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Competition, Patriotism and Collaboration: The Chinese Businessmen of Yogyakarta between the 1930s and 1945

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During the turbulent years between the 1930s and the end of the Japanese occupation in 1945, Chinese businessmen in Yogyakarta confronted three major issues: competition against the emerging Indonesian entrepreneurs and Japanese business expatriates; patriotism towards their ancestral land China in fighting against Japanese aggression; and collaboration with the new regime run by their former enemy, the Japanese. During this period newly arrived 'totok' Chinese achieved pre-eminence over the well-established 'peranakan' community.

Yogyakarta's Chinese community in the 1930s

Yogyakarta is a Sultanate located in the interior of south-central Java, founded in 1755. By the early twentieth century it had become a densely populated area with a substantial low-income population. In 1930, Yogyakarta city had a population of 136,649, and the population density was the highest in the Dutch East Indies, with 6,491 people per square kilometre.¹ The population consisted of various races, categorised by the Dutch as Indigenous (Javanese and others), Europeans (a category that included the Japanese), and Foreign Orientals (Chinese, Arabs and Indians). The breakdown is shown in Table 1.

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¹ Liu Huanran, *Heshu Dongyindu Gailan* (Singapore: Nanyang Shangbao, 1939), p. 67; *Republik Indonesia Daerah Istimewa Jogjakarta* (Jakarta: Kementrian Penerangan, 1953), p. 525; C. Lekkerkerker, *Land en Volk van Java* (Groningen/Batavia: Wolter, 1938), appendix Table II. As a comparison, Batavia had 2,017 persons per square kilometre, Surabaya 2,428, Bandung 3,032, Semarang 2,178 and Surakarta 5,588. These were the five largest cities in Java in 1930. The average density for Java as a whole was 492 persons per square kilometre.

Table 1.
Yogyakarta's population in 1930

Area	Indonesian*	European	Chinese	Other Foreign Orientals	Total
Yogyakarta City	121,979	5,593	8,913	164	136,649
%	89.3	4.1	6.5	0.1	100
Yogyakarta Sultanate	1,538,868	7,317	12,640	202	1,559,027
%	98.7	0.5	0.8	–	100

*The term 'Indonesian' is used in this article to refer to the people of the archipelago. The Dutch referred to this population as 'inlanders' – 'natives', and in post-independence usage they would be called *pribumi* Indonesians.

Source: (City) *Volkstelling 1930*, II (1933), pp. 148-9, 160; (Sultanate) *Volkstelling 1930*, II (1933), pp. 138-9, 158; *Volkstelling 1930*, VIII (1936), p. 65.

About 70 per cent of the Chinese lived in the urban area of Yogyakarta City (the capital), in part because a Dutch zoning system (*wijkenstelsel*) dating from 1835 barred them from staying outside of the Chinese quarters in the city, but also because more facilities were available there. After the Dutch abolished the zoning system in 1919, there was an outflow of Chinese to Yogyakarta's rural areas,² but the present discussion will focus on the urban Chinese.

The Chinese community was heterogeneous, with various sub-groups based on speech group and area of origin. The Hokkien formed the largest group, as was true elsewhere in Indonesia, with Kwongfu (Cantonese) and Hakka in the second and third positions respectively (see Table 2).

Culturally this community was divided into two groups, the *peranakan* and *totok*. There is not complete agreement on the use of these terms, but conventionally a *peranakan* is defined as a Chinese with a local cultural orientation, and is typically a person born of mixed marriage between a Chinese father and indigenous mother. The *totok* were oriented towards Chinese culture, and were mostly first-generation settlers. Whether a Chinese was considered a *peranakan* depended on the degree to which the parents maintained Chinese culture in the family, although business culture was also an important criterion in determining whether a person was considered *totok* or *peranakan*. Some locally born Chinese were identified as *totok*, and they tended to join China-born *totok* in economic undertakings. The two groups generally despised each other, and each had pejorative descriptions of the other as well as engrained prejudices.

According to the 1930 population census (the only reliable census), 6,987 (78.7 per cent) of Chinese living in Yogyakarta were born in the Indies, and the community was heavily *peranakan*. Japanese aggression against China in 1937 caused an influx of immigrants, some of whom brought along their families.³ During the 1930s, the Dutch

2 In 1905 only 100 Chinese were living in rural areas of Yogyakarta, but the number increased rapidly to 1,607 in 1920, just one year after the law changed. Ten years later the number had more than doubled to 3,724 people. *Kol. Verslag 1907* ('s-Gravenhage: Algemeen Landsdrukkerij, 1909), app. A, p. 22; *Volkstelling 1930*, VII (1935), pp. 170, 184; cf. G. W. Skinner, 'The Chinese Minority', in *Indonesia*, ed. Ruth McVey (New Haven: Yale-HRAF, 1963), p. 101.

3 *Volkstelling 1930*, VII (Batavia: Landsdrukkerij, 1935), pp. 287, 304; R. Hardjono, 'Komuniti Tionghoa

Table 2.
Yogyakarta's Chinese population in 1930 according to dialect groups

No	Dialect Groups	Yogyakarta Sultanate			Yogyakarta City		
		M	F	Total	M	F	Total
1	Hokkien	4,579	3,273	7,852	3,131	2,391	5,522
2	Kwongfu (Canton)	723	355	1,078	618	308	926
3	Hakka	162	79	241	134	69	203
4	Tiochiu	81	60	141	43	25	68
5	Others	1,402	1,326	2,728	916	948	1,864
6	Indonesians*	2	525	527	1	292	293**
7	Unknown	29	41	70	16	21	37
	Total	6,978	5,659	12,637	4,859	4,054	8,913

Notes:

* In 1930 there were 527 Indonesians enumerated as 'Chinese' in the Yogyakarta Sultanate. Most were women and they were almost certainly wives or concubines of Chinese men. Of that number, 508 were Javanese and the rest unknown.

** not specifically mentioned as 'indigenous' in the source, but only recorded as 'not Chinese'.

Source: *Volkstelling 1930*, VII (1935), pp. 287, 304.

authorities approved applications by 466 heads of families from mainland China wanting to live in Yogyakarta, and their arrival raised the proportion of *totok* Chinese in the city.

The Chinese population of Yogyakarta mostly earned a living from trade and industry, as can be seen from data collected for the 1930 census (Table 3). A 1934 Dutch government report elaborated on this information, stating that the Chinese were involved in several different kinds of trade: (i) *kleinhandel*, or small trade at the traditional market or *warung* (stalls); (ii) *marskramershandel*, or trade by itinerant peddlers who mostly moved about by bicycle; (iii) *groothandel*, large-scale trade, particularly in agricultural products; (iv) *tusschenhandel*, intermediate trade handling various commodities, but mostly involving agricultural products and animal husbandry; and (v) *middenstandhandel*, or middle-class trade, a broad category covering trade in large *warung*, big and small shops and handicrafts – especially batik.⁴ Few Chinese worked for the Dutch government owing to the existence of many discriminatory regulations that kept them out of administrative work.

Jogjakarta' (thesis, I.K.I.P. Sanata Dharma, Jogjakarta, 1970), p. 13. In 1937 only 46 heads of family arrived in Yogyakarta, but between 1938 and 1940 the annual numbers were 109, 96 and 102 (*Statistisch Jaaroverzicht 1931–1940* [Batavia: Landsdrukkerij, 1932–41]). On the bad feeling between the two communities, see Twang Peck-yang, *Chinese Business Elite in Indonesia and the Transition to Independence, 1940–1950* (Kuala Lumpur: Oxford University Press, 1998), pp. 20–1.

4 *Memorie van Overgave van den aftredenden Gouverneur van Jogjakarta H. H. de Cock* (1934), pp. 520–2. The itinerant traders in category (ii) tended to be from the *totok* Hokchia-Henghua groups, a sub-group of the Hokkien; see Peter Post, 'Japan's Industrial Development and Social Change in Indonesia', in *Economic Development and Societal Transformation in Asian Countries* (Tokyo: Institute of Asia Pacific Studies, Waseda University, 1997), pp. 287–9.

