The unchanging, isolated, self-sufficient village economy of ‘pre-capitalist’ myth proves difficult to locate in any particular time or place. It is especially alien to the island world of Indonesia, as naturally favoured a region for maritime commerce as any in the world. Just as in the islands of the eastern Mediterranean, this ease of communication gave rise relatively early to specialisation of economic function, and to competing but interconnected city-states as the primary political form. As a French traveller noted in the early 17th century, the islands of Indonesia:

are fertile in peculiar fruits and merchandise, such as spices and other drugs that are found nowhere else... So this one product wherewith they abound must furnish them with everything else; this is why... these people are constrained to keep up continual intercourse with one another, the one supplying what the other wants.
(Pyrard 1619, II, p. 169)

Transport by road was certainly not well developed, since most important towns were accessible by sea and river. The retreat of the Javanese capital inland to Mataram around 1600 did, however, make necessary at least one excellent road, the one leading from the capital to Semarang. As Van Goens described it (1656, pp. 205–10, 256–7) it was well-maintained at the Emperor’s behest, including a mighty 300-foot bridge over the Gading River ‘capable of carrying a marching army with a thousand elephants and heavy guns’. The two other major roads of Mataram, on which transport by bullock-cart was possible, were to Gresik and Balambangan in the east, and to Pekalongan and Tegal in the northwest. The only other areas where road transport was well-developed were Bali, Minangkabau and perhaps the Batak area of Sumatra. For most of Indonesia as for the Moluccas described by Galvao (1544, p. 155), ‘All their travelling, fighting, trading and merrymaking is done by sea.’
The best projections I have been able to make (Reid forthcoming) for Indonesian population about 1600 come to a total of nine million, distributed unevenly among the islands, though not as unevenly as at present (Table I). The rate of population growth appears to have been slow as a direct and indirect result of political insecurity and warfare. Whenever reasonable security was achieved by strong state structures not mobilising for war (of which colonial regimes became the chief, but not the only, example), social and health conditions appear to have encouraged exceptionally rapid growth.

**Table 1** Population of Indonesia in 1600 and 1800 (estimate)

<table>
<thead>
<tr>
<th>Island</th>
<th>1600</th>
<th>Density (Pop/km²)</th>
<th>1800</th>
<th>Density (Pop/km²)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Java</td>
<td>3,400</td>
<td>25.7</td>
<td>5,200</td>
<td>39.3</td>
</tr>
<tr>
<td>Sumatra</td>
<td>2,400</td>
<td>5.7</td>
<td>3,500</td>
<td>8.3</td>
</tr>
<tr>
<td>Bali</td>
<td>600</td>
<td>79.7</td>
<td>700</td>
<td>92.9</td>
</tr>
<tr>
<td>Borneo (all)</td>
<td>670</td>
<td>0.9</td>
<td>1,000</td>
<td>1.3</td>
</tr>
<tr>
<td>Sulawesi</td>
<td>1,200</td>
<td>6.3</td>
<td>1,800</td>
<td>9.5</td>
</tr>
<tr>
<td>Maluku</td>
<td>275</td>
<td>3.7</td>
<td>400</td>
<td>5.4</td>
</tr>
<tr>
<td>Lesser Sundas</td>
<td>600</td>
<td>9.1</td>
<td>900</td>
<td>13.6</td>
</tr>
</tbody>
</table>

*Source:* Reid forthcoming.

