Chapter I

INTRODUCTION
The importance of the Southeast Asian region to Japan lies in its location and rich natural resources. Besides being in the immediate neighbourhood of Japan, the region is of great strategic importance as it controls Japan's air and sea routes to the Indian sub-continent, Africa, Europe and Oceania. (1) The rich natural resources also constitute a factor relevant to the interests of Japan, who is hardpressed for raw materials. Furthermore, the region, which consists largely of developing countries, is a valuable market for Japanese manufactured goods, and its economy is in complementary relations with that of Japan. Moreover, since the Second World War there has also arisen an ideological factor which has brought Japan into the focus of Southeast Asian diplomacy. Japan's security ties with the United States have identified her as a member of the "free world" along with Southeast Asian countries like the Philippines and Thailand.

Diversity of the region

A remarkable characteristic of the Southeast Asian region is the diversity that exists among its countries in race, religion, culture and language. This diversity is due to the fact that the region has been subject to different external influences at various times. Till the advent of the Europeans in the 16th century, the region was greatly influenced by Hinduism, Buddhism and Islam. If we group Southeast Asian countries on the basis of their

cultural heritage, there will be four groups of them: those influenced by Chinese culture (e.g. Vietnam), those influenced by Hinduism and Buddhism (e.g. Cambodia, Thailand, Burma, and Laos partly), those influenced by Islam (e.g. Malaysia and Indonesia) and those influenced by Spanish Catholicism (e.g. the Philippines). (2) After the 16th century, the Portuguese, the Dutch, the Spaniards, the British and the French established their colonies in the region, and their influence in their respective colonies began to grow.

**Japan's position in the region**

Japan's position in the region differs from that of India and China, in that her cultural base in the region is almost nil. Till the outbreak of the Second World War, Japan's relations with the region were marginal, confined only to trade and immigration. (3) Japan's connexions with the region before the advent of the Europeans in the 16th century were modest. But even these modest relations were severed by the Shogunate during the middle of the 17th century, and Japan remained practically cut off till the Meiji Restoration. (4) When Japan opened her external relations in 1868, she found that the European Powers not only had carved out their colonies in Southeast Asia, but were firmly established in them. Hence there was very little scope for Japan to push her territorial interests

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in the region since any such ambition would have amounted to Japan's "stepping out of Asia and into Europe". (5) The Japanese Government, while keeping this fact in mind, cautiously pursued its policy of expansion in other directions such as Formosa, Korea, and China. It was only during the late 1930s, following the Manchurian debacle and the European conflict, that a situation arose which Japan utilized to expand southwards. By the first quarter of 1942, following the attack on Pearl Harbour on 7 December 1941, she had overrun and occupied the whole of the region. For the first time, the whole of Southeast Asia came under the occupation of a single nation. (6)

It is against this background that we have to project our more specific study of Japan's relations with the Philippines and Indonesia.

JAPAN-PHILIPPINES RELATIONS BEFORE THE WAR

Japan's relations with the Philippines began earlier than the middle of the 16th century, when the Spaniards established their rule there. (7) At the time of the Spanish annexation, there was already a sizable group of Japanese in different parts of the


6. For a detailed study, see F.C. Jones, Japan's New Order in East Asia; Its Rise and Fall 1937-45 (London, 1954); Herbert Feis, The Road to Pearl Harbour (New Jersey, 1950).

Islands conducting trade in silks, woollens, cottons, indigo and pearls. (8) Following the Spanish conquest of the Islands, the number of Japanese settlers increased due to the friendly attitude of the Spanish régime. (9) The Spanish Government pursued a friendly policy for two reasons. First, it wanted to have profitable trade relations with Japan. Second, it was prompted by the religious objective of propagating Christianity in Japan. (10) The Japanese settlers during the early period of Spanish rule seem to have made a good impression on the Spaniards, who regarded them as "a spirited race of good disposition, and brave". (11) Anthony de Morga wrote of the Japanese thus: "They are treated very cordially, because they are a race that demands good treatment and it is advisable to do so for the sake of friendly relations between the Islands and Japan." (12)

In 1584, the first Spanish ship sailed to Kyushu and this opened a series of annual sailings of ships to the Philippines from Japan. (13) In 1592, Hideyoshi Toyotomi sent an emissary to the

Philippines demanding the submission of the Spanish Government. Though this incident created some "suspicion" in the minds of the Spaniards, he continued the policy of encouraging trade. Spanish missionaries continued to go to Japan despite his ban on their entry in 1587. (14)

The establishment of the Tokugawa Shogunate was followed by a policy which was different from that of Hideyoshi. During 1611-14, several anti-Christian measures were taken by Tokugawa Ieyasu. There were still more ruthless measures during the times of Ieyasu's successors Hidetada and Iemitsu. (15) In 1624, the Shogun severed relations with the Philippines, and in 1629, the Spanish King forbade missionaries from going to Japan from the Philippines. (16) It was, however, not until 1639 that Japan was totally closed to the Philippines and other foreign countries. (17) From 1639 till the Meiji Restoration, a policy of exclusion was scrupulously adopted by the Shogunate, and Japan-Philippines relations practically ceased during the period. The Japanese community that had settled in the Philippines during the early period of Spanish rule either returned home or was assimilated into the native population. The disappearance of the Japanese from the Islands was, as Hayden says, due "to their government's isolationist policy rather than to any inability or unwillingness on their part to live away from home and in the tropics." (18)

