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## **Boeke's Thesis Examined: Indonesian Economics**

Review Article: Michael McPhelin

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well worth its rather high price for all persons interested in regional development in general, and is an absolute must for persons professionally interested in the Southern Appalachian Region in particular.

FRANCIS C. MADIGAN

## DISAPPOINTING

**IMPORTANT DOCUMENTS OF THE ASIAN PEOPLES ANTI-COMMUNIST LEAGUE.** (Third Annual Conference, Saigon, March 27 — April 1, 1957) Saigon, Vietnam: The Steering Committee for the Campaign of Denunciation of Communist Subversive Activities in Vietnam, 1957. 167 p.

This book contains a number of speeches and reports given at the Third Annual Conference of the Asian Peoples' Anti-Communist League (APACL) held in Saigon from March 27 to April 1, 1957. The APACL, founded in June, 1954, originally comprised eight members — the Republic of Korea, the Republic of China, the Philippines, Thailand, the Republic of Vietnam, Hongkong, Macao and the Ryukyus. Today, membership of the league has swelled to 14, Australia, Burma, Malaya, Pakistan, Singapore, and Turkey having joined the organization. The speeches in this booklet, while reiterating the League's overall program of avowed anti-communism, contain few constructive plans for putting such a program into operation. The bulk of the book contains little more than clichés of propaganda.

It is suggested in a few of the speeches that free labor unions be established, educational programs designed to foster a spirit of free inquiry be set up, and full use be made of propaganda media, but little is said on how such principles should be adapted to suit the special requirements of the component members of the League. So general are the speeches and so few the practical suggestions made for implementing the schemes outlined that the booklet is, in fact, of very limited use for the scholar.

E. JANE KEYES

## BOEKE'S THESIS EXAMINED

**INDONESIAN ECONOMICS:** The Concept of Dualism in Theory and Policy. The Hague: W. van Hoeve, Ltd. 1961. xii, 443 p.

The concept of economic dualism is associated with the Dutch in Indonesia, above all with Julius Herman Boeke who, God rest his soul, died in 1956. This present volume is an anthology of essays and addresses on the theory of dualism (Part I), on dualism and economic policy (Part II), both introduced by a superb critical essay (Editorial Introduction) attributed modestly to The Editors, whose twelve names appear on a flyleaf facing the title page.

As a doctoral student around 1910 Boeke read himself into the persuasion that the Indonesian was guided in his behavior by principles so divergent from those postulated in classical economic theory as to necessitate a separate theoretical economics. The *homo economicus* of the familiar body of European thought was taken to be a man, first, who strives after the maximum gratification of his wants with minimum effort; second, performs the economic act as soon as there is an opportunity for it—the motive force being always on the ready—because, third, there are always ungratified needs. Boeke maintains that these axioms do not reflect the native Indonesian mentality. The Indonesian is not greatly concerned about minimizing cost and maximizing gain nor are his wants unlimited. Moreover, he is guided by *social* needs rather than by *economic* needs. To anyone who may find himself baffled by this distinction, let it be said that Boeke is contrasting the *homo economicus* of acquisitive society, whose supposed goal is the fullest possible gratification of unlimited wants, with the *homo habitus* of a subsistence economy whose wants are narrowly restricted by custom. (Really, there are no such things as “economic needs”; but there are plenty of human needs which require for their satisfaction the use of scarce resources called “economic goods”.)

Since the assumptions of traditional European economic theory apparently do not fit the typical Indonesian, Boeke concluded to the necessity of a distinct discipline, intrinsically different from the corpus of doctrine elaborated in—and for—the West. Dualism means that in the Dutch Indies there was “not one homogeneous society but a native society side by side with a society of foreigners.” In Boeke’s opinion dualism is not a passing phase of things, corollary to the colonial status of the Indies; it is an essential and lasting characteristic of the economic structure. His theory is based upon the premise that the gap between the economic order of high capitalism and that of the non-capitalistic village community will be perpetuated forever and ever.

