In The Shadow of Nationalism:
Pelni during The Period of Indonesianisasi

Singgih Tri Sulistiyono

A. Introduction

Nationalisation of foreign enterprises is one of the most crucial phenomena in Indonesia history during the period of 1950s. The idea nationalisation of foreign enterprises in Indonesia has actually emerged during the revolution era (Kahin, 1952: 172-178). This relates with the fact that most parts of Indonesian economic resources were still in hand of foreign enterprises. It is said that Indonesian independence at that time was solely a political achievement. Politically, Indonesia was free from colonization, but economically it still depended on its former mother country, the Netherlands. During the revolution, about 25 per cent of the Indonesian GDP and 10 per cent of the important positions in modern economic sectors were still controlled by the Dutch. Even in 1950, more than 6,000 Dutch personnel held senior positions in banks, agricultural and mining enterprises, trade companies, etc. (Thee Kian Wie, 1995: 2; Dick, 2002: 153–93). This can be understood since during that time Indonesia faced the paucity of experienced technicians and managers (Glauberman, 1971: 50).

More ironic situation was experienced by domestic sea transportation. Only a week after proclamation of independence (17 August 1945), this economic sector was dominated by the KPM, Dutch-owned enterprise, which operated on Indonesia waters since 1891, while the position of indigenous prahu shipping was very marginal. This problem continually persisted until the acknowledgement of sovereignty in 1949. It seems that the decolonisation in domestic sea transportation did not go smoothly. This problem aroused emotion on both sides. On the one hand, the Dutch viewed the KPM as a symbol of their glory and dignity; on the other hand the presence of the KPM on the Indonesian waters in the post independence was seen as thorns in the flesh by Indonesian nationalists (Chia Lin See, 1989: 122). This explains why the negotiation process for establishing a joint shipping enterprise between the two failed. Accompanied by raging nationalism spirit, the Indonesian government declared the

---

1 Penulis adalah staf pengajar di Fakultas Ekonomi Universitas Diponegoro, Semarang.
2 The KPM is in its internecural trade (not including Singapore, Penang and Ternay Dily) varied in 1948 2.6 million tons of goods, as against a little over 1.5 million tons in 1947. See "Present Economic Condition in Indonesia", The Economic Review of Indonesia 3 (2) 1949, I-12.
establishment of PENI in 1952 without considering the existence of the KPM. This paper begins by tracing the emergence of Petroleum National Indonesian Indonesian National Shipping Company (PENI) in 1952. In connection with the process of Indonesianisation of sea transportation sector, it then answers the question of why the Indonesianisation of sea transportation sector could not immediately place the PENI as a dominant state shipping company in Indonesia even after the expulsion of the KPM on 6 December 1957.

### B. Towards a National Shipping Company: The Vail Negotiation

The revolutionary spirit in Indonesia made the KPM's presence in Indonesian waters a thorn in the flesh. Even the Koperasi Merta Bapak (KMB or Round Table Conference) of 1948 was unable to solve the question of the future of the KPM in Indonesia. On the one hand, the KPM was obviously not able to dictate terms to the Indonesian government. On the other hand, the Indonesian government could not fully intervene in the KPM's operations in Indonesia. If the Indonesian government imposed strict regulations, the KPM might leave Indonesian waters immediately, despite the Indonesian government's inability to establish a shipping company that could take its place in international shipping. Although the Round Table Conference did not decide the future of the KPM in Indonesia, the Indonesian government did guarantee that the Dutch KPM would provide the same service as Indonesian-flagged ships in international shipping in Indonesia (Dick, 1987: 14).

By the end of the 1940s, the emerging question was increasingly on the subject of ownership of the KPM rather than how the shipping company would be operated in Indonesia. This was symptomatic of the Indonesian government's desire to nationalise Dutch commerce. In April 1950, the Indonesian government proposed to establish a new joint shipping company called the Indonesian Steamship Company (ISC), in which the Indonesian government would have 51 per cent of the shares and the KPM 49 per cent. The ISC would take the place of the KPM in Indonesia and the new company would buy the KPM's fleet. The KPM suggested a similar proposal with the condition that both parties had a fair share and the KPM's fleet was allowed to operate on the Indonesian waters (a Campo, 1998: 24-25). Obviously, the Indonesian government also had the right to decide the KPM's policy. In 1954 for example, the KPM proposed to raise its share to 67 per cent for passenger and 64 per cent for cargo. But the Indonesian government approved the proposal of raising to 75 per cent for passenger and 70 per cent for cargo respectively (see Vodder, 1983). Afterward, PT Perusahaan Navegación Indonesia, Transocean-Voith-Germanische Schiffbau-Actien-Gesellschaft, and the government negotiated and established an office in Jakarta (Soepoeptoe, 1994: 48).

In the meantime, the government also took another step. Under the 1951 Indonesian charter, the KPM was not allowed to operate in Indonesian waters. The government considered this situation to be a monopoly of foreign operators. The Indonesian government considered it necessary to establish a shipping company to operate in Indonesian waters. This shipping company was given the name of PT Perusahaan Navegación Indonesia (PT PENI) (a Campo, 1998: 24-25).

---

3 Indonesian government also had the right to decide the KPM's policy. In 1954 for example, the KPM proposed to raise its share to 67 per cent for passenger and 64 per cent for cargo. But the Indonesian government approved the proposal of raising to 75 per cent for passenger and 70 per cent for cargo respectively (see Vodder, 1983). Afterward, PT Perusahaan Navegación Indonesia, Transocean-Voith-Germanische Schiffbau-Actien-Gesellschaft, and the government negotiated and established an office in Jakarta (Soepoeptoe, 1994: 48).

4 According to the G/S systems act, the ship would be operational in international shipping, not only carrying cargo, but also providing passenger services. The G/S system was introduced in 1948 for passenger ships and in 1955 for cargo ships. The G/S system was also used in international shipping. The G/S system has been used in international shipping since 1948 for passenger ships and in 1955 for cargo ships. The G/S system is also used in international shipping.
PT Kalimantan, both established in 1951. But private shipping companies hoped that the PEPUSKA would not operate its own ships, as its main task was merely to boost the development of the Indonesian private shipping companies. It was established at the time when the government expected a co-operation between the KPM and the Indonesian state-shipping company. Therefore, PEPUSKA’s main function was like a rental agency to the Indonesian private shipping companies which had no active part in shipping services (Sumatra, 1959: 14).

