

STRATEGIE VAN HET  
ECONOMISCHE ONTWIKKELINGSWERK  
IN HET VOORMALIGE  
NEDERLANDS NIEUW-GUINEA

STRATEGY OF ECONOMIC DEVELOPMENT  
IN THE FORMER NETHERLANDS NEW-GUINEA

(with summary in English)

PROEFSCHRIFT

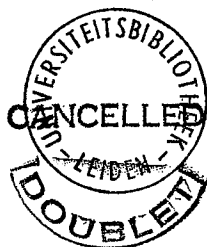
TER VERKRIJGING VAN DE GRAAD VAN  
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## SUMMARY

This study is concerned with the economic development policy of the Government of the former Netherlands New Guinea and covers the period 1950 — 1 October, 1962, the date on which the Kingdom of the Netherlands transferred authority for the administration of this territory to the United Nations Temporary Executive Authority (UNTEA).

The book is divided into five chapters. The first chapter is devoted to the social structure of the former Netherlands New Guinea, the second to the general economic situation; the third and fourth chapters discuss the progress of economic development planning and some aspects of economic development work in the last years of Dutch administration. Finally, in the fifth chapter an attempt is made to evaluate the results of economic development policy in the former Netherlands New Guinea.

The *first* chapter describes how the native population, numbering about 717,000, live scattered among more than 2,000 small settlements, most of which have less than 100 inhabitants. These isolated groups, which were characterized by the absence of any administrative authority extending beyond the village boundaries, did not offer any starting point for Western development work. The strategy of economic development was therefore directed towards a fundamental alteration of the social structure. New social units had to grow in the long run around production nuclei composed of selected farmers and their families who were engaged in cultivating cash crops, in stockbreeding and in producing food for consumption within their own family group.

The *second* chapter classifies the total population under administration, amounting to some 428,000, according to the economic environment in which they lived. This classification shows that under Dutch administration only approx. 7% of this population lived in urban centres, whereas 57% resided in regions where the agricultural structure displayed a breach with the closed produce economy. The remaining 36% lived in regions where a subsistence economy still prevailed.

This chapter also studies the size of the native labour potential already employed and the labour reservoir which could have been drawn on for further regional development. Reference is made to the useful function fulfilled by urban centres in occupational differentiation, in vocational training and in increasing the productivity of native labour. The total native labour force in Netherlands New Guinea in mid 1960 was about 16,000.

Of these, 70% had received some schooling and about 50% could be described as more or less experienced. The size of the indigenous labour force was largely determined by the size of Government expenditure. The percentage of labour employed in 1960 by Government services (57%) and in the building sector, which was dependent on Government commissions (33%), also reflected the major effect of public development activities on the size and make-up of the native labour force. Since the Government services and the building trade were highly concentrated in urban centres, it is not surprising that 64% of the total indigenous labour force was employed in those centres in 1960.

The wage level of experienced and skilled Papuan labour in urban centres could in the later years of Dutch administration be considered just sufficient to satisfy the necessities of life in an urban environment which offered only limited opportunities of acquiring income in kind by the cultivation of food crops and by fishing. Pauperization of the indigenous urban population did not need to be feared. But the progressive urbanization of the group of migrants drawn spontaneously to urban centres, coupled with the growing political consciousness of the urban population, obliged the authorities to pay more and more attention to the social implications of more permanent residence in these centres of administrative activity. This found expression in the drafting of a new uniform labour legislation for all sections of the population and in the plans drawn up for 1962/63 for improving housing in these centres by application of the system of "aided self-help", under which the authorities would allot land ready for building houses on oneself and make sanitary provisions. Formerly the Government's activities had concentrated too much on providing housing for indigenous civil servants. In the same chapter estimates of the extent of production in the closed produce sphere and in the sphere of Western activity are used to indicate the total income of the native population of the former Netherlands New Guinea. For the period 1959—1961 this income is estimated at U.S. \$ 28.7 million a year on average, or about U.S. \$ 40 per head of the total Papuan population. The Papuans' money income grew between 1953 and 1960 by about 152%, whilst the retail value of the consumption of imported rice by the indigenous population increased during the same period by 156%. Measured by volume, the rice consumption of the native population rose in this period from 1,529 to 5,265 metric tons. The consumption of imported rice claimed about 15% of the total Papuan money income. A project aimed at making New Guinea completely self-sufficient in rice and submitted to the European Commission of the European Economic Community for

financing was rejected in view of the dubious earning capacity of the project. What this project entailed and the discussions conducted with the European Economic Community on financing it are described in the third chapter. The *third* and *fourth* chapters deal with the gradual growth of a more programmatic approach to the work of economic development.

The "Programme of Work 1954—56" had as its principal objectives extension of the central machinery of government, improvement of communications, reorganization and expansion of the regional administrative services and increasing building production.

