

**‘Defeatism is our worst enemy’
Rehabilitation, reorientation and *indonesianisasi* at Internatio
and HVA, 1945-1958**

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Introduction

AFTER DUTCH RECOGNITION of Indonesian sovereignty in December 1949, the Indonesian economy continued to be dominated by foreign – mainly Dutch – enterprise. This paper looks in detail at the Rotterdam trading firm Internatio and the Amsterdam estate company HVA.¹ It analyzes the intricate relationships between these leading Dutch enterprises and independent Indonesia, from the proclamation of Indonesian sovereignty in 1945 to the nationalization of Dutch assets in 1958. Three key themes are discussed: the rehabilitation of Dutch possessions during the Revolutionary Period and afterwards; the reorientation of business activities in the 1950s; and the growing importance of the indigenous population in the Indonesian economy, in particular the incorporation of Indonesian employees in leading functions within Dutch firms. This paper will result in a comprehensive comparative analysis of the process of *indonesianisasi* at various large Dutch companies.

Internatio and the HVA both had their roots in the period of private business expansion in the Netherlands Indies after the gradual dissolution of the *cultuurstelsel* and the introduction of *laissez faire* economic policies in the second half of the 19th century. Internatio was founded in 1863 by a group of Rotterdam merchants to sell Dutch cottons in the archipelago’s major population centers. In the early years, the company experimented in estates and agricultural finance, but soon it concentrated on commission trade and developed into one of the largest import firms in the colony.² After World War I, Internatio greatly diversified its activities. The firm acquired estates in Java and Sumatra in the 1920s and 1930s and played a prominent role in the development of the local manufacturing sector in the late-colonial period. Import trade, however, continued to be its core business.³

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The HVA was established in 1879 and, according to Allen and Donnithorne, 'could be regarded as one of the leading promoters of new enterprise'.⁴ Initially, the firm served as a *cultuurbank* (estate bank), providing credits to estate companies and exporting their produce as well as importing machinery and equipment. During the agricultural depression of the 1880s, the HVA became a large estate company in its own right as it acquired estates with outstanding debts. In 1910, it completely disposed of its commercial interests. The heart of the company's business was its extensive concern in the Java sugar industry, but it also owned rubber, fibres, coffee and tea estates on that island as well as Sumatra.⁵

Rehabilitation after World War II

Indonesia's declaration of independence on 17 August 1945 was of no immediate concern to Dutch enterprise in the archipelago. The Republic of Indonesia was considered little more than a temporary inconvenience, formed by 'a small group of fanatics and a larger group of turncoats'⁶, which would vanish as soon as the Dutch armed forces had returned and restored the colonial order. The prime concerns of Internatio and the HVA in 1945 were to locate the European personnel and rehabilitate their productive capacities as quickly as possible. The war had cost the lives of 102 Dutch Internatio employees and 151 HVA expatriates (and many were still missing), while virtually all survivors had spent years in Japanese interment camps.⁷ Those physically and psychologically able to work immediately undertook the reconstruction of the Indonesian possessions; the others were sent on leave to recuperate in the Netherlands.⁸

The key point to be made with respect to the rehabilitation process is that Internatio was considerably more successful than the HVA. Internatio was in the fortunate position 'that our Association is not first and foremost engaged in plantations (...) and that we merchants will always be able to earn our bread'.⁹ The firm's branches were located in the larger towns where security was less problematic than in the countryside of Java and Sumatra, so that by late 1947 all but two had been reopened. Internatio rapidly resumed its position as one of the leading trading firms in the Indonesian archipelago, especially after the Netherlands Indies government gradually lifted controls on international trade in 1946/47.¹⁰

Most of Internatio's manufacturing assets, the greater part of which was in a state of severe neglect after the Japanese occupation, could resume operations after they had been liberated during the first Dutch 'Police Action' in July 1947. For instance, the Preanger Bont Weverij at Garut in West Java, although damaged and neglected, could start production on a

modest scale after it was occupied by Dutch forces in August. The company's phosphate factory at Cirebon and the chemical plant 'Sepandang' fell into Dutch hands intact, although machinery was in a desolate state. In its first report after the war, Internatio optimistically noted that 'wherever Dutch influence returns, the population is willing to cooperate with us'.¹¹

The important exceptions to this promising picture were Internatio's plantations in Java and Sumatra. In early 1947, the company complained that 'virtually all estate enterprises are still isolated.'¹² The situation improved only marginally after the first Dutch 'Police Action' in July 1947, since chronic insecurity and the scorched earth tactics of the withdrawing Republican troops prohibited the resumption of production on many 'liberated' estates. This also applied to Internatio's *Vorstenlandse* sugar estates which fell into Dutch hands during the second 'Police Action' in December 1948/January 1949. Even in May 1950, five months after the transfer of sovereignty, Internatio continued to invest in estates 'only to the extent that this can be expected to generate profit in the very near future'.¹³

Since the HVA was exclusively engaged in estate agriculture, rehabilitation of its productive assets was a slow and frustrating process. The company's sugar factories in Java had suffered greatly, first as a result of the Japanese occupation and then because of the Revolutionary turmoil in 1945/46.¹⁴ After the war the factories had usually passed into the hands of the senior Indonesian staff. Even several months after the first 'Police Action', only six sugar factories were under control of the company, half of which were considered a 'total loss'. Eventually, only three factories would be restored to production: Ngadiredjo, Djatiroto and Semboro.¹⁴ Vandalism and theft, and, especially in the 1950s 'squatting' and labor troubles continued to be major sources of concern.

