small islands in the caribbean, the last remains of the tropical netherlands: the netherlands antilles and aruba

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introduction

more than 350 years ago, ships of the dutch west-indian company sailed into st. anna bay, curaçao and conquered the island from the spanish. soon the island became a stronghold for buccaneers and a depot for the flourishing dutch slave trade. in the course of time, the colony of curaçao grew to encompass the islands of aruba and bonaire and the dutch leeward islands (st. maarten, saba and st. eustatius) situated more than 900 kilometres further north (see fig. 1).

although one of the first dutch colonies, eventually the dutch west indies could not compete with the dutch east indies in terms of its importance to the dutch economy. nevertheless, the dutch west indies ironically represent the last remains of dutch colonialism after the independence of indonesia in 1949, the transfer of western new guinea to indonesia in 1963 and the independence of surinam in 1975.

table 1 shows that in both population size and surface area curaçao is the most important island, followed by aruba. the official language on all the islands is dutch. however, the lingua franca on the leeward islands is english, and on curaçao, aruba and bonaire it is papiamentu, a language derived from a mixture of portuguese, spanish, dutch, english and various african languages which spread from curaçao.

 throughout this text, the term 'the antilles' refers to all six islands, but because aruba was separated politically from the other five islands in 1986, this group of islands is referred to as 'the netherlands antilles'.

in recent years, gnp per capita in aruba has risen considerably to about $13,000 in 1990. in the netherlands antilles it has been lower, i.e., $7,500 in 1988 (kabinet 1991; bna 1988). this makes aruba a high-income country according to world bank standards. its gnp per capita is greater than spain's and comparable to new zealand's. according to the same standards the netherlands antilles is an upper-middle income country, earning more per capita than portugal or saudi arabia (world bank 1992).

of course, it is necessary to be aware that in these small-scale antillean economies minor events may cause large fluctuations from year to year. moreover, gnp figures are estimations and population figures are not very reliable. for example, st. maarten has officially some 30,000 inhabitants, but is reported to have another 30,000 illegal immigrants (nieuwenhuis 1993).

finally, although figures are lacking, income distribution is highly skewed. for example, the unemployment rate on curaçao is still high and illegal immigrants in st. maarten are exploited in the labour market.

political relationships between the antilles and the netherlands

political relationships between the netherlands, the netherlands antilles and aruba

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Foreign relations and defence are the main areas where the governments of the Netherlands Antilles and Aruba cannot take decisions independently. These areas are the domain of the Government of the Kingdom, which embraces the Dutch government and the respective Plenipotentiary Ministers of the Netherlands Antilles and Aruba. For the most part, both of these ministers can be considered ambassadors of their governments in The Netherlands, but on special occasions when matters of foreign affairs and defence also involve the Antilles they take part in the meetings of the Council of Ministers (De Palm 1985).

Although foreign relations are taken care of by the Dutch Ministry of Foreign Affairs, the Netherlands Antilles and Aruba also have their own Bureaus of Foreign Relations. These bureaus maintain day-to-day economic and political contacts with neighbouring countries and some important international organizations.

In practice, the responsibility of the Kingdom for the defence of the Antilles means...
that the Dutch Royal Navy is present in the Antilles with a frigate, a patrol plane and a detachment of Marines. At first sight, its presence is symbolic. However, the governments of Aruba and the Netherlands Antilles may call upon the Dutch Marines to maintain law and order. In 1969 Dutch Marines quelled an insurrection of the proletariat on Curacao (Rapport 1970).

The Netherlands Antilles and Aruba have a large degree of freedom to decide which foreign affairs affect their particular interests. For instance, their Plenipotentiary Ministers may put a so-called ‘local veto’ on any international agreement signed by the Government of the Kingdom, if the Netherlands Antilles and Aruba do not wish to take part in it because of expected disadvantages. If, however, this local veto threatens the ‘unity’ of the Kingdom, a Committee of Dutch and Antillean Ministers, with a Dutch majority, must endeavour to find a binding solution. Moreover, if The Netherlands does not agree with certain developments in the Antilles it may, through its majority in the Government of the Kingdom, intervene directly by an *Algemene Maatregel van Bestuur* (a binding Government Order). This means that in fact the ultimate power in the Antilles still lies in the hands of The Netherlands (De Palm 1985).