The idea of establishing a state-owned shipping company was raised in the early 1950s, when the Indonesian Federal State was dissolved. However, anxieties about the possible competition with the powerful KPM kept this plan from ever being realised (Kartodimedjo, 1963: 11). Seeing that negotiations between the government and the KPM were not very successful, the Indonesian government became convinced that it should establish a state-owned shipping company in spite of the existence of the KPM. On 20 April 1952, the government founded the Pelajaran Nasional Indonesia (PELNI) or Indonesian National Shipping Company. It started with a nominal capital of only 200 million rupiahs, the PELNI was granted a right to take over all the PEPUSKA assets including its 500 officials. The main purpose of the PELNI was to serve the public as well as the government in transporting people, livestock and goods.

Similar to the position of the KPM during the Dutch colonial time, the PELNI functioned as the main sea transport apparatus (sarana angkutan laut pusat/central conveying apparatus) (Soeraproto, 1994: 51). Unlike the PEPUSKA, however, the PELNI was given authority to operate its ships as a commercial institution. Consequently, the PELNI had to compete with the KPM on lucrative contracts, especially in trunk lines (Hardikusumo, 1990: 4).

C. PELNI 1952-1957: Facing a New Dilemma

Competition between the KPM and the PELNI lay in the fact that both companies acted as a central sea transport apparatus. In the meantime, private shipping companies serving the interisland shipping could become the feeder fleet of the KPM and the PELNI. But private shipping companies were also allowed to apply for serving the trunk lines and therefore also compete with the PELNI and the KPM, although the primary fights were between the latter two (Salman, 1959: 40-42) The PELNI actually had a greater chance of winning since it had strong support from the Indonesian government. The PELNI was given the right to transport government goods and passengers, at the KPM had done under the Dutch colonial authority. As it

7 PT PERPELNI was established in 1952 for coastal cargo shipping in Java, Madura, and Nias Tongara, while PT Kalimantan was established in 1953 for coastal shipping between Java and Kalimantan.

was still in its infancy, the PELNI had not yet made a great impact. In 1956, the PELNI and private shipping companies made up only 25 per cent of the total in interisland transport and short sea shipping, while 75 per cent was handled by the KPM. This changed in 1957 into 29 per cent and 71 per cent respectively. In 1952, the KPM transported 646,000 tons of government goods, although in 1954 this figure decreased to 359,000 tons (Dick, 1987: 19).

It thus appears that the PELNI, as a new shipping company, was too small to compete with the KPM, in terms of both number of ships and their capacity as well as in shipping experience. In the mid-1950s, however, the KPM’s capacity began to decrease due to both its failure in negotiating the Indonesian government, and the internal development of the PELNI. A comparison of the fleets of the PELNI and the KPM can be seen in Table 1.

<table>
<thead>
<tr>
<th>Year</th>
<th>PELNI</th>
<th>KPM</th>
</tr>
</thead>
<tbody>
<tr>
<td>1940</td>
<td>-</td>
<td>138</td>
</tr>
<tr>
<td>1952</td>
<td>21</td>
<td>111</td>
</tr>
<tr>
<td>1953</td>
<td>45</td>
<td>98</td>
</tr>
<tr>
<td>1954</td>
<td>51</td>
<td>100</td>
</tr>
<tr>
<td>1955</td>
<td>44</td>
<td>98</td>
</tr>
<tr>
<td>1956</td>
<td>46</td>
<td>96</td>
</tr>
<tr>
<td>1957</td>
<td>50</td>
<td></td>
</tr>
<tr>
<td>1958</td>
<td>52</td>
<td></td>
</tr>
</tbody>
</table>


The table shows that the size of the KPM’s fleet gradually decreased, while the PELNI’s fleet increased. The decrease of the PELNI’s fleet only occurred in 1955 as the PELNI sold its small vessels to Indonesian private shipping companies after the negotiation between the government, the parliament, the PELNI and private shipping companies (Soeraproto, 1994: 54). As the PELNI did not have large ships, the KPM benefited by operating large ships in their stead. The total tonnage of the KPM’s fleet operating in Indonesia increased from 185,945 gross tons in 1952 to 190,547 in 1956. Tonnage numbers decreased from 111 in 1952 to 96 in 1956. By operating bigger ships, the KPM could serve long-distance routes of interisland shipping in Indonesia ranging from Singapore to the eastern part of Indonesia. In the meantime, total tonnage of the PELNI increased from 20,450 gross tons in 1952 to 87,007 in 1959, while the number of ships also increased from 21 to 57 (BPS, 1960: 175).

Fierce competition among various shipping companies (the KPM, PELNI and private Indonesian shipping companies) occurred mainly on the Singapore lines. Since the Indonesian revolutionary years (1945-1949), the Singapore routes had been

---

7 PT PERPELNI was established in 1952 for coastal cargo shipping in Java, Madura, and Nias Tongara, while PT Kalimantan was established in 1953 for coastal shipping between Java and Kalimantan.
the most advantageous and the city acted as the major trading centre in Southeast Asia. In the 1950s, Singapore increasingly became the trading centre for the Indonesian archipelago and the main commodities were rice, tin ore, coal and salt. The competition strongly affected the KPM, especially after the PELNI and the Indonesian private shipping companies and the Singapore-based fleet reduced their freight rates to comply with government regulation. The KPM tried to be under the Dutch protection but it lost Dutch favour in this period. The KPM was forced to keep its official rate as regulated by the Indonesian government, while the PELNI and other Indonesian private shipping companies could easily reduce rates without government censure, despite KPM complaints. That is why although the KPM had bigger and better equipped vessels, it could not compete with the PELNI and other Indonesian shipping companies. In addition, the later could easily deviate from their obligatory routes by getting a permission letter from the Department of Shipping.

The PELNI and other shipping companies transported both official goods and unlisted cargoes which were not taxed. They could introduce a tariff reduction of 20 per cent for Singapore routes. The KPM on the other hand, was too disciplined to carry out such illicit activities. This was partly because the PELNI became increasingly important in serving the Singapore routes. In 1953, PELNI’s and the KPM’s share in transporting goods to Singapore were 6,000 tons and 249,000 tons respectively. In 1956, PELNI’s share increased to 112,000 tons (eighteen fold), while the KPM’s share decreased to 237,000 tons (Dick, 1987: 19-23).

