

'Copracontracten': An Indication of Economic Development in Minahasa during the Late Colonial Period

Abstract

The system of 'copra contracts' in the Minahasa fully integrated copra smallholding into the export-oriented economic sector of the late-colonial economy. Economic behaviour of the Minahasans is set against the background of regional socio-cultural particularities such as high literacy, racial integration and a materialist attitude. The contracts themselves comprised cash advances for future produce deliveries by the (Chinese) middleman, whereas the trading house remained at the far end of the system. Until the 1930s the system was quite beneficial for the local smallholder, as was the case also, in a modified form, from 1936 onwards.

1. Introduction

The residency of Manado was, and still is, one of the major copra-exporting regions in Indonesia (Pantouw 1993a, 1993b, 1993c). During the first half of this century the export volume from Manado ranked second among that of the Outer Islands, behind South Sulawesi but surpassing both West Kalimantan and West Sumatra. Starting with 13.9 per cent of the total export volume from colonial Indonesia in 1911, it increased its share to 20 per cent or more during the second decade. Despite the depression in the 1930s the share of Manado never fell below the level which had prevailed during the first decade (Clemens, Lindblad & Touwen, 1992: 71; Lindblad 1993: 255).

Apart from 1919–1920, when the entire volume of copra production in Minahasa was absorbed for the manufacture of vegetable oil at the *Oliefabrieken 'Insulinde'* in Makassar (Ujung Pandang) and Java (Kamerling 1979), a great deal of Manado copra was exported to Europe and Japan in particular. In the late 1920s, about half of the production went to the United States (*Economisch Weekblad*, 1932: 811–813).

There must have been a link between the exports of copra and imports of foreign consumer goods in Minahasa (Lindblad, 1993: 239–243). In this article I will examine how the Minahasans managed to improve their income from the copra trade through a form trade alliance known as *copracontracten*. Such

arrangements were based on an agreement between smallholders and middlemen, in which the former received a sum of money from the latter at the time of the signing of the agreement. The money had to be repaid in quarterly installments over a number of years. The agreement was usually made in writing and often confirmed by a notary public.

2. Regional characteristics

Minahasa (*mina + esa* = to be unified) was widely used as a term denoting ethnicity for the first time in the nineteenth century. The term was probably introduced by the Dutch Protestant mission (*zending*) to indicate a Christian community living in North Sulawesi, and was eventually taken over by the colonial government. The term thus excludes the Muslim communities of Gorontalo and Bolaang Mongondow and also the Christian Sangir-Talaud islanders. The Nederlandsche Zendingen Genootschap (NZG) started working in this area in the 1830s. In 1847 only about 12 per cent of the inhabitants (about 93,000 in all) had become Christians. By 1902 this figure had increased to about 90 per cent (of about 180,000). During the subsequent decades, about 95 per cent of the inhabitants were Christians of various denominations. By then each village had its own church(es), school(s), and local preacher(s) and teacher(s) (Henley 1992: 148). Apart from its existence as a 'moral community', the unity of Minahasa is also symbolized by a myth of common ancestors (the Toar-Lumimuut myth). Although originally limited only to a few linguistic groups, this myth was also incorporated by other ethnic groups in the course of time (Masinambow, 1991).

The work of the *zending* paved the way for the wide acceptance among Minahasans of secular education, which was introduced in the latter part of the nineteenth century. The 1930 census shows that of the 539 government-sponsored primary schools scattered throughout colonial Indonesia, no less than 74 were found in Minahasa, which is ready explanation for the fact that by 1930 Minahasa had the highest literacy rate in the Indonesian archipelago. According to the census the percentage of literacy for this region was 38.92 per cent, which should be compared to Central Maluku with 21.34 per cent, West Sumatra with 9.62 per cent or Java and Madura with only 5.48 per cent (Henley, 1992).

Seizing their opportunity the best elements of the younger population of Minahasa easily adapted to the colonial system, assuming the functions of soldiers and office-workers in large corporations such as the BPM (Bataafsche Petroleum Maatschappij), KPM (Koninklijke Paketvaart Maatschappij), and various plantations in Java and Sumatra. This trend has also been adduced as a possible explanation for the neglect of many of the copra gardens in Minahasa (Broeder, 1932: 630).

