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COMMENTARY



A Last Word: Amendments and Corrections to Indonesia's Colonial Surplus 1880–1939

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ABSTRACT

This article corrects and amends earlier calculations of Indonesia's colonial surplus appearing in past issues of the *Journal of Contemporary Asia*. The final corrected total for 1880–1939, the period of domination by private enterprise, is now put at approximately 27 billion Netherlands guilders. The main reasons for the changes were two faulty methods of calculation used previously and the realisation of several sizeable omissions more from the balance of payments. The new methods of creating estimates of missing items are explained whilst the erroneous method of the balance of payments dealing with undistributed profits is discussed critically. The balance of payments specifies no data at all for undistributed profits although, clearly, they are large. It is also observed that almost all other discussions of the size of undistributed profits deal with the part not mentioned in the balance of payments and are unaware of the hidden element that is included. Our total is almost certainly an underestimate.

ARTICLE HISTORY

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KEYWORDS

Indonesia; colonial surplus; payments balance; undistributed profits; unstated gains; exploitation

The *Journal of Contemporary Asia* has previously published several, related articles on Indonesia's colonial surplus (Gordon 2010, 2012, 2014). This article makes necessary corrections and amendments to the statistical data presented in those earlier offerings on the colonial surplus from 1880 to 1939, the period dominated by private business.

Correcting Calculations

The corrections made for this article include adding more items and consideration of the unusual way that the *Balance of Payments 1822–1939* (Korthals Altes 1987a) handled retained profits which led to certain errors in our earlier calculations. The upshot is that we now have a colonial surplus that is some four billion guilders higher than before, at over 27 billion guilders. In 2017 terms this might be around 460 billion guilders or perhaps something over US\$200 billion. The new data should be treated as final (or as final as we can make it). Still, with the noted exceptions below, the original textual arguments of 2010 may be accepted (Gordon 2010).

The colonial surplus is the foreign exchange amount gained by a colonial power (and other foreign investors) from its colony in terms of private business profits (including

undistributed profits), government gains and personal gains. One great mistake in the earlier analyses was that we were still too much inhibited by the overall rules, conventions and behaviour of balance of payments procedure. We accepted, without much further thought, the standard divisions of balance of payments conventions like the current account (exports, imports private company profits/dividends, government gains and losses, personal expenditure on matters like leave and remittances to relatives and so on) and the capital account (both direct and indirect private investment, similar for the government, bullion exports and imports, changes in reserves, redemption of private company loans, redemption of official long-term debt and similar items). This we had done rather than analysing their contents and meaning for the colonial surplus. As will be seen in [Table 1](#), in this recalculation we have abandoned presenting the items in the standard fashion and have re-cast them in one simple table divided between private business, government gains and personal expenditures.

For an accurate estimation of Indonesia's colonial surplus, using the *Balance of Payments 1822–1939* is essential (Korthals Altes 1987a). While exceptionally good for a colonial payments balance (the majority of colonies had no such balance and the ones that tried generally produced very weak results), the calculation of the colonial surplus here is

Table 1. Colonial surplus, 1880–1939 (million guilders)

