

THE WORLD BANK GROUP ARCHIVES

PUBLIC DISCLOSURE AUTHORIZED

Folder Title: Records of President Eugene R Black - 1948 Travel - Travel 01 - Indonesia

Folder ID: 1769199

Dates: 4/19/1948 - 9/16/1948

Fonds: Records of the Office of the President

Sub-Fonds: Records of President Eugene R. Black

ISAD(G) Reference Code: WB IBRD/IDA EXC-02

Digitized: June 06, 2014

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THE WORLD BANK
Washington, D.C.


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The World Bank
1818 H Street NW
Washington DC 20433
Telephone: 202-473-1000
Internet: www.worldbank.org

PUBLIC DISCLOSURE AUTHORIZED

President Black Papers - Travel / Indonesia

1948
vol-1

The Wood Bark Group
Archives
Travel 01 (Indonesia)



1769199
A1992-041 Other #: 4 209324B

**DECLASSIFIED
WITH RESTRICTIONS
WBG Archives**



Record Removal Notice

File Title Records of President Eugene R Black - 1948 Travel - Travel 01 - Indonesia	Barcode No. 1769199
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Document Date Sep 16, 1948	Document Type Letter
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Correspondents / Participants
To : Eugene Black - ED (USA)
From : Dr. M. P. L. Steenberghe

Subject / Title
Recommendation letter for a friend

Exception No(s).

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 10 A-C
 10 D
 Prerogative to Restrict

Reason for Removal
Communications of Executive Directors' Office

Additional Comments

The item(s) identified above has/have been removed in accordance with The World Bank Policy on Access to Information. This Policy can be found on the World Bank Access to Information website.

Withdrawn by Vlada Alekankina	Date Aug 9, 2010
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Record Removal Notice

File Title Records of President Eugene R Black - 1948 Travel - Travel 01 - Indonesia		Barcode No. 1769199		
Document Date Sep 15, 1948	Document Type Letter			
Correspondents / Participants To : Eugene Black - ED (USA) From : Professor S. Posthuma				
Subject / Title Informing Mr. Black about sending a copy of a lecture by Professor Posthuma				
Exception No(s). <input type="checkbox"/> 1 <input checked="" type="checkbox"/> 2 <input type="checkbox"/> 3 <input type="checkbox"/> 4 <input type="checkbox"/> 5 <input type="checkbox"/> 6 <input type="checkbox"/> 7 <input type="checkbox"/> 8 <input type="checkbox"/> 9 <input type="checkbox"/> 10 A-C <input type="checkbox"/> 10 D <input type="checkbox"/> Prerogative to Restrict				
Reason for Removal Communications of Executive Directors' Office				
Additional Comments		The item(s) identified above has/have been removed in accordance with The World Bank Policy on Access to Information. This Policy can be found on the World Bank Access to Information website.		
		<table border="1"><tr><td>Withdrawn by Vlada Alekankina</td><td>Date Aug 9, 2010</td></tr></table>	Withdrawn by Vlada Alekankina	Date Aug 9, 2010
Withdrawn by Vlada Alekankina	Date Aug 9, 2010			



Record Removal Notice

File Title Records of President Eugene R Black - 1948 Travel - Travel 01 - Indonesia	Barcode No. 1769199
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Document Date Sep 9, 1948	Document Type Letter
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Correspondents / Participants
To : Professor G. A. Ph. Weijer
From : Eugene Black - ED (USA)

Subject / Title
Appreciation letter on the professor's speech given to 300 visiting students from the US

Exception No(s).

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 10 A-C
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 Prerogative to Restrict

Reason for Removal
Communications of Executive Directors' Office

Additional Comments

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Withdrawn by Vlada Alekankina	Date Aug 9, 2010
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Record Removal Notice

File Title Records of President Eugene R Black - 1948 Travel - Travel 01 - Indonesia	Barcode No. 1769199
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Document Date Sep 9, 1948	Document Type Letter
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Correspondents / Participants
 To : Dr. G. J. H. De Graaff
 From : Eugene Black - ED (USA)

Subject / Title
 Translation of a memorandum on Java Bank Act

Exception No(s).

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 10 A-C
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 Prerogative to Restrict

Reason for Removal
 Communications of Executive Directors' Office

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Withdrawn by Vlada Alekankina	Date Aug 9, 2010
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Record Removal Notice

File Title Records of President Eugene R Black - 1948 Travel - Travel 01 - Indonesia	Barcode No. 1769199
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Document Date Sep 9, 1948	Document Type Letter
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Correspondents / Participants
 To : Berlage, Manager
 From : Eugene Black - ED (USA)

Subject / Title
Thank you letter

Exception No(s).

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 10 A-C
 10 D
 Prerogative to Restrict

Reason for Removal
Communications of Executive Directors' Office

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Withdrawn by Vlada Alekankina	Date Aug 9, 2010
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Record Removal Notice

File Title Records of President Eugene R Black - 1948 Travel - Travel 01 - Indonesia		Barcode No. 1769199		
Document Date Sep 9, 1948	Document Type Letter			
Correspondents / Participants To : Mr. Posthuma From : Eugene Black - ED (USA)				
Subject / Title Thank you letter				
Exception No(s). <input type="checkbox"/> 1 <input checked="" type="checkbox"/> 2 <input type="checkbox"/> 3 <input type="checkbox"/> 4 <input type="checkbox"/> 5 <input type="checkbox"/> 6 <input type="checkbox"/> 7 <input type="checkbox"/> 8 <input type="checkbox"/> 9 <input type="checkbox"/> 10 A-C <input type="checkbox"/> 10 D <input type="checkbox"/> Prerogative to Restrict				
Reason for Removal Communications of Executive Directors' Office				
Additional Comments		The item(s) identified above has/have been removed in accordance with The World Bank Policy on Access to Information. This Policy can be found on the World Bank Access to Information website.		
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Record Removal Notice

File Title Records of President Eugene R Black - 1948 Travel - Travel 01 - Indonesia	Barcode No. 1769199
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Document Date Sep 9, 1948	Document Type Letter
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Correspondents / Participants
 To : Mr. Rummeling, Manager
 From : Eugene Black - ED (USA)

Subject / Title
Thank you letter

Exception No(s).

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Reason for Removal
Communications of Executive Directors' Office

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Withdrawn by Vlada Alekankina	Date Aug 9, 2010
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Record Removal Notice

File Title Records of President Eugene R Black - 1948 Travel - Travel 01 - Indonesia		Barcode No. 1769199		
Document Date Sep 9, 1948	Document Type Letter			
Correspondents / Participants To : Mr. Eugene Black From : Field Marshal P. Pibul Songgram - Prime Minister - Siam (Thailand)				
Subject / Title Application for membership of IBRD				
Exception No(s). <input type="checkbox"/> 1 <input checked="" type="checkbox"/> 2 <input type="checkbox"/> 3 <input type="checkbox"/> 4 <input type="checkbox"/> 5 <input type="checkbox"/> 6 <input type="checkbox"/> 7 <input type="checkbox"/> 8 <input type="checkbox"/> 9 <input type="checkbox"/> 10 A-C <input type="checkbox"/> 10 D <input type="checkbox"/> Prerogative to Restrict				
Reason for Removal Communications of Executive Directors' Office				
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Withdrawn by Vlada Alekankina	Date Aug 9, 2010			



Record Removal Notice

File Title Records of President Eugene R Black - 1948 Travel - Travel 01 - Indonesia	Barcode No. 1769199
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Document Date Sep 7, 1948	Document Type Letter
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Correspondents / Participants
To : Eugene Black
From : A. de Tchihatchef

Subject / Title
Interest in Norges Bank to be a part of bankers working with IBRD

Exception No(s).

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 10 A-C
 10 D
 Prerogative to Restrict

Reason for Removal
Communications of Executive Directors' Office

Additional Comments

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Withdrawn by Vlada Alekankina	Date Aug 9, 2010
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Record Removal Notice

File Title Records of President Eugene R Black - 1948 Travel - Travel 01 - Indonesia		Barcode No. 1769199		
Document Date Aug 23, 1948	Document Type Letter			
Correspondents / Participants To : Eugene Black - ED (USA) From : Professor G. A. Ph. Weijer				
Subject / Title Sending a copy of the speech given by the professor to 300 visiting students from USA				
Exception No(s). <input type="checkbox"/> 1 <input checked="" type="checkbox"/> 2 <input type="checkbox"/> 3 <input type="checkbox"/> 4 <input type="checkbox"/> 5 <input type="checkbox"/> 6 <input type="checkbox"/> 7 <input type="checkbox"/> 8 <input type="checkbox"/> 9 <input type="checkbox"/> 10 A-C <input type="checkbox"/> 10 D <input type="checkbox"/> Prerogative to Restrict				
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Withdrawn by Vlada Alekankina	Date Aug 9, 2010			



Record Removal Notice

File Title Records of President Eugene R Black - 1948 Travel - Travel 01 - Indonesia	Barcode No. 1769199
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Document Date Aug 21, 1948	Document Type Letter
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Correspondents / Participants
To : Mr. Eugene Black
From : Dr. M. P. L. Steenberghe

Subject / Title
Personal Information

Exception No(s).

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 10 A-C
 10 D
 Prerogative to Restrict

Reason for Removal
Communications of Executive Directors' Office

Additional Comments

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Withdrawn by Vlada Alekankina	Date Aug 9, 2010
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Record Removal Notice

File Title Records of President Eugene R Black - 1948 Travel - Travel 01 - Indonesia		Barcode No. 1769199		
Document Date Aug 17, 1948	Document Type Letter			
Correspondents / Participants To : Mr. Prime Minister (His Excellency Phibul Songram) From : Mr. Eugene Black				
Subject / Title Acknowledgement of membership request.				
Exception No(s). <input type="checkbox"/> 1 <input checked="" type="checkbox"/> 2 <input type="checkbox"/> 3 <input type="checkbox"/> 4 <input type="checkbox"/> 5 <input type="checkbox"/> 6 <input type="checkbox"/> 7 <input type="checkbox"/> 8 <input type="checkbox"/> 9 <input type="checkbox"/> 10 A-C <input type="checkbox"/> 10 D <input type="checkbox"/> Prerogative to Restrict				
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Withdrawn by Vlada Alekankina	Date Aug 9, 2010			



Record Removal Notice

File Title Records of President Eugene R Black - 1948 Travel - Travel 01 - Indonesia		Barcode No. 1769199		
Document Date Aug 17, 1948	Document Type Letter			
Correspondents / Participants To : Dr. Van Mook, - Lieutenant Governor General, Netherlands East Indies, Batavia, Java From : Mr. Eugene Black				
Subject / Title Thank you letter				
Exception No(s). <input type="checkbox"/> 1 <input checked="" type="checkbox"/> 2 <input type="checkbox"/> 3 <input type="checkbox"/> 4 <input type="checkbox"/> 5 <input type="checkbox"/> 6 <input type="checkbox"/> 7 <input type="checkbox"/> 8 <input type="checkbox"/> 9 <input type="checkbox"/> 10 A-C <input type="checkbox"/> 10 D <input type="checkbox"/> Prerogative to Restrict				
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Record Removal Notice

File Title Records of President Eugene R Black - 1948 Travel - Travel 01 - Indonesia		Barcode No. 1769199		
Document Date Aug 16, 1948	Document Type Letter			
Correspondents / Participants To : General S. H. Spoor, Commander-in-Chief, Netherlands East Indian Army, Batavia, Java From : Mr. Eugene Black				
Subject / Title Thank you letter				
Exception No(s). <input type="checkbox"/> 1 <input checked="" type="checkbox"/> 2 <input type="checkbox"/> 3 <input type="checkbox"/> 4 <input type="checkbox"/> 5 <input type="checkbox"/> 6 <input type="checkbox"/> 7 <input type="checkbox"/> 8 <input type="checkbox"/> 9 <input type="checkbox"/> 10 A-C <input type="checkbox"/> 10 D <input type="checkbox"/> Prerogative to Restrict				
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Record Removal Notice

File Title Records of President Eugene R Black - 1948 Travel - Travel 01 - Indonesia		Barcode No. 1769199		
Document Date Aug 16, 1948	Document Type Letter			
Correspondents / Participants To : Mr. H. J. Wijmaalen, RECOMBA for South Sumatra, Palembang, Sumatra From : Mr. Eugene Black				
Subject / Title Thank you letter				
Exception No(s). <input type="checkbox"/> 1 <input checked="" type="checkbox"/> 2 <input type="checkbox"/> 3 <input type="checkbox"/> 4 <input type="checkbox"/> 5 <input type="checkbox"/> 6 <input type="checkbox"/> 7 <input type="checkbox"/> 8 <input type="checkbox"/> 9 <input type="checkbox"/> 10 A-C <input type="checkbox"/> 10 D <input type="checkbox"/> Prerogative to Restrict				
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Withdrawn by Vlada Alekankina	Date Aug 9, 2010			



Record Removal Notice

File Title Records of President Eugene R Black - 1948 Travel - Travel 01 - Indonesia		Barcode No. 1769199		
Document Date Aug 16, 1948	Document Type Letter			
Correspondents / Participants To : Dr. Tengku Mansoer, Head of the State of Sumatra's East Coast (Deli), Medan, Sumatra From : Mr. Eugene Black				
Subject / Title Thank you letter				
Exception No(s). <input type="checkbox"/> 1 <input checked="" type="checkbox"/> 2 <input type="checkbox"/> 3 <input type="checkbox"/> 4 <input type="checkbox"/> 5 <input type="checkbox"/> 6 <input type="checkbox"/> 7 <input type="checkbox"/> 8 <input type="checkbox"/> 9 <input type="checkbox"/> 10 A-C <input type="checkbox"/> 10 D <input type="checkbox"/> Prerogative to Restrict				
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Withdrawn by Vlada Alekankina	Date Aug 9, 2010			



Record Removal Notice

File Title Records of President Eugene R Black - 1948 Travel - Travel 01 - Indonesia		Barcode No. 1769199		
Document Date Aug 16, 1948	Document Type Letter			
Correspondents / Participants To : Colonel William Mayer, Hotel Des Indes Batavia, Batavia, Java. From : Mr. Eugene Black				
Subject / Title Thank you letter				
Exception No(s). <input type="checkbox"/> 1 <input checked="" type="checkbox"/> 2 <input type="checkbox"/> 3 <input type="checkbox"/> 4 <input type="checkbox"/> 5 <input type="checkbox"/> 6 <input type="checkbox"/> 7 <input type="checkbox"/> 8 <input type="checkbox"/> 9 <input type="checkbox"/> 10 A-C <input type="checkbox"/> 10 D <input type="checkbox"/> Prerogative to Restrict				
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Record Removal Notice

File Title Records of President Eugene R Black - 1948 Travel - Travel 01 - Indonesia		Barcode No. 1769199		
Document Date Aug 16, 1948	Document Type Letter			
Correspondents / Participants To : Mr. Albert Bosch, Economic Affairs Department, Batavia, Java. From : Mr. Eugene Black				
Subject / Title Thank you letter				
Exception No(s). <input type="checkbox"/> 1 <input checked="" type="checkbox"/> 2 <input type="checkbox"/> 3 <input type="checkbox"/> 4 <input type="checkbox"/> 5 <input type="checkbox"/> 6 <input type="checkbox"/> 7 <input type="checkbox"/> 8 <input type="checkbox"/> 9 <input type="checkbox"/> 10 A-C <input type="checkbox"/> 10 D <input type="checkbox"/> Prerogative to Restrict				
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Record Removal Notice

File Title Records of President Eugene R Black - 1948 Travel - Travel 01 - Indonesia	Barcode No. 1769199
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Document Date Aug 16, 1948	Document Type Letter
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Correspondents / Participants
To : Mr. De Graaff, Care of Javasche Bank,
From : Mr. Eugene Black

Subject / Title
Thank you letter

Exception No(s).

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Reason for Removal
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Record Removal Notice

File Title Records of President Eugene R Black - 1948 Travel - Travel 01 - Indonesia		Barcode No. 1769199		
Document Date Aug 16, 1948	Document Type Letter			
Correspondents / Participants To : Dr. H. L. 's-Jacob, Secretary General From : Mr. Eugene Black				
Subject / Title Thank you letter				
Exception No(s). <input type="checkbox"/> 1 <input checked="" type="checkbox"/> 2 <input type="checkbox"/> 3 <input type="checkbox"/> 4 <input type="checkbox"/> 5 <input type="checkbox"/> 6 <input type="checkbox"/> 7 <input type="checkbox"/> 8 <input type="checkbox"/> 9 <input type="checkbox"/> 10 A-C <input type="checkbox"/> 10 D <input type="checkbox"/> Prerogative to Restrict				
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Record Removal Notice

File Title Records of President Eugene R Black - 1948 Travel - Travel 01 - Indonesia		Barcode No. 1769199		
Document Date Aug 16, 1948	Document Type Letter			
Correspondents / Participants To : Dr. C. G. W. H. Baron van Boetzelaer van Oosterhout, Care of ministry of Foreign Affairs, The Hague, The Netherlands From : Mr. Eugene Black				
Subject / Title Thank you letter				
Exception No(s). <input type="checkbox"/> 1 <input checked="" type="checkbox"/> 2 <input type="checkbox"/> 3 <input type="checkbox"/> 4 <input type="checkbox"/> 5 <input type="checkbox"/> 6 <input type="checkbox"/> 7 <input type="checkbox"/> 8 <input type="checkbox"/> 9 <input type="checkbox"/> 10 A-C <input type="checkbox"/> 10 D <input type="checkbox"/> Prerogative to Restrict				
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Record Removal Notice

File Title Records of President Eugene R Black - 1948 Travel - Travel 01 - Indonesia	Barcode No. 1769199
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Document Date Aug 16, 1948	Document Type Letter
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Correspondents / Participants
 To : Professor G. A. Ph. Weijer, Managing Director, Nederlandsche Indische Escomto Maatschappij, Amsterdam, Holland
 From : Mr. Eugene Black

Subject / Title
Thank you letter

Exception No(s).

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Record Removal Notice

File Title Records of President Eugene R Black - 1948 Travel - Travel 01 - Indonesia	Barcode No. 1769199
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Document Date Aug 16, 1948	Document Type Letter
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Correspondents / Participants
 To : Mr. P. Lieftinck, Minister of Finance, The Hague, The Netherlands
 From : Mr. Eugene Black, U.S. Executive Director

Subject / Title
Thank you letter

Exception No(s).

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Record Removal Notice

File Title Records of President Eugene R Black - 1948 Travel - Travel 01 - Indonesia		Barcode No. 1769199
Document Date Aug 16, 1948	Document Type Letter	
Correspondents / Participants To : Mr. F. Q. Den Hollander, President, Nederlandsche Spoorwegen, The Hague, The Netherlands From : Mr. Eugene Black, U.S. Executive Director		
Subject / Title Thank you letter		
Exception No(s). <input type="checkbox"/> 1 <input checked="" type="checkbox"/> 2 <input type="checkbox"/> 3 <input type="checkbox"/> 4 <input type="checkbox"/> 5 <input type="checkbox"/> 6 <input type="checkbox"/> 7 <input type="checkbox"/> 8 <input type="checkbox"/> 9 <input type="checkbox"/> 10 A-C <input type="checkbox"/> 10 D <input type="checkbox"/> Prerogative to Restrict		
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		Date Aug 9, 2010



Record Removal Notice

File Title Records of President Eugene R Black - 1948 Travel - Travel 01 - Indonesia	Barcode No. 1769199
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Document Date Aug 16, 1948	Document Type Letter
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Correspondents / Participants
 To : Dr. M. W. Holtrop, President, De Nederlandsche Bank N. V., Amsterdam, the Netherlands
 From : Mr. Eugene Black, U.S. Executive Director

Subject / Title
Thank you letter

Exception No(s).

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Document Date Aug 16, 1948	Document Type Letter
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Correspondents / Participants
 To : Dr. H. Albarda, Managing Director, Nederlandsche Handeimaatschappij N.V., Amsterdam, The Netherlands
 From : Mr. Eugene Black, U.S. Executive Director

Subject / Title
Thank you letter

Exception No(s).

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Document Date Aug 16, 1948	Document Type Letter
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Correspondents / Participants
 To : Mr. W. Bruynzeel, Bruynzeel Veneer and Plywood Factory, N.V. Zaandam, Holland
 From : Mr. Eugene Black, U.S. Executive Director

Subject / Title
Thank you letter

Exception No(s).

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Withdrawn by Vlada Alekankina	Date Aug 9, 2010
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Voordracht gehouden in het groot auditorium te Leiden ter gelegenheid van het bezoek van een 400 tal hoogleraren en studenten van de Vermont University (U.S.A.) aan Europa ter bestudering van het "Marshall plan in action".

Holland's cooperation with Marshall plan-countries, what it needs from them and the U.S.; the consequences of the Marshall plan for Western Europe by Professor S. Posthuma, August 3rd, 1948.

You are here in a non-official capacity as a group of students in the hope to get some insight in what is living in the minds of the different peoples of Europe with respect to the measures to be taken in order to realize the ambitious aim, set by the Marshall plan: an international economic equilibrium within the short period of say four or five years. What you want to know is, what the contributions are we ourselves envisage to undertake, what we are expecting from the other recipient countries and finally what we are hoping for from the U.S.A. in addition to the appropriated money. When trying to give an answer to these questions you should realize that, although the necessary international cooperation may essentially be of an economic nature, it goes without saying that it has political aspects as well and that in many instances they may even obscure the economic implications.

A distinction between the internal measures to be taken and the problem of international cooperation can only be made to a certain extent, they are closely interrelated.

Of course internal measures have to be taken with regard to the allocation of the available foreign currency in such a way that the final result will either be a decrease of our future demand for imports or an improvement in our exports, both especially with regard to the dollar-area. This again means that supplementary measures will be necessary with regard to our budget, our national debt and our financial policy. It is quite clear, however, that these measures will need corresponding and coordinated action in all countries concerned in order to realize the desired result. Moreover, there are several specific international problems which by their very nature can only be tackled by joint effort. Different speakers will deal with most of these problems in detail. I therefore shall confine myself to give you a rather personal view on those ones that in my opinion are so important that I may run the risk of some overlapping. - As I am speaking to Americans you will forgive me if I not only refer to their importance for the Netherlands but also venture to tell you in what way we in the Netherlands are hoping and expecting that the U.S.A. will assist us, since the realisation of many of these plans not only depends upon your dollars but also upon your political and moral support.

Speaking about international cooperation I should like to mention not only its positive exigencies, but also its reasonable limits. There are large and ambitious schemes which take for granted that the manifold and complicated forces of life can be brought into rather simple statistics. There is a tendency to ask for plans years ahead. In doing so one runs the risk of attaching too much weight to a plan and not enough to the complexity of life. Making a plan means that one thinks oneself able to forecast the thoughts and acts of millions of people. Since this is only possible to a very limited extent the attaching of too much weight to a plan easily leads one to force millions of people to give up their personality and their ideals whenever they prove unwilling to act according to one's expectations. There is something paradoxical in expecting governments to tell exactly what kind of goods will be bought, how much savings and investments will be made and what will be the exact economic results of certain general measures and at the same time to preach the blessings of a free economy. I understand that four and five year plans have much sense in communist

countries, but if I am grasping well the essential meaning of the Marshall plan, I wonder if it would include the creation of a planning of this kind. Those who believe in the self-equilibrating forces of economic life should not go too far in asking for schemes and plans years ahead. It is of course quite reasonable if the U.S.A. who are willing to put so much money into Europe, ask the beneficiaries how they are going to use it. Nevertheless one should try to avoid the danger of squeezing the forces of life into the straight-jacket of a too detailed scheme.

There is another somewhat negative remark I have to make: there is always something alluring in scheming very comprehensive plans but in doing so one should always ask oneself if the proposed plans are realisable. One should investigate in how far apparently attractive forms of international cooperation can actually help to bring about a more or less stable equilibrium. In the field of international cooperation the idea has been launched of a European custom union. I can readily understand that such an idea stirs the imagination, especially in a country like the U.S.A. which is nearly covering a continent. There is, however, an enormous difference between the benefits of a custom union in being, a custom union originating from the very beginning of the American territorial expansion to the West and dating from before the process of industrialization and those of a European custom union still to be created. One of the essentials of a custom union is the realization of the benefits on an unhampered division of labour. The peoples of Europe are divided by boundaries, not only of custom duties, but also of race, language and history. Their industrialization is conditioned and even partially created by these boundaries. The inauguration of a custom union would mean not only the necessity of a complete reshifting of the whole productive apparatus but also of a large part of the population of Europe. As to the capital necessary to make this possible, not even the largest American aid would be large enough. The inevitable result would be that some countries would benefit whereas others would lose their very means of existence. The introduction of the principle of free competition between all the countries of Western Europe would probably benefit those countries that have already a large capital equipment and a dense labour population. External economies would attract new industries to the already industrialised areas. On the **other** hand the production of countries with a relatively small capital and a dispersed population would be wiped out. Since a free migration would be prevented not only by legal and monetary obstacles but also by racial, linguistic and historical impediments, the introduction of a European Custom Union, far from creating an improvement in the general standard of living, would create chaos. To prevent this by counteracting measures would not be of any avail. These counteracting measures would either be insufficient or by preventing the process of reshifting would deprive the Union of the very reason why it was created.

