

**Keynote Address:
Writing about the National Economy in Indonesia**

Abstract

Klein discusses practical and theoretical problems in the writing of an up-to-date textbook of the economic history of Indonesia. Leaving aside matters of level and size of the proposed book, there is indeed an urgent need for a new analytical approach instead of a descriptive endeavour. Using theoretical economics as a starting point, information on social frameworks and quantitative data should be applied to history. The concept of a 'national economy' is, in the case of Indonesia, complex. It has to be studied as something that gradually came about and surpassed the era of colonial domination. It should essentially be seen as a triangular set of relations between regional, national and international variables.

1. Introduction

I was told that this colloquium is one in a series in preparation of an up-to-date textbook on the economic history of Indonesia. Although I am no expert on this subject, I am sufficiently aware of the present *status questionis* to consider this project not only an ambitious one, but also as a very difficult, perhaps even unfeasible one. This is of course not to say that it should never have been tackled at all, or that the idea had now better be abandoned. Far from intending any discouragement, I will try instead to assist, although I realize that it has to be the assistance of a not very well qualified outsider. However, even a relative outsider like myself may be of some use by more or less systematically drawing attention to a number of obstacles to the undertaking. It may help to separate the possible from the impossible. In this way I hope to contribute to narrowing and specifying the goal being aimed at. It is also true that the first step towards overcoming any barrier is to recognize it. Not all difficulties and impediments are equally formidable. Some can be removed by discerning first of all what can be solved in a relatively easy manner by some honest hard work and simple common sense.

Having such down-to-earth problems in mind I begin by referring to the pragmatic matter of organizing the everyday research of an international group of scholars. The problems involved are of a mainly practical and executive nature. Let me pass by the intriguing matter of financing and other such vulgar things as getting scholars to really write their paper on the subject they are supposed to write about and please to do so at exactly the length required and in time—if possible. Such matters may cause a headache but they are peanuts really to the connoisseur of the academic community. More difficult than *organizing* international scholarly research is its systematic *co-ordination* in order to obtain the required results. For instance, there is such a tricky thing as inducing learned scholars to come off their high horses. There is also the even more problematic matter of how to overcome international differences in training, cultural outlook and general background. Despite the fact that these differences are of course productive in stimulating the debate on all sorts of topics, they may still emerge as an impediment to publishing a textbook. It is evident that such a book can never be compiled if its contributors disagree basically with the main issues or if they have been left in the dark about them. Authors and other participants are therefore required first of all to show sufficient consensus concerning content and to have a proper understanding of its purpose. A well-considered balance of the various *different* main lines of international research is, however, also required. It is therefore a very good thing that the papers for this meeting have been written by experts from Indonesia, Australia and the Netherlands—the three of them being indeed main centres of the study of Indonesian economic history. However, the American expertise, which has also provided many interesting and pioneering points of view on this history is conspicuously absent. Whatever the reason, I suspect money-matters, it is to be regretted.

You may have noticed, ladies and gentlemen, that a moment ago I mentioned the content and the purpose of the forthcoming textbook. It now allows me to leave the relatively simple and practical problem of organizing and co-ordinating international historical research. I will turn instead to the much more intriguing theoretical problems of concept and conceptualization. Let me once again begin by indicating what is simple and obvious by wondering first what sort of textbook the initiators have in mind. In the second place, I will pass on from there to comment briefly on what is nowadays to be expected from the field of advanced economic history in general. In the third place I will then discuss some of the evident peculiarities of the study of the economic history of Indonesia in particular. It will undoubtedly help to speculate about the role of the Indonesian economy in the past and the relevance of its course as an academic field of study. The ultimate question that has to be decided upon in this context is to what extent the economic history of Indonesia should be conceived of as sufficiently homogeneous and particular to warrant studying it as a separate subject of academic interest. As is only proper, I will end my short speech with a few concluding remarks.

