

Irian Jaya

There are economies of scale in many modern economic activities and in commercial trade, and the dispersal of population has contributed to the extremely high cost of colonial administration and to the slow growth of trade with the external world.

2 Netherlands New Guinea

Early administration and the war

A few coastal areas of Irian Jaya had a long history of contact with slave traders and other seafarers from the Malay Archipelago before European contact.¹ In the Radja Ampat group, the Vogelkop and parts of Cenderawasih Bay this led to limited use of metal implements. More fundamental and widespread change has been caused by twentieth century interaction with the complex, literate societies of Europe and Asia.

Colonial history began earlier in the west than in Papua New Guinea although colonial contact was very much more intense in the east.² Bone has described Netherlands New Guinea as 'the stepchild of the Indies, a neglected backwater useful only as a barrier against foreign intrusion, a place for tours of punishment duty by delinquent civil servants and . . . of exile for nationalist leaders'.³ Worried by the possibility that others might use New Guinea as a base from which to challenge them for the spice islands trade, the Dutch East India Company in 1660 recognised the sovereignty of the Sultan of Tidore over 'the Papuan islands in general'.⁴ This excluded other European powers while avoiding the expense of direct company administration of an area with little apparent commercial promise. In 1828 the government of Netherlands India formally took possession of the north coast west of the 141st meridian and a proclamation in July 1848 laid claim to the whole of what is now Irian Jaya in the name of the Sultan of Tidore.⁵ Tidore's fictional rule formed

¹ For a description of early contacts between coastal Irianese and Malay seafarers, see C. D. Rowley, *The New Guinea Villager*, Melbourne, Cheshire, 1965, chapter 3. For a history of contact between Irian and the Sriwijaya and Majapahit empires and later the Sultanate of Tidore, see Harsja W. Bachtiar, 'Sedjarah Irian Barat' in Koentjaraningrat and Harsja W. Bachtiar (eds.) *Penduduk Irian Barat*, Jakarta, P. T. Penerbitan, Universitas, 1963.

² We will return to a discussion of economic change in Papua New Guinea in chapter 10.

³ R. C. Bone, *The Dynamics of the Western New Guinea (Irian Barat) Problem*, Modern Indonesia Project, Southeast Asia Program, Ithaca, Cornell University, 1958, p. 22.

⁴ *Ibid.*, p. 11.

⁵ *Ibid.*, p. 16.

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the basis for the 1885 boundary agreement with Great Britain and the 1910 agreement with Germany.

Colonial exploration and administration spread slowly. The first official expenditure on administration in Netherlands New Guinea was made in 1898, after the government of British Papua had requested control of eastward raids by Marind headhunters. Administrative posts were established at Manokwari and Fak-Fak in 1898 and at Merauke in 1902. By 1937 a slender 'control' was exercised over about 200,000 persons. Dutch officials manned fifteen patrol posts and lower ranking Indonesian officials were in charge of about fifty smaller stations.⁶ Administration was confined to coastal areas although the Kapauku people around Lake Paniai had been contacted in 1937-8 and the dense population of the Baliem was sighted from the air soon after.

Mission administration was more intense than that of the government. Protestant missionary activity began in 1855⁷ and over 50,000 converts were claimed by 1935. Catholic mission activity was largely confined to the south, and converts were estimated at 7100 in 1933.⁸ Most of the very elementary education available was provided by the missions. Mission teachers and officials were generally from other parts of eastern Indonesia and instruction was in Malay.

There was very little modern commercial activity before the Pacific War. Coconut plantations covered a few thousand acres and Japanese companies employed 1100 workers in copal production.⁹ There was some intensification of the trade in traditional craft with eastern Indonesia. Chinese entrepreneurs traded tobacco, textiles and steel goods for *bêche-de-mer*, massoi, copal, copra and birds of paradise plumes, all on a very small scale. Trade stores provided services at the main patrol posts.