Even so, the spirit of equality enshrined in the Statute, together with the ethos of compromise which permeates Dutch political culture, has prevented an *Algemene Maatregel van Bestuur* from being unilaterally imposed by the Dutch government over the heads of the Antillean governments. Moreover, there is a general feeling in Dutch politics that relationships among the partners of the Kingdom should serve as an example to the world community. Ever since relations with Indonesia were frustrated by Dutch incomprehension of Indonesian nationalism, it was thought that relations with the Antilles and Surinam should be a textbook case of an ideal decolonization process. It is to this attitude that the Antilles and Surinam owed their high degree of autonomy. That is why the intervention by the Dutch Marines in 1969, although in line with the Statute, was regarded afterwards in The Netherlands as an inadmissible act of interference in Antillean internal affairs which The Netherlands were forced into by the Statute. This was especially so since the intervention aimed at defending the political power of the old Curacao elite of European descent against a revolt of the proletariat of African descent (Römer 1974; Verton 1977).

The same attitude explains why most Dutch politicians were happy to grant independence to Surinam in 1975, although until the last moment this was opposed by a very large minority of the Surinamese population, resulting in a substantial exodus of Surinamese to The Netherlands. In addition, a military *coup d'état* and political instability in Surinam a few years after independence resulted in the suspension of Dutch development aid to Surinam until 1988.

The Surinamese experience caused a change in the Dutch attitude towards the Antilles. It is now thought that the political instability in Surinam was the result of an insufficient maturity of the political system that was not corrected by the Dutch because of Surinam’s high degree of autonomy. In the light of this awareness, the Dutch are once again starting to feel responsible for the good governance of the Antilles. During the past few years the possibility of a long-lasting involvement of The Netherlands with the Antilles, guaranteeing the economic and political stability of the islands, has been discussed extensively.

The end result is the acceptance by the Dutch government of the Antillean desire (supported by a majority of the Antillean population) for an unlimited presence of the Antilles within the Kingdom. However, the presence is no longer unconditional from the Dutch standpoint. The Dutch government would like to have more influence on the local administration of the Antilles. This political attitude is motivated by (a) the administrative disorder especially in St. Maarten and Curacao, (b) the unsatisfactory debt situation of the Netherlands Antilles which now have a total debt of about $1.1 billion, equal to twenty times the yearly amount of Dutch development aid to the Antilles, (c) reports of American and Italian mafia involvement in St. Maarten and drugs smuggling from Curacao and Aruba, and (d) last but not least, the increasing migration of Antilleans who are unemployed to The Netherlands. Already a complete reorganization of the local administration on St. Maarten, including police and justice has been enforced by the Dutch government. With the approval of the government of the Nether-
lands Antilles, a Dutch Public Prosecutor and some Dutch constabularies are charged with this task. Moreover, recently the Dutch Prime Minister threatened further intervention if the Antilles were reluctant to meet other Dutch demands regarding good governance.

Local administration and political development within the Antilles
Every four years the population of each of the islands elects an Island Council that nominates a number of Commissioners. They are headed by a Lieutenant-Governor appointed by the Governor. Moreover, in 1986 Aruba left the Netherlands Antilles to become a separate self-governing political entity within the Kingdom with the same status as the Netherlands Antilles. The Island Council of Aruba was transformed into the National Parliament of Aruba which appoints a Council of Ministers. Legislative power on the other five islands, which now make up the Netherlands Antilles, is vested in the Antillean Parliament which also appoints a Council of Ministers entrusted with executive power. Both Aruba and the Netherlands Antilles are each headed by a Governor, who has the power of a ceremonial Head of State representing the Queen of The Netherlands and being appointed by the Government of the Kingdom but is nominated by their respective governments.

The Parliament of the Netherlands Antilles is elected in direct elections on the understanding that each island has a specific number of seats in the Parliament and that political parties from a certain island can only compete for the seats of that particular island. This system, introduced to ensure that the interests of all individual islands are represented at the national level and to prevent the smaller islands from being dominated by the bigger ones, has, however, resulted in political fragmentation because it hampers the rise of national political parties. Nowadays, Parliament consists of 21 seats. Curaçao is assigned thirteen seats, Bonaire and St. Maarten three each, and Saba and St. Eustatius one each.

