the Javasche Bank, only appeared in 1978. It was written by Jaap van Soest, who also published a major work on the oil industry of Curaçao.43

In tandem with the disappearance or ‘Indonesianisation’ of colonial business, the number of coffee-table books commemorating business history dwindled in the 1950s and the 1960s. However, in the 1980s, business history was resumed with regard to colonial enterprise. As so many important Dutch companies have roots in colonial times, it is not surprising that over the past decades Dutch business history has been engaged extensively with the colonial legacy. Mansvelt’s history of the Dutch Trading Society has recently been followed up by Ton de Graaf’s Voor Handel en Maatschappij (For Trade and Society). A fine example of a business history with a long-term view is At home at the world market, by J.P.B. Jonker and K.E. Sluyterman, which spans four centuries and presents an overview of the role of Dutch trading houses engaged in both the Atlantic and Asian worlds.44 The most famous enterprise with roots in Indonesia is Royal Dutch Shell, one of its forerunners being the Bataafsche Petroleum Maatschappij. A team of researchers from Utrecht University wrote its business history, comprising some 1,800 pages, an achievement that in terms of scope, depth and comprehensiveness is difficult to surpass. It appeared in 2007 to mark the centenary of this Dutch-British company, which emerged as the world’s


largest oil company in the 1920s thanks to its access to the financial and political infrastructure of the two colonial empires.\textsuperscript{45}

Actually, British-Dutch imperial collaboration was nothing new, as Mansvelt had discovered. In 1938, he published a study on the early-nineteenth century mercantile houses in Java, which revealed their predominantly British character. This research theme has been further pursued by Knight and Bosma.\textsuperscript{46} Gradually, the Asian perspective made its entrance into colonial business history. For example, Claudine Salmon and Peter Post have been working on the Chinese and Japanese trading houses, which were powerful players in Java sugar exports in the early twentieth century.\textsuperscript{47} The multidirectional mercantile relationships and commodity chains that developed during high imperialism did not stop at imperial boundaries. The fact that the rapid growth of the global economy also included the emergence of new markets in East Asia, partly explains the fast expansion of exports and trade from colonial Indonesia. It should be noted that Chinese and Japanese trading houses were powerful players in Java sugar exports in the early twentieth century.\textsuperscript{48} According to Peter Post, the role of Chinese entrepreneurship in pre-war Indonesia has still not been systematically researched, though an important step was taken by Alexander Claver’s book on the multi-ethnic business community of colonial Batavia between 1800 and 1942.\textsuperscript{49} Freek Colombijn and Howard Dick have undertaken pioneering work on multi-ethnic urban economies, acting as links between local commodity production and global markets. Colombijn researched Padang, a city that lost much of its momentum in the


\textsuperscript{48} Knight, ‘Exogenous Colonialism’.

\textsuperscript{49} Alexander Claver, \textit{Commerce and Capital in Colonial Java: Trade Finance and Commercial Relations between Europeans and Chinese}, 1820s-1942 (S.l. 2006).
course of the nineteenth century, and Dick examined Surabaya, the hub of sugar production in the eastern salient of Java. Dick demonstrated how the opportunities and limitations of the colonial export economy shaped the fortunes of probably the largest city in Indonesia in the nineteenth century.50 Finally, Thomas Lindblad, who has contributed many publications on the economic history of Indonesia, has detailed the transition from colonial to Indonesian enterprise during decolonisation.51

From the imperialism debate to the economic history of the Outer Islands

The debate about imperialism started immediately after the colonial government in Batavia had declared war on Aceh in 1873. The same Europeans who had protested about financial drainage began to complain that the costs of this war were borne by the colonial budget and thus withdrawn from highly needed funds for investments in Java's economic development. In 1901, one year before the publication of J.A. Hobson's famous Imperialism: A Study, H.H. van Kol, the colonial specialist and Member of Parliament for the Dutch Social Democrats published a brochure, Het Imperialisme van Nederland. In fact, Van Kol's argument that European colonialism was the upshot of the quest for new markets was basically the same as Hobson's.52 After the military subjugation of the Outer Islands was completed and the Pax Neerlandica was established in 1906 by governor-general J.B. van Heutsz, the issue was more or less laid to rest.