By the standards of most of the world, a high proportion of these nine million people lived in cities, the commercial, political, and cultural centres of life. The biggest commercial emporia of the early 17th century — Aceh, Banten, and Makassar — appear to have had close to 100,000 people in the city and adjacent suburbs, or more than ten per cent of the state or hinterland they ruled (Reid 1980a). Even the inland capitals of Java with little commercial role contained populations which seem inflated by the standards of pre-industrial Europe. In the early 18th century Valentijn reckoned the new capital of Kartasura to contain 30,000 households and the old capital 60,000. Raffles (1817, 1, p. 65) claimed a population of 105,000 for Surakarta city and ‘somewhat less’ for Yogyakarta, giving both of these cities more inhabitants than Batavia and over ten per cent of the people in the principalities they ruled.
AGRICULTURE

In addition to these substantial cities, a large proportion of the remaining population was concentrated in pockets of intensive wet-rice agriculture. The chief of these areas were in the Mataram heartland of Yogya-Solo, the Surabaya plain, and the Tegal-Pemalang plain in Java; in Bali; in the upland valleys of Minangkabau and Tapanuli in Sumatra; and in some of the coastal Plains of South Sulawesi. Most of the remaining land area, even in Java, was covered in tropical rain-forest — a home to tigers, elephants, wild bulls and pigs. In theory there was an 'open frontier' in agriculture, where anyone discontented with the constraints of life in more settled areas could create new land for himself by clearing the forest. The forest did indeed serve as a refuge against tyranny, as the many runaway slaves dwelling on the outskirts of Batavia bore testimony. It did not produce an egalitarian society, however. The pattern was one of large patriarchal households, in which manual work was often restricted to a numerous class of dependents or slaves.

Indonesians have grown crops for export for many centuries. In bulk terms, rice was always the largest item of maritime trade. The large commercial cities such as Aceh and Banten were fed primarily by imported rice, and saw little need to plant rice in their own hinterlands until the Dutch introduced tactics of naval blockade in the mid-seventeenth century. Similarly the less fertile islands of the east, especially the northern Moluccas, Banda, Selayar and Buton, exported their own specialities in order to be able to import rice on a massive scale. The biggest food exporter in Southeast Asia prior to the 19th century was Java. Japara, the chief export port for Central Java, sent 50–60 rice-laden junks a year (perhaps 3,000 tonnes of rice) to Melaka before 1511, and the same port sent 8,000 tonnes to Batavia in a peak 17th century year — 1648 (Van Goens 1656, p. 181). East Java was able to export two to four thousand tonnes through Surabaya around 1700, most of it going to the Moluccas and the Lesser Sunda Islands. The plain north and south of Makassar in South Sulawesi was intensively exploited in the early 17th century so that Makassar would also have a major export to exchange for Moluccan spices. The English alone bought 450 tonnes of Makassar rice in a single month of 1618 (Staverton 1618, p. 19).

Rice was not the only staple to be routinely shipped around the archipelago. Salt and dried or pickled fish were always traded from coastal to interior regions, and frequently also over long distances. The biggest commercial salt pans of Southeast Asia were those
along the north coast of East Java between Pati and Surabaya. This region exported salt to much of Indonesia, including many of the ports of Sumatra which were supplied through the intermediary market of Banten (Lodewycksz 1598, pp. 102–3, 119). Sugar, though available in most areas from the aren and other palms, from cane or from honey, was also traded over long distances. Banten drew its supplies of honey from as far afield as Palembang and Timor, and its palm sugar from Jacatra and Japara (Lodewycksz 1598, p. 119). Although meat was a relatively minor item of diet then as now, there was commercial livestock farming for export in the environs of the cities of Aceh and Grisek, in Madura, Lombok and further east (Dampier 1699, pp. 89, 91; Meilink-Roelofsz 1962, pp. 272, 284).

While these staples were the biggest bulk items of the internal Indonesian trade, outsiders came in search of the precious and unique products of the archipelago. Forest products such as camphor, sandalwood and benzoin, sea produce such as pearls, béche-de-mer and tortoise shell, the gold of Sumatra, and above all the spices of the Moluccas (nutmeg, cloves and mace) had been drawing international trade to the archipelago for centuries before European ships made their appearance. The ability to trade these products for Chinese and Indian manufactures accentuated the commercial orientation of Indonesians, and prepared them to respond rapidly to new opportunities for export-oriented agriculture as they appeared.