2. The textbook

So let me first ask: what *kind* of textbook is intended? Actually the question had better be rephrased. What kind of handbook is required? Actually the question should be rephrased yet again. What kind of textbook is possible *and* required? The answer to such questions is a matter of choice. As it is quite impossible for any textbook to serve the full spectrum of potential users such a choice is in fact inevitable. The interested layman or the beginning student for instance has needs and requirements other than those of the scholar who already has a well-founded knowledge of the subject. This brings up for discussion the *level* of the book. Composing a primer is, of course, no less difficult than producing a work of highly advanced learning. It is, however, quite a different job in its own right, raising a lot of specific problems and demands. Considering the complex and tricky didactics involved I believe that writing elementary textbooks is in general a hell of job. As a matter of fact I believe it to be so difficult that in this case and for the time being it had better be postponed. A truly authoritative elementary textbook on the economic history of Indonesia would require more, and much more solid, ground than has been covered so far by original historical research.

Another and fairly important choice relates to the *size* of the work in question. Does it aspire to the scope of several or even many volumes like for instance the Cambridge Economic History of Europe or other such publications? Considering the fact that not so long ago no less than four large-size, fat volumes of excellent quality have been dedicated to such a relatively minor subject as the maritime history of the Low Countries, there is no reason whatsoever to maintain that the economic history of Indonesia could be fobbed off with less. On the contrary, it is in fact evident that such a large-scale project should be taken in hand in the not too distant future. I believe it to be unwise, however, to aim to begin such an undertaking here and now. In a minute or so will give the reasons for my opinion.

For the moment I will leave aside the matters of level and size. Instead I would like to point out the necessity of making a distinction between two different *sorts* of information that historical textbooks provide. Although the difference may be a difference in emphasis only, it still requires some sort of a choice between the two. The first sort of historical information is incorporated in reference works of a mainly factual and descriptive nature. Such works are undoubtedly very important. Their value is beyond question. Yet, at this moment it is not advisable to aim to produce such a kind of work. Considering the amount of data that has already been brought to light, in fact since the nineteenth century, the first priority is not to add even more to it. If there is any difficulty in tracing the main lines of the economic history of Indonesia it is not due primarily to the lack of factual knowledge. It is also unlikely that the near future will bring a drastic change of view through the discovery of any revolutionary factual evidence. On the other hand, the ever-increasing vigour of new, modern research is constantly revealing new information from hitherto

unexplored sources. As a consequence, any work of reference tends to be out-of-date at the very moment it is published. Whatever the merit of a new reference book it is likely that its value added will be less than the cost and effort of preparing and composing it.

It appears to me, however, that there is a large and urgent need for the second sort of scholarly information I have in mind. I am not referring to factual information in the first place. I am thinking instead of the kind of information that would put the economic history of Indonesia in a proper, new perspective. To do so it is not absolutely essential to discover unknown facts or data. This requires raising new questions: this asks for correctly defined problems; this demands freshly drafted and precise propositions and hypotheses; this needs applying or developing adequate research techniques and conceptual methodologies. This needs, in short, a mainly analytical approach to the economic history of Indonesia, not a mainly descriptive one. This needs, I believe, rewriting it in a fundamental way. Former ideas and conceptions about the past course and development of the Indonesian economy have to be shed. It is only when all of this has been done, and then only, that new and exciting factual evidence can be brought to light. It is only after all of this has been more or less achieved that it would be worth while to attempt the publication of a large-size work of several volumes.

In order to get there first of all it is necessary to forget about the former Indonesian economy as a simple dependent variable of outside domination, political control and exploitation. However important the colonial economy may have been, and it was of course in some respects very important at some times, it is after all only worthwhile to study the economic history of Indonesia if it is conceived of as to be indeed Indonesian in nature.

3. Analytical and national economic history

Ladies and gentlemen. Once again I have to confront you with two points that have to be settled. First: what is meant by *analytical* economic history? Second: what is meant by *national* economic history?

The answer to the first question is easy. The discipline of economic history, if a discipline it is, does not belong to the art of history but to the dismal science of economics. Before the miraculous metamorphosis that transformed me into a true historian, dancing merrily through the fields like the carefree butterfly fluttering from flower to flower, drinking in the sweet, intoxicating smell of honey that was—before this metamorphosis, ladies and gentlemen, I found myself groping tortuously along like a caterpillar, following the strict and narrow crooked path any self-respecting *economic* historian has to follow. Actually I have a dim memory of even earlier days when I lay there as a little round innocent egg, very heavily sat upon by learned professors who endeavoured to hatch me as a fully-fledged economist. It is really not their fault that their efforts were in vain. But I will never forget what they taught me about not confusing