Under such circumstances, the only way for the KPM to win the competition was its professionalism. Sticking to an accurate schedule, the KPM aimed to be the only trusted shipping company in Indonesia. Through its established connections with international shipping companies, the KPM wanted to dominate transhipment cargo from producing areas to international markets. Considering that the PELNI did not stick to its serving schedule most of the time, the KPM raised this as an obstacle to PELNI’s joining the international freight conference (the before-war BVC). After a long negotiation, PELNI was finally admitted as a member in 1954. Competition between the PELNI and the KPM thus also occurred in transhipment cargoes.

The Indonesian government put pressure on those who hampered the development of PELNI and other Indonesian shipping companies. In the second half of the 1950s, the government put pressure on the KPM and its networks, including Dutch international companies, such as the Stoomvaart-Maatschappij Nederlandsche (SMN) and Rotterdamsche Lloyd (RL). The KPM also co-operated with Dutch export and import companies, known as the ‘Big Five’: ‘Internatio’, ‘Borsumij’, ‘Jacobo’ (from Jacobson van den Berg), ‘Lietterveest Stakevis’, and ‘Geo. Weyl’ (Sutter, [59]: 95). Those ‘big five’ established cargo-handling companies in almost every important port; they even constructed their own quays at ports. As a newcomer in the shipping world, it was very difficult for the PELNI to enter the established Dutch network. To cut the network between the foreign trading and the foreign shipping companies, the Indonesian government took over all cargo-handling companies in Indonesia and let the Indonesians become involved in this business (Soediman, 1959: 40) so they were no longer merely outsiders. To this purpose, the P.P. (Peraturan Pemerintah; Government Regulation) No. 61/1954 was issued. This regulation prescribed a separation of functions between sea transportation and cargo-handling transport at the port that should be handled by Indonesian companies. It is clear that the regulation’s main objective was to eliminate foreign domination both in shipping and in cargo-handling business at the Indonesian port.

The government policy was aimed at giving more opportunities to the PELNI and other Indonesian private shipping and trading companies so that they may play a more active role in port business. Later, the PELNI no longer had difficulties in loading and unloading cargoes or in getting cargoes for the interislands trade. The PP No. 61/1954 was a structural effort to cut the monopolistic network of foreign companies. Due to this regulation, the KPM and other foreign shipping companies began to depend upon Indonesian companies, especially in cargo-handling work at port. Obviously, the PELNI had the advantage of government back up to compete with the KPM. Although this policy seriously affected their business networks, the KPM was aware that their companies were becoming inefficient due to various strikes relating to the political condition in Indonesia.

The post-colonial period witnessed the Indonesian government’s effort to establish a pure state-owned shipping company to replace the KPM in Indonesia. At first the Indonesian government tried to take over the KPM through a long series of negotiations. As the negotiations failed to produce an agreement, the government proposed to set up a joint Indonesian shipping company retaining the name KPM. This was also unsuccessful. Then the Indonesian government decided to reduce the KPM’s role and its networks in Indonesia to the benefit of the PELNI. Besides, tariff regulation and routes served by the KPM restrained the PELNI expansion (Bakteria Ampera 2, 1963: 6). In contrast, the Indonesian government often did not take serious action against PELNI violations, which was an indirectly disadvantageous to the KPM. Business logic had been replaced by the logic of power. The PELNI was actually

---

8 Indonesia also had a similar pattern of cooperation between domestic and international shipping through the establishment of international shipping companies, such as PN Dampak Lloyd (in 1952 and followed by P.T. Gresik Lloyd, P.T. Samaudra Indonesia, P.T. Teknik Lloyd, and P.T. Kerta Line. On the development of an Indonesian international shipping fleet since 1959 (Indonesian National Shipowners Association Usra ‘Aqyber Samudra, 1976).

9 Government Regulation No. 61 of 1954 did not allow shipping companies to handle their own cargoes and expeditions. The regulation also stipulated that the capital and management should be in Indonesian hands. It is clear that this regulation was intended to ensure competition between the KPM and other Dutch trading companies (Oswan Vessel, 1978: 9).
incomparable with the KPM. However the Indonesian government overstated their rivalry, since their underlying motive was more a show of state sovereignty than business considerations.

The acknowledgement of Indonesian sovereignty in December 1949 had not settled all problems of the two countries, particularly as the Dutch government kept its sovereignty over West-Papua. The Dutch government asked the RL and the SMN to sail to West Papua eight times per year, while the KPM had fortnightly voyages to this province connecting with Singapore (NA: MKO, Inv. no. 2291). The Round Table Agreement stated that the West Papua question was to be solved within one year after the Dutch acknowledgement of the Indonesian sovereignty. Indonesian nationalists thought that the hand over would be accomplished in the end of 1950. In fact, it took much longer. During this ‘psychic war’ period, the Indonesian-Dutch relationship became strained and coloured by distrust. In the meantime, the Dutch always tried to attract sympathy from Papua’s people and connected them to the international network. The Dutch wanted to show that they handled West Papua seriously.

Tension in the relationship between the Indonesian and Dutch governments ran high when in the early 1950s Indonesia accused the Dutch of supporting the Republic Maluku Solution (RMS or Republic of South Maluku) separatist movement. Unavoidably, the Indonesian government again highlighted the KPM, as a symbol of Dutch colonial sovereignty, especially its activities in the eastern part of Indonesia (NA: KPM/KCPL, Inv. no. 80). The Indonesian government suspected that the KPM supplied firearms to the rebels, so Indonesian army did not hesitate to scrutinize KPM ships sailing to the eastern part of Indonesia. In 1950, the Indonesian government cancelled the KPM’s Jakarta-Sorong route via Mambuai and Ambon (NA: MKO, Inv. no. 9605). Eventually, the Maluku islands were intentionally isolated from the outer world (NA: MKO, Inv. no. 9603).10

10 In another odd note on 7 September 1951, in his visit to Baguia, president Sukarno and the KPM’s ship MS de ‘Ophit’ sailed to Jakarta by MS ‘Merauke’. The Indonesian flag was flown on the bow, while the Dutch flag was flown in the stern. This situation did not indicate the conflict between the two countries in the case of West Papua (NA: KPM/KCPL, Inv. no. 675).