An explanation of the contemporaneous value system is essential in order to understand the *copracontracten*. This touch of 'European' culture mentioned can be taken as part of the background to the attitude of Minahasans, and must

indeed have greatly influenced their economic behaviour. Beside instilling puritan values, the NZG also developed the material culture by stressing the importance of health care, sanitation, cleanliness, improved housing, better clothing and better food (Pantouw, 1993). Such material conditions gradually became a status symbol among the more well-to-do section of the population. With the integration of this region into the world market, especially through copra trade, 'Dutch goods', were in great demand.

The situation was facilitated by the fact that racial integration in Minahasa was fairly high compared to that in other parts of the archipelago. F.M. Mandagie, a prominent Minahasan and editor-in-chief of a Dutch-language magazine in Manado, the *Minahasa Post*, wrote in 1934: 'We include among Minahasans not only the natives [the descendants of Toar and Lumimuut] but also Indo-Europeans, Indo-Chinese, and Javanese, who are Christian-born and raised in Minahasa' (Mandagie, 1934). This fact is especially important as background information to the *copracontracten*.

The residency of Manado was created in 1824 as a part of the *Gouvernement der Molukken* (Staatsblad, 1824: 28a), but after 1865, when the monopoly on spices was abolished in the northern provinces, Manado became an independent administrative unit in the colonial state system. The residency was divided into several *afdeelingen*, each with its own *assistent-resident*, and again into numerous *onderafdeelingen*, each headed by a *controleur*. The basis of the administrative system were the local villages organized into 'districts', each with its district head (*hukum besar*). While the division of the *afdeelingen* was based on ethnicity, the districts were more or less linguistic units.

One of the *afdeelingen* was Manado which comprised two parts, the city of Manado and the *onderafdeeling* Manado. The number of districts in the latter unit of administration changed constantly, but in 1922 there were seven *onderafdeelingen*, namely Manado, Tomohon, Tonsea, Tolour, Amurang, Ratahan and Kawangkoan (Regeringsreglement, 1922). In 1933 the number of districts was reduced by one to six (Manado, Tonsea, Tolour, Kawangkoan, Amurang and Ratahan) and henceforth known as the *onderafdeeling* Minahasa (Regeringsreglement, 1933). This remained unaltered until the 1940s, even remaining unchanged after 1939 when the residency of Manado was included in the newly created *Gouvernement der Groote Oost* (Regeringsreglement, 1939).

The rate of population growth in Minahasa during the first half of this century was about 3 per cent, which was fairly high compared to other areas in colonial Indonesia. In the 1930s the population of the *onderafdeeling* Minahasa numbered 300,000–350,000 persons.¹ About 95 per cent of the population was indigenous leaving 4 per cent Chinese and only 1 per cent European (including Japanese). The greatest population concentration was in the district of Manado (about 80,000), with its 66 villages (*negeri*), whereas the districts Kawangkoan

¹ Arsip Nasional Republik Indonesia (ANRI): Memories van Overgave (MVO) on microfilm: MMK 306, on Manado by A.Ph. van Aken, 1932; MMK 308, on Manado by M. van Rhijn, 1941; KIT 1177, on Manado by A. Stuurman, 1936; KIT 1178, on Manado by U.J. Weg, 1938.

(67 villages), Tolour (73 villages), and Tonsea (81 villages) had a population of about 50,000 each. The two remaining districts were smaller with Ratahan (28 villages) and Amurang (51 villages) containing 20,000–30,000 inhabitants.

Economically, since the seventeenth century, the importance of the area had also been more or less directly connected with the Dutch presence in the archipelago. During the period of the *voc* (Vereenigde Oost-Indische Compagnie) Minahasa sold rice and timber to that company. Its agrarian structure started to change with the forced coffee cultivation (1820–1870) and from the 1880s copra became the main export commodity of the region. Coffee cultivation was state-organized but copra was a free commodity produced by smallholders for the world market. Apart from coffee and copra, the region was also known for such natural products as spices and rattan (Jaarverslag Handelsvereniging, several years).

