Introduction

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1 Colonial exploitation and economic development

During the first half of the twentieth century approximately one-third of the total world population lived under some form of European colonial rule. Since many of what are now the poorest countries in the world were part of European empires in the not so distant past, there is a strong belief that colonial policies and institutions have shaped the long-run development of their economies for the worse. Ample historical literature has shown that particular practices of colonial exploitation have caused widespread impoverishment, not only because colonial powers prioritized their own economic, political, and military interests at the expense of the majority of subject peoples, but also because they bequeathed to their overseas possessions distorted institutions which have undermined political stability and the growth of prosperity in the post-colonial era (Mamdani 1996; Rodney 1972).

Scholars who stress the "developmental" features of colonialism tend to argue that the tightening of global connections within the imperial framework has facilitated the transfer of capital, technology, knowledge, and ideas, and that these transfers have enhanced the productive capacity of former colonial economies. The diffusion of capitalist modes of production has enhanced market exchange, structural change and labor productivity growth. Corresponding investments in "modern" systems of education, health care, transport and communications, whether by private (missionary) or government initiative, have improved living standards in former European colonies by measurable degrees (Ferguson 2002; Warren 1980). This position is also supported by studies arguing that colonies held for a longer period of time, or those which were governed in a direct manner, performed significantly better after independence than regions where the colonial connection remained rather superficial (Grier 1999; Lange 2009).

The stifling ideological blanket that has covered the colonial legacy debate for so long has gradually been pulled away, especially since the end of the Cold War. However, scholarly opinions on the root causes of poverty in former colonies have hardly converged.[1] Contrasting performance characteristics between the so-called neo-European settler economies and an undifferentiated "rest" have been neatly cast in global comparative and quantitative studies, but whether these should be ascribed to differences in colonial institutions or differences in local (pre-colonial) geographical and institutional characteristics is hotly debated (Acemoglu *et al.* 2002; Diamond 1997; Gallup *et al.* 1999; Putterman and Weil 2010). What makes this research question so challenging is that among the undifferentiated "rest" the colonial experiences have varied so widely that varying "truths" at the disaggregated level can easily be taken to support any particular perspective.

When defining "colonial extraction" exclusively in terms of outcome, namely as *a net transfer of economically valuable resources from indigenous to metropolitan societies*, and "colonial exploitation" as *the practices and procedures facilitating the extraction of resources without adequate compensation to indigenous peoples and their natural environment*, it is easy to see that there is a wide range of transmission channels with varying effects on local socio-economic and political structures: land alienation, labor corvée, forced cultivation, trade monopolies, excessive taxation (of various kinds), forced army service, and so on and so forth. Indeed, the varieties of exploitation in colonial settings contain answers to many of the unresolved questions of long-term development, but to arrive at them we need to disentangle the historical practices and institutions of colonial extraction by digging deeper into the myriad relationships between colonial extraction and long-term development. This book offers such an in-depth analysis of the comparative cases of the Belgian Congo and the Netherlands Indies, two of the most exploited colonies in world history. The point of departure of this book is a shared belief among the authors that colonial legacies have been shaped by the specific interaction between metropolitan policy principles, local policy practices and indigenous institutional responses. How did these interactions evolve? What specific sets of conditions did these interactions create? Does this help to understand better the phenomenon of post-colonial economic divergence?

Exploring the links between colonial extraction and long-term economic development poses at least three major challenges to historical research. First, virtually every aspect of extraction involves combined elements of coercion, destruction, and production: exploitation presupposes productive investments, and the creation of economic growth is not necessarily impeded by the creation of economic rent. As studies of colonial taxation and state formation show, it is not clear whether high tax rates, on balance, create positive or negative conditions for future economic development, but a weak fiscal system almost certainly inhibits long-term economic progress (Frankema 2010, 2011). However, the balance between creation and destruction has varied enormously both across and within colonial realms. Second, the institutions imposed by colonial administrations, whether directly or indirectly via co-opted local representatives, have been subject to *change* – change as a result of colonial policy reforms as well as changing responses by different groups in indigenous societies. This is the main reason why casting "extractive colonial institutions" into a time-invariant indicator of "risk of expropriation" in standard cross-space regression analyses is extremely problematic. Third, short-term economic consequences of colonial extraction may differ substantially from long-term consequences, but the latter are notoriously hard to isolate as the number of "control variables" grows as time goes on.

The added value of a comparative historical approach, as developed in this book, lies in its genuine attempt to combine two key aspects: a *systematic analysis* of practices and institutions of colonial extraction, enforced by the adoption of a comparative perspective, intertwined with a *dynamic view* of the evolution of extractive institutions, local responses, and long-term developmental consequences, a view in which the notion of *historical change* is at the heart of the explanatory framework.

