

From Java Bank to Bank Indonesia A Case Study of *Indonesianisasi* in Practice

J. Thomas Lindblad¹

A. Introduction

'The Medeka (!) idea is deeply entrenched in all layers of the population, among intellectuals as well as among others'. This was reported by one of the directors of the Java Bank (*De Javasche Bank*) after a journey through Central and East Java in September 1946 (Bagian Arsip Bank Indonesia, Jakarta (henceforth BI), Archief van De Javasche Bank (henceforth DJB). Vol. 125, 3 October 1946). On 30 June 1953, the very last Dutch director of the bank, H. Teunissen, addressed the special general meeting of shareholders and spoke as follows: 'Already at the time [of the transfer of sovereignty] it was clear that a day would come when I would have to step down as a director' (BI, DJB. Vol. 198, 30, June 1953). The day after the Java Bank was liquidated and Bank Indonesia was founded. These two quotations, in time separated by seven years, mark the beginning and end of a dramatic turnabout in the history of the central bank of Indonesia, a turnabout in which political ambition and ideological sentiment were translated into actual gain of control over one of the country's foremost instruments for economic policy. It was economic decolonization brought in practice, a spectacular episode in the economic history of modern Indonesia. Too little is known about this episode and that forms the rationale behind this paper.

The historiography of the decolonization of Indonesia has traditionally strongly focused on politics, in particular those matters which were left unresolved at the time of transfer of sovereignty in 1949 and which caused increasing tensions between independent Indonesia and the former mother-country in the 1950s (Meijer, 1994; Van den Doel, 2000). By contrast, far less attention has been paid to the economic side of decolonization, i.e. the *indonesianisasi* of economic life. This is all the more remarkable considering that

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financial and economic links between Indonesia and the Netherlands remained highly intertwined also after the Dutch had acknowledged Indonesian independence. Hundreds of private Dutch firms were still operating in Indonesia virtually controlling the leading or modern sector of the economy. Countless Dutch managers and senior public servants filled the vacuum caused by a shortage of skilled Indonesians. According to the agreements reached at the Round Table Conference in The Hague in 1949, independent Indonesia was bequeathed with the debt of the former colony to the Netherlands as accumulated by 1942. The Dutch government retained the right to interfere in Indonesian economic policy as long as this debt had not been paid off (Dick et al., 2002: 171-174). In the words of *Haji Agus Salim*, the economic side of the Indonesian Revolution had yet to begin.

This paper offers an insight into the process of economic decolonization. The central bank of Indonesia is a particularly suitable case study for several reasons. The bank assumed a key position in economic life in Indonesia if only because it formulated and executed monetary policies. In this case study we encounter two forms of *indonesianisasi*, both a change in ownership, nationalization, and the admission of Indonesian nationals to supervisory positions in the bank. I here follow Sutter's operationalization of the term *indonesianisasi* (Sutter, 1959: 2; see also Lindblad, 2002). The intention of this case study is to describe and analyze the process of change. My hypothesis is that the two forms of *indonesianisasi* considered here were not automatically linked to one another.

A historical process is best described in a chronological format. Separate sections are devoted to the prelude up to the transfer of sovereignty in 1949, the road to nationalization in 1951, the preparations for a change of name immediately afterwards and, finally, the restructuring of 1953.

B. The prelude

In October 1945 the Japanese authorities returned the bank offices to the Java Bank and several branch offices outside Jakarta reopened during the first half of 1946, including Makassar, Semarang, Surabaya, Manado, Banjarmasin, Pontianak and Medan. The branches at Palembang, Cirebon, Malang and Padang followed in 1947 after what in the Dutch literature is called the First Police Action (*Agresi pertama*). The offices in Yogyakarta, Solo and Kediri were only retrieved by the Java Bank after the so-called Second Police Action in December 1948/January 1949 (*Agresi kedua*). The extension of credit by the Java Bank was rapidly enlarged, from about 300 million guilders in 1946 to almost one billion guilders in 1949, primarily to the Republic of Indonesia (*Verslag*, 1951: 127).

On 2 November 1949, it was determined at the Round Table Conference that the Java Bank should serve as the central bank of the *Republik Indonesia* (then still *Republik Indonesia Serikat*). It is worth noting that the *Bank Negara Indonesia* (BNI)

was not chosen although the latter institution from its foundation in 1946 had served as the bank of circulation of the Republic of Indonesia. This was severely criticized by the then young, leading economist Sumitro Djojohadikusumo, eldest son of BNI founder Margono Djojohadikusumo. Sumitro even made a comparison with the armed forces. After all, the TNI (*Tentara Nasional Indonesia*) was surely not the successor of the KNIL (*Koninklijk Nederlandsch-Indisch Leger*).² According to the official history of Bank Indonesia, the choice for the Java Bank and against BNI was motivated by the debt which Indonesia still had to pay to the Netherlands. Vice President Hatta later added the pragmatic and rather convincing argument that the Java Bank at the time was far better equipped than the BNI to serve as a bank of circulation in Indonesia (Thee, 2003: 58-59; *Bank Indonesia*, 1995: 54-55).