It would also be out of the question that the union would improve the equilibrium between Western Europe and the dollar-area. The necessity of new capital equipment would largely increase the demand for dollar imports. The enlargement of the inter-European market would induce many industries that are now exporting to the U.S.A. to shift their trade as selling in Europe would become more profitable. There would be no necessity of any compensatory exports from other European producers.

With regard to the problem of the dollar-scarcity a custom union would mean first of all the creation of an enormous additional demand for dollars for imports and secondly it might result in a diminished supply of dollars for exports.

However, let there be no misunderstanding: if I reject the idea of a European custom union as a fallacy - as an idea which may perhaps fascinate the man-in-the-street but would, when realized, prove to be a disaster by creating chaos in Europe and increasing the already existing shortage of dollars - I am not moved by a reluctance to cooperate, but just trying to fix the boundaries between constructive and utopian schemes. I agree that there may be some cases, when for instance two or three adjacent countries have a kindred economic and social structure, in which a custom union may be constructive. The Netherlands, Belgium and Luxemburg may serve as an example. The Government of these countries are, as you know, actually studying the possibilities of such a union. I am convinced that, even if the forming of Benelux will ask a great deal of self-sacrifice from the participating countries, the respective governments will accept these sacrifices if there is only the slightest chance of a final improvement. They have already gone a long way in eliminating the technical difficulties. In a separate lecture Mr. Weisglass will give you some idea of all the problems which had to be solved and of those that still remain to be solved. The way in which these problems have so far been dealt with gives a proof of the sincere willingness of our government to cooperate in the international field whenever there is a chance of success. It may also convince you that my rejecting the idea of a more comprehensive custom union in the present state of affairs is neither due to unreasonable scepticism, nor based upon theoretical reasoning alone but confirmed by practical experience.

Even with respect to the Benelux I feel obliged to remark that the immense preparatory work already done has not yet made possible a free intercourse of goods between Belgium and the Netherlands. As long as the shortage of foreign exchange in the Netherlands is so much larger than in Belgium, a free intercourse of goods between the two countries would mean that the surplus deficit in the Dutch balance of payments would at once concentrate on Belgium. Therefore the actual opening of the frontier can only become effective after American aid will have resulted in establishing an international equilibrium in such a way that there is no longer a specific shortage of dollars in either of the two countries. If the Marshall aid might not be sufficient in this respect, only specific additional American aid could fill the gap. From this point of view it is not so much the Union that would make the Marshall plan work, as it would be the Marshall plan that could lay the foundation for the Union, after which the Union might in its turn contribute to a consolidation and an extension of the beneficial effects of the American aid.

A more extensive inter-European cooperation in economic affairs can be fruitful in so far as the foundation of new industries is concerned. The scarce dollars available should be economized, unnecessary competition should be avoided with respect to new investments. Since the restoration of Germany in particular will necessitate new investments, this problem can only be fruitfully dealt with if the decisions taken with regard to the restoration of Western Germany form a part of it. I shall refer to this problem from another point of view later on.

There is still another field where inter-European cooperation can be fruitful and can even be considered essential for the restoration of international equilibrium. I am referring to the convertibility of the European currencies. This is an outstanding example of a problem that can only be solved by joint action. When I say joint action however, I am not only referring to the European countries concerned, I am also referring to the U.S.A. Convertibility is necessary to get away from bilateralism in international trade. Convertibility means that one currency is as good as another. As long as the economic position of one country in Europe is intrinsically different from the other, convertibility can only be envisaged if in some way or other the weaker currencies are

backed from outside. This presupposes an extension of the use of American dollars for payments within Western-Europe and this again needs the cooperation from the U.S.A. I am glad to say that American cooperation in this respect has been very active. The effective progress made of late during the Paris conference in this field is largely due to the willingness of the U.S.A. to make the restrictions with regard to the use of American-aid dollars less stringent. The incorporation of U.S.A. dollars in the European payments system have created valuable possibilities for the multilateralisation of intra-European trade. The Dutch government have from the very beginning cooperated wholeheartedly in laying the foundations for a multilateralisation of intra-European payments and at many instances have even taken the initiative thereto. They have not only been studying the problem and elaborating schemes that might lead to the desired result, they have also signed the Paris treaty of November 18, 1947 together with Belgium, Luxemburg and France, thereby committing themselves to accept certain kinds of compensations whenever they become possible. At the time this treaty was signed, the signing only meant the undertaking of definite obligations without much prospect of benefit. Nevertheless the Dutch government entered into the agreement if only to set a moral example and to induce other governments to continue their efforts to come to a more comprehensive and satisfactory agreement. Professor Keesing who has given so much of his time, his energy and his knowledge to this problem will give you some idea of its importance in a separate lecture.

How important monetary arrangements may be, in the end they will only work if they are a reflection of an equilibrated integration of the economies of the participating countries. About the limits and the necessities of such an integration I already made a few remarks when talking about the unfounded enthusiasm for a European custom union on the one hand and the necessity of cooperating with regard to new investments on the other hand. In this respect I consider the position of Western Germany of primary importance. New Western Germany is being governed by the occupying forces amongst which the U.S.A. play the most important part. Since the restoration of Western Germany and its reintegration in the economic life of Western Europe is one of the most essential conditions for the realization of the Marshall Plan, the decisions taken by the U.S.A. and more especially by the U.S. representatives in the Bizonial government are crucial. From this point of view the problem of European cooperation and the calling for a "masterplan" are not only an appeal to the Western European countries but also to the U.S. government in its capacity of one of the occupying powers of Western Germany. The intricacies of the German problem will be treated separately and therefore I can only strife it superficially. In order to give you some idea, however, of its all important significance for our country I may give you the following figures. Before the war and before the Nazi regime came into power, about 1/3 of our total imports came from Germany. They were paid for mainly by the exportation of goods and by the services rendered by our harbours, our fleet and our banking system. The Nazi regime with its autarchic ideals resulted in a diminution of the relative importance, of our economic relations with Germany. Nevertheless, German imports never dropped much below 1/4 of our total imports, even at the worst days of German autarchy. In 1947 however our total imports from Germany were not more than 1/10 of the prewar percentage. In 1947 our total imports from Germany were roughly 2% of our total imports. This catastrophic drop was mainly due to the destruction and desorganisation of German industry, but partly also to the deliberate export policy of the occupying forces. For a large part of the goods we were allowed to buy in Germany they forced us to make payment in dollars and they refused to accept in payment our traditional exports to Germany. Furthermore they deliberately avoided the use of the traditional channels of German exports: the Dutch waterways with the result that a large part of our productive apparatus, although severely reduced by the damage done to our ports, became idle. Since our traditional imports from

Germany were mostly essentials, now needed more than ever for the restoration of our economy, we were obliged to buy them in other countries, especially in the U.S.A. The percentage of imports from the U.S.A. rose by nearly the same 20% by which our imports from Germany decreased. Now the nature of the goods and services we traditionally sold to Germany is such that these exports cannot be directed to other countries. If our transport system is not used for handling a great deal of the German trade, it becomes valueless and the same applies to the very large amounts of capital and highly specialized labour which have been invested during generations in those sections of our national economy the exports of which were traditionally directed towards Germany. If these services and goods are no longer accepted as a means of payment for our German imports, either because the occupying forces are deliberately leading the stream of German exports past instead of through the Netherlands, or because in Germany one is compelled to divert its activity in such a way that instead of being complementary it becomes competitive, a Western European equilibrium is hardly feasible. If we had to take for granted that Western Germany would permanently fall out as a part of the Western civilised world, we would of course have to accept this as a fact. We would have to adapt our plans of reconstruction accordingly, even if this would mean giving up a way of living according to the accepted standards of Western civilisation. Since, however, the iron curtain is hanging in the East of Germany and not in the West and the Rhine Delta still forms the most economic way of transport towards this part of Europe, and since our highly specialized hothouse and dairy industries are situated in the center of one of the most densely populated areas of the world, one can hardly doubt that sooner or later our services and our products will again be looked upon as essentials. The Marshall plan comprises Western Germany, and a restoration of German economic life forms part of the all-in restoration program. Under these circumstances it would be sheer foolishness if we should abandon those sections of our national economy which sooner or later can be expected to form again an essential element in the pattern of intra-European trade. Giving up capital and specialized skill which certainly will play a useful part in the European economy in the future, and trying to revert it as far as possible in a direction which after a restoration of the German economy will prove to be uneconomic again would mean a double loss. A restoration of Western Europe should include from the very beginning the restoration and the integration of Western Germany. As long as we have to pay part of our German imports in dollars, one can hardly speak of a Western European integration.

I clearly understand that short term considerations are responsible for a large part of the economic measures taken in Germany. I quite realize that even amongst the Western European countries there is no unanimity with regard to the necessity of a German economic restoration, since economic restoration to a certain extent also means political restoration; but since the Marshall conception is no longer a short term proposition but is designed to lay the foundation for long term policies, the time has come to see the Western European restoration as an indivisible unity. One should not make the mistake to think that equilibrium in western Europe can be reached first and the German economic problem be solved afterwards. The one is so intimately related with the other that it should be dealt with from the very beginning as one and the same problem. I am glad to say that since last year the ideas have evolved in what I think to be the right direction. Just now trade negotiations with the Bizone are going on and if the preliminary results will be accepted, they will mean a large step forwards, but even then there still remains a good deal to be done before we can say that the actual leaders of Germany are playing a harmonious part in the western European orchestre.

There is one more vital problem of an international nature which should be dealt with when talking about restoring interna-

tional equilibrium, i.e. the Asiatic and more especially the Indonesian problem. Before the war Europe paid for its necessary imports from the U.S.A. first of all out of its income derived from foreign investments and shipping, but on top of that it earned a great deal of its dollars by selling products to the East and by applying its skill, its energy and its new savings in Indonesia. Now the major part of the investments are lost and the necessity to earn and to save dollars by integrating the tropics in the Western economy and applying triangular trade has become paramount. I dare say that Europe will never be able to restore its equilibrium with the U.S.A. if this triangular trade would not be revived and the opportunities for developing the riches of the tropics would not be reopened to our planters, our miners and our technicians. One of the prerequisites herefor is that law and order in Indonesia should be restored and the respect for personal property should again be accepted by the Indonesian government. Western Europe will never be able to produce enough luxuries and industrial goods to pay the U.S.A. directly for the food and raw materials which are necessary to keep its population alive. Without the possibility of gainfully applying the scientific and economic knowledge of tropical conditions laboriously obtained during several generations not only Holland but also western Europe will not be able to keep up a standard of living and a state of civilisation which would justify and guarantee its existence as a separate unity next, and if necessary, opposite, to the Slavonic world.

On the other hand without the Western qualities of personal enterprise, gift of organization and thrift Indonesia will never be able to keep alive a population of 70 million people whose means of existence are largely dependent upon these qualities. Practically all the so-called Asiatic products of the world market are not indigenous by origin but have been imported in Indonesia by the Dutch. I just mention rubber, palmoil, coffee, tea, sugar. As to tin and gasoline their exploitation is entirely dependent on Western methods of production and the application of western science.

As to the special significance of the Indonesian integration in our Dutch economy you should realize that between 15 and 20% of our total national capital is invested in Indonesia and that the direct income from our economic activities in Indonesia (inclusive income of Dutch nationals living in Indonesia) amounted to 1/8 of our total national income before the war. This means that, if one includes the derived income, the percentage income dependent upon our relations with Indonesia nearly reached 20%. Although the Dutch Government already during the war inaugurated a complete self-government of Indonesia and is still willing to keep its promises in this respect, you will understand the crucial importance, of handing over the authority to a government, willing to recognize certain historical rights and the integrity of private property and being able to guarantee law and order. We cannot and will not hand over authority over Indonesia to a Djoeja government, set up and used by the Japanese during their occupation in order to combat the Western cause and increasingly imbued since then with communist influence. This would mean that we should hand over roughly 1/5 of our economic life to people openly professing that they will use their authority to cut off one of the roots of our own existence. That this would mean starvation for **their** own population will not hold them back. In an Eastern world slogans like freedom and democracy have quite another meaning than they have for you and me. It is the freedom to create chaos and to induce the highly inflammable and irresponsible masses to establish a kind of tyranny over all the various races of Indonesia to the benefit of an extraordinary small minority.

In many respects the Indonesian problem forms a part of the whole Asiatic problem. On the other hand it has a very specific aspect. I tried to give you some idea of the importance of Indonesia for the Dutch economy. It might be useful to make a few comparisons with the British relations with India. First of all India, contrary to Indonesia has a much more advanced economy, Western interests in India are relatively much less important than in Indonesia. This means that a transfer of government in India does not necessarily involve the danger of a complete collapse of the whole economic structure of the country. There is another difference. Dutch investments in Indonesia per head of the Dutch population are three times as large as the corresponding British figure for India. Besides, the Dutch figure is a net one whereas the British figure is a gross one. After deducting the Indian claims on Great-Britain, England is even a net debtor towards India and a net debtor to a very considerable amount.

I shall not dwell any longer on this subject, since my colleague, professor Weyer, will give you a more detailed account of the Indonesian problem tonight. I only felt it necessary to stress its meaning with respect to the problem of international cooperation. For although the Indonesian problem was and still essentially is an internal problem, the willingness of our Government to accept the good services of the United Nations has brought it into the international sphere and thereby within the orbit of international cooperation. We may hope that the United Nations and especially the U.S.A. will understand more and more clearly that the Indonesian controversy is not a controversy between a colonial mother country, unwilling to give political freedom to its former colonies; but that it is part of the duty of the West not to withdraw before they have at least some guarantees that there will not be a vacuum (to be followed by a chaos) the moment they withdraw. The slogan of freedom can only be accepted if it has a positive and constructive meaning, but not if it stands for the negative qualities of destruction and disorder and if it means the freedom of a noisy Djocja government to suppress the other federalized states of Indonesia.

Friends and colleagues,

During the first meeting in Paris of the Administrator of the E.C.A. and the Council of the O.E.E.C., Mr. Hoffmann and the President of the Council, Mr. Spaak, delivered both a very interesting address. Mr. Hoffman stressed the necessity to come with plans. "Above all", he said, "I hope that the plans will not be little plans. Make no small plans, they have no magic to stir the imagination of men". Mr. Spaak pointed to the fact that one should not underestimate the difficulties of bringing 16 people together to concerted action. "During centuries we used to look upon our respective economies as independent from one another, even sometimes antagonistic. We always tried to solve our problems alone. We often had the illusion to find our individual blessings in practicing a certain egoism. We carry a heavy burden of tradition". He expressed the hope that the Americans would not become impatient too quickly if according to their views the problems should not be attacked vigorously enough. "One should have lived in Europe", Mr. Spaak said, "to be able to appreciate fully what has already been achieved and to what extent our ideas have already evolved". In my opinion the possible differences of approach from the American and from the European side are clearly indicated in these two speeches. Nevertheless I wonder if they cover the whole field. As I tried to make clear to you: there is not only a difference in audacity in attacking the problems we have to solve. There may also be differences of

appreciation as to the effective ways and with regard to the problems themselves.

To reintegrate the German economy in the Western European economy is in my opinion a conception that, if it is fully carried out, is as bold and much sounder than the plan of a European custom union. In practice a European custom union could not mean much more than a façade. Most of the time and energy devoted to it would have to be spoilt in devising measures to prevent the harmful effects of pulling down certain specific barriers, that should not only be considered as impediments to recovery but must also be looked upon as pillars of the whole western European economic and social structure.

In my opinion the conception of an integrated American, European and Asiatic economy is a "master-plan", which offers much brighter prospects for all the people concerned, than the application of the slogans of freedom and democracy to that noisy group of politicians in Djoeja; this, in fact, would only pave the way for a communist revolution in one of the most vital parts in the whole fabric of the Western world.

I hope you will forgive me for having expressed my views as directly as I could. I felt that speaking in a non-official capacity as a friend to friends I could do so without being misunderstood. International collaboration can only be fruitful if there is a mutual understanding of each others views. Of the necessity of such an international collaboration I am deeply convinced. I hope you will accept my few remarks in the spirit in which they were made: the firm will to find the best ways to a restoration and a reintegration of the Western economy as the necessary prerequisites to an equilibrium in our mutual relations.



Record Removal Notice

File Title Records of President Eugene R Black - 1948 Travel - Travel 01 - Indonesia	Barcode No. 1769199
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Document Date Aug 13, 1948	Document Type Letter
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Correspondents / Participants
 To : Mr. W. H. De Monchy
 From : Mr. Eugene Black, U.S. Executive Director

Subject / Title
 Personal Letter

Exception No(s).

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 10 A-C
 10 D
 Prerogative to Restrict

Reason for Removal
 Communications of Executive Directors' Office

Additional Comments

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Withdrawn by Vlada Alekankina	Date Aug 9, 2010
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Document Date Aug 13, 1948	Document Type Letter
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Correspondents / Participants
 To : Sir Francis Brake, Chairman of the Board, Standard Telephones and Cables, Ltd
 From : Mr. Eugene Black, U.S. Executive Director

Subject / Title
Thank you Letter

Exception No(s).

1
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Document Date Aug 13, 1948	Document Type Letter
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Correspondents / Participants
 To : Mr. Leo Van Dyke, Managing Director, Bell Telephone Manufacturing Company
 From : Mr. Eugene Black, U.S. Executive Director

Subject / Title
Thank you Letter

Exception No(s).

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Document Date Aug 13, 1948	Document Type Letter			
Correspondents / Participants To : Mr. Westmore Willcox From : Mr. Eugene Black, U.S. Executive Director				
Subject / Title About a memorandum				
Exception No(s). <input type="checkbox"/> 1 <input checked="" type="checkbox"/> 2 <input type="checkbox"/> 3 <input type="checkbox"/> 4 <input type="checkbox"/> 5 <input type="checkbox"/> 6 <input type="checkbox"/> 7 <input type="checkbox"/> 8 <input type="checkbox"/> 9 <input type="checkbox"/> 10 A-C <input type="checkbox"/> 10 D <input type="checkbox"/> Prerogative to Restrict				
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Document Date Aug 13, 1948	Document Type Letter			
Correspondents / Participants To : Mr. Franz de Voghel, Directeur de la Banque Nationale de Belgique From : Mr. Eugene Black, U.S. Executive Director				
Subject / Title Thank you Letter				
Exception No(s). <input type="checkbox"/> 1 <input checked="" type="checkbox"/> 2 <input type="checkbox"/> 3 <input type="checkbox"/> 4 <input type="checkbox"/> 5 <input type="checkbox"/> 6 <input type="checkbox"/> 7 <input type="checkbox"/> 8 <input type="checkbox"/> 9 <input type="checkbox"/> 10 A-C <input type="checkbox"/> 10 D <input type="checkbox"/> Prerogative to Restrict				
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Document Date Aug 13, 1948	Document Type Letter
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Correspondents / Participants
To : Dr. Herman B. Baruch, American Ambassador, The Netherlands
From : Mr. Eugene Black, U.S. Executive Director

Subject / Title
Thank you Letter

Exception No(s).

1 2 3 4 5 6 7 8 9 10 A-C 10 D Prerogative to Restrict

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Document Date Aug 13, 1948	Document Type Letter			
Correspondents / Participants To : Admiral Alan G. Kirk, American Ambassador, Belgium From : Mr. Eugene Black, U.S. Executive Director				
Subject / Title Thank you Letter				
Exception No(s). <input type="checkbox"/> 1 <input checked="" type="checkbox"/> 2 <input type="checkbox"/> 3 <input type="checkbox"/> 4 <input type="checkbox"/> 5 <input type="checkbox"/> 6 <input type="checkbox"/> 7 <input type="checkbox"/> 8 <input type="checkbox"/> 9 <input type="checkbox"/> 10 A-C <input type="checkbox"/> 10 D <input type="checkbox"/> Prerogative to Restrict				
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Document Date Aug 13, 1948	Document Type Letter
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Correspondents / Participants
To : Mr. H.A. Gibbon
From : Mr. Eugene Black, U.S. Executive Director

Subject / Title
Thank you Letter

Exception No(s).

1 2 3 4 5 6 7 8 9 10 A-C 10 D Prerogative to Restrict

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Document Date Aug 13, 1948	Document Type Letter
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Correspondents / Participants
To : Dr. J. E. Van Hoogstraten, State Secretary of Economic Affairs, Batavia, Java
From : Mr. Eugene Black, U.S. Executive Director

Subject / Title
Thank you Letter

Exception No(s).

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Withdrawn by Vlada Alekankina	Date Aug 9, 2010
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Record Removal Notice

File Title

Records of President Eugene R Black - 1948 Travel - Travel 01 - Indonesia

Barcode No.

1769199

Document Date

Aug 13, 1948

Document Type

Letter

Correspondents / Participants

To : Colonel E. E. Holle

From : Mr. Eugene Black, U.S. Executive Director

Subject / Title

Thank you Letter

Exception No(s).

1 2 3 4 5 6 7 8 9 10 A-C 10 D Prerogative to Restrict

Reason for Removal

Communications of Executive Directors' Office

Additional Comments

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Withdrawn by

Vlada Alekankina

Date

Aug 9, 2010



Record Removal Notice

File Title Records of President Eugene R Black - 1948 Travel - Travel 01 - Indonesia	Barcode No. 1769199
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Document Date Aug 13, 1948	Document Type Letter
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Correspondents / Participants
To : Dr. M. P. L. Steenberghe
From : Mr. Eugene Black, U.S. Executive Director

Subject / Title
World Bank's role in Europe

Exception No(s).

1 2 3 4 5 6 7 8 9 10 A-C 10 D Prerogative to Restrict

Reason for Removal
Communications of Executive Directors' Office

Additional Comments

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Record Removal Notice

File Title Records of President Eugene R Black - 1948 Travel - Travel 01 - Indonesia	Barcode No. 1769199
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Document Date Aug 13, 1948	Document Type Letter
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Correspondents / Participants
To : Winthrop W. Aldrich
From : Mr. Eugene Black, U.S. Executive Director

Subject / Title
Personal Letter

Exception No(s).
 1 2 3 4 5 6 7 8 9 10 A-C 10 D Prerogative to Restrict

Reason for Removal
Communications of Executive Directors' Office

Additional Comments

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August 13, 1948.

Mr. Andrew de Tchihatchef,
International Bank for Reconstruction and Development,
5, Johan Van Oldenbarneveltlaan,
The Hague,
Holland.

Dear Mr. de Tchihatchef:

I was glad to receive your letter yesterday in reference to the questions we discussed when in The Hague. I have taken this matter up with Crena de Iongh and Chauncey Parker and feel certain that what you want to be done will be done. Crena de Iongh is en route to Europe and will go over these matters in detail with you at that time. However, in the event this is not arranged to your satisfaction or if there are any other matters in which I can be of assistance, please do not hesitate to let me know.

I cannot begin to tell you how very appreciative I am of the courtesies which you extended to me while in Holland and your thoughtful consideration. One of the nicest parts of my trip was the opportunity of getting to know you better.

I wish you a lot of luck and hope to have the pleasure of either seeing you over here or possibly I will be back in Holland some time in the near future.

Best regards.

Sincerely yours,

Eugene R. Black
U. S. Executive Director



Record Removal Notice

File Title Records of President Eugene R Black - 1948 Travel - Travel 01 - Indonesia	Barcode No. 1769199
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Document Date Aug 6, 1948	Document Type Letter
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Correspondents / Participants
To : Mr. Eugene Black, U.S. Executive Director
From : W. Walton Butterworth, Director for Far Eastern Affairs, Department of State

Subject / Title
Request for a meeting

Exception No(s).

1 2 3 4 5 6 7 8 9 10 A-C 10 D Prerogative to Restrict

Reason for Removal
Communications of Executive Directors' Office

Additional Comments

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Withdrawn by Vlada Alekankina	Date Aug 9, 2010
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Record Removal Notice

File Title Records of President Eugene R Black - 1948 Travel - Travel 01 - Indonesia	Barcode No. 1769199
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Document Date Jul 22, 1948	Document Type Letter
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Correspondents / Participants
 To : Mr. Eugene Black, U.S. Executive Director
 From : H. W. J. Bosch

Subject / Title
 Personal Letter

Exception No(s).

