

Uneven Development : East Kalimantan 1850-1950 A Preliminary Survey

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1. Introduction

According to Boeke (1949) the economy of the Netherland Indies could be divided into two elements, namely traditional economy and modern economy. The traditional economy was represented by traditional or peasant's economy and was characterized, among others, by small scale and labour intensive type of production, for the domestic need or local market, and the use of traditional technology. On the other hand, the modern economy was characterized by the capital intensification of production, the use of high technology generated by the research and development division and production for international market. Until the last decade of the 19th century, the nature of the economy of East Kalimantan was basically still traditional. (At that time, the private enterprises operating in Java were in the stage of consolidation and the implementation of large scale of production and the use of big capital). At that time the economic activities were much related with agricultural and the collection of forest products. The arrival of Dutch army and fortune seekers in the region which followed by the conquer of the most important Sultanate, Kutai, to the Dutch colonial administration marked the start of the emergence of modern economy. Consequently, the Dutch activities in the region during the 19th century was shifted from participating in the existing trading activities to taking over or controlling the flow of the goods in the region and then exploiting the resources available such as coal, timber and oil (*Proceeding* ..., 1991; Lindblad, 1988). The dynamic of economic change occurring in East Ka-

limantan during 1850 - 1950 period was more or less affected by the interaction between the existing traditional and modern economy. In other words, a group of people of particular area or particular job enjoyed better livelihood through utilizing economic opportunity created by trading activities and modern industry while others did not. We begin with the trading activities and then followed by agriculture versus timber and mining industry at the end.

2. Trading Activities

Before the arrival of European, east coast of Kalimantan had already been one of the trading destination in the sea-trading network not only in the East Indonesia region but in the Southeast Asian as well (The details in this section are based upon the account published in the *Proceedings Hasil Seminar Sejarah Pemerintahan Propinsi Kalimantan Timur Dari Masa ke Masa*, 1991; Zwager in Taufik Abdullah, ed., 1979, pp. 62-104; Lindblad, 1988; Magenda, 1991; *Adatrechtbundels XLIV: Borneo*, 1952, and Mubyarto, 1991, except as otherwise noted). The port such as Samarinda was frequently visited by ships of Surabaya, Bugenese of South Sulawesi, as well as Sulu and Magindanao ships of the Philippine. The Javanese followed the sea route from Surabaya to Banjarmasin and then to Samarinda. In 1853, the important role of Mahakam river in the international sea-trading had been predicted by Zwager. He said that Mahakam river would be a place when plenty of ships came from many parts of the world could be accommodated. The reasons among others were that one of the place, such as

Bukit Plarang, had been an important harbour in the Mahakam river and also the supply of wood for ship manufacturing was abundance in the area as well as its milder wheather compared to Samarinda. It seems that Kutai dominated the economic activities in East Kalimantan. In the one hand Kutai was the central place for accumulation of produces of various parts of the region but on the surplus gain by Kutai was never redistributed, as Zwager puts it that: "Kutai was the only area in East Kalimantan holding such a strategic position, in which apart from the fertile soil, the deposit within it and also its important role in the trading". This prediction came true in the following decades while the rest of the region were left behind due to its infertile soil and the geographical isolation. As we will see the Dayak communities living in the villages along the border were remained backward compared to the Kutainese and immigrants residing the coastal areas. The similar was true in the communities in areas of the northern part of the region compared to that of in the south.

The commodities traded in East Kalimantan were local produces and various goods brought by traders came from many parts of Asia and the rest of the world. Tripang and rubber for example were produced by Bontang (Kutai) and Berau, wax from Kutai, Gunung Tabur and Bulungan, bird nest from Upper-Mahakam, and Sungku-linang (Sangkulirang), Balikpapan (Kutai) and Berau, rattan, getah perca (kamalau), damar and kerosene were from Kutai. From this information, one might notice that Kutai was the most important producer, followed by Berau, Bulungan, and Gunung Tabur. The last three areas were apart from only the supplier of few forest produces also relatively isolated from sea-commerce. Consequently, if the centre of development were situated in Kutai, namely in Samarinda and later in Balikpapan, and not in Berau or Bulungan was understandable. The goods imported East Kalimantan were as the following:

