

Chains of Silver, Chains of Steel: Forcing Politics on Geography, 1865–1965

Abstract

Batavia rose to prominence in the archipelago in the period 1650–1750 in the same way as earlier centres such as Srivijaya—with symbolic political primacy following commercial dominance. Since 1800, however, Batavia/Jakarta has had to fight an uphill battle *against* market economic forces in order to counter the influence of Singapore and Penang. The Netherlands Indies government gradually achieved economic control in Sumatra, Kalimantan and East Indonesia by a mixture of brute force, strategic concessions to Straits-based trade and foreign investment, and subsidies for the KPM shipping line. This forcing of trade to fit political boundaries largely collapsed in the 1940s and the Republic subsequently had another uphill battle to reconstruct a similar policy.

1. Introduction

Although Sukarno claimed that ‘a child’ could see the natural unity of Indonesia by looking at a map, the construction of its boundaries have cost a great deal of blood over the past two centuries. The Malacca Straits are the greatest artery of commerce passing through Southeast Asia, but also a highway linking the Malay-speaking peoples around it. Its best natural ports are situated on the Malaysian side. Constructing two mutually exclusive political units, one including all of Sumatra and Java and the other the ports of Malaya was bound to be a task akin to pushing rocks uphill.

In our own time the map-fixed frontiers of colonialism are at last becoming less oppressive. The aspiration towards two growth triangles centring on Singapore and Penang respectively, and attempting to transcend national boundaries,¹ may be the best hope yet to resolve the problem created in 1824.

¹ The first Growth Triangle, Sijori, aspires to link Singapore with Indonesian Riau and Malaysian Johor. The Second (IMT-GT), agreed in Langkawi 1993, seeks to link North Sumatra and Aceh with Malaysia's Penang and Kedah and the five southern-most provinces of Thailand.

2. Background: political status follows trade

The nexus between economic and political power was close to the surface in the Indonesian archipelago. The emperors of China, Delhi or Byzantium might have spurned commerce as unworthy the attention of rulers, but not so the rajas below the winds. As Wolters puts it: 'The conviction everywhere in this cultural zone was that busy harbours brought power and brilliance to the local ruler', so that this was the first priority of the ambitious (Wolters, 1982: 24). Milner examines nineteenth-century Malay texts for his conclusion that the Malay elite 'sought wealth not for its own sake but as a means of gaining political influence in the form of a sizeable personal following' (Milner, 1982: 27). Some recent writing may have suggested that in Bali, central Java and Luwu rulers sought more theatrical means to establish their power. But such constructions should be read into an earlier past only with caution. Viewing Java from the outside (admittedly at an unusually turbulent period), one of the first and most acute European observers, Tomé Pires, noted in 1515 that the coastal kings, at least, 'were not Javanese of long standing', but foreign merchants who had prospered in Java, 'made themselves masters of the sea coast and took over trade and power in Java' (Cortesao, 1944: 182).

Military and cultural prowess was not unimportant. Wars were constantly fought for control of people, regalia, strategic sites and trade routes. But these were usually between rival centres of commerce and power, not between a hinterland and a metropolis. Between minor ports and major ones, upstream populations and the downstream portcapital, stateless and migratory peoples and an urban trade centre, there was more often acceptance of a necessary symbiotic relation. Some form of tribute to such centres was part of the process of communicating with the outside world. Vital necessities such as salt, dried fish, iron weapons and tools, bronze artefacts, Chinese ceramics and Indian cloth entered through these centres. Hinterland populations brought their forest, marine and agricultural produce to exchange in them against the imported and manufactured goods, and accepted that part of that transaction was to render some of their trade goods to the king and his officials as tribute: the price of trading in their port. In turn the port-ruler was almost invariably involved in a similar relationship with a bigger commercial centre elsewhere, in Srivijaya, Majapahit, Melaka, Aceh, Makasar or Siam, and ultimately in China.

Most of the major Southeast Asian trade centres were close enough to the Straits of Malacca and Sunda to act as entrepôts in the busy trade between the Indian Ocean and the South China Sea. They necessarily maintained relations with China, the most important trade partner of the Malay World for most of the the period 1200–1840, gathering exotic tropical products of Southeast Asia to be sent to the Middle Kingdom in tribute missions. Majapahit moved the centre of the Malay World briefly further east in the fourteenth century, mainly by exploiting the spice route to Maluku on the one hand and the abundance of its own food exports on the other.

Into this world the VOC often had to fight its way. Not only the Portuguese and Spanish, but Aceh, Banten, Makassar and Johor, were rivals of the ambition of Batavia to become the single commercial focus of the archipelago. With the military victories of the period 1641–1682 (from Melaka through Ambon, Palembang and Makassar to Banten), however, Batavia achieved a decisive primacy. For the century between about 1660 and 1760 it was the unquestioned trade centre of the Malay world, the heir to Srivijaya, Majapahit and Melaka before it. Chinese shipping focussed on Batavia in the period 1682–1740, when the 18 junks a year which on average visited Batavia constituted a large majority of those trading to the Malay World and about a third of those sailing to Southeast Asia as a whole (Blussé, 1986: 123; Ng, 1991: 381). The volume of shipping in Batavia overall must have exceeded that of its nearest archipelago rival, Aceh, by a huge margin. In fact Batavia had no rival in this period. The manufactured goods of China, India and Europe reached most of the peoples of the archipelago through its mediation. Its economic domination of the region was probably greater than that of any major entrepot before it.