Nederlandsch Nieuw Guinee Petroleum Maatschappij employed several thousand persons, including about one thousand Irianese, at the peak of its exploration activities in the 1930s.¹⁰ Oil was discovered near Sorong and Bintuni Bay in 1936 and 1939, but commercial production did not begin until after the war.

⁶ Paul W. van der Veur, 'Dutch New Guinea', *Encyclopaedia of Papua and New Guinea*, Melbourne, Melbourne University Press, 1972, p. 277.

⁷ *Ibid.*, p. 281.

⁸ *Ibid.*, pp. 281-2.

⁹ Bachtiar, 'Sedjarah Irian Barat', p. 72.

¹⁰ *Ibid.*, pp. 68-9 and van der Veur, 'Dutch New Guinea', p. 281. The NNGPM was a joint venture in which the principal partners were Royal Dutch Shell and Standard Oil.

Through the 1930s, several hundred European colonists arrived to begin farming, mostly near Hollandia and Manokwari, but had little success. Larger movements of people from Java were associated with New Guinea's role as a goal for nationalist activists. After the rebellion on Java in 1926-7, over 800 prisoners guarded by 100 soldiers were shipped to Tanah Merah, 500 kilometres up the Digul River.¹¹ In the following decade, incarceration in New Guinea became a badge of nationalist commitment, worn by such notable figures as Sjahrir and Hatta.¹² Many of these political prisoners were permitted to take their families to New Guinea and some remained to form a small Javanese community of rice-growers and traders in the vicinity of Merauke.

By 1942 the colonial influence was confined to certain coastal areas where the Christian religions and the new law had largely eliminated warfare, art and traditional religious ceremonies.¹³ These influences released male labour time and this exacerbated the underemployment caused in some areas by the substitution of steel tools for stone and by introduction of other labour-saving tools, including matches. The new religion could fill only part of the void.

For many villagers, the underemployment and monotony of the pre-war years was broken dramatically when the Pacific War came to New Guinea in 1942. Establishment and supply of bases created considerable demand for labour. Hollandia, with an excellent natural harbour, was used as a Japanese base and grew to many times its pre-war size. With the arrival of 140,000 American and Australian troops in the allied counter-offensive in 1944 it was transformed further into a city of a quarter of a million persons.¹⁴ With the troops came over one thousand boats, nearly one thousand planes and countless tons of supplies and equipment. Local villagers performed odd jobs and were given trade goods. All effective males in surrounding areas were liable to labour service and one third were in service at any one time.¹⁵ Villagers became rich in commodities barely known in earlier years and aspirations rose to new levels.

Two hundred and forty kilometres of roads and bridges were built in

¹¹ Bachtiar, 'Sedjarah Irian Barat', pp. 65-6.

¹² *Ibid.*, p. 67.

¹³ Not all coastal areas were covered by government administration. For example the long southern coastline between Kaimana and Digul was not under administration control by 1942.

¹⁴ D. Dexter, *Australia in the War of 1939-45: the New Guinea Offensives*, Canberra, Australian War Memorial, 1961, pp. 801 ff.; Bachtiar, 'Sedjarah Irian Barat'.

¹⁵ W. J. H. Kouwenhoven, *Nimboran: a Study of Social Change and Social-economic Development in a New Guinea Society*, The Hague, Voorhoevr, 1955, pp. 50-2.

establishment of the American base, together with barracks, hospitals, theatres and stores. A major airstrip was laid at Sentani and connected to the port at Hollandia by pipeline for supply of petroleum products. The war forced the construction of an infrastructure that allowed Hollandia to function in post-war years as the capital of a much more intensively administered Netherlands New Guinea.