The common opinion currently held by economists is, first, that the conceptual system of modern economics is indeed applicable to backward societies. Second, the economists’ attention tends now to focus itself upon dynamic factors of economic development upon the clear assumption that the gaps are not unbridgeable. The doctrinaire

features of Boeke's teaching have been rejected. Nonetheless, Boeke's is a highly respected name. He directed attention to a *terra incognita* and sharpened the economist's awareness of his professional inadequacy when confronted with the problems of developing economies. The non-economic factors—sociological and anthropological—are now recognized to be of such importance that economic anthropology is becoming part of a collegian's basic training.

The implications of the theory of dualism for economic policy turned out to be dependent, in the recommendations of Boeke himself, upon whether his mood was optimistic or pessimistic. The pessimistic recommendations appear to be the only ones fully consistent with a belief in the unbridgeable gap. This Gandhian credo is stated in the following words:

Abandon every effort to increase the level of economic welfare (of the masses,) since such efforts only end in failure and disappointment, and attempt to convince the peasant that he should be satisfied with spiritual values which enable him to feel contented with his present meagre existence—'plain living and high thinking.'

The Editors call this "Boeke's quietism." But the young nations of the East, in so far as they are experiencing the revolution of rising expectations, are not in quest of an escape out of material poverty into the riches of the spirit but into the good things of life in this world—'high living and plain thinking.'

When Boeke was younger and less pessimistic, he placed hope in efforts to arouse the dormant desire of the peasant for increased prosperity, for he found the radical divergence between West and East in the axiom regarding the unlimited wants of the one and the restricted, customary needs of the other. The chief obstacle in the way of economic progress in a backward country is not the limited financial means—the lack of capital—but the limited desires of the people—the lack of acquisitiveness. The arousing of sleeping desires will be the consequence only of a slow and patient process of education. The first task is to create an indigenous élite. Such a group will then stimulate the masses by their example. A modern, indigenous élite is an indispensable intermediary, a kind of leaven for the uplifting of the whole society. To his way of thinking, direct efforts to "uplift" the mass of Indonesians were a waste of resources. Those who agreed with him were legion and their number is still growing. The volume provides one trenchantly humorous quote from the pen of a Dutch official in Batavia.

And as for 'uplift'—the Natives don't want to be 'uplifted.' The more I did my best to uplift them, the more trying they thought me. I established banks to help them out of their debts, but it became apparent that they then had even more: besides their ordinary, run-of-the-mill debts, they now also had their debts to the bank. It seems to me that something I read not long ago is true: A Javanese without an advance [loan] fades away and dies an early death.

I am reminded of the scepticism of a Filipino friend, himself an orchard farmer, who judges it a mistake to build feeder roads into

the barrios. The road does not cause barrio people to cart their produce out over the road; out over the road go the barrio people instead, and when they come back from town they carry in with them the little luxuries on which they have squandered their pittance. It is equally a mistake to electrify rural areas; the common *tao* does not use electric power to increase production but to increase consumption. And so forth.

Boeke had an even stronger opinion about the sheer futility of measures *imposed from above* for the good of the masses. His sentiments are warmly shared by Jeremias Montemayor, who early pointed to this as the specific defect of the ACCFA and the FACOMAs right here in the Philippines. These institutions did not grow out of the exertions of the people; rather, the people were given them as a bounty from on high. The thing to do is to pick out the economic climbers from among the populace. Concentrate upon selected individuals who are working their way upwards and do not be immediately concerned about the masses. Leave them to a process of social evolution set in motion as a consequence of the aid given to the vigorous, energetic and advanced elements among the people. In time the common peasant will find himself in a position where he can help himself—the one and only mark of a successful program of aid. But it is clear that even this long-term, patient policy takes it for granted that the gap can be bridged.

The Editors expressed the hope that their volume would be “a contribution to the discussion... regarding the type of welfare policy to be followed in socially and economically underdeveloped areas.” Life will be kind to them all their hopes are realized so fully.

MICHAEL MCPHELIN

## TEXTBOOK FOR NOVICES

A SYNTHESIS OF THE SPIRITUAL LIFE. By Dom Wulstan Mork, O.S.B. Milwaukee: The Bruce Publishing Company, 1962. x, 283 p.

This work had its origin in outlines given on the occasion of a series of conferences to Benedictine novice mistresses of North America. In its present form it is intended primarily as a textbook for novices. These two points should be kept in mind by the reader. They help to emphasize the fact that this book is meant chiefly to be taught.