15 In 1962, the KPM served the lines from West Papua to Europe transporting both cargo and passengers in Singapore.

In June 1959, the KPM’s ‘Van Ermelo’, which undertook regular voyages between Singapore and Sorong, also experienced difficulties. Being suspected of transporting ‘terrorists’ to West Papua, the ship was plundered at Ternate Pier (Kuala) and was also robbed at Ternate Pier (Surabaya). The robbers seized the passengers and crew’s luggage. The police came too late. But for the investigation, the passengers were questioned on the embarkation reason and not allowed to go outside the port because they did not have a visa to enter Indonesian territory. After long negotiations, some of the passengers were allowed to go to West Papua by plane, but the rest remained in embarkation reason until the investigation was completed (NA: MKO, Inv. no. 9606). The arrival of the ‘Van Ramela’ also caused trouble in Mambuai (NA: MKO, Inv. no. 9606). The ‘Mambuai’ thus sailed regularly to Sorong experienced almost similar treatment. In Mambuai, the ship was searched twice times by the local government to inspect “wampas munici die nara Hanoi-Ganu sandara wumiri garefinitan” (weapon ammunition that would be smuggled to New Guinea) (NA: MKO, Inv. no. 9608). The police caused the first investigation and the customs

The KPM realised that its epoch was coming to an end. The Dutch colonial government could no longer hold a monopoly in domestic shipping in the Archipelago, as had been expressed: "on natuurlijk mandaat als alleenvoorzitter in den Archipel" (our natural mandate as the only transporter in the Archipelago) (A. Campo, 1992: 6). The KPM was treated as a ‘favored child’ by the Dutch colonial government. As a private shipping company, the KPM had actually been deeply involved in the politics of the Dutch colonial government. From the beginning it was established not only for business but also to serve the political interests of that government. Unfortunately, such an image persisted after the fall of the colonial state. During the Indonesia-Dutch conflict contesting West Papua, the KPM stood awkwardly between its Dutch former patron and the Indonesian government. This certainly did not guarantee its future in the Archipelago.15

Undoubtedly, the Indonesian government still needed KPM services up until its expulsion. Transportation of goods and passengers was still dominated by this company as seen in Figure 1.

![Figure 1. Interisland goods transported by the KPM and the PELNI, 1953-1956 (thousands tons)](source: BPS, Statistical Pocketbook 1956. A.K. Jaelani, 'Lintasan perkembangan angkutan laut dunia ke musi', Danis Marlin 9 (1974) 46.)

and military police the record. (Rev. round scaling (NA: MKO, Inv. no. 9608). Rescuers speeded theKPM's were staggled into West Papua via the Philippines by Marc Sluwaard (an American adventurer), so Didier Buijtenhuijs sent a delegation to Manila to investigate this pu-Man (NA: MKO, Inv. no. 1684). Washington did not admit to having intelligence reports concerning smuggling into West Papua (NA: MKO, Inv. no. 1064).

By the time the conflict had reached its peak, the KPM had been expelled from Indonesia and promptly took the Dutch side by transporting Dutch troops and military equipment to West Papua. Sorong became the base of Dutch power. On 8 October 1962, about 139 ships and 400 personnel were deplored in Sorong; 172 troops from Fajr 184 on 13 October 1962, and 260 soldiers from Kamerun on 22 October 1962 (NA: KPM/KCPL, Inv. no. 675).
The Figure 1 shows that the share of the PELNI in transporting goods in the interislands shipping continually increased, but the KPM was still dominant. In 1956, for example, the share of the KPM was still 75 per cent. The share of the KPM in the domestic passenger transport can be seen in Figure 2. This figure shows that the share of the PELNI in interislands passenger transport was far smaller than that of the KPM. This is because from the beginning the KPM fleet was prepared not only for goods transport but also for passengers of economy class, even deck passengers, as well as luxurious classes with much better services. But the cost of maintaining passenger ships was higher than those of carrier ships, which explains why there were fewer shipping companies operating passenger ships on Indonesian waters.

![Graph](image)

**Figure 2.** Interisland passenger transport by the KPM and the PELNI, 1953-1957 (thousands)


D. PELNI 1957-1964: Sacrifice for State Interest

Although generally during 1957 some KPM officials' optimism concerning the future of the company persisted, the political situation relating to the West Papua dispute changed rapidly. The KPM's local directors began to feel uneasy. There was a left-wing streak which involved the Indonesian personnel of the KPM (*Harian Rakyat* 17 November 1957).

On 9 November 1957, the PELNI sacked 400 of its workers. This was a blow to the workers' morale and led to a wave of strikes and protests. The workers' demands were for better wages and working conditions. The union leaders and workers formed the PELNI Workers' Union (HUPP) to represent their interests. The strike continued for several weeks until finally the government intervened and ended it. The strikers were then reinstated with retroactive raises.

May 1957. On 3 December 1957, they took over the KPM central office in Jakarta. Although, in the beginning, the government denied its involvement in this matter, it did not take any step to restrain these actions. On 6 December 1957, the Minister of Communication announced his approval of the take-over of the KPM (Duka, 1947:24).

Unlike other foreign companies, the KPM could not be fully nationalised because its officials in Jakarta immediately spread the information to all KPM ship's captains to make the ships safe from possible attack. Nationalisation of Dutch companies in Indonesia raised both pros and cons, despite the fact that the aggressive political mass-actions that encouraged the process of nationalisation was out of control. The government did nothing but approve such actions. Government Regulation No. 45/1959 states that all Dutch-owned maritime companies in Indonesia were to be nationalised. The regulation was put into effect 3 December 1957. Due to difficulties in implementation, only the KPM was expelled from Indonesia. In this way, the KPM's domination of Indonesian waters came to an end after more than half a century. The government did not allow to the KPM to operate its fleet on Indonesian waters (Minister Decree No. 15/PMA/KB/1958, *Warta Ekonomi* 21/22, 31 May 1958, 262). This policy had to be paid costly, i.e. the collapse of the KPM as one of the most basic forces leading towards the economic integration of the Archipelago (Mackie, 1999:2, Sulistiyono, 2003).

After the expulsion of the KPM, problems soon emerged. The KPM left about 16,000 functionaries and workers in Indonesia, but no ships. They were transferred to the PELNI, which demanded that more funds were needed to pay those salaries. Following the expulsion of the KPM, there was a deficiency of shipping space. This could be overcome at short notice by the PELNI and private shipping companies and by giving dispensation to foreign-flagged ships, or by chartering foreign ships mainly from Singapore and Hong Kong, or by buying second-hand ships from Russia, Japan, Italy, and East European countries (BRD, 1977, Annex A:2).