In the 15th to 17th centuries the major boom crop was pepper, for which there appeared a growing and virtually insatiable demand in both Europe and China. Pepper cultivation appears to have been introduced to Sumatra from India only in about 1400, but within a century and a half Indonesia had replaced India as the main source of the world’s supply. Acehnese, Minangkabaus, South Sumatrans and Banjarese all responded to the opportunity. By the 1620s it was estimated that Banten (reshipping chiefly from southern Sumatra) could export about 5,000 tonnes per annum, Jambi about 3,000 tonnes, the (Acehnese-dominated) West Coast of Sumatra 2,000 tonnes, and Banjarmasin 500 tonnes. Even though European (and probably Chinese) pepper consumption grew rapidly in the 17th century in response to the much reduced prices, Europe consumed only 4,000 tonnes by the end of the century (Wake 1979, p. 393). Pepper was no longer very lucrative in the late 17th century, and moreover it attracted unwelcome attention from Dutch and English companies each determined to monopolise and control its sources of supply. Nevertheless, when at the end of the 18th century American and French traders broke up the Anglo-Dutch hegemony
in their pursuit of 'free' sources of pepper, Acehnese again responded to the challenge, expanding production to about 8,000 tonnes annually in the 19th century, then almost half the world's demand.

Other cash crops were similarly taken up whenever a demand presented itself. Tobacco was extensively grown in almost every suitable area by the end of the 18th century, while gambier was exported from Central Sumatra and Riau. When coffee became suddenly fashionable in the salons of Europe towards the end of the 18th century, and prices were good, coffee shrubs were planted in upland areas of Central Sumatra, South Sulawesi and Bali, as well as the Dutch-sponsored growing in Java. Crawfurd (1856, p. 115) estimated that Indonesia produced about a quarter of the world's needs in the mid-19th century.

The well-known 20th century Indonesian smallholder production of rubber, copra, coffee, and most recently cloves, has plenty of precedents stretching back long before the era of modern capitalist penetration. The crops, the locations, the buyers and the agricultural techniques changed constantly, but some of the strengths and limitations of this market orientation remained. Relatively little capital was available for large-scale or high-risk operations. The favoured crops were perennials demanding not so much attention that they would prevent the farmer from also growing his food crop while waiting for the pepper or coffee to reach fruition. Even when major booms opened up whole new agricultural frontiers, like the pepper-growing areas of southern Aceh or southern Borneo, migrant labourers would be given only enough advance capital to cover their basic tools and six months' food supply until their first rice crop was harvested. The successful agricultural entrepreneur who thus financed the flow of immigrants to his frontier area tended to become a small raja using his new wealth to control men rather than a capitalist building a purely commercial empire.

TEXTILE PRODUCTION AND TRADE

Textiles are the most interesting manufacture to watch. They are not only essential items of mass consumption but also a key indicator of wealth. For if Indonesians spent relatively little on their houses, furniture, or food, they were always eager to display their wealth and status in the sumptuous clothing and jewellery they wore. For this reason foreign traders in the region found that fine cottons from India or silks from China were the most saleable items of import to exchange against Southeast Asian produce. The more exotic the cloth, the greater its value as a marker of status.
Nevertheless, the bulk of Indonesian cloth consumption was always indigenous until the 19th century invasion of cheap Lancashire cottons. Cotton and silk had both been grown in the archipelago for many centuries, even though they never eliminated from some isolated regions the local tree-fibre and pineapple-fibre cloths. Silkworms were reared in Aceh and South Sulawesi, and the silk of Aceh was even exported on a considerable scale to India in the 16th century (Empoli 1514, p. 148; Nicholls 1616, pp. 5, 8). Cotton was much more widespread, and ‘next to rice, the most valuable article of the agriculture of the Indian Islanders’ (Crawfurd 1820, I, p. 439). In Java it was grown in the sawah, being left to ripen in the drier weather after the rice was harvested. Elsewhere it tended to be an upland crop, especially in drier areas less suited to rice, such as the southeast corner of South Sulawesi, Selayar, Buton, Bali and Nusa Tenggara.