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 10 D
 Prerogative to Restrict

Reason for Removal
 Communications of Executive Directors' Office

Additional Comments

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Withdrawn by Vlada Alekankina	Date Aug 9, 2010
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Record Removal Notice

File Title Records of President Eugene R Black - 1948 Travel - Travel 01 - Indonesia	Barcode No. 1769199
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Document Date Jul 19, 1948	Document Type Letter
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Correspondents / Participants
 To : Mr. Eugene Black, U.S. Executive Director
 From : Mr. H. Albarda

Subject / Title
 Personal Letter

Exception No(s).

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 10 A-C
 10 D
 Prerogative to Restrict

Reason for Removal
 Communications of Executive Directors' Office

Additional Comments

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Withdrawn by Vlada Alekankina	Date Aug 9, 2010
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Record Removal Notice

File Title Records of President Eugene R Black - 1948 Travel - Travel 01 - Indonesia	Barcode No. 1769199
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Document Date Jul 17, 1948	Document Type Letter
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Correspondents / Participants
To : Mr. Eugene Black, U.S. Executive Director
From : Mr. H. Albarda

Subject / Title
Invitation for a Luncheon

Exception No(s).

1 2 3 4 5 6 7 8 9 10 A-C 10 D Prerogative to Restrict

Reason for Removal
Communications of Executive Directors' Office

Additional Comments

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Withdrawn by Vlada Alekankina	Date Aug 9, 2010
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Record Removal Notice

File Title Records of President Eugene R Black - 1948 Travel - Travel 01 - Indonesia	Barcode No. 1769199
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Document Date Jun 30, 1948	Document Type Letter
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Correspondents / Participants
 To : Mr. Eugene Black, U.S. Executive Director
 From : A. Colder-Ruyter

Subject / Title
 Request for a meeting with Mr. Van Elk

Exception No(s).

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 10 D
 Prerogative to Restrict

Reason for Removal
 Communications of Executive Directors' Office

Additional Comments

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Record Removal Notice

File Title Records of President Eugene R Black - 1948 Travel - Travel 01 - Indonesia		Barcode No. 1769199		
Document Date Jun 25, 1948	Document Type Letter			
Correspondents / Participants To : Mr. Eugene Black, U.S. Executive Director From : J. F. Rhame, Vice President, International Standard Electric Corporation				
Subject / Title Request for a meeting				
Exception No(s). <input type="checkbox"/> 1 <input checked="" type="checkbox"/> 2 <input type="checkbox"/> 3 <input type="checkbox"/> 4 <input type="checkbox"/> 5 <input type="checkbox"/> 6 <input type="checkbox"/> 7 <input type="checkbox"/> 8 <input type="checkbox"/> 9 <input type="checkbox"/> 10 A-C <input type="checkbox"/> 10 D <input type="checkbox"/> Prerogative to Restrict				
Reason for Removal Communications of Executive Directors' Office				
Additional Comments		The item(s) identified above has/have been removed in accordance with The World Bank Policy on Access to Information. This Policy can be found on the World Bank Access to Information website.		
		<table border="1"><tr><td>Withdrawn by Vlada Alekankina</td><td>Date Aug 9, 2010</td></tr></table>	Withdrawn by Vlada Alekankina	Date Aug 9, 2010
Withdrawn by Vlada Alekankina	Date Aug 9, 2010			



Record Removal Notice

File Title Records of President Eugene R Black - 1948 Travel - Travel 01 - Indonesia	Barcode No. 1769199
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Document Date Jun 21, 1948	Document Type Letter
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Correspondents / Participants
 To : Mr. Eugene Black, U.S. Executive Director
 From : G. A. Ph. Weijer

Subject / Title
 Personal Letter

Exception No(s).

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 10 A-C
 10 D
 Prerogative to Restrict

Reason for Removal
 Communications of Executive Directors' Office

Additional Comments

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Withdrawn by Vlada Alekankina	Date Aug 9, 2010
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Déjeuner du JEUDI 17/6/48

à 12.45 H.

En l'honneur de M. Eugene R. BLACK, Directeur Exécutif Américain
de la Banque Internationale de Reconstruction et de Développement
à Washington

M. Maurice FRERE, Gouverneur de la Banque Nationale de Belgique

M. Ad. BAUDEWYNS, Vice-Gouverneur " " " "

M. P. BERGER, Directeur de la Banque Nationale de Belgique

M. J. VAN NIEUWENHUYSE, Directeur de la Banque Nationale de
Belgique

M. Fr. DE VOGHEL, Directeur de la Banque Nationale de Belgique

Melle E. MALAISE, Secrétaire de Direction de la Banque Nationale
de Belgique

M. G. EYSKENS, Ministre des Finances

M. J. VAN HEURCK, Directeur général de la Trésorerie et de la
Dette Publique au Ministère des Finances

M. E. G. de BARSY, Président de la Commission bancaire

M. J. BAGAGE, Président de la Banque de la Société Générale
de Belgique

M. A. E. JANSSEN, Président de la Société Belge de Banque

M. F. COLLIN, Président de la Kredietbank

M. le Baron RICHARD, Administrateur-Délégué de la "SOFINA"

M. Omer V. CLAIBORNE, Directeur de la Guaranty Trust Company
of New-York (Bruxelles)

M. Léon DEWAELE

B A T A V I A

~~DR. H. J. VAN MOOK~~

Lieutenant Governor General

~~DR. J. E. VAN HOOGSTATEN~~

State Secretary of Economic Affairs

M. WISAKSONO WIRJODIHARDJO

State Secretary of Agriculture and Fisheries

W. ALONS

State Secretary of Finance

IR. C. J. WARNERS

State Secretary of Transportation

IR. A. M. SEMAWI

State Secretary of Irrigation and Reconstruction

DR. R. E. SMITS

President of Java Bank *Dinman*

MR. K. F. ZEEMAN

President of the Netherlands Trading Society

DR. J. VAN NIEUWKUYK

Chairman of the "Indische Ondernemersbond" (Association of Western Enterprise)

IR. C. VAN DIERMEN

General Representative of the Bataafsche Petroleum Maatschappij (Shell)

MR. WM. W. GEDDES

General Representative of the Standard Vacuum Oil Company

MR. D. BOLDERHEY

Managing Director of the Trading Society "Amsterdam"

DR. A. OUDT

Treasurer of the Netherlands Indies Government

MR. E. T. KUIPER

Foreign Exchange Controller

DR. P. HONIG

General Adviser for Economic Affairs

IR. A. LUITJES

Department of Agriculture

G. J. SCHIMMEL

Chief of the Office of Imports and Exports

DR. G. SCHOLTEN

Acting Chief of the Central Bureau of Statistics

DR. F. H. PARMENTIER

Chief of the Department of General Affairs of the Java Bank

DR. G. KESSLER

Chief of the Department of Economics and Statistics, of the Java Bank

Lt. Genl S. H. Spoor
GAL. SPOOR

K.N.I.L. Legere Commandant
~~GOC the Dutch Army in the Netherlands East Africa~~

Batavia
Indies
Batavia

B A T A V I A cont'd.

~~ALBERT BOSCH~~

Economic Affairs Department

M E D A N

~~DR. TENGKU MANSOER~~

Head of the State of Sumatra's East
Coast (Deli)

P A L E M B A N G

✓ Mr. H. J. Wijnmaalen	RECOMBA for South Sumatra (Government's Commissioner Interior Affairs)
✓ Mr. H. A. Polderman	Adviser Economic Affairs
✓ Mr. van Slooten	Adviser Financial Affairs (Agent Java Bank)
✓ Mr. D. J. Vreeken	Agent Netherlands Indies Commercial Bank
✓ Mr. S. van de Vrugt	Agent Borne-Sumatra Trading Co.
✓ Mr. R. Soegihart	Chairman Indonesian Trading Association
✓ Mr. Tjioe Tjing Hok	Secretary Chinese Chamber of Commerce
✓ Dr. Engineer R.A.D. Loven	Chief of Exploitation, South Sumatra State Railway (Z.S.S.)
✓ Mr. Lim Khay Goan	Agent Overseas Chinese Banking Corp.
✓ Mr. R. Akip	Director Public Works
✓ Mr. Albert Wright, Jr.	Asst. General Manager, S.V.P.M.
✓ Mr. A. B. Vought	Manager Manufacturing Dept., S.V.P.M.
✓ Mr. H. A. Gibbon	General Manager, S.V.P.M.
✓ Mr. A. van Duersen	Acting General Manager B.P.M.
✓ Mr. C. S. Lassiter	Representative S.V.S.C.
✓ Col. F. Mollinger	Troops Commander Y-Brigade

RIJKSTELEGRAAFKANTOOR AMSTERDAM

Ontvangen van BV	TELEGRAM	Overgeseind naar
de 194....., te	VERKORTINGEN VOOR BETAALDE DIENSTAANWIJZINGEN	in draad de 194.....
..... u. m.	D = Dringend RPX = Antwoord betaald X (bedrag XP = Bode betaald	te u. m. door
1948 JUL 28 18 36 48	PC = Kennisgeving ontv. TC = Collationnering TR = Telegram restant GP = Poste-Resistante MP = Eigenhandig	1948 JUL 28 18 35 48

NOTA. Het Rijk vergoedt geen schade door het verminken, vertragen of verloren gaan van een telegram veroorzaakt

VIA HOLLANDRADIO PTT

HCL466 HLS/ WYC349 WASHINGTON 32 28 1222 USGOVT

MR EUGENE R BLACK HOTEL EUROPE AMSTERDAM

RE YOUR CABLE FROM BRUSSELS ANSWER FROM ECA THUS FAR

UNFAVORABLE BUT NOT NECESSARILY FINAL STOP WILL AWAIT YOUR RETURN

FOR FURTHER DISCUSSIONS

GARNER INTBAFRAD

MODEL

CFM USGOVT

R I J K S T E L E R A A F K A N T O O R A M S T E R D A M

Ontvangen van

BV

T E L E G R A F I E

Overgevoerd naar

de te 104

BETAALDE DIENST AANWIJZINGEN
VERKORTINGEN VOOR

in draad de 194

D - Drukt
RPX - Aangevuld betaald
X (bedrag) - Telegrafische
MP - E. Telegrafische
C - Collectie
K - Kennisgeving over

to w. nr.

18 JUL 28 18 36

18 JUL 28 18 32

door

NOTA. Het Hijk verzoek kan afgekeurd worden door het verminken of verlaten gaan van een telegram verzooraakt

VIA HOLLANDRADIO PTT

Batavia, D. E. I.
Undated

Dear Jack:

While I thought that the Dutch East Indies was an important and rich part of the world, I didn't begin to realize just HOW important and rich it was, and just how vital what happens here is to the United States, Holland and the whole world for that matter. I would like to give you my impressions and ask that you not show this letter to anyone in the Bank except Bob and Chester.

Raoul de Sercey and I are preparing an official report of our trip so this letter is merely to give in confidence some of the important political aspects of the situation here.

First of all I arrived here after a rather difficult and tiring trip by plane, due to engine troubles, and was met by quite a delegation of Netherland East Indies Government officials. They had planned, with the usual indefatigable Dutch energy and thoroughness, a very complete schedule. I started off by calling on the four leading Banks in Batavia, namely the Javasche Bank (which although privately owned is the sole bank of issue), the Nederlandsche Handel Maatschappij and the Escompto. They are all housed in beautiful buildings and have branches all over the East Indies. I had also talked with directors of these banks in their Amsterdam offices before I left Holland. Two of these banks besides doing banking business own large estates and factories so they naturally have a double concern as to the future of these islands.

I then had a long interview with Dr. Van Mook, the Lt. Governor. I found him a very interesting man. I am told he is a terrific worker (working 18 hours a day), and has made heroic efforts to straighten out this mess. He asked me to return and see him before I left the islands and we could have a further talk after I had received my impressions.

I also had a long session with the Treasury and Department of Economic affairs officials. I found them and Van Mook very disturbed at the decision of the Export-Import Bank about the 100 million loan to the East Indies.

As you probably know the Export-Import Bank agreed to a credit of 100 million in 1945 to the Dutch East Indies. The final loan contract however was held up by the State Department because of the political situation here and the 100 million was earmarked and has been held that way ever since. Before I left Washington, Dr. Manschet (a Director of the Javasche Bank) was sent to Washington by the N. E. I. government to reopen negotiations. He stayed there two months and got nowhere as the State Department was plainly trying to mark time to see whether or not a political settlement was to be made here. However, it seems, after I left, as if the Ex-Im Bank was finally about ready to go ahead, when the Coert Dubois incident took place and tension mounted rapidly here again. They then offered to extend a credit (not for general purposes) but for specific projects and stated that no money from the loan could be used except in so called non-controversial areas such as Borneo, Bangka, Billiton, Riouw and East Indonesia (which covers Celebes, Bali, Flores, Timor and numerous smaller islands.)

In other words no money could be used for projects in the places where dollars are badly needed, namely, Java and Sumatra. These are the two important islands where a big majority of the population is and industrial and agricultural and mining development is greatest. This decision naturally upset the Dutch tremendously for two reasons.

1st. They didn't need much money for the non-controversial areas, and

2nd If this condition of the loan was publicly announced it would mean serious political repercussions to the Dutch because it would look as if the United States was undecided as to the propriety of the Dutch keeping the parts of Java and Sumatra which they had recovered from the Republicans by means of police action. Also the Republican Government would play this up to the limit to show that the U. S. had such doubts.

The Dutch are now trying to decide whether to accept such a credit with this condition and they may do so provided the condition is not made public. Of course the credit will be guaranteed by the Dutch Government.

The Dutch were also quite hopeful that part of the E.C.A. funds for Holland would be available to the N. E. I. but so far they have been unable to find out anything at all definite.

After leaving Batavia I flew to Medan in East Sumatra, and then began a heavy schedule of visiting one estate after another in that area. I saw rubber estates, tea, chinchona, sisal, abaca (manila hemp), palm oil and tapioca. I saw some factories which were intact, others partially destroyed and a number completely demolished. Damage was done by the Japanese, not only to the plantations, but also to the factories, but by far greater damage was done by extremists or terrorists in the Republican Government during police action by the Dutch. The Republicans adopted a scorched earth policy and the destruction was wonton and quite useless. A great deal of the destruction, by the way, was done by bands of extremists after the "cease fire" order had taken place.

The rebuilding of the factories by the Dutch has been absolutely remarkable. They had to use the old steel and patch up their machinery and it is amazing how they have been able to step up their production as much as they have under the most adverse circumstances. Unfortunately the need for spare parts is so great that I am afraid that when the present patchwork machinery breaks down production will suffer.

I left Medan after several days and flew to Palembang, also in Sumatra, and visited the great oil refineries there of Standard Oil and Shell. I stayed at the home of the Standard Oil manager and learned a great deal from him.

Both companies have tremendous investments here and found their properties in rather bad shape when they got them back. The Standard Oil (it is called Stan-Vac as Standard of N.J. and Socony each own 50%) has already spent 43 million dollars in reconstruction and are planning to spend 60 million. About the same is true of Shell. While in Sumatra I also visited the Goodyear Rubber Estates and factory. They have not got them back, however, and have ~~hesitated~~ not decided whether to put in any new money for rehabilitation until law and order is restored. As a matter of fact the oil companies are the only people that I have found that have invested any new dollars here, as everyone else I talked to is still waiting to see what the political situation develops into. I suppose the reason that the oil companies have taken this gamble is because of the already tremendous investments they have here and the great demand for oil. Incidentally I was told by the Stan-Vac people that the Dutch East Indies is one of the great oil spots of the world. It is estimated that the potential oil here is approximately half as great as in Venezuela or Iran.

Leaving Palembang I flew in an old army bomber to the isle of Bangka and saw the big tin mines and dredges in operation. Spent a couple of days there. There are no smelters in the East Indies and the tin is sent to Holland for smelting and then sold for dollars but the East Indies gets the benefits of the dollars except for the smelting fees.

Returned to Batavia and had talks with the Commander-in-Chief of the Dutch Army, American Consul, American and French military observers as well as members of the Good Offices Committee. Then drove through the country with military escort for four hours to Bandoeng in West Java. Spent several days there, again visiting estates, factories and hydro-electric plants. Also met with Indonesian officials. On all our trips out of Bandoeng we were forced, due to recent uprisings in that area, to have a military escort consisting of armored car in front with four soldiers and a major, then our two cars and then a jeep with four more soldiers all fully armed bringing up the rear. Nothing exciting happened, however.

Returned to Batavia again and yesterday flew in a special plane to Jogjakarta, the capital of the Indonesian Republic. (I insisted with the Dutch upon going there as I told them I wanted to hear both sides of the story and see for myself what conditions were in the Republic). While there I met with Dr. Hatta, Vice President and Prime Minister, and the Cabinet. Then had a hour's talk with Soekarno, President of the Republic at his palace. In the afternoon I met with the American delegation to the Good Offices Committee and argued with them for several hours. Had dinner that evening at Dr. Hatta's home again with the Cabinet.

Returned to Batavia and have just been told by the doctor that I have a touch of amoebic dysentery and he has put me on sulphur.

The business part of my trip fortunately was finished and all that I will miss is a trip of two days to Bali. Am still planning to leave here Friday the 16th, but the doctor says that maybe I will have to postpone it unless I show real improvement in the next couple of days.

I have talked with hundreds of people - Dutch bankers, Dutch business men, Dutch Civil servants, planters, American business men, Indonesians, Chinese, French Australians, soldiers, Government officials and factory owners.

Now as to the political situation. First of all the Dutch here are plainly worried and nervous. Most of them spent three or four years in prison camps here during the war, and conditions there were quite bad. As a matter of fact 25% of them died in the camps. After the country was liberated the British moved in with mostly Indian troops. They did very little except herd the Dutch into small areas and give them protection. In other words not much was done by the British to clean up the trouble spots. There remained in the Islands for quite a long time a large number of Japanese soldiers who were busy training the soldiers of the Republican Army as well as supplying them with arms. As a matter of fact there are still Japanese here and they are acting as leaders of terrorist gangs throughout Java. The Dutch soldiers occasionally catch one of them and I have seen the documents relating to the capture and the quizzing which the Japanese were put through. As a result of the British lack of action, the Dutch here hate them like the very devil, as they feel that their apathetic attitude and the inefficient soldiers that they sent here allowed the Republican Government to flourish and grow in strength.

When the Dutch soldiers finally arrived they began, as you know, their police action and they strongly believe that if the U.N. had not intervened they would have had the whole place cleaned up in another week, and law and order would have been established.

The Good Offices Committee was sent here by the U.N. and consists of a delegation from the United States, Australia and Belgium (attached you will find an organization chart of the Good Offices Committee). Also attached to the Good Offices Committee are military observers from U.S., England, Holland, Belgium, Australia, France and China. These latter are for the purpose of seeing that truce is maintained. There are of course all kinds of accusations hurled about by both the Dutch and the Republicans that the truce is not being kept. From all the evidence that I can gather the Republicans are violating it frequently in a systematic manner, and the Dutch plantation and factory owners are in constant danger whenever there are not sufficient Dutch soldiers around. Each estate and factory have their own police force but frequently this is not adequate to prevent acts of sabotage.

The Good Offices Committee have been here in continuous session for seven and one half months and it now looks as if they have reached a definite deadlock.

The American and Australian delegations suggested some compromises but the Belgian delegation dissented so that it was not unanimous.

The Dutch vigorously resented the compromises and in my opinion rightly so, as the net result of such compromises would have been to turn over the government of the East Indies to the present Soekarno Regime.

As far as the stand taken by the Australians, it is assumed here that they wish to prejudice the Dutch as far as possible and even to drive them from the whole of Indonesia in order to occupy their economic position. It is felt that all this is being done under the cloak of enlightened progressiveness.

Also, apparently the American member Dubois has acted on his own initiative. I understand Washington states that the compromise plans would have to be studied first and that the State Department had therefore no knowledge of the plans beforehand, and certainly Dubois had not signed the compromise document on instructions of the U. S. Government. In the meantime Dubois has returned to the U. S. on account of illness. At a dinner party, which I attended, someone inquired as to whether Dubois' illness was a "diplomatic illness". The French Army officer who was there said "This is not a case of diplomatic illness but is the case of a sick diplomat."

I, of course, don't know whether the State Department was backing Dubois or not, but I do know that the remainder of the American delegation is composed of a lot of young idealists, typical new dealers, all out of the State Department.

I have had long conversations with them and to say the least I was greatly shocked by what I heard. They are very frankly quite biased toward the Republicans and are down on the Dutch.

I not only ascertained this quite early in my conversations with them, but have also been informed by strictly neutral observers here of the same fact. They were appointed to settle the dispute between the Dutch and the Republicans, but were certainly not supposed to take sides. I will tell you more about this when I see you.

As to the Republicans. Soekarno is an opportunist, a glib charlatan, a spellbinder. His cabinet impresses you as a bunch of school boys trying to act grown-up. They don't know what in the Hell it is all about. They gave me a copy of their "fine year plan" (which is attached to our official report) and it is just so much gibberish.

Soekarno was a very definite collaborationist with the Japanese. Every one admits this but the Good Office Boys sort of shrug it off with "So what. Other collaborationists are running governments which the U. S. recognizes."

A Dutch factory owner showed me a wall of his factory, that while the Republicans had possession of his factory, had a picture on it of Soekarno with a knife in his hand about to behead Roosevelt and Churchill who were on their knees before him.

Another factory owner (textile mill) said that when the Republicans were running his factory, they had 9000 men running 250 looms, and the present management now has five hundred men running 1000 looms, and the present management now has five hundred men running 1000 looms. It is estimated that generally speaking the Dutch are about ten times as efficient as the Indonesians. Also without the guidance of the Dutch or Americans, the Indonesians are completely helpless or just work one or two days a week and then rest the remainder of the time.

The Japanese while here fanned the flame of independence and Nationalism, as well as hatred of the white race. The Republican leaders are, therefore, ranting about Freedom and Independence and say that the land belongs to them. The fight really boils down as to who will actually hold the power. If the Dutch do by means of their army, I believe that they can restore law and order and can gradually turn over the islands to the Indonesians, but it will take time and a lot of training. They are not ready for it yet, and if they succeed in taking over now, I shudder for the investments of the Dutch and Americans because I am very fearful of economic chaos if the present Republican Government assumes control.

If there is economic chaos then the Communists will move in and this is really what disturbs me greatly, and is the reason for this long letter.

On my way out here I stopped at Bangkok and was met at the airport by the American Consular Economic Advisor who took me by car for a short visit with the new Prime Minister of Siam. On the way Scott (that was the American's name) told me that the Soviets had just opened a Consulate with 150 people, compared to 30 in the American Consulate. Every one here is disturbed over the Communists activities in the East. As you have undoubtedly read (and as described in the attached articles) they have spread over Burma and Malaya and it looks as if this area is the next spot where they will begin their activities in earnest now that we have slowed them up in Western Europe.

The leading communist here is named Alimin and he spent twelve years in Russia and is a contemporary of Thorez and Togliatti. There is considerable evidence that Soekarno and his crowd are working hand in glove with the Communists, who, by the way, have their headquarters in Jogjakarta, the Republican Capital. I am enclosing some pamphlets indicative of this relationship and have also seen numerous pieces of documented evidence showing a definite liason.

When I was talking with the Republican Cabinet I asked them as to the rumors which were rife about their connection with the Communists. Almost simultaneously they all roared with laughter. Their laughter sounded too forced, however, and their protestations too great. I believe that Communism can be stopped here, however, if the Dutch hold the power, because they will step up production tremendously, and offer widespread employment with much better wages than ever before prevailed. The Dutch here have been so frightened that I believe they will make every effort to pay decent wages and institute all sorts of social reforms to improve the lot of the natives.

On the other hand if the Republicans take over I fear for the worst. The economic situation will become so bad in short order that the Communists will find easy pickings.

I could write for hours on this subject but will stop and tell you more when I see you.

Best regards -

Gene

(letter received in Washington July 23, 1948)

COPY

Batavia, D. E. I.
Undated

Dear Jack:

While I thought that the Dutch East Indies was an important and rich part of the world, I didn't begin to realize just HOW important and rich it was, and just how vital what happens here is to the United States, Holland and the whole world for that matter. I would like to give you my impressions and ask that you not show this letter to anyone in the Bank except Bob and Chester.

Raoul de Sercey and I are preparing an official report of our trip so this letter is merely to give in confidence some of the important political aspects of the situation here.

