

Inter-Island Maritime Trade Dynamics and the Role of KPM of Sulawesi at the Beginning of the 20th Century

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Abstract:- The southern part of Sulawesi played a very important and significant role in forming trade networks and economic integration between the 1900s and 1930s. Dynamics, change, and development are the main subjects of this research. This research aims to 1) reveal the dynamics of inter-island maritime trade and the role of KPM in Sulawesi, early 20th century, and 2) inter-regional economic development activities in southern Sulawesi, early 20th century. This research used qualitative method. The result of this research is revealing the dynamics and development of maritime trade in South Sulawesi at the beginning of the 20th century. The free trade policy that was implemented to a certain extent was able to increase trade enthusiasm, especially in the southern part of Sulawesi. The Dutch Government's political intervention was quite flexible since the early 20th century, making it easier for it to develop new economic policy directions. Local elites were successfully exploited in realizing economic networks and integration. Thanks to the government's transportation capability, through its Shipping Companies (KPM), the main routes of trade can be controlled as well as being able to control the movement of trade commodities. Moreover, Makassar serves as a transit and storage center for various trading commodities, both for shipments outside Makassar, as well as various goods that will enter this area. This Dutch economic policy allowed it to explore existing economic resources and channel them through controlled channels.

Keyword:- Trade Network, Makassar, Economic Integration, Commodities.

I. INTRODUCTION

A. Background of study

Indonesia's territory is divided into maritime trade zones, namely, the northern and western coastal areas of Sumatra and they are included in the Malacca Strait trade zone, while the rest are classified as the Java Sea trade zone. According to Hall (2019) that around the 14th century and the beginning of the 15th century, maritime trade zones (commercial zones) had formed in Southeast Asia. Basically, every trade network has a specific pattern of development of the exchange of trade products. These trading patterns will be divided into five trading forms, 1) inside trading, 2) foreign trade, 3) third, trading with boats, 4) trading with canoes and 5) trading using animals, such as cows, buffaloes and horses. However, trade relations also took place between these trading networks. East-West trading network and vice versa by placing the network closely related to the spice trading

network. In addition, there is also a north-south trade network, that is, shipping in this network is centered on Chinese maritime trade (Poelinggomang, 2004).

Developments and new trade centers, free trade policies and the use of ships in the maritime world also have broad implications for shipping lanes and trade networks in Sulawesi. Trade network activity in this region is through rivers and seas centered on the coast and ports. The port which refers to the economic concept, it has function as a center for exchanging goods or for the entry and exit of trade goods. Indigenous seafarers who still play an important role in indigenous boat shipping amidst the expansion of steamships are the Bugis, Makassarese, Mandarese and Butonese (Murphey, 1989). Their area of operations is very broad, covering almost all regions and ports in the archipelago. The boats of these native traders could anchor at all ports of the Dutch East Indies. This gives flexibility for Bugis-Makassar ships to conduct shipping and trade. Ports in the Sulawesi region have become lively again as indigenous shipping networks in the regions and in remote parts of the interior (Saleh, et al., 2021).

Furthermore, an inland area will have a functional relationship, either directly or indirectly with the port. In other words, for inland areas, ports function in offering trading volume to attract ships for trade from and to the interior. According to Broeze (1986), the main impact of a port's activities is the economic field, which makes the location of a port explain the regional hegemony network over interconnected cities. One of the variables of the economic activity of a very important port is trade. The trade will develop or not, determined by the role played by traders, especially the role of intermediary traders between regions, both individually and in groups with buyers (Lapian, 1975; Andini., et al, 2021). Trading activity takes place is a social phenomenon in an economic activity so this research is important to do because it will reveal the dynamics and development of trading activities in South Sulawesi in the 20th century (Tahir , et al., 2018).

B. Theoretical Review

The study of the history of trade and economic integration is a network that has been built for a long time. According to Dick (1989) a maritime economic study that sees the importance of trade networks in forming islands in the archipelago. The trade network of ethnic groups through the main media has used sailboat transportation, and it supports the formation of a trade network (Aslanian, 2014). In the early 20's in the Dutch East Indies, traders who used

sailboats had formed ethnic group solidarity and played a very important role in dealing with the KPM monopoly, with the spirit of solidarity, ethnic traders such as the Bugis, Makassar, Buton and Madurese made them survive on the voyage and even controlled shipping places that were not reached by the KMP.

