CHAPTER SIX

ECONOMIC CRISIS AND COMMERCIAL RESILIENCE (1930–1942)

In the 1930s world market prices plunged as a result of the worldwide economic crisis. The colony’s income depended largely on export revenues and economic decline set in. After decades of abstinence the government had to re-enter the economic scene. Trading enterprises saw a sharp decline in turnover which threatened their profitability and survival. Economic conditions slowly improved after 1936. The Pacific War however put an end to this economic recovery. In 1942 the Japanese military advance reached the Indonesian archipelago, ending a long period of Dutch political dominance.

The economic crisis encouraged the imposition of a range of trade barriers. Import regulations and initiatives aimed at economic autarky were implemented and crippled international trade. The commercial relationships of the preceding decade proved hard to maintain, as indicated by measures of the colonial administration aimed against the encroachment of Japanese business. Government support alone did not suffice. Traders needed a more professional business organization to meet the requirements of a reorganized economy. The trading system itself, however, was not fundamentally altered. The delicate balance between the different participants remained crucial.

The Economic Experience of the 1930s

After years of preparation the prestigious International Colonial Exhibition or Exposition Coloniale Internationale was held in Bois de Vincennes near Paris from 6 May till 6 November 1931.1 This grand project was intended to celebrate the progress made by Western civilization in the colonized parts of the world. The Netherlands was also present with a magnificent pavilion demonstrating the splendour of the Indonesian

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1 This section is primarily based on the dissertation of M. Bloembergen who analysed the representation of the Dutch colonial image by describing the Dutch participation in five international (colonial) exhibitions (Bloembergen 2002: 271–316). See also Taselaar (1998: 348–358).
archipelago as well as the achievements of the prolonged presence of the Dutch. Nearly £2.5 million had been spent on this temporary structure which shows how much the Dutch government valued its colonial image.

In portraying the Netherlands Indies the Dutch resorted to a well-tried twofold approach. Besides displaying Indonesia's rich cultural heritage – with a strong Balinese focus – special emphasis was placed on the colony's economic achievements. Visitors were informed about the means of transportation, the road and railway network, the density of telephone, telegraph and postal services, as well as the electricity grid. Attention was also paid to climatic circumstances, export agriculture, money and finance, engineering, the trade balance, etc. To appeal to the imagination of the audience the Dutch organizing committee made use of sophisticated means of representation, such as illuminated maps with motion indicators, stuffed animals and colourful diorama's.

The so-called 'staircase of abundance' (trap des overvloeds) was one of the more successful examples. Here the distribution of the colony's export produce was symbolized by dozens of little figurines each carrying a product down the stairs (Bloembergen 2002: 301; Taselaar 1998: 352). With a map of the Indonesian archipelago as the diorama's point of departure, the figures appeared to multiply before reaching their symbolic destination: a map of the world. This forceful, though rather misleading, impression of affluence illustrated the economic accomplishments of the Netherlands Indies. The Dutch presence at the Colonial Exhibition was a well-orchestrated and executed public relations act. However, given the economic distress of the Netherlands Indies at the time, it was neither an accurate nor truthful depiction.2

Reversal of Fortune

In October 1929 the New York stock exchange on Wall Street suddenly collapsed after a fierce speculative boom during the preceding years. This spectacular event turned out to have devastating consequences worldwide.3 The severity of the crash dealt a violent blow to people's confidence in the real economy which manifested itself in declining orders and

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2 It seems rather symbolic that the Dutch colonial pavilion burned to the ground on 28 June 1931. The decision to rebuild was quickly made and in a tour de force a new, though less conspicuous, pavilion was constructed and officially opened on 17 August 1931.

3 From 1929 till 1932 Wall Street's industrial stock would lose about 82% of its value, accompanied by a drop in America's industrial output of no less than 54%. ([Atlas] 1987 II: 145).