The importance of copra is clearly expressed in the export figures from this region. In 1929, for instance, exports of various commodities amounted to 25 million guilders of which 22 million guilders came from copra. In 1931, at the nadir of the depression years, 13.5 million guilders out of a total of 25 million guilders of export revenue came from copra alone.²

3. The smallholdings

The climate and soil of Minahasa are conducive to coconut cultivation. The regular rainfall (1,000 to 2,000 mm per year) and the volcanic (and thus porous) soil ensure that Minahasa is a prime copra-exporting region. Even the clay soil in the districts of Manado and Amurang has not prevented these areas from becoming important producers of copra which was undoubtedly helped by the high rainfall during most of the year. According the Agriculture Office at Tondano in 1926, normally each square kilometre of land could be planted with 780 coconut trees, with each peasant normally owning up to 200 trees, depending on the size of his garden (in Java the average was 20 trees). A healthy tree could be harvested four times a year. Occasionally a number of smallholders were able to expand their gardens by purchasing other gardens or opening up new land thus increasing their total possession to 2,000 or more trees. The trees begin to bear fruit at the age of 10 with coconut yield increasing over the subsequent years. In the first year (10 years old), 200 trees could and did produce about 9.6 piculs (1 picul = 62.5kg) of copra, but from their sixteenth year 200 trees could reach a production level of 48 piculs (Kantoor Landbouw, 1926).

Smallholding is highly labour-intensive. Although the maintenance of the coconut gardens required hardly any money, a minimum capital was needed for the harvesting (mostly by hired hands) and transportation to the 'processing plant' (*tempat foefoe*) and a number of the other preparations needed to turn coconut into copra saleable on the market. According to calculations by the

² ANRI: MVO: MMK 306, on Manado by A.Ph. van Aken, 1932.

Kantor Landbouw at Tondano in the mid-1920s, profits could be expected only if the costs of production did not exceed 5 guilders per picul of copra. Before the depression in the 1930s, profits could be considerable since a smallholder could expect a return of 12–13 guilders profit for each picul. But during the 1930s, when copra prices fell to 4 or 5 guilders per picul, costs of production had to be reduced to 2 guilders per picul (*Economisch Weekblad*, 1932: 711).

The average volume of copra exported from the residency of Manado during the depression in the 1930s was about 200,000 tons with Minahasa and the Bay of Tomini in the lead each exporting about 60,000 tons. The largest volumes produced in Minahasa came from the districts of Manado, Tonsea, Tondano and Amurang with smaller quantities being supplied by the districts of Kawangkoan and Ratahan (300 tons each). Thus, about 250 villages in those districts, with about 70 per cent of the population of Minahasa, were the main producers of copra in this region.³

4. The 'copra contracts'

The prototype of a *copracontract* as a type of trade alliance must have been known among producers of spices in Minahasa long before copra became the main export commodity. This practice must have increased enormously among copra producers and traders during the first half of the twentieth century, but the leasing of gardens as part of the system eventually caused the inhabitants to lose much of their land. In 1918 the government therefore passed a law prohibiting the leasing of land (*Staatsblad*, 1918: 80). Nevertheless, the practice continued until the 1940s since the law did not specifically prevent the renting of *trees* in the gardens.

The written contracts were fairly simple, stating the names of the smallholder and the middleman, the sum of money to be received by the smallholder, the volume of copra to be delivered quarterly as a payment to the middleman, and the interest (usually 6 per cent) to be paid at each delivery. There were two types of arrangement for repayment. The first type was a long-term agreement over 5–15 years during which the smallholder had to repay his creditor in quarterly installments (plus 6 per cent interest) for the duration of the contract, whereas the creditor nearly always had to provide the total sum of money agreed upon at the time of the signing of the contract (though this could sometimes be done in two installments). This kind of contract was also known as *sewa keboen* (*huurtuinen*) since the creditor was given the right to work the garden with his own hired hands. In the second type of arrangement the duration of the contract was not specified. Instead, the middleman provided the agreed sum of money at the time of the signing of the contract whereas the smallholder had to repay it with copra at every harvest until the money borrowed, plus interest, had been

³ ANRI: MVO: KIT 1178, on Manado by U.J. Weg, 1938; MMK 308, on Manado by M. van Rhijn, 1941.

returned. The calculation of each repayment was based on the local market price (*harga pasar*) of copra at the time of repayment (Broeder, 1932: 711; De Groot, 1941).