Very cautiously, the Java Bank began to adjust to the changing circumstances. Two of the five trustees were deliberately left open in order to further the 'agreed cooperation between the Netherlands and Indonesia' (BI, DJB, Vol. 197, 21 April 1947). Two trustees were appointed in the vacancies in 1948, J.F.A. Hendrik from Ambon and the Javanese Darmawan Mangoenkoesoemo. Hendrik had in the past worked for the *Nederlands-Indische Escompto-Maatschappij* and *Internatio* whereas Darmawan had been an advisor to the Department of Economics before the Pacific War and then became minister in the cabinet of Sjahrir (November 1945-June 1947). All directors were still Dutchmen but an Indonesian majority was envisaged at a later stage (BI, DJB, Vol. 1583, 24 September 1949).

The Java Bank, founded in 1828, traditionally performed a dual function serving both to regulate the money circulation and to extend credit with the aim of making a profit. Already prior to the transfer of sovereignty a discussion took place at the bank whether or not to continue this dual function. There was a clear tendency towards conservatism among the bank's directors in this matter. Several memorandums referred explicitly to the bank's responsibility towards its shareholders as if there could not possibly be a change in the structure of the bank's ownership in the future. In 1947, the newly appointed president, dr. R.E. Smits, asserted that 'the name of the Java Bank need not be changed' as there was no need to take into account 'sentimental considerations without any real substance'.² A fusion with the BNI was ruled out altogether.

Dutch domination of the staff was arguably even more pronounced at the Java Bank than in other major firms dating from the colonial period. According to lists of

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personnel included in the annual reports published during the 1920s and 1930s, the share of staff members of unmistakable non-European origin averaged only 2 per cent (2 out of 95 individuals).³ The situation was no different at the beginning of the post-war period. The first survey of the staff differentiated by ethnic origin is a strange amalgamation of the situation prevailing in 1941 and 1946 that obviously overlap one another to a considerable degree. All supervisors, 80 per cent of the administrative staff and more than one-half of the lower administrative personnel were Europeans. Almost all cashiers were ethnic Chinese. The survey only mentions 51 Indonesians, virtually all in lower administrative positions (BI, DJB. Vol. 125, 21 November 1946). It is hard to think of an enterprise with more scope for *indonesianisasi* than the Java Bank in the late 1940s.

The major bottleneck was of course the lack of training and skills in banking among the Indonesians personnel. In that regard an interesting and little known initiative was taken in November 1949. A delegation from Indonesia, consisting of Vice President Hatta, BNI director Margono Djojohadikusumo, Sumitro and the West Sumatran businessman Muchsin Dasaad, came to Amsterdam and approached the Amsterdam/Incasso Bank with a proposal to organize courses in banking for young Indonesians. The Amsterdam bankers were apprehensive but they were publicly reproached by the Dutch Minister of Finance, Pieter Liefstinck, who stated that 'the door must not be closed completely' (BI, DJB. Vol. 1583, 2 December 1949). There were no concrete results from the visit of the Indonesian delegation to Amsterdam.

Indonesianisasi among the staff clearly did not count as a priority at the Java Bank before the transfer of sovereignty. Progress in this was regard was minimal. The reopening of regional branch offices and an enlargement of the credit business prompted a rapid expansion of the total personnel at the bank, from 353 persons in 1947 to 460 in 1948 and 503 in 1949. However, the increase in 1947/48 affected only European and Chinese personnel and only in 1948/49 did the Indonesian contingent of the personnel increase faster than the European and Chinese ones.⁴ The pre-war stratification along ethnic lines in the bank remained intact. All cashiers were still ethnic Chinese and almost all higher staff functions were filled by Europeans (Appendix, Table 1, top part). Only rarely did a non-European staff member fulfill a management function. Examples include R.B. Gandasoebrota, the Javanese deputy head for exchange matters at the main office in Batavia, Boerhanoedin, bookkeeper in

³ Consecutive annual reports 1919/20-1938/39 all entitled *Verslag van de President van De Javasche Bank en van de Raad van Commissarissen* and all published in Batavia.