Table 3.
Occupations of Yogyakarta's population in 1930

No	Occupation	Yogyakarta City			Yogyakarta Sultanate		
		Native	European	Chinese	Native	European	Chinese
1	Raw Materials Producer	–	58	38	360,282	500	199
	%		3.3	1.3	55.1	21.2	4.4
2	Industry	–	191	916	163,397	197	1,063
	%		10.7	31.4	25	8.4	23.6
3	Transportation	–	184	81	6,670	196	114
	%		10.3	2.8	1.0	8.3	2.5
4	Trade	–	264	1,673	55,029	286	2,859
	%		14.8	57.3	8.4	12.2	63.5
5	Particular	–	372	94	5,086	408	104
	%		20.9	3.2	0.8	17.3	2.3
6	Civil Servants	–	455	14	17,788	487	24
	%		25.5	0.5	2.7	20.7	0.5
7	Others	–	258	103	45,381	280	141
	%		14.5	3.5	6.9	11.9	3.1
	Total	–	1,782	2,919	653,633	2,354	4,504

Note: Data on native occupations in Yogyakarta city is not available.

Source: *Volkstelling 1930*, VI (1933), pp. 360-3; VII (1935), p. 358; VIII (1936), pp. 126-7.

There was a division with respect to occupation between the Chinese born in the Indies and those born elsewhere. The Indies-born Chinese were mostly involved in trading activities (894 people), more specifically running shops or stalls (400) and selling food and tobacco (306). By contrast, among those born elsewhere (*totok*), only 146 people ran shops. The *totok* outnumbered the *peranakan* in industrial production (532 people compared to 370), especially in the wood and bamboo industry. These men were certainly Cantonese, a group well known for their skill and talent in carpentry. The *totok* were also dominant in the textile trade (261 people compared to 52). Cloth imported from Japan was distributed widely to interior Java by *totok* Hokchia-Henghua traders travelling by bicycle, and by 1930 the *totok* had come to dominate the Chinese textile trade across Java.⁵ Table 4 provides a breakdown of Chinese participation in various occupations.

5 Post, 'Japan's Industrial Development and Social Change in Indonesia', pp. 287-8; see also *idem.*, 'Chinese Business Networks and Japanese Capital in South East Asia, 1880-1940', in *Chinese Business Enterprise in Asia*, ed. Rajeswary Ampalavanar Brown (London: Routledge, 1995), pp. 158, 173.

Table 4.
Occupations of Yogyakarta's Chinese according to the place of birth (1930)

No	Occupation	Yogyakarta City			Yogyakarta Sultanate		
		A	B	C	A	B	C
1	Raw Materials Producers	27	11	38	179	20	199
	a. Sugar cane	–	–	–	164	10	174
2	Industry	370	532	916	458	589	1,063
	a. Food/drink/tobacco	181	129	310	240	170	410
	b. Wood/bamboo	23	292	329	25	302	341
	c. Fashion	43	76	119	46	76	122
3	Transportation	74	6	81	106	6	114
	a. Road transportation	55	3	58	84	3	88
4	Trade	894	774	1,673	1,362	1,490	2,859
	a. Food/tobacco	306	201	508	486	339	827
	b. Textile goods	52	261	314	65	314	380
	c. Shops/stalls	400	146	548	619	259	880
	d. Credit matters	13	115	128	35	508	543
5	Liberal & Arts Professions	49	45	94	54	50	104
6	Civil Servants	13	1	14	22	2	24
7	Others	91	12	103	110	30	141
	a. Household work	43	5	48	52	7	60
	b. Less important work	39	4	43	–	–	–

Notes:

A: Born inside the Indies

B: Born outside the Indies

C: Total (including those whose place of origin is unknown)

Source: *Volkstelling 1930*, VII (1935), pp. 358–9.

Another occupation deserves special mention: 'credit matters', or more accurately, moneylending, formerly known as *minding*, *woeker*, *geldschieter*, or *lintah darat*. Moneylenders were usually *totok* (115 out of 128 people) from the Hokchia-Henghua groups, and Yogyakarta was a main location for people in this profession.⁶ Many urban Javanese noblemen borrowed money from the Chinese, because their lifestyle and the social consequences of their background placed them in great need of cash.⁷ *Totok*

6 The local Dutch government regarded moneylending as a legal profession, officially called *memindjamken oeang*, for which a special licence was issued. See, for example, 'Poatoesan Roekoen Pengadilan Kraton Darah Dalem Jogjakarta Goegatnja Liem See Tjoe Lawanan R. Ngebei Soedarsohartono', no. 7/1942 (21 March 1942), Yogyakarta, Sultan's Palace Archive SP 282. Moneylending is discussed in Twang, *The Chinese Business Elite*, pp. 55–9.

7 Heather Sutherland, *Terbentuknya Sebuah Elite Birokrasi* (Jakarta: Sinar Harapan, 1983), pp. 62–3. Yogyakarta's Sri Wandawa Palace Archive contains a huge collection of legal cases involving noblemen and Chinese moneylenders.

moneylenders also operated in rural areas, and they certainly outnumbered their competitors (393 out of 415 recorded).⁸

Throughout the East Indies, the main organisation for Chinese traders – both *peranakan* and *totok* – was the Siang Hwee or Chinese Chamber of Commerce. This body was very powerful, especially after the abolition of the Chinese officer system in 1934, and played a crucial role in the Chinese community as a leader in commercial, political and organisational matters. The Siang Hwee in Yogyakarta was established in 1905, and in July 1938 was led by Ir. Liem Ing Hwie (*peranakan*), with Yap Poo Hing (*peranakan*) as vice president and Ang Ping Gwan (*totok*) as commissary.⁹ The leaders of the Siang Hwee appear to have been mostly China-born, since the ability to speak Chinese was one of the most important requirements for its leader. The position of Liem – a Western-educated intellectual and businessman – is thus interesting because he was *peranakan* but served as president of the Siang Hwee for three consecutive terms. According to his family, he mastered the Chinese language through self-instruction.¹⁰ As of 1938, the Siang Hwee consisted of six departments with about 200 members, and these members owned some 1,000 large and small businesses.

The Depression had a great effect on the Yogyakarta region. Most of the Chinese traders were involved in the internal trade, with the native population as their main customers, and the Depression caused serious difficulties, forcing many Chinese in Yogyakarta and elsewhere into bankruptcy.¹¹ To assist the large number of unemployed people (European, native and Chinese) seeking jobs, the local government established an employment bureau (Bureau voor Arbeidsbemiddeling te Jogjakarta). A total of 117 Chinese registered with the bureau in 1935, and the number of people seeking work was certainly larger since the Chinese tended to rely on their own social organisations for assistance rather than turning to the Dutch.¹²

The decade of the 1930s was not a good time for *peranakan* Chinese businesses. Competition, both internal and external to the Chinese community, steadily increased during this period. The *totok* businessmen, despite being newcomers, slowly but surely

8 Twang, *The Chinese Business Elite*, p. 55; Post, 'Japan's Industrial Development and Social Change in Indonesia', p. 287. Selo Soemardjan, a Yogyakarta bureaucrat who worked in a village in the 1930s, affirms that *totok* dominated rural moneylending operations. See his 'Simpan dan Pinjam Uang Dalam Masyarakat Desa', *Ilmu dan Budaya*, 1 (Oct. 1986): 17.

9 Information on Yogyakarta's Siang Hwee is taken from Liu, *Hoshu Dongyindu Gailan*, p. 68; see also *Shang Yeh* (Tiong Hoa Siang Hwee Djokjakarta monthly), 1, 3 (July 1938), p. 2. Concerning the role of the Siang Hwee, see Twang, *The Chinese Business Elite*, pp. 22, 32, and Donald E. Willmott, *The Chinese of Semarang* (Ithaca: Cornell University Press, 1960), p. 160.

10 Interview, Mrs Bernie Liem (the daughter-in-law of Liem Ing Hwie), Yogyakarta, March 1995; cf. Twang, *The Chinese Business Elite*, p. 22, and Leo Suryadinata, *Politik Peranakan Tionghoa di Jawa* (Jakarta: Sinar Harapan, 1986), p. 25.

11 W. J. Cator, *The Economic Position of the Chinese in the Netherlands Indies* (Oxford: Basil Blackwell, 1936), pp. 121–6; Oei Tjoe Tat, *Memoar Oei Tjoe Tat* (Jakarta: Hasta Mitra, 1995), pp. 31–2. Oei's grandfather's store in Yogyakarta went bankrupt, and the Depression also hit his father's business in Solo. For a general study of this period, see William J. O'Malley, 'Indonesia in the Great Depression: A Study of East Sumatra and Jogjakarta in the 1930s' (Ph.D. diss., Cornell University, 1977).

