

DJB during the Japanese Occupation (1942-1945)

The 2nd World War was started in Europe by the Nazi Germans on 10 May 1940. In this war, Germany and Italy jointly confronted Britain, Holland and France as well as other European countries. In relation to this war, the Japanese was attempting to build an emporium across Asia by starting the battles in the Pacific region whereby it faced the ABCD aligned force comprising the United States, Britain, China and the Netherlands. On 8 December 1941, the Japanese Navy launched a dawn assault to the US Navy base in Pearl Harbor, Hawaii. This sparked the Asia Pacific war as five hours after such attack, the Governor General of Dutch Indies, Tjarda van Starckenborgh Stachouwer declared a war with the Japan.

In their invasion to the south, the Japanese troops penetrated deep into the Dutch Indies's territories in the early 1942. The Dutch troops were outnumbered as its four division of soldiers or numbering around 40,000 under General H. ter Poorten had to confront six to eight division of Japanese soldiers led by General Hitoshi Imamura. As a result, the battle did not last long. By January-February 1942, in stages the Japanese managed to occupy Tarakan, East Kalimantan and head to Balikpapan, Pontianak, Samarinda and ultimately controlled Banjarmasin. The battles in Java ended on 1 March 1942, when the 16th Japanese troops landed in three locations at the same time, namely in Banten Gulf, Eretan Wetan, West Java and Kragan, Central Java. A few days later, namely on 7 March 1942, General H. ter Poorten surrendered without condition to the Japanese in Kalijati, Lembang. Dutch Indies collapsed.

Moments Before the Japanese Arrival

Mr. Dr. G.G. van Buttingha Wichers, the 14th President of DJB in the DJB Annual Report of the 113th bookkeeping presented in mid June 1941 had warned the importance to take into account the possible escalation of the 2nd World War in Europe to the Asia or Pacific region. Accordingly, Buttingha recommended the Dutch Indies Government to immediately take the necessary measures to respond to this. The prediction of the DJB's President proved correct as the Japanese troops occupied the entire territories of Dutch Indies in the following months only. Buttingha's ability to read the future was fruitful, as shortly prior to the arrival of the Japanese to Java, he managed to move all its gold reserve to Australia and South Africa on 28 February 1942. This operation took place via the Cilacap port and aimed at enabling DJB to operate again when the war ended someday. Meanwhile, the Dutch Indies Administration then requested the banks to maintain their officers albeit in limited number and continued the banks' activities to prevent the economic activities from experiencing instant and complete halt. Based on such government's instruction, DJB asked its branch managers remain in their respective posts and ignore the instruction to eliminate the reserve cash issued earlier.

By the end of February 1942, the Governor General of Dutch Indies along with a number government high ranking officials fled to Bandung, so did the banks' boards of directors as on 28 February 1942, the government instructed them to relocate the bank's head office to Bandung. By this time, Japan and the Netherlands reached an agreement to attack each other in Bandung. They were aware that Bandung was dense with civilians, women and children.

In March 1943, when the Dutch felt that their control over Java could not be maintained any longer, the government decided to temporarily abandon Dutch

Indies. Lieutenant Governor General led a small group of prominent businessmen, government officials to leave Dutch Indies to a neutral zone, namely Australia. The Government asked one of DJB's directors, namely Dr. R.E. Smits to join in as Dutch Indies' representative. He was assigned to maintain the interest of Dutch Indies with the international world and prepare for the reconstruction of Dutch Indies after the war.

DJB and the Banking Sector During the Japanese Occupation

Following the Dutch Indies's unconditional surrender, the Japanese ruler instructed the banks' board directors who had evacuated to Bandung to immediately hand over the banks assets to the Japanese occupying troops. Furthermore, on 11 April 1942, the announced a banking moratorium concerning the postponement of payment obligations. This condition lasted until 20 October 1942 when the Japanese Rulers in Java based in Jakarta issued a government regulation to liquidate all the Dutch, British and Chinese banks. A similar regulation was issued by the Japanese occupying troops in Singapore for the banks in Sumatera. While for the banks operating in Kalimantan and Great East (namely the eastern parts of Indonesia such as Sulawesi, Maluku and Papua controlled by Kaigun or the Japanese Navy, the such liquidation instruction was instructed by the Navy Ministry in Tokyo. Thus, during this period, there were three separate liquidity authorities who worked independently.