As in most of the pre-industrial world, spinning and weaving was women’s work, performed on a small-scale household basis. Little specialisation was possible in the process from the buying of the raw silk or cotton to its sale as finished cloth. The techniques of spinning and especially weaving remained at a more basic and labour-intensive level than in India and China, perhaps because the technology of women’s work could not be spread by men. Hooijman noted (1780, pp. 430–1) that weaving was one of the few crafts which Chinese in Indonesia did not take up, and that when the wives or daughters of Chinese did weave, they used the laborious Indonesian methods. Indonesian looms were seldom more than 65 cm wide. The same author calculated that it took a Javanese woman one month of spinning to produce a pound of thread, and four or five weeks to weave a large sarong about eight yards long by one yard wide.

Despite these handicaps, some areas made a major export industry of cloth production. As always, the large population of Java made this island the biggest production centre, though the apparent inability of Javanese to weave colour into the cloth meant that there was little demand around the archipelago for Javanese cottons. Some East Javanese striped lurik was exported in the 17th century, but most Javanese traders to the Moluccas or Nusa Tenggara carried Balinese or Madurese cottons (Lodewycksz 1598, pp. 100–1, 119–20; van Heemskerck 1600, pp. 448–9). In greatest demand around the archipelago were the fine cottons of South Sulawesi, which were generally called ‘Makassarese’ in the 17th century and ‘Bugis’ thereafter. In fact the major weaving centres were in the dry and rocky southeast corner of the southwest arm of Sulawesi — Bulukumba (especially its Bira area) and the island of
Selayar. Their checked, brightly-coloured sarongs were clothing men and women all over the archipelago as late as the early 19th century (Rouffaer 1904, p. 4; Lennon 1796, p. 271; Marsden 1783, p. 52). Buton and Sumbawa were also among the drier areas which made an export industry of cotton cloths in order to be able to import food and other necessities.

Silk weaving was more widespread than the production of raw silk. The Bugis and the Acehnese, with the advantage of home-grown supplies of luxury fine silk sarongs and scarves (Couto V, 1780, ii, p. 86; Beaulieu 1666, p. 99; Kreemer 1922, p. 535; Anderson 1840, pp. 24–5). Imported Chinese silk made it possible for Sumatran and Malay women in other areas to specialise in expensive silk cloth, often with gold and silver thread woven into it (Crawfurd 1820, I, pp. 181–2). Minangkabaus who were situated close to important trade routes tended to make a specialisation of silk exports, and their outlets such as Siak and Batubara on the East Coast of Sumatra became renowned for these in the 19th century (Dobbin 1983, pp. 20, 30–1; Anderson 1826, pp. 353–5). Batubara was in fact one of those centres for which we have evidence of development towards a larger-scale production based on slavery:

In almost every house in Batubara is one or more looms; and the slave girls spin, dye and weave. Great quantities of coarse cotton and rich silk and gold cloths are manufactured here for the use of the inhabitants, and for exportation to other Malayan countries in Sumatra and the Malayan peninsula.

(Anderson 1826, p. 312)

Up until the first half of the 17th century, with the steady expansion of both the internal and external trade of the archipelago, local cloths tended to occupy the cheaper part of the market, with those who could afford it buying imported Indian cottons and Chinese silks. The Dutch and English companies soon discovered that cloth was the most valuable article of import to exchange against the pepper and spices they wished to carry to Europe. When they conquered an area of significant textile exports, the Dutch therefore insisted on a tribute in cloth which they could use in their trading network. Bira and Selayar were obliged to send an annual cloth tribute to the VOC, as they had previously to the Kings of Makassar (Speelman 1670, p. 114; Stavorinus 1798, II, p. 261). In 18th century Java, Priangan and the Oosthoek had also to forward to the VOC a tribute of cotton cloths which the Dutch then traded to areas producing pepper, sandalwood, etc. (Rouffaer 1904, pp. 12–13). On the other hand, both Dutch and English came to the West Coast of Sumatra to buy pepper, and had a strong interest
in monopolising the supply of cloth there. When pepper prices fell in the 1660s, the Minangkabau pepper-growers attempted to switch into cotton for the internal weaving industry, just as had occurred in Banten and elsewhere when Dutch blockades and monopoly measures destroyed the export trade. In West Sumatra the Dutch and the English, in their respective spheres of influence, were strong enough to suppress indigenous textile production so that they could sell their Indian and Javanese cloth. Only a decline in the power of both companies in the late 18th century enabled the Minangkabau weaving industry again to boom (Oki 1979, pp. 147–8; Dobbin 1983, p. 78; Kathirathamby-Wells 1977, pp. 141–3).