With this commercial domination, Batavia assumed the status which had been the lot of Srivijaya and other ports before it. After the conquest of Banten in 1682, the VOC had no major wars to fight against maritime rivals; it began to direct its military efforts to costly campaigns in the interior of Java. (China had made the same mistake centuries earlier, profoundly mistaking the role of a Southeast Asian economic-and-status centre).

Political primacy, not necessarily authority, control or a modern understanding of sovereignty, followed naturally from commercial supremacy. Sultan Mahmud of Palembang put the situation nicely around 1740: ‘I cannot understand why kings who are allies of the Company quarrel with it, while experience shows us that they always succumb and the Company triumphs. I war with the Company, but in quite a different manner. I fire pepper and tin at the Company, and it bombards me with good Spanish rials’ (Watson Andaya, 1993: 194).

An eastern Javanese *babad* of 1774 describes Batavia much as earlier texts referred to the wonders of the great Southeast Asian capitals of the past, from which power and wealth flowed effortlessly: ‘The world of the prince [*i.e.* Governor-General] is the city of Batavia, which is indeed the Company’s fort. It is as if heaven descended. The fort of Batavia has a wall of white ceramic; if I were to tell you about it for a whole day I could not come to the end’ (Kumar, 1979: 197 n.).

Batavia lost this commercial supremacy progressively after 1760. Els Jacobs has demonstrated how the intra-Asian trade which had sustained the Company for a century declined in value from 37.5 million guilders in 1751/52 to 21.5 million guilders in 1771/72 (excluding specie) (Jacobs, 1985: 9–10). The import of Indian cloth by the VOC through Batavia for the supply of Indonesia declined rapidly from 272,000 pieces (worth 1.5 million guilders) a year around 1758 to 82,000 pieces (worth 535,000 guilders) in 1780/81 (Laarhoven, 1994: 296). Chinese junks visited Batavia in the 1760s and 1770s in less than half the numbers they had before 1740, whereas the overall junk trade began to flourish in a host of

diverse ports like Riau, Brunei, Banjarmasin and Sambas (Blussé, 1986: 123; Reid, 1993: 24–28). As the VOC indices declined, those of the English, American and Chinese vessels trading to independent ports in Southeast Asia accelerated.

Batavia was never able to regain the commercial primacy it had held before 1760. The Napoleonic wars and the British occupation encouraged its rival ports; the stagnation of Dutch commerce and economic life generally between 1700 and 1850 (Van Zanden, 1993) made it impossible for a purely Dutch port again to dominate the region. But it was the foundation of Singapore in 1819 which set the seal on the displacement of Batavia. Singapore was better placed to take advantage of the trade between the Indian Ocean and the South China Sea. It was the port of preference for the British trade then beginning to bestride the world. And above all it was a free port, offering the dynamic Chinese and archipelago traders for the first time a base where they could exchange their goods for those of the world without being squeezed or mistreated by rulers. From its foundation Singapore attracted most of the British and Chinese trade on the archipelago. Because Batavia could only keep some of the imports into Java itself in Dutch hands by imposing tariffs as discriminatory as the 1824 treaty would allow, British and Chinese manufactures (and Bengal opium) were available more cheaply in Singapore than in any Dutch port. Hence any ports and traders who were free to do so would choose to frequent Singapore (or its northern equivalent, Penang) rather than Batavia.

3. Coping with Singapore

In the first three decades of its existence about 35 per cent of Singapore's total trade was with the Malay archipelago (Wong, 1960: 301). In the 1820s Singapore's imports from these regions appear to have exceeded Java's (Wong, 1960: 219–230; cf. Korthals Altes, 1991: 40–41), and they remained very high throughout the nineteenth century. The two most important areas wholly independent of the Dutch—northern Sumatra and Bali-Lombok—gained particularly from this link to Singapore and Penang. The trade of Bali and Lombok on Singapore expanded from 106,000 Spanish dollars in 1830/31 to 572,500 Spanish dollars in 1843/44. The two regions exported rice to Singapore and Australia, and imported firearms and other manufactures (Van der Kraan, 1993: 97–9). Aceh sent its pepper and betelnut chiefly to Penang, to a value of a million Spanish dollars in 1828/29 and three million thirty years later (Reid, 1969: 294).

Fortunately for Dutch colonialism, Britain after the Napoleonic wars had a strong interest in upholding a strong Netherlands as a bulwark against French or German influence. For all Raffles' scheming to prevent it, London was therefore determined to maintain and even extend Dutch power in the archipelago. The 1824 treaty was intended to ensure this result—an Anglo-Dutch alliance to divide the Malay world between them, Holland taking the lion's share, and to keep other powers out. British commercial interests ensured however that the Netherlands Indies administration could not exclude them, as the VOC had done,

from any of the rich markets of the archipelago. The 1824 treaty prevented either party from levying more than twice the duty on the ships and goods of the other party than it did on its own. A determination to be master of its own house frequently led Batavia to bend or ignore this treaty, but the British alliance was far too important to the Netherlands for it to withstand any sustained British pressure on the subject.

In consequence of these factors, the Dutch could not pursue the exclusionary or discriminatory trade policies by which the French and Spanish tried to maintain a monopoly of economic as well as political power in their colonial possessions. The Netherlands Indies became an exceptionally open colony, with a high proportion of its trade, shipping and investment in non-Dutch hands. For most of the years 1879–1904 imports from Singapore alone were higher than those from the Netherlands. After 1910 Singapore's grip was loosened by the measures described below, but the Dutch share of the colony's exports dropped steadily from 29 per cent to below 20 per cent, and of its imports from 33 per cent to around 20 per cent (Korthals Altes, 1991: 87–90, 100–03). This is a striking contrast with Indochina, where France reacted to similar competition from Singapore, Hong Kong and Japan with an extreme protectionist policy. About 50 per cent of Indochina's imports came from France throughout the whole of the period 1897–1939 except during the First World War. While the Netherlands gradually bowed to economic and geographic realities, the trend in Indochina was the other way around, with France accounting for about 60 per cent of Indochina imports and 50 per cent of exports in the 1930s (Nørlund, 1991: 83).

