

BEYOND BENTENG

Indonesian Entrepreneurship in Central Java in the 1950s¹

By:
J. Thomas Lindblad²

A. Introduction

When can a former colony be considered truly independent and sovereign? There is ample historical evidence that political decolonization through the proclamation of independence and its subsequent international recognition may coincide with a continued domination of the national economy by private capital interests in the former colonial mother-country. This was surely the case in Indonesia under Sukarno. Full economic decolonization was arguably only achieved with the expropriation and nationalization of remaining Dutch firms in 1957-58. When the Netherlands at long last acknowledged Indonesian Independence, in December 1949, Dutch firms still dominated the modern sector of the economy accounting for about 25 per cent of national income whereas more than one-half of all foreign imports were handled by only eight large Dutch trading firms, including the well-known 'Big Five' (Dick a.o. 2002: 174).³ There was an acute need for *indonesianisasi* in the economy, to be attained either through the promotion of Indonesian nationals into higher positions in existing firms, including foreign ones, or the establishment and expansion of new enterprises run by Indonesians. This article is about the latter form of *indonesianisasi*.⁴

¹ This article draws in part on a paper 'The Economic Side of Decolonization in Indonesia', presented at the 18th Conference of the International Association of Historians of Asia (IAHA) at Taipei, 6-10 December 2004.

² Senior Lecturer at Department of History, Faculty of Arts, Leiden University, The Netherlands.

³ The 'Big Five' were Internatio, Borsumij, Lindeteves, Jacobson van den Berg and Geo. Wehry.

⁴ For a full treatment of issues connected with the *indonesianisasi*, see the proceedings of the international workshop on 'The Economic Side of Decolonization in Indonesia', held on 18-19 August 2004 in Yogyakarta, to be published in a forthcoming issue of *Lembaran Sejarah*.

The historical context is provided by the well-known *Benteng* policy which has gained an exceptionally bad reputation in Indonesian historiography. *Benteng* clearly failed and may even have contributed to discredit the very institution of private enterprise in Indonesian society (Thee 1996: 316-318). The programme was launched by the Natsir cabinet in 1950 and officially abandoned under Juanda in 1957. It is best described as a policy of positive discrimination in favour of indigenous (*pribumi* or *bangsa Indonesia asli*) entrepreneurs. The programme focused on import trading for two reasons. First, this was the arena where conspicuous examples of Dutch success (the Big Five!) were encountered, and, second, import trading was considered to be relatively easy for new Indonesian entrepreneurs to enter. *Benteng* is important because it represented a method to realize the aims of *indonesianisasi* without infringing upon the privileged position of remaining Dutch enterprises. *Benteng* was a peaceful alternative to nationalization. It is, however, difficult to maintain that Dutch firms were nationalized because *Benteng* failed. Already in 1954, three full years before the seizure of Dutch corporate assets, *Benteng* had become a national scandal. The interesting point about the role of *Benteng* in Indonesian economic development is what happened at the same time, not several years later.

The failure of *Benteng* was only one side of the evolution of Indonesian entrepreneurship during the 1950s. There was another side to it as well that has received far less attention in the literature. The evidence suggests that there were dynamic developments taking place simultaneously with the execution of *Benteng*. The relevant research question thus becomes: Did new Indonesian entrepreneurs come to the fore because or despite of the *Benteng* programme? The discussion about emerging entrepreneurship embraces both indigenous Indonesians and Indonesians of other ethnic descent, especially Chinese. The article starts with a recapitulation of the *Benteng* policy followed by a brief digression on the corporate business network in Indonesia in the early days of the Republic. The subsequent, longer section then offers an exploration of statistics on new Indonesian entrepreneurship in the 1950s that have so far not been used. The province of Central Java here serves as a case study, both because of the readily available statistical information and in recognition of the rich scholarship about the social and economic history of Central Java that over many years has been exercised by Professor Djoko Suryo at Gadjah Mada University in Yogyakarta.

B. Ups and Downs of *Benteng*

The term *benteng* can refer to two things, both national importers enjoying preferential access to scarce foreign exchange and foreign articles that could only be imported by such importers. In order to receive protection as a '*benteng* importer', the trader had to fulfil certain conditions such as a legal form of organization, an office, previous commercial experience and cash assets in excess of Rp.