The nationalisation of the companies was carried out by the General Assembly of the UNO (United Nations Organisation) starting on 18 November 1957 (Harian Bakti 12/20 November 1957, Alit, 30 November 1957).
After the KPM was expelled, the service quality in interisland shipping gradually decreased. The spirit of keeping the interisland shipping in Indonesia's own hands was, in fact, costly. The expulsion of the KPM from Indonesian waters did not automatically preclude the PELNI to be the leading shipping company in Indonesia. This state-owned company had to solve problems stemming from the restructuring of private shipping companies. In April and May 1954, the government sponsored a trilateral meeting involving the Department of Communication, the Parliament, and the shipping companies (the PELNI and private shipping companies). The meeting resulted in a compromise in which private shipping companies understood the PELNI's problems, as a state-owned company that should be used to replace the position of the KPM on trunk lines. Private shipping companies would operate as feeders to and from trunk lines. The government promised to assist private shipping companies by encouraging long-term hire-purchase of ships. The PELNI ships for private shipping companies. This meant that the PELNI did not only perform as a commercial institution but also as the 'parent' company of private shipping companies. To reduce the PELNI's role on Indonesian waters and to draw foreign investors, the Indonesian government promised to create favorable conditions for foreign capital investment in the shipping sector. Reasonably, such a policy was named the KPM, which was also involved in negotiations with the Indonesian government (Alliance Handelsblad 24 December 1953).

The emergence of private shipping companies in Indonesia was due to the KPM's effort to eliminate its feeder shipping during the revolution. For its own interest, the KPM sponsored the establishment of several feeder shipping companies. However, the PELNI actually originated from the KPM, which was established in 1922. The private shipping companies fell into the category of 'feeder.' Private shipping companies handled the feeder shipping service. After the establishment of PELNI, the private shipping companies became the 'parent' companies. Therefore, they had to select PELNI as a rival and no longer function as a facilitator. Private shipping companies were not happy with PELNI, since it would serve as government policy for non-transportation.

Although the rayon system seemed quite fair to those private shipping companies engaged in inter-island shipping in Indonesia, this system, in fact, existed on paper only. Except in the eastern part of Indonesia, the flow of goods from small ports did not go directly to surrounding major ports in the rayon concerned, so traders preferred to do business in Singapore and/or in Penang. Since the Chinese ships were not included in this system they could freely voyage to any ports they wanted, making the indigenous shipping companies envy them, which led to the rayon system's demise. In 1957, the rayon system was replaced by the liver system (boier system) and the restrictions requiring private shipping companies to sail outside their specified rayon was nullified (Dieck, 1987: 18).

Following its expulsion, the KPM's legacy created many problems that had to be sorted out between the PELNI and private Indonesian shipping companies. Again, the private shipping companies felt that their interests were threatened by the PELNI. They witnessed the PELNI service of shipping routes usually served by private shipping companies acting as a feeder fleet. But beginning in 1963, private shipping companies involved themselves in trunk lines together with the PELNI. This was a result of the considerable development of the private shipping fleet as seen in Table 2. This table shows a considerable increase in Indonesian private shipping companies. From 1957 to 1962, the number of private shipping companies increased about 240 per cent, while its tonnage increased 313 per cent.

Table 2

<table>
<thead>
<tr>
<th>Year</th>
<th>PELNI</th>
<th>Private shipping companies</th>
</tr>
</thead>
<tbody>
<tr>
<td>1957</td>
<td>41</td>
<td>84</td>
</tr>
<tr>
<td>1958</td>
<td>55</td>
<td>87</td>
</tr>
<tr>
<td>1959</td>
<td>73</td>
<td>125</td>
</tr>
<tr>
<td>1960</td>
<td>60</td>
<td>169</td>
</tr>
<tr>
<td>1961</td>
<td>65</td>
<td>208</td>
</tr>
<tr>
<td>1962</td>
<td>75</td>
<td>201</td>
</tr>
<tr>
<td>1963</td>
<td>244</td>
<td>202</td>
</tr>
</tbody>
</table>


major ports, i.e., North Sumatra (Oen), West Sumatra (Belawan), West Sumatra (Pekanbaru), West Java (Bandung), East Java (Surabaya), South Sulawesi (Makassar), and Maluku (Aruba) (Dieck, 1987: 17).
This increase was linked closely with the government's policy to stimulate the growth of private shipping companies to make up for the lack of shipping space following the KPM's expulsion. The government realised that without private shipping companies' participation, the government (PELNI) would not have been able to overcome this problem. But this program went too far. The growth of private shipping companies was uncontrolled and exceeded the actual need. The development of the number of inter-islands companies can be seen in Table 3.

### Table 3
Number of shipping companies in Indonesian shipping, 1952-1963

<table>
<thead>
<tr>
<th>Year</th>
<th>Interislands shipping companies</th>
<th>International shipping company</th>
</tr>
</thead>
<tbody>
<tr>
<td>1952</td>
<td>6</td>
<td>2</td>
</tr>
<tr>
<td>1957</td>
<td>8</td>
<td>14</td>
</tr>
<tr>
<td>1958</td>
<td>43</td>
<td>43</td>
</tr>
<tr>
<td>1959</td>
<td>107</td>
<td>49</td>
</tr>
<tr>
<td>1960</td>
<td>105</td>
<td>49</td>
</tr>
<tr>
<td>1961</td>
<td>88</td>
<td>49</td>
</tr>
<tr>
<td>1962</td>
<td>100</td>
<td>50</td>
</tr>
<tr>
<td>1963</td>
<td>107</td>
<td>62</td>
</tr>
</tbody>
</table>

Source: Departemen Perhubungan Laut, "Uraian sejarah, 40-50.

Table 3 shows that the number of Indonesian inter-islands shipping companies increased rapidly. In one decade, this increased was 16-fold, from 6 companies in 1952 became 100 companies in 1962. Those in international shipping companies also experienced a similar development. In connection with the development of inter-islands trade in Indonesia, the above table also indicates that competition among inter-islands shipping companies in Indonesia was not always efficient. This depended on whether there was healthy competition and on the government's capability to control and uphold the rules of the competition. Too many competitors outside control could cause inefficiency and create a deteriorating economic state of affairs. Finally, some shipping companies were not able to buy spare parts for ships that would otherwise increase inefficiency. This meant that more than 25 percent of those ships' productive time was spent docking and on repairs (the figure actually should be 7%). This problem was not only faced by private shipping companies but also by PELNI as a state shipping company (Departemen Perhubungan, 1963: 11).