Item	1880–89	1890–99	1900–09	1910–19	1920–29	1930–39	1880–1939
Private business							
1. Dutch dividends and trade profits	106	178	371	1,439	2,526	677	5,297
2. Management fees, bonuses beyond Indonesia	30	40	72	290	510	187	1,129
3. Total Dutch dividends (1+2)	136	218	443	1,729	3,036	864	6,426
4. Est. non-Dutch dividends (above x 0.33)	45	73	148	576	1,012	288	2,142
5. Est. total dividends (3+4)	181	290	591	2,305	4,048	1,152	8,568
Plus percent	25	25	25	25.7	33	33	
6. Est. profits retained in Indonesia	45	73	148	592	1,336	380	2,574
7. Plus petroleum retained profits	100	200	100	400
8. Total est. profits retained in Indonesia	45	73	148	692	1,536	480	2,974
9. Retained profits sent abroad	303	228	448	1,663	1,605	480	4,727
10. Private interest	6	29	57	124	226	137	579
11. Redemption of private loans added	1	27	80	141	171	81	501
12. Purchase of securities abroad added	0	9	14	90	296	108	517
13. Total business gains (5+8+9+10+11+12)	536	656	1,338	5,015	7,882	2,438	17,866
NEI government business							
14. NEI government debt interest	14	21	30	75	567	558	1,265
15. Misc. Netherlands expenditure by NEI government	82	104	103	289	369	232	1,179
16. Export taxes added	20	13	15	27	122	227	424
17. Redemption of long-term debt added	0	1	10	34	223	318	586
18. Missing from balance of payments added	464	308	320	430	582	297	2,396
19. Total government gains (14+15+16+17+18)	580	447	488	855	1,863	1,632	5,850
20. Total personal expenditures/PLRP	168	211	281	522	1,361	882	3,425
21. TOTAL COLONIAL SURPLUS (13+19+20)	1,284	1,314	2,097	6,292	11,278	5,029	27,141
22. Export surplus	605	546	1,275	3,523	6,222	2,274	14,556

Note: NEI is Netherlands East Indies; PLRP is passage costs, leave, personal remittances and pensions.

Source: Author's calculations and *Balance of Payments 1832–1939* (Korthals Altes 1987a, [Table 1](#)); *General Trade Statistics 1822–1940* (Korthals Altes 1997); Mellegers (2005b, Government Income); Mellegers (2005a, Government Expenditure).

made a particularly demanding procedure on two important counts. First, that the current account completely omits non-Dutch and petroleum dividends. Second, is the unusual treatment of retained profits in the current and capital accounts whereby they are split into two: one part although named, being completely without data, the other obscurely named, with data given. The mysteries of this process are important and were not properly appreciated earlier. Part of our original error was that the improper half of retained profits was wrongly presented and the other half incorrectly calculated. Complications worsened when the arithmetic used to calculate non-Dutch dividends involved a prior calculation of retained dividends. This means that much of [Table 3](#) of [Gordon \(2010, 433\)](#) is erroneous.

Less difficult to work out but still necessary are the additions made to the colonial surplus by items existing in the balance of payments. Further additions have been found in the Netherlands East Indies budget entries ([Mellegers 2005a](#)). These were omitted from the *Balance of Payments 1822–1939* and from [Gordon \(2010, 2012\)](#). They now are considered an essential part of the colonial surplus. [Table 1](#) shows the complete amended data.

One further crucial observation that must be made is that in *Balance of Payments 1822–1939* some of the data are underestimates. [Korthals Altes \(1987b, 21\)](#) states:

A balance of payments statement rests partly on accounting fictions and that as such does not provide a precise survey of money flows to and from other countries. . . In the period under review transactions between Indonesia and the rest of the world were not subject precise registration. . . and it is therefore purely a matter of chance if the total sums on the debit and credit sides match precisely.

Here we simply take the international exchange version of the colonial surplus to be a measurement of the benefits in money terms gained by business, private citizens and the government of the colonising power and other investors (together the metropolis) from the colony. It describes and calculates the revenue part of the economic relationship between the colonising power and the colony. It measures in money terms what the metropolis gets out of the colony, its gains (where they exist). The foremost part deals with business profits and services. However, other items also from the payments balance are commonly included in the colonial surplus calculation such as PLRP (see [Derksen 1946](#); [Taselaar 1998, 49](#); [Gordon 2010](#)). Furthermore, other colonial government expenditures overseas, changes in overseas bank balances and so on also appear here. Particular attention must be paid to *undistributed* profits which may or may not be included in a country's balance of payments. And we must note that they *do not appear* as such in colonial Indonesia's. Other items are also often left out. Those that could be found are included here.