With the development of European machine-made textiles on a vast scale, the colonial interest in suppressing local manufacture became even stronger. Lancashire drew its cotton supplies from the United States and Egypt, and even the fledgling Dutch textile industry had cheaper sources of supply than Indonesia. The 10,000 tonnes of cotton which had been produced annually in West Java and South Sumatra in the early years of the 19th century declined to almost nothing by 1850 (Matsuo 1970, p. 11). By mid-century Java was almost entirely clothed in British manufactures, and in the latter part of the century even the old exporting centres of South Sulawesi, Central Sumatra and Nusa Tenggara yielded before the much cheaper imports. There was no attempt in the 19th century to improve the technology of textile production to enable it to compete with these imports. It was only the most expensive and esoteric cloths produced by labour-intensive methods for a tiny market which survived the challenge of the machine loom.

METALS MANUFACTURE

Apart from cloth and pottery, the most important Indonesian manufactures were male occupations — boat-building, gold and silver working, and the making of weapons, agricultural tools and household utensils in iron and bronze. The smaller fishing boats were built everywhere, though larger vessels had to be constructed where there was a suitable supply of good timber — the north coast of Java near Rembang and Lasem, Banjarmasin, and the Bira-Selayar area of South Sulawesi were the most important. Metalworking, on the other hand, had a strong association with kingship. Royal courts were the most important patrons for workers in precious metals, and the desire of rulers to control the supply of weapons, especially firearms, led them to encourage blacksmiths and bronzeworkers to settle in or near the royal
capital. Even though metal-workers shared the relatively low status of manual workers everywhere, in Indonesia there was also an aura of the sacred about them. The weapons that they made, particularly the *kris*, possessed a power that was supernatural as well as physical, so that they had to be ritual specialists as well as skilled craftsmen. The term *pande* in Javanese and Balinese (and still more the title of the master kris-maker, *empu*), and *panre* in Bugis, designates high technical competence in general but that of the metal-worker in particular, the controller of a vital source of power.

In some areas of low population density and considerable insecurity of trade, notably the interior of Borneo and parts of Eastern Indonesia, each village had a blacksmith, passing down from father to son the ability to make or remake the essential implements of agriculture or war. Much more typical, however, was a pattern of high specialisation, where certain villages or certain quarters of cities would be entirely given over to a particular type of manufacture. Sometimes such villages were situated close to the supply of metal and the trade routes. The largest centres were in or very close to the great royal cities of the 16th and 17th centuries. Near Banda Aceh, for example, iron was worked in Kampung Ba’et and gold in Kampung Lhong until the late 19th century. In the 17th century the city had also produced much bronze. In Surabaya copper was worked in Kranggan, iron in Kepandaian, ivory and bone in Bubuttan, while nearby Grisek exported its bronze and copper articles as far as the Moluccas and Timor, and gold was worked on the holy hill of Giri. Surakarta city also had a famous quarter of bronzewokers.