The differences in economic resources among regions and islands of the Indonesian archipelago led to a situation which stimulated uneven economic development of the regions. Developed regions would be more frequently called by ships than the less economically developed regions. It gave an impact that the developed regions to undergo more progress, whereas the less developed regions did not immediately attain a considerable progress. In this connection the motto 'shipping follow the trade' prevails here. If the trade does not develop, transport intensification will be economically inefficient. Equally, trade potential will attract those in transportation business to invest their capital. In the meantime, the early shipping, usually pioneered by the government, served primarily political aims. The government had to keep the principle of 'trade follows the shipping' to sustain economic growth of potentially rich areas. In addition to its function as a state shipping company, PELNI had to carry out its 'bolo duty' to operate its fleet in unprofitable lines on isolated regions which rarely done by private ships. In 1963 for example, the PELNI had to sail more than 40 percent of thin lines (unprofitable lines) or about 15 of 37 lines. In those lines, this state company had to face financial loss (Departemen Perhubungan, 1963: 123). Besides, the PELNI's ships also had to serve government programs of transmigration from Java to the Outer Islands which only gave a little net earnings. These still did not include tariff system issued by the government which regulated PELNI in fixing the transport rate (Departemen Perhubungan, 1963: 98).

Difficulties faced by the PELNI during the first half of the 1960s also relate to the deteriorating process of Indonesian economy in general. The early 1960s witnessed a rapid growth in inter-island shipping, in tonnage and number, following the governmental policies allowing shipping companies to charter foreign ships. The government also put a liberal policy into practice which established new shipping companies after the expulsion of the KPM in 1957. Some such companies had their own ships or chartered foreign ones, but many of them existed in name only. The growing private shipping companies, which did not have their own ship, meant that...
foreign exchange was flowing abroad because they had to charter foreign ships and let them operate on Indonesian waters. In the meantime, since 1961, the need for an island trade itself. In 1964, the tonnage of the interisland shipping fleet had exceeded the fleet capacity of 400,000 BRT (Dick, 1987: 28). The volume of interisland trade (Departemen Perhubungan, 1965: 35-42). The imbalance between the increase in efficiency. The expansion of foreign-chartered ships also caused shipping companies to neglect their own ships' maintenance. Companies' were also unable to buy spare ship parts, which led to a significant decrease in carrying capacity. The fact that many cargo ships were used to transport goods from Indonesia to other countries contributed to the violation of existing regulations and tax avoidance and thus financial losses to the government (Dick, 1987: 23-27).

Based on the research of the Directorate General of Sea Communications, it was noted that between 1961 and 1969, 86 selected vessels were utilized for excessive corrosion of the underwater parts of the vessels. In tropical waters, the anodes for about one year after dry-docking would become ineffective. Regular dry-docking would cause loss of efficiency (Departemen Perhubungan, 1970: 11).

The bad condition of port facilities, such as cargo handling equipment and handling tariffs for administrative purposes. Due to the poor condition of port facilities and the unproductive time spent by ships, the productivity of port laborers was reduced to approximately 25 percent. This did not include the low productivity of port laborers which might force a vessel to stay at port even longer (Badan Penelitian dan Pengembangan Perkapalan, 1976: 65). In the last column, the time spent waiting for cargo, shifting cargo, and maintaining and repairing vessels was included.

The carrying capacity of the Indonesian fleet in 1955 was 12.5 tons per DWT/year in 1958. This income per DWT was utilized in 1962 (Departemen Perhubungan Laut, 1960: 59).

### Table 4

<table>
<thead>
<tr>
<th>Year</th>
<th>Sea Time (in %)</th>
<th>Port Time (in %)</th>
<th>Waiting for Docking (in %)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1962</td>
<td>24</td>
<td>39</td>
<td>61</td>
</tr>
<tr>
<td>1963</td>
<td>23</td>
<td>46</td>
<td>31</td>
</tr>
<tr>
<td>1964</td>
<td>19</td>
<td>24</td>
<td>57</td>
</tr>
</tbody>
</table>


In connection with the declining performance of the PELNI, Escherington identifies five factors as causal factors: 1) Instead of three weeks in normal time, PELNI ships had to spend three months (25 percent of the year) in 1963 for docking and repairs. 2) Two-thirds of port time or about four months (33 percent of the year) were spent for idle port waiting cargo handling, fresh water supplies, cleanliness, etc. 3) Even when cargo was being handled, the rate was about 60 percent lower than previously normal rates. 4) Sea time was about 10 percent greater because of fouled bottoms and the disappearance or failure of navigation aids. 5) Load factors had fallen from an acceptable 60 percent to about 35 percent because of excessively large and badly routed ships (Escherington, 1959; Dick, 1975: 26; Ali, 1966: 27-51). In the mid-1960s, the government realized such conditions threatened both the existing productivity of interisland shipping and the Indonesian economy in general. The government then decided to change the characteristics of domestic shipping to be ended but this paper does not intend to discuss this matter.

### E. Conclusion

Indonesianisation of foreign enterprises is one of the most crucial phenomena in Indonesia history during the period of 1950s. It was not only a political matter but also had economic implications. Since that era, Indonesian government strongly intended to establish a strong state owned shipping company. At the beginning, the KPM was viewed as one of the Dutch colonial legacies in Indonesia that should be taken over by the Indonesian government. At first, this was done gradually through a set of negotiations, but this was unsuccessful. The failure of the negotiations motivated the Indonesian government to reduce the KPM's role and its networks in Indonesia for the benefit of the new national shipping company. Although the Indonesian government still allowed the KPM to operate in Indonesia, the establishment of PELNI reflected the policy of replacing this company on the Indonesian waters. This ensured the competition between the two companies, which operated their fleets in trunk lines. Under the banner of nationalism, the PELNI had a greater chance to win the competition since it had strong support from the Indonesian government. But in fact, in this shadow of nationalism too, the PELNI had faced many difficulties causing this state-owned company could not be the leading shipping company in Indonesia after the conclusion of the KPM in 1957.
### APPENDIX 1