100,000. Most importantly, at least 70 per cent of the equity should be held by *bangsa Indonesia asli* which by definition excluded Indonesian nationals possessing a dual nationality, notably Indonesians of Chinese descent.⁵ At its inception, the programme recognized 250 firms as *benteng* importers, including about 100 who had been handling foreign imports in areas controlled by the Dutch troops up to 1949 and 20 importers who had been active in the Republic of Indonesia, for instance the CTC (Central Trading Corporation), owned jointly by the Indonesian government and the BNI (*Bank Negara Indonesia*). By 1953, the number of *benteng* importers had climbed to about 700. Amounts allocated at first depended on previous trading but this principle was soon abandoned since it effectively discriminated against newly established entrepreneurs. Different surcharges applied to various types of goods with essential *benteng* goods appearing on the so-called free list. In 1952 prepayment of 40 per cent was required in order to obtain an import licence but in 1954 the entire amount in rupiahs had to be paid in advance (Amstutz 1958: 47-49).

A major reform of the programme took place in June 1953. The *benteng* importers became national importers and preconditions were redefined. More capital was now required assets, at least Rp. 250,000, and the office should be big enough for three employees. All equity had to be owned by 'Indonesians' but the meaning of this formulation was deliberately kept unclear. Only through practice it gradually transpired that at least 50 per cent of the equity had to be held by indigenous Indonesian. Eventually, in December 1953, a member of parliament, Siauw Giok Tjhan, complained in the DPR about discrimination against Indonesians of Chinese descent but received assurance from the government that such practices were to be discontinued (*Antara* 7/12 1953).

Another issue concerned the share of available foreign exchange that was to be allocated to national importers. In 1952 this proportion had been 43 per cent and in September 1953 the new PNI Minister of Finance, Iskaq Tjokrohadisurjo, attempted to raise it to 80-90 per cent by reserving the foremost categories of import goods for national importers. In the event 76 per cent of foreign exchange permits granted in the period 1 September – 7 November 1953 went to national importers. However, Iskaq's instruction, known as *circuler P.41*, was withdrawn after severe criticism from both the Minister of Finance, Ong Eng Die, and the governor of Bank Indonesia, Syafruddin Prawiranegara (Amstutz 1958: 78-79; *Antara* 15/9 1953; *Ichtisar Parlemen* IV, 14/12 1953, pp. 1103-1104). The public controversy between the three members of the Monetary Council (*Dewan Moneter*), i.e. Iskaq, Ong en Syafruddin, illustrates that there

⁵ It is important to realize that the issue of dual nationality due to the different principles of citizenship applied by Indonesia and China had not yet been resolved at the time (see further Mackie 1976: 9-12).

was no consensus about how far positive discrimination was allowed to reach under the banner of *Benteng*.

In early 1954 a re-registration of national importers was ordered with the additional requirement that a certificate of Indonesian citizenship had to be shown. By November 1954 no less than 4,300 national importers had been recognized, almost twice as many as in September 1953 (*Antara* 2/11 1954, 24/2 1955). But criticism of Iskaq was mounting. He was publicly charged with favouring firms connected to the PNI or in which he had a personal interest. A motion of disagreement was submitted in the DPR in April 1954 and in November 1954 Iskaq resigned from his post (*Antara* 30/4 1954; *Ichtisar Parlemen* V, 22/4 1954, pp. 275-286). His successor, Roosseno, soon acknowledged that the number of national importers was far too large for the available amount of foreign exchange. Therefore, individual allocations were effectively, although not officially, auctioned and sold to the highest bidder. So-called Ali Baba-construction with indigenous Indonesians only serving as front men mushroomed. It was publicly admitted, first by Deputy Prime Minister Wongsonegoro in April 1954, then by Vice President Hatta in November 1954, that a vast majority, 80-90 per cent, of the *benteng* licences were sold to non-indigenous traders, (*Aneta* 26/4 1954; Amstutz 1958: 143-144). Most purchasers were Indonesians of Chinese descent but Dutch trading-firms were involved as well although succeeding in staying out of publicity. *Benteng* had become a national scandal and gained its lasting bad reputation in Indonesian history.

In early 1955 Roosseno order a re-screening of the national importers which indeed revealed that only 10 per cent disposed over sufficient working capital to qualify as bona fide traders. The programme was radically reformed in August 1955 by the new cabinet under Burhanuddin Harahap with Kasimo as Minister of Economic Affairs. The original list of goods reserved for national importers was revived. The rupiah equivalent of the requested foreign exchange now had to be deposited already at the time of application which clearly served to reduce trading in licences. Henceforth so-called 'foreign' firms, usually run by Indonesians of Chinese descent, were permitted to use import licences obtained by national importers against payment of commission which in effect legalized national fronts. In addition, the Central Office for the Regulation of Imports (KPUI, *Kantor Pusat Urusan Impor*), best known for widespread corruption, was replaced by a new agency for foreign exchange in trading, the BDP (*Biro Devisen Perdagangan*), placed directly under the Monetary Council (*Dewan Moneter*). Application procedures were redesigned so as to minimize direct contacts between applicants and responsible civil servants. Codes were used instead of personal names and three different persons had to be involved in checking each application (Amstutz 1958: 66-70, 120-122).