In addition, the inefficiency in the field of inter-island shipping which took place in a very complex integration context, and the crisis that occurred in the process of inter-island shipping stemmed from the conditions that were built, preserved and abandoned by the Colonial Government (Dick, 2006;).(Hasnia, et al., 2022).

In line with that, Italiane (1986) in the Traditional Trading Networks of Southeast Asia, defines the notion of a trading network, 1) there is a trade network between an ethnic group that is formed, due to trading activities between regions, or between the same religious groups, not because of the trade that was encouraged because of the emergence of trade alliances. 2) A trade network formed due to ongoing trade alliances able to form an existing trade network route and third, it is a trade network that can occur due to changes in the trading network, which occur at any time, whether due caused by production systems, markets, or because of the emergence of new transportation (Evers, 1988; Sugiyartati, et al., 2020).

In terms of the network, when it is related to this research, the network of production and export commodities that exist in South Sulawesi is analyzed through several meanings covering the areas of production of commodities in the Greater East region. Commodities coming from these remote areas were immediately brought to other areas and did not eliminate the boundaries of island territories for these commodities, but reached groups of islands and their network to the world market (Kadir, 2018).The production areas include Palopo, Selayar, Balangnipa, Siwa, Bantaeng, Watampone, Majene, Bau-bau, Kendari, Buton, Pallima, Sinjai, Bonerate, Selayar, Bulukumba, Bantaeng and Maluku. Furthermore, the production was sent to other areas, including Makassar, Ampena Bali, Buleleng, East Kalimantan, Surabaya, Singapore and others is exported and these commodities emphasize inter-inland, inter-regional, inter-island, inter-port and inter-world market networks.

In this regard, Jeroen's study "The Colonial Interregional Trade in Indonesia, 1900-1940: Serving Overseas Markets, Favoring Integration Into A Colonial State" writes that the interaction of Indonesian and Chinese entrepreneurs has become very important for the Indonesian economy. In the post-war growth economy fueled by exports and consciously pursuing industrialization, Asia's trade mechanisms plays an important role, even with all the problems of divisions between ethnic groups and their different economic roles (Jeroen, 2005). The role of Chinese traders through stimulating local entrepreneurship, distributing imports, and acting as credit bankers, intermediary trade networks were important in the increasing cohesion of the pre-war Indonesian economy. The strong development of the Asian trading sector in colonial Indonesia

and it formed the foundation for post-war economic development.

Several aspects of Asian entrepreneurship have recently received attention, for example the importance of informal overseas networks of Chinese emigrants. The development of the domestic market was important for the integration of the Archipelago and was largely a consequence of native export production. European plantations, agricultural or mining companies had direct foreign links and were not dependent on local trade networks. Farmers who become active in agricultural exports interact with the wider economy of the archipelago. Colonial economic integration was enhanced by Asian trade networks and it is fair to say that, outside of Java, colonial state formation lagged behind, but driven by the expansion of exports abroad more coherent national economy was developing (Nahdhiyah et al., 2022).

In describing this new discourse, Broek (1942) relates to the emerging economic problems, between 1929 and 1939, the ratio of the value of trade between Java Island and areas outside Java to the value of foreign trade increased from 12% to 17%. The value of trade between the island of Java and the regions outside Java has declined compared to the value of all foreign trade, namely only one-third compared to the decline in foreign trade. According to Broek (1942) the world crisis marks the end of a period of growth, not only for economic development, but also for economic policy. Economic nationalism increased and fostered a belief in free trade that was unsustainable for the government to change the course of its economic policies.

On the other hand, in the southern part of Sulawesi could be like Boeke (1953) states that economic dualism, that the Dutch East Indies society presented two separate faces from one another, both are rural communities who live simply with an economy to meet their own needs and urban communities dominated by European (Western) elements who live in luxury with an advanced economy. In conclusion, the first is static and difficult to develop and the second is dynamic. Furthermore, he stated that the population of the Dutch East Indies had a wider need for protection because of the dualistic nature of the Dutch East Indies society, so that more and more native people were cornered. Boeke saw the crises of the 1930s as cutting and dualistic economic policies much needed in the long term.