This economic openness and multipolarity in turn gave the Netherlands Indies a different type of authority from that of the VOC, which had owed whatever political eminence it had in the Outer Islands to its commercial primacy. The Netherlands Indies government had to impose its authority by force of arms, especially in Sumatra, Bali-Lombok and Borneo, because it lacked the hegemony (and even the knowledge) which emanates from commercial dominance. Dutch dealings with these states in the nineteenth century showed great anxiety about symbolic Dutch primacy, leading to a number of ill-considered wars, but not much concern with internal or economic issues. For their part, Acehnese and Balinese were well aware that Holland was a small country, and that there were alternative sources of technology and capital in the Straits Settlements, Europe, and America. Even after the bloody conquest of these regions was completed in the first decade of this century, Batavia's authority was never unquestioned in them.

4. A difficult pacification: the Aceh problem

A prelude to the problem of Aceh (one of many in Sumatra) was enacted on the east coast of Sumatra in the 1860s. All the small states between Langkat and Asahan conducted most of their trade through Penang and Singapore. Elias Netscher, Resident of Riau, began the Dutch advance into this area in 1862, and

was skillful in exploiting the many divisions between the various river-ports. The strongest resistance predictably came from Asahan, which had flourished in the preceding two decades by entrusting most of its trade to the Penang merchant Boon Teng, and his influential British associate Lawrence Nairne. They were in a position to arouse noisy British opposition to Dutch control. The senior official in Penang, Major Man, was sent with a gunboat to follow Netscher's visit, and predictably declared that: 'The traditional policy of the Dutch has inspired our European merchants with such a deep rooted distrust of their commercial system, and the Natives with such an utter hatred of their rule, that any extension of their authority creates universal alarm' (Reid, 1969: 38).

The policy of the Straits merchants and their official supporters was to keep all the tiny ports open, to encourage competition among the sellers of their produce and develop Penang and Singapore as their natural commercial centre. Thus when the sultan of Aceh complained to the British that Netscher had violated his sovereignty on the coast, no support was given because this 'would tend only to interfere with the freedom of trade in the several ports and rivers along the coast of Sumatra' (Reid, 1969: 49).

Netscher had his way in 1865 with a sizeable military expedition to cow the rulers of all the small states, or in the case of Asahan to drive them into the hills. Dutch rule was established and tobacco soon made it a huge success (except among the embittered Karo-Batak). But in a sense the Straits merchants also had their way. In order to pacify British objections to their forceful occupation of this Penang hinterland, the Dutch government agreed to keep virtually all the tiny ports open and to impose minimal restrictions on British trade. The plantations of East Sumatra were supplied with labour and material from the Straits Settlements, the Straits dollar was its effective currency, and the 'British' character of the settlement became a matter of pride.

Much of Holland's generosity in this regard had an eye to the much bigger problem of Aceh. This was the most substantial independent state in the archipelago. Its independence had moreover been guaranteed in an exchange of notes with the 1824 Anglo-Dutch treaty, the Dutch side undertaking 'that that state, without losing anything of its independence, may offer ... that constant security which can only be established by the moderate exercise of European influence' (Marks, 1959: 252–262). Aceh had a proud history and a variety of connections with Turkey, Italy, the United States and France, any of which might provide difficulties for the Anglo-Dutch compact. Some in Aceh and the Straits Settlements believed that its 1819 treaty of mutual defence with Britain was still valid. In 1872 the young sultan was attempting to purchase a steamer in Singapore. A modernizing entrepreneurial group of *uleëbalang* centred around the Raja of Simpang Ulim in northeast Aceh had especially close links with Penang, where the Raja, Teuku Muda Nyak Malim, owned a prominent city building known as *Gedung Aceh* and valued at 40,000 Spanish dollars. Teuku Muda employed at least two Europeans in commercial and military roles, and overall there may have been as many as 18 Europeans, mostly married to locals and converted to Islam, living in Aceh. Teuku Muda's right hand man, the

wealthy pepper-grower and dealer Teuku Paya, owned a well-armed new Western-style schooner, the 'Gypsy', which took part in local military operations as well as the pepper trade to Penang. The total tonnage of schooners and other European-style vessels under Acehnese colours visiting Penang rose from 786 tons in 1868 to 5,100 tons in 1872. There were about 300 Acehnese at any one time in Penang. A large proportion of the political elite had visited the British port for business or pleasure. It was not only Aceh's market but its window on the world, through which most of its diplomacy was conducted. Moreover the town as a whole was strongly committed to the Acehnese side in its conflict with the Dutch, including the few journalists who wrote stories there for local or foreign papers (Reid, 1969: 116, 129–39).

Singapore was not much better in Dutch eyes. As the Minister of Colonial Affairs, Fransen van de Putte, had complained in 1864: 'Singapore is the gathering place not only for the many pilgrims who yearly go to Mecca from our possessions, but also for many malcontents, adventurers, etc., who, as has frequently been shown, readily choose this place as the base for undertakings detrimental to Netherlands interests in the Indian archipelago' (Reid, 1967: 271).