It is highly likely that the reforms under Harahap did reduce the incidence of overt corruption and abuse of the licensing system. On the other hand, the distinction between indigenous and non-indigenous Indonesian traders was sharpened as the latter had to make ten times larger deposits than the former ones. Only 46 'foreign' importers were prepared to pay the substantially larger deposit (Rp. 5 million) whereas 1600 'foreign' importers chose to obtain licences via national importers who between them could dispose of more than 80 per cent of the foreign exchange available for purchases from abroad (Amstutz 1958: 159). In early 1956 plans were made for yet another round of re-registration applying stricter requirements in terms of auditors' reports and balance sheets. All business partners of national importers should be not only Indonesian citizens but also born in Indonesia. The last-mentioned requirement was even supposed to apply to the applicant's parents. Although never fully implemented, the redefinition of national importers in ethnic terms was symptomatic of strong anti-Chinese sentiments prevalent during the Harahap cabinet period.

Despite all reforms, there was increasing dissatisfaction with the achievements of the *Benteng* programme and by the time it was officially abandoned in April 1957, it had already lost its significance as a device to promote indigenous entrepreneurship in Indonesia. Positive discrimination did not work because of inconsistencies in design, discontinuities in implementation and, above all, rampant corruption. The harsh verdict on *Benteng* is reiterated in various authoritative accounts of the programme's history and has become a dogma in Indonesian economic historiography (Robison 1986: 42-65; Muhaimin 1990: 31-41, 75-91; Bondan 2001: 7-17). The intention here is not to dispute that judgement but rather to demonstrate that *Benteng* can serve as a historical background for developments taking place, at least partly, outside its realm.

C. The Corporate Network

The first historian of *indonesianisasi*, the American political scientist John Sutter, cautiously concludes that already by the mid-1950s a sizeable group of indigenous Indonesian entrepreneurs had emerged whose activities were not confined to small-scale operations or the local level (Sutter 1959: 1228). Regrettably, however, he provides hardly any statistical information at all about this new group of entrepreneurs in the Indonesian economy. He merely identifies two waves of establishment of new firms, one immediately after the declaration of Independence in 1945 and the second one in 1950 upon Dutch recognition of Indonesian sovereignty. Adjoining qualitative evidence refers to well-known pioneering firms such as Hasjim Ning and the so-called 'Big Four' which entered into fierce competition with the Dutch 'Big Five' in the 1950s. The 'Big Four' were Muchsin Dasaad, Djamaludik Malik, Birokorpi and Intraport. Two of them originated in Sumatra (Dasaad and Malik), one came from North Sulawesi

(Birokorpi) and one its roots in East Java (Intraport). All emerged in the 1940s and expanded fast under the aegis of the newly independent Indonesian Republic (Muhaimin 1990: 227-233).

Many of today's leading business concerns or conglomerates find their origin in firms starting out during what we may label 'the period of *indonesianisasi*', i.e. the second half of the 1940s and the 1950s. Examples include the ABC Group, Astra International, Bakrie & Bros., Bira, BII, Bientoel, Dharmala, Djaram, Gajah Tunggal, Haji Kalla, Hero, Indrapura, Lautan Luas, Mantrust, Merdeka, Mugi, National Gobel, Ometraco, Pardedetex, Perdata, Pioneer, Poleko, Rodamas, Samudra Indonesia, Satya Djaya Raya, Sinar Mas, Soho Industri Farmasi, Sukun, Teknik Umum, Tempo, Unimas, Wing and Wirontono. Many of these conglomerates were founded by Indonesians of Chinese descent.⁶

But qualitative evidence and examples do not get us very far in terms of more precisely assessing the ethnic composition of the corporate network at large in Indonesia at the time. For this purpose, it is necessary to consult a contemporary business directory containing information on some 4,200 incorporated firms in trading, manufacturing as well as other sectors of the economy (Business Directory 1953). Although the information given on each firm is very scant (only business label, office address, location of branches and banking contact), it is still possible to assign an ethnic identity from the firm's name. This can be done with a reasonable degree of accuracy whenever firms use distinctly indigenous Indonesian personal names, Indonesian-language labels or references to Islam or the nationalist movement. Such firms can be contrasted with those using Chinese or Dutch personal names or Dutch-language business labels. It is highly unlikely that a firm owned or managed by Indonesians of Chinese descent or by Dutchmen would have a professed preference for associations with Indonesian nationalism or Islam.⁷

The proportion of indigenous Indonesians in the business directory is strikingly high: almost 40 per cent of the trading firms and about one-third of the manufacturing enterprises (Lindblad 2002: 62-65). The former percentage may possibly be inflated by Ali Baba-constructions but not the latter one since *Benteng* did not apply to manufacturing in the first place. Chinese firms accounted for 36 per cent in trading and 33 per cent in manufacturing which suggests that the true losers in the battle for economic decolonization were not firms controlled by Indonesians of Chinese descent but rather the large number of rela-

⁶ In a separate article I hope to explore the origins and subsequent development of major Indonesian conglomerates.