There were several salient characteristics which pertained to the parties involved in a *copracontract*. Two parties were directly involved, namely the smallholder and the middleman, while a third party, the trading house, remained at the far end of the system. On the part of the smallholder, the contracts were signed mainly by the head of the family (mostly the husband), because land in the villages was family-owned (*familiegrondbezit*). The *Agrarisch Reglement* of 1918, and the *adat* system in Minahasa, precluded individual ownership of *adat* lands, although many local officials would have preferred it that way.⁴

The middlemen were mostly Chinese. Until the 1920s the European trading houses were also involved in this business but after the *Agrarisch Reglement* of 1918 had come into effect, they gradually abandoned this practice, even though most of them continued to provide the middlemen with capital of which terms were laid down in written contracts). The Chinese middlemen owned stores and storage facilities in nearly every village, especially in the copra-producing districts.⁵ The onus was also on the middlemen to transport copra to the coastal area for shipment to Manado or Amurang.

The trading houses at the far end of the system were mostly European-owned with a much smaller number of Chinese firms located either at Manado or Amurang. During the 1920s there were 10–12 European trading houses, most of them Dutch-owned. The largest were Borsumij; Bouvy Gebroeders; Correljé & Co.; Dirks & Co; Ledeboer & Co and Morhmann & Co. One Danish company, the ‘Manado’ Produce Company had been operating in the region since 1921 (Jaarverslag Handelsvereniging, several years). An American firm, Vegetable Oil Company, started to export copra to the west coast of the United States, mainly to Los Angeles, in 1927. In 1928, however, it had to move its headquarters to Ternate, and later, in 1934, it was replaced by another American company. During the 1930s Japanese companies also began operating from Manado.

The companies exported copra directly from Manado to Europe, the United States and Japan. Transportation was provided by international shipping companies operating in colonial Indonesia with Manado as their final destination. Chinese and Arab traditional coastal vessels competed with the KPM in carrying copra from the coastal area to Manado. The chartered vessels were mostly used by Chinese export companies but some European trading houses were also regular customers of this cheap form of transportation, e.g. the Danish ‘Manado’ Produce Company and Ledeboer & Co.⁶ In 1927 the Batavian Freight Conference tipped the balance to the advantage of the KPM. Thereafter the so-called

⁴ ANRI: Binnenlands Bestuur (BB): Letter controleur Tondano 8 February 1910, no. 268/33; letter controleur Manado 2 February 1910, no. 317.

⁵ ANRI: MVO: MMK 306, on Manado by A.Ph. van Aken, 1932.

⁶ ANRI: MVO: MMK 306, on Manado by A.Ph. van Aken, 1932.

'charter vessels', owned by Chinese and Arab merchants, were instructed to discontinue their operations. Manado was closed to international shipping and Makassar became the sole copra-exporting port. To replace the 'charter vessels' the KPM established a sister company to collect copra from the coastal area of North Sulawesi and to carry it to Makassar from where international ocean liners could carry the product abroad. The sister company, the Cekumij ('Celebes' Kustvaart Maatschappij), also had Chinese and Arab shareholders (Dick, 1987: 10, 11).

The new regulation met with considerable opposition, especially from Chinese exporting companies in Surabaya. The main reason for their discontent was the exemption given to the 'Manado' Produce Company which the government thought could be useful in influencing copra prices in Europe. The upshot was that the 'charter vessels' still continued operating in North Sulawesi for quite some time (Broeder, 1932: 631).

Returning to the analysis of the *copracontracten*, it seems that the system must have benefited all parties. For the middleman it was a convenient way to buy more cheaply than the *harga pasar*, the price paid by the trading houses. De Groot, a former *notaris-vendumeester* stationed at Manado, estimated that the middlemen normally paid 15 per cent less than the local market price (De Groot, 1941: 107). This gain was supplemented by the interest to be paid by the smallholder on every quarterly installment. The situation thus created meant that these traders could make even more profit than the exporting houses. It was calculated that the Chinese intermediary traders could still get a margin of 25–30 cents profit per picul even during the depression of the 1930s when the profits of the trading houses was only a mere 1.5 cents per picul (Broeder, 1932: 670).

