CHAPTER SIX

REBUILDING A LABOUR MOVEMENT

The Netherlands Indies economy began to recover from the Depression in 1936. In large part this reflected the world recovery and the decision by the Netherlands finally to abandon the gold standard. It also reflected significant changes in the colony’s economic policies, partly in response to the growing volume of Japanese imported goods but partly also in response to the impact of the Depression. From 1934 the colonial government adopted increasingly interventionist economic policies, the cornerstones of which were import restrictions, export regulations, promotion of local industry and encouragement of foreign capital.¹

The colony’s recovery from the Depression brought better days for labour unions. Although urban unemployment remained high, workers were less concerned about losing their jobs and more open to parting with union fees. The inflation brought about by the devaluation of the Indies guilder in September 1936 made them even more aware of their low wages and more responsive to labour union narratives. In the four years between 1937 and 1940, the last year for which reliable figures are available, membership of Indonesian labour unions increased more than threefold, and membership of European unions increased over fifty per cent. At the end of 1941, on the eve of the Japanese occupation, public sector unions were stronger than they had ever been and unions for private sector workers were showing signs of recovery.

Indianisation

The policy of Indianisation of the public sector continued. The government was determined to press ahead with reducing costs. In the latter half of the 1930s it made it clear that it intended to reduce the number of workers on the top two tiers of the three-tier wage system. As contracts expired many

Europeans would be replaced by Indonesians, or local born Europeans, and fewer new people recruited from the Netherlands. Over time, the savings would be considerable, not just from lower salaries but also from reductions in furlough, pension, and other costs associated with moving families to and from the colony. The largest savings would be achieved by reducing the number of workers on tier B wages. Revisions to the central wages regulations in the 1930s continued to reclassify jobs, with the government stating that when Indonesians became the majority in a tier B job, that job would be re-classified to tier A.

Revisions to the central wages regulations in the latter half of the 1930s continued to erode public sector wages and conditions. Wages were adjusted less than inflation, jobs were reclassified downwards, minimum and maximum rates were reduced, the number of years required to reach the top of a scale were increased, monthly wage regulations maintained and a regional wages system introduced which forced many low level Indonesian public sector workers onto even lower wages. Most workers recruited since 1934 were employed on a temporary basis, which was another way of reducing public expenditure because temporary workers were ineligible for pensions and a range of allowances, including child allowances.

Pawnshops, schools, the railways and the post and telegraph service as well as the bureaucracy had expanded rapidly in the first three decades of the twentieth century. With the expansion of the public sector at an end, promotion opportunities for those already employed decreased and fewer new people were recruited. The western-educated Indonesian and Eurasian ideal of secure public sector employment, with a small pension at the end, was fast disappearing. There was a real sense of grievance among many that what they believed would be the fruit of their education was now being taken away from them.

Lower level Indonesian workers were also aggrieved. They believed that they were bearing the brunt of the reductions in public expenditure. Many at the bottom of the public sector wage structure, people on twenty to thirty guilders a month or less, wanted a better life for their children. The cost of school fees, books and uniforms was increasingly beyond their capacity to pay and was a frequent cause of complaint to unions. Even if they could afford the cost of schooling, the contraction in the government education system made it harder for them to find a place for their children in public schools. They were forced to send them to unsubsidised private schools, often of doubtful quality.