The impact of war on surrounding villagers and on infrastructure at Hollandia was repeated on a smaller scale at Biak, where a very large airstrip was built, at Merauke and in several other centres. Social organisation was placed under strain. New desires for economic change developed and these often led to frustration. Near Biak, a pre-war millennial movement developed into an independence movement in reaction to the Japanese presence. A flag was designed and several thousand persons were in active support. The movement was stamped out in 1943 after many were jailed and the leaders sentenced to death.¹⁶

More intensive colonial rule, 1949-62

After the war, West New Guinea was separated from the Moluccas residency to which it had formerly been attached and became a separate residency of the Netherlands East Indies. The status of the province was disputed at the 1949 Round Table Conference which transferred sovereignty of the former Netherlands East Indies to Indonesia. The Dutch government's attempt to retain Irian Jaya was strongly supported at home.¹⁷ It was staunchly contested by Indonesia on the basis of New Guinea's association with the Netherlands East Indies. Bilateral negotiations broke down in the early 1950s, and repeated Indonesian attempts to gain support through the United Nations General Assembly failed to yield a solution.¹⁸ The United Nations rejection of Indonesia's appeal in late 1957 had traumatic internal political effects. It precipitated the strikes which led to nationalisation of Dutch firms in Indonesia in early 1958. Direct action was delayed because of internal instability, but

¹⁶ Koentjaraningrat, 'Reaksi Penduduk terhadap Perubahan Zaman', in Koentjaraningrat and Bachtiar, *Penduduk Irian Barat*, p. 367.

¹⁷ Strong pressure from the internal pressure groups (especially Eurasians and mission groups), more general nationalist feelings roused by loss of much of her former colonial empire and a desire to complete a moral mission in New Guinea all contributed to Holland's firm stand on the issue. See A. Lijphart, *The Trauma of Decolonisation - the Dutch and West Nieuw Guinea*, New Haven, Yale University Press, 1966, especially chapters 6, 7 and 8.

¹⁸ Bone, *Western New Guinea*, chapters 4 and 5.

the easing of these problems enabled Indonesia to launch a limited military offensive against the Dutch in late 1961. In August 1962 after sporadic fighting both parties accepted the Bunker proposals for the United Nations to administer the transfer of sovereignty to Indonesia by May 1963.¹⁹ Indonesia agreed to carry out an Act of Self Determination to decide Irian Jaya's future by May 1969.

The character of administration after 1949 was very different from that of pre-war years. The colonial administrative superstructure, including the missions, had been manned by European Dutch only at the highest levels and by Malay-speaking Asians at middle and lower levels. There were only about 200 Europeans in the region in the 1930s. A massive influx of Eurasian and European Dutch and exodus of Indonesians occurred in late 1949. Within a year the European population grew from fewer than 1000 to more than 8500.²⁰ About a quarter of the new arrivals began farming or market gardening but most soon found their ways into the greatly expanded government service. Administration became overwhelmingly European for the first time.

The 1949-62 period marked a reorientation of trade. Prior to 1949, Irian Jaya had been integrated increasingly into the Netherlands East Indies economy, with rice and other commodities imported and all exports trans-shipped through Ujung Pandang. After the war, the Indonesian trading connections were cut and direct international shipping links opened.

Direct grants from the Netherlands allowed a vast expansion of government services in the period to 1961 (Table 2). Even these figures underestimate the importance of the metropolitan subsidy since nearly half of all revenues represented internal administrative transactions. In addition to these subsidies, there was an unknown but substantial amount of other direct spending by Dutch government departments, including the military. The colony incurred massive deficits on the current account of the balance of payments in order to service these transfers (Table 3).

Exports were dominated through the 1950s by crude petroleum from fields discovered near Sorong just before the Pacific War (Table 4). The oil field was not large, and production declined rapidly from a peak in 1954. All exploratory work ceased in 1960. Employment in the industry fell from 5129 (including 441 Europeans) in 1953 to 191 (10 Europeans) in 1961. Most

¹⁹ A gradual decline in Dutch political support for retention of New Guinea after 1956 and a lack of powerful international support for either side enabled Indonesia ultimately to achieve its objectives. Lijphart (*Trauma of Decolonisation*, chapters 10 and 11) traces the decline in Dutch internal support for retention of Irian Jaya.

²⁰ *Ibid.*, p. 55.