Rivalry between Curaçao and Aruba dates back decades. Historically, Curaçao has been the economic, political and demographic centre of gravity of the Antilles. The other islands had little significance. Curaçao was a trading centre and a slave depot, but with the declining importance of Dutch trade and the abolition of the slave trade, it became an economically depressed colony in the nineteenth century. Its society was segmented, with a small élite of merchants, plantation owners and government officials of European origin on the one hand and a large proletariat of former slaves of African origin on the other.

Industrial capitalism was implanted on Curaçao in 1918 when Shell established a factory to refine Venezuelan crude for the American market. However, a second centre of economic gravity was created when, for the same reasons, Lago - later taken over by Esso - constructed a refinery on Aruba. Both islands then experienced a tremendous economic and demographic growth (Van Soest 1977). Workers were recruited from all over the Caribbean, introducing for the first time an important Negro element into Aruban society.

When the Statute of the Kingdom was being negotiated, Aruba pleaded in vain for separate status, because it feared it would be overruled by Curaçao. Power relations between Aruba and Curaçao were fixed in the allotment of seats in the Antillean Parliament, i.e., twelve for Curaçao, eight for Aruba, one for Bonaire and one communal seat for the Leeward Islands.

As long as the old élites of European descent in Aruba and Curaçao dominated their political parties, there was little dispute between the islands and governing coalitions. However, the old regime began to change in the 1950s, when automatization in the oil industry led to the expulsion of workers. Many of them returned to their home countries, again reducing to some extent the Negro element in Aruban society. On Curaçao, unemployment, mass dismissals and wage conflicts eventually led to an outburst of violence in 1969 bringing leaders of the proletariat of African descent onto the political scene and even into the government at the expense of the old élite (Verton 1977). At the same time the emancipation process on Aruba spawned new political leaders and parties which breathed new life into the old idea of separate status for Aruba opposing the collaborative attitude of the old Aruban parties towards Curaçao.

The plea for separate status was based on a mixture of political, economic, racial and cultural elements. Aruba, being more suc-
cessful in restructuring the economy than Curacao, claimed it was paying too much tax to the Central government compared to Curacao, while the bulk of government expenditure occurred on Curacao because all the ministries were located there. In politics Aruba had less seats than Curacao and was thus dominated by the latter, and on top of that, it was disturbed by the coming into power of a new leadership of African descent. Differences in cultural and racial roots were stressed too: Aruba was said to have a more Latin-American background and Curacao more African.

After several years of administrative paralysis The Netherlands agreed to separate status for Aruba as a third partner in the Kingdom from 1986 onwards. However, in exchange Aruba had to agree to full independence (outside the Kingdom) in 1996 because The Netherlands wanted to prevent the other islands from leaving the Netherlands Antilles and claiming separate status too. Nevertheless, at a conference on the political future of the Antilles in March 1993, following the shift in political opinion explained earlier, The Netherlands waived this obligation. At the same time the Dutch offered separate status to Curacao and to St. Maarten, if they would agree to more Dutch control of public finance, local administration and justice together with restrictions on Antillean immigration in The Netherlands. The small islands would have the same status as municipalities in The Netherlands. Aruba and the Netherlands Antilles have not yet responded positively to these proposals, which would lead to an important revision of the Statute (Vermeulen 1993).

Economic development, development aid and migration to The Netherlands

Oil industry — There were various reasons why Shell and Lago started to refine Venezuelan crude for the American market on Curacao and Aruba. Because only small ships could sail into Lake Maracaibo, where the crude was produced, this meant high transportation costs for oil shipped directly to the USA. However, Curacao, Aruba and Bonaire have very deep harbours where even today the largest oil carriers can moor. So crude was first shipped in small vessels to Curacao and Aruba, refined and then transported in tankers to the USA.

An important additional reason was the political stability of the Antilles under Dutch colonial rule, making them a far more attractive location in which to sink large investments in refineries than in unstable Venezuela. Both refineries developed into huge industrial complexes of global importance. In 1941, they produced almost 85 per cent of the allied aviation petrol. Prosperity grew but some 80 per cent of the jobs in Curacao and Aruba were dependent on oil (De Haan et al. 1990).