**LIST OF SHIPS MILITARIZED FOR TRIKORA CAMPAIGN, 1962**

<table>
<thead>
<tr>
<th>No.</th>
<th>Name of ship</th>
<th>DWT</th>
<th>Sign number</th>
<th>Owner</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Km. Selat Bangku</td>
<td>584.96</td>
<td>AL 3 b</td>
<td>PN PELNI</td>
</tr>
<tr>
<td>2.</td>
<td>Km. Selat Babu</td>
<td>996.60</td>
<td>AL 4 b</td>
<td>PN PELNI</td>
</tr>
<tr>
<td>3.</td>
<td>Km. Tolado</td>
<td>2,230.00</td>
<td>AL 5 b</td>
<td>PN PELNI</td>
</tr>
<tr>
<td>4.</td>
<td>Km. Tawakko</td>
<td>2,230.00</td>
<td>AL 6 b</td>
<td>PN PELNI</td>
</tr>
<tr>
<td>5.</td>
<td>Km. Kampong Raya</td>
<td>3,587.44</td>
<td>AL 7 b</td>
<td>PN PELNI</td>
</tr>
<tr>
<td>6.</td>
<td>Km. Selayar</td>
<td>4,200.00</td>
<td>AL 8 b</td>
<td>PN PELNI</td>
</tr>
<tr>
<td>7.</td>
<td>Km. Wadasing</td>
<td>3,244.60</td>
<td>AL 9 b</td>
<td>PN PELNI</td>
</tr>
<tr>
<td>8.</td>
<td>Km. Gubeng Tambora</td>
<td>5,000.00</td>
<td>AL 10 b</td>
<td>PN PELNI</td>
</tr>
<tr>
<td>9.</td>
<td>Km. Sawi</td>
<td>4,200.00</td>
<td>AL 11 b</td>
<td>PN PELNI</td>
</tr>
<tr>
<td>10.</td>
<td>Km. Tambahu</td>
<td>2,230.00</td>
<td>AL 12 c</td>
<td>PN PELNI</td>
</tr>
<tr>
<td>11.</td>
<td>Km. Toguran</td>
<td>2,230.00</td>
<td>AL 13 c</td>
<td>PN PELNI</td>
</tr>
<tr>
<td>12.</td>
<td>Km. Wajongpene</td>
<td>2,344.60</td>
<td>AL 14 c</td>
<td>PN PELNI</td>
</tr>
<tr>
<td>13.</td>
<td>Km. Karata</td>
<td>3,357.42</td>
<td>AL 15 c</td>
<td>PN PELNI</td>
</tr>
<tr>
<td>14.</td>
<td>Km. Kangkan</td>
<td>2,230.00</td>
<td>AL 16 c</td>
<td>PN PELNI</td>
</tr>
<tr>
<td>15.</td>
<td>Km. Selay Madura</td>
<td>584.21</td>
<td>AL 17 c</td>
<td>PN PELNI</td>
</tr>
<tr>
<td>16.</td>
<td>Km. Karimata</td>
<td>1,652.59</td>
<td>AL 18 c</td>
<td>PN PELNI</td>
</tr>
<tr>
<td>17.</td>
<td>Km. Beraa</td>
<td>1,650.00</td>
<td>AL 19 c</td>
<td>PN PELNI</td>
</tr>
<tr>
<td>18.</td>
<td>Km. Bengawan</td>
<td>1,630.00</td>
<td>AL 20 c</td>
<td>PN PELNI</td>
</tr>
<tr>
<td>19.</td>
<td>Km. Batangan</td>
<td>1,630.00</td>
<td>AL 21 c</td>
<td>PN PELNI</td>
</tr>
<tr>
<td>20.</td>
<td>Km. Tongpene</td>
<td>4,950.00</td>
<td>AL 22 c</td>
<td>PN PELNI</td>
</tr>
<tr>
<td>21.</td>
<td>Km. Brantas</td>
<td>1,630.00</td>
<td>AL 23 c</td>
<td>PN PELNI</td>
</tr>
<tr>
<td>22.</td>
<td>Km. Tjohomamena</td>
<td>10,000.00</td>
<td>AL 26 d</td>
<td>PN PELNI</td>
</tr>
<tr>
<td>23.</td>
<td>Km. Takamur</td>
<td>10,000.00</td>
<td>AL 27 d</td>
<td>PN PELNI</td>
</tr>
<tr>
<td>24.</td>
<td>Km. Kepang</td>
<td>2,456.34</td>
<td>AL 28 d</td>
<td>PN PELNI</td>
</tr>
<tr>
<td>25.</td>
<td>Km. Sang Srawai</td>
<td>1,200.00</td>
<td>AL 29 d</td>
<td>PT Sang Saka</td>
</tr>
<tr>
<td>26.</td>
<td>Km. Rambang</td>
<td>3,340.00</td>
<td>AL 30 d</td>
<td>PT Sriwijaya Raya</td>
</tr>
<tr>
<td>27.</td>
<td>Km. Pekwan</td>
<td>2,000.00</td>
<td>AL 31 d</td>
<td>PT Pelamin</td>
</tr>
<tr>
<td>28.</td>
<td>Km. Lucky Fortune</td>
<td>6,085.00</td>
<td>AL 32 d</td>
<td>PT Indonesia</td>
</tr>
<tr>
<td>29.</td>
<td>Km. Sanghejuk</td>
<td>4,200.00</td>
<td>AL 33 d</td>
<td>PT Indonesia</td>
</tr>
<tr>
<td>30.</td>
<td>Km. Tanjung Bata</td>
<td>3,100.00</td>
<td>AL 34 d</td>
<td>PN PELNI</td>
</tr>
<tr>
<td>31.</td>
<td>Km. Tanjung Selar</td>
<td>5,100.00</td>
<td>AL 35 d</td>
<td>PN PELNI</td>
</tr>
<tr>
<td>32.</td>
<td>Km. Tanjung Sapu</td>
<td>3,100.00</td>
<td>AL 36 d</td>
<td>PN PELNI</td>
</tr>
<tr>
<td>33.</td>
<td>Km. Guntung Gumbor</td>
<td>5,000.00</td>
<td>AL 37 d</td>
<td>PN Djakarta Lloyd</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>103,230.00</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*Source: Departemen Perhubungan Laut, Laporan Tahunan Departemen Perhubungan Laut Tahun 1963 (Jakarta: 1965), 210-211.*