How these urban manufacturing centres may have been established in the purview of a major court centre becomes clearer if we look more carefully at the cases of Makassar and Nagara, where we have a little data. The Gowa (Makassar) chronicle tells us that King Tunipalangga (1548–66) was not only the ruler under whom gunpowder, bricks, long cannons, etc. were first made but also that he created officials called *Tumakkajannangngang* for each of a series of crafts — ‘blacksmiths, goldsmiths, house-builders, boat-builders, blowpipe-makers, copper-workers, grinders, turners, ropemakers’ (*Sejarah Goa* n.d., p. 25). His successor Tunijallo (1566–90) added arrow-makers to this list, and also instituted a new office of *Anrong guru Tumakkajannangngang* to oversee all of these crafts (ibid. p. 50). Although we do not know the exact function of the *Tumakkajannangngang*, it appears likely that they coordinated the (probably obligatory) services of craftsmen to the king, ensuring that his forces were well supplied with weapons and
ships, and his court furnished with its needs. In return they were freed from other forms of taxation (Ligtvoet 1880, pp. 98–9; Cense 1979, p. 175). With the decline of the kingdom these heads of craft organisations appear to have become ritualised into court functionaries, fixed in number to forty (Friedericy 1933, p. 84). Their original functions, however, must have resembled those of the mediaeval European masters of guilds, coordinating the work of craftsmen gathered in one part of the city, and defending their interests with the court.

Nagara, a town of some 900 houses in the 19th century, built over the waters of a tributary of the Barito River in South Borneo, was wholly devoted to metal-working. Several 19th century reports on the town show it to have been perhaps the most important bronze and arms-manufacturing centre in Indonesia, sending its guns, knives, gongs and betel-sets throughout the archipelago. The metalworkers, grouped into quarters with different specialisations, still had a close connection with the Sultan of Banjarmasin, who imposed a ten per cent duty on all their exports, and who could order them to produce his requirements free of charge when he provided the raw metal (Lombard 1979, pp. 240–1; Marschall 1968, pp. 137–9; Ras 1968, p. 626). Prior to the Islamisation of Banjarmasin in the 16th century, Nagara was the royal capital, and the role of the metalworkers must have been even more closely tied to the power of the kingdom.

Pre-colonial Indonesia was certainly a net importer of metals. Until Chinese miners began the intensive exploitation of Bangka tin in the late 18th century, the only metal exported from the archipelago in significant amounts was the gold of Sumatra and western Borneo. Copper and lead were regularly imported from China in the form of the low-grade coins known as cash. Iron was also imported in both raw and manufactured form from China and the Ryukyu Islands, while European iron was also an acceptable import from the 17th century.

At least until the 17th century, most of Indonesia’s iron was nevertheless produced at a small number of locations in the archipelago where it lay close to the surface. Since none of these was in Java, the blacksmiths and the famous kris-makers of that island had to rely entirely on imported iron, chiefly from Borneo or Sulawesi. Around 1600 Banten imported ‘iron in quantity from Karimata’ (Lodewycksz 1598, p. 119). When the Dutch found it impossible to trade in Timor without iron tools to sell there, they sent a vessel to Karimata which came back with 7508 axes and 506 parangs (van Diemen 1637, p. 629). Such tools were made from brown ores found in the Karimata archipelago off Southwest
Borneo, especially Pulau Besi. Some iron may also have been brought to Karimata from other surface ores in the lower Kapuas area of West Borneo (Marschall 1968, pp. 248–9).

Axes and parangs from Karimata, and even from Beliton, were exported as far east as Makassar in the 17th century (Speelman 1670, p. 113), although Sulawesi had its own sources of iron in the limonite lumps found in marshy areas around Lake Matano and in Rongkong — both within the domains of Luwu at the head of the Gulf of Bone. Much of this ‘Luwu iron’ was traded to Java (ibid. p. 111), and because it was rich in nickel, it was probably the main source of metal for Javanese krisses since the time of Majapahit (Rouffaer 1904, p. 107). The main outlets of this iron, Luwu itself and the Banggai archipelago off eastern Sulawesi, are both noted as tributaries of Majapahit in the _Nagarakertagama_. Banggai was the main supplier of iron and steel weapons to the Moluccas in the 16th century (Pires 1515, pp. 215–16). By the 17th century it was joined by Tobungku on the east coast of Sulawesi, which was much closer to the sources of iron. Tobungku swords were in demand throughout eastern Indonesia for their high quality, and the Sultanate of Ternate, at the time when it was the strongest power in the area, had made sure that it received an annual consignment as tribute (Speelman 1670, p. 104; Tobias 1857, p. 24).