Sumatra seemed to offer better prospects. Except for the large Kaju Aru tea estate near Padang, the Bulu Blang Ara palm oil plantation and the rubber estates Alur Djambu en Pulau Tiga (Aceh), all Sumatra possessions returned under control of the HVA in the wake of the first Dutch 'Police Action'. However, damage to crops and - to a lesser extent - machinery and buildings was considerable. Approximately 45% of the tea area under cultivation had been destroyed, as well as 41% of the oil palm area, 15% of the rubber area and almost the entire crop of fibers.¹⁵

The Kaju Aru tea estate came in the hands of the HVA after a spectacular Dutch military operation in July 1949, and following extensive restoration it was reopened in February 1951 in the presence of Hatta and Finance minister Prawiranegara. The Alur

Djambu and Pulau Tiga rubber estates were only recovered in the course of 1950, so after the transfer of sovereignty. Both had suffered heavily by excessive rubber tap in the Revolutionary Period, and the book value of Alur Djambu consequently had to be written off.¹⁶ In Java, insecurity was the main source of concern whereas in Sumatra most problems were related to the neglected state of the crops coupled with illegal occupation of estate lands.

The different pace of rehabilitation of Internatio's and the HVA's possessions had repercussions for the way in which they envisaged their future in the Indonesian archipelago and the desired political relationship between Indonesia and the Netherlands. During the Linggadjadi negotiations in late 1946, Internatio argued that the proposed Union between Indonesia and the Netherlands was 'an illusion' and that the Indonesian independence should be recognized – at least with respect to the territories under Republican control. The HVA likewise thought that negotiations with the Republic were pointless as long as the Dutch government insisted on the Union, although for tactical reasons these objections were not made public.¹⁷

Article 14 of the Linggadjadi agreement (25 March 1947) provided for the restoration of those rights of non-Indonesians that they had enjoyed before the war as well as restitution of their property in territory under Republican control. In fact, the agreement tacitly acknowledged that Indonesia still badly needed foreign capital and expertise for economic development. Yet despite this seemingly promising outcome for Dutch enterprise in Indonesia, Internatio and the HVA were unconvinced. Internatio asserted that '[Article 14] sounds very good, but the question is if those whose rights are to be restored, will receive a fair chance in the Indies of the future to continue their enterprise'. HVA-director Bolderhey called Linggadjadi 'an unfortunate product' that 'offers many promises but few guarantees'.¹⁸

Linggadjadi, in fact, did not solve the problems of Dutch enterprise in Indonesia; restoration of Dutch assets remained a slow and frustrating process. Gradually, there emerged a lobby of Dutch firms in Indonesia to persuade the Dutch government that only armed force could restore their possessions. The HVA - with all its property still under Republican control - encouraged the government to take bold steps, since 'it is clear that the signing of the agreement has not changed the situation'.¹⁹ In April 1947, director Bolderhey in a meeting with Lieutenant Governor-general Van Mook pressed for military action and 'disarmament of the Republican mobs'.²⁰ Internatio did not play a prominent role in the lobbying process, although it did support armed intervention on behalf of Dutch firms in the archipelago.²¹

Several historians claim that there occurred a *volte face* among Dutch enterprises in Indonesia in the months following the first 'Police Action'.²² Whereas they had advocated

armed intervention until July 1947, they showed no enthusiasm when the Dutch military forces launched the second 'Police Action' in December 1948 as they now felt this would hamper rather than advance their cause. This, however, fails to recognize that already in 1946 some Dutch companies, including Internatio and the HVA, favored Dutch recognition of Indonesian independence – or at least of the territories under Republican control. It was only after the implementation of Linggadjati had proved impossible that hard-liners both within Dutch enterprise and political circles in The Hague gained broad support for radical solutions.

However, it is true that Dutch firms after the first 'Police Action' regarded a political settlement as the best safeguard for their continued presence in Indonesia and that they were, therefore, not content when the Dutch launched their second 'Police Action' in December 1948, this time with the intention to wipe out the Republic altogether. Internatio duly noted that the Dutch government had seen no alternative.²³ But in the months leading up to Dutch recognition of Indonesian sovereignty optimism gained the upper hand, for 'as long as they [the Indonesians] cannot eliminate our capital without jeopardizing the entire influx of goods, we will be able to preserve our position in Indonesia's import trade, which means for a considerable time'.²⁴

The HVA, however, was much more uncertain about its future in independent Indonesia, fearing that the Dutch government would hurriedly abandon the country without obtaining assurances for Dutch enterprises operating in the archipelago. The withdrawal of Dutch troops and the murder of three HVA-employees in Sumatra in October 1949 fuelled the management's anxieties, which were frequently transmitted to the Dutch delegation at the RTC. In early December 1949, when more and more details of the agreement became public, the HVA sensed that 'the possibility to continue our work in the Indies depends above all on the ability of the new rulers to maintain peace and order'.²⁵

Reorientation in the 1950s

The issue of geographical reorientation is especially relevant in light of the nationalization of Dutch firms in 1957/58 and the much-debated question whether Dutch enterprise anticipated this development or not. For both Internatio and the HVA, the Netherlands Indies had formed the heart of their activities until the outbreak of World War II. But the revolutionary turmoil in the late 1940s and Dutch recognition of Indonesian independence in 1949 forced them to reconsider their future in the archipelago. The issue was whether they were not dangerously dependent on a nation whose political destiny was no

longer in Dutch hands. The need to spread risks was evident in both companies' attempts to expand their organization outside Indonesia.