After 1950, when more refineries were built in the USA and Europe, the refineries on the Antilles suffered from increasing competition. To cut costs the Antillean refineries went through various automatization programmes reducing the number of employees from more than 20,000 in 1952 to less than 2,000 in 1989. However, competition proved too strong; in 1985 Esso closed down its plant and Shell sold its refinery to the government, which then hired out the plant until 1994 to Petróleos de Venezuela S.A. (PDVSA), the state oil company of Venezuela, enabling this company to evade certain OPEC quotas. At the moment, Curacao and PDVSA are negotiating new investment in the antiquated refinery and a joint venture (BNA 1991; De Haan et al. 1990). On Aruba, Coastal Oil from Houston reactivated the old Esso refinery in 1990, though on a smaller scale. In addition the oil terminals — on Curacao, Aruba, and also on Bonaire and St. Eustatius — still play an important role in the distribution of crude from the Middle East, West and North Africa to USA.

Tourism — The development of tourism was a logical step to counterbalance unemployment caused by the restructuring of the oil industry. Aruba has been far more successful in this respect than Curacao. Due to continuity of government policy in this field, beautiful beaches and a more welcoming attitude of the population to foreign visitors, Aruba had already developed into a luxurious tourist resort in the 1970s, while tourism in Curacao lagged behind. Therefore, Aruba now has an unemployment rate of only 1.5 per cent while in Curacao it is 16.4 per cent (Kabinet 1991; BNA 1991). Large investments in new hotels, mostly American-owned, more than tripled the capacity of hotel rooms in Aruba from 2,041 in 1986 to 7,268 in 1992. This rapid increase endangers the profitability of the
tourist sector. Between 1988 and 1991, the average occupancy rate had already dropped from 78.7 to 68.9 per cent (Kabinet 1991; ADT 1992). Moreover, because the Aruban government has guaranteed several loans to finance the construction of the hotels, declining profitability may also weaken the government's financial position.

Apart from this stay-over tourism there is also cruise-tourism. Though spending less, cruise-tourists are more important on Curacao than on Aruba, due to the attractiveness of the historic, commercial centre of Willemstad, the capital of Curaçao.

Tourism is also the most important economic activity for Bonaire and St. Maarten. The latter has some 3,300 hotel rooms and received more cruise-tourists than the other islands (see Fig. 2). St. Maarten has been through a process of metamorphosis during the last two decades. It is on this small island that the disadvantages of large-scale tourism become most apparent. Not only is tourism extremely vulnerable to fashion and political and economic crisis, but infrastructure on St. Maarten such as roads, electricity and sewerage networks are overloaded and environmental problems inevitably emerge. Moreover, local administrative capacity is not sufficiently prepared for its role in the booming economy, resulting in administrative chaos. This, added to the accusations of corruption and mafia influence in sectors like hotels/casinos and construction, has resulted in Dutch guardianship.

The international finance sector — This so-called 'off-shore sector' has become an important source of income especially to the island of Curaçao, although its contribution to employment, mainly in the field of administration offices, is limited. The sector found its origin in the tax treaty between the USA and the Kingdom of The Netherlands. Companies paying taxes in the Kingdom were exempted from taxes in the USA to prevent double taxation. By charging the international finance sector a small 2 to 3 per cent tax, Curaçao managed to attract hundreds of firms, often established in the Antilles only on paper. However, in 1986 the USA demanded a revision of the tax treaty. Now the Antilles are forced to charge 10.5 per cent tax. Consequently it has become less profitable for many firms to follow the 'Antillean route'. Thus tax revenue from the international finance sector of the island of Curaçao dropped from 55 per cent of the total tax revenue in 1988 to 40 per cent in 1991. Nevertheless, this sector still contributes some 23.5 per cent to the national income of the Netherlands Antilles and recently its foreign exchange earnings have recovered bringing them up to second position directly after earnings from tourism (De Haan et al. 1990; BNA 1991, 1992). Figures for Aruba are unavailable, but its financial off-shore gains are important too (Kabinet 1991).