12 Leo Suryadinata, *Politik Peranakan Tionghoa di Jawa*, pp. 92–3 n. 32; *Verslag der Werkzaamheden van het Bureau voor Arbeidsbemiddeling te Jogjakarta Gedurende het Jaar 1937* (Jogjakarta: Kolff-Buning, 1938). There was another charity body called Djokjasche Gewestelijk tevens Plaatselijk Steuncomité voor Werkloozen (van Alle Landaarden) or 'Yogyakarta's Committee for Aiding the Unemployed from the Various Races', established around the year 1934.

came to dominate several key sectors, such as moneylending and textile trade. The external threat arose from indigenous and Japanese businessmen, discussed in the next section.¹³

Prominent Chinese businessmen in the 1930s

This section describes the business activities and strength of Yogyakarta's prominent Chinese businessmen in the 1930s. This information is drawn primarily from the sources listed for Table 5.

Table 5.
Prominent Chinese Businessmen in Yogyakarta during the 1930s

Name	Origins	Birthplace/ Year	Education	Organisation	Business	Notes
Ang Ping Gwan	Totok (Hokkien)	China, 1900	Teachers' School	Kuomintang, Yogya Chamber of Commerce	Drug store	A noted Kuomintang leader in Central Java
Lie Kioen Gie	Peranakan (Hokkien)	?	?	?	Biscuits and coffee factory 'Lodji Redjo'	In 1939, 500 labourers worked in this factory
Lie Ngo An	Peranakan (Hokkien)	Yogyakarta, 1896	Hokkien & Dutch Elementary School	–	Batik factory	In 1932–1934 was headman of the Chinese
Lie Po Yung (alias Lie Boen Yen)	Totok (Hakka)	China, ca. 1898	?	Khe Chu Kong Hwee	Department Store ('Toko Obral')	
Ir. Liem Ing Hwie	Peranakan (Hokkien)	Yogyakarta, 1900	Delft Institute of Technology (engineering)	Chamber of Commerce (leader), Tjin Tjai Hwee (leader), THHK, etc.	Tile and ice factories in some cities, renting houses in Yogya	The most prominent Chinese of the decade
Sie Kee Tjie	Peranakan (Hokkien)	Yogyakarta, 1898	Chinese Elementary School	TTHK (leader), Tionghoa Kie Tok Kauw Hwee, (leader) etc.	Batik factory	A devout Christian
Tan Ko Liat	Peranakan (Hokkien)	Yogyakarta, ?	?	Sam Ban Hien, Kong Khauw Hwee, Chamber of Commerce, etc	Batik cloth, cooking Oil factory (capital NFL 100,000 in 1939)	

13 Liem Twan Djie, *Perdagangan Perantara Distribusi Orang-orang Cina di Jawa* (Jakarta: Gramedia, 1995), pp. 74–9.

Name	Origins	Birthplace/ Year	Education	Organisation	Business	Notes
The Hong Oe	Peranakan (Hokkien)	Yogyakarta, 1896	Chinese- English School	Hua Chiao Tsing Nien Hui (leader), CVTH, etc.	Batik factory	Leader of the Chinese during the Japanese Occupation
Tjie Tjing Ing	Peranakan (Hokkien)	Magelang, 1898	Chinese Elementary School	Hoo Hap (leader), CVTH (leader), etc.	Batik factory	

Sources: Liu Huanran, *Heshu Dongyindu gailan* (Singapore: Nanyang Shangbao, 1939); Tan Hong Boen, *Orang-orang Tionghoa jang Terkemoeaka di Java* (Solo: The Biographical Centre, c. 1935), pp. 73–9; interview, Kwik Tiau Kwie, 3 Sept. 2001; Parada Harahap, *Indonesia Sekarang* (Jakarta: Bulan Bintang, 1952), pp. 134–5; *Sin Po*, 478, 28 May 1932, p. 134; *Jawa Nenkan Showa 19–nen* (Jakarta: Jawa Shinbunkai, 2604), p. 465; *Handboek voor Cultuur- en Handels-Ondernemingen in Nederlandsch-Indië 1940* (Amsterdam: J. H. de Bussy, 1939), p. 1074.

Most of the businessmen listed in Table 5 were *peranakan* of Hokkien descent. Only two *totok* and one non-Hokkien (a Hakka) appear on the list, hardly a surprising situation because Hokkiens were the best-established Chinese group in Java, having settled there for centuries. The table makes it clear that batik cloth was one of the most popular commodities handled by *peranakan* Chinese traders in Yogyakarta, a pattern that originated in the nineteenth century. A number of well-known figures were active in this trade, including Lie Ngo An, Sie Kee Tjie, The Hong Oe and Tjie Tjing Ing. In 1920 there were 10 Chinese batik merchants in Yogyakarta, and in 1930 the number was 28.¹⁴ Some producers became very famous because of the fine quality of their product, such as the cloth produced under The Hong Oe's brand name, 'Batik Mrs. The Tjien Sing'.¹⁵ Most of these businessmen also distributed batik cloth, placing them in competition with indigenous traders.¹⁶

Two businessmen introduced modern machinery into their factories during the 1930s. The first was Lie Kioen Gie, who established the Lodji Redjo coffee and biscuit factory in 1928; four years later its capitalisation was NFL 40,000. In 1939, this factory was equipped with modern machines and employed 500 labourers. The product was popular throughout the Indies and the plant worked overtime in order to meet demand.¹⁷

14 Data on 1920 is taken from J. L. Vleming Jr, *Het Chinezen Zakenleven in Nederlandsch-Indië* (Batavia: Landsdrukkerij, 1926), p. 222; for 1930 see P. de Kat Angelino, *Batikrapport Deel II: Midden Java* (Weltevreden: Landsdrukkerij, 1930), pp. 177, 321. According to a former batik painter in Lie Ngo An's workshop, the wages he paid were higher than those offered by the other workshops. Interview, Mrs Prodjodiwiryo, Yogyakarta, 14 March 1992.

15 This factory was established in 1898. Nian S. Djoemena, *Batik and Its Kind* (Jakarta: Djambatan, 1990), p. 52; *idem.*, *Ungkapan Sehelai Batik* (Jakarta: Djambatan, 1986), p. 30.

16 According to a 1940 business directory, six new companies were established in the 1930s with capitalization of NFL 10,000 (3), 28,000 (1), 60,000 (1) and 100,000 (1). They were engaged in tobacco (2), oil (1), and trading (3). *Handboek voor Cultuur en-Handels-Ondernemingen in Nederlandsch-Indië 1940* (Amsterdam: J. H. de Bussy, 1939), pp. 777, 802, 929, 934, 941, 1074; Mantetsu Chosabu ed., *Ranryō Higashi Indo ni Okeru Kakyō* (reprint, Tokyo: Seishisha, 1986), app. II.

17 *Sin Po* (weekly edition), 478, 28 May 1932, p.134; Parada Harahap, *Indonesia Sekarang* (Jakarta: Bulan Bintang, 1952), pp. 134–5.

The second modern businessman was the most important figure among the local Chinese in the 1930s, Liem Ing Hwie. Born into a trading family in a village to the north of Yogyakarta in 1900, Liem became a cosmopolitan figure. He attended European schools in Yogyakarta and Surabaya, and in 1925 received a degree in mechanical engineering from the prestigious Delft Technical Institute of Technology in the Netherlands.¹⁸ He then worked for the Skoda steel company in Czechoslovakia (1925–29), and received an assignment from Skoda to establish an electrical power plant in Chapei (north of Shanghai) in 1930–31. He returned to Yogyakarta in 1932 and started his own business. This talented man soon became popular among the city's inhabitants, including the Chinese, European and Javanese residents, and enjoyed close ties with the Sultan. According to a Chinese observer, Liem's business strength was based on the synthesis of big capital and both technical and managerial skills.¹⁹ He held important positions as president of various social, political and economic organisations, of which Siang Hwee was the most prestigious. As stated above, he was elected as Siang Hwee's president for three consecutive terms, thus showing him to have been a powerful man entrusted with commercial, political and organisational leadership of the Chinese community.

Liem established a trading house called the Lie & Liem Kongsí and served as its main director. In 1940 he became director of the Culina Food Production Company, but his main businesses were ice and tile factories in several cities, and renting houses in Yogyakarta. He purchased his Yogyakarta ice factory – founded in 1893 and named N.V. Djokjasche Ijsmij – in 1937 from its Dutch owners, H. Verburgt and H. W. Snabilié. In 1939 the capital of this factory was NFL 200,000.²⁰ Liem's largest business was tile manufacturing, and at one time he possessed five factories located in Yogyakarta, Magelang, Semarang, Purwokerto and Batavia, operating under the name 'Midden Java'.²¹ Besides these businesses, Liem owned 41 houses in the city and rented them out as residences, offices, shops and warehouses to Chinese, European, Japanese and Indian tenants. Possibly he bought these houses during the Great Depression, when the homes

18 Information on Liem Ing Hwie is compiled from these sources: Liu, *Heshu Dongyindu Gailan*; 'Riwajat Hidoep dari Toean Ir. Liem Ing Hwie', *New Light Magazine*, 8 (I), 7 May 1948, p. 12; and Tan Hong Boen, *Orang-orang Tionghoa jang Terkemoea di Java* (Solo: The Biographical Publishing Centre, 1935), p. 76. During the Dutch colonial period, the Netherlands Indies produced only 40 Chinese engineers. See F. J. E. Tan, 'Tjendekiawan² Keturunan Tionghoa di Indonesia Dewasa Ini', *Star Weekly*, 578 (26 Jan. 1957), p. 56.