Internatio's business was still overwhelmingly concentrated in the Netherlands Indies when Germany invaded the Netherlands in May 1940. The company had branch offices in Singapore, Bangkok and Kobe, but these were mainly intended to facilitate trade with the colony. The outbreak of war in Europe forced Internatio to redirect its trade to Asia, and for that purpose a branch office was opened in Calcutta in British India. During the war the Asian organization was expanded with new offices in Penang (British Malaya), Kuala Lumpur and Bombay. The company made its first steps on American soil when one of its staff members who resided in New York when war broke out, opened a branch office in that city.²⁶

These earliest reorientation efforts were not part of an elaborate strategy to diversify the company's interests, but an *ad hoc* response to the challenges of war and occupation. After the war, however, reorientation was accelerated as Internatio's management realized that the firm was dangerously dependent on Indonesia. The New York office was complemented by branches in Boston and San Francisco, and then reorganized into a subsidiary firm. To profit from Japan's economic recovery under American sponsorship, Internatio in 1948 opened branches in Tokyo and Osaka. In that same year it took over the 'Holland-China Trading Co.', which provided a foothold in the important harbor of Hongkong.²⁷

By the time of formal Dutch recognition of Indonesian sovereignty in December 1949, Internatio was already active in ten countries on three continents. The main drive towards reorientation, however, was still to come. In 1953, Internatio stated that 'for our Association it continues to be an imperative necessity to give our activities a wider geographical spread'.²⁸ Contrary to the geographical expansion of the 1940s, this was not an improvised response to the temporary drop out of Indonesia as a consumer market and producer, but a carefully designed strategy to make the company less dependent on politically volatile regions in Asia and expand in Europe and the United States.

In response to the increasingly precarious situation in many parts of Southeast Asia, Internatio in 1954 drew up a plan providing for standard procedures in case of emergency. An integral part of this plan was the gradual reduction of investments in this region and the expansion of the organization in Europe and the US (and to a lesser extent Australia and Africa). In the meantime, Indonesia should not yet be written off as it was acknowledged that 'it takes (...) several decades before the merchant with a mainly *Indische* past has succeeded in getting of the ground in one or more countries a profitable organization which can equal the one we have managed to build up in Indonesia'.²⁹ Throughout the 1950s, Internatio continued

to invest in Indonesia, especially in manufacturing and sometimes in cooperation with local businessmen.

Internatio's reorientation attempts received new impetus after Indonesia's – largely symbolic – unilateral withdrawal from the Union with the Netherlands and repeal of the RTC-agreements in February 1956, 'because little by little we have to come to the conclusion that we have to be rather skeptical about the future of our establishments in Southeast Asia'.³⁰ Undoubtedly, the company was very successful in this respect. In 1958, the year of the nationalization of Dutch enterprise in Indonesia, Internatio stated that most trade was already diverted to Europe and the US. In 1960, less than five percent of the firm's assets were invested in Asia. According to Brand, 'in view of the regular dividend payments, this firm has adapted well'.³¹

Notwithstanding various exploration missions both inside and outside the Indonesian archipelago, the HVA before World War II never ventured beyond Java and Sumatra. In the 1920s and 1930s the company investigated the potential for large-scale plantation agriculture in Kalimantan, Sulawesi and New Guinea, as well as Africa (Belgian Kongo, Kenya and Tanzania) and Southeast Asia (British Malaya, Indo-China and the Philippines). Later, during the war, the HVA also considered expanding into South America.³² However, none of these studies reached further than the drawing table, perhaps because the Depression of the 1930s forced the company to focus on cost reduction and rationalization of production rather than expansion.

In September 1946, with all possessions still under Republican control, the HVA's management discussed the future of the company.³³ The deliberations revolved on how and where to invest the firm's capital. It was decided not to expand in the Indonesian archipelago but to use funds first and foremost to restore existing assets. The wish to rapidly resume production in Indonesia was driven by the high world market prices for primary commodities immediately after the war. Meanwhile, the company would continue to research the opportunity to acquire concessions on land in Africa or South America. This strategy was not altered after the transfer of sovereignty. In 1950, the HVA still felt compelled 'to transfer our activities as much as possible outside Indonesia'.³⁴

Paradoxically, one country that was explicitly excluded from the examinations was Ethiopia, which later was to become the focal point of the HVA's reorientation effort.³⁵ The climate and geographical conditions in Ethiopia were initially deemed unsuitable for the

cultivation of oil palm and sugar, two commodities for which world market conditions were particularly favorable. However, the Ethiopian emperor Haile Selassie was determined to enlist Western expertise and capital to expand the domestic sugar industry while the HVA in 1950 was 'forced to look for a change of directions for surplus capital which we would otherwise have invested in Indonesia'.³⁶ After an optimistic evaluation by one of its senior employees, the HVA accepted the emperor's offer.