While [Table 1](#) shows items of the colonial surplus calculated for the period 1880–1939, colonialism did not, of course, begin in 1880 and it existed beyond 1939. The dates are taken here to indicate roughly the end of the state-run forced Cultivation System and the beginning of the dominance of private business. The statistics for Indonesia tail off for 1940 and 1941. One estimate for each of those years' International Exchange Colonial Surplus was one billion guilders (see [Gordon 2012, 580](#)).

In *Balance of Payments 1822–1939*, the data given are in the form of dividends which are, of course, lower than profits. Profits are the total reward (including retained profits)

for a given period and belong to the particular private company. Dividends form a part of those profits and are the property of shareholders. Korthals Altes (1987b, 40) adds:

Dividends paid by Non-Dutch enterprises have been virtually left out of account...[and] dividends relate solely to limited companies...Dividends relate solely to limited companies...In 1900, over 55 per cent of the plantation acreage was in the hands of limited companies, while by 1925 the figure had risen to over 95 per cent.

Plantations were certainly the largest foreign investment but were by far not the only one. All this indicates further omissions.

Much smaller was the exclusion of petroleum company profits made known by Korthals Altes (1987b, 46), citing a secret government report that “Royal Dutch Shell was able to finance its investments in Indonesia wholly out of retained profits,” and consequently he did not include them from 1907 onwards. They are estimated in profits retained in Indonesia in Table 1. Comparison with the Indies budgets data signals other non-inclusions (Mellegers 2005a). Thus, we must conclude that in the tables in this article, the totals for benefits are all underestimates. The PLRP is shown here although the Indies government indirectly paid nearly all of it. However, the actual expenditure was largely undertaken by its employees.

The calculation of the size of non-Dutch distributed profits made in this article derives from our assumption that they will be the same as their share of total investment, which is about 25%, but as we do not yet know the size of total investment we are obliged to utilise its ratio to Dutch investment. That is, if non-Dutch foreign direct investment (FDI) equals 25% then Dutch investment must be 75%. This gives a ratio of 0.33. We apply this ratio to total Dutch dividends to estimate the size of non-Dutch distributed dividends in numbers and add this (line 4) to give us an estimate of total private dividends (line 6). Then, although Korthals Altes does not enter all his textual commentary into his tables, he does in his text offer a series of percentage estimates for the likely size of profits retained/undistributed in Indonesia that vary from 25% to 33% (line 8). See further discussion below.

Some observers use the export surplus figures as equivalent to Indonesia’s colonial surplus and many other researchers use them to give their estimates of the colonial surplus for other colonies (see, for example, Booth 1989, 84; Eng 1993, 4, 7; Maddison 1989, 647). We feel it necessary to show the value of Indonesia’s export surplus in the final line in Table 1 because it is an inadequate measure; the total colonial surplus estimate is 50% higher. This difference has to borne in mind for other colonies.

The Additions

The additions, marked as such in Table 1, are straightforward and easily comprehended. Four are added from the *Balance of Payments 1822–1939*, lines 11 and 12 of private business and lines 17 and 18 of government business. Export taxes were added to the government sector though they appear in the “receipts” section of the current account unlike the other items of the colonial surplus which are included in the “expenses” section. Since, clearly, they were eventually paid by overseas importers not by exporters in Indonesia and added to the exports figure, we have now incorporated them.

On re-considering items of the capital account in the *Balance of Payments 1822–1939* we have decided to add some of those items but not all. Changes under floating debt, gold imports, silver imports and overseas reserves are judged to have been offset by compensating changes of the same headings in the “receipts” section of the capital account. Another item, remittances of insurance premiums and pension funds, is also not included because of the possibility of double reporting with items already accounted for in the PLRP. Three items have been added and details appear in [Table 2](#).