### APPENDIX 2

**LIST OF SHIPS CHARTERED INDOENSIAN GOVERNMENT FOR TRIKORA CAMPAIGN**

<table>
<thead>
<tr>
<th>No.</th>
<th>Name of ship</th>
<th>DWT</th>
<th>Owner</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Km. Sambue</td>
<td>4,200.00</td>
<td>PN PELNI</td>
</tr>
<tr>
<td>2.</td>
<td>Km. Selat Karimata</td>
<td>1,462.00</td>
<td>PN PELNI</td>
</tr>
<tr>
<td>3.</td>
<td>Km. Selat Suna</td>
<td>391.81</td>
<td>PN PELNI</td>
</tr>
<tr>
<td>4.</td>
<td>Km. Kms. Batanghari</td>
<td>1,630.00</td>
<td>PN PELNI</td>
</tr>
<tr>
<td>5.</td>
<td>Km. Bengawan</td>
<td>1,630.00</td>
<td>PN PELNI</td>
</tr>
<tr>
<td>6.</td>
<td>Km. Selat Lombok</td>
<td>384.61</td>
<td>PN PELNI</td>
</tr>
<tr>
<td>7.</td>
<td>Km. Beru</td>
<td>1,650.00</td>
<td>PN PELNI</td>
</tr>
<tr>
<td>8.</td>
<td>Km. Toguran</td>
<td>2,250.00</td>
<td>PN PELNI</td>
</tr>
<tr>
<td>9.</td>
<td>Km. Seasi mukasaar</td>
<td>1,456.77</td>
<td>PN PELNI</td>
</tr>
<tr>
<td>10.</td>
<td>Km. Selat Sunba</td>
<td>582.19</td>
<td>PN PELNI</td>
</tr>
<tr>
<td>11.</td>
<td>Km. Warnaan</td>
<td>2,344.00</td>
<td>PN PELNI</td>
</tr>
<tr>
<td>12.</td>
<td>Km. Wokole</td>
<td>2,344.00</td>
<td>PN PELNI</td>
</tr>
<tr>
<td>13.</td>
<td>Km. Taromosas</td>
<td>4,950.00</td>
<td>PN PELNI</td>
</tr>
<tr>
<td>14.</td>
<td>Km. Halimahura</td>
<td>2,346.00</td>
<td>PN PELNI</td>
</tr>
<tr>
<td>15.</td>
<td>Km. Beraas</td>
<td>1,630.00</td>
<td>PN PELNI</td>
</tr>
<tr>
<td>16.</td>
<td>Km. Wadamsoro</td>
<td>2,344.00</td>
<td>PN PELNI</td>
</tr>
<tr>
<td>17.</td>
<td>Km. Kapsa</td>
<td>2,397.67</td>
<td>PN PELNI</td>
</tr>
<tr>
<td>18.</td>
<td>Km. Lai</td>
<td>575.00</td>
<td>PN PELNI</td>
</tr>
<tr>
<td>19.</td>
<td>Km. Laporda</td>
<td>575.00</td>
<td>PN PELNI</td>
</tr>
<tr>
<td>20.</td>
<td>Km. Lawin</td>
<td>6,575.00</td>
<td>PN PELNI</td>
</tr>
<tr>
<td>21.</td>
<td>Km. Tanjung Raya</td>
<td>3,100.00</td>
<td>PN PELNI</td>
</tr>
<tr>
<td>22.</td>
<td>Km. Echo</td>
<td>720.00</td>
<td>PN PELNI</td>
</tr>
<tr>
<td>23.</td>
<td>Km. Bogoewanto</td>
<td>1,630.00</td>
<td>PN PELNI</td>
</tr>
<tr>
<td>24.</td>
<td>Km. Kapoposang</td>
<td>2,402.80</td>
<td>PN PELNI</td>
</tr>
<tr>
<td>25.</td>
<td>Km. Ambulosombo</td>
<td>5,190.00</td>
<td>PN PELNI</td>
</tr>
<tr>
<td>26.</td>
<td>Km. Guntung Djarul</td>
<td>6,950.00</td>
<td>PN PELNI</td>
</tr>
<tr>
<td>27.</td>
<td>Km. Endah</td>
<td>720.00</td>
<td>PN PELNI</td>
</tr>
<tr>
<td>28.</td>
<td>Km. Sapidu</td>
<td>4,200.00</td>
<td>PN PELNI</td>
</tr>
<tr>
<td>29.</td>
<td>Km. Empoh</td>
<td>720.00</td>
<td>PN PELNI</td>
</tr>
<tr>
<td>30.</td>
<td>Km. Selat Madura</td>
<td>384.01</td>
<td>PN PELNI</td>
</tr>
<tr>
<td>31.</td>
<td>Km. Karata</td>
<td>2,595.42</td>
<td>PN PELNI</td>
</tr>
<tr>
<td>32.</td>
<td>Km. Oja Dwiya</td>
<td>8,759.00</td>
<td>PN Djakarta Lloyd</td>
</tr>
<tr>
<td>33.</td>
<td>Km. Yr</td>
<td>2,887.06</td>
<td>PT Padjak</td>
</tr>
<tr>
<td>34.</td>
<td>Km. Boeng</td>
<td>3,200.00</td>
<td>PT Bakari Lloyd</td>
</tr>
<tr>
<td>35.</td>
<td>Km. Guntung Kerintji</td>
<td>8,000.00</td>
<td>PN Djakarta Lloyd</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>89,306.84</td>
<td></td>
</tr>
</tbody>
</table>

*Source: Departemen Perhubungan Laut, Laporan Tahunan Departemen Perhubungan Laut Tahun 1963 (Jakarta: 1965), 217.*


Defeatism is Our Worst Enemy
Rehabilitation, Reorientation and Indonesianisasi
at Internatio and HVA, 1945-1958

J.P. van de Kerkhof

A. Introduction

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

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

1 Together with Dr. J. Th. Limburg, the author is working on the project Indonesianisasi and nationalism: The reconstruction and reorientation of the economy and the world of industry and commerce, under auspices of the Netherlands Institute for War Documentation (NIOD) in Amsterdam. Research at International Institute for Asian Studies.

2 In full: International Cotton- en Handelsvereniging 'Rotterdam' (International Cotton and Trading Association 'Rotterdam') and Handelsvereniging 'Amsterdam' (Trading Association 'Amsterdam')

3 the largest Dutch import firms were collectively known as the 'Big Five': Internatio, Bovenkamp, Jacobson & Uden-Berg, Underwater and van Wisey.