2 Comparing the Belgian Congo and the Netherlands Indies

The colonial history of Belgium and the Netherlands in the modern era (since *c.*1820) differs from the colonial history of France, England and early-modern Spain and Portugal in at least two fundamental respects. First, the Dutch and Belgians both had access to one "big" colony, while the other European powers were in charge of multi-polarized empires, with a number of territories scattered across various continents. Second, there exists absolutely no doubt that the colonial profits the Dutch and the Belgians managed to extract from their overseas territories outweighed the profits from alternative investment opportunities during considerable periods of time (Booth 1998; Buelens 2007). Indeed, the Belgian Congo and the Netherlands Indies rank among the most effectively exploited colonies of the modern era.[2] Yet the British academic debate about the costs and benefits of empire is still largely unsettled (Davis and Huttenback 1988; Gann and Duignan 1967; O'Brien 1988; Offer 1993). In French historiography this discussion has recently flared up again, but still leans to the view that empire was a burden rather than a boon (Huillery 2010; Lefeuvre 2006; Marseille 1984).

Part of the intrinsic similarities between Dutch and Belgian practices of colonial extraction flowed from a direct historical connection: the Belgian King Leopold II (1835–1909) admired the Dutch for the effective organization of forced tropical cultivation programs in Indonesia (*Cultuurstelsel, c.1830–70*). Leopold's desire to replicate the Cultivation System underpinned his relentless attempts to obtain a personal fiefdom in the tropics (Stengers 1977). The Congo project, as it unfolded after the major powers had agreed on the general framework of a free trade zone at the Berlin conference (1884–5), fitted seamlessly into Leopold's vision of Belgium as a modern, industrial, and self-conscious nation-state (Pakenham 1992). Large parts of the money earned from rubber in the Congo Free State (CFS) were turned into prestigious construction projects at home. These projects gave Leopold the nickname of the Builder King (*le Roi-Bâtisseur*). Leopold shared this outspoken entrepreneurial attitude with his Dutch predecessor, King William I (1772–1843), the Trader King (*Koning-Koopman*), who founded the Dutch Trading Company (Nederlandsche

Handel-Maatschappij, NHM) which was responsible for the transport of East Indian commodities to, and sale in, Europe.

The potential for colonial extraction in the Congo revealed striking similarities with Indonesia. Figures 0.1–0.3 show that both countries are located in the heart of the tropics. The sheer size of the land, the distances, the climate, and the ecological diversity were simply incomparable to the relative compactness of the two neighboring river delta countries in Northwestern Europe. Their soils offered excellent conditions for the cultivation of rubber, cotton, palm oil, tea, coffee, sugar, and cocoa, none of which would grow in Belgium or the Netherlands. Both countries possess vast mineral wealth, such as copper, tin, petroleum, and a dozen other valuable mineral ores in the Congo. The emerging mining economy in the Congo raised demands for infrastructure, transport equipment, food supplies, and utilities, thus creating favorable conditions for the development of an industrial complex, one that in terms of size and diversity was unique in colonial Africa. In Indonesia lucrative mining activities in oil and tin were started under Dutch rule as well.

At its high tide in the 1850s the net profits of the forced cultivation of tropical commodities in the Indies such as sugar, tea, indigo, and especially coffee contributed up to 52 percent of Dutch central state tax revenue and constituted almost 4 percent of total Dutch GDP (van Zanden and van Riel 2000: 223). The forced cultivation programs, which were initially introduced in Java but later extended to other islands as well, were targeted to create a net surplus (*batig slot*) on the Indonesian balance of payments, a surplus which was directly remitted to the Dutch treasury. The Dutch used these profits to service their extraordinarily high state

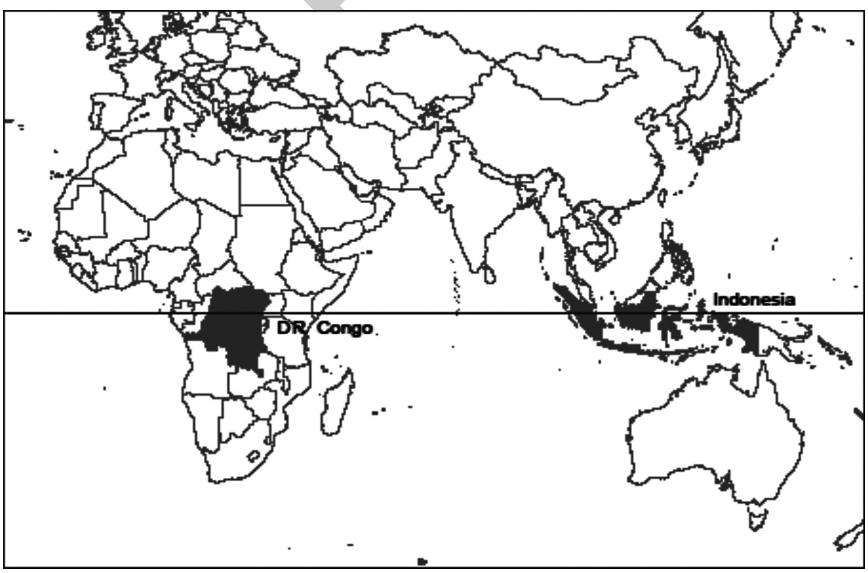

Figure 0.1 The equatorial location of the Congo (DRC) and Indonesia.