Missing Items from the Balance of Payments

Of great importance for improving Indonesia’s colonial payments balance are the re-worked data of the Indies government expenditure in the Netherlands and Indies government income, by Mellegers (2005a; 2005b; 2005c). He points out that this information, “is important for estimating the actual expenditure in the Netherlands Indies itself, and for estimates of the Balance of Payments” (Mellegers 2005a, 2–3). For 1930 and 1939, for example, his estimates of Indies government expenditure in the Netherlands are well above the combined data in the balance of payments. His estimates of PLRP are also higher. No one appears to have investigated this matter in detail, but it leads to the conviction that the Indies balance of payments data underestimates by a sizeable margin the entries for those items of the colonial surplus.

Furthermore, the Indies trade statistics and the Indies budget differ widely on estimates of the value of coffee shipped to the Netherlands. Trade data show 433 million guilders for 1880 to 1939 whilst government income from coffee sales totals 735 million guilders for the same period, which is impossible. The revenue of the Netherlands East Indies government which was transferred to the metropolitan government from sales of forced coffee cultivation are classified in these budget accounts as being sold under two headings. The first of these is “Java,” which is taken to be the overall total sold. The second, “Netherlands,” means the products supposedly sold in the Amsterdam auctions and for which the data are very “incomplete,” although normally very high (Mellegers 2005a). Consequently, coffee is given here as the “Java” totals. We accept the revenue data which are not included in *Balance of Payments 1822–1939* (Korthals Altes 1987a). Tin estimates are also given. None was smelted in Java anyway. Colonial government profits from sugar sales are not shown here since after 1877 none was sent to the Netherlands (see [Table 3](#)).

Table 2. Items added from capital account (million guilders)

Item	1880–89	1890–99	1900–09	1910–19	1920–29	1930–39	1880–1939
Redemption of private loans added	1	27	80	141	171	81	501
Redemption of long-term debt added (govt.)	0	1	10	34	223	318	586
Purchase of securities abroad added	0	9	14	90	296	108	517
Total added	1	37	104	265	690	507	1,604

Source: *Balance of Payments 1822–1939* (Korthals Altes 1987a, [Table 1](#)).

Table 3. Items added from Indies government budget (million guilders)

Item	1880– 89	1890– 99	1900–09	1910–19	1920–29	1930–39	1880–1939
Profits from Indies govt. coffee sales to Netherlands	405	232	67	29	2	–	735
Kina and tea	3	2	6	8	12	11	42
Indies govt. tin sales	54	70	223	369	514	264	1,494
Indies govt. tin dividends from Billitong Co.	2	4	24	24	54	22	125
Total	464	308	320	430	582	297	2,396

Source: Mellegers (2005b, Government Income); Mellegers (2005a, Government Expenditure).

Changes to Calculations for the Private Sector

We explain here why and how changes have been made in items previously given. These concern our estimates in the private business sector of dividends/profits and of our estimates of undistributed/retained profits. The two are interlinked because we cannot calculate the size of undistributed/retained profits until first we know the quantity of total distributed profits. The effects of those re-calculations are shown in Table 4.

Changes in Dividends/Profits

Our immediate problem is to estimate the size of profits from non-Dutch FDI which are required in a colonial surplus. These are not stated in *Balance of Payments 1822–1939* (Korthals Altes 1987b, 40). Once non-Dutch distributed profits have been estimated and after the found data has been added to the data for Dutch direct investment, together they present us with a total estimate for distributed profits from all FDI.

The head of the Indies Statistics Bureau estimated that non-Dutch investment in 1937 amounted to almost one-quarter of the total FDI or 3.5 billion guilders (Gelderen 1939, 66). This is in agreement with the calculation by Callis (1942, 26–27). The Twentesche Bank (1941, 2), then the largest bank in Indonesia, calculated 35% for 1939. Non-Dutch investment is most likely to have been rather lower than Dutch (Keyser en Zonen 1937, 8, 9). So, on the assumption that 25% for non-Dutch business

Table 4. Re-calculations on the private sector (million guilders)