⁷ There is a small rest category of firms for which ethnicity could not be established, for instance due to use of English-language business labels.

tively small firms run by members of the permanent Dutch settlement in the colony, including Indo-Europeans.

The significant share of indigenous Indonesian entrepreneurs in the nation's corporate network already by 1953 testifies to massive waves of establishing new business firms in the early years of the Republic. This agrees with some fragmentary statistics given by Sutter about new establishments in the early 1950s. About 500 new firms were established in both 1951 and 1953. In either case the proportion of indigenous Indonesians was substantial, more than 40 per cent of the total (Sutter 1959: 1307). There was clearly a new dynamism in Indonesian entrepreneurship in the early 1950s but was it sustained in later years when *Benteng* was fully implemented or after it had been abandoned? In order to address this question in a systematic fashion, we need more detailed statistics allowing a focus specifically on new enterprises and extending to the end of the decade.

D. New Business in Central Java

A rich source to our knowledge about Indonesian entrepreneurship in the Sukarno period is a list of all new firms established in the province of Central Java, here serving as a case study, between 1947 and 1960. Information is given on the firm's name, its location, names of the owners, date of establishment and a specification of the economic activity undertaken. The total data base consists of 1547 individual firms. Our analysis considers five aspects: individual persons, chronology of establishment, location, ethnicity and type of economic.

In total 1530 firms were actually established in Central Java during the period 1950-1960.⁸ They were founded by some 1475 persons registered as main or first owners. Of these 1475 persons, about 1100 were operating in combination with others, including family members, whereas 375 remained sole proprietors. In 55 cases, a new firm was established by a businessman who had already founded a firm at an earlier stage within the time period under study, i.e. since 1947. There were even seven instances of owners establishing three different firms:

1. *Djajusman* with Satya (trading) and Manank (transport) in 1952 and Damai (repair) in 1958, all located in Semarang;
2. *Go Joe Han* with Untraco (transport) in 1954 and two cinema's (!) called Gloria Theatre in 1957, all in Pekalongan;
3. *Go Sing Bik* with Ek Kie Tjan Trading and Perkapi (transport) in 1951 and Surodadi (transport) in 1954, all in Semarang;

⁸ Only eleven firms dated from the years 1947-1949 whereas six firms were located outside Central Java and registered by mistake in the region.

4. *Iskandar Said* with Usaha Nasional Indonesia (transport) and Said (storage) in 1954 and Kresna (manufacturing) in 1955, all in Pekalongan;
5. *Kawi Oemarjanto* with Gunung Gede Trading Company in 1954, Dwa Ska (transport) in 1958 and Timur Djaja (transport) in 1959, all in Semarang;
 - a. *Lauw Tedjakusuma* with Indonesian Motor Company (car repair) in 1952, Imico Tedjakusuma (construction) in 1957 and Larasati Biro Bangunan (construction) in 1959, all in Semarang;
 - b. *Liem Kok Lien* with Sing Kwang in 1952, Ming Kuan Kongsie in 1953 and Sang Ming Kuang in 1957, all in glass manufacturing in Semarang.
6. Out of these seven highly active businessmen, four are indigenous Indonesians (Javanese) and three Indonesians of Chinese descent. In four cases (numbers 1, 2, 3 and 4), a co-operative venture had been established with businessmen of another ethnic origin, i.e. Javanese first owners with Chinese second owners or the other way around. Already this minute sample of the seven most active new entrepreneurs in the region highlights a number of characteristics that apply to the much larger population as a whole. This concerns the spread in time, the variety in ethnicity of the owners and a heavy concentration to Semarang and trading or transport.

The chronology of establishment reveals dramatic peaks in 1954 and 1959 whereas the year 1956 is exceptionally poorly represented (Figure 1).⁹ The rising trend in the years 1950-1954 reaffirms the optimism among Indonesian businessmen immediately after Dutch acknowledgement of Indonesian independence that was signaled already by Sutter. The sharp fluctuations in total numbers in subsequent years reflect the highly volatile business climate prevailing in Indonesia at the time of the transition from constitutional democracy to Sukarno's Guided Democracy.