19 Liu, *Heshu Dongyindu Gailan*. Liem's wife (Goei Swan Liang) was the niece of the legendary tycoon Oei Tiong Ham from Semarang. Goei's mother (Oei Pok Nio) was Oei Tiong Ham's younger sister. Interview, Mrs Bernie Liem, 10 Jan. 2002.

20 This information is taken from *Handboek voor Cultuur*, 1940, pp. 1031–2 and transaction documents dated 29 April and 18 May 1937 in Liem Ing Hwie's personal archives. The writer wishes to thank Mrs Bernie Liem, who kindly made these private materials available.

21 Philip A. Hardjanto, 'Perencanaan dan Pengembangan Sistem Informasi untuk Pengendalian Penjualan: Studi Kasus pada Perusahaan Tegel "Kunci" di Yogyakarta' (Thesis, Gadjah Mada University, 1992), p. 49. The central factory in Yogyakarta was founded by two Dutchmen, L. M. Stocker and J. G. Commane, in 1929, but two years later Commane resigned and Liem took his place. From then on, Stocker and Liem each owned 50 per cent of the capital. The Semarang factory was sold at the end of Dutch period (interview with Liem Liang Kioe, a former employee of the Yogyakarta 'Midden Java' tile factory, Yogyakarta, 6 May 1996). This information is important because two written sources – Liu, *Heshu Dongyindu Gailan* and 'Riwajat Hidoep dari Toean Ir. Liem Ing Hwie' – state that Liem owned only four factories.

of many Chinese businessmen were confiscated and auctioned off at relatively low prices when they were unable to pay their mortgages or went bankrupt.²²

Competition with Indonesian traders in the 1930s

Yogyakarta is less well known as a centre of indigenous entrepreneurship than its neighbour, Surakarta (where Sarekat Dagang Islam, the first modern movement of Islamic traders, was founded in 1911). Nevertheless, a number of individuals owned substantial businesses (especially handling batik and handicrafts), and in 1932 the outgoing Governor, van Gesseler Verschuur, called attention to three Yogyakarta-based Javanese engaged in agricultural enterprises: Soeroredjo, Martosentono and Djiwokarijo.²³ Yet only the first of the three was able to survive the tough competition from the Chinese traders, and his success derived from experience he gained working for Chinese companies.

Born into the lower nobility in a village south of Yogyakarta city in 1886, Soeroredjo was a skilful entrepreneur who started his successful business from nothing. Educated only through elementary school, he followed his mother's family heritage as a merchant rather than choosing the life of a nobleman like his father. This step was noteworthy because Javanese noblemen generally despised professions related to money (such as trading and moneylending). Soeroredjo changed jobs frequently before finding employment with a local Chinese agricultural business company in 1904. In 1918 the Chinese company he worked for went bankrupt, and based on his 15 years' working experience and knowledge of the company's former customers, he established his own business in 1919. Two years later, his business domain was scattered impressively around Java. Departing from common practices in those days, he made use of a Dutch bank's credit service. By 1926 he had developed an international business, importing rice and soybeans from Singapore, Siam, Burma, Indochina and Dairen (in northeastern China), and during his heyday he possessed a ready stock of 10,000 tonnes of foodstuffs. He survived in this Chinese-dominated business, and even the Chinese held him in high regard. Besides agribusiness, he also at one time was the only indigenous agent for the Dutch Petroleum Company (B.P.M.) in Yogyakarta.²⁴

The *hajjis* from Yogyakarta's Islamic quarter 'Kauman' were also notable as batik traders. They purchased raw materials for batik from Chinese distributors, and faced competition from Chinese producers as well. They formed the backbone of the indigenous economic movement by founding the first powerful batik cooperative in the Indies, Persatoean Pengoeseha Batik Boemi Poetera, in June 1934.²⁵

22 On the houses, which were scattered throughout the city in strategic locations, see 'Huishuren Jogjakarta' (June 1949), Liem Ing Hwie's private archive.

23 *Memorie van Overgave van het Gouverneur P.R.W. van Gesseler Verschuur* (Oct. 1932), p. 187. See also Christine Dobbin, 'Accounting for the Failure of the Muslim Javanese Business Class: Examples from Ponorogo and Tulungagung (c. 1880-1940)', *Archipel*, 48 (1994): 87-101.

24 Information on Soeroredjo is taken from 'Siapa Dia: Soeraredjo', *Mingguan Ekonomi* (I), 25 Nov. 1949, pp. 14-15; Gunseikanbu ed., *Orang Indonesia yang Terkemuka di Jawa* (Yogyakarta: Gadjah Mada University Press, 1986), p. 258.

25 *20 Tahun G.K.B.I.: 1948-18 September 1968* (Djakarta: Koperasi Pusat GKBI, 1969), pp. 18-27, 176-85 (I want to thank Prof. Sekimoto Teruo for this rare source); and Didi Kwartanada, 'Kolaborasi dan Resinifikasi: komunitas Cina kota Yogyakarta pada jaman Jepang, 1942-1945' (undergraduate thesis, Gadjah Mada University, Yogyakarta, 1997), pp. 68-73. See also Marcel Bonnef, 'Le kauman de Yogyakarta: des fonctionnaires religieux convertis au réformisme et à l'esprit d'entreprise', *Archipel*, 30 (1985): 175-205,

Chinese businessmen were slow to respond to this competition.²⁶ In February 1942 Chinese batik traders in Yogyakarta established their own cooperative, the *Coöperatieve Vereeniging In- en Verkoopcentrale van Chineesche Batikproducenten in het Gouvernement Jogjakarta* (Buying and Selling Cooperative Union of the Chinese Batik Producers in Yogyakarta), but the gesture was almost meaningless, for Japanese forces were already poised to enter the Indies.²⁷

Nationalists were concerned about strengthening the position of Indonesians in retail trade, which was dominated by the Chinese. Asrar Wirjowinoto, a Partindo (Partai Indonesia) activist in Yogyakarta, argued that the main reason for the failure of cooperatives was their inability to compete with the Chinese, and that the solution lay in learning the techniques directly from the Chinese themselves. Far from being hostile towards the Chinese, Asrar widened his relations with them and at the same time studied their business practices. As an outgrowth of his efforts, he founded some small stores in rural areas of Yogyakarta (Bantul and Wonosari).²⁸

The ultimate effort of the Indonesian business community to challenge alien (including Chinese) domination in Yogyakarta was the establishment of *Kemadjoean Ekonomi Indonesia* (KEI) in October 1941. The major aim of this body was to unite the economic strength of Indonesian entrepreneurs. This organisation was born at an opportune time, and would be the sole body serving the interests of Indonesian businessmen during the Japanese occupation, posing a tough challenge to the Chinese. The KEI and its fate will be discussed below.

Competition with Japanese traders in the 1930s

In 1934, Governor De Cock noted the rapid development of Japanese businesses in Yogyakarta – the famous *toko Jepang* (Japanese stores) – and he presumed they would enlarge their operations. Owing to the cheaper price of their goods, he said, the Japanese were the major competitor for the long-established Chinese businesses. In 1920 there were 52 Japanese (including 15 women) in Yogyakarta and ten years later this number had grown to 155. Despite Dutch suspicions that they were acting as spies for the Japanese government, these merchants successfully ran their businesses and maintained good relations with the local people, including the Chinese. Their low prices and warm service made the *toko Jepang* particularly popular among the Indonesians.²⁹

Fourteen Japanese department stores operated in Yogyakarta between the 1920s and 1940, an excessive number for this medium-sized traditional city with its many Chinese merchants. Interestingly enough, the Japanese attempted to enter the batik trade, although this effort was short-lived. They did become a major competitor to the Chinese in intermediate-scale businesses.³⁰ Many Chinese retailers formed business relations with and 'Le kauman de Yogyakarta (2): des entrepreneurs assujettis à leur idéal religieux', *Archipel*, 36 (1988): 77–112.