Item	1880–89	1890–99	1900–09	1910–19	1920–29	1930–39	1880–1939
Dutch dividends and trade profits	106	178	371	1,439	2,526	677	5,297
Management fees, bonuses beyond Indonesia	30	40	72	290	510	187	1,129
Total Dutch dividends	136	218	443	1,729	3,036	864	6,426
Plus non-Dutch dividends (0.33 of above)	45	73	148	576	1,012	288	2,142
Estimated total dividends	181	291	591	2,305	4,048	1,152	8,568
Percentage	25	25	25	25.7	33	33	
Plus dividends retained in Indonesia	45	73	148	592	1,336	380	2,574

would not likely be an exaggerated estimate, we use this percentage of profits throughout.

Whilst we do not know the exact size of non-Dutch profits, we have made a rough estimate of them, calculated as follows. On the assumption that 25% for non-Dutch business investment would not likely be an exaggerated estimate, we use this percentage of all foreign profits throughout as a rough method of estimating non-Dutch profits. In other words, we assume that the proportion of non-Dutch investment is the same as that for non-Dutch profits.

But 25% of what? The 25% figure alone cannot supply an answer since it relates to total foreign profits, which we do not yet know. However, we may use its *ratio* to Dutch profits. If non-Dutch profits are 25% then Dutch profits must be 75% giving a ratio of 1:3. As we are given the size of Dutch profits at 6.426 million guilders we may accept that at a conversion factor of 0.33, non-Dutch profits will amount to 2.142 million guilders, giving an overall total for all foreign profits in Indonesia for 1880–1939 of 8.568 million guilders.¹ Note that our use of the 0.33 ratio to get non-Dutch profits happens to give the same result as applying the 25% proportion to the *post hoc* figure that we have just calculated for total foreign profits.

Attempting to estimate this earlier in Gordon (2010) we made the mistake of using calculations based on Polak (1979, 66). We did not fully consider that his data were incomplete estimates for 1920–1939. Then we mistakenly included his estimates for retained profits in our statement of total profits. Nor can we now accept that the ratios for Dutch to non-Dutch profits that were derived from his 1920–1939 partial estimates can be utilised for other years. If we did so the estimate would have achieved a total of well over one-half of Dutch dividends, which would be in contradiction of our 25% reasoned initial proposition here on investment size.

Retained Profits

However, there must be another missing item. Having identified distributed profits and retained profits sent overseas, what about profits undistributed in Indonesia? Do these appear in the Indies balance of payments or not? They do and they do not. The *words* appear (Lines 11b and 19a), but without data. The title of 19a in the balance of payments capital accounts is “Capital investments from retained profits,” which means that if 19a had had contents they would be mainly utilised in Indonesia. Already its equivalent exists as “Retained profits” in the current account. So we have good grounds for assuming that those items are located where they should be in the balance of payments. The only thing missing is their contents.

When considered by most observers, retained profits are usually said to have been large. In the judgement of Creutzberg (1975, 21), the person who set up the whole post-colonial statistical series on colonial Indonesia, he concludes:

As far as can be judged in our research into the 19th century there were only two occasions on which capital was transferred to Indonesia – once after the 1884 sugar crisis to provide a sound basis for the sugar industry’s finances (the funds were later repatriated) and again in the 1890’s and 1900’s when debenture loans were contracted by the plantation companies, most of which by that time had become limited companies.

The orthodox manner of financing improvements to or extensions of the industry demonstrates that there was still considerable reluctance on the part of overseas investors to

provide direct capital. All the same it was in this period, that the foundations for future expansion were laid. Ploughing back surpluses into the enterprises stayed a habit and became the major source of financing development in the 20th century. It is known that it was only during the boom periods around 1912 and in the 1920s that expansions were partly financed by direct transfers of capital. In the 1930s overseas financial resources were tapped, this time to keep the industry on its feet during the first years of the depression.

Allowing him some leeway on the dates, this judgement cannot be ignored, although we do note that he does not give a quantitative estimate.