In June 1951 the HVA signed an agreement with the Ethiopian government for a concession of 1,500 hectares of land in the Wonji valley, 100 kilometers southeast of the capital Addis Ababa, plus an option for another 3,500 hectares.³⁷ For the HVA it was believed to be 'a decision of great significance' because 'considering the difficult situation in Indonesia the urgency for risk dispersal is clear to everyone'.³⁸ However, the company's agent in Jakarta emphasized that 'Indonesia, despite many difficulties and disappointments, should not yet be written off for Western enterprise'.³⁹ Perhaps that explains why throughout the 1950s the HVA continued to plow back profits in Indonesia (only a part of which could be transferred abroad anyway), for instance in extensive rejuvenation schemes on palm oil and rubber plantations.

In December 1951, the director in charge of the Wonji project predicted that 'a great future lies ahead of us in Ethiopia'.⁴⁰ He was right: the Ethiopian venture became a success. Large sums of money were invested to equip Wonji with up-to-date machinery and sugar experts from Indonesia were relocated to Ethiopia to supervise and train local personnel. The HVA's sugar production in Ethiopia rose from 15.850 tons in 1954/55 to 32.500 tons in 1957/58. One senior HVA-employee recalled that in the late 1950s the opportunity to get transferred to Ethiopia was the subject of intense speculation among the company's Dutch personnel in Indonesia. 'Wonji, *that* was the future'.⁴¹

However, Ethiopia supplemented rather than replaced Indonesia as the focal point of the HVA's business. In 1957/58, Wonji still counted for less than one-third of the HVA's total sugar production.⁴² Throughout the 1950s the HVA continued to believe that it had a future in Indonesia. Illustrative of that viewpoint was the firm's reaction to the Indonesian draft law on foreign investment in October 1957. The management was unwilling to transfer the company's seat to Indonesia as the law stipulated, since '[the Indonesians] understand that as yet they cannot do without the foreign estate companies and therefore they don't want to rush matters.' It was concluded that the company was 'under no *direct* threat'.⁴³ Six months later, in March 1958, the last Dutch HVA employees in Indonesia embarked on the *MS Radja* to Singapore.⁴⁴

To evade any responsibility for its former possessions in Indonesia, the HVA in December 1958 was reorganized into a holding company, the 'Verenigde HVA-Maatschappijen' (VHVAM). Wonji was placed under a new Ethiopian subsidiary, HVA-Ethiopia, in which the VHVAM held 80% of the stock. 'Indonesia has fallen from us, but we have the means and experience and definitely the required energy to build up something new elsewhere', said the management.⁴⁵ The HVA obtained new concessions for sugar cultivation in Ethiopia in 1962 and 1965, reaching a production of 130,000 tons on 12,000 hectares in 1975. In that same year the Ethiopian government nationalized HVA-Ethiopia.⁴⁶

Indonesianisasi

Indonesian independence forced Dutch companies to redefine their relationship with the government in Jakarta and the Indonesian population. The most pressing issue was the inferior position of Indonesians in their own economy, which was still dominated by foreign – mainly Dutch – enterprise. Both the Indonesian government and the Dutch firms faced a dilemma. Successive Indonesian cabinets recognized that the economy could not dispense with Dutch expertise and capital while maintaining that the ongoing supremacy of Dutch business was intolerable; Dutch firms had to cooperate sufficiently to avoid Indonesian animosity while defending their freedom of action. This resulted in a very complex and often confusing relationship between Dutch enterprise and independent Indonesia.

One of the most important elements of *indonesianisasi* was the promotion of Indonesians to the higher echelons of Dutch companies. The Finec, the financial and economic appendix to the 1949 RTC-agreements, obliged Dutch firms to 'as quickly as possible bring skilled Indonesians into executive (including top managerial) and staff positions'.⁴⁷ In addition, a 'gentlemen's agreement' between the Indonesian government and Dutch enterprise in Indonesia required the latter to have indigenous employees make up 70 per cent of the total workforce.⁴⁸ However, no time schedule was given, nor did the agreements specify the percentage of Indonesians to be promoted to *leading* positions.

Indonesianisasi of Internatio's personnel advanced appreciably during the first half of the 1950s, but it was confined to the lower and intermediate echelons.⁵⁰ The company frequently paid lip-service to the notion that Indonesians should have more control over their own economy, but this was done above all to placate the Indonesian authorities and prevent too much governmental interference in personnel policies. The principal motives to incorporate Indonesians into the higher functions were the shortage of European expatriates,

exacerbated by official restrictions on the immigration of foreign workers, and the need to reduce labor costs. In fact, Internatio considered 'the poor willingness of the expatriate workers to continue to work in Indonesia' one of the key difficulties facing the company.⁵¹

In 1954, to encourage the influx of Indonesian personnel into senior positions, Internatio set up the so-called 'Staff Indonesia', in addition to the group of expatriates and the large number of *lokalen* (locals). The idea was to incorporate talented locally recruited employees into a separate category next to the expatriate staff. In this way, it was projected, indigenous employees would be stimulated to assume positions of responsibility more rapidly. In January 1957, the Staff Indonesia counted 97 employees or 7 percent of the total workforce.⁵² Also, their numbers were rising quite rapidly (12 percent between January 1956 and January 1957) whereas the number of expatriates declined at about the same rate. Internatio considered the level of *indonesianisasi* 'not unfavorable'.