Table 2 Expenditure, revenues and deficits of Netherlands New Guinea, 1950-61 (\$ million)

Year	Expenditure	Revenue	Deficit
1950	10.1	5.8	4.4
1951	13.2	8.7	4.5
1952	16.4	11.2	5.2
1953	21.8	14.9	6.9
1954	26.3	14.4	11.9
1955	40.9	21.9	19.0
1956	36.4	16.2	20.3
1957	35.3	16.0	19.2
1958	34.0	15.9	18.1
1959	33.6	15.7	17.9
1960	40.2	16.7	23.7
1961	43.7	18.1	25.6

Source: The budget accounts for 1950 through 1959, and the budgets for 1960 and 1961, compiled by Lijphart, *Trauma of Decolonisation*, p. 41.

Table 3 Exports and imports, Irian Jaya, 1954-71 (\$ million)

Year	Exports	Imports ^a
1954	8.7	21.3
1958	7.9	24.1
1961	5.0	25.0
1963	3.1	14.9
1965	2.7	21.2
1967	2.1	7.9
1969	2.7	15.7
1971	2.8	30.2

^a The import figures for later years and particularly those for 1971 may be underestimates. They do not include rice imports by Bulog because this agency does not distinguish between domestic and foreign supplies. Also not included are imports associated with United Nations projects or imports on behalf of the military. The 1971 import figure includes imports by Freeport Indonesia arriving by ship but excludes any arriving by air.

Source: Report on Netherlands New Guinea, various years; Departemen Perdagangan, *Nerataj Perdagangan Luar Negeri Propinsi Irian Barat*, Jayapura, 1972.

other exports were products from hunting, gathering or traditional activities within the village economy. Coastal areas were responsible for all village exports. Fak-Fak was the largest export area, supplying most of the nutmeg and mace, followed by Merauke (crocodile skins and copra) and Radja Ampat/Vogelkop (copra and copal). Timber, mainly lumber from a new mechanical sawmill at Manokwari, was an important export from 1959.

Table 4 Exports from Irian Jaya, major commodities, selected years 1951-71

Commodity	A. By volume (tons)				
	1951-2 ^a	1960-1 ^a	1966	1969	1971
Village Exports					
Copra	3385	5428	4374	2112	1834
Nutmeg	184	392	424	517	357
Mace	43	111	99	151	100
Crocodile Skins	47	n.a.	52	49	n.a.
Copal	327	564	36	27	26
Other					
Logs/lumber	61 ^c	13,000 ^c	2400 ^c	20,700 ^c	5433 ^c
Prawns	—	—	—	—	642
Oil	259	208	70	79	71

Commodity	B. By value (\$ thousand)					
	1951-2 ^a	1957	1960-1 ^a	1966 ^b	1969 ^b	1971
Village Exports						
Copra	516	614	747	195	232	317
Nutmeg	45	579	521	159	196	125
Mace	26	197	180	75	115	80
Crocodile Skins	116	499	527	129	317	392
Copal	85	226	221	5	5	6
Other						
Logs/lumber	2	1	286	13	359	58
Prawns	—	—	—	—	—	704
Oil	2460	5833	2780	n.a.	1129	1184

^a Two-year average.

^b Converted from Irian Barat rupiahs at official exchange rates.

^c Cubic metres.

Sources: Report on Netherlands New Guinea, various years; Lijphart, *Trauma of Decolonisation*, p. 44; Records of Departemen Perdagangan, Jayapura; Biro Sensus dan Statistik, *Irian Barat Dalam Angka Tahun 1970*. For 1971 there are inconsistencies in Departemen Perdagangan's data on export values.

The Netherlands and Singapore were the major markets for the exports of the coastal villages. There were direct shipping connections from Hollandia, Sorong, Biak and Merauke to overseas ports. Subsidised, regular government and private services connected about fifty minor ports to the export points. But the trade was static: village exports were no higher in 1961 than in the mid-1950s. Provision of shipping and commercial services permitted immediate increases in the cash incomes of coastal communities, but new technology, social organisation and crops were required for continued growth of incomes. There were attempts to introduce new crops and new

technology in the twilight of Dutch administration. However, there had been almost no increase in smallholder incomes by the time of the transfer of sovereignty.