These liquidation authorities were assigned with three main duties. First, they had to settle the payables. This move was very productive. As recorded, the payable position in early March 1942, as the burden of DJB's debtors that could be collected had been collected, amounted to | 5,6 million or 2.5% only. While the collection that was outside Java stood at | 3 million. The debtors who had repaid their borrowings could claim back their collaterals. Second, were the payments of the liquidation outcome to the creditors. And for those who were considered not being hostile to the Japanese rulers could receive their first payments by mid 1943 amounting to 30% for those living in Java. While the remaining balance would be claimed by Nanpo Kaihatsu Ginko. Third, they settled the safe deposit boxes and safe. In early 1943, it was announced that the return of safe deposit boxes and contents to their owners would take place if the Japanese troops did not have any interest in the contents. As the definition of such "interest" was so broad, many valuables kept in the safe were missing. If they were reimbursed from Nanpo Kaithatsu Ginko, the value was insignificant.

In respect to such bank liquidation, the members and the executive staff of DJB were forced to act as advisors to the Japanese liquidators. They were attempting hard to halt the termination arguing that the Japanese Military Chief had not annulled the prevailing acts, among others DJB Act of 1922. But their efforts were of no avail and the liquidation continued. Furthermore, the functions and duties of the banks liquidated were taken over by the Japanese banks that previously existed and closed down by the Dutch on 8 December 1941 before the war broke. These banks were Yokohama Specie Bank, Taiwan Bank and Mitsui Bank. Soon Nanpo Kaihatsu Ginko was set up a circulation bank for the entire occupation territories. But in reality, Nanpo Kaihatsu Ginko acted only as the coordinator, as it was Yokohama Specie Bank that was operating a number of cities in Java and Taiwan Bank for the territories outside Java.

Initially, the liquidation by the Japanese made use of the staff and administration assistants of the banks to be liquidated. First, they involved many people but they were then reduced to the core teams only from DJB. A major dilemma emerged to the people involved in such liquidation measures. They previously objected to the idea as being officers of the banks to be liquidated had to cooperate with the liquidators, though they were assigned as the liquidation advisors. Nonetheless, they finally agreed to be passively cooperative, as by doing so, the Dutch bank staff could eye the Japanese actions in liquidating their banks.

The Japanese occupation that began in March 1942 had practically terminated DJB's activities which was closing its 114th Bookkeeping Year. During such occupation period, a number of DJB employees passed away due to their opposition to the Japanese or died in the concentration camps of the Japanese troops. Such tragic condition was experienced by Buttingha Witchers. He was kept in detention for 10 months by Kempetai in Bandung, Jakarta and Bogor. He spent the rest of his life in concentration camps in Jakarta, Bandung and Cimahi. This condition was different from the one experienced by R.E. Smits, one of DJB's Board of Directors. Smits was fortunate as he was outside the territories of Dutch Indies. First, he was assigned as member of the Dutch Indies Commission for Australia and New Zealand. He was subsequently appointed Finance Director of the Provisional Dutch Indies Administration in Melbourne and Brisbane, Australia. He was finally assigned by C.R.O or the Commission for Safeguarding Rights during Wartime in London to take care and settle payables and bank obligations outside the Japanese occupation areas according to his capacity as the DJB Director. By and large, during the Japanese occupation period, the activities of DJB in Dutch Indies were put on complete halt.

De Bank Voor Nederlandshe Indie

The banks' liquidation policies adopted by the Japanese Occupation Troops created the impression to the Dutch Indies' representatives that the banking condition in Dutch Indies had collapsed and would be unlikely restored when the war was over. As a result, the Dutch Kingdom government issued Decree E-10 dated 3 February 1944 that banned banking activities in Dutch Indies without the permission from or in the name of the Governor General. This Decree was issued in London as at this time, the Dutch Government had been evacuated following the German assault to the Netherlands.

The Decree was followed up by Decree dated 21 February 1944 on the establishment of De Bank Voor Nederlandsch Indie in Paramaribo, Suriname being the only Dutch colony that remained intact. The bank's shareholder of the bank was the Dutch Indies Administration, Nederlandsche Handel Maatschappij NV (NHM), Nederlandsch Indische Handelsbank (NIHB) and Nederlandsch Indische Escompto Maatschappij (NIEM). The stock belonging to the Dutch Indies Administration would later on be transferred to DJB. Consequently, this new bank was basically a merger of the main banks that had existed in Dutch Indies, including DJB as a circulation bank.