1. Rice from Java, Madura and Sulawesi.
2. Gambar from Makasar.
3. Tobacco from Java.

4. Coffee and sugar from Makasar and Java.
5. Gambir from Singapura and Riau.
6. Coconut and coconut oil from Kajeli.
7. Opium mostly came from Singapore and Makasar.
8. Bugenese sarung from Singapore and Makasar.
9. Silk from Makasar.
10. Batik clothing from Java.
11. Bronze muzical instruments and utensils from Java.
12. Iron workd from Makasar.
13. Chinese and European earthenware from Singapore and Makasar.
14. Kemuning wood from Solok.
15. Engine mostly from Singapore and few from Makasar
16. Cannon and firearms from Singapore.
17. Silver coin from Singapore.
18. Pitis coin from Makasar.

If one takes a look at the list thoroughly, he will notice that Makasar and Java were the major supplier of goods needed by East Kalimantan. Other commodities traded in the region was slave. The slaves not only came from Lombok or other islands in East Indonesia but also local people who were usually the ones could not repay their debts.

East Kalimantan in general or Kutai in particular was, and certainly is, a potential region in Indonesia. Its richness was shown by the surplus import-export activities. The figures available is the import-export activities in 1835. The imported ones were as follows:

No.: Commodities	: Quantity	: Values (f.)
1. : Opium	: 6 boxes	: 10,800
2. : Javanese tobacco	: 6 kodies	: 33,600
3. : Salt, coffee and sugar	: 2,000 pikols	: 3,000
4. : Gambir	: 150 pikols	: 1,800
5. : Coconut	: 1,000,000	: 3,000
6. : Coconut oil	: 250 pikols	: 3,500
7. : Silk, golden and silver thread		: 2,000
8. : Blue and white Salampare		: 20,000
9. : Colorful wool		: 3,000
10. : Bugenese sarong		: 10,000
11. : Colorful cotton		: 1,500
12. : White textile, European sarung, etc.		: 110,000
13. : Low quality silk		: 2,500
14. : Earthenware		: 2,000
15. : Bronze utensils		: 7,000
16. : Iron tools		: 2,000
17. : Spices		: 1,000
18. : Silver coin		: 10,000
19. : Delivery cost		: 80,700
Total value of imported goods		: 226,700

It was reported that the total value of export in the same year was f. 259,500 so that there was surplus f. 32,800.

In regard to the distribution of the imported goods, Zwager also noted that most of the commodities came from overseas were consumed in Kutai. This information suggests many things, *firstly*, the purchasing power of the people of Kutai was higher so that their demand was raising not only for domestic produces but also the imported ones. Most probably, the strong purchasing power of the population of Kutai occurred along with the development of the trading activities. Perhaps, one might ask what layer of the society were they from? It is not difficult to answer. Most of them were the upper-fraction of the society, namely the Sultan family members, the royal officials, the rank and file of the sultanate apparatus, the well-to-do family such as the traders, as well as the lower-layer of the society who were able to grab the economic opportunities created by commerce activities in the area. *Secondly*, the absence of transportation and communication infrastructures in particular part of the region especially in the western and northern parts did not permit to deliver much of the imported goods there. If one did so, the cost of the delivery will be very high and the price of the goods will be very costly. The remoteness of the areas affected the low purchasing power of the population because the scarce of the economic opportunities generated there. Consequently, the low-purchasing-power-population in the remotest areas were forced to purchase goods at higher prices, on the other hand, the population of the south and eastern parts of the region were able to find easier source earning income for purchasing goods in lower prices.