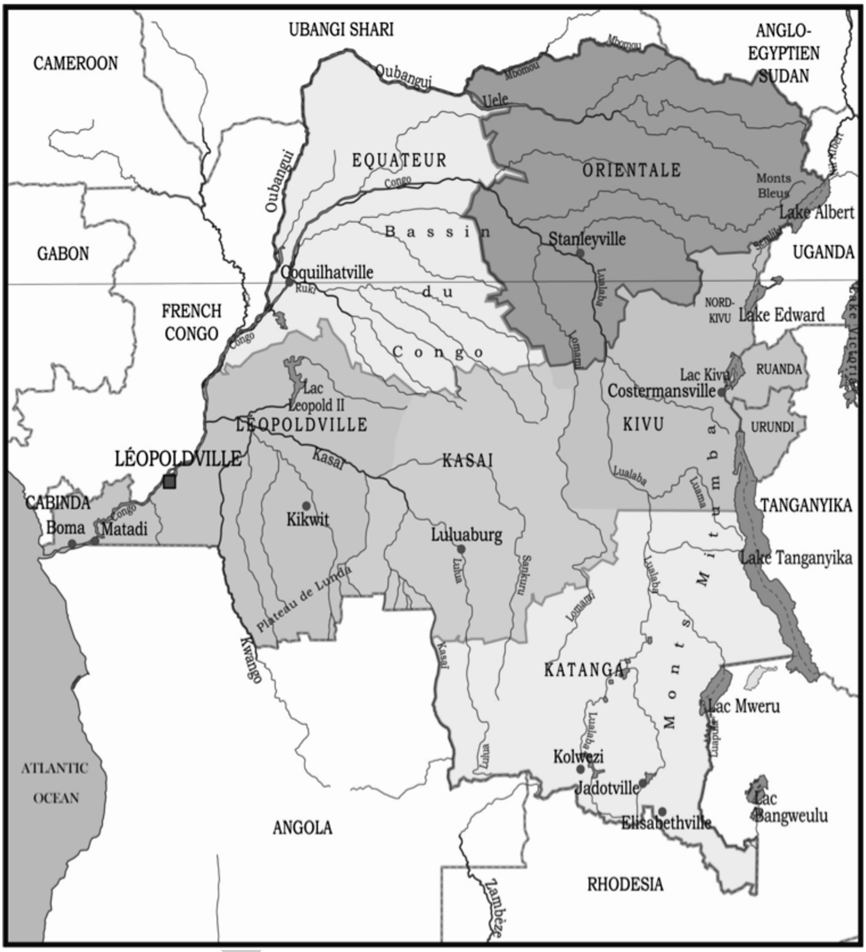

Figure 0.2 Map of the Belgian Congo, *c.*1920.

debt, to reduce the tax burden on Dutch citizens, to finance domestic infrastructural investment programs, and to subsidize the exploitation of Dutch colonies in the West Indies. Indeed, the net flows from Indonesia during the 1830s to 1870s helped the Dutch economy to overcome a long period of stagnation and to embark on a path of modern economic growth from the 1860s onwards.

In Belgium the profits made in the Congo were mediated in a different way, but the gains were not less substantial. Belgian companies such as the Abir (1892), the Société Anversoise de Commerce au Congo (1892), or the Compagnie du Kasai (1901) were granted exclusive concessions by King Leopold II to exploit the rubber, copal, and ivory potential of the Congo area. These companies were given a virtually free hand to coerce local labor in order to enforce

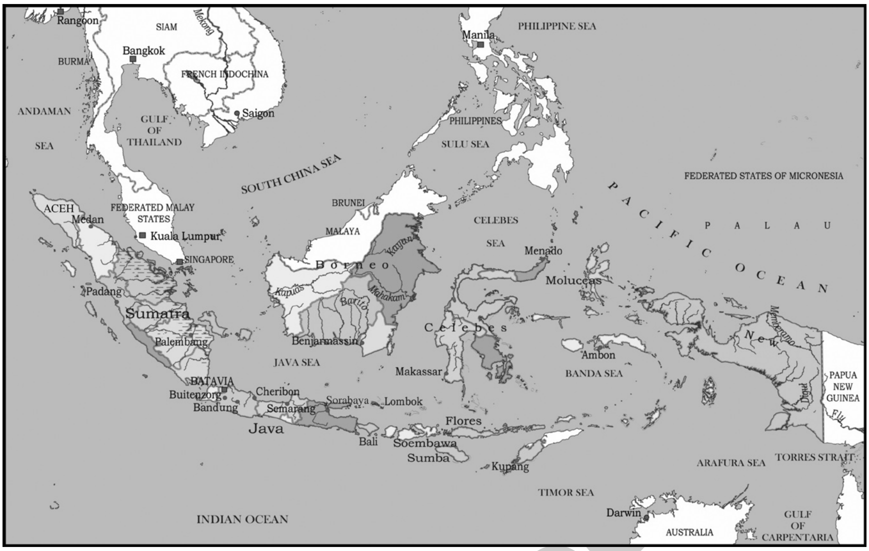

Figure 0.3 Map of the Netherlands Indies, *c.*1920.