The Agricultural Committee, which visited Netherlands New Guinea and the Territory of Papua and New Guinea in 1953, made recommendations which could be described by the term "agricultural programme of work". This committee suggested that a number of community development plans be embarked on and a number of larger undertakings be set up, directed towards making Netherlands New Guinea self-sufficient in rice, meat and timber, among other things. Agricultural research also engaged the committee's attention. It proposed that a large agricultural experimental station be set up in Manokwari, which was to include an agricultural and a forestry department. This proposal was realized with the aid of monies made available by the European Economic Community from the Development Fund. The greatest single project suggested by the Agricultural Committee was the establishment of a rice and stock project at Koembe, near Merauke. The costs of this project were estimated at over f 47 million. It has already been stated above that the European Committee of the European Economic Community was not prepared to finance this project. Apart from its dubious earning capacity, an objection to the "Koembe rice project" lay in the fact that there was no question here of a real native project, but of a highly mechanized Western plantation.

The Agricultural Committee's proposal that a mechanical sawmill be set up at Manokwari was realized, but the concern had to contend with operating losses until the end of Dutch administration.

The Government of Netherlands New Guinea was more successful with the introduction of rubber growing in South New Guinea in 1961 and with the introduction of cocoa cultivation on the island of Japen between 1957 and 1962. At the 1957 Agricultural Conference it was decided to step up the pace of agricultural development activities and to direct agricultural research as much as possible towards the practical side. The introduction of rubber planting in South New Guinea was therefore accompanied by the provision of credit for laying out gardens and by application of a system of road-

building in which the members of the local population involved were paid for their labour. The large injections of money that accompanied this "cash crops/roads project" were meant to bridge the period between planting and the first financial return from the rubber gardens. The plans called for the planting of 7,000 hectares (17,500 acres) between 1962 and 1967. Government investments in this project were estimated at f 10 million.

Another proposal for increasing agricultural production for the market in a shorter period of time than was possible if the traditional system of agricultural extension were maintained related to the establishment of small Government farms, which had to catalyse the population's initiative and which could later be handed over to the population. This was already being done in practice in cocoa-growing areas, where central drying and fermenting plants were installed at Government expense. For the time being operation of these processing plants was in the hands of the Agricultural Extension Services. However, it was the intention to transfer management of these plants to native business organizations in the long run.

The development plan for Netherlands New Guinea drawn up in 1961, which is discussed at the end of the third chapter, had as its principal aims democratization of administrative policy and placing the whole territory under administration between 1961 and 1965. Social and economic development was to be tackled vigorously, but with subordination to the political development programming. A further objective was the staffing of 93% of the civil service posts with Papuans by 1970. This plan therefore assigned obvious priority to the political and administrative schooling of the Papuan. The fourth chapter also discusses a number of factors which influenced economic development policy in the last years of Dutch administration. Two factors might be designated as external factors, viz. the activity in Netherlands New Guinea of the "Development Fund for the Countries and Territories Overseas" of the European Economic Community and the negotiations between the Netherlands Government and a consortium of private concerns which led in 1962 to a concession being granted for exploration and for exploitation of ores in Netherlands New Guinea. The Development Fund of the European Economic Community was of little importance to the economic development of Netherlands New Guinea. Only two projects, viz. the establishment of the Agricultural Experimental Station at Manokwari, costing U.S. \$ 2,287,000, and the Demographic Survey, costing U.S. \$ 525,000, could be completed or practically completed. The third (internal) factor is the influence which the New Guinea Council, installed at Hollandia on 5 April, 1961, exerted on the direction taken by economic development

policy, among other things by urging the combating of indebtedness in some coastal regions, the introduction of compulsory cultivation for the farming population, the establishment of a people's credit bank and stabilization of buying-up prices for export products. The discussion held in the New Guinea Council on economic development policy revealed what a gulf yawned between Western ideas about the welfare services and the traditional mentality of a large percentage of the population in rural areas. Regional councils were to try to bridge this gulf in the future.

The final conclusions in the *fifth* chapter present a survey of the results achieved by economic development work. The strategy of this development work had two bases, viz. the creation of agricultural development nuclei (or in other words of a native farming class) and the formation of a reasonably skilled labour force in the various sectors of economic life.

Between 1950 and the end of September 1962 the Netherlands spent over f 700 million on the development of this territory, about f 265 million of which spent on capital works. Calculated over the whole period of 1950 to 1962, this meant a contribution of nearly f 1,000 per head of the total population of Netherlands New Guinea. Dutch development aid to this territory was therefore very extensive.

In 1962 it was difficult to predict the positive result of this development aid to a country which was among the most primitive regions of the globe when development work began under its own "Government of Netherlands New Guinea" in 1950. But by the end of Dutch administration on 1 October, 1962, it seemed as if agricultural development in particular offered such prospects that around 1970 a period would have dawned of a modest but steady economic growth and of a gradually growing prosperity. However, the abrupt termination of Dutch authority over West New Guinea on 1 October, 1962, interrupted the progress of this process of economic development.