⁴ BI, DJB. Vol. 126, 3 April 1947. Vol. 128, 16 April 1948, 7 April 1949. Individuals were differentiated by ethnic origin on the basis of family names. It was not possible to distinguish between Europeans and Indo-Europeans as only Chinese and indigenous Indonesians had names that unambiguously differed from European names. Indonesian nationals of Chinese origin had a special status in Indonesia in the 1950s both because of the legal ethnic differentiation which had been in force under Dutch colonialism and since the matter of dual nationality had not yet been resolved with the People's Republic of China.

Padang, L.J. Sie, bookkeeper in Makassar, and chief cashier Ong Sian Tjing in Banjarmasin. Many were to follow in their footsteps. It is worth noting that two of these early pioneers, Gandasoebrota and Boerhanoedin, eventually became directors of Bank Indonesia.

C. Nationalization

On 1 August 1948, all shares in the *Nederlandsche Bank* were acquired by the Dutch state. Nationalization fitted well into Minister Liefstinck's ambition to strengthen his grip on monetary policy and credit facilities but here economic nationalism played no role whatsoever. That was different in Indonesia. The bank's status as a private firm with limited liability, Dutch predominance in management, the very name of the bank all reminded of the colonial past. The intention to nationalize the Republic's bank of circulation was first laid down at the congress of Masyumi in Yogyakarta in December 1949. Masyumi came into power with the formation of Natsir's cabinet in September 1950 and speculations about a possible nationalization were rampant at the bank bring much unrest among the personnel.

The relationship between the Java Bank and the Indonesian government was always delicate. The government needed funds for its expansive fiscal policy and repeatedly urged the bank to enlarge the scope of available credit, first in December 1950 from 1.3 billion guilders to 2.25 billion, then in March 1951 to 3.2 billion guilders (BI, DJB. Vol. 130, 15 March 1951). The representative of the Indonesian government, who attended all meetings of the directors, thus came to play an increasingly important role. The relationship between bank and government scarcely improved by a strange incident that took place in November 1950. One of the directors, Paul Spies, was arrested at dawn by a patrol of ten police officers and detained for unclear reasons during four days. He was only released after intervention by Sultan Hamengku Buwono IX of Yogyakarta who was a member of the cabinet at the time (BI, DJB. Vol. 131, 9 May 1951).

Meanwhile interesting changes did occur at the very top of the bank. The tripartite Dutch directorate, consisting of president A. Houwink and the directors Spies and Teunissen, was enlarged with two new positions, both held by Indonesians, Indra Kasoema and Loekman Hakim. Loekman was succeeded as the government's representative on the board by Sumitro, the then Minister of Trade and Industry. In the Board of Trustees, the existing Dutch majority three against two now turned into its opposite. The board was chaired by R.M.T. Sarsito Mangunkusumo who replaced Darmawan Mangoenkoesoemo. They both came from Solo where they served as superintendent of the Property Fund (*Fonds Eigendommen*) of the Mangkoenegara sultanate. Wilopo, later Prime Minister, replaced retired trustee Hendrik and was in turn replaced by R.Ng.S. Sosrohadikoesoemo. The Dutchman D. Bijl, who had represented the insurance business in Indonesia, was replaced by Niti Soemantri thus becoming the third Javanese on the Board of Trustees of the bank.

Economic nationalism gained importance during the cabinet of Sukiman (April 1951–June 1953). The new Minister of Finance, Yusuf Wibisono, strongly advocated not only nationalization but also *Indonesianisasi*. 'The personnel need not consist only of Indonesians as long as the Minister of Finance gets the last word,' he stated in a sensational interview published on 30 April 1951 (*Bank Indonesia*, 1995: 60). President Houwink of the Java Bank was incensed that he had to learn of the Minister's intentions from the newspaper and handed in his resignation. His successor was Sjafruddin Prawiranegara (1911–1989), former Minister of Welfare (*Kemakmuran*) under Sjahrir and Minister of Finance under Hatta and Natsir (Thee, 2003: 75–86). Both boards, of directors as well as trustees, thus got an Indonesian majority and Indonesian chairmanship.

Wibisono's proposal was accepted by the Indonesian parliament DPR (*Dewan Perwakilan Rakyat*) and on 3 July 1951 a committee was formed, the *Panitia Nasionalisasi*, to prepare the nationalization. The committee was chaired by Moh. Sediono, Secretary-General of Finance. The other five members were Thesaurus-General Soetikno Slamet, Sumitro, T.B.R. Sabaruddin, director of the foreign exchange body LAAPLN (*Lembaga Alat-Alat Pembayaran Luar Negri*), the Dutchman A. Oudt, top advisor to the Minister of Finance, and Khouw Bian Tie, advisor in the Department of Economic Affairs. Of the six committee members, Sumitro was already representing the Indonesian government in the bank's directorate whereas three others were eventually to occupy leading positions in the bank: Khouw as head of the branch office in Amsterdam, Sabaruddin as director for foreign exchange matters and Soetikno as Governor of Bank Indonesia in 1959–1960. The old stipulation, dating from the Java Bank Law (*Javasche Bankwet*) of 1922, that only Dutch subjects could possess shares in the bank, was now repealed. It soon became clear that a takeover of all shares by the Indonesian government would be the best way to avoid complicated procedures.