The post-war Dutch expenditure had its main effects in the towns. About two-thirds of the indigenous wage labour force of 18,986 in 1961 was employed in the five major urban centres. Fifty-four thousand, or 7 per cent of the total population, including 28,000 indigenes, lived in Hollandia (Jayapura), Manokwari, Biak, Merauke and Sorong. The immigrant population of 15,500 Europeans and 16,600 Asians was heavily concentrated in these towns.

Ten thousand five hundred Irianese, or over half of the indigenous wage labour force, were in government service.²¹ A high proportion of the remainder was engaged in building, which was heavily dependent on government contracts. Most of the native work force had no special skills: 30 per cent had no formal education and only one-sixth of those in government service were classified as 'officials and junior officers'. Very few Irianese occupied 'medium level' administrative positions. The Irianese workforce was mobile and impermanent: in 1961, only 2669 urban workers were married and living with their families.²²

Education was a large element in the budgets of the Dutch administration and increased markedly in the last few years of the period to reach 11 per cent of total expenditure in 1961.²³ However education was poorly geared to the manpower needs of the monetary economy. The spread of Dutch and Christian values was the prime aim of the education system. In late 1960, a new education plan gave greater weight to the transfer of scarce skills, but 'education for the spiritual and social development of the people' retained its primacy.²⁴ Despite the predominance of Malay as the lingua franca of the trading and urban people, Dutch language and not Malay was being introduced in the newly opened schools in the highlands in the early 1960s.

Through the 1950s, primary education continued to be managed almost exclusively by the Christian missions. In 1961 there were 496 unsubsidised mission schools with about 20,000 pupils. The teachers were Irianese with little education themselves and with no teacher-training qualifications. The content of teaching was almost entirely religious. The missions ran almost all

²¹ Report on Netherlands New Guinea 1961.

²² J. C. M. Bakker, *Strategie van het Economische Ontwikkelingswerk in het Voormalige Nederlands Nieuw-Guinee*, Tilburg, Drukkerij MSC, 1965, p. 164. Report on Netherlands New Guinea 1959, p. 61 and 1961, p. 69.

²³ *Ibid.*, p. 93.

²⁴ *Ibid.*, p. 88.

of the 776 subsidised primary schools, where 45,000 pupils received schooling with less exclusively religious content in 1961.²⁵

About one thousand pupils, including 400 Irianese, attended advanced primary or intermediate secondary schools in 1961. The single secondary school had 157 students, including twenty-two Irianese in the lowest three classes. A number of vocational and technical schools had a total of 975 students, most of whom were receiving teacher training. There were no tertiary education institutions. In 1961, ninety-five Irianese were studying abroad, including three at a Dutch university, four at the Netherlands National Institute for Tropical Agriculture and seven at the Papuan Medical College in Port Moresby.²⁶

Small though these numbers were in relation to the modest manpower needs of the monetary sector of the Netherlands New Guinea economy, the 1961 figures represented a vast expansion on 1960 and earlier years. Almost none of the expanded effort had produced additional secondary and tertiary graduates at the time of the transfer of sovereignty.

For Irianese who did enter the money economy wages were very high in comparison with major Indonesian centres. Under the 1957 pay regulations an ordinary seaman earned \$42 a month, an unskilled labourer \$50, an apprentice \$57, a village schoolteacher \$65 and a schoolteacher with a training diploma \$124.²⁷ Low import duties and regular, subsidised coastal transport kept the cost of imported commodities relatively low in the towns.