26 A Dutch official noted at the end of the Dutch period that many Chinese batik traders in Yogyakarta, Surakarta and Pekalongan had been overtaken by their Indonesian rivals. Pieter H. W. Sitsen, *Industrial Development of the Netherlands Indies* (New York: 1942), p. 21.

27 *Mataram* (evening edition), 17 Feb. 1942.

28 Information on Asrar is taken from Suratmin, 'Mohamad Asrar Wirjowinoto dan Pengabdianya', in *Mengenal Beberapa Tokoh Perintis Kemerdekaan di Daerah Istimewa Yogyakarta*, ed. Suratmin *et al.* (Yogyakarta: Balai kajian Sejarah dan Nilai tradisional, 1983/84), pp. 55–97.

29 *Memorie van Overgave van H. H. de Cock*, p. 522.

30 Didi, 'Kolaborasi dan Resinifikasi', pp.73–8.

them, owing to the lower price of their products, but after the outbreak of the war in China, doing business with the Japanese was controversial among Yogyakarta's Chinese community, as elsewhere in Southeast Asia.

Business and politics: anti-Japanese boycotts

The Chinese in the Dutch Indies took a great interest in the drawn-out conflict between Japan and China.³¹ In general, the *totok* – particularly the Cantonese – behaved more patriotically than the *peranakan*. The main weapon used by the overseas Chinese against Japan was the boycott, but it had little effect. As early as 1916 there was a report that Hokkien tea merchants in Yogyakarta, who had close business connections in Taiwan (then a Japanese colony), rarely participated in boycott movements. In 1927 the Dutch political police reported a boycott accompanied by terror tactics against Chinese stores selling Japanese products. A shop in Chinatown was marked with black paint, and another shop owner had human faeces thrown in front of his shop door. If the owner held out, such actions were repeated over and over.³²

Chinese consuls made visits to Yogyakarta, where they apparently disseminated anti-Japanese propaganda and collected funds for China. Consul Ling Go Wang arrived in November 1928 and Fartsan Tsung in April 1933. The local Sino-Malay press also played a major role in the agitation against Japan. In 1931, *Bintang Mataram* and *Kiao Seng* reported extensively on Japanese atrocities in China, and since the Dutch Indies government remained neutral in the China–Japan conflict, it imposed controls over news reported in the press, to the extent that the Attorney General warned *Kiao Seng* against its inflammatory reporting, and seven years later, when bilateral strains between Japan and China increased, the government issued a similar warning to *Soeara Mataram*. Another newspaper, *Sinar Mataram*, under the editorship of Oey Tsin Hock, had pledged to contribute 50 per cent of its gross returns towards the Chinese Charity Fund.³³ The newspaper most critical of Japan's interference in China was the *Sin Po*, which had a wide readership among the city's Chinese community.

Intensive Japanese military action against China in July 1937 gave rise to a new wave of anti-Japanese feeling in Southeast Asia. The Chinese in Java established a body called Tjin Tjai Hwee (Chinese Charity Fund) in order to raise funds for China, and Liem Ing

31 Except where indicated otherwise, this section is based on *ibid.*, pp. 90–3.

32 Interview, Tan Thiam Kwie, 17 Apr. 1992; Mrs Tjing Poo, 13 Apr. 1993. Post, 'Chinese Business Networks and Japanese Capital', p. 166, mentions the Hokkien. On the Cantonese, see Yoji Akashi, *The Nanyang Chinese National Salvation Movement, 1937–1941* (Lawrence: Center for East Asian Studies, University of Kansas, 1973); Post, 'Japan's Industrial Development and Social Change in Indonesia', p. 167; *idem.*, 'Chinese Business Networks and Japanese Capital', p. 288. According to the population census of 1930, Cantonese constituted only 10.38 per cent of the total Chinese population in the city.

33 *Sin Po*, 295, 24 Nov. 1928, p. 529; *ibid.*, 523, 8 April 1933, p. 18; *Politiek Politionele Overzichten*, ed. Harry Poeze, vol. III (Dordrecht: Foris, 1988), pp. 93, 109; *ibid.*, vol. IV (Leiden: KITLV, 1994), p. 200; Suratmin, 'Sejarah Perkembangan Persuratkabaran di Daerah Istimewa Yogyakarta Periode 1908–1945', in *Laporan Penelitian JARAHNITRA* no. 008/P/1996 (Yogyakarta: Balai Kajian Sejarah dan Tradisional, 1996/97), p. 84. From 1938 to the beginning of 1940 there were about 20 cases of banned Chinese and Malay-Chinese newspapers. See E. Locher-Scholten, 'European Images of Japan and Indonesian Nationalism Before 1942', in *The Indonesian Revolution*, ed. J. van Goor, (Utrecht, 1986), p. 23. In the 1940 conference between Japan and Netherlands Indies, the former demanded stricter controls on Chinese press coverage of the war in China. H. J. van Mook, *Netherlands Indies and Japan* (London: G. Allen & Unwin, 1944), pp. 25–6.

Hwie, the leader of Siang Hwee, was elected as its chairman. The Committee included Ang Ping Gwan (*totok*, secretary), Sie Kee Tjie (*peranakan*, treasurer), along with The Hong Oe (*peranakan*), Hoo Djoen Liem (*totok*), Oei Tik Kie (*totok*) and Go Ang Siang (*totok*). The students in Chinese schools in Yogyakarta were mobilised to collect funds, and even travelled to nearby cities. Some Chinese students in Dutch schools also participated actively in raising funds. Those who were most successful received a special letter of appreciation from Madame Sun Yat Sen in her capacity as the Chairwoman of China's Red Cross, certainly something a student would be proud to receive.³⁴ After working for four years, by 1941 Yogyakarta's Tjin Tjai Hwee had collected NFL 148,000. Table 6 shows how this result compared with the Tjin Tjai Hwee's fundraising activities in several other cities.

Table 6.
Money collected by China funds (1937-41)

No	City	Amount (NFL)	No	City	Amount (NFL)
1	Batavia	4,512,446	5	Cirebon	353,365
2	Surabaya	1,763,562	6	Surakarta	219,510
3	Palembang	1,043,788	7	Lampung	211,502
4	Bandung	1,014,111	8	Yogyakarta	148,000

Source: 'Fonds Amal Tiongkok', *Sin Po*, 14 Feb. 1942 (n.p.).

The data in Table 6 give rise to a major question: why did Yogyakarta – in 1930 the sixth largest city in Java and the tenth largest in the Indies – collect such a small sum of money, when lesser places like Cirebon and Lampung were able to raise much larger amounts?³⁵ The answer lies partly in the fact that the Chinese in Yogyakarta were predominantly *peranakan*, and Java's *peranakan* community was generally less patriotic towards China. The same phenomenon could be seen in the boycott movement, which generated little enthusiasm in Yogyakarta.³⁶

In conclusion, the anti-Japanese activities in the 1930s – in the form of boycotts, press propaganda and fundraising – were not particularly effective, largely due to the attitude of the majority *peranakan* group. Most of them maintained existing relations with the Japanese, because they were profitable.

Wartime Chinese solidarity with the Dutch³⁷

Immediately following the invasion of the Netherlands by the Nazis in May 1940, some Chinese actively participated in a pro-Dutch movement. The well-known Dr. Yap

34 Oei Tjoe Tat, *Memoar*, p. 23.

35 Semarang, another place with a substantial Chinese population, did not participate in raising funds since the leaders of the Chinese community there tried to distance themselves as much as possible from the Sino-Japanese conflict. See A. H. C. Ward, Raymond W. Chu, Janet Salaff, *The Memoirs of Tan Kah Kee* (Singapore: Singapore University Press, 1994), p. 114.

36 Akashi, *The Nanyang Chinese National Salvation Movement*, pp. 38, 174; Mantetsu, *Ranro Indo*, app., pp. 11–13.

37 The next section is taken from Didi, 'Kolaborasi dan Resinifikasi', pp. 99–102.

Hong Tjoen³⁸ became chairman of the Prins Bernhard Fonds and Spitfire Fonds, which collected money for buying Spitfire air fighters, and when the government mobilised the Dutch population, some Chinese youth volunteered to take part. Governor-General Tjarda van Starkenborgh Stachouwer's proclamation of war against Japan in a radio speech just after the Pearl Harbor attack made the Chinese see Japan as a real danger, and left them with no choice but to join the Dutch in defending the Indies.