economics with reality. Economics, they said, is nothing more than a certain approach to reality in order to reveal a certain aspect of human behaviour. Considering any social phenomenon from the economic point of view only makes sense if it helps to explain this particular phenomenon or if this specific way of explanation is somehow better than any other way. The basics of this economic point of view are very simple indeed. It is assumed that the means for satisfying human wants are scarce in relation to human needs. It is furthermore assumed that these means can be put to alternative ends of use. The actual transfer of bread from the producer to the consumer involves a rich multitude of more or less problematical aspects. Apart from the technical and technological side of the matter, its student may consider physical, psychological, biological, cultural, medical, political, geological, legal and judicial factors and consequences. However, the transfer of bread is usually just identified with buying and selling in the market. It is therefore to a very large extent considered to be an economic matter. It is not very difficult to see why this is so. The nice thing about economics is that it is able to explain very neatly and fairly plausibly why, where, to which extent, how and what quality of bread is traded. This, however, does not really transform the exchange of bread into a purely economic affair. Actually, the bad thing about economics is that it is quite capable of making sheer nonsense of human affairs. Economics fails to explain what can be achieved by love and hatred, jealousy and stupidity, rage and fury and all those other niceties that make us people men—or women for that matter. Economics takes us for what we are not: rational beings. I am afraid that this is precisely the reason why I metamorphized myself into a historian. What a relief to discover how stupid and foolish we are! I can only repeat that economics is a good way removed from real history.

You may have realized, ladies and gentlemen, that I have cunningly arrived at the second point I wanted to raise. It has to do with the question what is nowadays expected from the field of economic history. Economic history can, of course, only be extrapolated from putting economic questions to past human experience and behaviour. Nothing more, nothing less. I must admit that this was not the prevailing view at the time I was trained as a professional economist. In those days I was told that the only concern of economic history—like that of economics—was the market economy: the consumer market as a matter of course, but also the labour, real estate and capital markets. Like the bourgeoisie in Hexter's famous dictum it appeared that all these markets were always rising. As soon as you looked at them they were on the rise—whatever the period of history you were considering. If they did not or—worse even!—if people actually continued to truck, to barter and to exchange without bothering about any market they did not merit another thought. Obviously they were traditional people, stuck in the irrational ways of backward times. Fortunately, their deliverance was just a matter of time and proper education. As soon as they had learned how to follow where the Western economies had already preceded them, their markets would also blossom luxuriantly. Little doubt that the whole world would profit from it in the long run.

At this point I cannot resist telling that the 1950s saw me as a careful young student attending the lectures of Professor G. Gongrijp. As experts on the economic history of Indonesia you may have heard of him and his views. He was a very nice, extremely gentle person but in those days I still thought it the wiser tactic not to give voice to the doubts I had about his conception of the customary Indonesian economic history where never a thing had happened until the arrival of the Dutch—or possibly the Portuguese. When others informed me of the workings of so-called command economies as an alternative to market economies I did not feel favourably impressed either. What, after all, is an economic historian with any sense for the realities of human life to do between the devil and the deep blue sea? Market or command economy—what else does it contain than an ideal model, a lifeless blueprint of the institutional organization by means of which people try to make rational efforts in order to decrease the gap between economic ends and means? However important this framework it contains in itself no decisive criteria for taking the acts of human behaviour as either more or less rational in nature. Apart from a few very basic and obvious generalities forcing an open door, such institutional differences in social organization do not tell much about the norms and values that actually underly these acts. They do not tell much about the degree of economic development either. As for example the case of Indonesian agriculture shows, it can be quite rational to prefer so-called traditional forms and techniques of cultivation to so-called modern ones. This happens to be so when a fixed amount of labour is allowed by certain differences in natural conditions, and other circumstances remaining equal, to produce higher yields in a less well organized market economy than in a better organized one. Economic historians should therefore refrain from appreciating the economic past in terms of its institutional organization. In actual practice it never runs pure to form anyway. The existent economic order usually consists of a blend of differing social systems. That mixture is, moreover, subject to all sorts of changes and economic historians would do well to question them. The blend itself consists of a changing variety of elements derived from theoretical conceptions such as the customary economy, the command economy and the market economy.