In late July 1951, M. Saubari, newly appointed Secretary-General in the Department of Finance, together with Khouw Bian Tie went to Amsterdam to negotiate with the Association of the Amsterdam Stock Exchange, in particular about the price the Indonesian government would have to pay to acquire the privately held shares in the Java Bank. Saubari and Khouw offered 115 per cent of the nominal share value. But the chairman of the Association was disappointed and even discreetly, when the Indonesians had left the room for a minute, inquired whether the Dutch central bank could not refuse to permit the whole transaction. The representatives of the Dutch central bank present at the negotiations wisely did not commit themselves. Only after Saubari and Khouw had telephoned with Jakarta were they able to offer a higher price, 120 per cent of the nominal value. The opportunity for shareholders to sell their shares before the end of the year was publicly announced on 4 August 1951 in the *Java Bode* in Jakarta and *Het Financieel Dagblad* in Amsterdam (BI, DJB. Vol. 3234. See also Thee, 2003: 72). It is difficult to find out who precisely possessed large

portions of shares. Rich Armenian families and Chinese traders in Jakarta were rumoured to own many shares. One of the main shareholders was the Mangkoenegara sultanate in Solo.

On occasion of the offer from the Indonesian government, the Amsterdam stockbroker Van der Werff & Hubrecht brought out a special issue of its news bulletin in no less than 10,000 copies that was sold out almost immediately. I quote from this special issue: 'We Dutchmen consider this matter from a Dutch point of view. Always the same mistake. The Java Bank has its head office in Jakarta and is an Indonesian concern. Therefore, the nationalization needs to be considered from an Indonesian, nationalistic point of view. Therefore we repeat: We find this offer proper, fair and just. We are satisfied and await future nationalizations with confidence.' (Van der Werff & Hubrecht, 1951). How many Dutchmen would recall these words six years later at the time of the nationalization of remaining Dutch enterprises in Indonesia?

The nationalization proceeded according to plan. By mid-October 1951 more than 8.5 million guilders' worth of shares, out of a total of 9 million guilders, was already in possession of the Indonesian government. The nationalization was legally endorsed on 15 December 1951 (*Undang-undang tentang nasionalisasi Javasche Bank*). The preamble to the law stated that 'a free and sovereign country must possess a central bank with a national character' and further that 'up to now the Java Bank had a private character and was in the hands of foreign capital.' Nationalization was necessitated by 'the general interest' [*negara yang merdeka dan berdaulat harus mempunyai bank sentral yang bersifat nasional ... hingga saat ini DJB bersifat partikelir dan berada ditangan modal asing*] (*Lembaga Negara Republik Indonesia*, 1951/120, No. 24).

The far-reaching changes in the ownership and the top echelons of the bank were scarcely reflected in the composition of the personnel at large (Appendix, Table I, middle part). The European personnel did decline in 1951 whereas the number of indigenous Indonesians rose and that of ethnic Chinese stayed constant. Improvement in terms of position within the bank can only be found among Chinese staff members which probably can be ascribed to personal qualities of certain individuals. In 1951 the head office in Jakarta numbered three Chinese heads of department (Go Wie Kic, Tan Tjong Djin and Ong Sian Tjing) as well as one Indonesian department head, R.H. Djajakasoema in the secretariat. Another indigenous Indonesian, Agues Gelar Datoek Radjo Nan Gadang, made a fast career outside the head office serving first as deputy head in Solo, then as branch office head in Manado.

D. Towards a New Name

The discussion about the name of the bank was resumed already in August 1951. Earlier suggestions such as Bank Djawa or Bank Sirkulasi Indonesia had been rejected already. Now preference was given to Bank Indonesia or Bank Sentral Indonesia. But

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more was at stake than a change of name alone. The successful nationalization offered a welcome opportunity to redefine the bank's function in the Indonesian economy, in particular in relationship to the strive for *indonesianisasi* in private firms. The state should promote the economic emancipation of indigenous Indonesians. In a memorandum, the bank directorate even referred to the rhetoric of the nineteenth-century French Dominican Jean-Baptiste Lacordaire: 'La liberté du fort c'est l'oppression du faible' or, as applied to Indonesia: 'The weak in Indonesia are the own nationals. They need to be protected and get the necessary support.' (BI, DJB. Vol. 1581, 30 August 1951). Which part should be played in this by the central bank?