extraction. As the world demand for rubber boomed in the 1890s the vast economic potential of the Congo basin was put on the map once and for all. In 1897 King Leopold II was able to finance a huge building program for the world exhibition in Brussels based on the proceeds from Congolese rubber. The splendor of the Avenue de Tervueren and the Royal Museum of Central Africa bear silent testimony to the new wealth that was pouring into Belgium. Yet the glory days of resource extraction still lay ahead: during 1920–55 the rate of return on colonial company shares rose to an incredible annual average of 7.2 percent, 2.5 times more than the return paid on Belgian stocks (2.8 percent) (Buelens and Marysse 2009).

Contrary to the direct remittances from the Indies to the Netherlands, the government accounts of the Congo and Belgium remained strictly separate, as the Belgian government took care to protect the interests of Belgian taxpayers against reckless royal colonial adventures. But even though direct transfers from and to the Belgian treasury remained negligible during the entire period of colonial rule, there is no doubt that the Belgian treasury benefited indirectly. The mushrooming colonial companies were paying taxes in Belgium. Belgian manufacturing industries received cheap access to raw materials from the Congo such as rubber, cotton, copper, tin, and gold. The Congo connection also gave an enormous impulse to transport movements and jobs in Antwerp harbor, and investments in the extractive activities of colonial companies in the Congo acted as a magnet for rapid accumulation of Belgian industrial savings capital.

The Dutch cultivation system and Leopold's red rubber campaign became symbols of excessively immoral practices of colonial extraction, both in their own time and in later academic studies and public literature. Multatuli's *Max Havelaar* ([1860], 2010), discussing the practices of forced coffee cultivation in the Netherlands Indies, was one of the first public indictments of the cultivation system and has gradually acquired the status of being one of the most important works in Dutch literature. The invention of the term Ethical Policy (*Ethische Politiek*) for the policy reform program introduced in 1901 by Queen Wilhelmina was an explicit recognition of the atrocities committed by the Dutch colonial regime in the past.

The media campaign against Leopold's rule in the Congo, started by the British journalist Edmund Morel and the British consul in Boma (the capital city until 1926, lower Congo) Roger Casement, raised the international pressure on Belgium to intervene in what was formally a private undertaking. Joseph Conrad's novel *Heart of Darkness* (1899), which was partly based on his voyage as a vice-commander on a Congo river steamer in 1890, offered a symbolic critique of the dark side of European colonization (Hawkins 1981–2). In 1905 Mark Twain's satiric pamphlet *King Leopold's Soliloquy* offered a devastating personal critique on Leopold that spread all over the world. In 1908 the Belgian government could no longer neglect the damage to its reputation and decided to take over the colonial administration and put a direct end to the terror campaigns of the rubber companies. A century later the alleged lack of responsibility demonstrated by the Belgian state is still a thorny issue and the related debate about the size and causes of the Congolese population collapse between 1890 and 1920 is far from settled (Hochschild 1999; Van Reybrouck 2010; Vansina 2010).[3]

3 Post-colonial economic divergence

It is impossible to deny the divergence in economic performance between the two former colonies after 1970. As illustrated in Figure 0.4, per capita GDP in what had become Zaïre was still some 20 percent higher than in Indonesia in the late 1960s. By 2009, per capita GDP in what had become the Democratic Republic of the Congo (DRC) had collapsed to only 22 percent of its 1970 level. Indonesia had forged ahead, to the point where per capita GDP in 2009 was well over six times its 1960 figure, and 17 times larger than in the DRC. It is probably true that the post-1980 data exaggerate the extent of the economic decline in the DRC because of the huge growth in the unrecorded economy. But a divergence of the magnitude shown in Figure 0.4 cannot be explained away simply in terms of statistical discrepancies.[4] Clearly economic performance has been superior in Indonesia than in the DRC since the 1970s. What explains the divergence? Did varieties of exploitation in colonial settings play a role?