Four cities accounted for almost 75 per cent of the total number of new business establishments:

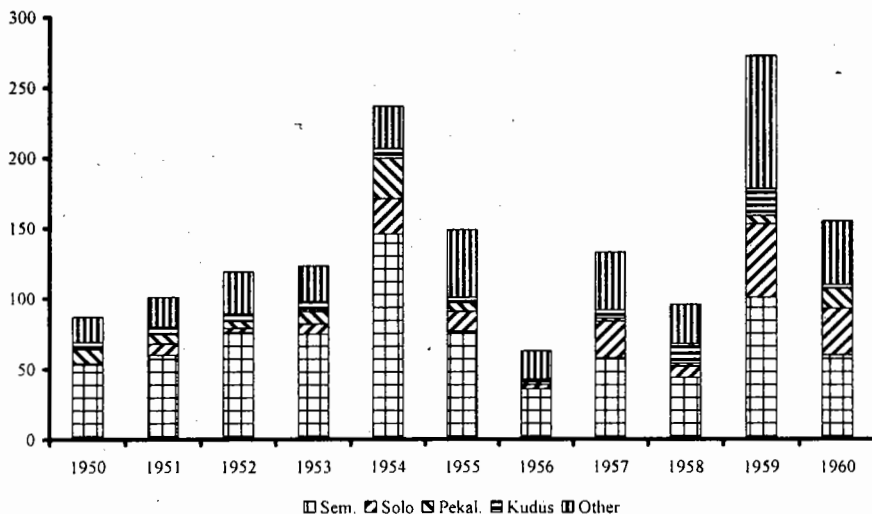
• Semarang	792	(51.2 %)
• Solo	182	(11.8 %)
• Pekalongan	85	(5.5 %)
• Kudus	77	(4.9 %)

⁹ The data source for all statistics and figures is *Direktori perusahaan. Wilayah Jawa Tengah dan DIY*, compiled in Central Java at the time and processed at the Gadjah Mada University in Yogyakarta in 2003. I am grateful for assistance by the PSSAT (*Pusat Studi Sosial dan Asia Tenggara*) at Gadjah Mada University in locating and processing this source.

The share of Semarang was strikingly high in the early years, 1950-1954, but then declined in favour of Solo (especially high in 1957, 1959 and 1960) and Kudus (especially high in 1959 and 1960). These four cities were the economic centres of Central Java, in addition to Yogyakarta that possessed a special status.

Next to these four leading locations, there were another 60 odd locations in Central Java including, for instance, Magelang where four new firms were established on average each year in the 1950s (in total 43 firms). Towns accommodating an average of two or three new firms per year (20-30 firms in total) were Tegal, Purwokerto, Pati, Cilacap, Jepara and Salatiga, in that order. Only one new firm was founded on average each year in places such as Banjarnegara, Banyumas, Kebumen, Klaten and Purbolinggo.¹⁰

Figure 1. New firms in Central Java by location, 1950-1960.



With three categories of owners, more than 90 per cent of all new establishments can be defined in terms of ethnicity:

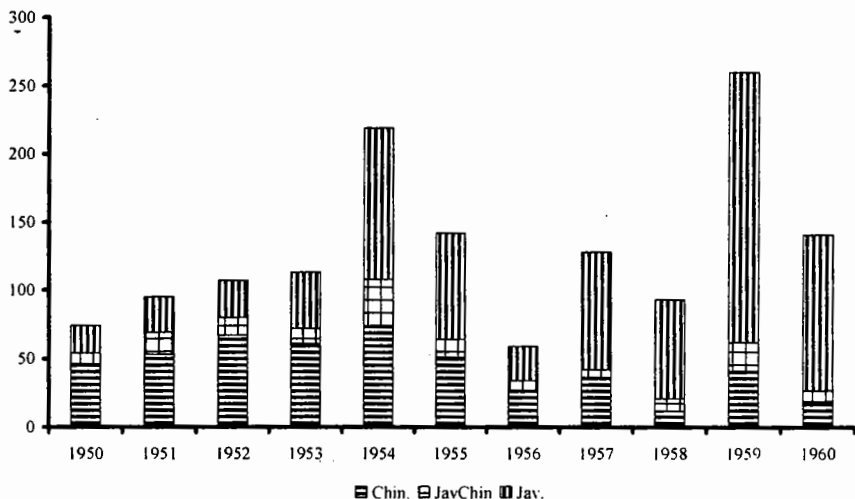
• Javanese:	798	(52.0 %)
• Chinese:	484	(31.5 %)
• Javanese + Chinese:	149	(9.7 %)

¹⁰ Only 12 new firms were located in Yogyakarta which is improbably low. I suspect that Yogyakarta was not fully included in the register although the very title of the data base suggests otherwise (cp. note 8 above).