The discussion centered around the credit arm of the bank's activities. The director of the foreign exchange fund, the Dutchman E. T. Kuiper, cited the legislation concerning the central bank of the Netherlands and proposed that the commercial function of the Java Bank should be transferred to BNI in order to facilitate an aggressive credit policy'. The bank directorate reacted furiously. Kuiper's report was labelled 'very dangerous'. Also former bank president Houwink, who acted as an advisor in the background, propagated an active role of the bank in 'the erection of a trading and banking sector exclusively geared towards the interests of Indonesia'. Meanwhile the *Panitia* proceeded along the lines set out by Kuiper. The future Bank Indonesia should become a bankers' bank, authorized to execute monetary policy in consultation with a forthcoming Monetary Council (*Dewan Moneter*) and also to regulate the value of the currency but without capacity to extend credits or to determine how much the government could borrow. The bank would be fully subordinated to the government as was reflected in the composition of the tripartite *Dewan Moneter*, the bank president and the Ministers of Finance and Economic Affairs. It came to a confrontation during a meeting in January 1952. There was a 'deep-lying difference of opinion' between on the one hand Sjafruddin, supported by Spies and Loekman, and on the other hand the unanimous *Panitia* (BI, DJB. Vol. 1584, 25 November 1951; Vol. 3233, 3236). The bank directors could no longer refer to the interests of shareholders. Their concern was that the bank should play an independent, active role in the realization of the ambitions of the Indonesian government.

The scope for government credit had been temporarily reduced in November 1951 but already in 1952 the Indonesian government again wished to draw on the bank's reserves. By July 1952 the government's outstanding debt with the Java Bank had risen to 3.4 billion guilders or three times as much in rupiah at the official rate of exchange at the time. In addition, credits worth almost three-quarters of a billion rupiah had been extended to private firms (BI, DJB. Vol. 1336, August 1952).

There were now far more indigenous Indonesian entrepreneurs among the applicants for credit than before. The bank directors paid special attention to this group without infringing upon the strict requirements in terms of collateral. The Java Bank had in fact already begun performing the envisaged active role in promoting indigenous Indonesian entrepreneurship. The equity capital of the bank had been

considerably increased, from 9 to 25 million rupiah, by nearly exhausting the reserve funds. Things were very different from the conservative times in the past when only the most solvent of borrowers could get credit and when large reserves were accumulated and very attractive dividends paid out.

Not much changed at the apex of the bank, even including the use of the Dutch language during meetings. In April 1952, Sumitro joined the Wilopo cabinet and was succeeded as government representative by Soetikno, deputy chairman of the *Panitia*. In September 1952, Spies stepped down as a director but stayed on as an advisor in the background. H. Teunissen was now the sole Dutchman among the directors (not counting two high-ranking Dutch officials, F.H. Parmentier and L. Swaan who attended all meetings of the directors). Two of the five trustees were still Dutchmen, i.e. D. Iken of the leading shipping concern KPM (*Koninklijke Paketvaart-Maatschappij*) and H.J.L. Franken representing the East Java sugar industry.

There was a marked expansion of the personnel under Sjafruddin's leadership. The total number of employees increased by 40 per cent, from 516 to 734 individuals, between March 1951 and March 1953 (Appendix, Table 1, bottom part).⁵ In relative terms, the Europeans increased about as fast as the average (40 per cent) whereas the rate was higher for indigenous Indonesians (57 per cent) but lower for ethnic Chinese (32 per cent). There was a slight tendency for Indonesians, both indigenous and Chinese, to appear more frequently in higher staff functions but the European (and Indo-European) predomination still prevailed. In 1953, two major branch offices outside Jakarta did have a non-European as its head, Tan Liang Oen in Surabaya and R.B. Gandasoebata in Medan.

E. A new bank

The bill on the future Bank Indonesia was submitted to the DPR in September 1952 but it elaborate discussions only took place about half a year later, in late March and early April 1953. Former Minister of Finance Wibisono objected against retaining the bank's legal status as an incorporated company. Sumitro, then Minister of Finance, replied that there was no reason for concern since 'the public interest that will get highest priority is certainly not to make profit'. The DPR delegate Siouw Giok Tjhan wondered whether, under the financial-economic agreement (*Finec*) of the Round

⁵ Table 1 gives the numbers of employees as reported to the directors each year on 1 April. Another source also includes a large number of Indonesians who indirectly worked for the bank. According to this source, the total number of employees was 1007 on 1 August 1951 and 1264 in 1953. The last-mentioned number is compatible with the total number reported in the bank's official history for 1 July 1953 (*Bank Indonesia*, 1995: 94). The other source is found in: BI, DJB. Vol. 3353, No. 17.