The growth of the towns provided some opportunities for sale of foodstuffs from adjacent villages, although they were limited by the consumption patterns of the dominant European and Asian communities. Non-traditional foodstuffs were supplied largely by Eurasian and other colonists and villagers failed to respond to urban demand for traditional staples and fish. Rice became the staple of the Irianese in town. Imports of cereals and cereal preparations rose to 13.4 million kilograms valued at \$US 2.5 million in 1961. Imports of 1.6 million kilograms of fish were valued at \$US 0.5 million.

What effect did the large Dutch expenditures have on West Irianese economic welfare? The linkages between village and town remained very slender. Most of the cash income accrued to the small number of wage and salary earners in the urban centres. For a high proportion of the coastal population, occasional

²⁵ *Ibid.*, pp. 88-101 and Appendixes 34-43(2).

²⁶ Most of the remainder were undergoing training in public health, domestic science, telecommunications or meteorology, or were attending secondary school.

²⁷ *Ibid.*, Appendix 28. These figures include the family allowance for a man with a wife and two children.

government or mission employment, or sale of copra, nutmeg, forest products and, near the town, traditional foodstuffs, provided cash for steel utensils, tobacco, cloth and a few other new commodities. Money was peripheral to the economy of most of the population, including almost the entire population of the highlands, much of which still used the stone axe. Over a third of the population had no means of earning cash.

In addition to facilitating the sale of labour and goods to the towns, Dutch expenditures affected villagers in administered areas through provision of administrative, health and education services. Official extension services attempted the introduction of new food crops into village agriculture – peanuts, maize and fish in inland waters – with limited success in some areas.

The Dutch left a skeleton of ports, airstrips and patrol posts from which most of the population could be contacted. In 1961, two-thirds of the indigenous population was said to be under administration. About 8 per cent was under administration influence and one-quarter completely outside administration.²⁸

The Dutch maintained seventeen post offices providing mail and telecommunications links with other centres in Irian Jaya. Hollandia, Biak and Sorong maintained direct international contacts. A radio telephone link connected Biak to Hollandia and Amsterdam. There were local telephone networks in Hollandia, Biak, Manokwari, Merauke and Sorong.

By 1961 the Dutch airlines *Nederlands Nieuw Guinee Luchtvaart Maatschappij* was operating regular DC3 flights between Biak, Jayapura, Manokwari, Merauke and Wamena. Smaller planes flew on other routes. Two mission flying organisations, *Mission Aviation Fellowship (MAF)* and *Associated Mission Aviation (AMA)* operated flights to minor centres as demand required. There were a few local roads around the major towns but they covered a very limited area: Hollandia, 140 kilometres; Biak, 135; Manokwari, 105; Merauke, 70; Fak-Fak, about 5. The oil company had built about 120 kilometres of roads in the neighbourhood of Sorong.

The early stages of a number of projects designed to raise smallholder agricultural output had been completed. An agricultural research station was established at Manokwari, financed by the Development Fund of the European Economic Community. At the end of 1961, smallholder developments included the planting of 865 hectares of Banda nutmeg (largely in the Fak-Fak area), 1352 hectares of cocoa (principally in Cenderawasih Bay, but also near Hollandia and in the western islands), and 80 hectares of coffee (with

²⁸ *Ibid.*, Appendix 4A.

greatest concentration in Yapen). Thirty-four coffee observation stations had been established in the central highlands. Rubber plantings began, some on extensive areas of reclaimed land inland from Merauke. An ambitious scheme to make the colony self-sufficient in rice by use of mechanised methods on irrigated land near Merauke produced only 400 tons of rice in 1961.

The European Economic Community financed the basic geological mapping of the Bird's Head in the early 1960s. There were prospects for economic mining and forestry projects elsewhere, but political uncertainties deterred large-scale private investment.

The total legacy of the large Dutch subsidies was very modest, partly because several major programs were stopped before fruition. Moreover, the heavy expenditures on education and political development helped alienate some of the population from their future government. This was especially true of the small number of Irianese who had undergone high levels of education, or who occupied medium to high-ranking administrative jobs. A high proportion of these emigrated to Europe or Papua New Guinea at or after the cessation of Dutch sovereignty.