In this regard, Creutzberg (1915) emphasized in four editions which contain source material on economic policy in the Dutch East Indies. Many topics are relevant in providing an overview of economic policies during the 1900-1942 periods. There are five aspects of economic policy chosen to be discussed in emphasizing the development and nature of this policy, namely welfare politics, the rice problem, industrialization as a substitute for imports, the recession of 1919-1921, and the depression of the 1930s.

Paauw (1963) revealed that during the 1930s the growth of inter-island trade was only an economic recovery in 1929 because inter-island transport was only slightly higher than in 1920. The growth rate of cargo local private commodities

transported by KPM only increased by 13% during that decade, at a growth rate of approximately 1.5% a year (Booth et al., 1988)

The most important thing from the existing analysis is the theory of trade networks will be used to analyze networks and trade in this part of South Sulawesi (Italiane, 1986). This theory emphasizes the mechanism of exchange of goods, both on a small scale and across geographic areas, as stated by Lindblad (1998) that the outside economy increased rapidly in the early 20th century due to its integration with the center of the world.

II. RESEARCH OBJECTIVE

This study aims 1) to reveal the dynamics of inter-island maritime trade and the role of KPM in Sulawesi, early 20th century, and 2) to analyze inter-regional economic activities in southern Sulawesi, early 20th century.

III. RESULT AND DISCUSSION

A. Trade in South Sulawesi

There are three integrated livelihood sectors in Sulawesi, namely agriculture, shipping and trade. These three areas supported the people's economy, especially in South Sulawesi, when Bugis, Makassar, Javanese and Malaccan traders expanded their search for trade materials to areas in southern Sulawesi and had an extraordinary impact on the development of the trade network at Makassar Port (Jeroen, 2005). One of the factors makes Makassar Port very strategic and visited a lot because Makassar is a trade center in the Greater East Region. Most of the commodities are exported through the Port of Makassar and the trading activity is increasing with the arrival of traders from other areas (Poelinggomang, 2022). Bugis-Makassar traders also sailed on trade voyages, with other trading centers all the way to Australia.

Since the 19th century, trade relations with other regions and areas have made Makassar have an important function in commodity trading. Commodities are shipped from Makassar to other areas and create trade contact routes with the outside world as well as creating important traffic in Makassar (Poelinggomang, 2004). There are three defined routes, namely 1) Surabaya-Makassar-Amboina-Banda-Buru-Bacan-Ternate-Gorontalo-Manado-Amarung-Tolitoli-Parepare-Makassar and Surabaya, 2) Makassar-Bantaeng-Bulukumba-Selayar-Sinjai-Palopo-Buton-Kendari-Makassar and returns via the same route and, 3) Makassar-Bima-Nangamessi-Sabu-Rote-Kupang-Atapupu-Larantuka-Maumere-Bima and back to Makassar.

This policy of expanding trade relations succeeded in realizing the goal of positioning Makassar as the only trade center in the region. It gave rise to power as the thriving maritime kingdoms controlled trade. Bugis, Makassar, Selayar, Malay and European traders and sailors who made commercial voyages made Makassar a port of call. The production market also establishes relationships with other trading ports located in the East, South, West and North parts.

Makassar was also declared to have trade relations with the Portuguese in Malacca (Pires, 1991).

Even though the influence of the Dutch East Indies government was not strong before the end of the 19th century, South Sulawesi was already connected with world activities, in which exported commodities penetrated European markets. Then South Sulawesi returned to get new enthusiasm with the development of the economics of coffee and coconut trading materials. At this time colonial expansion had been launched in the islands which had an impact on the development of road facilities to the interior areas. This situation seems to encourage the development of traders, the widespread use of money and the emergence of markets to remote rural areas. In inter-island trade, ports, the KPM shipping organization played a very important role which integrated with the Dutch colonial expansion in the islands, all of this brought changes in trade patterns. Therefore, under the supervision of the Dutch East Indies Government, each port in its network of trading centers had different variations. For example, how the population's economy develop, groups of traders and inter-island traders took place before and after receiving influence from the KPM network in the islands.

This network system provides an indication that the development of ports in this region is the center of commercial activities which is determined by several factors, including its strategic location and its position in the middle of the world of trade. Then the intervention with the arrival of the Europeans provided opportunities for traders and shifted their activities to Makassar. This is coupled with the role of residents in other areas as traders and sailors who make voyages to other production areas and trading ports using boats and ships.