In Yogyakarta, Tjarda's announcement was followed by a speech by the local Governor Dr Lucien Adam, and a statement by Liem Ing Hwie on behalf of Siang Hwee affirming the local Chinese community's support for the Dutch Indies government. As a way of bolstering Chinese loyalty, the Dutch national radio station, NIROM, broadcast China's national anthem, the *Sanmin Zhuyi*, something it had not done before. Reportedly the Chinese were deeply touched by this gesture. On 11 December 1941 Governor Adam delivered a speech in front of delegations from various groups, including the Chinese, in which he demanded their active participation in defending the Indies from Japanese invasion. Specifically, he requested the Chinese owners of shops along the main shopping street (Malioboro) to let people take cover inside in the event of Japanese air raids.

Based on an initiative by the Siang Hwee, the Chinese created a civil self-defence group called the Chinesche Burgerfront Organisatie (CBO) on 30 December, led by Liem. The CBO had four sections responsible for (i) propaganda, (ii) assisting police work, (iii) social welfare activities such as arranging for food and medical aid to the poor and homeless and (iv) air raid protection, fire brigade and first aid. In addition, a group of Chinese women served as nurses in a Dutch-sponsored women's home defence group, COVIM (Commissie voor de Organisatie van Vrouwenarbeid in Mobilisatietijd). The CBO collected NFL 5,000 within two days, and the government recorded its appreciation. However, some Indonesian nationalist groups viewed this body as a symbol of collaboration between the Chinese and the Dutch. They believed Japan would come as a liberator, and regarded everyone closely associated with the Dutch with a degree of hostility.

The beginning of the Japanese New Order and its impact on the Chinese

On 5 March 1942 the Japanese army occupied Yogyakarta. Riots accompanied this invasion, but they were mostly directed against the Europeans, and there were only a few attacks on Chinese stores. The charismatic young Sultan Hamengku Buwono IX quickly restored peace and order. A group of nationalists strongly accused CBO and the Sam Ban Hien and Hoo Hap secret societies of trying to develop an anti-Japanese resistance, and claimed that some Chinese working in Japanese military offices had been planted as spies and would prevent the Indonesians from gaining Japanese confidence. However, these reports appear to have been totally ignored by the new masters.³⁹

The Japanese did detain 36 prominent figures known to have engaged in anti-

38 Dr Yap (1885–1952) was the founder of a famous eye hospital in Yogyakarta and one of the founders of Chung Hua Hui, a pro-Dutch Chinese group. See Leo Suryadinata, *Prominent Indonesian Chinese* (Singapore: ISEAS, 1995), pp. 233–4.

39 'Soekarto's Report', NIOD IC 031605–30, especially pp. 7b–8; see also Elly Touwen-Bouwsma, 'The Indonesian Nationalist and the Japanese "Liberation" of Indonesia', *Journal of Southeast Asian Studies*, 27, 1 (Mar. 1996): 1–18.

Japanese activity, among them Liem Ing Hwie, Dr. Yap Hong Tjoen, Sie Kee Tjie, Tjie Tjing Ing and Oei Tik Kie. Possibly the Japanese authorities got their names from anti-Chinese Indonesian nationalists or former members of the Dutch Indies secret police (PID). The men were held for two or three months, but most were then released in exchange for a promise to be loyal and ‘collaborate’. One informant recalled that a substantial ransom was paid to secure their release.⁴⁰ Only a small number of diehards opted to remain behind bars.⁴¹

Another Japanese measure was regulation no. 7 (1942) requiring the registration of ‘*bangsa asing*’ (foreigners), a category that included Chinese, Europeans, Indians and Arabs. An adult Chinese male had to pay NFL 100 to obtain the required identification card, and a female paid half that amount. This regulation served two purposes, controlling the foreigners on the one hand and mobilising fresh capital on the other. In July 1942, for example, 8,440 Chinese registered themselves, and as many as 4,897 paid in cash. The Chinese community also raised NFL 283,690 to assist approximately 4,000 poor Chinese (presumably mostly *totok*) who were unable to pay the required amount.⁴²

The most important step taken by the Japanese was the merging of all previously existing Chinese organisations (between 10 and 20 of them) into a single body called the Hua Ch’iao Chung Hui (HCCH), or Kakyō Sōkai in Japanese. The Hong Oe, a prominent batik trader, was elected chairman of this new body. It consisted of several sections: (i) funeral, (ii) social/charity (*cishanbu*), (iii) commerce (*shangwubu*/Siang Hwee – the pre-war Chinese Chamber of Commerce, now greatly reduced in importance), (iv) employee or labourer (*tianyuanbu*), (v) youth (*qingnianbu*) and (vi) sports (*yundongbu*).⁴³ The new Siang Hwee head was Lie Liang Sing, a small-scale agribusiness entrepreneur and also an importer, who had never travelled outside of Java (in contrast to the cosmopolitan Liem Ing Hwie, who had visited four continents).⁴⁴

For those formerly outspoken anti-Japanese leaders – mostly prominent *peranakan* businessmen – collaboration was the only way to survive. Ang Ping Gwan, the prominent *totok* leader of the local branch of the Guomindang, the Chinese Nationalist Party, was placed as a translator in the Kempeitai (the Japanese Military Police) office owing to his language skills. The Hong Oe, the former leader of the Tjin Tjai Hwee and a *peranakan* businessman, became a leader of the HCCH, and Tjie Tjing Ing, a *peranakan* batik trader and former leader of the Hoo Hap secret society, worked as an HCCH propagandist. Liem Ing Hwie, the most prominent Chinese leader, was forced by the Japanese to take care of machinery used on a cotton plantation, since he was an experienced mechanical engineer. Japan planned to develop Java as a self-sufficient area, including the production of cotton, and Liem was ‘lent out’ (*dipinjamkan*) to the Tōzan Nōji Kabushiki Kaisha, a company under the management of the Mitsubishi *zaibatsu*.⁴⁵ Why did these men acquiesce so readily? The answer may lie in the character of the Chinese community as a

40 Interview, Woo Shu Fe, 24 Sept. 1993.

41 Of 536 Chinese prisoners in the Cimahi internment camp, only five came from Yogyakarta. See Tan Gwat Hoei, manuscript, n.d. Courtesy of Kho Djie Tjay (Magelang).

42 *Sinar Matahari*, 25 July 2602, 27 July 2602, 1 Aug. 2602.

43 *Ibid.*, 31 July 2602, 6 Dec. 2603.

44 ‘Siapa Dia: Lie Liang Sing’, *Mingguan Ekonomi* (1), 25 Nov. 1949, p. 15.

45 According to Liem Ing Hwie’s son, his father’s collaboration started with an approach from a Japanese military officer named Nakamura, who had been his friend when he studied in Europe (interview, Liem Liang Djien, Yogyakarta, 30 Aug. 1993).

'middleman minority', an economically powerful foreign group with no political power. In times of trouble, they could easily become the target of indigenous people's anger. Seeing and experiencing the violence that accompanied the transition from Dutch to Japanese control, many Chinese now regarded the native Indonesians as more dangerous than the Japanese. Moreover, the Japanese attitude towards the Chinese in Java was relatively benign. Lt. General Imamura Hitoshi (Commander-in-Chief of the Sixteenth Army), based on his strategic view, believed it was better to utilise the Chinese – in order to restore Java's economy as soon as possible – rather than to remain hostile towards them.⁴⁶

Chinese economic life during the occupation

From the start of the occupation, some commodities directly connected with the war machines were handled by Japanese *zaibatsu*. The remaining economic sectors, such as foodstuff production and manufacturing industries were left to the indigenous, Chinese, Arab and Indian businessmen.⁴⁷ However, these merchants were forced to adapt to a new type of business practice. The Japanese introduced a system of distribution based on quotas. In order to obtain goods, a merchant had to join the HCCH's Siang Hwee, paying a subscription of 60 cents per month. Upon showing a membership card, a merchant received a 'coupon' that could be exchanged for trade goods by the chief of the local neighbourhood association (*tonarigumi*). For example, an 'AA' coupon allowed a dealer to buy up to two baskets of sugar, tea, flour and rock candy. An 'A' coupon was for cigarettes, 'B' for sugar, and 'C' for kerosene. It was very difficult for a merchant to survive outside of the HCCH.⁴⁸ At the beginning of 1943, the Siang Hwee-HCCH ran 30 small operations with stall branches throughout Yogyakarta. In June 1944, it had 37 operations, with 1,102 members (986 in the city and 216 in rural areas).⁴⁹

Many Chinese began producing local substitutes for imported goods, since at that time Java was completely isolated. This kind of home industry specialised in sports materials, children's toys, and daily items such as stationery. However, the most famous new business was black market trading (*catut*). This kind of 'illegal' business operated by word of mouth, and involved searching for goods unavailable in the 'legal' market. As one informant commented, 'during the Japanese period, there was nothing that couldn't be sold' (*di Jaman Jepang tidak ada barang yang tidak laku dijual*).⁵⁰ Particularly popular items were watches. A transaction got underway when it became known that somebody needed a certain article. Sometimes many people were involved in locating the item, and by the time it reached the customer the price could easily have doubled. Since this

46 Tan Po Goan, 'Chinese Problem in Indonesia', in *The Voice of Free Indonesia*, 1 (Nov. 1946): 20–5. On Imamura's policy see Mitsuo Nakamura, 'General Imamura and the Early Period of Japanese Occupation', *Indonesia*, 10 (Oct. 1970): 12–14; Imamura Hitoshi, 'Java in 1942', in *The Japanese Experience in Indonesia: Selected memoirs of 1942–1945*, ed. Anthony Reid and Oki Akira (Athens, OH: Center for Southeast Asian Studies, Ohio University, 1986), p. 43.