To some degree these divergent economic development trajectories reflect a wider Africa–Asia disjuncture in post-independent performance. Many African economies collapsed in the period 1973–95. The case of the Congo is quite special, however, because it has shown so little signs of progress even since

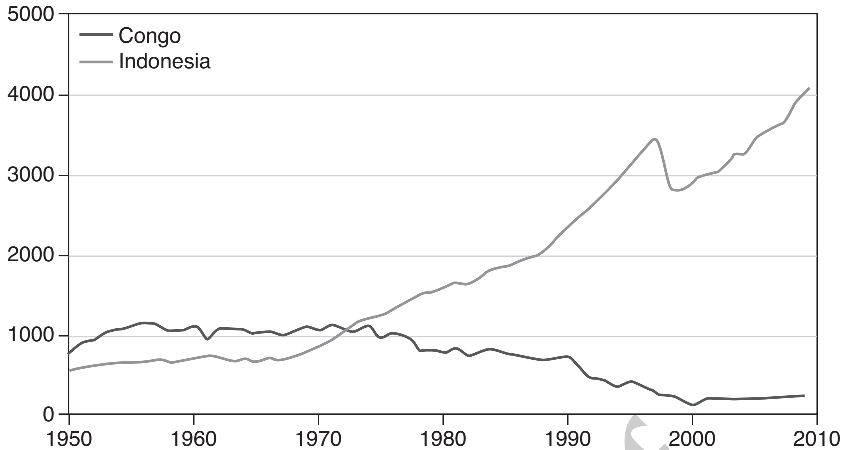

Figure 0.4 GDP per capita of Indonesia and the Congo (DRC), 1950–2010 (source: GDP per capita series taken from the Penn World Tables, version 7.0, see Heston *et al.* (May 2011); for Indonesia the 1950–9 years were extrapolated using Maddison (2010)).

1995. The Congo was among the richer countries, such as Ghana, in the 1960s, but the twin collapse of the state and the economy puts it more on a level with Somalia or Sudan than with any of the rapidly growing West African countries of today.

Indonesia's post-colonial economic performance may be described as "fair." Its post-colonial economic development was less impressive than that of neighboring Malaysia or Thailand, let alone Taiwan or South Korea. On the other hand, it escaped this long-term stagnation of countries such as Burma, Cambodia, or Bangladesh. The Indonesian economy stagnated during the Sukarno years (1945–67), but never reached a situation of complete institutional breakdown as witnessed in the Congo. After the mid-1960s, and supported by the windfall gains of the oil crises in the early 1970s, the Indonesian economy under Suharto entered a period of sustained growth combined with deep structural transformation. Interestingly, the three decades of the Suharto regime (1967–98) ran virtually parallel in time to the Mobutu regime (1965–97) in the Congo. Mobutu and Suharto are often mentioned in one breath as examples of dictatorial brutality and perverse self-enrichment, but a comparison of economic policies under both rulers reveals enormous contrasts in effectiveness.

4 Differences in the evolution of colonial connections

Apart from a number of striking similarities in the nature of colonial extraction, there were of course also various critical differences in the way the colonial connection developed. We will briefly highlight two of these differences, because they turn up in almost every chapter of the book. The first factor concerns the different length of colonial rule and the timing of colonial administrative expansion. The second factor concerns the very different demographic response to the intensification of the colonial connection.

Although one can recognize similar evolutionary stages in many colonial connections, especially a reconfiguration of a rather one-sided model of metropolitan profit maximization through colonial labor and resource extraction toward a more development-oriented approach, these transitions occurred in a markedly briefer period of time in the Congo than in Indonesia. This had perhaps less to do with the fact that the Dutch East India Company (Vereenigde Oost Indische Compagnie, VOC) had already established a stronghold at Java in the early seventeenth century (Batavia was founded in 1619) than one may think. After all, Portuguese explorers, traders, and missionaries had penetrated the Congo area already in the late fifteenth century. The difference is rather that Dutch attempts to extend their control over the entire archipelago and the different strata of indigenous societies started much earlier. After the brief British interlude (1811–16) during the French occupation of the Netherlands, the Dutch acted decidedly for the establishment of full-scale political hegemony. They allocated significant amounts of resources to military campaigns, starting with the Java war (1825–30) and ending with the extremely brutal Aceh war (1873–1913). The pacification wars were followed by the consolidation of colonial rule. The number of recorded Europeans in the Netherlands Indies rose from 8935 in 1820 to 27,499 in 1870 and 62,477 in 1900 (Boomgaard and van Zanden 1990: 124. 133).

A comparable expansion of the physical presence of Belgians in the Congo occurred almost a full century later, after World War I, when the number of Belgians rose from *c.*3000 to 90,000 in 1960, the eve of Congolese independence. Hence, whereas the Dutch introduced the Ethical Policy in 1901 as a departure from the central nineteenth-century ideology that *the colony is there to serve the mother country*, the Governor-General of the Congo Pierre Ryckmans (1934–46) defended a similar change in conception of the grand purpose of the colonial connection in a manifesto entitled *Dominer pour servir* in 1931. As will be argued throughout this book, the difference in the timing and length of the colonial state formation process impacted upon the design and functionality of vital public institutions and investments concerning, for instance, the education system, the fiscal system, the transportation system, rural development programs, and the banking sector. In view of the distinct timing and pace of colonial institutional development, it is also easier to understand that the nature and timing of indigenous responses to colonial rule and institutional reforms differed. The emancipation process, and especially the political organization of independence movements, gained momentum at a later stage in the Congo (basically the late 1950s) and was, on the whole, far less intensive than it was during the interwar years in Indonesia. Whereas World War II and the Japanese occupation acted as a catalyst toward full independence in Indonesia (Ricklefs 2008), the whole idea of Congolese independence was still deemed irrelevant in the 1940s. For sure, the war invoked significant colonial reforms in the Congo, but these were all pursued in a widely shared belief that the Belgian presence in the area would last for centuries to come (Neudt 2002; Van Bilsen 1993).