In Whitehall the British connections with Aceh and the other states in Sumatra were pragmatically seen as bargaining chips, to be exchanged for more open access for British trade to an expanded Netherlands India. As the leading Foreign Office strategist, Sir Percy Anderson argued in 1868, 'the British could not prevent the Dutch from having Acheen some day or other... it never will be of any use to anyone as long as it belongs to the Sultan ... We can never have it, and therefore why not the Dutch, except on some dog-in-the-manger principle?' (Reid, 1969: 61–62). This strategy led to the Sumatra treaty of 1871, which withdrew British objections to incorporation of Aceh into Netherlands India in return for a Dutch undertaking that the trade of British subjects would enjoy all the same rights and privileges as that of Dutch subjects in the whole of what became the East Coast of Sumatra Residency and Aceh. The outcome was of course much worse than anything either British or Dutch negotiators had been able to foresee, having failed to pay much attention to the Acehnese. Not only did the treaty lead directly to the most ruinous of Dutch colonial wars, it also played a role in the simultaneous Ashanti War in the Gold Coast (Ghana), since gains in Sumatra were identified as compensation for Dutch losses in the Gold Coast, where Elmina was transferred to the British.

Aceh has a long coast, and Dutch naval power would normally have been its strongest weapon in bringing the whole country to heel. But there was great caution in using it, both because of the formal obligations to Britain under the treaty of 1871 and because blockades further enraged the Straits traders who had such influence over Holland's most important ally. Dutch policy alternated alarmingly between imposing harsher blockades to stop the flow of money and arms to the Acehnese resistance, and raising them again to mollify Britain, which was frequently on the point of embarrassing the Dutch by a public offer of mediation or worse. In April 1874, for example, the Governor of the Straits

Settlements sought British mediation, claiming that 'I might make peace in five minutes', so insistent were the Acehnese on having Britain as party to any settlement. This prompted the Dutch colonial minister to an angry minute, declaring the British 'are very badly suited now to want to act as angels of peace' (Reid, 1969: 161–166).

One of the reasons the Dutch declared peace in 1881 and installed a civil government in Aceh was to defuse another mounting British protest against blockades, strongly supported by Governor Weld. Instead, British outrage was diverted into the appointment of a British Consul in Uleeleue, the port of Kutaraja (Banda Aceh). In reality Penang and Singapore were then the major international ports for Sumatra, but it was decided that the Consul had to be near the seat of the Dutch government of Aceh because it was against that government that all the complaints of the Straits merchants were directed. The Consulate was a fiasco, with its occupant in a state of virtual war against the Dutch civil Resident, Sol. Consul Kennedy was withdrawn after three years, and decades would pass before a permanent British Consul took his place in Medan.

Having abandoned a military solution to their Aceh problem, Dutch planners were more than ever convinced that they could influence the Acehnese 'dependencies' only by systematically restricting trade to five Dutch-ruled ports, and there controlling the trade income of all Acehnese *uleëbalang*. This would have meant defying British protests and ignoring past undertakings given, and hence the earliest schemes to implement such a *scheepvaartregeling* were vetoed in Batavia and The Hague. As the Dutch position in Aceh grew more desperate, however, without public opinion in the Netherlands being prepared to sacrifice further lives and money in the war, the opinion gathered strength that a strict control of trade was the only way the Dutch could appear to be strong enough to disguise a retreat they had determined to take within a 'concentrated line' around Kutaraja.

All these issues reached a crisis in the 'Nisero affair'. The British steamer 'Nisero' ran aground near Teunom, north of Meulaboh on the west coast, on 8 November 1883, and its 29 (mainly British) crew were taken into custody by the Raja (*uleëbalang*) of Teunom, Teuku Imam. Probably under advice from some of his trading partners, Teuku Imam conceived the brilliant stroke of demanding in return for their release a British guarantee that his ports would remain permanently free from Dutch interference or restrictions. Matters quickly escalated as spokesmen in the Straits Settlements, the British House of Commons and Whitehall insisted that British intervention, supported by the claimant to the Acehnese throne, was the only means to end not only the captivity of the Britons but the whole wretched war. For The Hague this was the ultimate anathema. Minister of Colonial Affairs, Sprenger van Eyk, conceived an ingenious means to solve all his problems at once. The whole coast would be closed to all shipping, ostensibly as a punishment for seizing the hostages but really to cover the retreat in Aceh. It would be declared that all ports would be open when the hostages were released and when attacks on the Dutch ceased in Aceh Besar, which they inevitably would because there would be nothing left to

attack. 'The inevitable concentration will have taken place without allowing any weakness on our side to be suspected, and without disadvantage to our prestige'.²

The hostages were finally released on 10 September 1884 to a joint Anglo-Dutch military mission in return for both money and the opening of Teunom's ports. The worst Dutch fears of a separate British intervention were not realized. But although Dutch face was saved in the short run, the Acehnese had had a splendid victory. Not only did Dutch control contract to a small triangle of less than 60 square kilometers around Kutaraja; all attempts to control trade were also abandoned, chiefly in deference to the promises made to Britain during the 'Nisero' affair. It would be almost another decade before Holland found the will to try again to conquer Aceh (Reid, 1969: 187–249).