The remainder included indigenous Indonesians of unmistakably non-Javanese origin (notably Sumatrans), Indonesians of Arab descent and Europeans (including Indo-Europeans).

The ethnic composition of main or first owners of new enterprises changed significantly in the course of the 1950s. Initially, between 1950 and 1953, at least one half of all new firms were established by Indonesians of Chinese descent but between 1957 and 1960 Javanese businessmen accounted for two-thirds of even three-quarters of the total (Figure 2). In two of the intervening years, 1954 and 1956, combinations of Javanese and Chinese businessmen occupied a share in the total that was markedly higher than the overall average of such combinations. The shift from Chinese to Javanese predominance reflects the successive deterioration of business conditions for Indonesians of Chinese descent in the 1950s, especially in the second half of the decade. The share of Chinese businessmen among newly founded establishments reached its lowest point in 1959 at the time of the ban on retail trading with 'a foreign character' (*yang bersifat asing*) outside designated cities, a measure known as *PP 10/1959* (Presidential Regulation) and directed in particular against trading activities by Indonesians of Chinese descent in villages and small towns (Mackie 1976: 82-86).

Figure 2. New firms in Central Java by ethnicity, 1950-1960.



Ethnic composition also varied considerably across the four economic centres of the region (Figure 3). The share of Chinese businessmen was higher than average in Semarang and Pekalongan whereas Javanese predominance was

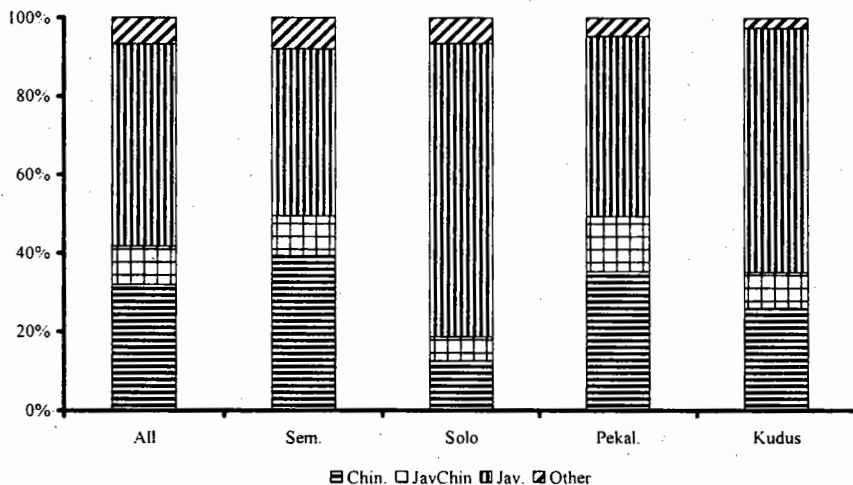
pronounced in Solo and Kudus. Solo in particular provided a business climate that was apparently more conducive to Javanese firms than to firms with Chinese owners. Joint ventures between Javanese and Chinese businessmen were also relatively more often found in Kudus than in Solo. Clearly, local conditions with respect to ethnic origin mattered a great deal.

Almost three-quarters of all newly established enterprises were in the services sector against about one-fifth in secondary sector, mainly manufacturing, and a very tiny remainder for the primary sector (agriculture and fisheries). The three largest branches of economic activity, in terms of numbers of new firms, were all in the tertiary sector:

- Trading: 545 (35.2 %)
- Transport: 278 (18.0 %)
- Construction: 104 (6.7 %)

Leading industries in the secondary sector were textiles, wood and tobacco, in that order. A number of firms, 4 % of the total, stated activities in both manufacturing and trading.

Figure 3. Ethnicity of new firms in Central Java by location, 1950-1960.