However, over half of the Staff Indonesia consisted of ethnic Chinese, while *asli*'s (indigenous Indonesians) made up only 31 per cent. Even more problematic was the fact that the Indonesian authorities, in construing the level of *indonesianisasi* within Dutch firms, grouped expatriate and local staff together. Since the expatriate staff, by definition, consisted exclusively of foreigners, this resulted in a rather low percentage of Indonesians in staff functions. In fact, Dutch and other European employees still occupied nearly two in every three staff positions, including all the top executive posts. Indigenous Indonesians occupied only 12 per cent of the staff functions, significantly behind ethnic Chinese (19%) who because of their alleged superior work ethic were considered more suitable candidates for such positions.

The process of *indonesianisasi* greatly accelerated after the occupation of Internatio's assets in December 1957. The top functions came in the hands of Indonesian employees that had already occupied fairly high functions under Dutch management, all of which had long-standing careers in the company. Internatio established a 'core group', consisting of about 30 senior Dutch employees, to organize the evacuation of the Dutch personnel and their families, keep an eye on the Indonesians now managing the company and to be 'the last stayers (*blijvers*), or perhaps the first beginners'⁵³, that is to prepare for the eventuality that Internatio would recover its Indonesian possessions. Since that did not come about the last Dutch employees were evacuated in April 1958.

There are few sources regarding the inclusion of Indonesians in the higher functions at the HVA. After the German occupation of the Netherlands in May 1940, the absence of Dutch employees recruited in the Netherlands Indies armed forces and those discharged because of their membership of the fascist NSB 'provided the opportunity to train Indonesians for staff functions'. According to A. Goedhart, the newly appointed director J.G. Wackwitz was asked in January 1942 'to promote the accelerated *indonesianisasi* of the company's staff'.⁵⁴ This suggestion by a former HVA-director may well have been wishful thinking, since there is no indication that the position of the Indonesian employees improved significantly in this period. In any case, the Japanese occupation soon made Dutch personnel policies irrelevant.

After Indonesia declared independence in August 1945, the HVA understood the need for *indonesianisasi*. On 4 July 1947, when it was already clear that the lobby for military action had paid off, director Raadsheer claimed that 'we will be able to push back for a long time the liquidation of our position if we proceed tactfully and take as many Indonesians as possible in our personnel corps and staff'.⁵⁵ But the firm also criticized the *Ondernemersraad* (Council of Entrepreneurs) for openly advocating the inclusion of Indonesians in leading functions. The Dutch government and Dutch business organizations, it was alleged, needed to protect the interests of Dutch citizens and firms, not those of Indonesians. The implication was that the government in The Hague could not look upon Indonesia as merely a 'foreign' country.⁵⁶

Indonesianisasi was speeded up because of the serious shortage of experienced Dutch personnel to supervise the HVA's rehabilitation efforts. Of the 339 expatriate employees that had been evacuated after World War II, almost one-third had left the company by January 1947. In that same period, only 24 newly-recruited employees were sent overseas.⁵⁷ The situation did not improve after Dutch recognition of Indonesian independence in December 1949. According to the HVA, the restriction of Dutch immigration into Indonesia after 1952 threatened 'to dislocate our already tight personnel formation'.⁵⁸ From then onwards, the HVA promoted Indonesians to the rank of assistant to meet the shortage of Dutch employees.

In the 1950s, the company's annual reports routinely stated in slightly varying formulations that the HVA strived for the progression of Indonesians to higher functions, but also that there were not enough suitable and sufficiently educated candidates and that therefore sending out Europeans remained absolutely necessary. Those Indonesians who advanced to functions which until that time had been the exclusive domain of Dutch employees were in most cases graduates of the agricultural college in Bogor. In mid-1953, about 250 of the HVA's 750 employees in higher functions were Indonesians, and their number was steadily

rising. The percentage of Indonesians included in advanced positions was higher in Java than in Sumatra.⁵⁹

The HVA observed with satisfaction that there developed an *esprit de corps* among the Indonesian employees in higher functions in the form of increasing loyalty towards the company, and that 'even if their share would rise considerably to, say, 50 or 70 percent, an adequate conduct of business would still be possible'.⁶⁰ The Indonesian employees were considered reliable and generally performed well, but they were also said to have less perseverance and administrative skills than their Dutch colleagues. Therefore, it was justified that thus far Indonesians had not been promoted to posts in which they would have to bear responsibility for financial matters.⁶¹

However, necessity knows no law. One senior HVA-employee recalled that in the second half of the 1950s 'much more Indonesians occupied the higher functions. It was obvious that the situation was slipping from our hands.'⁶² The HVA no longer ruled out that on the estates Indonesians would sooner or later be found in the 'higher ranks, such as those of chief assistant, chief planter or even administrator. The present administrators, however, unanimously feel that the Dutch element is - if not indispensable - at least highly desirable'.⁶³ Indonesians now also made their appearance in the intermediate administrative posts, especially in Sumatra, although according to the HVA 'the top management should remain in the hands of Europeans'.⁶⁴

The process of *indonesianisasi* at the HVA and Internatio after the occupation of Dutch enterprise in December 1957 runs remarkably similar. The leading functions at the HVA were taken over by senior Indonesian personnel although in Sumatra the Dutch employees were able to stay in control much longer than in Java. The HVA likewise established a *core group* of about 30 Dutch expatriates but, contrary to Internatio, this group continued to exist in the Netherlands for some more months after the last Dutch employees in Indonesia had been evacuated in March 1958.⁶⁵ Appropriately, the HVA concluded: 'With the evacuation of our entire European personnel, our company has come to an historical turning point'.⁶⁶

Historical research of economic decolonization in Indonesia has focussed largely on political and macro-economic aspects. This paper, however, explores the process on the micro level by examining the consequences of Indonesia's independence for two leading Dutch firms, Internatio and HVA. Three key themes are discussed: the rehabilitation of Dutch assets after

World War II; the reorientation of Dutch business activities in the 1950s; and *indonesianisasi*, in particular the inclusion of Indonesians in the higher echelons of Dutch firms.