Before Straits influence in Sumatra could be eliminated, it was helpful for Sumatra's role in the Straits to decline. When the Penang merchants had protested in the 1870s, they were defending the most important branch of their trade. But British influence had subsequently expanded greatly in Perak and Kedah, and the booming tin industry there and in south Thailand provided opportunities free of difficulties with Dutch administrators. While Penang's trade with Sumatra was virtually stagnant between 1883 and 1905, that with the Malayan Peninsula increased eightfold, to become the lifeline of the colony. The contracts to supply the Dutch army in Aceh, which had been in the hands of Penang merchants (partly in an attempt to mollify them), went to a Dutch firm in 1884. Shipping was still all Straits-based though flying Dutch flags, divided between the British-owned *Nederlandsch-Indische Stoomvaart Maatschappij* (NISM), which had the mail contract, and the Penang Chinese magnate Chang Chen-hsun (Thio Tiau Siat), who had opium and spirit farms and the navy contract in Aceh as well as East Sumatra and Malaya. These two firms were in no position to fight Dutch policy publicly, and the majority of Penang business was looking elsewhere by the 1890s. Another factor which shifted Straits sympathies was the series of bloody attacks by Acehnese on the remaining steamers plying the pepper-routes—almost all of them belonging to Chang Chen-hsun. Whether or not these Acehnese were inspired by the success of Teuku Imam with his 'Nisero' captives, the effects on British and Straits opinion were the exact reverse when Acehnese killed three Europeans on the 'Hok Canton' in 1886 (this the work of the later Acehnese hero Teuku Umar), 24 passengers on the 'Rajah Kongsee Atjeh' in 1893, and eight on the 'Pegu' in 1897 (Reid, 1969: 261, 268–269).

Until 1890 virtually all shipping to northern and eastern Sumatra, as well as most of that from Borneo and Celebes, was centred on Penang and Singapore, where goods were exchanged by the major British lines to Europe, India, China and Australia. The big Dutch lines like the *Rotterdamsche Lloyd* were not even able to take much of the traffic between Holland and the Indies, because the

² Algemeen Rijks Archief, The Hague: Koloniën: Kab. I 14, 6154. Letter Van Eyk to Van Rees, 23 July 1884.

NISM fed into its own group (British India Association) and Alfred Holt's steamers. Muslim pilgrims to Mecca, as well as Dutch officials on leave, transhipped in Singapore or Penang where their contacts were not necessarily to the liking of Batavia. A rising tide of nationalist sentiment, business interest, and hard-headed calculation in the late 1880s obliged the Netherlands Indies Government to give the monopoly on mail services in the Indies to a truly Dutch firm, the Koninklijke Paketvaart Maatschappij (KPM), when the contract of the NISM expired in 1890. Set up essentially by the two big Dutch international lines, the KPM aimed explicitly to focus Netherlands Indian trade on Netherlands Indian ports, especially Tanjung Priuk, and to ensure that people and goods were transhipped there, and not in Singapore and Penang. Nationalist objectives took precedence over long-standing liberal principle to give the KPM a monopoly of government and much non-government business (A Campo, 1994).

In Aceh the efforts of the KPM to cut the links to the Straits were firmly seconded by Snouck Hurgronje, the great strategist of the successful prosecution of the war after 1892. As he saw it: 'For the Acehnese Penang is truly the gateway to the world; yes the world itself ... The Acehnese, who frequently go to Penang, fall under influences there which bring them anything but closer to the *Gompeuni* [*i.e.* Netherlands Indies government]. They are also led to compare Penang with the abnormal condition of their own country, or with that of the neighbouring Netherlands possessions, and these comparisons are very detrimental to our Government. Exclusively on the experience of the Acehnese in Penang rests the *general* conviction that the rule of the English would be infinitely preferable to ours ... In view of all this ... no difficulty or sacrifice can be too great for us to give the Acehnese in their own country what Penang is for them now, and at the same time to open a direct route to Europe for their products' (Gobée & Adriaanse, 1957: 115–116).

Within three years the KPM had driven all opposition from the field in Aceh, by a mixture of price war, government pressure and buy-out. Snouck's next objective, to replace Penang with an Acehnese entrepot linked to Europe, was harder to achieve. Sabang, a fine natural harbour on an island just off Uleelheue, was developed into a free port and coaling station from 1893, and in 1903 was made a port of call for the European service of the Stoomvaart Maatschappij 'Nederland'. But the KPM found it could not by-pass Singapore and Penang entirely on its routes. Instead it adopted a strategy of entering some of the routes to Singapore and trying to make agreements with competitors on these routes to push up freight rates, thus striving to diminish the price advantage that Singapore always enjoyed (A Campo, 1994: 18).

The Aceh War was won (or for Acehnese, the Dutch war was lost), after a fashion, by the ruthless policy of search and destroy initiated by Snouck Hurgronje and van Heutsz in 1898 and continued until the last active resistance was defeated around 1913. As always this policy had to overcome resistance about the attitude of the British. The Dutch policy of indirect rule had long been based on a pattern of elaborate treaties with local rulers, invariably accepting

Dutch sovereignty, excluding any relations with non-Dutch foreigners, promoting the suppression of slavery and piracy, and providing for Dutch advice in various matters. Aceh had been treated as a collection of scores of small 'native states', largely because of the early mistake of accepting claims of autonomy by the most pro-Dutch and anti-sultan *uleëbalang*. The contracts with each of these *uleëbalang*, like those with small river-princes of eastern Sumatra, were communicated to the British under the terms of the 1824 treaty.