Table Conference in 1949, Indonesia was not under obligation to consult with the Dutch government about such a far-reaching piece of new legislation. Sumitro replied that he had already hinted that something was about to happen ['disinilah kita mau mengadakan perubahan-perubahan']. Yet, government policy was in no way influenced by the Dutch (BI, DJB. Vol. 3235).

One important topic in the discussion concerned the nationality of directors and staff members. Wibisono called attention to the so-called escape clause, i.e. that in case of emergency non-Indonesians could be called upon to become directors. Wibisono added that this surely did not imply that 'colonial Dutchmen' would be employed. Sumitro did not dispute that there were 'among us' ['diantara kita'] enough persons with the necessary qualifications. He asserted that the ultimate responsibility would have to rest with Indonesian citizens. Foreigners could only assist Indonesians. Also at a later stage did Sumitro insist on laying down such regulations. The requirement of Indonesian citizenship did not apply to acting directors or advisors (BI, DJE. Vol. 3235; Vol. 1584, 23 June 1953).

On 10 April 1953, the DPR passed the law on Bank Indonesia (Undang-undang pokok Bank Indonesia) and on 1 July 1953 the law became effective. Bank Indonesia was an incorporated company with shares that were all held by the Indonesian state. The bank was responsible for the execution of monetary policy as determined by the tripartite *Dewan Moneter*. There was a council of nine advisors, rather than a board of trustees, all appointed by the government. Main tasks were the regulation of the national currency, promotion and supervision of the credit sector and the execution and administration of transactions with foreign countries through the LAAPLN (in 1954 integrated into Bank Indonesia). The theoretical fundament for the bank's operations was described by Sjafruddin as a 'managed economy with managed currency.' (De Javasche Bank, 1953: 21). For three reasons the bank should, according to Sjafruddin, continue its activities in extension of credits. First, Indonesia did not possess a capital market of significance. Second, the existing state banks (BNI, Bank Industri Negara and Bank Rakyat Indonesia) were not yet equipped for such operations. The third reason sounded even more pragmatic: abandoning the commercial arm of the bank would above all disadvantage those Indonesian entrepreneurs who wished to build up a relationship with the bank (*Bank Indonesia*, 1995: 80).

Bank Indonesia with Sjafruddin at the helm as its first governor was greeted with enthusiasm by those who saw it as 'a symbol of sovereignty in monetary and economic respect'. Such an opinion was held by, amongst others, Abdul Karim, one of the former BNI directors. Karim viewed the Java Bank exclusively as 'a colonial instrument of a colonial power'. The foundation of Bank Indonesia fitted perfectly into the assertion of Indonesia as an independent and sovereign nation (Oey, 1991: 244, 251). Others, including several foreign observers, were more inclined to view the transfer from Java Bank to Bank Indonesia as a reorganization. This opinion also found expression in the Ph.D. dissertation of the Indonesian economist Ali Wardhana,

published in 1964. Wardhana argued that Bank Indonesia did not differ fundamentally from the Java Bank (Wardhana, 1964: 40-44). As so often, Sjafruddin chose a pragmatic position in the middle of the field. To his opinion, Bank Indonesia represented a compromise between 'the laws of history, lofty ideals and practical possibilities.' (De Javasche Bank, 1953: 12-25).

Indonesia's central bank was now wholly owned by the state and carried a name clearly expressing its national character. Yet, in the office, in Jakarta as well as in the branch offices, management was done by Europeans. At the end of March 1953, the highest echelon of the staff consisted for 80 per cent of Europeans, including Indo-Europeans, whereas the small remaining minority contained more ethnic Chinese than indigenous Indonesians (Appendix, Table 1). This was obviously an anomaly that would be unacceptable in the long run. The epilogue to the history of the transfer from Java Bank to Bank Indonesia is above all concerned with changes within the personnel of the bank.

At the very highest level, the directorate, indonesianisasi had been accomplished already. From 1 July 1953 Governor Sjafruddin was assisted by the directors Loekman Hakim and Indra Kasoema, later also by Darmawan Mangoenkoesoemo and Sabarudin. All members of the newly installed Council of Advisors (*Dewan Penasehat*) were Indonesians; one of the members was former Minister of Finance Wibisono. The branch office in Amsterdam was headed by Khouw Bian Tie but among the twelve department heads at the main office in Jakarta and the fourteen branch office heads outside Jakarta we encounter only two Indonesians who both were mentioned already above, Ong Sian Tjong was head of bookkeeping in Jakarta whereas Agoes Gelar Datoek Radjo Nan Gadang still served as head of the branch office in Manado. The directorate immediately made plans to change the situation.