Rehabilitation

Initially, Internatio and the HVA had similar opinions concerning the political relationship between the Netherlands and the Republic of Indonesia but they ultimately arrived at different conclusions. In 1945/46, both advocated a 'political' solution, e.g. Dutch recognition of Indonesian sovereignty or independent status for territories under Republican control. Also, both had serious doubts about the practicability of the Linggadjati agreement of March 1947. Finally, both supported the first Dutch 'Police Action' in July 1948.

However, whereas the HVA had been one of the leading forces behind the Dutch business lobby for armed intervention, Internatio's support was only lukewarm. This reflected the fact that the HVA was exclusively engaged in estates, virtually all of which were still under Republican control, whereas Internatio's diverse interests were primarily located in the Dutch-controlled cities. This might also explain the diverging points of view in the late 1940s concerning these companies' future in independent Indonesia, which Internatio judged much more positive than the HVA.

Reorientation

Again, Internatio and the HVA had the same point of departure: to reduce their dependence on Indonesia. And again, the eventual outcome was very different. Internatio almost immediately after August 1945 expanded its organization outside Indonesia, first in other parts of Southeast Asia and then from the early 1950s onwards almost exclusively in Europe and industrialized nations such as the United States and Australia. The firm profited from the fact that its trading business could be transferred easily to other countries, providing it with a solid basis that without difficulty absorbed the nationalization of its Indonesian assets in 1958.

The HVA was slow to leave its Indonesian base. In 1951, it finally made the big leap to Ethiopia. This was to remain its only concrete reorientation project in the period under review, conceivably because tropical agriculture is highly empirical and cannot be readily applied in different circumstances. But the HVA also continued to rely principally on its Indonesian base. As a result, the company's investments outside Indonesia were not adequate to build up

extensive interests that could match the Indonesian organization. The Ethiopian project supplemented rather than replaced the firm's Indonesian business.

Indonesianisasi

The process of *indonesianisasi* at Internatio and the HVA ran remarkably similar. There is no doubt that the career opportunities for Indonesians at both companies increased in the 1950s, but this remained primarily confined to the lower and intermediate levels. Internatio promoted very few Indonesians to *leading* positions, the HVA none at all. Also, the motivations for *indonesianisasi* were practical rather than ideological, first and foremost the severe shortage of expatriate personnel. Genuine *indonesianisasi* only occurred after December 1957, when the positions vacated by leading Dutch personnel were taken over by the companies' senior Indonesian employees.

Indonesian independence provided a major challenge to Dutch firms operating in the archipelago. Without doubt, the 1950s were a very turbulent period in the history of Dutch enterprise in Indonesia. However, the position of Dutch firms in Indonesia was characterized by ups and downs rather than continuous deterioration. The confusing situation offered room for cautious optimism that things would turn out not as bad as they seemed. Perhaps the *communis opinio* among Dutch managers in Indonesia is best exemplified by HVA-director J.A. Vertregt:

'Defeatism is our worst enemy (...) As long as the Indonesians are not blinded by their national feelings and are unwilling to sacrifice the country's prosperity to sentiments, Western enterprise and we too will be able to preserve a good position.'⁶⁷

¹ In full: Internationale Crediet- en Handelsvereniging 'Rotterdam' [International Credit and Trading Association 'Rotterdam'] and Handelsvereniging 'Amsterdam' [Trading Association 'Amsterdam'].

² The largest Dutch import firms were collectively known as the 'Big Five': Internatio, Borsumij, Jacobson & Van den Berg, Lindeteves and Geo. Wehry.

³ For instance, in 1922 Internatio participated in the setting up of one of the first large manufacturing establishments in the Netherlands Indies, the paper factory 'Padalarang' near Bandung. The 'Preanger Bont Weverij' in Garut (West Java), build in 1932, became the largest weaving and dying mill in the archipelago. In addition, the company was involved in insurance and shipping. J.O. Sutter, *Indonesianisasi. A historical survey of the role of politics in the institutions of a changing economy from the Second World War to the eve of the general election, 1940-1955* (PhD dissertation, Cornell University, Ithaca NY 1959) 42.

⁴ G.C. Allen and A.G. Donnithorne, *Western enterprise in Indonesia and Malaya. A study in economic development* (London 1957) 191.

⁵ W. Brand et al., *1879 – HVA – 1979. Honderd jaar geschiedenis der Verenigde HVA Maatschappijen NV* (Amsterdam 1979) 11-13.

⁶ N.L.W. Straten, the Dutch military commander in Java, quoted in: H.W. van den Doel, *Afscheid van Indië. De val van het Nederlandse imperium in Azië* (Amsterdam 2000) 82.

⁷ Internatio. Report 1940-1947; A. Goedhart, *Eerherstel voor de plantage. Uit de geschiedenis van de Handelsvereniging 'Amsterdam' (HVA) 1879-1983* (Alphen a/d Rijn 1999) 146.