The smallholders also benefited from the system, since it guaranteed them an increase in income. Most of the contracts started at 2000 guilders but the middlemen were always glad to increase the amount, thus guaranteeing themselves a continuous supply of copra. Reckless spending was not in vogue at the time. Investigations conducted by government officials in the 1920s show that most smallholders used their money wisely, mostly for paying for the (Dutch-styled) education of their children or for renovating their houses with corrugated iron roofs. Dutch education and corrugated iron roofs were status symbols at the time. Only two families in Tonsea and Tondano incurred large debts: one family decided to buy a car to improve their social standing, while the other family expanded their business by buying more gardens. Even the government benefited from the income tax paid by the smallholders and the middlemen, even if many of them tried to avoid this duty (Van Doorn, 1926).

The system was so widespread in Minahasa that in 1941 it was estimated that there were much more than 3,000 contracts of the *sewa kebun* type, which was most popular among smallholders in the districts of Tonsea and Manado. Yet the system was not the only source of debts, or even the most important one. Investigations conducted in a number of villages in the two districts in the 1920s showed that a majority (two-thirds) of the villages was indeed in debt but these debts had nothing to do with *copracontracten* (Van Doorn, 1926).

Investigations in 1941 showed that only 13 per cent of the total debt in the districts of Tonsea and Tondano accrued to the *copracontracten*; the total amount of money concerned was about 1.5 million guilders (De Groot, 1941: 109).

Since the very beginning of the copra trade, the Minahasans were indeed not unaware of the risks of the contract system, especially during the First World War when Indonesian copra was virtually barred from the European market. In November 1914, a number of prominent persons at Aidmadidi, the centre of the district of Tonsea, namely the district head (E. Rotinsulu), his deputy (P.L. Monmat) and the headmaster (Ph. Tilaar), took the initiative to establish a credit bank, the Volksbank Tonsea, to assist the people in paying off their debts to the middlemen (Jaarverslag Volksbank, several years). Later Amurang also established its own *volksbank* and a third one was founded in Gorontalo. The colonial government maintained its own Gemeentelijke Crediet & Voorschot-bank in the town of Manado.

Of the three *volksbanken*, that one at Airmadidi turned out to be the most successful. The other two were ultimately liquidated. Until the early 1930s the Tonsea bank provided its members with credit worth 600,000 guilders and the Amurang and Gorontalo banks issued only 50,000 and 150,000 guilders respectively. The banks were in fact co-operatives with the members providing the capital. A considerable amount of capital of the Volksbank Tonsea was derived from the deposits of the pensions of retired soldiers and government personnel. The bank provided good services for the people, since, according to investigations carried out in the 1920s in the villages of Tonsea and Tondano, those who borrowed from the bank were far less in debt than those who had borrowed through the *copracontracten*.⁷

5. Depression and adaptation

As a kind of trade alliance *copracontracten* functioned best during a period of stable copra prices as in 1920s. With respect to the debt problem, investigations conducted in the 1920s affirmed that: 'Nothing can be taken as an indication that the problem is serious' (Van Doorn, 1926). In the next decade, however, the conclusion reached in reports was exactly the opposite. Nobody in the 1920s could have ever predicted the impact of such an economic depression as that of the 1930s. In colonial Indonesia the economically most damaging effects were felt between 1930 and 1935. Because of the low copra prices (4-5 guilders per picul) the copra delivered quarterly could barely produce any profit, either for smallholders or for the middlemen. This held true even when costs of production were reduced to 2 guilders per picul. Not only did the smallholders lose their income but they could hardly make enough money to pay even the interest, let alone quarterly installments. This was particularly the case with contracts of the *sewa kebun* type.

⁷ ANRI: MVO: MMK 306, on Manado by A.Ph. van Aken, 1932.

At this time the *volksbanken* began providing additional credit to enable the smallholders to pay their debts, or at least the interest due. The amount of credit provided by the Volksbank Tonsea, for instance, doubled after 1931 (Broeder, 1932: 763). This bank even expanded its membership to include other districts as well. In 1934 it took over the responsibilities of the bank at Amurang.

Naturally it would be reasonable to expect that the *volksbanken* alone could ever solve the problems caused by the depression of the 1930s. Many people in Minahasa began to realize that government involvement was needed were the smallholders and the middlemen to be saved from the impact of the depression. Voices in the Minahasa Council (*Minahasaraad*), later also in the *Volksraad* in Batavia, urged the government to take strong action.