Finally, iron was found at various points in the Bukit Barisan range of Sumatra, and particularly in the Gunung Besi (‘Iron mountain’) just north of Lake Singkarak which supplied the flourishing Minangkabau iron industry. Although the iron may once have been smelted near the source, by the 18th century lack of wood had forced the smelting operation to Salimpaung, one day’s walk to the north. Manufacture of iron and steel implements was scattered throughout a number of Minangkabau villages, some specialising in swords, some in parangs, some in firearms (Dobbin 1983, pp. 21–3). Their produce was traded throughout Sumatra.

THE DECLINE OF INDONESIAN COMMERCE

We have very briefly sketched above the strongly commercial orientation of pre-colonial Indonesia, and the considerable degree of specialisation of function in a maritime world knitted together by trade. It is interesting to find a Dutch East India Company merchant, of all people, commenting that ‘a Javanese would sell his own father for a little business’ (Heemskerck 1600, p. 451) — how curiously stereotypes reverse themselves! Why then did capitalism fail so markedly to develop in Indonesia? What factors produced the familiar 19th century picture of an expansionist capital-wealthy
Europe penetrating a relatively defenceless and fragmented Indonesia impoverished in capital, in technology, and in financial institutions.

We can perhaps usefully oversimplify an answer to a very complex question by concentrating on three factors — political, military and financial.

*Lack of security.* Unlike Mediaeval Europe or Tokugawa Japan, the cities of Southeast Asia, however large and commercially important, were in no sense insulated from the greed or arbitrariness of rulers. There is no parallel to the ‘free city’ balanced between rival feudal domains in Europe and protected by royal charter. On the contrary, a city was always the centre of a kingdom, so that Southeast Asian languages had difficulty distinguishing between the two. For this reason it was difficult to separate wealth from power — a successful merchant would inevitably arouse the distrust of a ruler unless he joined the court circle and linked his destiny through marriage to the king. His only alternatives were to accumulate enough followers to be able to defend himself against the king if necessary, to retain sufficient mobility to be able to pull out his capital and find another royal patron elsewhere, or even to found his own city-state on another stretch of coast or river.

Although there were many practical limitations on the power of rulers, there were few institutional ones. In the prosperous conditions of the 16th and early 17th century, therefore, one tends to find an alternation between tyrannical kings who succeed in engrossing much of their subjects’ trade and wealth into their own hands, applying rules which made the king the heir of all foreigners, executed criminals, or subjects dying without married male heir (Beaulieu 1666, pp. 108–9), and periods of reaction against such tyranny, when the leading orangkaya worked to prevent there being any king at all. The latter periods, when a child (in Banten) or a succession of women (in Aceh and Patani) were placed on the throne by powerful merchant aristocrats, might perhaps have been expected to develop eventually in the direction of permanent checks on royal power. Indonesia was not free to find its independent way towards this goal, however.

*Military Defeat.* The Portuguese, and after them the VOC, were not interested in territorial conquest as such. Since unlike the Indian and Chinese traders they had almost no merchandise of interest to Southeast Asians, they used their military superiority in the interests of profitable trading. This meant selecting targets with great care so as to pursue a monopoly buying position for those items in greatest demand in Europe — nutmeg, cloves and pepper. With the advantage of surprise and a very divided, pluralistic
opponent, the Portuguese succeeded in 1511 in taking the most flourishing entrepôt in Southeast Asia — Malacca. Trade, of course, quickly moved in other directions enriching Patani, Pahang, Johor, Aceh and Banten. The Portuguese then set out to attempt to monopolise the spices at source in the Moluccas, ultimately failing to do more than take a minority share of an expanding trade.