First of all I arrived here after a rather difficult and tiring trip by plane, due to engine troubles, and was met by quite a delegation of Netherland East Indies Government officials. They had planned, with the usual indefatigable Dutch energy and thoroughness, a very complete schedule. I started off by calling on the four leading Banks in Batavia, namely the Javasche Bank (which although privately owned is the sole bank of issue), the Nederlandsche Handel Maatschappij and the Escompto. They are all housed in beautiful buildings and have branches all over the East Indies. I had also talked with directors of these banks in their Amsterdam offices before I left Holland. Two of these banks besides doing banking business own large estates and factories so they naturally have a double concern as to the future of these islands.

I then had a long interview with Dr. Van Mook, the Lt. Governor. I found him a very interesting man. I am told he is a terrific worker (working 18 hours a day), and has made heroic efforts to straighten out this mess. He asked me to return and see him before I left the islands and we could have a further talk after I had received my impressions.

I also had a long session with the Treasury and Department of Economic affairs officials. I found them and Van Mook very disturbed at the decision of the Export-Import Bank about the 100 million loan to the East Indies.

As you probably know the Export-Import Bank agreed to a credit of 100 million in 1945 to the Dutch East Indies. The final loan contract however was held up by the State Department because of the political situation here and the 100 million was earmarked and has been held that way ever since. Before I left Washington, Dr. Manschot (a Director of the Javasche Bank) was sent to Washington by the N. E. I. government to reopen negotiations. He stayed there two months and got nowhere as the State Department was plainly trying to mark time to see whether or not a political settlement was to be made here. However, it seems, after I left, as if the Ex-Im Bank was finally about ready to go ahead, when the Coert Dubois incident took place and tension mounted rapidly here again. They then offered to extend a credit (not for general purposes) but for specific projects and stated that no money from the loan could be used except in so called non-controversial areas such as Borneo, Bangka, Billiton, Riouw and East Indonesia (which covers Celebes, Bali, Flores, Timor and numerous smaller islands.)

In other words no money could be used for projects in the places where dollars are badly needed, namely, Java and Sumatra. These are the two important islands where a big majority of the population is and industrial and agricultural and mining development is greatest. This decision naturally upset the Dutch tremendously for two reasons.

1st. They didn't need much money for the non-controversial areas, and

2nd If this condition of the loan was publicly announced it would mean serious political repercussions to the Dutch because it would look as if the United States was undecided as to the propriety of the Dutch keeping the parts of Java and Sumatra which they had recovered from the Republicans by means of police action. Also the Republican Government would play this up to the limit to show that the U. S. had such doubts.

The Dutch are now trying to decide whether to accept such a credit with this condition and they may do so provided the condition is not made public. Of course the credit will be guaranteed by the Dutch Government.

The Dutch were also quite hopeful that part of the E.C.A. funds for Holland would be available to the N. E. I. but so far they have been unable to find out anything at all definite.

After leaving Batavia I flew to Medan in East Sumatra, and then began a heavy schedule of visiting one estate after another in that area. I saw rubber estates, tea, chinchona, sisal, abaca (manila hemp), palm oil and tapioca. I saw some factories which were intact, others partially destroyed and a number completely demolished. Damage was done by the Japanese, not only to the plantations, but also to the factories, but by far greater damage was done by extremists or terrorists in the Republican Government during police action by the Dutch. The Republicans adopted a scorched earth policy and the destruction was wonton and quite useless. A great deal of the destruction, by the way, was done by banks of extremists after the "cease fire" order had taken place.

The rebuilding of the factories by the Dutch has been absolutely remarkable. They had to use the old steel and patch up their machinery and it is amazing how they have been able to step up their production as much as they have under the most adverse circumstances. Unfortunately the need for spare parts is so great that I am afraid that when the present patchwork machinery breaks down production will suffer.

I left Medan after several days and flew to Palembang, also in Sumatra, and visited the great oil refineries there of Standard Oil and Shell. I stayed at the home of the Standard Oil manager and learned a great deal from him.

Both companies have tremendous investments here and found their properties in rather bad shape when they got them back. The Standard Oil (it is called Stan-Vac as Standard of N.J. and Socony each own 50%) has already spent 43 million dollars in reconstruction and are planning to spend 60 million. About the same is true of Shell. While in Sumatra I also visited the Goodyear Rubber Estates and factory. They have not got them back, however, and have ~~decided~~ not decided whether to put in any new money for rehabilitation until law and order is restored. As a matter of fact the oil companies are the only people that I have found that have invested any new dollars here, as everyone else I talked to is still waiting to see what the political situation develops into. I suppose the reason that the oil companies have taken this gamble is because of the already tremendous investments they have here and the great demand for oil. Incidentally I was told by the Stan-Vac people that the Dutch East Indies is one of the great oil spots of the world. It is estimated that the potential oil here is approximately half as great as in Venezuela or Iran.

Leaving Palembang I flew in an old army bomber to the isle of Bangka and saw the big tin mines and dredges in operation. Spent a couple of days there. There are no smelters in the East Indies and the tin is sent to Holland for smelting and then sold for dollars but the East Indies gets the benefits of the dollars except for the smelting fees.

Returned to Batavia and had talks with the Commander-in-Chief of the Dutch Army, American Consul, American and French military observers as well as members of the Good Offices Committee. Then drove through the country with military escort for four hours to Bandoeng in West Java. Spent several days there, again visiting estates, factories and hydro-electric plants. Also met with Indonesian officials. On all our trips out of Bandoeng we were forced, due to recent uprisings in that area, to have a military escort consisting of armored car in front with four soldiers and a major, then our two cars and then a jeep with four more soldiers all fully armed bringing up the rear. Nothing exciting happened, however.

Returned to Batavia again and yesterday flew in a special plane to Jogjakarta, the capital of the Indonesian Republic. (I insisted with the Dutch upon going there as I told them I wanted to hear both sides of the story and see for myself what conditions were in the Republic). While there I met with Dr. Hatla, Vice President and Prime Minister, and the Cabinet. Then had a hour's talk with Soekarno, President of the Republic at his palace. In the afternoon I met with the American delegation to the Good Offices Committee and argued with them for several hours. Had dinner that evening at Dr. Hatla's home again with the Cabinet.

Returned to Batavia and have just been told by the doctor that I have a touch of amoebic dysentery and he has put me on sulphur.

The business part of my trip fortunately was finished and all that I will miss is a trip of two days to Bali. Am still planning to leave here Friday the 16th, but the doctor says that maybe I will have to postpone it unless I show real improvement in the next couple of days.

I have talked with hundreds of people - Dutch bankers, Dutch business men, Dutch Civil servants, planters, American business men, Indonesians, Chinese, French Australians, soldiers, Government officials and factory owners.

Now as to the political situation. First of all the Dutch here are plainly worried and nervous. Most of them spent three or four years in prison camps here during the war, and conditions there were quite bad. As a matter of fact 25% of them died in the camps. After the country was liberated the British moved in with mostly Indian troops. They did very little except herd the Dutch into small areas and give them protection. In other words not much was done by the British to clean up the trouble spots. There remained in the Islands for quite a long time a large number of Japanese soldiers who were busy training the soldiers of the Republican Army as well as supplying them with arms. As a matter of fact there are still Japanese here and they are acting as leaders of terrorist gangs throughout Java. The Dutch soldiers occasionally catch one of them and I have seen the documents relating to the capture and the quizzing which the Japanese were put through. As a result of the British lack of action, the Dutch here hate them like the very devil, as they feel that their apathetic attitude and the inefficient soldiers that they sent here allowed the Republican Government to flourish and grow in strength.

When the Dutch soldiers finally arrived they began, as you know, their police action and they strongly believe that if the U.N. had not intervened they would have had the whole place cleaned up in another week, and law and order would have been established.

The Good Offices Committee was sent here by the U.N. and consists of a delegation from the United States, Australia and Belgium (attached you will find an organization chart of the Good Offices Committee). Also attached to the Good Offices Committee are military observers from U.S., England, Holland, Belgium, Australia, France and China. These latter are for the purpose of seeing that truce is maintained. There are of course all kinds of accusations hurled about by both the Dutch and the Republicans that the truce is not being kept. From all the evidence that I can gather the Republicans are violating it frequently in a systematic manner, and the Dutch plantation and factory owners are in constant danger whenever there are not sufficient Dutch soldiers around. Each estate and factory have their own police force but frequently this is not adequate to prevent acts of sabotage.

The Good Offices Committee have been here in continuous session for seven and one half months and it now looks as if they have reached a definite deadlock.

The American and Australian delegations suggested some compromises but the Belgian delegation dissented so that it was not unanimous.

The Dutch vigorously resented the compromises and in my opinion rightly so, as the net result of such compromises would have been to turn over the government of the East Indies to the present Soekarno Regime.

As far as the stand taken by the Australians, it is assumed here that they wish to prejudice the Dutch as far as possible and even to drive them from the whole of Indonesia in order to occupy their economic position. It is felt that all this is being done under the cloak of enlightened progressiveness.

Also, apparently the American member Dubois has acted on his own initiative. I understand Washington states that the compromise plans would have to be studied first and that the State Department had therefore no knowledge of the plans beforehand, and certainly Dubois had not signed the compromise document on instructions of the U. S. Government. In the meantime Dubois has returned to the U. S. on account of illness. At a dinner party, which I attended, someone inquired as to whether Dubois' illness was a "diplomatic illness". The French Army officer who was there said "This is not a case of diplomatic illness but is the case of a sick diplomat."

I, of course, don't know whether the State Department was backing Dubois or not, but I do know that the remainder of the American delegation is composed of a lot of young idealists, typical new dealers, all out of the State Department.

I have had long conversations with them and to say the least I was greatly shocked by what I heard. They are very frankly quite biased toward the Republicans and are down on the Dutch.

I not only ascertained this quite early in my conversations with them, but have also been informed by strictly neutral observers here of the same fact. They were appointed to settle the dispute between the Dutch and the Republicans, but were certainly not supposed to take sides. I will tell you more about this when I see you.

As to the Republicans. Soekarno is an opportunist, a glib charlatan, a spellbinder. His cabinet impresses you as a bunch of school boys trying to act grown-up. They don't know what in the Hell it is all about. They gave me a copy of their "fine year plan" (which is attached to our official report) and it is just so much gibberish.

Soekarno was a very definite collaborationist with the Japanese. Every one admits this but the Good Office Boys sort of shrug it off with "So what. Other collaborationists are running governments which the U. S. recognizes."

A Dutch factory owner showed me a wall of his factory, that while the Republicans had possession of his factory, had a picture on it of Soekarno with a knife in his hand about to behead Roosevelt and Churchill who were on their knees before him.

Another factory owner (textile mill) said that when the Republicans were running his factory, they had 9000 men running 250 looms, and the present management now has five hundred men running 1000 looms, and the present management now has five hundred men running 1000 looms. It is estimated that generally speaking the Dutch are about ten times as efficient as the Indonesians. Also without the guidance of the Dutch or Americans, the Indonesians are completely helpless or just work one or two days a week and then rest the remainder of the time.

The Japanese while here fanned the flame of independence and Nationalism, as well as hatred of the white race. The Republican leaders are, therefore, ranting about Freedom and Independence and say that the land belongs to them. The fight really boils down as to who will actually hold the power. If the Dutch do by means of their army, I believe that they can restore law and order and can gradually turn over the islands to the Indonesians, but it will take time and a lot of training. They are not ready for it yet, and if they succeed in taking over now, I shudder for the investments of the Dutch and Americans because I am very fearful of economic chaos if the present Republican Government assumes control.

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I could write for hours on this subject but will stop and tell you more when I see you.

Best regards -

Gene

(letter received in Washington July 23, 1948)

OFFICE MEMORANDUM

TO: Miss J.B. Costello

DATE: July 19, 1948

FROM: W.L. Ayers *WLA*

SUBJECT:

I am attaching herewith the list of banks and officers thereof in the Netherlands East Indies. This list was supplied by the Netherlands Resident Commissioner in New York. Mr. Black had suggested that I try to obtain such a list.

While we have added these names to the Bank's mailing list, it occurs to me that Mr. Black, upon his return, might wish to have the individual names for reference.

NEDERLANDSCH-INDISCHE ESCOMPTO MAATSCHAPPIJ N.V.
Binnen Nieuwpoortstraat
hoek Javabankstraat.
B A T A V I A.

RAAD VAN COMMISSARISSEN: (BOARD OF DIRECTORS)

H. H. Kan.
Mrs. J.G. Krijger
M. Neumann.
A. F. Vas Dias
G. de Voogt
M. de Vries Foltynski.
C. C. Zeverijn.

DIRECTIE: (Management:)

G. J. Govaars Jr.
R. F. Bokelmann. Directeuren
B. Koetsier....
F. H. Pino.... Onderdirecteur.

RAAD VAN TOEZICHT VOOR DE KANTOREN IN NEDERLAND:
(Board of Supervision the Offices in the Netherlands.)

J. Stroehach.
L. J. Harmsen.
P. W. Janssen.
Jhr. Mr. B. C. de Jonge.
Prof. H. A. Kaag.

DIRECTEUREN VOOR NEDERLAND: (Management for the Netherlands)

J. D. J. Roos
Prof. G. A. PH. Weijer.

HOOFDKANTOOR BATAVIA : (Head Office Batavia:)

W. L. BruinsmaInspecteur
J. C. van Meurs Agent Buitenland
L. J. Bleeker Procuratishouder
Mr. A. J. Schneyder Procuratishouder
Mr. H. H. J. de Vries Secretaris.

AGENTSCHAPPEN IN NEDERLANDSCH-INDIE:
(Agencies in the Netherlands Indies)

BANDOENG	-	BATAVIA	-	BUITENZORG	-	CHERIBON ')
DJOCJA ')	-	MAKASSAR	-	MAGELANG ')	-	MEDAN
MENADO	-	PADANG	-	PALEMBANG ')	-	POERWOKERTO ')
SEMARANG	-	SIBOLGA ')	-	SOERABAJA	-	TEGAL
TBLOK-BETONG ')	-	TJILATJAP ')	-	WELTEVREDEN ')		

') Nog niet heropend. (Not yet reopened)

AGENTEN EN PROCURATIEHOUDERS:
(Agents and Authorized Persons)

C. L. Arnold	H. D. Hoving	H. Th. Mulie.
M. H. E. Banens	J. Kleiboer.	F. H. Mathert.
A. J. Blok.	W. O. Koning	H. L. van Oosten
H. S. van der Blom	H. Kooper Jr.	L. B. M. Rottier
Mr. W. Boegheim.	L. J. Krak.	J. B. Scholte
E. G. von Faber	J. Kuiper.	J. C. Strohach
CH. E. Flinkerbusch	W. K. Kuipers.	A. F. Toonen
W. van Gelseuken.	K. G. Leffevre.	Mr. W. F. de Vaynes
R. B. Govaars.	C. J. Limpers.	Van Brakell Huys
A. H. Gijsberts	M. Meyn.	E. Fitz Verploegh.
W. F. del Campo Hartman.	J. W. Mokken.	G. C. Vrint.
F. O. Hordijk		

VESTIGINGEN IN NEDERLAND:
(Offices in the Netherlands:)

AMSTERDAM:

'S-GRAVENHAGE:

Procuratiehouders:

J. P. Kilsdonk.	J. H. Johans.	H. H. van Delden.	Agent
G. Remmert.	J. G. Velder.	G. J. Haccou.	
A. Thomas	A. L. Gallis.	J. C. van Rijn	Procuratie-houders.
G. M. Thoolen.		H. L. Smit.	

ALGEMEEN VERTEGENWOORDIGER IN NEW YORK:
(General Representative in New York:)

.....
Mej. M. C. Gersae Assistente. (Assistant)

NEDERLANDSCH HANDEL--MAATSCHAPPIJ, N.V.
Vijzelstraat 32,
AMSTERDAM

BATAVIA (FACTORIJ)	K. F. Zeeman C. J. Schaap, C. F. H. de Vries, J. A. F. van Weezel Errens,	President Lid Bankzaken Lid Cultuurzaken Secretaris;
SOERABAJA:	J. Schenk,	
MEDAN:	Jhr. C.A.L. van der Wijck W. C. Meynen,	
SEMARANG:	A. de Koning	
PALEMBANG:	C. W. Funke	
BANDOENG :	K. J. L. Hondius,	
MAKASSAR:	C. B. H. Loeff	
PONTIANAK:	G. J. Stikkel,	
Bandjermasin:	J. K. van der Stel,	
DJEMBER:	G. A. Coronel,	
PEMANGKAT/SINGKAWANG:	H. J. Kleyn	
BANJOEWANGI:	H. J. N. van Reenen,	
CHERIBON:	L. de Zeeuw,	
DEN PASAR:	G. A. Schotel,	
SINGARADJA:	W. van den Horn,	
SOEKABOEMI:	W. H. Lesueur,	
TEGAL:	A. W. van SCHOOR,	

28 MEI 1948

NEDERLANDSCH INDISCHE HANDELSBANK, N.V.
Gevestigd te Amsterdam (Head Office: Amsterdam)
Singel 250

Directeur van het Hoofdkantoor voor
Nederlandsch-Indië te Batavia:
(Manager of the Head Office for the
Netherlands Indies in Batavia):

C. J. ENDERT

Plaatsvervangende Directeuren:
(Deputy Managers:)

H. J. KNOTTNERUS (met vacantie)

H. E. MOQUETTE

H. H. WIEBOLS (waarnemend)

Secretaris: (Secretary:) Mr. M. H. Smith.

AGENTE N: (Agents:)

BATAVIA:

T. VAN GULIK

J. J. DIJKSTRA

F. C. VAN DER VLIET

SOERABAJA:

J. F. FAUBEL, Sub-Agenten: (Sub-Agents:) H.A. Bimendijk
M.L.M.A. BOSSE

SEMARANG:

M. A. NOLTHENIUS DE MAN

BANDOENG:

W. J. OLIEMANS

MALANG:

K. KUIPERS.

CHERIBON:

J. P. VAN BENTEM

PROBOLINGGO:

J.C.M. SCHUURMANS

AMPENAN:

H. J. M. ZEEGERS

MEDAN:

J. FRANSE

PALEMBANG:

D. J. VREEKEN

BANDJERMASIN:

H. SARDEMAN

PONTIANAK:

JHR. H. VAN DER WIJCK

MAKASSAR:

G. J. BONAS

NAAM: DE JAVASCHE BANK, N.V.

ADRES: Binnen Nieuwpoortstraat, BATAVIA.

Gouvernementscommissaris: (Government Commissioner) P. J. Gerke

COMMISSARISSEN: (Board of Directors:)

C. C. Zeverijn
J. F. A. Hendrik
A. F. Vas Dias
D. Bijl
Ir. Darmawan Mangoenkoesoemo

DIRECTIE: (Management:)
Dr. R. E. Smits,
H. Teunissen
P. Spies,
G. H. den Hertog
Jhr. Mr. L. H. L. de Stuers

President
Directeur, 1e plv. President
Directeur, 2e plv. President
1e plv. Directeur
2e plv. Directeur

HOOFDKANTOOR TE BATAVIA: (HEAD OFFICE IN BATAVIA:)

Inspecteur: (Inspector)

H. L. E. S. Binnendijk

Afdelingschefs: (Division Heads:)

Afd. Algemeen Beheer: (General Management):
Economisch-Statistische Afd.: (Economic
Statistical Department):

Mr. F. H. Parmentier

Afd. Buitenland: (Foreign Department):

Drs. G. A. Kessler

" Wisselzaken: (Draft "):

P. A. van Garderen

" Deviezenfonds: (Exchange Control):

D. F. W. Langelaan wnd.

" Effectenzaken: (Brokers)

J. van der Meer

" Centr. Boekhouding: (Central Bookkeeping):

E. A. P. Klein

" Kas & Boekhouding: (Cashier & Bookkeeping):

J. Z. Mews

" Secretarie: (Secretary):

J. Z. Mews

" Personeelszaken: (Personnel Department):

H. H. Verhoeff

" Productenzaken: (Production Dept.):

J. G. J. Wagener

" Chef ter beschikking:

S. F. van Musschenbroek

Mr. J. J. Sirks

HOOFDAGENTSCHAP MAKASSAR: (Head Agency, Makassar):

Hoofdagent: (Head Agent): J. Koning wnd.

AGENTSCHAPPEN OP JAVA: (Agencies of Java):

BANDOENG: Agent: J. van Hasselt

CHERIBON: " : M. Plantema

MALANG: " : I. H. J. Poutsma

SEMARANG: " : E. H. Ter Bruggen Hugenholtz

SOERABAJA: " : P. W. Best

AGENTSCHAPPEN OP SUMATRA: (Agencies of Sumatra):

MEDAN: Agent: R. W. G. B. R. Wagner

PADANG: " : W. Ch. van Slooten

PALEMBANG: " : J. M. Palm

AGENTSCHAPPEN OP BORNEO: (Agencies of Borneo)*

BANDJERMASIN: AGENT: J. G. Wallis de Vries

PONTIANAK: " : L. Swaan wnd.

AGENTSCHAPPEN OP CELEBES: (Agencies of Celebes)†

MAKASSAR (Zie Hoofdagentschap Makassar)

MENADO: AGENT: P. Bakker

Netherlands Railways

Ir.F.Q. den Hollander
President

14th July 1948.

Nr. Ch.A.A.:13178.

H.Albarda Esq.,
Vijzelstraat 32,
A M S T E R D A M.

Dear friend,

As you recently told me you will be meeting Mr.Black of the International Bank next week. Should you have an opportunity to obtain further information about the under-mentioned affair on that occasion, I should be greatly obliged.

According to information received, the International Bank was to issue a loan of \$ 75 million in the frame-work of the Marshall Relief Plan for Europe for strictly productive purposes. I have not succeeded in ascertaining, whether it will be indeed a loan in dollars or whether part of this loan might be raised in European currency. Neither do I know which are the terms of refund and it is particularly on these points I should like to be informed, before consulting the Ministry of Finance and the Netherlands Bank on the question if part of these loans might perhaps benefit the financing of the reconstruction of our industry.

As you know the reconstruction of the railway-industry requires investments up to very considerable amounts but particularly because such a great part of the rolling-stock has been stolen and numerous other parts of our equipment have been destroyed, we are now in a position to modernize our industry with the reconstruction and it stands to reason that the replacing of obsolescent steam-power by modern electric power will enable us to obtain considerable economies in the industry. Naturally the improvement of the railway-traffic and the increase of the speed to the pre-war level considerably contributes to the restoration of normal conditions in our country and is consequently an effective contribution to the reconstruction of our country and of our producing capacity. Many new plans for industrializing too depend on the existence of a well-functioning transport-apparatus. Surely the investments to be made in our industry must be considered a productive contribution to the general reconstruction of our country. Besides these investments offer considerable economic advantages to our industry, as these new investments will effect savings in the working-expenses, which are considerably higher than the additional charges of interest and redemption which come to weigh upon our industry by these new investments. Profound

- researches -

No. Ch. A. A. : 13178.

H. Albarde Esq.,
Vijzelstraat 32,
AMSTERDAM.

researches have shown that the electrification, the modernizing of the signal-system and the improvement of the superstructure too will yield considerable economic advantages and we are no doubt able to prove the rentability of these investments in every respect. As you know our industry is carried on in the form of a Limited Liability Company, but all shares being in the hands of the Government, we depend on the financial position of our country as far as the financing of the reconstruction is concerned. This equally holds good for the supply of the necessary means in guilders and the supply of the foreign exchange required. We would do everything possible - and we trust to obtain the co-operation of the Government for this - to make the financing of the reconstruction of the Railways independent of the financial position of the country in the next few years. It goes without saying, that this needs the raising of large loans. So if a way could be found to secure a loan of the International Bank for this reconstruction-work, it would be of great value to us.

In this whole affair however one great difficulty presents itself. A considerable part of our investments compels us to place orders on the European Continent; a proportionally smaller portion requires orders in America. Of course our industry has no foreign currency of its own and consequently the Government would have to guarantee the transfer of interest and redemption of a possible loan. Surely they will not be prepared to issue such a transfer-guarantee in dollars if an considerable portion of the loan is intended for financing imports from countries with soft currency. In view of this circumstance it would be much more attractive to us, if we could contract loans by the International Bank in the currency in which we have to pay our orders. If these would be loans with a long currency, a real relief of our foreign exchange position would be reached by this and on that base the Government's co-operation concerning a transfer-guarantee for interest and redemption could probably be obtained.

So you would do me a great favour if you could discuss this whole affair with Mr. Black, so that at any rate, we are provisionally informed about the possibility before taking further steps with the Netherlands authorities.

I write this letter in English to you, that you will if necessary be able to produce a copy of this letter to Mr. Black.

With kind regards,

Ir. F. Q. den Hollander.