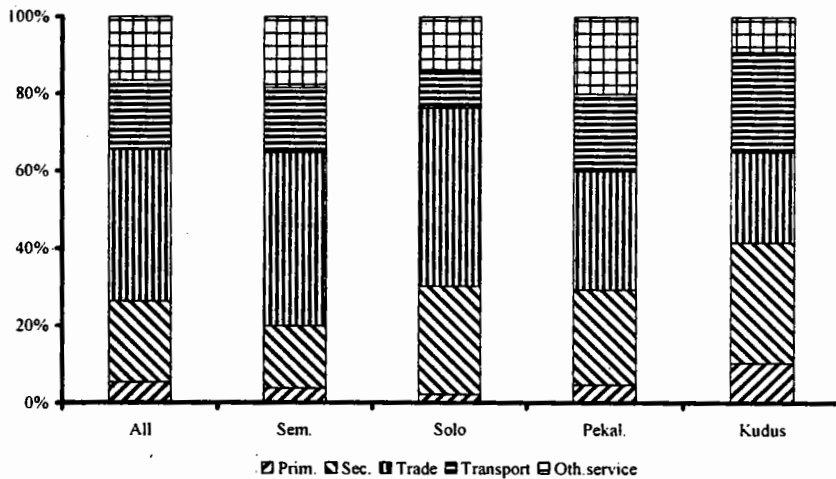


The composition of new firms by economic activity in Central Java at large was most closely mirrored in Semarang although the share of the secondary sector here, 16 per cent, was markedly lower than in the region as a whole, 21 per cent (Figure 4). Manufacturing was more important in Solo (28 per cent) and Pekalongan (25 per cent), let alone in Kudus (31 per cent). Trading occupied a

relatively larger slice of the total in both Semarang and Solo whereas small transport firms proliferated in Pekalongan and even more so in Kudus. These variations tell us that each of the four economic centres of the region possessed a unique economic structure. Semarang was, of course, by far the largest city with the most diversified economy and a heavy emphasis on trading and related activities. Solo and Pekalongan were renowned for textile manufacturing and Kudus for its tobacco industry.

Differences in terms of both ethnicity and economic structure between locations of new business firms suggests a systematic relationship between the two. In Semarang a higher share of Chinese was accompanied by a higher share of trading and in Kudus a higher share of Javanese may be associated with a higher share of manufacturing. Yet the picture is far from clear-cut. The higher share of textile manufacturing may be linked to both an exceptionally high share of Javanese as in Solo and a reasonably high share of Chinese as in Pekalongan.

Figure 4. Economic structure of new firms in Central Java, 1950-1960.

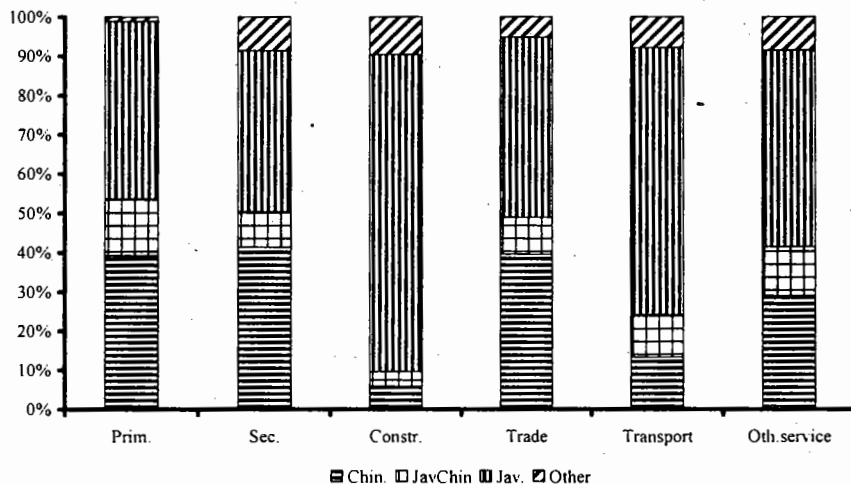


A direct confrontation between ethnicity and economic structure makes clear that the ethnic composition differed across branches of economic activity (Figure 5). Indonesians of Chinese descent were overrepresented in trading, the secondary sector in general and the (tiny) primary sector but Javanese firms dominated transport while virtually monopolizing the construction industry. Cooperation between Javanese and Chinese businessmen was the most likely to develop in other services (i.e. other than trading, transport and construction) and also in the (tiny) primary sector. The latter observation is highly interesting. The

proportion of Javanese-Chinese joint ventures was not conspicuously high in trading which one would expect were such combinations in reality Ali Baba-constructions.

The share of Javanese newcomers was particularly high, not only in construction (80 per cent), but also in unspecified manufacturing (83 per cent) and printing and publishing (77 per cent). Indonesians of Chinese descent claimed a share above average, not only in trading, but also in selected branches of manufacturing such as beverages, chemicals, food, rubber, tobacco and wood (in the last-mentioned industry often in co-operation with Javanese). In addition, Chinese businessmen owned all of the four new sugar factories set up in the region at this time. Textiles formed a special case with the share of both Javanese and Chinese businessmen below average. Here we encounter one of the very rare instances where another ethnic group than Javanese or Chinese played a part: half of the newcomers of Arab descent, ten persons, took to producing textiles in Solo which perhaps again may be interpreted as an expression of local tradition and ethnic or religious bias.