What follows is a description of the process of adaptation of the *copracontract* system after 1935, in other words immediately after the depression years. The system underwent changes in three different ways:

- (1) intermediary trade;
- (2) the form of the contracts;
- (3) the amount of debts owed by smallholders.

The first change was initiated by the Minahasa Council and effectively reduced the domination by Chinese intermediaries. The Minahasa Council, founded in 1919 as part of the *ontvoogdingspolitiek* (decentralization) in this area, among other powers possessed the authority to supervise those activities of the local government which directly involved the population, such as public works, tax collection, health care, education, forestry and the like. Chaired by the *assistent-resident* of the *onderafdeeling* Manado (since 1933 *onderafdeeling* Minahasa), the Council had about 40 members who were elected democratically every four years. The district heads were appointed members. The Minahasa Council had its own personnel and its own budget. It was endowed with subsidies from the local government and the market (*pasar*) tax. The latter duty was especially important during the depression years when even the local government was short of funds. The importance of these taxes for the Minahasa Council was stressed by Resident Van Aken as follows: 'Het zogenoemde passerbedrijf is de kurk waarop de Minahasaraad drijft nu de landsbijdrage met zulk een groote bedrag verminderd is' or: 'What is known as the market business is now the cork on which the Minahasa Council keeps afloat now that the government contribution has been reduced so substantially'.⁸

It was therefore logical that it was the Minahasa Council which took the first steps to alleviate the hardship of the smallholders caused by the depression of the 1930s. Assistent-Resident Hamersters' role, in his capacity as chairman of the Council, was decisive in the establishment of a co-operative system as a mechanism to reduce the influence of the intermediary trader in the 1930s. Again, the idea originated in Tonsea, when the *hukum tua* (village head) of Talawaan and the chairman of the village co-operative decided to establish a co-operative,

⁸ ANRI: MVO: MMK 306, on Manado by A.Ph. van Aken, 1932.

the Copra Verkoop Centrale, in the town of Manado to enable the villagers to by-pass Chinese middlemen.⁹

Hamerster immediately took over the lead and in December 1930 succeeded in mobilizing the Minahasa Council to approve the establishment of a much larger co-operative organization which embraced the entire *onderafdeeling*. This was the pvc, the Producten Verkoop Centrale or in full: the Inlandsche Cooperatieve Producten Verkoop Centrale 'Minahasa'. The pvc started with a capital of 80,000 guilders collected from its members (each members had to deposit 50 guilders). Except in the years 1932–1934, Arnold Mononutu was entrusted with the task of chairman of pvc. In the beginning the co-operative lost about 30,000 guilders but new members were recruited offering against reduced membership deposits (30 guilders). The co-operative had the task of negotiating better prices for its members from the trading houses at Manado and Amurang. It also had its own personnel, storage and transportation facilities.

Like the bank in Tonsea, the pvc alone could not solve the problems. But from 1936 pvc was backed by funds from the Algemeene Volkscredietbank (AVB), which had been founded in 1934 by merging virtually all *volksbanken* in colonial Indonesia. Only the Volksbank Tonsea refused to merge and was forced to limit its activities to the district of Tonsea. Nevertheless the AVB did provide it with a credit of 350,000 guilders.

The relationship between the pvc and the AVB was well organized. Henceforth the members of pvc could deliver their copra to the co-operative, while the AVB would pay the agreed prices. The pvc thus became a major copra trader in Minahasa with the backing of AVB. In 1936 it was able to sell about 50 per cent of the usual quantity of copra produced in Minahasa to the trading houses and this percentage only increased (to 70 per cent) in the subsequent years.¹⁰

The second important change in the contract system concerned the nature of the written contract itself. In 1936 a special agent, Luyten, who was given the rank of *controleur*, was appointed by Van Mook, then Director of the Department of Economic Affairs, to study the situation and recommend the most effective solution. Luyten concluded that the best way to protect both smallholders and middlemen was to provide a legal basis for the contract system. A draft law, drawn up by Luyten and Resident Van Rhijn, was accepted in 1939 after Van Mook had pleaded for it in the *Volksraad* in Batavia. The so-called *Copracontracten-ordonnantie* provided ample room for the local administration in Manado to regulate the system (Staatsblad, 1939: 92). Nevertheless, for several months the Chinese traders and a few export companies persisted in their opposition. It was incorrectly understood that the law was a further instrument to protect the pvc monopoly in the intermediary trade.