However, in 1970 in the middle of the Vietnam War, the Dutch Historical Society organised a conference around the question of whether Dutch military, administrative and economic expansion in the Outer Islands would fit a classical imperialist pattern as per Hobson and Lenin. Reactions were sceptical, but Kuitenbrouwer, who published an in-depth study on the subject in 1985, was adamant that the Netherlands had played its own

52 H.H. van Kol, Het imperialisme van Nederland (Rotterdam 1901).
role in the imperialist game. The question remained, however, of what type of imperialism the Dutch were engaged in, a debate that was sparked off by Raymond Betts’ book, *The False Dawn* (1976). Betts introduced the concepts of pre-emption, grabbing land before other powers could take it, and contiguity, slow expansion based upon earlier acquisitions. Wesseling has argued that pre-emption was something carried out by latecomers to the colonial scene such as Germany, Italy and Japan, but not for the Dutch, who had been tightening their control over the islands of the Indonesian archipelago since the early seventeenth century. Wesseling therefore concluded that the Netherlands fitted the rubric of contiguity.

Since the 1980s, we have gained a more profound understanding of the multi-dimensional character of imperialism and the way in which it was part of the global impact of modernity. Economic historians have made major contributions in this respect. Lindblad’s seminal article of 1985 distinguishes different types of economic interest at different phases and localities of the colonial expansion: ranging from the business interests of individuals or individual companies and the fiscal interests of the colonial state, to the general ambition of developing the archipelago economically. Since the 1980s, we have arrived at a more inclusive perspective on the advance of modernity, and the fruits of the Second Industrial Revolution in particular, as an enabling factor for the Dutch to effectively impose their rule on the Outer Islands. In 1888, the Koninklijke Paketvaart Maatschappij (Royal Packet Navigation Company) was established, which rapidly intensified connections between the islands and developed the infrastructure for the *Pax Neerlandica*.

Articles by Lindblad and Elsbeth Locher-Scholten in the early 1990s provide evidence for a consensus that Dutch imperialism was part of modern imperialism along the patterns of other European countries and that

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it had forged the integration of the Outer Islands in the global economy.\(^{59}\)

Booth’s *Agricultural development in Indonesia* was particularly important, covering the entire archipelago both in pre-colonial and post-colonial times. The most comprehensive work on the economic development of the Outer Islands under Dutch colonialism to date is Jeroen Touwen’s *Extremes in the archipelago*.\(^{60}\) Thanks to the work of these authors and their colleagues, economic history writing about Indonesia is no longer almost exclusively focused on Java. The latest development concerns the control of illicit economic flows, exemplified by the work of Trocki and Tagliacozzi, which in fact also draws our attention to the imperial projects of combating piracy and establishing control over the flows of goods and people as economic policies.\(^{61}\)

### Increasing recognition of the importance of the Atlantic economy

In 1967, M.A.P. Meilink-Roelofz observed that the importance of the Atlantic trade to the Dutch Republic might have been seriously underestimated.\(^{62}\) In this regard, Johannes Postma noted this was the result of the tendency of projecting back in time the late colonial empire of the Dutch, which concerned Indonesia for 90 per cent or more.\(^{63}\) It may also explain why the contribution of the Asian trade to the Dutch Republic’s national income is surrounded by less ambiguity than are gains from the Atlantic trade.\(^{64}\)

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The history of the WIC hardly left grandiose memories and its performance stood out starkly against the glorious track record of its counterpart, the VOC. Basically, the grand design that brought splendid results for the VOC was somewhat misplaced in the Atlantic, according to the historian Piet Emmer. In the early years of the seventeenth century, Dutch ships sailed relatively unhindered to Brazil and the Dutch capital was already informally or illegally penetrating the emerging Brazilian sugar industry. From an economic point of view, the establishment of the WIC therefore made less sense than that of the VOC. Moreover, while it was already difficult to control the spice trade to Europe as the VOC did, controlling the Atlantic sugar trade was beyond the capacity of any European maritime power.