The trading activities were done in the bank of the Mahakam river and also in the island or on the ship harboured in the sea. The report of the Dutch was dominated by Kutai and Mahakam river while other areas and rivers were infrequently reported possibly due to their small contribution in the commerce activities and also the rivers in that areas were not possible to be sailed. In 1853, Kutai was reported to be

visited by 40 big ships, mostly came from Sulawesi. Those ships usually harboured in Samarinda. They had regular sailing route from Samarinda to other ports such as Pasir, Berau, Solok, Magindanau, Sulawesi, Singapore, Bali, Java and other neighboring ports. The big and small ships one a year came to Samarinda. They were *perahu toop*, *perahu bintang*, *perahu-penjajah*, *perahu-pedewakan*, and *perahu-sopet*. There was not mentioned in report whether the ship was built in East Kalimantan or not. It might be possible that the construction of the ship was done in the area where the particular wood needed was available such as in Kutai.

The overseas traders came to the region brought various goods they produced or purchased from other trading ports in Indonesia or somewhere else. In 1819 for example, the Dutchmen came to Pasir with porcelain, while in the following months they came again with opium and salt. The Javanese traders came there with several kinds of commodities in their ship such as rice and salt. From the north, the Chinese earthenware namely pottery (*tajau*) was the most important good traded in Samarinda.

Until the 18th century, the actor in this trading activity were Bugenese of Sulawesi, the Javanese, the Banjarese, Kutainese, the Chinese, as well the Arab. Prior to the fall of Kutai Sultanate to the Dutch in October 1844 marked by the sign of a contract, the Dutchmen were participating in the existing trading activities. It was mentioned in the contract not only that the Dutch's enemy was Kutai's enemy and Kutai's enemy was the Dutch's enemy but also the tax collecting of the harbour as well as the control of the trading were taken over by the Dutch from the local authorities. The Dutch administration in Batavia was very much inclined that the political control was the only way to obtain economic opportunities in the region.

The political domination of the Dutch in the area change the trading structure of the region. The Dutch first fleet arrived at East Kalimantan, namely in Pasir, on 1819. Within about thirty years, the

Dutch domination over the traditional rulers in East Kalimantan was completed. (In 1844 Gunung Tabur and Sambaliung Sultanate signed a contract to surrender to the Dutch and in 12 December 1850 Bulungan, the remotest Sultanate fell under the Dutch). Prior to 1850, the Dutch trader was in a position like other trader such as Bugenese, Javanese and well moslem traders from the Philippines as well as from Brunei. The traders, including the Dutch, had to obey the rule and regulation of the local sultanate. According to the local custom, the ruler was the exporter or the trader of the produces of particular locality. When the Dutch was able to conquered the local rulers such as Pasir Sultanate, Berau, Bulungan, Sambaliung and Gunung Tabur Sultanate, while Kutai was still practically independent until 1920s, the economic activities in those area was controlled by the Dutch. Consequently, the participation of the local traders in the area, such as the Bugenese who were known as the important fishermen as well as trader of the forest- as well as the sea-produces, was dismissed by the Dutch authority. Moreover, the trading activities with other westerners, such as British, or even Asian traders from Brunei or Javanese, their participation was also limited by the Dutch authority.

The actors in the trading activities in East Kalimantan were the local people, namely the Daya people in the interior and the local ruler or the traders, usually Chinese. The Daya people collected forest produces such as wax, honey, rattan, and damar. They sold the produces to collector, usually local rulers or Chinese. Before the Dutch conquered East Kalimantan, the local traders were able to enjoy high profit because there was competition among the foreign traders to purchase the goods in the area. But after 1850, the structure of the trading activity in the area changed when the Dutch controlled the collection of the forest produces which formerly carried out by local rulers and gave them a certain amount of money as compensation.

There was a linkage between the Daya, the collectors and the traders. The

traders were not able to make direct contact with the Daya. In the structure of trading activity in the area, there was the terrain reserved for Malay merchants who were able to manage the local custom and procedure in the trading activity. These were the men who knew the mute transactions with shy Daya. Many of them were Banjarese origin.