Record Removal Notice

File Title Records of President Eugene R Black - 1948 Travel - Travel 01 - Indonesia	Barcode No. 1769199
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Document Date Jun 7, 1948	Document Type Letter
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Correspondents / Participants
To : Mr. Eugene Black, U.S. Executive Director
From : Le Gouverneur

Subject / Title
Invitation for a meeting

Exception No(s).

1 2 3 4 5 6 7 8 9 10 A-C 10 D Prerogative to Restrict

Reason for Removal
Communications of Executive Directors' Office

Additional Comments

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Withdrawn by Vlada Alekankina	Date Aug 9, 2010
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12

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CIA. WILBUR-ELLIS PERUANA S. A.
LIMA, PERU

June 7, 1948

Mr. L. J. Francisco
Connell Bros. Co.
Wilson Building, Room 505
Manila, P. I.

Dear Pancho:

This will introduce my good friend Eugene R. Black,
Executive Director of the International Bank for
Reconstruction and Development and the American
Representative of same.

Mr. Black, I am sure, will enjoy some of your usual
Manila hospitality, and my only regret is that I
shall not be there with both of you.

Sincerely,

Drayton Wilbur

BW:wa



Record Removal Notice

File Title Records of President Eugene R Black - 1948 Travel - Travel 01 - Indonesia		Barcode No. 1769199		
Document Date May 20, 1948	Document Type Letter			
Correspondents / Participants To : Mr. Eugene Black, U.S. Executive Director From : H. J. Manschot				
Subject / Title Personal Letter				
Exception No(s). <input type="checkbox"/> 1 <input checked="" type="checkbox"/> 2 <input type="checkbox"/> 3 <input type="checkbox"/> 4 <input type="checkbox"/> 5 <input type="checkbox"/> 6 <input type="checkbox"/> 7 <input type="checkbox"/> 8 <input type="checkbox"/> 9 <input type="checkbox"/> 10 A-C <input type="checkbox"/> 10 D <input type="checkbox"/> Prerogative to Restrict				
Reason for Removal Communications of Executive Directors' Office				
Additional Comments		The item(s) identified above has/have been removed in accordance with The World Bank Policy on Access to Information. This Policy can be found on the World Bank Access to Information website.		
		<table border="1"><tr><td>Withdrawn by Vlada Alekankina</td><td>Date Aug 9, 2010</td></tr></table>	Withdrawn by Vlada Alekankina	Date Aug 9, 2010
Withdrawn by Vlada Alekankina	Date Aug 9, 2010			



Record Removal Notice

File Title Records of President Eugene R Black - 1948 Travel - Travel 01 - Indonesia	Barcode No. 1769199
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Document Date May 16, 1948	Document Type Letter
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Correspondents / Participants
 To : Mr. Eugene Black, U.S. Executive Director
 From : Lucius D. Clay, General, U.S. Army, Commander-in-Chief

Subject / Title
Personal Letter

Exception No(s).

1
 2
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 9
 10 A-C
 10 D
 Prerogative to Restrict

Reason for Removal
Communications of Executive Directors' Office

Additional Comments

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Withdrawn by Vlada Alekankina	Date Aug 9, 2010
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Record Removal Notice

File Title Records of President Eugene R Black - 1948 Travel - Travel 01 - Indonesia	Barcode No. 1769199
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Document Date May 14, 1948	Document Type Letter
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Correspondents / Participants
To : Mr. Eugene Black, U.S. Executive Director
From : De Burgemeester Van Amsterdam

Subject / Title
Decision on a building for IBRD

Exception No(s).

1 2 3 4 5 6 7 8 9 10 A-C 10 D Prerogative to Restrict

Reason for Removal
Communications of Executive Directors' Office

Additional Comments

The item(s) identified above has/have been removed in accordance with The World Bank Policy on Access to Information. This Policy can be found on the World Bank Access to Information website.

Withdrawn by Vlada Alekankina	Date Aug 9, 2010
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Record Removal Notice

File Title Records of President Eugene R Black - 1948 Travel - Travel 01 - Indonesia	Barcode No. 1769199
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Document Date Apr 19, 1948	Document Type Letter
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Correspondents / Participants
To : Mr. Eugene Black, U.S. Executive Director
From : Dr. A. Treep

Subject / Title
Recommendations and resumes of a couple of physicians

Exception No(s).

1 2 3 4 5 6 7 8 9 10 A-C 10 D Prerogative to Restrict

Reason for Removal
Communications of Executive Directors' Office

Additional Comments

The item(s) identified above has/have been removed in accordance with The World Bank Policy on Access to Information. This Policy can be found on the World Bank Access to Information website.

Withdrawn by Vlada Alekankina	Date Aug 9, 2010
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ATTACHMENT NO. 14

THE STATE'S PARTICIPATION IN THE ECONOMIC
RECONSTRUCTION OF INDONESIA IN 1947

Those who wish to have an accurate notion of the economic structure of Indonesia may not lose sight of the fact that this island empire consists of areas whose economic development varies greatly. By far the most important item in this system is its agriculture, as will be evident from the subjoined table indicating the gross value in 1938 of its agricultural production - both native and estate - as compared with the various other productions, separately for Java & Madoera and for the other islands.

Production	Covering	in millions of guilders	Totals
Food crops	Java & Madoera	559	828
	Other islands	<u>269</u>	
Commercial crops, native	Java	32	
	Other islands	<u>114</u>	
" " , estate	Java	175	504
	Other islands	<u>183</u>	
Cattle raising, other than draught animals		100	
Cattle raising, draught animals		<u>200</u>	300
Fishery	Java & Madoera	10	17
	Other islands	<u>7</u>	
Forestry	Java & Madoera	10	20
	Other islands	<u>10</u>	
Industry	Mechanical industry	170	430
	small industry	150	
	home industry	<u>110</u>	
Mining		<u>280</u>	280

Recent figures are not as yet available, but even so it may be assumed that the relative values have mainly remained the same as they were before the war. These figures show that Java & Madoera, with an area of only 7% of that of Indonesia as a whole, relatively have the greatest share in the economic activity of this archipelago. One must take into consideration that Java & Madoera together have a population of roughly 48 million souls, the other islands having a population of about 24 million inhabitants. It is this great difference in economic development, together with its predominantly agrarian adjustment, that calls for active Government guidance, both centrally and for the States individually, if not as an essential condition for the development of any latent economic resources.

In this article we give a short survey of the State's participation in the development of this island empire and its organization, together with a comprehensive account of the economic situation, and finally certain data on the Government Services that aim at improving production.

AGRICULTURE

Government participation

The Government Agricultural Service, under the Department of Agriculture and Fishery, takes care of all matters relating to the agriculture, horticulture, and interior fishery of the native population, to scientific agriculture research, to the control over the imports and exports of plants, seeds, and fruit, and to the protection of crops against disease. This Service covers such institutes as the General Agricultural Experiment Station, the Agricultural Extension Service, and the Interior Fishery.

The Agricultural Extension Service was gradually reorganized after the war, so as to be adapted to the new politico-economic structure. This extension Service, insofar as it aims at providing useful agriculture information to the native population, consists mainly of propaganda and of experiments carried out in direct contact with the peasantry. This is effected through individual advice, joint discussions, agricultural courses for adults, educational efforts with reference to agriculture including also agricultural instruction, agricultural periodicals, exhibitions, pamphlets, lectures (preferably with lantern slides), films, theatrical performances, horticultural competitions, propaganda for establishing agricultural associations, and advice with reference thereto, demonstration plantings, experimental farms, seed farms, and to the provision of adequate planting material, manures, implements, etc., the fighting of diseases and pests, advising on credit requirements, matters pertaining to irrigation, the sale of produce, etc.

When in 1947 the Agricultural Extension Service was reorganized, its first care was the food production. In all regions the food position and production was carefully observed, so that any likely food shortages could at once become apparent, thus making it possible to take timely measures. It was especially in the eastern part of the archipelago that favourable results were obtained, there having been complete cooperation between the population and the Government Services: in this way a difficult food situation could readily be dealt with.

Everything was done, especially in Java which is the most densely populated of all the islands, to have the food production approximate its prewar level. It was endeavoured to make good the great shortage of agricultural implements, planting material, artificial manure, and material for fighting diseases and pests.

Much was done towards improving the irrigation. Necessary repairs were made on reservoirs and conduits, whilst effective planting regulations were issued.

In addition the Section of Agricultural Instruction and Information takes care of the agricultural tuition, supervising the already existing agricultural schools and their expansion, keeping in contact with the Department of Education with reference to all matters pertaining to agricultural tuition, and making a study of methods to be used in supplying agricultural information, advising the Agricultural Extension Service of its findings.

The Section of Horticulture investigates, collects, and works up data on horticultural matters, and gives advice on these subjects. It also promotes apiculture.

The Section of Interior Fishery, finally, provides information on fresh water fishery (in rice fields, ponds, rivers and lakes) and on the brackish water fishery (in constructed ponds called "tambak"), collects data pertaining hereto, and investigates the various technical and economic possibilities in this connection.

There is close cooperation with the Public Health Service, so as to arrive at a hygienic exploitation of the existing fresh, brackish, and salt water ponds, especially with reference to fighting malaria.

Agriculture in Indonesia

In Java, which is specifically agrarian, roughly 3/4 of the population is directly concerned with agriculture, the proportion being even larger if we include also those whose livelihood is indirectly related to agricultural pursuits.

Of the total area of Java and Madoera, 13,217,400 hectares, nearly 8 million ha is under native cultivation (of which 3.4 million ha in rice fields and 3.1 million ha of unirrigated soil on which various other native crops are grown) or is used for inland fishery; roughly 1 million ha is devoted to estate agriculture, whilst fully 3 million ha is covered by Government forests. These figures are specified in somewhat greater detail in the following tables.

TABLE I Exploitation of the soil in Java & Madoera in 1940

I. Native agriculture and inland fishery	<u>Area in hectares</u>
A. Native agriculture	
1. In permanent use (by virtue of Indonesian rights to the soil and of hereditary long lease tenure of those residing on private lands, including also the grounds in intermittent use in the Principalities):	
a Irrigated rice fields	3,380,300
b Unirrigated grounds (including also fresh water fish-ponds, native compounds, and nipah forests)	4,533,400
2. In temporary use (without legal Indonesian title):	
a On private lands and long lease tenure plots:	
irrigated fields	4,000
unirrigated soil (including house compounds)	8,800
b On forest reserves:	
unirrigated grounds (including house compounds)...	1,500
3. On rented Government grounds (used for "huma" cultivation in the Bantam area)	117,400
Total	<u>8,045,400</u>
Temporarily relinquished for estate agriculture:	
a rented out in 1940 by virtue of the Ground Rent Ordinance	89,600
b under cultivation in the Principalities in 1940	<u>30,600</u>
Total for native agriculture	<u>7,925,200</u>
B. Brackish water fish ponds	69,300
Total for native agriculture and fishery	<u><u>7,994,500</u></u>

TABLE II

Estate Agriculture

		<u>Area in Hectares</u>
II. Estate agriculture (including small farming and horticulture, and also the Government Agricultural Estates)		
1. Permanent agricultural estate grounds:		
a	still unexploited	177,500
b	under cultivation	963,600
2. Temporarily exploited estate grounds:		
a	rented from the native population (1840)	89,600
b	intermittently cultivated in the Principalities ..	30,600
Total		<u>1,261,300</u>
3. Relinquished to the native population:		
a	permanently (inhabitants' long lease tenure rights on private lands, included in the areas under I A 1 a & b	265,200
b	temporarily (private lands and long lease tenure grounds)	<u>12,800</u>
Total for estate agriculture		<u><u>983,300</u></u>

TABLE III

Government Forests

		<u>Area in Hectares</u>
a	Teak forests	828,300
b	Other forests to be maintained	1,943,800
c	Other forests not requiring maintenance	345,000
Total		<u>3,117,100</u>
in use by the population		1,500
Total Government forest area		<u><u>3,115,600</u></u>

TABLE IV

Other Grounds

		<u>Area in Hectares</u>
Not yet specifiabile (buildings, towns, market places, graveyards, roads, lakes, rivers, free crown lands not pertaining to the regular Government grounds, etc.)		<u>1,124,000</u>
Total geographic area		<u>13,217,400 hectares</u>

The other islands are much more thinly populated and it is estimated that 2/3 of their area is covered with forest. Commercial crops, however, are more intensively cultivated than they are proportionately in Java. Also there is a greater proportion of unirrigated rice cultivation, as compared with the irrigated rice crop, than there is in Java.

Part of the commercial produce comes from agricultural estates that are being financed with western capital. Copra and kapok are mainly native products, as is tobacco in so far as it is destined for native consumption, whereas the tobacco for export is mostly grown on western estates. In the case of rubber and coffee the proportion is one-half, tea is grown for 2/3 on western estates, whilst sugar, palm oil, fibre, and cinchona are almost exclusively estate products.

Total plantings of commercial crops in 1937
in 1000's of hectares

	<u>Estate crops</u>		<u>Native crops</u>		<u>Totals</u> (approximate figures)
	Java	Other islands	Java	other islands	
Coconuts	7	43	600	200	1,850
Rubber	230	338	15	681	1,264
Coffee	90	17	23	100	230
Tobacco	29	13	150	30	222
Tea	104	34	50	-	188
Kapok	23	1	150	20	194
Sugar	84	-	11	-	95
Palm Oil	1	82	-	-	83
Fibres	15	16	-	-	31
Cinchona	15	2	0.5	-	17
Total	<u>598</u>	<u>546</u>	<u>1,000</u>	<u>2,000</u>	<u>4,150</u>

These figures indicate that the estate production has a considerable share in the total area cultivated. If, however, we compare the total statistical export value of the estate production with that of the native-grown production it will be evident that in 1938 this value for the estate production of the whole of Indonesia was f.267 million, as against f.169 million for the native-grown products, which figures clearly show that the estate production represents a very considerable proportion of the economic value of Indonesia.

Due to the Japanese occupation and the subsequent political difficulties in Indonesia enormous damage has been done to the production apparatus of its agriculture, both through neglect and through destruction. The total war damage suffered by the agricultural enterprises in this archipelago, comprising damage caused during and after the war as a result of stubbing, neglect, injudicious maintenance of plantings, and also damage to buildings, factory equipment, transport material, etc., amounts, in rough prewar figures and values, to between f.600 and f.700 million.

To reconstitute all estates and factories to their prewar condition it would require - on the basis of this amount and taking into account the increased wage level, the higher prices for materials, etc. - an outlay of between f.1.2 and f.1.5 milliard (in post-war devaluated guilders). In the case of a few specific productions, however, it will not be necessary to increase the number of factories or the planted area again to their prewar level, seeing that the prewar production level can be attained with fewer factories (sugar) or with the planting of smaller areas (tea, cinchona).

FISHERY
Sea Fishery

The Government Services established to promote sea fishery are gradually being extended. Early in 1946 a Sea Fishery Service for East Indonesia was inaugurated at Macassar, and this Service is now completely organized except for the necessary increase in personnel both in executive and in minor capacities.

Fishery stations have been established at Macassar, Ambon, and Aertembaga (Minahasa, North Celebes), whilst further stations have already been projected for Boeton, Ternate, Sorong, Manokwari, and possibly Biak.

A central service has been organized for the distribution of fishery materials, having already distributed in 1946-1947 netting yarn, hooks, and other items to a value of roughly f.2.5 million.

The result has been that the production of sea fish has been greatly enhanced, whereas in 1940 Macassar dispatched about 980 tons of dried salt fish, this export in 1947 had increased to fully 2,300 tons.

In many fishing centres the prewar level of production has already been exceeded, whilst also the tunny fishery of Manado and its environments (where formerly the Japanese used to fish) has again attained its prewar production.

It was not until quite recently that the fishery in the more western parts of the archipelago could be properly re-established, but it will take several years before the prewar level shall have been attained. Nevertheless, a vigorous beginning has been made with the distribution of fishery material.

The revival of the fishery is in large measure dependent upon the building of fishing boats and transport craft. To this end a shipyard has been established on the island of Boeton whence towards the end of this year the first vessels will be delivered, mainly intended for tunny fishing about Manado, Ternate (Morotai), Sorong, Geelvink Bay, but also for the fishery around Ambon and Boeton. In the course of 1948 - 1951 it is anticipated that about 40 of such craft will be completed.

Also fish carriers are to be built: they are to open up convenient and cheap transportation between the more remote fishing centres. At this time about 15 possible routes are being considered, covering the entire archipelago, but the execution of these plans will take at least another couple of years.

To promote the trade in dried fish a gathering place is being built at Macassar where the fish can be stored and dried more adequately.

Fresh and brackish water fishery

Another important item is the interior fishery, comprising as it does all fishing and fish breeding within the coast line, primarily in connection with the people's food supply (since this form of fishery is engaged in everywhere in the interior of the Indonesian islands), but also with reference to the export possibilities. It is quite impossible to submit a somewhat accurate estimate of the total production, since no idea can be adumbrated of the extent of the so-called fishing areas (lakes, marshes, rivers) of which the largest are to be found in Central Borneo and in South Sumatra, but which comprise also all waters, locations, ditches, etc., throughout the various islands. It may here be stated that the population is always interested in fish as a food that often constitutes a considerable item in the daily menu. There are great possibilities in this respect, as has been proved, for example, in the region of the Tempe lakes in Celebes where, by applying appropriate measures, the export production of conserved fish was increased from 3 tons in 1937, to 5,000 tons in 1941. There was a considerable production decline during the Japanese occupation, so that the export in 1945 was only 58.8 tons, but upon the conclusion of the war this fish exportation again increased rapidly, it having amounted in 1946 to 2.817 tons.

A study is now being made of the large marsh-lakes in Borneo, concerning which the preliminary findings already indicate that, though the native population generally engages in fishing, it does so almost exclusively for local consumption. This is evidenced, for example, by the shipments of fish from Bandjermasin in 1947, when

this amounted to only 1.9 million kg, though the fishing grounds in that area extend over several millions of hectares. In the more populous regions, as for instance in Java, the catch will be smaller, but also here all sorts of aquatic animals are being eaten by the population.

Besides these natural fishing grounds where man cannot increase the actual fish production, there are large areas where pisciculture is largely practised and where man within limits is able to promote the fish production and cause it to follow certain definite lines. In these instances it is a somewhat simple matter to estimate the yield.

This form of fishery comprises breeding in fish ponds and in irrigated rice fields. Mainly along the north coast of Java, the south coast of Madoera, and in South Celebes there are series of "tambak" or brackish water ponds whose combined area exceeds 100,000 ha. They are estimated to average an annual production of from 15 to 20 thousand tons of "bandeng" (Chanos-chanos F.) and 3,000 tons of shrimps, with important by-products of other fish and aquatic animals such as crabs, whose production can not very well be estimated.

Fish is also bred in fresh water ponds. These are to be found in nearly every native village, though no special method of cultivation is being followed. But there are also regions where there is considerable pisciculture in a more commercial sense and where whole series of fresh water fish ponds are laid out. The production cannot be estimated and can only be guessed at. The main purpose here is to point out that the native population is actually interested in fish breeding.

Fish is also bred in irrigated rice fields, and this form of pisciculture is largely practised in West Java where during certain periods of the year fry is introduced and left to grow up. The total area of such fish producing rice fields is unknown, but was estimated in 1940 at 30,000 ha only for West Java, the most typical region of this form of pisciculture. In view of the various methods employed in different parts it is difficult to estimate the actual fish production from such rice fields, but it may be assumed to range between one and two million kg per annum.

LIVESTOCK IN INDONESIA

Generally cattle is left to graze on pastures. In doing so, however, methods are often used that are detrimental to the soil. To counter this the cooperation is required of the Soil Conservation Service with which Service contact is also maintained with reference to grounds that are to be newly occupied (as in New Guinea, Timor, and South Celebes). Pastures to be reserved or laid out in areas where agriculture and cattle breeding should be intensified, are subject to the approval of the Agricultural and Forest Services. Wherever the relative value of the available pasture land is considerable, care must be taken that, when this area is being reduced, this be done in such manner that it entails no damage to the livestock. It will therefore have to be accompanied by a proportionate increase of proper stable accommodation and adequate care.

The subjoined tabulation will indicate the extent of the livestock in 1947 as compared with the prewar year 1940.

	Quantity of livestock in 1,000's of units							
	Java		Sumatra		Borneo		East Indonesia	
	1940	1947	1940	1947	1940	1947	1940	1947
Horses	219	175	36	29	0.5	0.5	455	416
Oxen	3,588	2,691	382	284	31	30	599	553
Kerbaos	1,925	1,636	391	332	34	34	827	731
Goats	5,161	4,387	337	286	19	18	433	421
Sheep	1,780	1,513	43	36.5	2.1	1.8	65	59
Hogs	166	151	356	302	154	167	591	523

In considering these figures it must be remembered that exact figures were available at the end of 1947 for only a few areas, so that, in order to get a rough idea, the figures indicating the livestock available at the end of 1946 were taken, in which connection it may be noted that the figures for Borneo and East Indonesia are quite reliable. The figures for Sumatra and for Java are estimates made on the basis of information received, and may be somewhat excessive. At any rate, the livestock in the Republican areas has suffered greatly.

From various parts of Indonesia reports are received that indicate a shortage of draught animals, mainly oxen, but the necessary measures to make this good are now being taken.

Generally speaking there is no shortage of feed crops for cattle. Locally advice is given with reference to the improvement of feed and the planting of more nourishing feed crops. Measures taken in this respect prior to the war, especially with reference to the breeding of horses, oxen, kerbaos, goats, sheep, hogs, and poultry, could not be further pursued, through the outbreak of the war and the subsequent turbulence. But the measures referred to had made Indonesia entirely self-supporting as regards its livestock.

After the war the breeding of livestock was again diligently taken in hand, first in East Indonesia and Borneo, and subsequently also in the non-Republican areas in Java and Sumatra. Stud-horses were supplied in Lombok and in Manado, and bulls in Celebes and Borneo. At this time the livestock of Soemba, Timor, Bali, and Lombok are now almost at the prewar level, whilst a lively cattle market is beginning to develop, though as yet still handicapped by the shortage of cargo space.

This trade, which up to recently was mainly centered in Java, is now also extending to Banka, Billiton, Sumatra, and Borneo, whilst new methods for conserving meat are being investigated with a view to a better meat supply throughout the Archipelago.

Poultry breeders are being greatly assisted, whilst poultry and hatching eggs are to be imported from abroad.

Also measures are being taken to improve the dairy farming of this country and return it to its old level, it having practically been eliminated by the war and by the subsequent Republican disturbances with their scorched earth policy.

FORESTRY

The Forest Ordinance defines the task of the Forest Administration as being twofold, namely:

- a economic production, to supply an adequate amount of timber and other forest products, falling under the head of productive forest management;
- b improving wherever possible the hydro-orological, climatological, and hygienic functions of the forests, to be referred to as protective forest management.

Whereas the productive forest management, in addition to fulfilling its social task, endeavours to make the forests as remunerative as may be possible, the protective forest management is definitely a welfare service, which only involves expenditure. The general interest served is such that a permanent maintenance of these forests is required under all circumstances. Wherever this may be possible, it has been endeavored these past several years to have a proportion also of the protective forests made serviceable to a careful exploitation, more specifically to the local timber requirements.

The total forest area of Indonesia may be put at 125 million hectares and consists of a production area estimated at 30 million ha, and of a protective forest area of roughly 90 million hectares with an estimated quantity of 1,100 million cub.m. of timber. Obviously the State is actively concerned with the administration and the management of these forests.

To understand the significance of the Forest Service in Indonesia one must clearly distinguish between the area comprising Java & Madoera, where ever since 1860 an organized Forest Service has been at the Government's disposal, and the remainder of Indonesia, comprising Sumatra, part of Borneo, Celebes, the Lesser Sunda Islands, the Moluccas, and western New Guinea, where an organized Forest Service has been active only since the beginning of this century. We shall therefore deal with these areas separately.

Java & Madoera

The total area of Java & Madoera is 131,000 sq.km. of which at this time roughly 28,000 sq.km. is forest, that is to say 21%. A considerable proportion of this forest area is teak forest, the area of which in 1939 covered fully 8,000 sq.km. Teak (*Tectona grandis*) is native to Java in almost unmixed stands, and considering the excellent properties of teakwood for timber constructions, these forests for centuries past have been of industrial importance.

The fact that these teak forests are mainly to be found in Java & Madoera, the most densely populated islands of the Indonesian archipelago, has caused their exploitation to be without difficulty with reference to the labour required. Also in the course of the latter half of the past century a fairly close railway net was laid out in Java, so that transportation from the forest to the large centres of population and to the ports along the coast, constituted no problem.