At least by those who favoured this kind of indirect rule, it was assumed that promises to the British about commercial access to the native states of Sumatra applied to these *uleëbalangschap*, and they could not simply be incorporated into directly ruled Dutch territory. Snouck Hurgronje and Van Heutsz, then 'Native Advisor' and Governor of Aceh respectively, insisted that all such contracts should be replaced by a simple 'Short Declaration' (*Korte Verklaring*) by the local rulers to the effect that their territory was part of Netherlands India and that they would accept all instructions from its Government. As Snouck pointed out, the Acehnese never had much interest in the content of the long contracts, but accepted Dutch rule only insofar as they were forced to do so. The new forceful policy won the day, and British protests were not forthcoming. The Straits merchants had by then lost all interest in Aceh, which was no longer a major producer of pepper or anything else (Reid, 1969: 275–279; Somer, 1934: 248–288). Aceh was conquered, but only by the constant application of force. Dutch authority there was short-lived and never accepted as legitimate.

In Aceh the stakes had been particularly high, but a similar story was played out throughout the Outer Islands. The successful partnership of Van Heutsz and Snouck Hurgronje was continued at a higher level when the General became Governor-General in 1904. The *Korte Verklaring*, the relentless pursuit of resisters, and the acceptance that Dutch officials would rule, not simply advise, laid the foundation for a unified state. At sea the KPM won its own war against Singapore-based shipping. The European shipping lines quickly made deals with the KPM or sold out to it. Straits-based Chinese ship-owners were much tougher competitors. They had lower costs, they engaged in a variety of commercial operations (including smuggling of opium) which the KPM could not match, and they attracted trade and passengers to the British-dominated international lines. There were 33 Chinese steamers running archipelago routes in 1891, mostly Singapore-based, as against only 12 KPM steamers. The KPM began by a policy of trying to run them out of business, but had little success. After 1900 it adopted a more subtle policy of encouraging small Chinese firms to service particular niches in cooperation with its own routes. 'By supporting the cooperative Chinese in many respects, the KPM transformed its former adversaries into vassals. In 1911, the maritime pacification was almost complete' (A Campo, 1994: 21). In 1913 the KPM had 85 steamers in the archipelago, more than twice the number of Chinese steamers. The latter, moreover, were now primarily based in Dutch ports, and serving the overall unifying purposes of the KPM.

5. Beginning again, 1942–1949

The period of undisputed Dutch control over the Outer Islands of Indonesia was hardly more than three decades. In corners such as Aceh, Tanah Karo, South Sulawesi and Lombok there remained a sullen acceptance rather than an active participation in the modernizing project which colonialism at its best aspired to. Although the problem of Singapore as a rival pole of attraction was largely contained in the period 1910–40, publications, ideas and people still circulated from there with the heavy flow of traffic across the Straits. Despite close cooperation with its British counterpart (generally more concerned with Chinese radicals than Islamic or Indonesian ones), Dutch intelligence had to operate its own agents in Singapore to keep an eye on revolutionaries. Here and there, and particularly in East Sumatra with its close ties with the Straits, there were private schools which made a point of teaching in English so their graduates could go on to study in Singapore or elsewhere.

British policy, despite all the problems chronicled above, was fundamentally pro-Dutch and appreciative of the style of Dutch colonial administration. How different things could be with a hostile power across the Straits became clear on 19 December 1941, when Penang fell to the Japanese forces advancing rapidly down the Peninsula. There was a rush from Sumatra to contact these potential liberators. A number of Sumatrans were already in Malaya, the most notable being Samin Taib, the Medan Sarekat Islam leader of the 1918–1920 period, who was soon broadcasting to Sumatra over Japanese-controlled Penang radio, and the religious teacher of the Acehnese community in Yen (Kedah), Said Abubakar. Within a month Abubakar and a dozen others had offered their services to the Japanese to become a fifth column in Sumatra. They were sent across the Straits in small boats to spread pro-Japanese propaganda and protect bridges and supplies from any scorched-earth tactics of the Dutch defenders. Meanwhile in February several boats reached Malaya from Aceh's east coast carrying nationalist and Islamic envoys from both Aceh and East Sumatra.

Although the most the Japanese had in mind was to use this support as a helpful fifth-column during their invasion scheduled for March, the Acehnese were quickly stirred up to a national revolt by the returning envoys. Two Dutch officials were killed in a premature outburst in Seulimeum on 23 February, while the coordinated rebellion which began on 7 March, five days before the Japanese landings, made the Dutch position untenable (Piekaar, 1949: 63–188; Reid, 1979: 84–93). There was no such unity of purpose elsewhere in Sumatra, but plenty of aroused expectations, particularly among the Karo of East Sumatra.

For three and a half years the Japanese ruled both sides of the Malacca Straits, and were in a position to redraw boundaries. Their decision was to make *Shonan* (Singapore) the capital of a new unit comprising Sumatra and Malaya, under the authority of the 25th Army and separate from both Java under the 16th Army and the rest of the archipelago administered by the Navy. Sumatra-Malaya was 'the nuclear zone of the Empire's plans for the Southern Area',

because of its command of strategic arteries and its resources of oil, rubber and tin. Communication everywhere was difficult under the Japanese, but during their first year there were a few initiatives for common projects, both economic and educational. In May 1943 the experiment was abandoned, however. The 25th Army moved its headquarters to Bukittinggi, and Sumatra was administratively separated from Malaya. Japanese communications by sea and air were already becoming vulnerable and chaotic, and economic self-sufficiency was increasingly imposed on each island, and indeed each district. Of previously Dutch territory only the Riau archipelago remained under *Shonan* authority.