The economic activities, namely trading and commerce, centred in few towns situated in the southern parts of the region such as Kutai and Pasir was able to generate economic opportunities. Consequently, this development was able to attract not only Banjarese of South Kalimantan and Dayak people and Kutainese from interior but also Bugenese, Makasarese and Javanese to migrate to the coastal areas in East Kalimantan where economic activities were going on to seek good fortune in a place where source of income could easier to be found.

The Dutchmen were not the only European came to East Kalimantan. The British adventurers, as Irvin called it the "British speculators", mostly were traders who were able to persuade the local Sultans to grant them land. William Lingard established himself as 'Raja Laut' of Berau while George Peacock King, a trader, had involved in business activities in Samarinda. By obtaining monopolies over trade and mining activities, they achieved the position of 'White Rajah' such as Sir James Brooke in Sarawak. The British traders were able to broaden their trade activities in Berau through the use of Arabs and Bugenese traders under their command. To ensure that the British traders activities would not become another James Brooke, the Dutch sent *The Celebes* warship from Makasar. Eventually, Lingard departed from the region in the 1870s ending most British activities in East Borneo, to the delight of the Dutch who had just started to explore mining possibilities in that region. However, it was not until the 1890s that the Dutch gave much attention to East Borneo. The British concentrated their efforts in the newly acquired territories of Sabah where they built several trading posts. One of

these posts, Tawao, was to become an important trading centre with Dutch East Borneo. In this regard, Tregonning reported that 'it compensated the British for the loss of their former trading interests in the Berau, Bulungan, and Kutai areas' (Tregonning, in Magenda, 1991).

3. Agriculture versus Timber and Mining Industry

It was reported that swidden agriculture was introduced to Dayak at 1890s (Lahjie in Mubyarto, 1991), but Zwager, a Dutch observer which later became Resident in East Kalimantan, wrote in 1853 that upland and wetland agriculture had been practiced by people in the eastern and southern parts of East Kalimantan. He, certainly, only visited the accessible area in the coastal region and not the interior so that the information contained in his report were only related to the eastern and southern part of the region.

Zwager went further by stating that various food crops and vegetables such as rice, corn, egg-plant, lady fingers, cucumber, water melon, spinach, sugar cane and pumpkin were grown by the people in the region. Rice, cucumber and maize were the most favorite crop to the people in the region. Mixed farming had been practiced by the people in Kalimantan, especially in East Kalimantan. The people grew cucumber at the same plot with rice because they ate cucumber when they were tending the rice crop or when they were harvesting it. Maize was grown on separate land because its maturing period was shorter. After three months the maize crop was ready to be harvested while rice crop was harvested after six months. Mixed farming was a strategy for people to secure their food supply. Maize was already available for them when rice crop was still growing and when the stock of maize is finished the rice crop was ready to be harvested.

The people opened the land by cutting the virgin forest. Since the effort was not an easy one, although they work by helping each other, the size of the agricultural land was not big (Seavoy, 1975). The opened land usually was fertile land but it

was reported that the production per hectare was very low so that the local demand was unsufficiently met. This situation was supported by Zwager's report that in Kutai for example one time, the prices of food produces were very high because food were scarce. Because supply was always below the demand, in meeting the need of food East Kalimantan had to be rely on the imported ones. During the hard time, the population in Kutai frequently went to jungle to find root-crops and tuber for supporting their family livelihood. In order to improve the agricultural activities, some steps were taken by Sultan of Kutai. In 1890s for example, Sultan Aji Muhammad brought some Balinese to Randong Semang to open wetland agriculture and thought the people to do so to replace their existing practices, namely swidden agriculture or dryland agriculture. *Jati* or teakwood seedling was also introduced in the Gandek Mountain which later was known as *Jati* Mountain. Technology in fisheries was also introduced by constructing fish pond at Gandek Mountain (Proceedings..., 1991).