47 Peter Post, 'The Formation of the Pribumi Business Élite in Indonesia in the 1930s-1940s', *BKI* 152, 4 (1996): 625.

48 This section is based on an interview with Mrs Tjing Poo (a merchant in the Japanese period), Yogyakarta, 16 Apr. 1993.

49 The Hong Oe, 'Toedjoean dan Haloean Hua Chiao Chung Hui Jogjakarta', in *Sinar Matahari Nomer Peringatan 1 Tahoen Kemakmoeran Asia* (Jogjakarta: Sinar Mathari, 2603), p. 31; *Sinar Matahari*, 10 June 2604 [1944].

50 Interview, Lie Djin Han, Yogyakarta, 28 Apr. 1993.

business was profitable, it attracted many people, although The Hong Oe issued strict instructions to his staff at HCCH and to his children not to take part.⁵¹

Closely related to *catut* business was that of the *pemborong amatir* (amateur contractor). In this period, many amateur contractors suddenly appeared, as the Japanese needed many things for their war machine. Anybody with a broad network and sufficient ability could easily get a contract. Some of these contractors made very large profits, and suddenly became rich. Just before the war ended, a Chinese in Yogyakarta received a *kontrak tender* (bid contract) from the Japanese navy to supply 5,000 shovels, for a price that was ‘fair enough’.⁵²

The Japanese abolished the moneylending profession. Many of the *totok* who had worked as moneylenders moved into a sort of smuggling activity known as the *danbang* trade, a high-risk but profitable business. Another consequence of abolishing moneylenders was a migration of Hokchia-Henghua *totok* into urban areas, where many became retail traders. Clandestine moneylending still survived, but on a greatly reduced scale.⁵³

Crimes committed by the Chinese provide another indicator of how people earned a livelihood in this difficult period (see Table 7). The most common crime was illicit gambling, something closely tied to Chinese culture. Crimes related to the economy were quite common, and the actual number of offences was probably much higher than the police figures show. Crimes that can be considered ‘subversive’ were relatively rare.

Table 7.
Crimes committed by Chinese in Yogyakarta, Sept. 1942–Oct. 1943

No	Types of Crime	Number	Remarks
1	Gambling	31	Arrested together in one raid
2	Illegal trading	13	Receiving stolen goods, producing illegal alcohol, producing illegal soap, selling rice illegally, smuggling articles out of Yogyakarta
3	Increasing prices	9	–
4	Insulting Dai Nippon	2	Did not want to receive Japanese money
5	Possession of a firearm	1	–
6	Hoarding	1	Involved other shops, but those cases were not brought to trial; the goods were confiscated

Source: *Sinar Matahari*, Sept. 2602 [1942]–Oct. 2603 [1943].

51 Hardjono, *Komuniti Tionghoa*, p. 49; interview, The Djan Liong, Yogyakarta, 5 Mar. 1994.

52 Interview, Lie Djin Han, Yogyakarta, 28 Apr. 1993. On profiteering, see ‘B’, “‘Darah’ Dagang (Handelsgest) Bangsa Indonesia dan Pengetahuannya dalam hal itu’, *Udaya*, 3, 1 (July 1949): 42.

53 Twang, *The Chinese Business Elite*, pp. 102–3, 115 n. 238. Information on the *danbang* trade is found on pp. 100–4.

Competition with indigenous businessmen

Pre-war and wartime Japanese official documents relating to the future economic order in Greater East Asia clearly show that Japan wanted to replace the overseas Chinese merchants with indigenous traders.⁵⁴ In Yogyakarta, the Japanese promoted this goal through the Kemajuan Ekonomi Indonesia (Progress of the Indonesian Economy or KEI) established in 1941.⁵⁵ There is no source stating explicitly who the founders of this body were, but it seems that a man named Ramelan Djojoadiguno played a crucial role. Born in Yogyakarta in 1908, Ramelan was trained as a teacher but became involved in many kinds of professional activities, working in the boy scout movement, cooperatives and journalism, and as a labour activist, Islamic party leader (Partai Sarekat Islam Indonesia), economic thinker and businessman. He owned a well-known shop (*toko Moerah*), a tea factory and a modern poultry farm in Yogyakarta.⁵⁶

The aim of the KEI was to improve the economic life of Indonesians, particularly its own members. The Japanese legalised this organisation in July 1942, and made it the only distribution body for the indigenous community, comparable to the Siang Hwee within the HCCH. Besides distributing goods obtained from the Japanese authorities, the KEI also established its own business buying and selling all kinds of handicrafts, products of light industry and agricultural commodities. In order to broaden its business network, the KEI developed good relations with similar bodies elsewhere. Basically, KEI was an *induk koperasi* (main body of a cooperative), covering certain kinds of businesses arranged according to profession. Within a short time, every occupation was unionised as a way to defend group interests, and these unions, along with some cooperatives, were incorporated into the KEI, which reached its peak in November 1943 with 1,896 members and 2,185 companies.

The Japanese saw KEI's performance as a positive development and rewarded it with a bigger share of distribution. At first, the quota for distribution was 25 per cent for KEI and 75 per cent for HCCH, but each was subsequently allotted 50 per cent, and when the Japanese distributed 225,000 yards of cambric for batik printing, the KEI quota was 80 per cent and HCCH got only 20 per cent.⁵⁷ This shift reflects the KEI's success in competing against the Chinese, and Japan's increased confidence in them. Yogyakarta's traditional rulers, Sultan Hamengku Buwono IX and Paku Alam VIII, showed their full support openly to KEI as well.⁵⁸ Unfortunately, this impressive success story only lasted for a short time. Ramelan fell out with his partners, who regarded him as an 'idealistic' person they could not understand, and in November 1943 he voluntarily resigned. After

54 See the documents in *Japan's Greater East Asia Co-Prosperity Sphere in World War II*, ed. Joyce Lebra (Kuala Lumpur: Oxford University Press, 1975), p. 65; and *Japanese Military Administration in Indonesia*, ed. Harry J. Benda *et al.* (New Haven: Yale University Southeast Asian Studies, 1965), pp. 107–8, 113–14, 121–2, 125, 127.

55 Information on the KEI is taken from 'Anggaran Dasar "Kemadjoean Ekonomie Indonesia"', 'Rentjana Anggaran Roemah Tangga', 'Kemadjoean Ekonomie Indonesia (1942)', and 'Sedikit Katerangan Tentang Hal Keadaannja Perkoempoelan Dagang Kemadjoean Ekonomi Indonesia (K.E.I.) Mataram' (c. 1943), Archive Kraton Jogjakarta, Tepas Widyabudaya W.257; Ramelan, 'Didjalan Sedjarah: Perdjoengan Ekonomi bangsa Indonesia', in *Buku Penjongsong Konperensi Ekonomi Antar Indonesia di Jogjakarta 2–8 Desember 1949* (Semarang: Harian Tanah Air, 1949), no pagination; see also Didi, 'Kolaborasi dan Resinifikasi', pp. 197–211.

56 Gunseikanbu ed., *Orang Indonesia yang Terkemuka di Jawa*, p. 271.

57 Ramelan 'Perdjoengan Ekonomi', *Asia Raya*, 13 Aug. 2603.

58 *Sinar Matahari*, 24 Feb. 2604.

his departure, the KEI began to falter. Some committee members preferred to think about their own interests and siphoned off the organisation's assets, and by the end of the Japanese occupation the organisation was largely forgotten.