Pioneering work in the field was accomplished in the 1950s by W.S. Unger, an economic historian and archivist in Middelburg, where he mined the archives of the Middelburgsche Commercie Compagnie (MCC), the central agency in the Dutch Atlantic Slave Trade. His work was continued from the 1960s onwards by Postma. Together with Cornelis Goslinga, Jonathan Israël and Emmer, Postma brought the Dutch-Atlantic trade back on the agenda. These authors pointed out that as profitable as the trade on the East was for its investors, in the early seventeenth century its economic significance to the Republic ranked lower than that of the Atlantic trade. In stating this, the ground was prepared for a debate on the economic significance of the Atlantic commerce to the Dutch Republic in a way that was partly informed by Anglophone literature. Following the publication of Eric Williams’ famous *Capitalism and Slavery*, British and American scholars have debated the gains Europe may have derived from slavery. Until the 1990s, most economic historians opined that the proportion of slave-based profits in the British economy was too low to be of crucial importance. In the same vein, Emmer argues that Dutch revenues derived from slave trade and slave plantations represented only a minor part of the national income, although he points out that Dutch participation in the Atlantic slave-based

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economy may have imparted beneficial effects in terms of employment in the
Republic.\textsuperscript{70} Matthias van Rossum and Karwan Fatah-Black, however,
claim that the Dutch transatlantic slave trade had a much greater impact
on the Dutch economy overall than hitherto assumed.\textsuperscript{71} A claim which not
only seems to be supported by Acemoglu et al., but also by many of the
findings over the past twenty years.\textsuperscript{72}

Over the past two decades, a number of studies have provided a better
insight into the profitability of the plantations in the eighteenth century, for
example. The coffee plantations made Suriname one of the biggest coffee
producers in the Caribbean. From the 1720s until the early nineteenth
century, large quantities of coffee were exported from Suriname, as Alex
van Stipriaan has shown.\textsuperscript{73} The management and profitability of eighteenth-
century plantations have also been extensively researched in the past.
Johannes van der Voort’s thesis that these plantations were highly capital
intensive and therefore state-of-the-art was ground breaking, even though
his contention that the later part of the eighteenth century saw a decline of
the Surinamese plantation economy has been corrected by Van Stipriaan
and Gert Oostindie. Whereas Stipriaan describes the plantation system in
its entirety, Oostindie’s book provides an in-depth study of two plantations.
Together they contribute a thoroughly researched characterisation of the
Surinamese plantation economy, bringing out its ability to adapt to new
circumstances.\textsuperscript{74} This brings us to the debate about the late abolition of slav-
ery in the Dutch colonial empire, which in the Dutch West Indies occurred
as late as 1863. At the time of abolition, the Surinamese plantations were
still profitable and the Netherlands slow to industrialise, which precludes
any causal link between capitalism and anti-slavery according to Ŝemour
Drescher’s essay \textit{The Long Goodbye} and to various contributions in the

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  \item \textsuperscript{70} P.C. Emmer, \textit{The Dutch Slave Trade 1500-1850} (New York/Oxford 2006) 145.
  \item \textsuperscript{71} Matthias Van Rossum and Karwan Fatah-Black, ‘Wat is winst? De economische impact
    van de Nederlands trans-Atlantische slavenhandel’, \textit{Tijdschrift voor Sociale en Economische
    Geschiedenis} 9 (2012) 3-29.
  \item \textsuperscript{72} See Acemoglu et al., \textit{The Rise of Europe: Atlantic Trade}'.
  \item \textsuperscript{73} Alex van Stipriaan, \textit{Surinaams contrast. Roofbouw en overleven in een Caraibische plan-
    tagekolonie 1750-1863} (Leiden 1993) 28-29, 429-433 and Alex van Stipriaan, ‘The Surinamese rat
    94-117.
  \item \textsuperscript{74} Johannes Petrus van De Voort, \textit{De Westindische plantages van 1720 tot 1795: financiën en
    handel} (Eindhoven 1973); Van Stipriaan, \textit{Surinaams contrast}; Oostindie, Gert. \textit{Roosenburg en
    Mon Bijou: twee Surinaamse plantages, 1720-1870} (Dordrecht 1989).
\end{itemize}

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volume *Fifty Years Later* that appeared under the editorship of Oostindie in 1995.\(^7\)

By the late 1990s, Henk den Heijer’s *Goud, ivoor en slaven* (*Gold, ivory and slaves*), George Welling’s *The Prize of Neutrality* and Wim Klooster’s *Illicit Riches*, had made a convincing claim that in the eighteenth century, Suriname and Dutch Antilles played a far more prominent role in the commodity trade than hitherto assumed and that together with the trade in Africa, this would approximate to the value of the trade with Asia at that time.\(^7\) Moreover, apart from the WIC trade in slaves, private Dutch slave trade was extensive until the early nineteenth century.\(^8\) Against the background of this literature, Victor Enthoven conjectured that the total value of the Republic’s plantation profits plus the direct and indirect benefits from the Atlantic trade greatly exceeded the direct revenues and spin off from the VOC operations.\(^9\)