Money Circulation

By early December 1942, the Dutch Government in London had begun the preparation for the new Dutch Indies's banknotes. The Decree of the Dutch Queen dated 2 March 1943 determined money printing as the preparation to rehabilitate the money circulation as soon as the war and the occupation by the Japanese troops

end. The banknotes were printed in 1943 by the American Banknote Company, of the United States of America in the following denominations: 0.50, 1, 2.50, 5, 10, 25, 50 and 100 with the new value of *Nederlandsch-Indische Gouvernementsgulden* and simultaneously used the Rupiah value. Later on during the revolution period, the banknotes were known as the NICA's money.

During the Japanese occupation period, the number of currencies in circulation in Dutch Indies increased. This occurred because the Japanese invasion was apparently not limited to military invasion but money invasion as well. Under Act No. 1, the chief of the Japanese troops announced through the newspaper that as from 11 March 1942 that gulden and military banknotes were the official payment instruments in the territories under the Japanese occupation. The Japanese rulers were circulating Japanese banknotes called the invasion banknotes or military banknotes (*gunpyo*) bearing the with mark that read *De Japansche Regeering Betaalt aan toonder* (the Japanese Government pays to the bearer). The money carried the value of gulden and cent without the mark of the year made and comprised seven denominations, namely 1, 1.50, 5, 10 gulden and 1, 5, 10 cents. Initially, the invasion currencies were circulated by the Japanese rulers and continued by Nanpo Kaihatsu Ginko which as from April 1942 was assigned as a circulation bank to replace DJB.

In September 1944, Nanpo Kaihatsu Ginko also issued new banknotes called Nanpatsu bearing the mark *Dai Nippon Teikoku Seifu* (The Administration of the Japanese Troops) and based on the rupiah value. The banknotes were printed in Java in the fractions of ½, 1, 5 and 10 rupiah and were also circulated in Sumatera, Kalimantan and the eastern parts of Indonesia. In addition, for Sumatera exclusively, denomination of 100 rupiah and 1,000 rupiah were in circulation (though the circulation of these denominations was doubted) and specially printed in Japan. Apart from these, the Japanese troops sporadically circulated coins made of aluminum in fractions of 10, 5 and 1 cents in extremely limited fashion. Legally speaking, these Japanese banknotes issued lacked gold reserve as guarantee and were not valid payment instruments. The Hague Conventions of 1899 and 1907 agreed that a party that occupies another country was prohibited from issuing and circulating its own money. Japan jointly ratified and signed these conventions but ignored its contents.

During the Japanese occupation period, there was no act issued to annul the currencies of the Dutch Indies or DJB's currencies which had been in circulation before. As a result, all these currencies remained as valid payment instruments throughout the Japanese occupation territories along with the Japanese currencies. Until mid 1945, the Japanese had circulated invasion currencies amounting to 2.4 billion gulden, and 1.4 billion gulden in Sumatera and in smaller amounts in Kalimantan and Sulawesi. Among these amounts, the Japanese had added 87 million gulden into the circulation. The money derived from the un-issued notes from DJB Treasury and around 20 million of gulden silver coins taken over by Japanese from DJB. As from 15 August 1945, as much as 2 billion gulden was further added to the territories of Dutch Indies. Part of this came from the money withdrawn dishonestly by the Japanese troops from the Japanese banks in Sumatera, and another part was stolen by the Japanese from DJB Surabaya and some other places.

In 1944, the American troops managed to overpower the Japanese force in the Pacific and on 15 August 1945 the Japanese surrendered unconditionally to the Allied Force. From this very day onwards, a number of major events followed. The invasion

virtually ended and the independence of Indonesia was proclaimed on 17 August 1945. The Japanese invaders left Indonesia with its economy in complete disarray. War conditions however continued with series of clashes between Republic of Indonesia and NICA. Until March 1946, the amount of money circulated in Dutch Indies amounted to 8 billion gulden. This sparked the monetary value collapse and exacerbated the economic burden of the Dutch Indies's territories.