⁸ Internatio. Directors to Board of Commissioners, 24 Mai 1946 (Inv.nr 74). Municipal Archive, Rotterdam.

⁹ Internatio. Directors to Board of Commissioners, 18 September 1947 (Inv.nr. 74).

¹⁰ In the years after the war, international trade in the Dutch-controlled areas was strictly regulated through the NIGIEO (Netherlands Indies Government Import- and Export Organization). Gradually, this body transferred portions of the import and export trade to private enterprises. In July 1947 it was replaced by the AIO (*Algemene Import Organisatie*; General Import Organization), which financed essential imports, and the SIPET (*Stichting InvoerPlannen En Toewijzing*; Foundation for Import Plans and Allocation), which determined quota for the individual importers.

¹¹ Internatio. Report 1940-1947.

¹² Internatio. Directors to Board of Commissioners, 28 January 1947 (Inv.nr. 74).

¹³ Internatio. Directors to Board of Commissioners, 31 May 1950 (Inv.nr. 74).

¹⁴ In November 1942 , the HVA's Java sugar factories were taken over by a private Japanese company operating in Taiwan called Taiwan Seito. Of the HVA's 16 sugar factories in 1939 (of which 7 were in production), only one was still in operation when the Japanese capitulated in August 1945. The other factories were (in the process of being) converted to the production of machinery or butane (aircraft fuel), relocated to other parts of the archipelago or completely dismantled. T.F.H. Postma et al., *De Javasuijkerindustrie gedurende de Japansche bezetting. Mededelingen van het Departement van Economische Zaken in Nederlandsch Indië* (Batavia 1946).

¹⁴ HVA. Annual report 1950.

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- ¹⁵ HVA. Report 1941-1947 and 1948.
- ¹⁶ Interview with C.T. Beunder (29 July 1998), HVA-employee. SMGI-collection, 1286.2. KITLV/Royal Netherlands Institute of Southeast Asian and Caribbean Studies, Leiden; Goedhart, *Eerherstel*, 138-140.
- ¹⁷ Internatio. Directors to Board of Commissioners, 15 October 1946 (Inv.nr. 74); HVA. Minutes of the Board, 1 November 1946 (Inv.nr. 7). National Archives, The Hague.
- ¹⁸ Internatio. Directors to Board of Commissioners, 15 November 1946 (Inv. nr 74); HVA. Minutes of the Board, 6 December 1946 (Inv.nr. 7).
- ¹⁹ HVA. Minutes of the Board, 3 May 1947 (Inv.nr. 7).
- ²⁰ J. Th. Bank, 'Rubber, rijk, religie: De koloniale trilogie in de Indonesische kwestie', *Bijdragen en Mededelingen betreffende de Geschiedenis der Nederlanden* 96 (1981) 230-259, in particular 239.
- ²¹ In July 1947, only several days before the first 'Police Action', the *Ondernemersraad* (Council of Entrepreneurs) pressed for military intervention in Republican-held territory.
- ²² See, for instance, J. Jonker and K. Sluyterman, *Thuis op de wereldmarkt: Nederlandse handelshuizen door de eeuwen heen* (Den Haag 2000) 264; H. Baudet and M. Fennema et al., *Het Nederlands belang bij Indië* (Utrecht 1983) 140-143; H. Baudet and C. Fasseur, 'Koloniale bedrijvigheid', in: J.H. van Stuijvenberg (ed.) *De economische geschiedenis van Nederland* (Groningen 1977) 309-350, in particular 345; Bank, 'Rubber, rijk, religie', 234.
- ²³ Internatio. Directors to Board of Commissioners, 18 January 1949 (Inv.nr. 75).
- ²⁴ Internatio. Notes of P.F. Zimmerman concerning his trip to the Far East, december 1948 – April 1949 (Inv.nr. 74).
- ²⁵ HVA. Minutes of the Board, 28 October and 2 December 1949 (Inv.nr. 7).
- ²⁶ J. van der Zwaag, *Verloren tropische zaken: De opkomst en ondergang van de Nederlandse handel- & cultuurmaatschappijen in het voormalige Nederlands-Indië* (Meppel 1991) 226; Internatio. Report 1940-1947.
- ²⁷ Internatio. Directors to Board of Commissioners 21 March 1950 (Inv.nr. 74); Stout, 'Van de toko', 55. Attempts to expand into South America foundered on a lack of suitable personnel and unfavorable economic conditions in the countries concerned. See: Jonker and Sluyterman, *Thuis op de wereldmarkt*, 281.
- ²⁸ Internatio. Annual report 1953. In the early 1950s, Internatio was active in The Netherlands, Indonesia, India, British Malaya, Singapore, Thailand, Hongkong, Japan, Belgium and the United States.
- ²⁹ Internatio. Report consultations Board of Directors, 6 November 1956 (Inv.nr. 19); Directors to Board of Commissioners, 17 January 1956 (Inv.nr. 74).
- ³⁰ Internatio. Consultations Board of Directors, 13 October 1956 (Inv.nr. 19).
- ³¹ W. Brand, 'Heroriëntatie van vroeger in Indonesië werkende Nederlandse bedrijven', in: H. Baudet ed., *Handelswereld en wereldhandel: Honderd jaren Internatio* (Rotterdam 1963) 143-173, in particular 156.
- ³² Brand, *HVA*, 63; Goedhart, *Eerherstel*, 127.
- ³³ Personal archive D. Bolderhey. Short report of the discussions of the directors on 17 September 1946. National Archive, The Hague.
- ³⁴ HVA. Minutes of the Board, 1 September 1950 (Inv.nr. 8). For that reason, the HVA was looking for 'an internationally oriented candidate' to strengthen the Board of Commissioners, a post that ultimately went to H.M. Hirschfeld, the former 'High Commissioner' of the Dutch government in Jakarta.
- ³⁵ The HVA's activities in Ethiopia are examined in: A. Goedkoop, 'Handelsvereniging "Amsterdam", 1945-1958', in: *Jaarboek voor de geschiedenis van bedrijf en techniek* 7 (1990) 221-240. Goedkoop emphasizes that the HVA from the 1920s onwards was very active to explore the possibilities for estate agriculture outside Indonesia. The fact remains, however, that only in the case of Ethiopia these plans were actually made into reality.
- ³⁶ HVA. Minutes of the Board, 27 October 1950 (Inv.nr. 8).
- ³⁷ HVA. Annual report 1950.
- ³⁸ HVA. Minutes of the Board, 6 July 1951 (Inv.nr. 8).
- ³⁹ HVA. Minutes of the Board, 7 September 1951 (Inv.nr. 8).
- ⁴⁰ HVA. Minutes of the Board, 7 December 1951 (Inv.nr. 8).