Eventually the realization dawned on all parties that the new regulation was in the interests of everyone concerned. Local traders wanting to establish trade

⁹ ANRI: BB: Vol. 1707. Letter assistant-resident to Resident, 6 September 1930; Vol. 10 Geheim; letter Directeur Binnenlands Bestuur to Resident, 17 October 1930.

¹⁰ ANRI: MVO: KIT 1178. Manado by U.J. Weg (1939).

contracts with smallholders had to register with the colonial administration and only those of 'good name and reputation' would be awarded permits to draw up contracts. To protect the interests of smallholders even more securely, the contracts were limited to a maximum of five years. The middlemen were also protected against bad faith on the part of smallholders. A special instruction from the Resident of Manado added that the rate of interest should not exceed 5 per cent and the sanction for negligence should only amount to 1.50 guilders for each quarterly delivery (De Groot, 1941: 104–105).

Luyten's final task was to renegotiate the debts of the smallholders on the basis of the 'old' contracts. By 1941 an understanding had been reached with a great number of middlemen by which they agreed to reduce the amount of debt due to each of them. 'Less is better than nothing' was the spirit guiding the negotiations.

The new intermediary trade system was indeed more 'humane'. The Chinese middlemen were not wholly excluded from the trade, even though if the PVC could also operate successfully as a third *schakel* (as Mandagie put it: the first and second were the trading houses and the Chinese). The amount of debts owed by the smallholders, which had lost its function as instrument of monopoly by Chinese traders, was also drastically reduced.

Thus, although the copra prices did not return to the level of the 1920s, after 1936 copra trading again benefited all parties concerned. As in the 1920s, not many at the time expected any external factors to disturb the balance between the new trade relations when World War II broke out in Europe in 1939. Especially after the Netherlands and a number of European countries importing copra had been occupied by Nazi Germany, the government had no choice but to take over the role of copra trader in colonial Indonesia. In September 1940 the *Coprafonds* was established by the Department of Economic Affairs. The intention of the *Coprafonds* was to buy copra for a minimum price (4 guilders per picul) and to store it for better times. In the first year the government provided some 11 million guilders to allow the *Coprafonds* to purchase about 400,000 tons of copra, a considerable amount of it from Minahasa.¹¹ In the residency of Manado 11 storage places were set up, five in Minahasa (Manado, Bitung, Kema, Kotabunan, and Amurang). The transportation to the storage places was monopolized by Cekumij and paid for by the *Coprafonds*. After that date copra producers and copra traders had no other choice but to sell to the *Coprafonds*. Practically the new arrangement prevented the PVC from functioning as copra trader. In fact, after the establishment of the *Coprafonds*, the *copracontracten*' lost their purpose.

The copra trade went on for a couple of years, with the *Coprafonds* maintaining high hopes for the future. But the system broke down in March 1942 at the time of the Japanese invasion. After the war the *Coprafonds* was re-established in an entirely different political atmosphere (Harvey, 1984).

¹¹ ANRI: Algemene Sekretarie: Volksraad Zitting 1940/1941, onderwerp 65/vi.

6. Conclusion

In Minahasa economic development, in terms of agrarian structural change, started in the nineteenth century with (forced) coffee cultivation, which was followed by copra smallholding during the late colonial period.

Our analysis of copra smallholding highlights the existence of a different type of economic system than the well-known 'dual economy' conceptualized by Boeke and Geertz. Traditional copra smallholding, as discussed here, was fully integrated into the modern part of the colonial economy. State intervention to prevent copra production from collapsing after the depression clearly underlined its importance to foreign trade.

The interaction between the traditional and modern sectors of the economy was possible through a trade alliance known as *copracontracten*. The trade alliance in Minahasa was rather different from that prevailing in Madura (De Jonge, 1988). The Veblenian concept of 'institution' is useful here as a tool to explain the difference, but other Veblenian concepts are anachronistic in this case. The value system in Minahasa which, among others, matters, attached importance to both material and spiritual well-being, shaped the system of *copracontracten* into an effective medium of economic development in the region during the late colonial period. Adaptations following the depression in the 1930s were in fact new combinations between this system and the co-operative system which already existed in Minahasa.

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