Perhaps the most distinctive feature of the colonial connection in both countries is the impressive rate of population growth in Indonesia since, at least, the start of the nineteenth century and the equally impressive collapse of the Congolese population shortly after the erection of the Congo Free State. According to recent guesstimates of the decline of the Kuba population in the Congo, it is possible that the collapse was about 30 percent between 1890 and 1920 (Vansina 2010: 127–49; Huybrechts 2010: 25). When we take ten million as a proxy for the total Congolese population in 1920, based on extrapolating from post-1950 estimates, it may have been around 15 million before the onset of colonial rule. The causes of the population collapse are heavily debated (Gewalt 2006; Hochschild 1999), but Vansina attributes the largest share to the disastrous effects of European diseases (smallpox), outbursts of tropical epidemics (sleeping sickness, dysentery), and the spread of venereal diseases such as syphilis and gonorrhea, which negatively affect female fertility. The population decline was further compounded by the sharp increase in emigration of various peoples out of the Congo territory, as well as the effects of the Arab war (1892–4, *c.*70,000 deaths) in the eastern part of the Congo, succeeded by an ethnic cleansing of "Arab elements" (Marechal 1992).

In contrast, the Indonesian population increased fivefold between 1820 and 1940, with annual average growth rates hovering around 1 percent during the nineteenth century (Maddison 2010). Part of this growth can be attributed to the early introduction of malaria eradication programs and inoculation campaigns against smallpox, which may have been responsible for a significant decrease in infant mortality rates (Marks and van Zanden 2012: 113–14). The attention paid to the establishment of a rudimentary health care system in Indonesia was a direct consequence of the deliberate intentions of the Dutch to consolidate their power and tackle the problem of labor shortages in order to raise the profitability of the colony. Table 0.1 shows how these different demographic developments, while using a very rough proxy for the Congo in 1890, impacted on comparative population densities in the Congo, Indonesia, and Java.

These densities have shaped colonial and pre-colonial institutions in ways that are, to some extent, illustrative of a wider Africa–Asia distinction. With a few exceptions, Asian societies have sustained greater populations per unit of cultivable land than African societies throughout most of human history. Herbst (2000) made a compelling argument that European conceptions of state boundaries and private land property were alien to virtually all pre-colonial African societies because of exceptionally high land–labor ratios. This was no less true for the Congo when Leopold II launched his land alienation program, stipulating that all "unoccupied" land would fall to the Congo Free State.

The different densities of population in Indonesia, and its particular concentration on the smaller island of Java, posed different challenges to the colonial authorities. Java contained more than 60 percent of the total population in the

Table 0.1 Estimated and guesstimated population densities in the Congo, Indonesia and Java, 1890, 1920, and 1950

	Congo		*Indonesia*		*Java*	
	Population (millions)	*Density (no./km²)*	*Population (millions)*	*Density (no./km²)*	*Population (millions)*	*Density (no./km²)*
1890	14.0	6.0	40.5	21.1	23.90	171.9
1920	10.0	4.3	54.9	28.6	34.80	250.4
1950	13.5	5.8	82.6	43.0	49.56	356.5

Source: The population figures for the Congo in 1890 and 1920 are guesstimates based on (Vansina 2010: 144–9); Indonesian population (Maddison 2010); Javanese population (Boomgaard and van Zanden 1990).

Note
Land surface for the Congo has been estimated at 2,345,000 square kilometers, for Indonesia at 1,919,000 square kilometers and for Java 139,000 square kilometers.

archipelago and this was one of the reasons why it became the center of the Dutch colonial state. The Congo lacked a densely populated center. Of course, all the trade flows from the hinterland converged in the Congo delta, the confined coastal strip around Boma. However, after the discovery of the Katangese copper treasure, the centers of colonial economic and political activity could hardly have been farther apart.

Despite the fact that the cultivation system on Java was partly introduced as a solution to a labor shortage problem (especially a shortage of sedentary peasants), the labor problem in the Congo was clearly of a different order of magnitude and, more importantly, did not decline over time. To push the distinction further, while Java was one of the most densely populated areas in the Netherlands Indies, Katanga was one of the most underpopulated areas in the Congo. Hence, whereas the Dutch at some point in the late nineteenth century start worrying about dangerous levels of population pressure on Java and develop plans to support migration to the Outer Islands (and the West Indies), the Belgians, throughout the entire period of colonial rule, struggled with the problem of how to recruit sufficient skilled and unskilled laborers from extremely scarce supplies and how to make them settle on a permanent basis in places where they were so badly needed (mines and plantations). When Belgium acquired control of the far more densely populated highland areas of Ruanda–Urundi after World War I, Union Minière, the major Belgian mining company, almost immediately started to recruit new laborers there and after World War II it even started a permanent air connection to "transplant" laborers to the Katanga mines (Brion and Moreau 2006: 118).