All these factors made it possible for the forest exploitation of Java to develop intensively in the latter half of the 19th and the first half of the 20th century, under the supervision of well schooled personnel educated at European universities.

Whereas the teak forests mainly cover the lower hill territory in eastern

Middle Java, a greater forest area in Java is that of the hills and mountain slopes. These forests consist of many varieties of shade trees that are of great importance to the water economy of the island. This is of special significance in view of the fact that in Java the population applies mainly the "sawah" or irrigated rice cultivation, in view of which the Irrigation Service has projected great irrigation systems in the various regions where such rice is being grown. This will evidence the great significance of the mountain forests for the population; the Netherlands Indies Government readily understood the importance of these mountain forests and took measures to have them left intact.

In 1939 the wildwood forests covered an area of roughly 23,000 sq.km. so that, together with the teak forests, the total forest area of Java & Madoera would amount to about 31,000 sq.km. During the Japanese occupation, however, partly through inadequate supervision and partly also by order of the occupying authorities, approximately 3,000 sq.km. of valuable mountain forest was cut down, so that the present forest area is estimated at 28,000 sq.km. It need hardly be emphasized that this decrease in forest area does not favour the general welfare of this region.

The forest area of Java & Madoera is taken care of by 50 forestry sections, each of which has its own management. These forestry sections avail themselves of narrow-gauge railways which deposit the teakwood at certain railway centres.

The exploitation of the teak forest areas is carried out in accordance with the so-called "emptying" method, this being the most appropriate form of exploiting this kind of forest. Wherever a site has been "emptied" in this way, new teak saplings are planted. In 1939 the annual teak plantings covered 130 sq.km., whilst in the same year also 100 sq.km. of new wildwood was laid out. During the last few years of the Japanese occupation considerable areas of "emptied" areas remained bare.

The total expenditure on the Java Forest Service in 1939 amounted to roughly f.8 million. This expenditure to a very considerable extent benefitted the local population in the form of wages. This will give an idea of the importance of this Service to the population, irrespective of the forests' protective action for the national economy, which it is difficult to express in actual figures.

Herewith some production figures:

The trees cut down in the teak forests in 1939 supplied:

timber	500,000 cub.m. (partly in the shape of thinnings)
firewood	1,000,000 st.m.

The trees cut down in the wildwood forests in 1939 supplied:

timber	45,000 cub.m.
Firewood	280,000 st.m.

Of both of these kinds of timber there was an additional production in 1939 of 20,000 tons of charcoal.

No production figures are available for the past several years.

The other islands

The area of the other islands is considerably greater than that of Java with Madoera. Whereas the area of Java & Madoera totals only 13,000 sq.km., that of the other islands totals roughly 1.8 million sq.km. They are, however, far less densely populated. This has been the cause that their economic development has only begun

in the course of the past few decades, and that the Forest Service is only now beginning to take a more intensive interest in this area.

In doing so, primary attention was directed towards establishing forest reserves. Although the areas beyond Java & Madoera are mainly covered with forest (the total forest area there amounts to 1,225,000 sq.km., representing 68% of actual forest), the very extensive form of agriculture in these regions, through which always new forest plots were cut down and forest grounds were being cultivated, caused the watering of certain areas to be impeded. Measures therefore were taken to protect the mountain forests in certain areas with a somewhat denser population in Sumatra, Borneo, Celebes, and the Lesser Sunda Islands, against this continuous reclamation, so that in the course of the year 1,130 sq.km. of mountain forest was indicated as reserve.

With reference to the composition of these forests, it may be stated that they contain no teakwood, except for some stands in South Sumatra (Lampung Districts) and in the islands of Moena and Boeton, to the south of Celebes.

The forests in the other parts of Indonesia (outside of Java & Madoera) are mainly composed of various kinds of timber in mixed complexes; uniform stands are rarely found. In the western section of the Indonesian archipelago most of the forest timber pertains to the family of Dipterocarpaceae, its main varieties providing valuable timber, whilst in the eastern parts of the archipelago Agathis and Eucalyptus varieties prevail.

It may further be mentioned that the Pinus Merkusii is found largely in north and middle Sumatra. This variety of timber, usually found in mixed stands in the hills, develops more especially where the forest limits are being pushed back by fires laid by the population. In places like this almost pure stands of Pinus Merkussi have developed in the course of the years, which trees of late have become of importance in connection with the production of resins and turpentine. It was found that the Pinus Mercussi was very useful in the reforestation of bare mountain slopes. The word "bare" here refers to areas that are without the more complex vegetation where, through the regular firing applied by the population, only high grasses managed to survive. Thus it was that the Forest Service was able to plant successfully the Pinus Mercussi in various hill regions of Sumatra, Java, Celebes, and the Lesser Sunda Islands.

Roughly speaking the forest contents of the islands beyond Java & Madoera can be classified into the following groups:

Hill forests	+ 500,000 sq.km.
Plain forests	$\frac{2}{3}$ 700,000 " "

whilst this latter category can be subdivided into:

- a. dry land forests
- b. marsh forests, and
- c. flood forests.

Whereas the mountain forests are of importance hydrologically, the low land forests, in so far as they are not too far removed from the coast or from navigable rivers, are of value for their timber production. Thus, for example, in the years preceding the Japanese invasion, the marsh regions along the northeast coast of Sumatra, adjoining the Straits of Malacca, were important centres of softwood varieties that were exported to Singapore. Here Chinese exploited Chinese coolie labour to effect this. The total timber cut in this area averaged a higher production that did the teak exploitation in Java. Moreover, the flood forests in this

region provided mangrove firewood and charcoal, shipped to Singapore.

There are also other areas in Sumatra that produce timber, especially South Sumatra, with Palembang as its centre, and the area around Medan.

In Borneo, along the east coast, there are a number of important areas producing timber, whilst after the second world war a considerable exploitation area developed along the wouth coast of Borneo (Sampit).

The very slight density of the population, as compared with Java, of this part of Indonesia creates labour difficulties. Recently it was endeavored to obviate this predicament by means of mechanical dragging which in most instances has proved successful.

In addition to these larger timber centres, the native population throughout the archipelago cuts timber for domestic purposes or for local sale.

According to the latest available data for 1940, the total timber exploitation of Indonesia, except for Java and Sumatra, amounted to:

Timber	1,350,000 cub.m.
firewood	1,000,000 st.m.
charcoal	290,000 tons

Besides timber, the forests in the areas beyond Java & Madoera produce also a considerable quantity of forest products whose total export value in 1940 amounted to:

rattan	to a value of	f.1,140,000
resins	" " "	" 2,554,000
gums	" " "	" 3,194,000
totalling		<u>f.6,888,000</u>

Copal, which is obtained from Agathis varieties, is one of the most important resins, since it is greatly in demand in the paint industry.

Of the gums, the most frequently obtained is "jelutung", from Dyera varieties, used by the chewing gum industry.

Considering the comparatively very limited areas in Java and Sumatra which in 1947 were under Netherlands control, no adequate exploitation figures can be submitted in this report of the actual situation now prevailing.

INDUSTRY

The prevailing economic measures, based upon the scarcity of goods, on the difficult foreign exchange position, and upon the considerable destruction suffered by the industry subsequent to the Japanese capitulation, combined with the political and financial difficulties of the moment, require a very active restoration policy on the part of the Section of Industry of the Department of Economic Affairs.

In 1930 Indonesia, a mainly agrarian country, counted amongst its 21 million workers about 14.3 million whose activities were primitive (mainly agricultural) and 2.2 million (Java 1.7 million, and elsewhere 0.5 million) workers in industrial occupations. Since that period the industry of this country, especially the factory industry, has increased, so that in 1940 the number of industrial workers amounted

to 2.8 million, most of whom (2.5 million, of which 2.4 million Indonesians) are engaged in the cottage industry and other small industries whose production is mainly for local use. Only about 300,000 workers can be considered as working in industries of western origin.

Efforts have obviously been made in this agrarian country, so very responsive to world market conditions and so densely populated, to find ways and means for industrial endeavour to become a more important factor in the prevailing economic system. Active propaganda to promote industry, even unto the most remote districts, exhibitions of native products at industrial fairs and periodical markets, combined enterprises on a cooperative basis, they all have had, be it on a still limited scale, favourable results. The primary purpose was to free the native worker from the dealer, usually Chinese, who managed to bind him with advances in cash and in goods, thus acquiring a predominant economic position which he did not fail to abuse.

Side by side with this industrial process in the native sphere there was the development of an agrarian export industry on a mainly western basis and financed by western capital. The subjoined table presents a survey of the agrarian industries as they existed in 1940.

Agricultural material worked up in 1940

Establishments	In Java & Madoera	In other islands	Total
Sugar mills	130	-	130
Rice mills	550	219	769
Tea factories	243	27	270
Coffee factories	86	64	150
Coffee and rubber factories	211	9	220
Rubber factories	206	285	491
Tapioca factories	155	1	156
Fibre plants	23	7	30
Sawmills	64	82	146
Kapok presses	71	10	81
Vegetable oil works	88	27	115
Essential oil factories	78	9	87

The war and the subsequent political difficulties have caused considerable losses to several of the groups above indicated, centred as they are to an extent of 50% in Java and of 40% in Sumatra.

Furthermore a quite important repair industry and self-activity have developed in Indonesia in relation to the agrarian industry above discussed. This factory industry, apart from a few assembling plants related to the small industry, is established on a western capitalistic basis. It has developed mainly since 1935. Of these establishments 2/3 are situated in Java. Statistical figures for some of these industries are submitted in the subjoined table, all of them for the year 1940.

Number of mechanical industries in 1940

	In Java	Elsewhere in Indonesia	Total
Printing works	212	56	268
Weaving mills	122	9	131
Public generating stations	57	58	115
Industrial " "	455	152	607
Engineering works	53	8	61
Machine repair shops	152	61	213
Ship repair shops	8	4	12
Railway and tram repair shops	10	4	14

One may obtain a general impression of the measure in which these industries were able to satisfy the local requirements from the following enumeration:

Industrial self-activity in 1939
in percentages

Margarine	40	Glassware	9
Biscuits	45	Tanneries	70
Confectionery	60	Footwear	60
Cigars	80	Other leatherwork	70
Cigarettes	92	Native umbrellas	38
Ferrous sulphate	80	Paper (free from wood)	27
Ready Paint	75	Cast-iron frying pans	90
Soap	72	Bicycles	35
Asbestos-cement plates	16	Flashlights	40
Textile goods	14	cigar lighters	80

Damage sustained and rehabilitation

Considerable damage has been caused to the industrial apparatus of this country through the dismantling and removal of factory equipment during the Japanese occupation, through neglect and inexpert manipulation, and through destruction during the political disturbances after the Japanese capitulation. A provisional estimate covering a number of industries indicates a total damage of f.597 million.

Meanwhile everywhere an energetic beginning has been made with the restoration of the production apparatus. Many machines, parts, and appliances must be purchased abroad. One must count on long-term deliveries (roughly one year) and this obviously delays the rehabilitation. There is moreover a great scarcity of schooled personnel.

The following table gives a survey of the actual capacity of the various industries at the end of 1947.

m Industrial Rehabilitation in January 1948

<u>Branch of industry</u>	<u>Percentage of prewar capacity</u>
Machine industry	40
Ice industry	35
Wooden shipbuilding	40
Paint industry	50
Graphic industry	50
Textile industry	30
Batik industry	30
Paper factories	35
Soap industry	40
Bakeries	60
Tobacco industry	60
Rice Mills	40
Coconut oil works	18
Margarine industry	280
Mineral water and syrup industry	50
Beer factories	120
Chemical industry	60

Rubber goods	50
Furniture industry	50
Packaging industry	40
Tanneries	30
Clothing industry	50
Earthenware and cement works	30
Glass industry	100
Repair shops	20
Incandescent lamp factories	35
Confectionery industry	20
Other industries	30

The underlying principle is that first of all the most urgent industries must recover. Only a proportion of the fancy industries (such as relate to cosmetic products) will be rebuilt, whilst the reconstruction of factories that were completely destroyed and which require entirely new investments in most cases will have to be considered later.

Financing the recovery

In connection with the recovery plan, which provisionally has been drawn up for 3 years, Indonesia will in large measure be dependent upon purchases to be made abroad. It is hoped to have the industry, which now works at roughly 50% of its prewar capacity, attain 70% of this capacity by January 1949, 90% by January 1950, and its full capacity again by January 1951.

To accomplish this in the coming years the following moneys should be available:

Year	For rehabilitation		For raw materials		Total	
	in millions of guilders	₹ share in millions of guilders	in millions of guilders	₹ share in millions of guilders	in millions of guilders	₹ share in millions of g.
1948	50	17.1	190	157.5	240	174.6
1949	50	17.1	260	179.9	310	179.0
1950	30	10.3	334	231.5	364	241.8
1951	-	-	380	257.2	380	257.2
Totals	130	44.5	1,164	826.1	1,294	870.6

PUBLIC UTILITIES: ELECTRIC POWER AND DISTRIBUTION

In brief outline the activities are divided as follows:

J A V A

West Production: Governmental (hydro-electric)
Distribution: Partly private (N.I.G.M.: Batavia, Cheribon) partly mixed (municipalities participating for about 1/3 in private company named GEBEO)

Central Production (hydro-electric))
Distribution) Private (ANIEM and affiliated companies)

East Production: for 95% hydro-electric by NIWEM (company in which Government and ANIEM Each hold 50% of the shares) for 5% diesel-powerplants: Private (ANIEM)
Distribution: Private (ANIEM).

S U M A T R A

Production: diesel - and steampowerplants. For the greater part private (N.I.G.M.)
Distribution: For the greater part private (N.I.G.M.)

B O R N E O

Production: dieselpowerplants. Private (ANIEM)
Distribution: Private (ANIEM)

C E L E B E S

Production: dieselpowerplants: for the greater part private (N.I.G.M.)
Distribution: for the greater part private (N.I.G.M.)

- - - - -

Installation costs of production- and distribution plant up till 1941: about N.I.f. 175,000,000.- (governmental and private) of which about N.I.f. 75,000,000.- written off.

Volume of the total business in 1941: about 500,000,000 kWh.

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PRINCIPAL PRIVATE UNDERTAKINGS.

In sequence of the extent of their interest in the power supply and distribution in Indonesia the following three companies represent more than 95% of the total private interests in the electric power business.

1. ANIEM (General Neth. Ind. Electricity Company).

Limited liability company, seated in Amsterdam; established 1909.
Nominal value of shares placed up till now: N.f. 25,000,000.-
Dividend 1930-1939 varying from 8 to 12 %; 9,6 % in average.
Quotation of shares on Amsterdam stock-exchange: highest in the past about 400%; just before outbreak of world war II: about 220% last year from 100 to 120 %. Dividend paying after the war not yet resumed.

No interests outside Indonesia. No big war damages. Holds in average 60% of the shares of 7 smaller electricity companies working in Indonesia with a total placed capital of about N.I.f. 4,000,000.- nominal value. Furtheron 50% of the placed capital of N.F. 6,000,000.- nominal value of NIWEM (Neth. Ind. Waterpower Exploitation Company, the other 50% being held by Government), the undertaking charged with the production of hydro-electric power in East-Java.

ANIEM and affiliated companies (ANIEM c.a.) run production and distribution plant in:

the whole of Central Java,
practically the whole of East-Java,
all of the greater towns in Borneo.

They have first priority to the development of all hydro-electric site in Central and the greater part of East-Java.

2. N.I.G.M. (Neth. Ind. Gas Company).

Limited liability company, seated in Holland (Rotterdam).
Runs production and distribution plant in Java (Batavia: distribution only; Cheribon),
Sumatra)
Celebes) production and distribution

Besides electric plant N.I.G.M. runs all of the existing gasworks in Indonesia (7 towns).

3. GEBO (Joint Electricity Company Bandoeng and Environs).

Limited liability company seated in Java.
About 1/3 of the total stock (nominal value N.I.f. 4,000,000.-) is held by municipalities.
GEBO runs all of the distribution plant in West-Java with the exception of Batavia and Cheribon.

INVESTMENT PROGRAM OF ANIEM C.A. PRODUCTION ONLY.

Rough estimate, based on present level of costs.

A. For the first 3 years.

1. New standby steam or diesel powerplant in Sourabaya; capacity 8000-10,000 kW; erection and installation costs approximately N.I.f. 7,500,000.-, of which about 2/3 will have to be paid in dollars or other foreign currency.
2. Development of hydro-electric site Tempour (East-Java), only just started before the outbreak of the war and stopped since then. Capacity about 15,000 kW. Further erection and installation costs approximately N.I.f. 10,000,000.- of which about 1/2 will have to be paid in dollars or other foreign currency.
3. Extension of hydro-electric plant Djelok (Central Java): second pipeline and hydro-electric machinery. Installation costs approximately N.I.f. 1,000,000.- of which about 80% will have to be paid in dollars or other foreign currency.

B. For the 4th up to the 6th year after to-day.

4. Development of hydro-electric site Maron (East-Java). Capacity about 15,000 kW. Erection and installation costs approximately N.I.f. 10,000,000.- of which about 1/2 will have to be paid in dollars or other foreign currency.
5. Development of hydro-electric site Timo (Central Java). Capacity about 10,000kW. Erection and installation costs approximately N.I.f. 7,000,000.- of which about 1/2 will have to be paid in dollars or other foreign currency.

SUMMARY

	N.I.f.	of which in dollars or other foreign currency:
A. 1.	7,500,000.-	5,000,000.-
2.	10,000,000.-	5,000,000.-
3.	1,000,000.-	800,000.-
B. 4.	10,000,000.-	5,000,000.-
5.	7,000,000.-	3,500,000.-
	<u>35,500,000.-</u>	<u>19,300,000.-</u>
		<u>U.S.\$ 7,500,000.-</u>

INVESTMENT PROGRAM OF GOVERNMENT, PRODUCTION ONLY.

With Government projects are under discussion for further development in the next 5 years of hydro-electric site in West-Java, for a capacity of about 40,000 kW; erection and installation costs approximately N.I.f. 24,000,000.-, 60% of which will have to be paid in dollars or other foreign currency.

Areas within the demarcation lines of the more important perennial crops in JAVA, by Residencies, in hectares)

TABEL I.

Residencies	Rubber			Tea			Coffee			Cinchona			Cocoa (mixed & unmixed estates)			
	Totaal	In Neth. territory.	in % of totaal	Totaal	In Neth. territory	in % of totaal	Totaal	In Neth. territory	In % of totaal	Totaal	In Neth. territory.	In % of totaal	Totaal	In Neth. territory.	In % of totaal	
Bantam	17,982	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Batavia	24,108	23,031	96	3,793	3,793	100	-	-	-	911	911	100	338	338	10	
Buitenzorg	55,737	49,175	70	38,546	37,197	96	-	-	-	1,985	1,985	100	-	-	-	
Priangan	30,302	30,302	100	27,350	27,350	100	150	150	100	8,061	8,061	100	-	-	-	
Cheribon	1,024	1,024	100	1,572	1,572	100	-	-	-	-	-	-	-	-	-	
Pekalongan	3,615	3,615	100	1,029	1,029	100	350	350	100	-	-	-	2,204	2,204	100	
Semarang	3,596	5,507	98	869	869	100	3,518	2,979	85	292	292	100	3,092	3,092	100	
Japara/Rembang	3,012	-	-	-	-	-	190	-	-	-	-	-	-	-	-	
Banjoemas	10,804	10,804	100	610	610	100	160	160	100	54	54	100	-	-	-	
Medoe	878	-	-	662	-	-	589	-	-	-	-	-	-	-	-	
Joejakarta	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Soerakarta	4,977	-	-	2,120	-	-	1,973	-	-	149	-	-	401	-	-	
Sourabaja	2,428	286	12	-	-	-	420	-	-	-	-	-	-	-	-	
Madjoen	906	-	-	270	-	-	892	-	-	524	-	-	-	-	-	
Koeri	10,940	-	-	1,302	-	-	8,066	159	20	419	-	-	483	-	-	
Malang	23,905	2,875	12	1,540	1,103	70	14,608	3,315	23	807	746	92	-	-	-	
Besoeki	30,129	30,129	100	463	463	100	26,955	26,955	100	-	-	-	-	-	-	
Total	226,343	156,748	70	80,126	73,986	92	57,871	34,068	59	13,202	12,049	91	6,518	5,634	86	
							Recapitulation by Province									
West-Java	129,153	103,532	80 ³	71,261	69,912	98	150	150	100	10,957	10,957	100	338	338	103	
Middle Java	28,882	19,926	69	5,290	2,508	47	6,780	3,489	51	346	346	70	5,697	5,296	90	
East Java	68,308	33,290	49	3,575	1,566	44	50,941	30,429	60	1,750	745	43	483	-	9	
Total for Java	226,343	156,748	70	80,126	73,986	92	57,871	34,068	59	13,202	12,049	91	6,518	5,634	8	

1) Provisional figures.

Total areas of perenial crops situated within the demarcation lines in Sumatra's East Coast, Palembang and Rhio

TABLE II.

E s t a t e s	T o t a l		In Republican territory			In Netherlands territory		
	Number of estates	Estimated area in 1947 in ha.	Number of estates	Estimated area in '47 in ha.	in % of total	Number of estates	Estimated area in 1947 in ha.	In % of total
Sumatra's East Coast:								
Rubber	177	235,128	43	57,958	25	134	177,170	75
Tea	16	15,805	-	-	-	16	15,805	100
Oil Palms	26	± 69,000	9	± 25,000	36	17	± 44,000	64
Fibres	5	± 3,000	-	-	-	5	± 3,000	100
Palembang area:								
Rubber	13	7,012	9	3,368	48	4	3,644	52
Tea	3	1,782	3	1,782	100	-	-	-
Cinchona	1	221	1	221	100	-	-	-
Coffee	3	1,730	3	1,730	100	-	-	-
Oil Palms	2	± 2,100	1	1,100	52	1	± 1,000	48
Rhio island group								
Rubber	24	16,771	-	-	-	24	16,771	100

Total areas of perenial crops situated within the demarcation lines in Java and Sumatra (incl. Rhio)

TABLE III

E s t a t e s	T o t a l		In Republican territory			In Netherlands territory		
	Number of Estates	Estimated Area in 1947 in ha.	Number of Estates	Estimated Area in 1947 in ha	in % of total	Number of Estates	Estimated area in 1947 in ha	in % of total
Java								
Rubber	529	226,343	136	69,595	30	393	156,748	70
Tea	251	80,126	20	6,140	8	231	73,986	92
Cinchona	63	13,202	7	1,153	9	56	12,049	91
Coffee	189	57,871	83	23,803	41	106	34,068	59
Cocca	15	8,518	4	884	14	11	5,634	86
Sumatra								
Rubber	322	323,696	160	126,111	39	162	197,585	61
Tea	33	23,675	17	7,870	33	16	15,805	67
Cinchona	8	2,066	8	2,066	100	-	-	-
Coffee	20	7,011	20	7,011	100	-	-	-
Oil Palms	39	± 80,000	21	± 35,000	44	18	± 45,000	56
Fibres	7	± 4,000	2	± 1,000	25	5	± 3,000	75

Total number of sugar factories situated within the demarcation lines in Java, and their production in 1940

Table IV.

Residencies	Number of milling factories in 1940		Production 1940, in 1000's of tons			Total number of factories including reserve factories	
	Total	In Neth. Territory	Total	In Neth. Territory	In % of Total	Total	In Neth. territory
Bantam	-	-	-	-	-	-	-
Batavia	-	-	-	-	-	-	-
Buitenzorg	-	-	-	-	-	-	-
Priangan	-	-	-	-	-	-	-
Cheribon	6	6	119.9	119.9	100	8	8
Pekalongan	11	11	198.1	198.1	100	12	12
Semarang	2	2	38.1	38.1	100	2	2
Japara/Rembang ..	2	-	30.7	-	-	3	-
Banjoemas	1	1	18.9	18.9	100	1	1
Kedoe	-	-	-	-	-	-	-
Jocjakarta	8	-	134.2	-	-	9	-
Soerakarta	9	-	169.2	-	-	10	-
Sourabaya	14	9	218.8	139.6	63	25	16
Madioen	6	-	150.5	-	-	6	-
Kediri	11	-	236.2	-	-	16	-
Malang	8	8	138.4	138.4	100	11	11
Besoeki	7	7	130.3	130.3	100	9	9
Total	85	44	1,583.3	783.3	49	112	59
			<u>Recapitulation by Province</u>				
West-Java	6	6	119.9	119.9	100	8	8
Middle Java	33	14	589.2	255.1	43	47	15
East Java	46	24	874.2	408.5	47	67	36
Total for Java	85	44	1,583.3	783.3	49	112	59

Rough estimate of production values of estate products in the areas situated within the demarcation lines in Java and Sumatra over the years 1948, 1949 and 1950.