The decline of prominent businessmen

The economic position of leading Chinese businessmen deteriorated sharply during the Occupation. The business climate was extremely bad, with export industries unable to reach foreign markets, domestic industries unable to obtain raw materials,⁵⁹ negligible imports of consumer goods and little domestic commerce. The Japanese confiscated some Chinese properties, and passed regulations that harmed established business figures. The simplest way to describe the fate of the old economic elite is to relate what happened to one of its central figures, Liem Ing Hwie.⁶⁰

As a leading participant in the anti-Japanese movement, Liem no doubt featured prominently on the Kempeitai's blacklist, but because he was a qualified mechanical engineer, the Japanese preferred to use his skills rather than punish him, and his work for the Tōzai cotton company effectively removed him from the political world. Many of his assets were confiscated and handed over to the Tekisan Kanri Shibu (Office of Enemy Property), including his tile factories in Yogyakarta and Jakarta, while his Culina food company was closed in June 1943. His Yogyakarta ice factory was nearly confiscated on grounds that Dutchmen held half of its shares, but Liem managed to convince the Japanese that his family owned the factory.

In addition to these confiscations, the Japanese authorities in Yogyakarta issued two regulations that forced businessmen such as Liem to make large payments to the government. The first was an 'extraordinary war tax' (*pajak perang istimewa*) that applied to people with an income of more than NFL 25,000 per year or a salary exceeding NFL 3,000 per month. For those classified as Chinese and Other Foreign Orientals, the tax was 35 times the amount of real estate tax (*pajak kekayaan*) they paid, or three months of income tax as stipulated by the tax office in 1941. The tax had to be paid in either cash or rice. The second regulation reduced house rental prices from 10 to 50 per cent, and was particularly serious for Liem because he was a major landlord.⁶¹

Liem's economic position was severely damaged during the Japanese period, and his situation did not improve under the Republican government after the war.⁶² His confiscated assets were not automatically returned to him after the war. Initially his factories were 'nationalised' by the new regime. The tile factory was returned to him in 1947, but two years later it stopped production owing to the second Dutch military

59 The Hong Oe's batik business closed owing to a lack of raw materials, and the Japanese confiscated his three cars. Interview, The Djan Liong, 5 Mar. 1994. His competitors suffered a similar fate.

60 Unless stated otherwise, material on Liem Ing Hwi is drawn from Didi, 'Kolaborasi dan Resinifikasi', pp. 182–7.

61 *Kan Po* 1 (I), 25–8–2602, pp. 25, 27.

62 Despite his economic failures, Liem gradually restored his political standing among both Chinese and Indonesians. When Yogyakarta's HCCH was abolished, Liem became active in founding a new organisation, the Chung Hua Tsung Hui (CHTH). In 1947 he was elected presidium leader of the Java-Bali CHTH Federation, and President Sukarno chose him as the first Chinese member of the Dewan Pertimbangan Agung (Supreme Advisory Council). In April 1948 the local government in Yogyakarta asked Liem to assist with the city's development. See Didi, 'Kolaborasi dan resinifikasi', pp. 242–6. These appointments are a reflection of the Republic's willingness to work with former 'collaborators'. See Twang, *The Chinese Business Elite*, p. 110 n. 134.

action. It resumed operations in 1950, but in 1957 was 'nationalised' once again by the Indonesian government, and two years later was handed over to the local government of Yogyakarta. In 1974, some twelve years after Liem passed away, this historic property was officially returned to the heirs of its original owner.

Other *peranakan* businessmen in Yogyakarta had similar experiences. By contrast, some initially poor *totok* businessmen took advantage of this 'abnormal' period to make substantial gains. There are no good accounts of *totok* businesses in Yogyakarta during the occupation and little in the way of source material, but the case of Ong Tiong Tjoei (1909–87), who emerged from the Japanese period as one of the richest businessmen in Yogyakarta, provides a useful case study.⁶³ Ong was born into a poor family of tea manufacturers in Amoy (Xiamen) in 1909. His early life was coloured by many stories of failure. He went overseas, first to Taiwan at the very young age of 12, and then to Java in 1926, where he tried to establish his own tea enterprise. He was not successful, and lived for many years in poverty with his Javanese wife and their children. Around 1938 Ong started a tea company called Mantjing (Fishing), but it was not important enough to rate a mention in a 1940 article about tea businesses in Yogyakarta.⁶⁴ There is no record of Ong's business activities during the war, but it is clear that his tea factories prospered because at the end of the Occupation he was one of the wealthiest Chinese in Yogyakarta. It is not known how much money he had amassed, but he was the main sponsor in the establishment of a new Chinese school building in 1948, paying 65 per cent of the total cost (Rp. 2,500,000).⁶⁵

Tan Tjoe Ling (1912–99), a Fukien-born Hokchia and owner of the Tjoen Tjay shop, is another success story. His business did not fare well during the Dutch period, and Tan was famous for standing in front of his shop trying to induce costumers to enter by saying that his prices and service were superior to what other shops offered.⁶⁶ The Japanese Occupation and Indonesian revolution improved his fortunes, and in 1949 Lt. Colonel Soeharto (the future president of Indonesia) suggested a new name for his shop – *Ramai*, or 'Crowded' – after seeing how busy the place was. Tan would become one of the richest Chinese in Yogyakarta, with businesses that included a shopping mall, a textile factory, a jewellery shop and a stationery office in Jakarta, with a total total of 3,000 workers in 1999.⁶⁷ Because of his active role as a supplier to the Indonesian troops during the revolution (1948–49), Tan received a military salute from the Veterans Legion at his funeral.⁶⁸

63 Ong's biography is taken from 'Siapa Dia? Ong Tiong Tjoei', *Mingguan Ekonomi*, 2 (1), 15–12–1949, p. 43; Zicheng (pseud.), 'Wang Changshui Xiansheng zhi shengping' [The life of Mr. Ong Tiong Tjoei], in Rire Zhonghua Jiaoyu Xiejinhui Shuxia [Committee for Promoting Jogjakarta's Chinese Education], *Zhonghua Dier Xiao jianxiao jiniankan* [Commemorative magazine on the construction of Chinese School no. 2] (Yogyakarta: Rire Zhonghua Jiaoyu Xiejinhui Shuxia, 1950), pp. 13–14.

64 L. Th. J. [Liem Thian Joe], 'Peroesahaan Thee Wangi', *Sin Po*, no. 876 (13 Jan. 1940), pp. 20–3.

65 *Republik Indonesia Daerah Istimewa*, p. 828. Praising his benevolence toward education, the *Sin Po* newspaper called Ong 'Java's Second Tan Kah Kee'; Zicheng, 'Wang Changshui', pp. 13–14. In 1949, Ong's tea company employed 73 workers and had a production capacity of approximately 30,000 packets a day. Working only three or four days a week owing to limited supplies of raw materials, it had a weekly output of around 105,000 packets, and could not meet consumer demand.

66 Interview, Goei Hiam Tong, 8 Apr. 1996.

67 'Konglomerat dan Sikap Hidupnya (3)', *Bernas*, 30 Oct. 1991; also *Bernas*, 20 Jan. 1994, 7 Feb. 1994; *Kedaulatan Rakyat*, 9 Oct. 1999.

68 *Kedaulatan Rakyat*, 9 Oct. 1999. See also Twang, *The Chinese Business Elite*, pp. 273–8, for a discussion of *totok* support for Indonesian revolutionaries.

Conclusion

The 1930s and 1940s represent a crucial period in Indonesian economic history, in particular for the Chinese. The 1930s brought uncertainty to the established *peranakan* Chinese businessmen as they faced challenges arising from the Great Depression, the Sino-Japanese War, and the competition afforded by both indigenous and Japanese businessmen. All of these factors weakened the *peranakan* community's established businesses. Worst of all, the Japanese occupation was an abnormal period that caused substantial changes to Chinese business practices. *Peranakan* businessmen faced many difficulties in this crucial period, oppressed as they were from the top by various laws and regulations issued by the Japanese authorities, and by many demands for financial donations. A potential competitor, the indigenous entrepreneur, operated with the full support of the Japanese and traditional authorities, and the *peranakan* also faced competition from *totok* businessmen.

The *totok* group, which had been far more strident in resisting Japan before the war, ironically benefited enormously from Japanese economic policies. The economic position of the *peranakan* businessmen crumbled under this onslaught, although their fate also reflected the struggles of a middleman minority in the face of a changing political climate. This study of a local Chinese community basically confirms Twang Peck Yang's findings that the Japanese Occupation produced a shift from *peranakan* to *totok* pre-eminence within the Chinese business elite, and left *totok* businessmen in a commanding position in Indonesia after independence.