Profits undistributed *may* have been used for re-investment in Indonesia by their owners, but also may be retained for investment elsewhere, may be sent somehow to the Netherlands or may be hidden as reserves for other purposes. Another specialist's judgement is that a "great deal of the gain is indirect, much of it is intangible and not to be sent down in cold figures perhaps..." (Keller 1940, 13). Keller adds: "[a]llocation of returns in major industries is often a matter of bookkeeping or of politics rather than of real dividends" (1940, 16). Retained profits are a notable truant in the Indies balance of payments accounts.

However, the strangest thing in this whole business is the identification by *Balance of Payments 1822–1939* of two distinct divisions of retained profits, only one of which has data entered, whilst the other *has none*. Also, *none of the experts discussing the topic seems aware of the existence of one (floating balances)* and restricted their judgements to the other for which *Balance of Payments 1822–1939* offers no data. They either used evidence from various other sources without citing its source or they creatively filled gaps without explaining how the data was sourced. No wonder so many conflicting estimates of the retained profits exist. The difference in various figures for 1925 illustrate this. For example, Derksen (1946, 374) estimated 50 million guilders. Polak (1979, 66) calculates 100 million, while the Central Statistics Office and the Indies Employers Association would have got 174 million guilders whilst Korthals Altes himself would have arrived at 211 million. Some observers do not give figures. Klaveren (1955, 187) says about 50% and if converted to a figure would have been 290 million guilders. Others, like Haccou (1947, 59, 65-6), despite using a plethora of other statistics, stick with the Statistics Bureau's refusal to show them and omits to mention them but presumably includes them under his large category "unknown."

In so far as they were not simply guessing, the experts cited must have been using bits and pieces of different evidence. We must repeat that those estimates or guesses either did not, or, on account of their date, could not use Indonesia's balance of payments explanation. None of those experts discussing retained profits had read it.

However, Korthals Altes (1987b, 41) certainly offers percentage estimates in his text to account for undistributed profits otherwise unaccounted for, by relating them to distributed profits, but his calculations vary. For example, for 1925 he favours 36.5% of the *total profits* to account for retained profits, higher than the 30% of *declared dividends* (itself lower than total profits) by the Indies Statistics Office. Then he estimates that 25.7% of *dividend rates* accounted for the retained profits from 1910 to 1926 whilst adding 33% of *dividends and taxable profits* for 1928–1939. The pity of it is that Korthals Altes gave up or perhaps felt himself under pressure and simply followed the example of the Indies Statistics Office in omitting their partial data altogether in his table of the Indies balance of payments.

“Private Floating Balances” = Retained Profits Sent Overseas

The item “private floating balances” requires a little more explanation. Korthals Altes has clearly uncovered a source of private profit/income not mentioned elsewhere. He points out that the current and capital parts of Indonesia’s balance of payments do not actually balance as they should and a “residual item” has to be added to make them do so:

The residual item represents all items that would ordinarily appear on a complete balance of payments statement but for which estimates could not even be made, of which the most important example in the case of the Netherlands Indies is probably capital transaction by the banking system.

Nevertheless the residual item has been shown under the heading of changes in private floating balances abroad. This does not, however, depart excessively from the true situation for numerous Neth. Indian enterprises are known to have held credit balances abroad. . .

The fact that the average for the residual item throughout the period is positive could be taken as indicating the existence of a virtually permanent flow of funds from the Netherlands Indies to the rest of the world. . .this would suggest the existence of a capital flow abroad not evident in the available data. . .The most obvious candidate in this regard would be investment income paid abroad. . . (Korthals Altes 1987b, 51–52; see also Gordon 2010, 430–432).