TABLE V.

Product	Assumed price 1) per kg. in guilders			Production in metric tons			Production value in millions of guilders			Total over 3 years
	1948	1949	1950	1948	1949	1950	1948	1949	1950	
Rubber	0.80	0.80	0.80	100,000	220,000	220,000	80	160	176	416
Tea 3)	2.50	2.20	2.-	10,000	25,000	45,000	25	55	90	170
Coffee	1.10	0.70	0.70	9,000	12,000	15,000	10	10	10	30
Cinchona 2)(quinine acq)	30.-	30.-	50.-	400	500	600	12	15	18	45
Cocoa	2.50	2.-	1.50	300	600	1,000	0.8	1.2	1.5	3.5
Palm Oil	0.90	0.80	0.70	50,000	120,000	150,000	45	96	105	246
Fibres (hard)	0.90	0.30	0.70	8,000	10,000	12,000	7	8	9	24
Sugar	0.25	0.22	0.20	50,000	300,000	450,000	12	66	90	168
Tobacco a Deli	14.-	10.-	7.50	1,200	4,000	6,000	17	40	45	102
b East Java 3)	5.-	3.50	2.50	1,000	5,000	10,000	5	17	25	47
							214	468	570	1,252

- 1) Export prices (f.o.b.); the inland prices are a good deal higher.
2) Regulated production.
3) Including purchased native leaf.

ATTACHMENT NO. 13

Production possibilities of the Estates within the demarcation lines in
Java and Sumatra

If under the prevailing uncertain conditions one were to estimate the production possibilities of the estate agriculture for the coming years, such would only be possible upon the basis of certain premises. For this reason it must be stated that the items discussed herebelow presuppose that :

- a. peace and order will be restored shortly in all areas in Java and Sumatra under Netherlands control, so that the estates situated there can again be exploited by their owners, and that the normal activities can be pursued on these estates.
- b. the owners be provided with the means - if necessary through the granting of credits - of proceeds with the rehabilitation of their concerns, and to continue their exploitation in a regular way.
- c. such owners be assured of the necessary legal security - more specifically as regards their rights to the soil - lacking which it is to be anticipated that various owners will refuse to resume their activities on such estates.

Since the possibility of rehabilitating the agricultural estate is dependent, amongst other things, upon the means placed at their disposal - whether these be supplied in the form of good and materials or by the granting of foreign exchange permits - it is further presumed that these be made available on such a scale that very shortly large areas of perennial cultivations can be laid out, that all factories that have suffered only minor damage can be restored, and that in specific cases reconstruction is to be effected of heavily damaged estate factories.

In this article no consideration is paid to the possibility of reconstructing the many seriously damaged estate factories, in view of the unlikelihood of the foreign exchange that would be required to this end being made available. Irrespective of this point it is also a question whether, in view of the now prevailing high prices of materials and goods, it would be economically justified to invest very large amounts in foreign exchange on this score. Moreover, such a plan of reconstruction would encounter various practical obstacles such as the lack of capacity in the machine industry of this country, and the dearth of experienced technical personnel in the various centres of estate cultivation.

Before proceeding to formulate a rough estimate of the production possibilities of the estate agriculture in the regions now under Netherlands control in Indonesia, it must first be considered what areas planted in perennial crops, sugar cane, and tobacco are situated in Java and Sumatra within the demarcation lines (as of August 1947). To this end Table I indicates such areas in Java according to Residencies, covering rubber, tea, coffee, cinchona and coca estates.

Table II covers corresponding data, including the cultivation of rubber, oil palms, tea, fibre, coffee, and cinchona in the Residencies Sumatra's East Coast, Palembang, and Rhio. The estates situated within the demarcation line of the West Coast Province of Sumatra are of significance.

Table III presents a recapitulation of the most important estate areas in Java and Sumatra, as situated in Netherlands and in Republican territory.

Table IV submits a survey, according to Residencies, of the number of sugar factories situated within the demarcation lines in Java, indicating the sugar production in 1940.

As regards the tobacco cultivation it may be stated that the entire Deli tobacco region is now under Netherlands control, as is also the whole of the tobacco area in the Besoeki region. The tobacco estates of the Principalities are situated entirely within Republican territory.

The areas so planted are figured on the basis of the data that were supplied by the Japanese administration. Although it was found that these were not altogether reliable, their totals at any rate approximate for 1947 more accurately the actual condition than do the prewar figures, more especially in view of the large scale stubbing during the Japanese occupation of tea, coffee, oil palm, rubber and fibre areas. In so far as no areas were known of agricultural estates, the prewar areas were reduced by the average stubbing percentage of the other estates. Estates of less than 50 hectares have been left out of account. With reference to the palm

oil and fibre areas only rough estimates could be given, so that the data contained in Tables I, II, and III are not of great accuracy; however, they can very well be used for the purpose here intended.

Making reference to the data in the tables mentioned, we will give herebelow, for each cultivation separately, a short description of the production possibilities in the course of the three years 1948 - 1950. It need hardly be emphasized that the calculations involved must not be regarded as otherwise than an effort to approximate the export possibilities of the area to which they pertain, always provided that the conditions indicated at the beginning of this article be complied with.

Rubber

Of the total estate rubber area in Java (226,343 ha) about 70% (156,748 ha) lies within the demarcation line. For Sumatra the corresponding figures are 323,696 ha and 197,585 ha (= 61%). Of this latter area roughly 170,000 ha are situated within the estate area of the East Coast Residency. For Java and Sumatra combined one arrives at a total of about 550,000 ha, of which fully 354,000 ha is situated in Netherlands territory.

If we add thereto the rubber estate areas in the other islands (more specifically Borneo), and if we consider the highly productive region in the Sumatra East Coast Residency, we shall find that fully 70% of the production capacity of Indonesia is under Netherlands control. This as an average for 1948/1950, can be estimated at 70% of 450,000 tons = 315,000 tons. The production in 1948 will probably amount to about 100,000 tons for Java, Sumatra, and the other islands combined, whilst the 1949 production is anticipated to be in the neighbourhood of 200,000 tons. On the assumption that by 1950 an international production regulation will have been established, the production in 1950 - assuming a restriction of 30% - will be about 220,000 tons.

Tea

Of the total tea area in Java (80,126 ha) 92% (= 73,986 ha) is situated within the demarcation line. For Sumatra the corresponding figures are respectively 23,675 ha and 15,805 ha (= 67%). For Java and Sumatra combined one arrives at a total of roughly 103,800 ha (= 87%) within Netherlands territory. The total production capacity of the estate tea cultivation on Netherlands territory (the area available in 1947) can be estimated at 60,000 tons. If to this is added the estimated production capacity of the native tea cultivation - practically situated only in West Java - one arrives at a total of roughly 75,000 tons. This production, however, is not likely to be attained before 1953. Considering the serious damage inflicted upon the tea factories in Java and Sumatra during the Japanese occupation and subsequent to the military and police action of the Dutch troops by the Republican forces and the terrorists, we cannot anticipate for the period 1948 - 1950, inclusive, a higher production than respectively 10,000 tons, 25,000 tons, including purchased native-grown tea-leaf.

Coffee

Of the total coffee area of Java (57,871 ha) 59% (= 34,068 ha) is situated within the demarcation lines. For Sumatra the corresponding figures are 7,011 ha and 0 ha. For Java and Sumatra combined one arrives at a total of 64,882 ha, of which 34,068 ha (= 53%) is in Netherlands controlled territory. The total production capacity of the estate coffee areas within Netherlands territory (as available in 1947) can be estimated from 16,000 to 18,000 tons. But this production in consequence of the inadequate maintenance these past several years, can only be attained after a few years. In 1948, 1949, and 1950, it is unlikely that the production will exceed respectively 9,000 tons, 12,000 tons, and 15,000 tons.

Cinchona

Of the total cinchona area in Java (13,202 ha) 92% (= 12,049 ha) is situated within the demarcation lines. For Sumatra the corresponding figures are respectively 2,066 and 0 ha. For Java and Sumatra combined one arrives at a total of 15,268 ha, of which 12,049 ha (= 79%) lies within territory under Netherlands control. Since the delivery of cinchona bark to the quinine factories is dependent upon the Quinine Agreement, it may be assumed that the required quantity of cinchona bark will be

supplied for the time being by the estates situated within Netherlands territory. For 1948 the sale of quinine can be put at 400 tons (not considering the formation of stocks). Over 1949 and 1950 we may figure that 500 and 600 tons respectively of quinine per annum will be sold.

Cocoa

Of the total cocoa area (mixed and unmixed) in Java (6,518ha) 86% (= 5,634 ha) is situated within the demarcation lines. Its production capacity amounts to between 1,300 and 1,500 tons. Due, however to injudicious treatment during the period of the Japanese occupation, this production can be reached after a number of years. Over the years 1948 - 1950 we may not anticipate a higher production from this area than respectively 300 tons, 600 tons, and 1,000 tons.

Palm Oil

Of the total area in oil palms in Sumatra (+ 80,000 ha) only about 45,000 ha (= 56%) lies within the demarcation lines. The oil palm area in Java (roughly 1,400 ha) is of but little significance, and is situated beyond the area under Netherlands control. The production capacity of the area of 45,000 ha in Sumatra amounts to perhaps 150,000 tons of oil (not taking the kernels into account). Due to the neglect of most of these groves, and also because some of the factories are seriously damaged, this production can only be reached after two years. For the years 1948, 1949 and 1950 and 150,000 tons, respectively.

Fibres

The area in fibre plants (sisal and abaca) left after the Japanese occupation in the East Coast Residency of Sumatra is situated mainly (75%) within the demarcation lines. Its area is provisionally estimated at 3,000 ha. For Java the area in sisal within the demarcation lines does not now exceed 1,100 ha. Since the plantations to be set out in 1948 will not be productive even in 1950, the first three years will have to depend upon the already existing plantings. Their production in 1948, 1949 and 1950 may not be estimated to exceed respectively 8,000 tons and 12,000 tons.

Sugar

Of the 85 sugar factories that were milling in 1940, there are 44 within the demarcation lines. The production of these 44 in 1940 amounted to roughly 49% of the total Java sugar production (= 1,583,000 tons). If one includes also the reserve factories in Netherlands territory, one arrives at a total of 59 factories. Of this number 22 are in practically running condition. Seven sugar factories can rapidly be put in order again. The reconstruction of the remaining factories can be effected only at very considerable cost. Thus only 29 sugar factories in Netherlands territory will be in a position to mill by 1950.

Since the area of the cane now in the field - in Netherlands controlled area - is quite inconsiderable (+ 7,000 ha) whilst hardly any manuring has been applied, the 1948 production is not likely to exceed 50,000 tons. Assuming that in 1948 say 20 factories will plant milling cane (at an average of 1,000 ha per factory and that normal manuring is to be applied, the 1949 harvest will amount to roughly 300,000 tons.

The production anticipated in 1950 can be estimated at say 450,000 tons (always assuming that 29 factories will plant milling cane in 1949, with an average area of 1,000 ha per factory, and a sugar yield of 160 quintals per hectare).

Tobacco

The entire Deli Tobacco area is situated within the demarcation lines. Considering that no more than about 1,200 ha will be put in tobacco in 1948 the yield may be estimated for that year at roughly 1,200 tons. If for this area one assumes a planting in 1949 of 4,000 ha, and in 1950 of 6,000 ha, then the yield will be respectively 4,000 and 6,000 tons.

For the East Java sector one may provisionally put the yield of the estate tobacco cultivation for 1948 at 1,000 tons, for 1949 at 5,000 tons, and for 1950 at 10,000 tons (including bought native leaf).

The lesser estate crops (Kapok, derris, gutta, etc) have been left unconsidered here, as has tapioca, of which latter product there is only one single estate in Netherlands controlled territory.

In determining the production prices, in connection with which the production values indicated in Table V were assumed, account has been taken of the market position of the products, and also of the likelihood that world market prices will generally decline in the course of the coming years. Only for rubber and cinchona bark the same prices have been taken as now prevail. For rubber, because the rubber price is already at a comparatively low level, whilst it may further be assumed that by 1950 a production regulation will have been adopted, in connection with which it will be endeavored to arrive at a price stabilization. The product of the cinchona bark @ quinine - is in a special position in view of the agreement existing between producers and factories. Generally speaking the writer has deliberately kept his price estimates somewhat low, so as not to appear to be too optimistic.

Based on the quantities and prices indicated in the tables, the totals of the estimated production values of the products of those estates that are situated within the demarcation lines are for 1948 f 214 million, for 1949 f 468 million, and for 1950 f 570 million. The total production-value over three years (1948/1950) amounts to 1,250 million guilders. Including the estates situated on Republican territory, the total production-value of estate-products over the years 1948/1950 will be 4.500 million higher. The export-value can be estimated at 90% of the production-value.

That the economic recovery of these regions will be possible only if the estate agriculture rapidly recovers is very clearly evident from the data above adduced.

Dr. P.M. PRILLWITZ

ATTACHMENT NO. 12

RENVILLE AGREEMENT
and
ADDITIONAL CLAUSES

NETHERLANDS DELEGATION

Secretariat

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SECURITY COUNCIL
COMMITTEE OF GOOD OFFICES ON THE INDONESIAN QUESTION

CONFERENCES WITH THE DELEGATION OF THE GOVERNMENTS OF THE
NETHERLANDS AND THE REPUBLIC OF INDONESIA

PRINCIPLES FORMING AN AGREED BASIS FOR THE POLITICAL
DISCUSSIONS ACCEPTED AT THE FOURTH MEETING ON 17 JANUARY

The Committee of Good Offices has been informed by the delegation of the Kingdom of the Netherlands and by the delegation of the Republic of Indonesia that, the truce agreement having been signed, their Governments accept the following principles on which the political discussions will be based:

1. That the assistance of the Committee of Good Offices be continued in the working out and signing of an agreement for the settlement of the political dispute in the islands of Java, Sumatra and Madura, based upon the principles underlying the Linggadjati Agreement.
2. It is understood that neither party has the right to prevent the free expression of popular movement looking toward political organizations which are in accord with the principles of the Linggadjati Agreement. It is further understood that each party will guarantee the freedom of assembly, speech and publication at all times provided that this guarantee is not construed so as to include the advocacy of violence or reprisals.
3. It is understood that decisions concerning changes in administration of territory should be made only with the full and free consent of the populations of those territories and at a time when the security and freedom from coercion of such populations will have been ensured.
4. That on the signing of the political agreement provision be made for the gradual reduction of the armed forces of both parties.
5. That as soon as practicable after the signing of the truce agreement, economic activity, trade, transportation and communications be restored through the cooperation of both parties, taking into consideration the interests of all the constituent parts of Indonesia.
6. That provision be made for a suitable period of not less than six months nor more than one year after the signing of the agreement, during which time uncoerced and free discussion and consideration of vital issues will proceed. At the end of this period, free elections will be held for self-determination by the people of their political relationship to the United States of Indonesia.
7. That a constitutional convention be chosen according to democratic procedure to draft a constitution for the United States of Indonesia.
8. It is understood that if, after signing the agreement referred to in item 1, either party should ask the United Nations to provide an agency to observe conditions at any time up to the point at which sovereignty is transferred from the Government of the Netherlands to the Government of the United States of Indonesia, the other party will take this request in serious consideration.

The following four principles are taken from the Linggadjati Agreement:

9. Independence for the Indonesian peoples.

10. Cooperation between the peoples of the Netherlands and Indonesia.

11. A sovereign state on a federal basis under a constitution which will be arrived at by democratic processes.

12. A union between the United States of Indonesia and other parts of the Kingdom of the Netherlands under the King of the Netherlands.

Confirmed for the Government of
the Kingdom of the Netherlands

Confirmed for the Government of
the Republic of Indonesia

/s/ Raden Abdulkadir Widjojoatmodjo
Chairman of the delegation

/s/ Dr. Amir Sjarifuddin
Chairman of the delgation.

The representatives on the United Nations Security Council's Committee of Good Offices on the Indonesian Question, and the Committee Secretary, whose signatures are hereunto subscribed on this 17th day of January 1948, on board the U.S.S. Renville, testify that the above principles are agreed to as a basis for the political discussions.

Chairman:

/s/ Mr. Justice Richard C. Kirby
(Australia)

Representatives:

/s/ Mr. Paul van Zeeland
(Belgium)

/s/ Dr. Frank P. Graham
(United States)

Secretary:

/s/ T. G. Narayanan

SECURITY COUNCIL
COMMITTEE OF GOOD OFFICES ON THE INDONESIAN QUESTION

CONFERENCE WITH THE DELEGATIONS OF THE GOVERNMENTS OF THE
NETHERLANDS AND THE REPUBLIC OF INDONESIA

SIX ADDITIONAL PRINCIPLES FOR THE NEGOTIATIONS TOWARDS POLITICAL
SETTLEMENT SUBMITTED BY THE COMMITTEE OF GOOD OFFICES AT THE FOURTH
MEETING ON 17 JANUARY 1948

The Committee of Good Offices is of the opinion that the following principles, among others, form a basis for the negotiations towards a political settlement:

1. Sovereignty throughout the Netherlands Indies is and shall remain with the Kingdom of the Netherlands until, after a stated interval, the Kingdom of the Netherlands transfers its sovereignty to the United States of Indonesia. Prior to the termination of such stated interval, the Kingdom of the Netherlands may confer appropriate rights, duties and responsibilities on a provisional federal government of the territories of the future United States of Indonesia. The United States of Indonesia, when created, will be a sovereign and independent State in equal partnership with the Kingdom of the Netherlands in a Netherlands-Indonesian Union at the head of which shall be the King of the Netherlands. The status of the Republic of Indonesia will be that of a state within the United States of Indonesia.
2. In any provisional federal government created prior to the ratification of the constitution of the future United States of Indonesia, all states will be offered fair representation.
3. Prior to the dissolution of the Committee of Good Offices, either party may request that the services of the Committee be continued to assist in adjusting differences between the parties which relate to the political agreement and which may arise during the interim period. The other party will interpose no objection to such a request; this request would be brought to the attention of the Security Council of the United Nations by the Government of the Netherlands.
4. Within a period of not less than six months or more than one year from the signing of this agreement, a plebescite will be held to determine whether the populations of the various territories of Java, Madura and Sumatra wish their territory to form part of the Republic of Indonesia or of another state within the United States of Indonesia, such plebescite to be conducted under observation by the Committee of Good Offices should either party, in accordance with the procedure set forth in paragraph 3 above, request the services of the Committee in this capacity. The parties may agree that another method for ascertaining the will of the populations may be employed in place of a plebescite.
5. Following the delineation of the states in accordance with the procedure set forth in paragraph 4 above, a constitutional convention will be convened, through democratic procedures, to draft a constitution for the United States of Indonesia. The representation of the various states in the convention will be in proportion to their populations.
6. Should any state decide not to ratify the constitution and desire, in accordance with the principles of articles 3 and 4 of the Linggadjati Agreement, to negotiate a special relationship with the United States of Indonesia and the Kingdom of the Netherlands, neither party will object.

ATTACHMENT NO. 10

CABLE REGARDING THE EXPORT-IMPORT BANK LOAN TO THE N.E.I.

The discussions between the Netherlands Embassy, the State Department and Board of the Export-Import Bank with regard to the Exim-Bank loan resulted in the wording of a construction whereby regional restrictions have been dropped. Direct action with the Exim-Bank is now possible under the following scheme:

A. The Exim Bank is prepared to finance special projects in keeping with the economic reconstruction of the Netherlands Indies, on the condition that these plans are geographically situated in territories where in the opinion of the State Department peace and order prevail; furthermore on the condition that from the bankers point of view these projects are economically justified and the amounts required will be spent in the United States of America.

B. The Exim Bank is not prepared to conclude an overall loan agreement of, say, \$ 100.- million under which the Netherlands Indies could dispose of sums unto said limit as the proposed projects are approved of by the Exim Bank. The Exim Bank wants to conclude a separate loan agreement every time one or more projects are approved, so that possibly in the course of time a series of Exim Bank loans will be effected.

C. The Exim-Bank has made it clear that it is not interested in extensive designs normally financed by long-term loans, such as reconstruction of the railway system, big irrigation-works, large scale extension of electrification, such projects being within the province of the International Bank. What the Exim-Bank wants are special projects redeemable in eight to fifteen years.

D. The Exim-Bank is prepared to begin technical discussions at once, while the State Department advises to present the first series of projects at the earliest possible moment.

ATTACHMENT NO. 4

BASIC PRINCIPLES FOR RECONSTRUCTION OF
INDONESIAN ECONOMY.

(Provizional Scheme)

The basis of Indonesian Economy shall be the provision of the necessities of life for the whole nation, in such a way as to make the people prosperous, materially as well as morally. The productive capacity of the country must be mobilized in the best possible manner for the production of all the necessities of the people; what cannot be produced in the country, must be imported from abroad.

Therefore, imports are necessary supplements to home production, and only after home production has been attended to, shall the export economy of the country be arranged in order to pay for imports.

Thus, in contrast with the economic policy of the former Netherlands East Indies Government, which placed "export economy" to the forefront in Indonesia, the Republic aims to "increase the purchasing-power of the people to the highest possible level."

And this can only be achieved by means of a well-planned economy.

Details of the Economic Programme:

- I. Objective: to increase and to spread prosperity amongst the people:
 - a. by intensifying production;
 - b. by stimulating international trade;
 - c. by raising the standard of living;
 - d. By increasing the capacity and knowledge of the people.

- II. Methods of achieving the objective:
 1. By means of imports, obtained in accordance with their order of importance:
 - a. textiles, especially for clothing;
 - b. transport and traffic requirements;
 - c. capital goods;
 - d. other necessities.
 2. By means of exports, especially of:
 - a. estate produce;
 - b. forest products;
 - c. timber;
 - d. oil and ores.
 3. By means of improvement of internal organization:
 - a. establishment of minimum wages; should there be rapid changes in the purchasing-power of currency, the wage is to be paid on the basis of living expenses, especially on the price of rice. (The wage might be paid in a sufficient amount of rice to support the whole family, plus the addition of a minimum wage in money).
 - b. improvement of the construction of peoples housing, both architecturally and structurally.
 - c. migration from one part of the country to another and industrialization, both in accordance with a co-ordinated plan. First Programme of this plan will be to remove 20 millions of the inhabitants of Java to the island, amongst others, of Sumatra, supplying the migrants with a sufficiency of modern equipment, etc. This programme to be executed within a period of from 10 to 15 years.

The consequences of this migration scheme will be:

1. for Java: increased prosperity because more land will be available for every remaining family; to this must be added:
 - a. new industries;
 - b. more intensive agriculture;
 - c. more effective co-operative schemes;
 - d. increased purchasing-power for the people.
2. for the Outer Provinces: a new era of prosperity will evolve:
 - a. tilled grounds to be won from forest areas;
 - b. establishment of new towns;
 - c. establishment of new industries and electrification schemes;
 - d. public works in new fields;
 - e. the opening of new roads and railways;
 - f. the opening of new trade-routes.
- d. Extension of public-works through:
 - 1) Erection of new roads and railways, and repair of existing ones.
 - 2) Erection of new towns and opening of new regions (in accordance with proper plans).
 - 3) Construction of irrigation schemes;
 - 4) Construction of electric-power and light stations.
 - 5) Building and repairing harbours.
- e. First steps of Industrial programme through creation of:
 1. textile factories;
 2. aluminium factories;
 3. steel factories;
 4. artificial manure works;
 5. soda factories;
 6. glass and china factories;
 7. stone works and tile factories;
 8. earthenware factories;
 9. cement factories;
 10. paper mills;
 11. leather tanneries and leather factories;
 12. ply-woods factories;
 13. saw mills, timber yards, wood-turning factories, etc.
 14. electric power stations;
 15. iron rolling mills, wrought iron factories, sheet-metal works, etc;
 16. rubber-goods factories;
 17. gunny-sack factories;
 18. rationalisation of the sugar industry;
 19. improvement, extension and/or rationalisation of existing industries such as quinine, kapok, rubber, coffee, grinding-mills, etc.
 20. improvement and extension of unique Indonesian industries such as batic etc.
 21. cocanut oil etc., factories on a rational basis;
 22. soap factories;
 23. tapioca factories;
 24. cigarette, cigar and tobacco factories;
 25. oxide factories;
 26. sulphur factories;
 27. hotels;
 28. development of natural hot-springs;
 29. mineral-water factories;
 30. extension of diamond factories;
 31. wooden-ship yards.
- f. Mining and petroleum industries.
Opening of new mines and fields and repair, modernising and rationalisation of existing ones.
- g. Advancement of agriculture, the establishment of regulations and production-limits governing:
 1. estates, including improvement of working conditions;
 2. co-operative estates owned by the population;
 3. horticulture.