Development aid — Nowadays about 4 per cent from the Dutch aid budget is spent on the Antilles (DGIS 1991). Two-thirds consist of grants-in-aid and the remainder is made available as concessionary loans. Development aid, each year equivalent to about 4 to 5 per cent of the Antillean GNP (BNA 1988, 1991), was spent on projects initiated by government and local development organizations, budgetary assistance for the smaller islands and technical assistance. Between 1962 and 1988 the Antilles, including Aruba, received about $800 million. Virtually all capital investments, and in practice also part of the current expenditure, in the Antilles is financed or guaranteed by the aid budget. About 14 per cent went to the Central government, 21 per cent to Aruba and 49 per cent to Curaçao and 7.5 per cent to both Bonaire and the Leewards Islands. Of this amount 47 per cent was directed to infrastructure (including public utilities, airports, harbours, bridges and roads), 5 per cent to health and education, 22 per cent to corporate housing, 5 per cent to tourism and 10 per cent to industries.
From this allocation it may be concluded that government policy is mostly oriented to creating the conditions for economic growth rather than to directing investments. In 1991 the allocation figures for the Netherlands Antilles, excluding Aruba, were different from the original picture. Infrastructure declined to 35 per cent, housing to 8 per cent, tourism to 4 per cent and industries to 8 per cent. About 45 per cent was specified as miscellaneous, undoubtedly hiding an increase in budgetary assistance. Current government expenditure goes primarily to salaries (43%), and then to goods and services such as social welfare, education and maintenance (33%) (BNA 1991).

The debt services of the Antilles is a major problem. Although the debt of the Netherlands Antilles has dropped since 1991, thanks to economy measures, it still amounts to 25 per cent of GNP. In Aruba debt service is 24 per cent of GNP (BNA 1991; Kabinet 1991).

However, this concerns the foreign debt, almost exclusively to The Netherlands. As in most countries there is also a public sector domestic debt, which originates from public borrowing and also from the fact that the statutory government contributions to the Civil Servants Pension Fund and the Social Security Bank have not been transferred for a number of years. The domestic debt of the Netherlands Antilles rose to 31 per cent of GNP in 1991, about half of which consists of debt of the island government of Curacao (BNA 1991, 1992).

The total debt of the Netherlands Antilles and Aruba is estimated to be about $1.1 billion. This equals roughly twenty times the yearly amount of Dutch aid to the Antilles. It is an additional reason why the Dutch government has become rather concerned and is anxious to streamline government finances.

Although both the Central government and the island government of Curacao have carried out important labour lay-off programmes to cut government expenditures (BNA 1988), it is thought in The Netherlands that the overexpenditure is mainly caused by the system of political patronage in the Antilles, resulting in the appointment of incompetent political supporters as civil servants every time another political party comes to power and in the allocation of funds toward political clientele.

**Migration to The Netherlands**

Unemployment on Curacao declined from an all time peak in 1987 of 28.9 per cent of the labour force to 16.4 per cent in 1991 (De Haan et al. 1990; BNA 1991). Youth unemployment also dropped, but is still high at 30 per cent. The decline is due to a rise in employment by about 15 per cent between 1988 and 1991. However, another important factor explaining this decline is the emigration of many of the unemployed to The Netherlands, where they may settle as citizens of the Kingdom without any formalities and apply for social security that is very generous compared to what can be obtained in the Antilles. Accelerated emigration even caused a 1.5 per cent drop in Curacao's population between 1989 and 1991 (BNA 1991).

Up to the 1970s, migration from the Antilles to The Netherlands was dominated by young workers and students. The latter often returned to their islands after their studies. However, when the economic situation worsened female-headed households with young children and the aged started migrating too.

At the moment there are about 84,000 people of Antillean origin in The Netherlands, comprising not more than 0.5 per cent of the Dutch population and 3.8 per cent of the non-native population. Two-thirds were born in the Antilles and one-third in The Netherlands (Muus 1992). People originating from Curacao are overrepresented among the Antillean immigrants (De Haan et al. 1990). Migration has risen considerably during the last decade and return migration is slowing down (Koot 1979; Koot & Ringeling 1984; Reubsaet & Kropman 1986). That is why it is quite conceivable that a bar on the free entry of Antilleans to The Netherlands will play a role in the negotiations concerning the complete revision of the Statute. After all, Dutchmen are already not allowed to settle freely in the Antilles.

**Acknowledgement:**

The author wishes to thank Mrs. P. Ellman for the correction of the text.

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**Note:**

1. St. Maarten does not belong exclusively to The Netherlands: the northern part belongs to the French Département d'Outremer of Guadeloupe.
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Political affiliation of mayors of municipalities in The Netherlands as of 30 August 1993*
* vacancies assigned according to political affiliation of previous mayor

Sources: Union of Dutch municipalities (VNG)

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Tydschrift voor Econ. en Soc. Geografie
84 (1993) 5