Figure 5. Ethnic composition of activities of new firms in Central Java, 1950-1960.



The statistics on new firms in Central Java offer no information on turnover or employment of the hundreds of enterprises established in the 1950s. The large numbers of both firms and individuals suggest that the overwhelming majority were operating at a modest scale. Most firms catered to local customers and depended on local circumstances and traditions. This may also be inferred from the differentiation on various accounts between the region's economic

centres. A businessman rarely started more than one enterprise and even so, he was not likely to move to another city for that purpose. Only eight cases of a second establishment on a different location were registered, for instance Goro Sastrosoemarto, who ran construction firms in Magelang and Semarang, or Kho Tjie Ho who owned cinema theatres in both Salatiga ('Rio') and Magelang ('City'). New entrepreneurship in Central Java in the 1950s was above all locally conditioned.

E. Conclusion

Benteng failed but Indonesian business prevailed – that appears to be the final judgement on the liberation from foreign or colonial entrepreneurship in Sukarno's Indonesia, albeit in grossly simplified wording. This exploration of emerging Indonesian entrepreneurship at the time of the *Benteng* policy, uses Central Java as a case study and produces five broad observations that may shed some new light on the history of economic decolonization in general and *indonesianisasi* in particular in Indonesia during the 1950s.

First, the indisputable failure of the *Benteng* policy renders only a partial and even misleading impression of the development of entrepreneurship in Indonesia in the 1950s.

Second, there was an unmistakable new dynamism in the elaboration of Indonesia's corporate network under Sukarno in which both indigenous Indonesian businessmen and Indonesians of Chinese descent participated, on occasion operating in conjunction with one another.

Third, the very chronology of establishment of new enterprises reflects the short-run ups and downs in the general business climate in Indonesia in the 1950s.

Fourth, there was a shift from Chinese to indigenous Indonesians in establishing new enterprises as the general business climate deteriorated for the former group and improved for the latter one in the course of the 1950s.

Fifth, the pattern of combined differentiation in terms of both ethnicity and economic structure reveals that local conditions and traditions played an important role as well in the *indonesianisasi* of the corporate network.

Did Indonesian entrepreneurship flourish because or despite *Benteng*? It is impossible to give a clear-cut answer to this question because it focuses too strongly on direct causal links. The connection is likely to have been a more indirect one. *Benteng* was symptomatic or symbolic for an optimism and improvement in the general business climate that in turn fostered new Indonesian entrepreneurship.

Bibliography

- Amstutz, N.G. 1958, *Development of Indigenous Importers in Indonesia, 1950-1955*. Ph.D. thesis, Fletcher School of Law and Diplomacy, Tufts University, Boston, MA.
- Bondan Kanumoyoso 2001, *Nasionalisasi perusahaan Belanda di Indonesia*. Jakarta: Sinar Harapan.
- Business Directory of Indonesia* 1953. Jakarta.
- Dick, H.W., V.J.H. Houben, J.Th. Lindblad and Thee Kian Wie 2002, *The Emergence of a National Economy. An Economic History of Indonesia, 1800-2000*. Crows Nest, NSW, Australia: Allen & Unwin.
- Lindblad, J.Th. 2002, 'The Importance of *indonesianisasi* during the Transition from the 1930s to the 1960s', *Itinerario* 3/4: 51-71.
- Mackie, J.A.C. (ed.) 1976, *The Chinese in Indonesia*. Melbourne: Nelson.
- Muhaimin, Y.A. 1990, *Bisnis dan politik: Kebijakan ekonomi Indonesia 1950-1990*. Jakarta: LP3ES.
- Robison, R. 1986, *Indonesia: The Rise of Capital*. Sydney: Allen & Unwin.
- Sutter, J.O. 1959, *Indonesianisasi: A Historical Survey of the Role of Politics in the Institutions of a Changing Economy from the Second World War to the Eve of the General Election, 1940-1955*. Ph.D. dissertation, Cornell University, Ithaca, NY.
- Thee Kian Wie 1996, 'Economic policies in Indonesia during the period 1950-1965, in particular with respect to foreign investment'. in: J.Th. Lindblad (ed.), *Historical Foundations of a National Economy in Indonesia. 1890s-1990s*. Amsterdam: North-Holland, pp. 315-329. Translated as: 'Kebijakan ekonomi di Indonesia selama periode 1950-1965 khususnya dalam investasi asing' in J.Th. Lindblad (ed.), *Fondasi Historis Ekonomi Indonesia*. Yogyakarta: Pustaka Pelajar, 2002, pp. 375-393.