These efforts were continued by Aji Muhammad successor. He invited the Balinese farmer to Kutai and prepared a settlement as asked them to develop wetland agriculture in a location called Kapak Bali. At the same time Banjarese from Amuntai and Negara were also invited to Kutai to develop fisheries in Jempang and Malintang Lake. They brought a certain variety of fish namely *sepat* and *biawan*. (The Banjarese came to Kutai also brought their skill in trading and management. The fall of Banjar Sultanate to Dutch forced them to save their life to move somewhere, many of them preferred to move to Kutai. Sultan Kutai were struggling from being influenced by the Bugenese and Taosug pirates. The arrival of Banjarese was viewed by Sultan as an alternative to find solution from the uncertain situation. Many of the Banjarese were assigned by Sultan Kutai as royal officials at Samarinda. Others preferred to maintain their status as entrepreneur. The development of many trading place between Samarinda and Long Iram was due to their existence).

After the departure the British traders, their position in East Kalimantan were not replaced directly by the Dutch. Thus, there was a vacuum of power in trading activities in East Kalimantan between and the discovery of oil in 1902. It was a period of difficulty for the Sultanates of East Kalimantan, as Magenda (*loc.cit.*) puts it, for they did not have much to offer to Western traders. Worse still, few Western traders and capitalists wanted to make investments in that region.

During that hard time, some former Dutch officials explored coal mining in Kutai. In 1888, a Dutch company, the Steenkolen Maatschappij Oost Borneo (SMO) got the right to exploit coal along the Mahakam River. But due to various reasons such as various diseases suffered by the coal workers, this venture was closed in 1893 and the company was sold to another company, the Oost-Borneo Maatschappij (OBM) (*Ibid.*).

The failure of coal exploitation forced Sultan Sulaiman to offer other opportunities to Western capitalist in plantation. He encouraged coffee and tobacco plantation in Tenggarong. These business was only able to achieve little success mainly because they could not compete with plantation in Java and East Sumatra which had lower costs of production. The higher cost-benefit ratio of production of the Tenggarong plantations was primarily due to the lack of adequate local supply of labor and to the difficulties attached to the importation of Javanese workers (*Ibid.*). Other crops were also introduced such as rubber and rattan in Bulungan. The cultivation of rubber and rattan, as other plantation business opened in East Kalimantan was not developing as expected due to various reasons, such as lack of transportation and laborer.

In 1902, J.H. Menten, a Dutch engineer, discovered oil in Sanga-sanga field owned by OBM. The discovery of oil in Kutai, and later in Tarakan Island in the region of Bulungan, was to change the history of East Kalimantan. The discovery of oil, as Magenda (*loc.cit.*) puts it, furnished the Kutai sultanate with the economic means through which it could maintain its position of dominance and

wealth, not only in East Kalimantan, but also among the other Kingdoms in NEI. The oil industry, and later timber, contributed substantial economic opportunities not only to the Sultan family but also to the region as a whole. The construction of various factories and buildings needed plenty of workers and employers. So did the factories and other economic activities such as oil well, oil refineries, offices and other services. The development of industry in East Kalimantan had encouraged the development of coastal areas in the eastern and southern parts of East Kalimantan growth centres. But on the contrary, the agriculture activities concentrated in the interior was remain backward and stagnance.

4. Conclusion

The awful situation had been happening in the relationship between agricultural sector and industrial one in East Kalimantan. There was no direct linkages between agricultural activities nearby the industrial centre. The marketing of agricultural produces in the localities was not connected with the growing industrial centre. The basic need of the employers of the factory employers were imported from outside such as from Surabaya or Tawao. This uneven development occurring in East Kalimantan was, and is, due to the inability of agricultural and plantation sectors to develop themselves along with the development of industrial sector. Consequently, the western and northern parts of the region especially in the villages in the border, were, and are, remain static and neglected as poverty enclaves while in the eastern and southern parts were and are developing as urban and industrial centres in the region (Hill, 1989). Many of the population of the interior migrated to the urban areas to seek fortune in the developing industry, so were the outsiders from Java, Sulawesi or Nusa Tenggara Timur. They came to East Kalimantan with different motivation as Lindblad (1988) puts it that the population migration from the interior to the coastal areas was affected by the economic development while the migration of

the outsider to East Kalimantan was the symptom of the economic development.

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