The Dutch were very much more powerful and better coordinated in the number of ships they were able to send to Southeast Asian waters. Jacatra (Batavia) was conquered as a headquarters in 1619 against weak opposition, and the nutmeg-producing islands in Banda in 1621. Most of the pepper-producing regions of Sumatra were detached from their allegiance to Aceh and Banten respectively. The strongest Dutch effort went into an attempt to dominate the clove-producing Moluccas militarily to the exclusion of Portuguese, English and Muslim ships. Despite these efforts, Indonesian trade continued to flourish through the first two thirds of the 17th century. The major entrepôts for the Muslim trade were Makassar, Banten and Aceh, all of which continued those traditions of commercially-oriented urban life and manufacture described above. Dutch domination of the trade of the archipelago was only possible as a result of the VOC’s conquest of Makassar in 1669 and Banten in 1684. Aceh was left to wither much more slowly as Dutch and subsequently English shipping gradually eroded its importance as an entrepôt.

The Javanese were a different phenomenon, having an agrarian/hydraulic tradition of the interior as well as a commercial one of the pasisir. What one can say with confidence is that when the Portuguese arrived in the 16th century the commercial tradition of the northern cities — Demak, Japara, Tuban, Grisek and Surabaya — had risen to dominance on the strength of the flourishing international trade. By 1625, when Sultan Agung of Mataram completed his conquest of the coastal cities with the destruction of Surabaya, that position was completely reversed. Agung (1613–45) and his successor Amangkurat (1645–77) systematically destroyed the commercial life of the northern cities, forbidding Javanese to trade internationally (Reid 1979). While we cannot attribute this shift wholly to European military intervention, the coastal city-states were undoubtedly weakened in their ability to resist by the partial success of Europeans in cutting them out of the spice trade.

In short, the inability of the Indonesian trading cities to defend their position militarily led to the loss of the ‘commanding heights’ of the economy to Western hands. The political (and cultural) centres of Indonesia became isolated from the dynamic element of
international trade, and Indonesian society as a whole became more rural, more politically diffuse, more inward-looking, and more mystical. Indonesian commercial activity adjusted to a smaller scale, symbolised by the replacement of the large trading junks of which the Portuguese wrote by lighter and faster *prahu*s able to outrun the heavily-armed European ships (Manguin 1980). The most successful ventures, such as the trade network of the Bugis *diaspora* or the pepper-growing of Acehnese pioneers on the West Coast of Sumatra, were those least connected with the increasingly introspective courts.

**Lack of Capital.** Even in the heyday of Indonesian commerce Europeans noticed the dearth of large merchants other than the king and his leading officials. 'These [Acehnese] people buy only from hand to mouth of Indian cloth, which when they have retayled they come again and buy, and not a merchant will deal for 100 tayle together in money' (Nicholls 1619). Foreign merchants were expected to provide credit for trading ventures, and even craftsmen seldom had a stock of manufactures to sell, preferring to work in response to a particular advance of money.

The major reason for this was no doubt the political insecurity mentioned above. Too obvious a store of goods created the danger of arousing the covetousness of rulers and powerful men. Those who were ambitious to rise in the world preferred to surround themselves with a numerous following of slaves, bondsmen or dependents, who could protect their patron as well as work for him. Even the physical conditions of Southeast Asian life militated against accumulating fixed capital. Cities were not walled as in Europe or China, and domestic buildings were never of permanent materials, because the most important means of defence (especially for the rich) was flight to sea or into the ever-present jungle. Although we can point to a few successful merchants of great property, their wealth did not pass on from generation to generation. They either became part of the court elite, with political rather than economic preoccupations, or their wealth was seized by others at their death.

As I have pointed out elsewhere (Reid 1980b, pp. 448–51; 1983, p. 35), the persistent preference of wealthy Southeast Asians for accumulating dependents rather than land or fixed capital was undoubtedly strengthened by the destruction of the commercial and urban tradition in the 17th century. This preference had a great deal to do with the weakness of an Indonesian middle or propertied class in the 20th century, and the negative quality of Indonesia's encounter with modern capitalism.
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166


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