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- ⁴¹ Interview with L.P. Jager (1 July 1998), HVA-employee. SMGI-collection, 1271.2. KITLV/Royal Netherlands Institute of Southeast Asian and Caribbean Studies, Leiden.
- ⁴² HVA. Annual report 1958. The share of 'Ethiopia' in the HVA's profits cannot be established since from 1954 onwards only the figure for total profits (Indonesia, Ethiopia and Amsterdam) was included in the company's annual reports.
- ⁴³ HVA. Minutes of the Board, 4 October 1957 (Inv.nr. 9).
- ⁴⁴ For a personal account of that episode, see: A. Goedhart, *Weerzien met Indië en Indonesië. Herinneringen aan wat wel en niet verloren ging* (Amsterdam 1995) chapter 9.
- ⁴⁵ HVA. Minutes of the Board, 9 January 1959 (Inv.nr. 9).
- ⁴⁶ Brand, *HVA*, 82-84.
- ⁴⁷ Financial and Economic Agreement, concluded on 2 November 1949, article 12. An (abbreviated) English translation is included in: Sutter, *Indonesianisasi*, 1290-1293.
- ⁴⁸ H. Meijer, *Den Haag – Jakarta. De Nederlands – Indonesische betrekkingen 1950-1962* (Utrecht 1994) 352.
- ⁵⁰ What follows is a summary of a comprehensive analysis of *indonesianisasi* at Internatio I have presented earlier. See: J. van de Kerkhof, '*Indonesianisasi* of Dutch economic interests, 1930-1960: The case of Internatio'. Forthcoming.
- ⁵¹ Internatio. Short report of H.G. Muller to Board of Commissioners concerning his trip to Asia, 9 January to 18 March 1955, 28 March 1955 (Inv.nr. 74).
- ⁵² The figure excludes workers performing (primarily) manual labor at the plantations and manufacturing establishments.
- ⁵³ Internatio. Directors to Board of Commissioners, 18 February 1958 (Inv.nr. 74).
- ⁵⁴ Goedhart, *Eerherstel*, 129.
- ⁵⁵ HVA. Minutes of the Board, 4 July 1947 (Inv.nr. 7).
- ⁵⁶ HVA. Minutes of the Board, 7 November 1947 (Inv.nr. 7).
- ⁵⁷ HVA. Minutes of the Board, 3 January 1947 and 6 May 1949 (Inv.nr. 7).
- ⁵⁸ HVA. Minutes of the Board, 7 November 1952 (Inv.nr. 8).
- ⁵⁹ HVA. Minutes of the Board, 6 February and 28 August 1953 and 6 February (Inv.nr. 8).
- ⁶⁰ HVA. Minutes of the Board, 1 October 1954 (Inv.nr. 8).
- ⁶¹ HVA. Minutes of the Board, 5 November 1954 (Inv.nr. 8).
- ⁶² Interview with L.P. Jager (1 July 1998). SMGI-collection, 1271.2.
- ⁶³ HVA. Minutes of the Board, 1 April 1955 (Inv.nr. 8). Some administrators were reluctant to advance Indonesians to high posts as their indigenous subordinates sometimes rejected their authority, while director Bolderey wanted to speed up *indonesianisasi* precisely because he believed that Indonesian supervisors would be more successful in dealing with the indigenous workers. Interview with T.C. Beunder (29 July 1998). SMGI-collection, 1286.2; HVA. Minutes of the Board, 5 November 1954 (Inv.nr. 8).
- ⁶⁴ HVA. Minutes of the Board, 5 October 1956 (Inv.nr. 9) and 16 December 1955 (Inv.nr. 8).
- ⁶⁵ HVA. Minutes of the Board, 2 May and 5 September 1958 (Inv.nr. 9).
- ⁶⁶ HVA. Minutes of the Board, 11 April 1958 (Inv.nr. 9).
- ⁶⁷ HVA. Minutes of the Board, 1 October 1954 (Inv.nr. 8).