Indonesian nationalism was not a major factor in this move, though the Japanese must have discovered that the similar institutions developed by the Dutch in Java and Sumatra made some consultation between their commanders appropriate. Indonesians themselves were unable to travel between Java and Sumatra for the duration of the war. Prominent Sumatrans who left the island were taken to Singapore or Tokyo, never Jakarta, until the final desperate days of August 1945. The thirty years of centralized Dutch rule, school systems and newspapers had nevertheless succeeded brilliantly in creating an Indonesian 'imagined community'. The elites of Sumatra and Java did not doubt that they were Indonesian in 1945, despite the lack of direct contact for three years.

As Twang Peck Yang has shown, a whole new set of commercial relationships began to form during the Japanese occupation which continued and blossomed after the surrender (Twang, 1987: 74–83). Because legal trade became very difficult, much of the movement of foodstuffs and other goods across the Straits was in the form of risky smuggling for high profits, often with the connivance of bribable Japanese officers. With the surrender of Japan, the Indonesian declaration of independence, and the arrival of Allied forces of reoccupation in 1945, 'normality' in the form of the pre-war KPM-dominated shipping network was very slow to return. Dutch authority was never re-established in Aceh, and not until mid-1947 in ports such as Tanjung Balei and Labuhan Bilik in East Sumatra. A lively, uncontrolled trade therefore began between these ports and Singapore and Penang.

This trade was generally regarded as 'barter trade' by the British but as 'smuggling' by the Dutch. The struggling Republican politicians, military and *lasykar* (partisan) units were desperate for money, arms and supplies, and trade across the Straits was the obvious means to acquire them. Thanks to Dutch intelligence in Singapore, we are well informed about some of these shipments. In June 1946, for example, Chinese traders in Tanjung Balei managed to bring in twenty boatloads (each of 20–30 tons) of arms, motorcycles and other military equipment for the Republicans, in exchange for rubber and other plantation produce. After a military setback in March 1947 the scale of the trade increased enormously as all Republican authorities devoted themselves to improving their materiel. Sjahrir's brother Mahruzar set up a trading company working with Chinese merchants in Penang, while a couple of enterprising Mandailings set up an analogous 'Nusantara Agency' in Singapore, both devoted to developing the barter trade to east Sumatra (Van Langenberg 1976:

527–561). Much of the stock of rubber, palm-oil, tea and pepper built up during the war was shipped out in this way, for prices which were often well below their real value. *Lasykar* units occupied many of the estates, and generated a large private income by shipping to Malaya the export produce and even some of the processing machinery of the estates.

While the trade in plantation produce from East Sumatra tended to accentuate the ethnic and political conflicts between competing Republican groups there, in Palembang it better served the interests of the official Republic. Dr A.K. Gani, first Republican Resident of Palembang and Sumatran PNI leader, subsequently became Minister of Finance in the Republican Cabinet on the strength of his success in siphoning off some of the fruits of the barter trade for official Republican purposes. The Palembang-Singapore nexus was perhaps the most important for both sides, with a number of key Singapore capitalists of the post-war era getting their start as Palembang ‘smugglers’ (Twang, 1987: 177–85). Gani also represented within Republican counsels a sympathetic view towards Chinese business, in contrast to Hatta and other representatives of pribumi business who saw their role as competitive with Indonesians (Twang, 1987: 110–122). In reality the Republic could not have survived without this new group of Chinese who were taking risks on its behalf, and thereby getting their own start in commerce. As the Jakarta Chinese newspaper *Sheng Hua Pao* noted on 4 December 1946: ‘The trade between Sumatra and Malaya has created not a few newly prosperous Chinese merchants who began their enterprises during the the Japanese occupation. Unlike the pre-war Chinese capitalists who are night and day expecting the return of the Dutch government, these newly prosperous merchants are hoping for complete independence for the Indonesians’ (Van Langenberg, 1976: 530).

It is not easy to trace the scale of the barter trade, because much of it was determined to avoid official detection at either end. No doubt more shows in British than in Dutch statistics. Singapore’s declared imports of rubber from Indonesia reached over 200,000 tons in 1947 and 1948—more than double the pre-war level (Twang, 1987: 173). Singapore records show total imports from Indonesia worth 222 million Malayan dollars in 1947 and 291 million Malayan dollars in 1948—22 per cent of Singapore’s total imports. In an attempt to obtain British support to control the barter trade, the Netherlands signed an agreement with Britain in March 1948 to implement ‘a system of controlled barter trading’, but by no means all of the trade across the Straits was brought within the purview of this arrangement (Colony, 1948: 53–7).

6. Epilogue

Although a KPM network was partially re-established between 1946 and 1957, when all KPM vessels left Indonesia to escape nationalization, it by no means restored the Batavia-centred economic system of pre-war days. By 1949 more than twenty Chinese shipping firms were registered in Singapore for trade with

the archipelago, where there had been virtually none before the war. Most of these were established by Indonesian totoks, who either moved to Singapore during the revolution, or established joint ventures there with Singapore Chinese (Twang, 1987: 184–185). As in the nineteenth century, Indonesia after the transfer of sovereignty in 1950 was dependent predominately on Chinese vessels based in Singapore. Whereas in 1938 only 20 per cent of Indonesian exports went through Singapore and Malaya, the official figure was 23 per cent in 1956 and 32 per cent in 1958, without counting the substantial amount of unrecorded smuggling (Statistical Pocketbook, 1961: 109). Where the KPM had itself controlled much of the prewar trade which did focus on Singapore, the archipelago's shipping fleet was again predominately based in Singapore, a safer home for small Chinese operators.