In sum, the histories of colonial exploitation in the Belgian Congo and the Netherlands Indies provide a striking combination of similarities in terms of extractive *potential*, but there also were tangible differences in the way extractive policies were designed, reformed, and eventually abolished. The authors of this book all focus on the question of the comparative colonial legacy through this particular lens. We believe that colonial legacies have been shaped by the specific interaction between metropolitan policy principles, local policy practices, and indigenous institutional responses. How did these interactions evolve? What specific sets of conditions did these interactions create? Does this help us to understand the post-colonial economic divergence between the Congo and Indonesia?

5 Organization

This book contains twelve chapters. The first three chapters offer a broad comparative overview of the history of colonial exploitation in the Congo and Indonesia. Chapter 1 by Andreas Exenberger and Simon Hartmann discusses the long-term development of extractive institutions in the Congo basin, during the pre-colonial, colonial, and post-colonial eras. This chapter focuses on the path-dependent nature of political and economic developments and their impact on (effective) checks and balances, arguing that multiple phases of severe deterioration of checks and balances on political and economic power created conditions for economic extraction and authoritarian rule in the post-independence era.

Chapter 2 by Thee Kian Wie offers an historical overview of the changing nature, organization, and scale of colonial exploitation over the course of approximately three and a half centuries of Dutch presence in the Indonesian archipelago (*c.*1600–1950). Thee's main argument is that the increasing Dutch interference in the structure of the indigenous economy from the early nineteenth century critically shaped the different way in which extractive institutions were implemented, reformed, and eventually abandoned in the Netherlands Indies, in contrast to the different timing (later and shorter) of Belgian rule in the Congo.

In Chapter 3 Anne Booth ties both long-term perspectives together in a comparison of the two systems of colonial exploitation. This chapter examines the extent to which the legacies of Dutch and Belgian colonialism can help to explain the post-independence divergence of the two economies and discusses the extent to which economic policies in the two colonies were exploitative rather than developmental. Booth's key point is that, in contrast to Belgian colonial policies, the Dutch policies implemented after 1900 did leave a positive legacy which the Suharto government built on, especially in the agricultural sector, and that this difference can explain part of the post-colonial divergence in economic development.

The following chapters focus on more specific aspects of the colonial state and the colonial economy. Chapter 4 by Piet Clement discusses the land tenure system in the Belgian Congo. Clement argues that because of the Congo's initial free trade status, the colonizer had a strong incentive to expropriate indigenous land as a source of wealth extraction. This system of land tenure and legislation directly affected rural development as it formed the basis both for the creation of a "modern" agricultural sector (plantations) and for the belated attempt to revolutionize subsistence farming through the unsuccessful *indigenous peasantry* scheme. Key characteristics of the colonial land tenure system have survived in the post-colonial period and continue to shape rural development in today's Congo.

Chapters 5 and 6 explore the development of the colonial fiscal system in, respectively, the Netherlands Indies and the Belgian Congo (including the CFS). In Chapter 5 Abdul Wahid analyses the reintroduction, expansion, and demise of the colonial tax farm system in Java and Madura during the nineteenth century. He shows how the Dutch managed to diversify their revenue basis at the expense of the Javanese and discusses the long-term implications of colonial fiscal policy. Tax farming had existed in Java since the pre-colonial era, but the Dutch extended and institutionalized this practice during the nineteenth century to finance its territorial expansion and accommodate problems in the administration and collection of colonial taxes. Wahid argues that the use of Chinese middlemen to run this institution had serious short- and long-term consequences, which were partly beneficial and partly harmful to the cohesiveness of the colonial and post-colonial state. In Chapter 6 Leigh Gardner places the fiscal system of the Belgian Congo in a British African perspective and shows that the early process of colonial state formation during the CFS era was an anomaly, and that the reforms after 1908 brought the Belgian colony more into line with fiscal practices elsewhere in Africa. Gardner's comparative analysis suggests that the Belgian Congo was not only behind the Netherlands Indies in terms of state-building, as argued elsewhere in the book, but also struggled to keep up with other African countries.

The previous two chapters are intimately related to Ewout Frankema's Chapter 7, in which he compares the differential development of the state-based education system in the Netherlands Indies with the mission-based system in Belgian Congo. This chapter addresses the question of how these different approaches to indigenous education have shaped the conditions for post-colonial governance. Frankema argues that the opportunities, albeit limited, for Indonesian children to attain primary, secondary, and tertiary education featuring a full Western curriculum played an important role in the development of national leadership during the decolonization of Indonesia, whereas the racial segregation in the administration of the state and major companies prevented the development of a similar class of educated and experienced leaders in the Belgian Congo. This condition shaped part of the broader socio-political context in which the state and economy of the Congo (Zaïre) imploded during the post-colonial era.