Does it really matter? It matters, of course, in so far that recognizing any particular blend of systems helps to explain why people did do as they did, why they chose this or that particular way of achieving their ends from all other ways that would have been at their disposal. It also matters in so far that it helps in uncovering the forever shifting and very often rather hazy borderlines between what was inevitable or necessary and what was left free to do. It matters moreover in thus reminding economic historians what historical scholarship is really about. It matters finally because it gives economic historians the opportunity to contribute to this general historical scholarship. Understanding history is, however, never a matter that is absolute in itself. It is never full. It is never complete. Understanding history requires perennial doubting and continuous testing, verifying, amplifying, falsifying, reconstructing and renewing the data at our disposal. It requires in short the methodologies and techniques of what in the

1960s was known as new economic history. In our days of greater modesty it is probably wiser to speak simply of quantitative economic history.

With these few remarks I have said all I have to say about what economic history should try to achieve. I will therefore recapitulate briefly. A student of this subject should be inspired by theoretical economics for defining his research and he should then find a link to history by taking into account relevant social frameworks. He should apply quantitative research methods and techniques to get testifiable results for rephrasing the matter in order to open up new research.

4. A national economy in Indonesia

Ladies and gentlemen, there is little doubt in my mind that by now you have become properly bored with my high-flown, academic—not to say airy—considerations. It is time to come down to earth. What does all this mean for the study of Indonesian economic history in particular? Part of the answer is evident. If anything, Indonesian economic history should be economic history like all economic history should be economic history. So the question narrows down to another one. What is there Indonesian in Indonesian economic history? This brings the Indonesian economic identity up for discussion. Is it ‘unity in diversity’ as the ideological device would have us believe? I am afraid it is not.

Whatever the political, cultural or social merits of such words, from the academic point of view they remain devoid of any explanatory power. They only contain a truism, applicable to all social phenomena at any time and any place.

It is funny to note in what hesitant ways the problem is approached at even in today’s colloquium. Its title actually refers to ‘a national economy in Indonesia’. I ask you whether you would ever dream of holding a colloquium for discussing ‘a national economy in the Netherlands’—or in Australia for that matter. Surely such a colloquium would be called ‘*the* national economy of the Netherlands’—or Australia. It reminds me of the good old days back in about 1700 when the Prussian king was still only authorized by his emperor to call himself king *in* Prussia—a rather silly title if you come to think of it. In his excellent and fascinating contribution to our meeting Dr Howard Dick has also wrestled with the problem. He speaks of the gradual and evolutionary emergence of a national economy after Herman Daendels’ appointment as Governor-General in 1808. The process, however, only gained cumulative and accelerating momentum during the days of the New Order government. Dr Dick’s concept implies the more or less systematic integration of different parts into an entity consisting of variables of sufficient coherence to distinguish it from other, more or less connected economies. Such a view is a very correct one. Dr Dick argues that Indonesia now has an established integrated national economy with Java as its core. If I had a mischievous bent I would now proclaim that the Republic of the United Netherlands of the seventeenth century had established an integrated national economy with the province of Holland as its core. I would be quite wrong of course. For whatever the degree of economic integra-

tion in the Dutch Republic it remained very far from being national. According to present views, the making of the national Dutch economy began only at the beginning of the nineteenth century. It was not fully accomplished until after the Second World War. You may notice something of a coincidental similarity with the case of Indonesia. But that case is even more complex for one may well wonder to what extent it in fact presents an example of truly national economic development. The question is: what do we mean by 'national'?

The modern concept of nationality is essentially the offspring of a mixture of sometimes conflicting ideas originating from the European Age of Reason and its Siamese twin, the Romantic Movement. As such it embodies all too often a bewildering concoction of all sorts of dark notions about language, race, culture, history, politics and so forth. It maintains that peoples of different stock have different common destinies or that common destinies make peoples of different stock. From the point of view of academic economic history, it is a lot of rubbish. At least it is so from the point of view of good old classic economics that never recognized economies of different stock. Classic economics pretended universal wisdom. Things may have gone a bit wrong since then, but it is still a good thing to take the economic problem as general and universal. It is merely the effort to solve it that may show different faces. It was no sheer accident that it required the rise of the bad old German Historical School back in the early nineteenth century before economists began to talk of *Volkswirtschaft* instead of economy.