Three internal training trajectories were designed in which trainees spent between six months and one year at the main office, followed by some time either at one of the branch offices in Indonesia or abroad (Amsterdam, London, New York). The first group, eight persons, began in the second half of 1953 and before the year's end a second group of equal size had been formed. The idea was to get rid of deficiencies (*ketinggalan*) in knowledge about banking at an accelerated speed. Supplementary training was offered via regular in-house courses of the bank that of old had attracted European participants in particular. In 1953, these courses were taken by 43 persons including 32 Indonesians. The efforts paid off within the year. In 1954 Indonesian branch office heads were appointed at Yogyakarta, Cirebon and Makassar whereas deputy heads in Surabaya, Medan and Pontianak also were of Indonesian origin. At the main office in Jakarta, Indonesians were appointed as heads of the departments Exports and Credit (BI, DJB. Vol. 3353, no. 17).

In July 1954 a conflict erupted between the directorate and the local trade union SBBI (Sarekat Buruh Bank *Indonesia*). Bank Indonesia had not retained the old

bonus regulations of the Java Bank and the personnel now demanded some sort of compensation. The directors acquiesced but the SBBI was not satisfied. The union officials requested a meeting with Sjafruddin but he declined to turn up at an appointment that had been made one-sidedly by the union (Sjafruddin even spoke about 'threats and intimidation'). The SBBI then made the conflict public and the directors felt deeply insulted. Eventually, the directorate presented a set of compensatory regulations for the lost bonuses. Afterwards the directors subtly remarked that the SBBI 'had never raised such demands at the time when the bank was solely run by foreigners' [*sangat menarik perhatian bahwa SBBI tidak pernah mengajukan tuntutan apapun semasa DJB selalu dipimpin oleh bangsa asing*] (BI, DJB, Vol. 3353, no. 17).

A couple of years later, in December 1957, the remaining Dutch enterprises in Indonesia were nationalized. The takeover was usually effectuated by local trade unions and only afterwards did the Indonesian government legalize the actions (Meijer, 1994; Bondan, 2001). The pattern was radically different from the nationalization of the Java Bank in 1951 although the final legislation concerning the nationalization of Dutch private firms, dating from November 1958, in principle did provide for indemnity payments by the Indonesian government. At short notice, a large group of Dutch nationals left Indonesia in December 1957 and January 1958. Amongst them were many employees of the Bank Indonesia who in turn were replaced by Indonesian staff members (Bank Indonesia, 1995: 102-103). The survey of department and branch office heads as of 1958 almost exclusively lists Indonesian names (Bank Indonesia, 1958: 272-275). At long last the *indonesianisasi* at Bank Indonesia had been completed.

The years immediately after the transformation of the Java Bank into Bank Indonesia saw several interesting changes. A thorough reorganization took place at the main office in Jakarta. Three new branch offices were opened, in respectively Ambon, Ampenan and Jember. The last president of the Java Bank and the first governor of Bank Indonesia, Sjafruddin Prawiranegara, was fired by President Sukarno in late January 1958 because of his connections with the separatist movement PRRI (*Pemerintah Revolusioner Republik Indonesia*) in West Sumatra. Sjafruddin was succeeded by Loekman Hakim who retired one and half year later when Prime Minister Djuanda took the initiative to a currency reform without consulting the bank. The third governor of Bank Indonesia was Soetikno Slamet who had served a government representative on the Board of Directors of the Java Bank.

F. Conclusion

It appears that Sjafruddin Prawiranegara was not first choice when Minister of Finance Yusuf Wibisono nominated the first Indonesian president of the Java Bank in 1951. To Wibisono's opinion, Sjafruddin felt too little comfortable (*kurang sreg*) with

the intended nationalization of the central bank. In addition, Sjafruddin had a bit too pointedly warned against the chaos that would prevail at the bank if the foreign experts left too quickly. Wibisono is said to have preferred Sumitro as Houwink's successor but that was unacceptable to Vice President Hatta (Sumitro, 2000: 162). The directors at the Java Bank supported Sjafruddin and far later Sjafruddin would state 'Houwink himself approved of me becoming his successor' (Thee, 2003: 80). Caution with regard to rapid change at the bank agreed perfectly with Sjafruddin's personality whilst also expressing the fundamental dilemma confronting the Sukarno administration in the process of *indonesianisasi* in economic life at large. It had to occur but it was difficult, if not impossible, to realize it fast.