Under Sukarno's guidance Indonesian efforts to reconstitute a unified economy were largely counterproductive. Though Sukarno railed against the dominance of Singapore and Penang over the Indonesian economy, and finally banned all trade with them in September 1963, it was chiefly the chaotic conditions within Indonesia which ensured that shipping companies preferred to make their base across the Straits. Only after 1965 has a more cooperative policy towards Indonesia's neighbours infrastructure developed to the extent that extreme reliance on foreign ports is no longer necessary. More encouraging still is the growth of supranational bodies—ASEAN, AFTA and the new 'Growth Triangles'. These fruits of greater economic confidence may ultimately soften the tyranny of the imaginary lines on the maps of 1824.

References

- Blussé, L., *Strange company; Chinese settlers, Mestizo women and the Dutch in VOC Batavia*. Dordrecht/Providence: Foris, 1986.
- Campo, J.N.F.M. à, 'Steam navigation and state formation'. In: R. Cribb, ed., *The late colonial state in Indonesia; Political and economic foundations of the Netherlands Indies, 1880–1942*. Leiden: KITLV Press, 1994, 11–30.
- Colony of Singapore annual report*. Singapore: Government Printing Office, 1948.
- Cortésao, A., ed., *The Suma Oriental of Tomé Pires* [originally published 1515]. London: Hakluyt Society, 1944.
- Gobée, E. and C. Adriaanse, eds., *Ambtelijke adviezen van C. Snouck Hurgronje, 1889–1936*. The Hague: Nijhoff, 1957.
- Jacobs, E., 'Van nood, deugd en handelspolitiek; Intra-Aziatische handel en scheepvaart van de VOC in de tweede helft van de achttiende eeuw; Een verkenning'. M.A. thesis, University of Leiden, 1985.
- Korthals Altes, W.L., *General trade statistics, 1822–1940* [= *Changing Economy in Indonesia*, vol. 12A]. Amsterdam: Royal Tropical Institute, 1991.
- Kraan, A. van der, 'Bali and Lombok in the world economy, 1830–1850'. In: *Review of Indonesian and Malaysian Affairs*, 27, 1993, 91–105.

- Kraan, A. van der, 'Bali and Lombok in the world economy, 1830–1850'. In: *Review of Indonesian and Malaysian Affairs*, 27, 1993, 91–105.
- Kumar, A., 'Javanese historiography in and of the "colonial period"; A case study'. In: A.J.S. Reid & D. Marr, eds., *Perceptions of the past in Southeast Asia*. Singapore: Heinemann, 1979, 187–206.
- Laarhoven, R., *The power of cloth; The textile trade of the Dutch East India Company (VOC), 1600–1780*. Ph.D. thesis, Australian National University, Canberra, 1994.
- Langenberg, M. van, 'National revolution in North Sumatra; Sumatera Timur and Tapanuli, 1942–1950.' Ph.D. thesis, University of Sydney, 1976.
- Marks, H.J., *The first contest for Singapore, 1819–1824*. The Hague: KITLV, 1959.
- Milner, A.C., *Kerajaan; Malay political culture on the eve of colonial rule*. Tucson: University of Arizona Press, 1982.
- Ng Chin Keong, 'The case of Ch'en I-lao; Maritime trade and overseas Chinese in Ch'ing policies, 1717–1754'. In: R. Ptak & D. Rothermund, eds., *Emporia, commodities and entrepreneurs in Asian maritime trade, c. 1400–1750*. Stuttgart: Franz Steiner, 1991, 373–400.
- Nørlund, I., 'The French empire, the colonial state in Vietnam and economic policy, 1885–1940'. In: *Australian Economic History Review*, 31, 1991, 7289.
- Piekaar, A.J., *Atjèh en de oorlog met Japan*. The Hague: Van Hoeve, 1949.
- Reid, A.J.S., 'Nineteenth-century pan-islam in Indonesia and Malaysia'. In: *Journal of Asian Studies*, 27, 1967, 267–283.
- Reid, A.J.S., *The contest for North Sumatra; Aceh, the Netherlands and Britain, 1858–1898*. Kuala Lumpur: Oxford University Press, 1969.
- Reid, A.J.S., *The blood of the people; Revolution and the end of traditional rule in Northern Sumatra*. Kuala Lumpur: Oxford University Press, 1979.
- Reid, A.J.S., 'The unthreatening alternative; Chinese shipping in Southeast Asia, 1567–1842'. In: *Review of Indonesian and Malaysian Affairs*, 27, 1993, 13–32.
- Somer, J.M., *De Korte Verklaring*. Breda: Corona, 1934.
- Statistical pocketbook of Indonesia*. Jakarta: Biro Pusat Statistik, 1961.
- Twang Peck Yang, 'Indonesian Chinese business communities in transformation, 1940–1950.' Ph.D. thesis, Australian National University, Canberra, 1987.
- Watson Andaya, B., *To live as brothers; Southeast Sumatra in the seventeenth and eighteenth centuries*. Honolulu: University of Hawaii Press, 1993.
- Wolters, O.W., *History, culture and region in Southeast Asian perspectives*. Singapore: Institute of Southeast Asian Studies, 1982.
- Wong Lin Ken, 'The trade of Singapore, 1819–1869'. In: *Journal of the Malaysian Branch of the Royal Asiatic Society*, 33, 4, 1960, 5–315.
- Zanden, J.L. van, 'The Dutch economy in the very long run; Growth in production, energy consumption and capital in Holland (1500–1805) and the Netherlands'. In: A. Szirmai, B. van Ark & D. Pilat, eds., *Explaining economic growth; Essays in honour of Angus Maddison*. Amsterdam: North-Holland, 1993, 267–283.