Chapter 8 by Vincent Houben and Julia Seibert compares the different systems of labor relations and the various solutions adopted by the Belgian and Dutch administrations to cope with problems of chronic labor shortages in the tropical cash crop sector and the mining industries. This chapter shows that the alternation between so-called free and more coercive systems of labor exploitation was different in the two colonies, depending on political context, geography, labor supply, and world market demand for particular products. Houben and Seibert's analysis underpins the thesis of Booth in Chapter 3 that labor mobilization was, on the whole, less disruptive to indigenous farming in Java than it was in significant parts of the Congo.

Chapter 9 by William Gervase Clarence-Smith discusses the divergent development of the rubber industries in the two countries, focusing on the development of the plantation sector as well as the smallholder rubber sector. Given the key role of wild rubber extraction in the Congo under Leopoldian rule, this chapter unravels a direct causal connection between colonial extractive policies and the long-term development of a key export sector. Clarence-Smith shows that despite the prevalence of comparable factor endowments for rubber cultivation, the Congo's output was marginal in the 1930s, whereas Indonesia became the largest producer in the world. He argues that the key reason for this difference was that the authorities in Indonesia gave rubber smallholders a relatively free hand, whereas the Belgians applied counterproductive forms of coercion.

Chapters 10 and 11 discuss the specific patterns of industrialization in the colonial economies of, respectively, Indonesia and the Congo. In Chapter 10 Thomas Lindblad focuses on the twin issues of industrialization and foreign direct investment in Indonesia under Dutch colonial rule. This chapter emphasizes the contradiction between massive inflows of foreign investment capital under the protection of colonialism on the one hand and the very limited progress achieved in terms of industrialization on the other. A supplementary case study of Unilever, a foreign-owned manufacturing firm, illustrates that there was an unutilized potential in colonial Indonesia for an earlier industrialization using foreign capital. In Chapter 11 Frans Buelens and Danny Cassimon explore the emergence, expansion, and eventual collapse of a, from an Indonesian point of view, impressive industrial complex in the Congo. Buelens and Cassimon describe in detail how the development of manufacturing industries was intertwined with the rapid expansion of the Congolese mining industry, especially in Katanga. This chapter shows that even under colonial conditions some development toward industrialization was possible, but it also shows how quickly a country can implode into the conditions of a failed state when the economic transition is not backed up by a balanced policy of political, economic, and social development.

Finally, in Chapter 12, Jan Frederik Abbeloos offers a direct comparison of the economic policies of two of the most infamous dictators of the post-war era: Suharto and Mobutu. Both dictators were known for their merciless display of power and their extreme kleptocracy, and this makes the sharp distinction between the success and failure of their macro-economic policies all the more interesting. Abbeloos addresses the question of how far this difference can be ascribed to the lottery of global commodity prices (oil versus copper), to personalities, or to deeper structures in the two post-colonial societies with their different legacies of colonial exploitation and development. He develops the thesis that, upon seizing power, Suharto primarily had to fix economic turmoil, while Mobutu faced political chaos above all. Consequently, Suharto prioritized economic capacity-building, while Mobutu prioritized political unification. These differences in policy orientation better prepared the Indonesian economy for exogenous shocks on the volatile natural resource markets from the 1970s, even diversifying its production and export mix, while the Congolese economy collapsed. By placing the agency of post-independence political leaders in the center of his analysis, Abbeloos offers some nuances to the explicit focus on the long-term economic consequences of colonial exploitation.

Notes

1 Fieldhouse (1999) summarized the two positions under the labels of "optimists" and "pessimists" and provides a good survey of the most important arguments in the debate.

2 During 1885–1908 the Congo area was under the private rule of the Belgian King Leopold II and was formally known as the Congo Free State. In 1908 the colony was annexed by the Belgian government as a result of international pressure to end the atrocities of Leopold's rubber policies. For conciseness we have chosen to use the term Belgian Congo in the title of the book as well as in this Introduction for the entire period of colonial rule in the Congo starting in 1885 and ending with formal independence on June 30, 1960.

3 In the Netherlands the debate about the *eereschuld* (debt of honour) had taken place in the nineteenth century, but Dutch governments kept on struggling with later atrocities during the *politionele acties* (military offensives). One example is the long-standing discussion about financial compensation for the survivors of the mass slaughter in the village of Rawagedeh in 1947. Only in December 2011 did the Dutch government, under pressure from a Dutch court ruling, officially apologize and announce a compensation schedule, to which only ten surviving relatives were eligible, as the rest had died in the meantime.

4 The Maddison estimates give Indonesia a slight edge in the period 1950–70. These differences are the result of different estimation techniques which are not that relevant here. It is the contrast in post-colonial performance that evokes the question on colonial legacies.

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