There is no sense whatsoever in applying mistaken models of the history of European or Western countries to the case of the economic history of Indonesia. Its territory is after all populated by several hundred groups of peoples, speaking as many different languages, displaying a rich variety of different cultures and what not. Unity in diversity indeed. If there is any single entity amongst them it is the more or less fortuitous unity of their polity. However, considering the prevailing variety of for instance the rule of law of the different legal systems and customs that have been allowed to remain in operation, even this political unity is open to some doubt. Nevertheless, it is the primarily non-economic, mainly political concept of the Indonesian state that allows one to speak of a more or less definite national economy. As Dr Dick would have it, it is to be distinguished as a specific and consistent set of economic relations. These relations are both separated from and connected to the world outside the country's territorial borders only through means of the instrumental economic policies of central government. If there is a case for speaking of a national Indonesian economy it is surely derived from the present-day form of government in the country. Such a national economy is in the last resort to be taken as only part of the operation of a more complex social system.

At first glance it may appear that the historical study of this Indonesian national economy would only produce anachronisms until at least the day of 17 August 1945 when the country finally declared itself to be a national and unified state. Not so, however; far from it and on the contrary. All care should be taken to avoid taking this event of the 17 August 1945 as inevitable or unavoidable.

It should merely be seen as the outcome of an open-ended process of change. After all, in history everything is possible until it has happened and even then there is always room for some doubts.

Taking it from here there seems to be a definite and rather urgent need to decolonize the economic history of Indonesia. What is needed is to study how this national economy of Indonesia came about. By means of what factors, forces, circumstances, opportunities, chances etcetera was the change of variables promoted that served as a pre-condition to getting the national economy under-way promoted. By means of what factors etcetera was this change impeded or slowed down? What were the perfections or imperfections in this course of development? What blind alleys, what side-paths were taken? In putting these and similar questions to you as very rough guiding lines for the textbook to be written, I may have given the impression of disagreeing with Dr Dick's view to some extent. I do not think that this is really so, although I would like to have the national economy of Indonesia very much longer in the making than he. But remember that the periodization of history is in any case a very moot question. Actually world history knows only three very decisive stages. The first goes from the beginning to the birth of Jesus Christ. It is followed by the period till 10 December 1931 and then we have all that happened afterwards. Maybe you will have some trouble in recognizing the crucial date of 10 December 1931. Let me remind you that is the very moment when your keynote-speaker of today was born! It is evident that any periodization of history will do but that it is also always of relative and therefore limited power of expression. Even Daendels' arrival in Indonesia in 1808 is only a stepping-stone in time. I am afraid that my periodization of a moment ago means something only to me and my nearest and dearest. So please do not feel obliged to send me many happy returns.

No national economic history of Indonesia should be conceived of without taking into account its place and function as regards what in modern terms is called international or outside economies. Even in the long gone days of prehistory, the economies of the Indonesian Archipelago more or less served as part of the much broader intermediary regional system of Southeast Asia that connected South and West Asia to the East and Northeast. Any national economic history of Indonesia should therefore begin by trying to define Indonesia's changing role in the course of the regional economic development of Southeast Asia. Taking it from there, the endeavour should be to trace the position and role of Indonesia as part of the world economy as a whole.

5. Conclusion

Let me now try to conclude very briefly. I would like to have the Indonesian economy considered from a triangular perspective. I would have it constructed as part of a changing system of interconnected relations with at bottom regional variables to the left and global, international ones to the right. And the top would have to consist of the variables that could be counted as national.

Imagine the promise contained in such a triangular perspective. To begin with it would allow explaining the course of the Indonesian economic development in terms of both specific internal and more general external relations. Remember also that it only needs a very slight push to turn a triangle upside down. Once upon a time—during the Dutch Golden Age of the seventeenth century—to a large extent it was possible to explain the course of the entire world economy in terms of Dutch achievements. Think for a moment how nice it would be to turn the triangle upside down and explain the world economy in terms of Indonesian achievements. Or if perhaps not the world economy then at least the economy of Southeast Asia. You may remember how much I desired that the study of Indonesian economic history, once it is put into a proper, *i.e.* non-colonial perspective, will stimulate new research. Well, here is the chance!