- h. Agriculture, pastoral and poultry forming and fisheries to be improved and intensified through the introduction of scientific methods and rational organization, to be applied firstly to:
 - 1. production of rice;
 - 2. cattle-breeding;
 - 3. fisheries;
 - 4. forest products suitable for export (rattan, etc.)
- i. Reafforestation.
- j. The advancement of navigation and inter-insular communication, and creation of co-ordination among:
 - 1. construction, routes and timetable of wooden ships;
 - 2. construction, routes and timetable of motor yawls;
 - 3. construction, routes and timetable of steam and motor ships;
 - 4. construction, routes and timetable of aeroplanes.

III. The Government's economic policy is based on Article 33 of the Constitution of the Republican State, harmonizing measures to be taken in accordance with the prevailing conditions.

- 1. Kinds of economic measures to be taken:
 - a. Government enterprises and monopoly, especially for:
 - 1. electricity, gas and water supply;
 - 2. railways and tramways;
 - 3. posts, telegraphs and telephones;
 - 4. central banking;
 - 5. mining (a gradual process).
 - b. Mixed enterprises (Government and private).
 - c. Mixed co-operatives, assisted by:
 - 1. foreign capital;
 - 2. Indonesian workers;
 - 3. The Government.
 - d. Private enterprise under supervision of the Government.
 - e. Co-operatives, supervised by the Government.
 - f. Small private enterprises, not supervised by the Government.
- 2. Government control over other economic enterprises concerns:
 - a. Rules and regulations concerning the formation of enterprises (company law, etc.)
 - b. Co-ordination;
 - c. Regulations governing production;
 - d. Price-fixing.
- 3. Private ownership of empty land to be abolished.

IV. Finance-capital for execution of the economic programme to be obtained from:

- 1. The Government, supported by a national Loan, to be stimulated as follows:
 - a. encouragement of general saving (campaign against the purchase of non essentials, etc.)
 - b. encouragement of weekly saving from wages.
- 2. A barter system: imported capital goods for industrialization to be paid by the produce of forests and the products of Indonesian enterprises.
- 3. A Foreign Loan, to be obtained on the basis of an economic calculation of a rational nature. The Planning Board (for this purpose) shall be charged with calculating the rate of profit of all newly invested capital which is expected to be stimulant of effort with the objective of prosperity. Instalment payments and interest must be wholly borne by the surplus-output of the new enterprise, the value of which output shall enter the Government pay office in the form of taxes.
- 4. Participation of private bodies in newly-established industries must be encouraged to take the form of co-operatives amongst:
 - a. Indonesian workers (whose shares are to be paid for, by making deductions from their monthly wages).
 - b. Foreign capital.
 - c. Government.

ATTACHMENT NO. 6

SOME PARTICULARS CONCERNING THE ESTATES ON THE EAST COAST OF SUMATRA, N.E.I.

I. RUBBER

Of the 320,000 ha under cultivation on the East Coast of Sumatra in 1941 195,000 ha are situated in occupied territory.

Nationality	Area in ha.	%	Production 1941 in tons	%	Production 1941 per ha in kg.
Netherlands	69,269	35	69,528	41	1,003
American	31,549	16	27,494	16	871
British	65,213	33	46,781	28	717
Belgian	9,352	4	7,217	4	771
Other nation- alities	<u>20,003</u>	10	<u>15,612</u>	9	780
Total	195,386		166,362		

In Republican territory is a rubber area of 55,485 ha, 10,546 ha of which are Netherlands property, 20,507 ha American, 10,404 ha British and 14,208 ha Belgian property.

Before the war the investment in machinery and materials amounted to f. 200,-- per ha; this amount has at present increased to f. 600,--. (The prewar invested capital, all in, amounted to f. 1200,-- per ha).

According to estimate f. 3,000,000,-- will be needed for repair and reconstruction of the factories. Another f.4,000,000,-- will be required to buy installations for modern treatment of rubber, with a view to competition on the world market. The total sum required therefore amounts to f. 7,000,000,--, all in foreign currency.

During the war about 18% of the rubber area was lost which does not, however, affect the potential production, as high-producing new plantings became tappable.

The normal production for 1948 ought to have been 165,000 tons. It is, however, estimated at 54,000 tons only.

1948	PRODUCTION for 1948		Production in tons (1600 kg)
	Number of plantations	Cultivated area in ha.	
January	57	111.460	1.754
February	64	115.550	2.419
March	70	118,842	2.948
April	75	122.498	3.205
May	87	130.417	3.802
			<u>14.119</u>

Production is held back by the slow reconstruction of the factories destroyed, lack of transport and labor, and the urgent need for materials for the production of rubber, palmoil, tea, fibre and tobacco, viz. tractors and plows, all kinds of motors, belts, welding outfits, all kinds of pipes, motorparts, electric materials, small gauge materials, etc. The lack of these is chiefly due to scarceness of foreign currency.

II. PALMOIL

In 1941 99.000 ha were under cultivation of which 60.000 ha are now in occupied territory.

58.000 ha (59%) of the total area are Netherlands and 23.000 ha (29%) Belgian property, the rest are British and French.

Of the occupied area 49.000 ha (82%) were Netherlands property, 8.400 ha (14%) British, the rest are French and Belgian property.

According to close estimate about 20% of the area was lost, so that 43,000 ha now remain.

The prewar investment amounted to f. 1.750,-- per ha, all in.

In 1940 production was 225.000 tons. The production possibilities have not increased much, probably.

The normal production in 1948 in occupied territory ought to have been about 100.000 tons of oil, plus 20,000 tons of kernels. The latest estimate (June), however, is only 54.000 tons of oil and about 11.000 tons of kernels.

In this case also the low production is due to the destroying of factories, railways and other transport, to lack of labor, and to neglect of plantings, especially during the last two years.

Nine of the fourteen prewar factories are partly working at present. The others must wait for materials.

The provisional repair and rebuilding of the factories will probably cost about f. 5.000.000,-- in foreign currency.

PRODUCTION FOR 1948

1948	Number of producing plantations	area in production in ha	Production in tons (1000 kg)	Kernels
January	12	30.921	989	208
February	14	33.387	1.415	278
March	15	33.386	2.265	394
April	16	33.921	2.915	632
Mei	16	41.255	3.742	870
			<u>11.326</u>	

III. T E A

The cultivated area in 1941 was about 22.000 ha of which 13.950 ha (63%) were Netherlands property, 5500 ha (25%) British, and 2550 (12%) belonged to other foreign owners. The whole of this area is now occupied territory.

The production in 1941 was 37.000.000 1/2kg. or 18.500 tons of 1000 kg.

The tea plantations have suffered most of all. One third of the plantings was destroyed. Vast areas were severely pruned in order to plant foodcrops, and these areas are now overgrown with noxious weeds.

Before the war there were 14 factories, 13 of which were heavily damaged by the extremists (after the "cease-fire").

One factory, already abandoned before the war as being out of date, is now working once more. This factory has a capacity of 1.720.000 1/2kg or 5% of the prewar capacity. There could be a far greater crop of leaf, but as the factory cannot handle it, the 1948 crop over 13.921 ha has been limited to 1.100.000 1/2kg. dried tea. Factories' capacities will as soon as possible be increased up to 60% of those before the war.

Reconstruction costs of factories, buildings and transport are estimated at about f. 15.000.000,-- of which 40% or 6 millions to be paid in foreign currency.

Prewar factory building-costs were f. 1.300,-- per ha.

The prewar investment, factories included, amounted to f. 3,000,-- per ha.

PRODUCTION for 1948

1948	Number of plantations producing	Productions in tons (1000 kg)
January	-	-
February	-	-
Maart	-	-
April	2	28
Mei	2	55,4

IV. FIBRE

In 1941 the area under cultivation on the East Coast of Sumatra was 25,000 ha, all of it Netherlands property. Of these, 5,000 ha were destined for food-crops.

23,200 ha are now in occupied territory.

The potential production in 1941 was about 60,000 tons. In June 1948 2,107 ha were in production, with an estimated harvest for 1948 of 5,000 tons.

The prewar investment amounted to f. 2,000.-- per ha, all in.

Plans exist to replant the prewar fibre area as soon as possible, within five years. These, however, cannot materialize at present owing to lack of tractors and other mechanical equipment, as these can only be procured from the United States.

The costs of extending the fibre cultivation to its prewar acreage are estimated at f. 5,000,000.--.

<u>PRODUCTION FOR 1948</u>			
1948	Number of plantations producing	Area in production in ha	Productions in tons
January	4		225
February	4		503
March	4	(<u>2.100</u> ha)	508
April	4		540
Mei	4		499

V. T O B A C C O

In 1941 the tobacco estates (43) planted 15.000 fields, yielding about 9.400 tons.

In 1948 1600 fields were planted, estimated yield 1.000 tons.

Programme 1949: 4.000 fields (2500 tons).
1950: 10.000 fields (6250 tons).

The buildings suffered extensive damage. For building materials, transport and fertilizers f. 15.000.000,-- will be needed in foreign currency. It is assumed that the rehabilitation of the tobacco estates will require an amount of 4. 30.000.000,--.

As in the case if the fibre cultivation, there is an urgent need of tractors for mechanical tilling of the ground.

VI. CONCLUSION

Since the police action f. 12.000.000,-- have been spent in foreign currency for the rehabilitation of estates in the occupied territory of Sumatra's East Coast.

As observed on the spot, much has been achieved, but more remains to be done.

Chief cause of delay in the reconstruction is the limited import - caused by lack of foreign currency - of the materials required so urgently.

If at present this country could buy the reconstruction materials needed, the production would be speeded up considerably. It is therefore not a matter of a long-term credit, but more in the nature of an advance on delivery.

The total export of Sumatra's East Coast for 1948 is expected to amount to f. 150.000.000,-- in total.

Medan, July 10th, 1948.

SOURCES OF THE PEOPLE'S INCOME ON THE EAST COAST OF SUMATRA

Sumatra's East Coast is the country of the large cultivations.

The economy of the population is very closely connected therewith. The one-sided dependence on the European Plantation Industry has shown its disadvantages during the Japanese occupation.

Endeavor of the Government is directed towards the rehabilitation of the sources of income of the population and on a development, the purpose of which is to make the population self-supporting from an economic point of view.

The prewar sources of income were derived from exports of copra, rubber, Forestry products, vegetables and fish, from the cultivation of food stuffs and from employment in the plantation industry.

Now that quiet and order have been restored in these parts and it is again possible for the population to resume their activities in the field without fear of molestation, the population is assisted in the rebuilding of their industries by the making available to them of materials and credits. For the native rubber industry materials for some f. 1.000.000,-- are required, which must be purchased from abroad. Funds required for the sea fishing industry are f. 150.000,-- and for the rehabilitation of transport 600 trucks costing US\$ 2.400.000,--.

Plans are being worked out for the building of irrigation works, for which the greatest part of the expenditure will be in Guilders, and only 5% in foreign exchange (concrete and reinforcing bars).

The questions of the possibilities for the development of hydro-electric power is being investigated, but no data are yet available thereanent.

Medan, July 10th, 1948.

ATTACHMENT NO. 7

PRODUCTION FIGURES OF WEST - JAVA

	Number of Estates	Rubber Factories in operation	Tea Factories in operation	Cinchona-estates in operation
March 1942	459	310	215	51
April 1948	459	93	39	30
April "		30%	18.1%	58.8%

RUBBER ESTATES IN WEST - JAVA

Year and Month	As per Estates reports		Planted area in ha.			Production in kg. per month
	Total	In production	Total	Ready for Tapping	Tapped	
March	310	310	x) 135.000	x) 121.500	121.500	6.083.333 xx)
January '48	100	80	42.364	38.455	20.741	985.467
February '48	109	86	48.945	44.332	18.603	991.725
March '48	112	93	49.548	44.856	20.102	1.231.539
April '48	117	95	50.969	46.232	21.303	1.372.682
April '48 in % of 1942	37.7%	30.6%	37.7%	38%	17.5%	22.6%

x) 10% newly planted, not yet in full production.

xx) prewar quota production

TEA ESTATES IN WEST - JAVA

	As per Estates Reports		Planted area in ha.			Production in 1/2 kg. dry		
	Total	In Production	Total	In Cultivation	In Production	Estates Production	Bought from Native garden	Total
March '42	215	215	x) 91.500	x) 91.500	x) 86.925	9.910.000	2.916.000	xx) 12.826.000
Jan. '48	66	46	21.842	11.998	5.954	404.542	579.300	983.842
Feb. '48	78	51	25.869	14.033	7.026	442.739	690.048	1.132.787
March '48	93	64	32.372	18.296	8.203	577.099	776.214	1.353.313
April '48	102	72	38.087	19.511	9.433	679.165	xxx) 923.458	1.602.623
April '48 in % of '42	47.4%	33.5%	41.6%	21.3%	10.8%	6.8%	31.7%	12.5%

x) 5% newly planted, not yet in full production.
 xx) prewar quota production

CINCHONA ESTATES IN WEST - JAVA

	As per Estates Reports		Planted area in ha.			Monthly production in kg.
	Total	In production	Total	In Cultivation	In Production	
March '42	51	51	x) 12,500	x) 12.500	x) 11.875	
Jan. '48	29	22	6.682	5.273	5.578	307.118
Feb. '48	32	25	6.880	5.479	5.636	331.531
March '48	38	28	7.668	5.992	6.153	401.124
April '48	40	30	7.777	6.495	6.221	543.098
April '48 in % of 1942	78,4%	58,8%	62,2%	52.%	52,4%	

x) Newly planted, not yet in full production.

TRANSLATION

POLITICAL AND ECONOMIC DEVELOPMENT IN PALEMBANG
DURING THE MONTH OF MAY 1948

The complete picture of the general situation in the Netherlands controlled areas did not show important changes. Nowhere serious disturbance of order and peace, so that the economical and political development went on smoothly.

Remarkable increase of transportation of persons and goods over the demarcation line.

Especially in the southern sector, in Lahat, people come from the republican areas of Pagar Alam and Loeboek Linggau and the republican authorities cooperate in bringing into the market coffee, tobacco and cloves. The local government is busy to control the borderline traffic.

This essential control increases the rehabilitation of normal economical life and on the other hand weakens the contrast between occupied and unoccupied territories considerably. However, the danger that undesirable elements from the republican area infiltrate can never be suppressed.

On the other hand the population of the republican border-areas become more and more sensitive for the idea that a unity of the various territories in South-Sumatra might well influence the desired rehabilitation of the normal economical relations which are noted by the rest, order and safety in our territories.

This is the most important factor in the propaganda of a free and united South-Sumatra, independently taking part in the growing Indonesian federation.

The Chinese and Indonesian traders in both areas wish to resume the disturbed commercial contact, however continuous traffic of persons and goods is not yet permitted. It would practically be feasible already to transfer large quantities of rubber and cloves from the republican interior to Palembang by paddle-wheeler, if a reasonable quantity of scarce commodities (viz. textiles) could be offered in exchange, which unfortunately the present political situation forbids.

As far as political life goes, it has been noted that the institution of the Advisory Council activated the federally inclined which confirms the expectations, partly.

Although the greater part of the population is more interested in order and peace, the more cultivated circles have a growing desire that South-Sumatra takes its own place in the Indonesian federation. The delegation of some principal representatives of the various tendencies to the federal conference in Bandoeng improved this development.

On 26 May conferences were held between Netherlands and republican civil and military authorities with regard to borderline-disputes, especially near the Southern sector in the marga's Semendo, Moelak OelOe and Pager Genoeng, and in the NW sector in the marga Lawang Wetan, where the demarcation line went right through the above mentioned marga's.

However, the republicans permitted an investigation regarding a breaking of the truce in the marga Semando Dapat. It is tried to find a satisfying solution.

2. Coordination Public Works.

In the reported month the heavy repairs on the roads Pajakaboeng-Praboemoelih-Tandjongradja and Kajoe Agoeng were started and those on the Komering road and the road Soegiwaras-Poelau Panggoen continued, and to keep the roads in good condition.

The activities on the airport Talangbetoetoe which is made ready as an aside port for constellations are gradually progressing.

Normal maintenance of buildings went on and proposals f.i. for the repairs of a number of national schools were introduced.

The following works were authorized:

- 1. Improvement of the road taluds SW of Palembang f.160.000.-
- 2. -do- S of Palembang " 228.000.-
- 3. -do- Lahat area " 161.600.-
- 4. -do- Batoeradja area " 248.000.-

3. Municipality Works

In coordination with the Service of Municipality Works repairs on 18 national schools and 1 Muloschool were started and the hardening of the harbor premises near Boom Baroe.

Repairs and maintenance of water conducts, roads and government buildings were normal and a pump installation for a better water supply in Talang Semoet constructed.

5. Forest Service

Import of timber in Palembang 2.805 m³ round timber
April yielded 3.973 cubic meter.

Estimated cut for retribution in May 4.000 cubic meters
in April 4.369 cubic meters

In general the wood was of better quality, prices almost the same. As a result of the dry season a decrease of import is expected, but increase of exploitation in the interior.

Measures for afforesting are taken.

To other services were delivered in the reported month:

- 14.35 m3 timber from own exploitation
- 23.10 m3 timber thru the intermediary of Forestry saw-mills.

For the Seman goes railway 2.690 pieces of sleepers were handed over to Z.S.S.

THE ECONOMICAL SITUATION

1. The food situation and food agriculture.

The Agricultural Information Service at Palembang announces amongst other things:

a. Lebaks. At the end of May high parts were cultivated, rest is being prepared, and if this crop is successful, it is possible to cover the prewar area completely in 1948.

b. Ladangs. The ladangs in Semendo were satisfactory and supplied a timely lot of pigs' poison. In the marga Danau and along the Mesoedji the crops suffered from pigs and elephants.

c. Sawahs. The sawahs in the Semendo cover about 1700 hectares and can be harvested next month. Expectations are high. Next area can probably be brought up to about 2500 HA, if there is supply of fertilizer.

The general food situation within occupied areas is favorable. The rice price in the interior differs locally. In Palembang as follows:

1st quality	A7	0.90	1.-	1.-	1.-	kg.
2nd quality	A7	0.80	0.90	0.90	0.95	"
3rd quality	A16	0.60	0.70	0.80	0.70	"
		<u>7/5</u>	<u>14/5</u>	<u>21/5</u>	<u>28/5</u>	

Round Martapoera a lively rice trade. In April the S. S. transferred about 200 tons. However in comparison with Java prices are very high. At the end of May in Batavia 1 kg kosted 40 cents, while in Palembang 95 cents.

On Belitang near Martapoera the kolonization area cultivated 1.821 cultures with rice. 2.479 Javanese laborers; inclusive women and children the total population amounts to almost 10.000 persons. Besides these Javanese many inhabitants of the surrounding areas settled themselves there.

2. Prices

In the reported month the pasar prices showed a tendency to decrease, but still Palembang has the name to be "expensive". Compare the following index items with Java's most expensive city Batavia.

	Oct. '47	Dec. '47	Jan. '48	Feb. '48	Mar. '48	Apr. '48	May '48
Batavia	1541	2067	1940	1660	1391	1256	1140
Palembang	1991	1731	1969	2067	1824	1653	1378

3. Population rubber and trade.

In the interior wet slabs amounted to f.25.- per 100 kg and 40.- for dry slabs. Little interest in tapping in the first half of May, only thru lack of money. Some stocks waiting for better prices. A better product is asked. Higher prices at the world market stipulated tapping in the second half of May. Export of slabs over May 5 1 3 2 tons (last month 4682,1 ton) and of blankets 477 tons (last month 1.00.3 tons) with a foreign exchange value of more than 1,9 million dollars.

Export permits for population rubber were written for 6635 tons slabs and 890 tons blankets with a money value of 2-1/2 million dollars.

106 foreign exchange permits amounting to a value of \$.608,841 were issued which is more than twice as much as the previous months.

Better conditions in remilling factories resulted to a full capacity of about 750 tons per months. Expectations for June favorable.

The other export products are pinang nuts, rotan, widjen and bamboe linings for fezzes.

Total export items of May are not yet known, however in April 658 permits (incl. rubber) were issued for a value of \$.2.260.136.-. Indonesian traders in Palembang try to reestablish here the "Persatoean Dagang Indonesia" (P.E.R.D.I.), which trade-union disappeared after the police action. In the meantime in the Committee has been selected Mr. R. Soegiharto, Manager of the Bank of Indonesia, as a president. The Economical Advisor is requested to pay due attention to this Indonesian Trade-Union. Plans of cooperation are under consideration.

4. Estates and Oil Companies.

No particulars with regard to estates.

The S.V.P.M. oil production progresses according to schedule and amounted in the month of May to round 168,000 tons (of 1000 kg). Oil shipments of the B.P.M. amounted in that same month to:

oil from the Palembang premises	110.600 tons
oil from the Miri premises	64,500 "
	<u>175.100 tons.</u>

(Production items from Pladjoe are this time not available.)

No difficulties with laborers occurred this month. In Pendopo the S.V.P.M. invited the personnel there to bring their feelings to the front with regard to the Company's management in social matters. For that purpose the Delegation of Section Representatives, under Mr.P.H. Simatoepang's direction, has been established. Various conferences were held already in a friendly atmosphere and with satisfying results.

6. South Sumatra Railways.

Rattening did not occur. Restoration of the Line Lahat-Saoengnaga (direction

Tebing Tinggi) will lead to reopening of this line in July, which is important for the development of the so-called Kikim area.

A new schedule will become effective in July accomplishing the prewar manner of service of the traffic for the entire occupied area.

No bus-service between Belitang and Martapoera at the present time on account of the bad condition of the road.

Increase of passenger traffic in April, but for May no items as yet available.

73557 travelers in March f.152.626.-

82247 travelers in April f.155.862.-

Transportation of goods showed an increase, although less coals were transported in April than in March.

Total proceeds in April f.727.113.-, March 723.594.-

7. Port and shipping.

During May shipping was more intense than during the previous months and the average amount of ships more than per/month before the war.

170 (incl. 4 Navy) ships with gross contents of 1.496.319 m³

Pilotage f.163.132.- and beaconage f.77.682.-

In Tandjong Priok 175 ships came in during the month of March with a total of 1.436.000 m³ which is less than in Palembang in May.

In connection with the strike in Singapore KPM sent some extra ships to Palembang to clear away back cargo from Priok, which resulted in extra work on account of lack of space.

Harbor-incomes (harbor dues, landing-stage dues, storage costs, water-and ground workd) amounted to f.15.547.- over May, which for landing stage dues was 50% more and for storage costs 100% more than in the previous months of 1948.

In May 6.132 tons rubber were shipped to Singapore and 608 tons sheets to Batavia.

ERD, 29 June 1948

c.c. HAG

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SOME FIGURES REGARDING THE ECONOMIC SITUATION IN THE
PALEMBANG AREA FOR THE FIRST FIVE MONTHS OF 1948

	Export of rubber in tons (1000 kg)				
	Jan. 1948	Febr.	March	April	May
Native rubber slabs (tons)	3,198	3,055	3,753	4,682	5,132
" blankets (tons)	242	811	455	1,000	477
Estate rubber smoked sheet (tons)	76	87	42	108	106

Merchant ships and tankers entering the harbour of Palembang

	Jan. 1948	Febr.	March	April	May
Number	-	109	148	126	166
Tonnage (M3)	-	1,000,000	1,304,200	1,156,900	1,464,861

Production of the Boekit Asam Coal Mine

	Aug. 1947	Sept.	Oct.	Nov.	Dec.	Jan. 1948	Febr.	March	April	May
Production in tons (1000 kg)	5375	6671	21263	26369	24934	30394	26189	31208	29321	26320

Receipts of the Customs Palembang

	Jan. 1948	Febr.	March	April	May
Receipts in guilders	1,803,594	2,520,989	1,442,172	2,020,800	2,191,853

South Sumatra Railway (ZSS)

	Dec. 1947	Jan. 1948	Febr.	March	April	May
Number of passengers	30,993	46,127	55,610	73,557	82,247	85,000
Receipts in guilders	553,654	586,035	616,780	723,594	727,113	728,117

CRUDE OIL PRODUCTION IN TONS

	Jan. 1948	Febr.	March	April	May
BPM (Palembang fields)	233,700	133,800	166,469	105,719	110,600
(British Borneo fields)	133,800	98,309	62,467	65,153	64,500
SVPM Palembang fields	98,309	123,141	154,032	155,295	167,717

Prepared by the Palembang Representative of the
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