Meanwhile, trading activities in several coastal cities in Southeast Sulawesi, such as the port cities of Bau-Bau, Raha, Kendari, and Kolaka, serve as a collection point for commodity products that are traded at certain times. Southeast Sulawesi's economic development in the early 20th century was dominated by agriculture, trade and shipping. This is what supports the economy of the people of Southeast Sulawesi in supporting the exploration of economic resources such as intensification of agriculture, plantations, opening of mines. This area is also visited by many ships, especially the KPM ship. KPM's ship network includes Pare-pare, which has transported rice originating from the interior of South Sulawesi and to several ports in Sulawesi, Maluku as well as East Kalimantan. Traders who are oriented to inter-island trade can use the sailing boats in this area and have also contributed to the smooth transportation of commodities, in which spice commodities that must be handed over to the Dutch government are paid at a set price and benefit it (Andini et al., 2022).

B. Economic Activity

There are two major centers of economic activity in South Sulawesi. One is in a market under Dutch colonial rule, and the second is in the Port of Makassar. Goods from all over the Indian Archipelago were transported in both places. This trading network has a relationship with the economic area

controlled by the Dutch government in the north of Makassar and the area around the capital of the Dutch power. This trade also involved several kingdoms that still held autonomy rights based on the Bungaya Agreement, namely the Kingdoms of Wajo, Sidenreng, and Bone (Mappangara, 2017).

Makassar's main trade is not only rice but also copra. Copra which is processed into oil is the most salable commodity in the world market. Because of this, in 1917 the copra storage warehouse was expanded by about two kilometers to the exit from the Port of Makassar, namely, in Kampung Maroangin near Poetere. This copra warehouse expansion signals that OFI Makassar has grown. This is because the oil produced by OFI continues to grow from year to year, and in purchasing copra OFI has the support of the Makassar branch of Javasche Bank and at least the Javasche bank issues f.1,500,000 credit each month to entrepreneurs (Asba, 2008).

Apart from the coconut oil produced by OFI Makassar, coconut oil is also circulating in the people of South Sulawesi. Coconut oil specially made by local people. In the interior of South Sulawesi, people prefer to use homemade coconut oil because it smells good if it compared to factory-made coconut oil. Nevertheless, based on OFI Makassar's annual report, it often covers the shortage of local oil needs of around 300-7000 cans for months.

In 1929 due to the economic depression, trading activity in Sulawesi decreased, and almost all economic powers weakened. According to Djojohadikusumo (1998) the economic depression was triggered by falling stock prices as a result of excessive speculation on the American capital markets in October 1929. This condition led to the contraction of the American and European macroeconomics in 1930. This situation spread to Asia. The economic depression started in 1929 and ended in the 1930s. In the context of the history of the Dutch East Indies, the economic depression of the 1930s was an important historical phenomenon at the beginning of the 20th century and largely determined subsequent historical developments.

In 1910-1930, imports of cigarettes and cigars reached 3% of the total other imports. The peak year of imports in 1925 reached f. 2.3 million. In the 1930s imports fell to an average of 0.2% of total imports and the number f. 15,000 per year while other imports are iron and machinery. During this period, iron imports remained constant and accounted for 3.5 to 4% of all imports. Machinery imports increase the percentage of all imports. If in the first decade it only reached 0.75% of all imports, then in 1930 it increased by an average of 0.4%. This increase mainly came from the last years 1937 and 1938 which reached an import value of f. 1.3 million and f. 7.8 million. So the first 10 years of the 1900-1938 period experienced an increase, where from f. 9.3 million in 1900 to f. 21.7 million in 1930 (Jansen, 1990).

IV. CONCLUSION

The progress of trade in the Sulawesi region especially Makassar, cannot be separated from the launching of the Port of Makassar as a taxpayer port. There were two centers of economic activity at that time, one in the market which was under Dutch Colonial rule, and the second was in the Port of Makassar. The Dutch East Indies government led traders to stop at this port which was used as a trading center. This progress is also supported by the presence of KPM which has a broad reach. Small ports that were not reached by KPM became land for native traders whose space for movement became narrower with the declaration of the Port of Makassar as a taxpayer port since 1906. Apart from that, trading activities also took place on land. The traders reach areas that produce export production, along with the transportation system that is getting better.

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