**An economic history of the Dutch colonial empire?**

An obvious conclusion from the above is that we do not have an economic history of the Dutch colonial empire that incorporates the colonial possessions in the East and the West as well as metropolitan Netherlands in a single analytical framework. Israel’s *Dutch Primacy in World Trade* might come close, but since it was published just before the 1990s, it missed most of the new insights into the economic histories of the Dutch colonial possessions. It depicts the eighteenth century as too bleak, for example. The compartmentalisation of the economic history of the Dutch colonial empire is also exemplified by the fact that even though Suriname and

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Java were both prominent producers of coffee and sugar in the eighteenth and early nineteenth century, these trajectories have not been reviewed from an imperial perspective. In what way, for example, was the decline of Surinamese sugar production linked to the ascendency of the Java sugar complex? The economic histories of Dutch colonial plantation societies in the East and in the West have been two separate worlds, at the detriment not only of a broader imperial perspective, but also of a global contextualisation. Economic historians, as mentioned in this article, have noted hunger in Java in the 1930s, whereas social historians have noted that in October 1931 the hungry masses took to the streets in Paramaribo, as they did everywhere in the Caribbean at the time. However, the two phenomena were rooted in the same global collapse of the sugar market and therefore deserve to be narrated within a larger framework.

Finally, the bleak picture of the eighteenth century maritime and mercantile history of the Dutch Republic has been revisited over the past decades. In the 1980s and 1990s, historians on the Dutch colonial empire in Asia and their colleagues working on the Atlantic have independently from each other designated the Fourth Anglo-Dutch War (1780-1784) rather than the early eighteenth century as the moment of the demise of Dutch maritime power in their respective areas. Acemoglu et al., for example, made an assessment of only part of the maritime benefits, leaving out the Asian trade and refraining from linking slave-based profits to British industrialisation, a debate which Joseph Inikori has been kindling over the past decades. Should we feel challenged to engage in a comprehensive study into the contribution of the eighteenth century Dutch Seaborne Empire to the prosperity and economic development of the Republic? On the one hand, it seems that such a comprehensive exercise would be less relevant to Dutch society as its industrialisation came late. On the other hand, we cannot exclude that slave-based profits and participation in both the Asian and Atlantic economies may have encouraged crucial innovations in shipping and insurance.

Going a step further, we may return to the old debate about whether the West achieved its economic primacy by underdeveloping the rest. For India, Prasannan Parthasarathi has tried to re-enter the subject into the academic agenda, though this time not under the flag of underdevelopment, but under the more fashionable colours of the Great Divergence. However, Parthasarathi’s argument that the de-industrialisation of India was caused

by British protection of its infant cotton industry, is highly contested.\textsuperscript{80} Moreover, even though the Dutch did throw their cotton cloth into the Java market, any allusion to de-industrialisation would be out of context in view of the rather marginal artisanal sector of the Dutch East Indies itself. In this respect, Java stood behind India, as well as China for that matter, which was still a considerable economic power in the early nineteenth century. The situation was even more marked in the Outer Islands of the Indonesian archipelago, which up to the late nineteenth century relied overwhelmingly on commodity extraction, peasant agriculture and fishery products, and showed the economic and demographic fragility that David Henley has described for Northern Sulawesi.\textsuperscript{81}

This leaves us with the subject of the disparities in wages and living standards between the Netherlands and Java. Wage disparities already existed in the early nineteenth century and would further increase during colonial times, but the disparities in living standards were less pronounced. It could not be otherwise, Van Zanden pointed out, since the living standards of the labouring masses in the Netherlands were already close to the bare minimum.\textsuperscript{82} Yet we have seen how various authors have noted that living standards in Java may have hit rock bottom in terms of minimal nutritional adequacy in the twentieth century. It is easy to refute that the Netherlands de-industrialised their colonies, but it would be a lot more difficult to prove that the Netherlands did not grow rich by underdeveloping their colonies.

**About the author**

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\textsuperscript{81} David Henley, *Fertility, Food and Fever: Population, Economy and Environment in North and Central Sulawesi, 1600-1930* (Leiden 2005).

\textsuperscript{82} See Van Zanden, ‘Rich and poor’.