Indonesianisasi at Indonesia's central bank proceeded along several phases, each with its own distinctive features. During the prelude, from the declaration of independence to the transfer of sovereignty, the bank directorate seemed little capable of anticipating what was to come. Perhaps the directors of the Java Bank were more inclined towards conservatism than in many other Dutch firms in Indonesia. The nationalization in 1951 was accomplished in orderly fashion agreeable to most concerned but the price was high, in sheer money terms. Therefore, it was highly unlikely that this would become a model for future action. The discussion about the change of the bank's name focused on two crucial issues: the position of the central bank vis-à-vis the government and whether or not to continue the commercial arm of activities. In the event, Bank Indonesia became clearly subordinated to the government and was expected to make a contribution towards the development of an indigenous class of Indonesian entrepreneurs through providing credits. Meanwhile the *indonesianisasi* among the personnel lagged far behind. Only an external factor, the nationalization of scores of Dutch private firms in 1957, brought decisive change.

Economic decolonization comes in various shapes and the question inevitably rises about the extent to which they are interrelated. My original hypothesis was that changes in ownership structure and composition of supervisory personnel can occur separate from one another. This hypothesis may be accepted in the case study of the central bank of Indonesia. Nationalization preceded a large-scale entry of Indonesian nationals into higher supervisory functions. The nationalization of the Java Bank and its transformation into Bank Indonesia were both manifestations of the Sukarno administration's determination to pursue a monetary policy with a truly national character. Only afterwards, from 1953 onwards, were concrete measures taken to speed up the *indonesianisasi* among the personnel. Shortage of skilled bank personnel obviously played a role but perhaps more important was the fact that the very apex of the bank already from 1951 possessed an unambiguous Indonesian character. It was not so urgent to press for immediate *indonesianisasi*.

Economic decolonization is a intriguing and complex drama in which political and ideological aspirations need to be translated into economic interests. The national character of the Indonesian central bank was expressed in its name,

ownership structure, economic function and top management. This all had a higher priority than changing the composition of the staff at large. This explains why we encounter nationalization without *indonesianisasi*. Could it also be the other way around, i.e. *indonesianisasi* without nationalization? That is a question for future research.

Appendix						
Table 1.						
Composition of the personnel at the Java Bank/Bank Indonesia by ethnic origin, 1948-1953.						
	1948			1949		
	Eur.	Chin.	Indon.	Eur.	Chin.	Indon.
<i>Batavia</i>						
Staff	53	2	0	47	1	2
Adm. pers.	70	32	14	85	32	29
Cashiers	0	37	0	34	0	
<i>Other Java</i>						
Staff	25	0	1	28	0	1
Adm. pers.	37	27	16	44	34	12
Cashiers	0	49	0	49	0	
<i>Outside Java</i>						
Staff	18	2	0	18	2	2
Adm. pers.	20	10	16	17	13	22
Cashiers	0	31	0	31	0	
TOTAL	223	190	47	239	196	68
	1950			1951		
	Eur.	Chin.	Indon.	Eur.	Chin.	Indon.
<i>Batavia</i>						
Staff	45	1	1	46	3	1
Adm. pers.	106	36	31	90	23	24
Cashiers	0	36	0	36	0	
<i>Other Java</i>						
Staff	27	1	0	24	3	1
Adm. pers.	48	30	17	42	26	28
Cashiers	0	49	0	58	0	
<i>Outside Java</i>						
Staff	18	2	1	19	0	2
Adm. pers.	19	13	19	19	11	26
Cashiers	0	31	0	34	0	
TOTAL	263	199	69	240	194	82

1952	1953			Eur.	Chin.	Indon.
	Eur.	Chin.	Indon.			
<i>Batavia</i>				59	7	6
Staff	55	4	8	17	15	33
Adm. pers.	17	13	30			
Cashiers	0	37	0	0	38	0
TOTAL	270	229	101	334	257	143

Notes:
 Staff is a comprehensive category comprising all supervisory personnel. The branch offices outside Batavia/Jakarta were: 1) elsewhere in Java: Bandung, Cirebon, Semarang, Solo, Yogyakarta, Surabaya, Kediri, Malang ; 2) outside Java: Medan, Padang, Palembang, Pontianak, Banjarmasin, Manado, Makassar.
 Sources: BI, DJB. Vol. 126, 3 April 1947; Vol. 128, 16 April 1948, 7 April 1949; Vol. 130, 6 April 1950; Vol. 131, 6 April 1951; Vol. 132, 4 April 1952; Vol. 133, 8 April 1953.

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