We must take it that floating balances represents at least some part of undistributed profits sent abroad unless they are simply added to distributed dividends as they may have been in the Netherlands. In the context of its use here, the term “undistributed profits” is self-contradictory. After all, Korthals Altes’ analysis of them arose in the course of his discussion of retained and re-invested profits in Indonesia which do not figure at all in his numerical presentation of the balance of payments. It looks like a “back-door” entry. And we are obliged to include it in the colonial surplus.

In Gordon (2010, 430–432) the “net” amount was used. However, it now seems more appropriate to show the gross value of the increases and we have changed the data accordingly, including correcting a small mistake in the arithmetic. The value of the difference between net and gross (shown to be 494 million guilders throughout in Table 1 of Indonesia’s balance of payments) looks as though it might well figure in reality as a capital investment and we do not place it in this article.

Profits Retained in Indonesia

Do “retained/undistributed profits” in Indonesia appear in the Indies balance of payments? The answer is ambivalent. Their *titles* certainly appear (see lines 11b and 19a of *Balance of Payments 1822–1939*), but without any data. However, the title in the balance of payments capital accounts is “Capital investments from retained profits,” implying that if it had contents they would be mainly utilised in Indonesia and this already has its equivalent in the current account. We may assume that those positions are where they should be in the *Balance of Payments 1822–1939*.

Trying to calculate profits retained in Indonesia is difficult. Korthals Altes (1987b, 41) pointed out: “For the favourable year 1925, the [Indies] Central Office of Statistics estimated undistributed profits at . . .23 per cent of distributable profits. Our own calculations. . .indicate that 36.5 per cent of the total profits were retained. There is no ready explanation for this discrepancy.”

Table 5. Changes in calculations of retained dividends (million guilders)

Item	1880–89	1890–99	1900–09	1910–19	1920–29	1930–39	1880–1939
Retained profits sent abroad	303	228	448	1,663	1,605	480	4,727
Original estimate of net amount sent abroad	290	227	437	1,655	1,219	405	4,233
Dividends retained in NEI	45	73	148	692	1,536	480	2,974
Original estimate dividends retained	57	92	187	851	1,560	549	3,296

The title in the balance of payments current account (line 11b) is “Retained dividends” whilst in the capital accounts (line 19a) the equivalent is “Capital investments from retained profits,” implying (if it had contents) they would be mainly utilised in Indonesia. So, it is reasonable conjecture that is where they are. Thus, the most likely explanation is that they represent mainly profits retained in colonial Indonesia. In other words, *both* estimates have to be added to the actual colonial surplus (see Table 5).

Adding the two kinds of retained profits gives a large sum, over seven billion guilders in total, which would be higher than business profits.

Final Comments

We are compelled to note that, except for Korthals Altes, all of those experts cited above who mentioned undistributed profits followed the policy of the colonial Indies Statistics Office in not recording retained profits. The *Balance of Payments 1822–1939* wrote “pm” in abbreviation of “pro memoriam,” yet in this context it must mean something like, “We are unsure and we shall not estimate for you.” Was this a dereliction of duty? The *Balance of Payments 1822–1939* omits retained profits and non-Dutch profits and large recorded budget items which together amount to seven billion guilders, over one-quarter of our total colonial surplus. Could this have been a deliberate mistake by *Balance of Payments 1822–1939*, made under the influence of an editorial committee that counted membership of former Indies civil servants who operated on principles of *noblesse oblige*? Or possibly it was a sign of a refusal to admit how much Indonesia was exploited by the Netherlands? Whatever the reason and justification for that, our calculations show that the immense amount of 27 billion guilders was removed from Indonesia during the late colonial period.

Note

1. Some further comment may assist in understanding the calculation. The 25% cannot be used for profits. It asks 25% of what? It works with investment because there we know what the total is. It is 25% of a known number (25% of 3.5 billion). In profits we do not know what the total is (25% of ?) and that is what we are trying to find out. We must take the ratio 25% non-Dutch:75% Dutch because we do know how much the Dutch 75% amounts to. The ratio is 1:3, thus non-Dutch profits = 0.33 of Dutch profits.

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