## The “Liberal Policy” or “Free Enterprise System”

Read the following extract and use the information to fill in Box 3 on the “Overview Grid”

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| In the Netherlands, as in Britain, dominant theories on the nature  of trade and commerce were subject to change. As the VOC (Dutch  East Indies Company) was a government agency, its policies could  be altered. Late in the nineteenth century business interests demanded  a change from government control to free enterprise on *laissez-faire* principles.  The VOC was required to discontinue its practice of directly seizing produce, and instead was expected to encourage production by private enterprise. Accordingly, by the Agrarian Law of 1870, private individuals and companies were permitted to lease land in the islands for plantations. This change is sometimes also described as the 'liberal' policy, but it was liberal only in the sense of creating freedom for entrepreneurs to exploit the indigenous peoples.  The resultant growth in plantation agriculture forced thousands of the native peoples to give up their status as independent farmers and become wage-earners on the plantations. The operation of European-style capitalist investment and a cash-currency exchange system broke down the former village subsistence economy (characterised by the barter system of exchanging produce), thus undermining traditional ways of life.  (Cowie, Imperialism 67 to 68) |

Discuss: How would the response differ to the “Liberal Policy” depending if you were Dutch, an Indonesian elite member or an Indonesian labourer? Do a “Points of View” activity.