15. Ibid., p. 32.
16. Ibid., p. 33.
17. Ibid., p. 34.
Meiji Restoration

With the Meiji Restoration in 1868, Japan abandoned the policy of isolation which had been followed for nearly two and a half centuries, and was thrown open to foreign trade and contact. Spain was one of the Powers which signed "unequal" treaties with Japan in November 1868. (19) In January 1870, Spain set up the Philippine Mission in Yokohama. (20) Till 1898, when the Spanish régime in the Philippines was superseded by that of the United States, Japan's relations with the Philippines were limited primarily to trade transactions. The reason for this was that Japan was grappling with the problems connected with internal reconstruction and external relations. Internally, the Japanese Government had to consolidate the fruits of the Meiji Restoration by the adoption of social, economic and constitutional reforms. It faced the formidable opposition of the erstwhile Samurai faction of Saigo Takamori, who wanted Japan to launch upon a policy of external expansion. The Satsuma Rebellion, which was quelled in 1877, represented this conservative faction. The failure of the Satsuma Rebellion enabled the peace faction led by Iwakura Tomomi, Kido Takayoshi, Ito Hirobumi, and Okubo Toshimichi to busy itself with the task of strengthening Japan both economically and militarily. (21) By the last decade of the 19th century, Japan had

succeeded to a great degree in that objective. The victory of Japan over China in 1895 demonstrated in clear terms the new national strength which she had acquired as a result of her modernisation. The acquisition of Formosa as a result of her victory, and her activities in the Southern Seas aroused the anxieties of the Spanish Colonial Government in Manila. (22) The Spanish anxieties were further intensified by the writings and activities of certain ultra-nationalist societies like the Kokuryukai. (23)

Japan and the Filipino nationalists

The rise in the national strength of Japan, on the other hand, created a new hope in the minds of Filipino nationalist leaders who thought that they could look up to Japan for assistance for ending Spanish rule in their country. When Filipino nationalists revolted against Spanish rule in 1896, Japan adopted a very cautious policy. Just before the outbreak of the revolt, the revolutionary Secret Society Katipunan appointed a committee to go to Japan to make the necessary arrangements for the acquisition of arms. (24) But the committee never made a visit to Japan, since the Katipunan leaders took the occasion of the visit of a Japanese naval ship, Kongo, to Manila Bay in May 1896 to open talks with Japanese officials. (25) An interview took place between the Filipino

22. The capture of Volcano Islands by Japan in the early 1890s also aroused the suspicion of the Spaniards. See Saniel, n. 13, pp. 144-93.

23. Ibid., pp. 222-68.


25. See Alip, ibid.
leaders and Japanese officials in a Japanese bazaar in Manila. But nothing positive came out of the meeting because, even though the Japanese side promised to provide arms, the Filipino leaders lacked sufficient financial resources. (26) It must, however, be stated that despite the above incident the Japanese Government carefully maintained "a neutral and a hands-off policy in Philippine affairs". (27)

A similar "neutralist" attitude was adopted by the Japanese Government towards Filipino nationalists at the time of the American annexation of the Islands. Just before the Treaty of Paris, Filipino nationalists tried to secure assistance from Japanese sources, and the Hong Kong Revolutionary Committee sent Moriano Ponce to Japan to make efforts to purchase arms. Though Ponce's efforts succeeded due to the sympathetic attitude of some Japanese nationalist societies as well as private citizens, the whole project ended in failure as the ship in which the arms were sent to the Philippines sank on its way. (28) Throughout the deal, the Japanese Government remained non-committal and placed the Filipino nationalists in Japan "under surveillance" as it did not want to irritate the United States. (29)

26. Ibid. See also Teodoro A. Agoncillo, The Revolt of the Masses; The Story of Bonifacio and Katipunan (Quezon City, 1956), pp. 131-3.
27. Saniel, n. 13, p. 203.
29. Ibid. See also Saniel, n. 13, p. 204.
Reasons for caution

The cautious policy adopted by the Japanese Government was not without reason. For one thing, in 1896, Japan was negotiating the revision of an unequal treaty with Spain, and it did succeed in getting the treaty revised, as desired, on 2 January 1897. (30) It is possible that Japan demanded favourable terms from Spain by promising to keep out of the Philippine revolution. It would also be equally reasonable to assume that Spain by offering favourable terms tried to neutralize Japan. Be that as it may, the result of the revision of the treaty was a "diplomatic triumph" for Japan. (31) Another reason for the caution in Japanese policy was that Japan wanted to avoid provoking the Big Powers. She had already persuaded them to revise to her advantage certain old unequal treaties, and the revision was to come into effect in 1899. The Triple Intervention of 1895 was quite fresh in the minds of Japanese statesmen, and they did not consider it prudent to encourage any freedom struggle in any foreign country. The Japanese Government therefore was not prepared to do anything that might arouse the suspicion of the European Powers.

Japan and the US acquisition of the Philippines

The above reasons also explain Japan's attitude towards the American occupation of the Philippines following her victory over Spain in the Spanish-American War, 1898. The Japanese Government looked with favour upon the American annexation of the

30. This was never ratified by Spain, for in the meantime the United States took over the Philippines. Saniel, n. 13, pp. 207-9.

Islands. (32) But at the same time, Premier Okuma Shigenobu made it clear that if the United States did not desire annexation, the Japanese Government would like to join the US Government either "singly or in conjunction with another Power having identical interests in the endeavour to form (a) suitable government for the Islands under the Joint (the U.S. and Japan) or tripartite protection (U.S., Japan and Britain) of the Powers concerned". (33)

Japan and US rule in the Philippines

The American occupation of the Philippines coincided with a period in which Japan was emerging more strikingly as a strong military Power. The Japanese victory over Russia (1905), her annexation of Korea (1910), her acquisition of the German islands in the Pacific as mandated territories following the First World War, and her involvement in China — all demonstrated the growing national strength of Japan. As a result of this, Japan always constituted, though in varying degrees, an important factor in the American attitude towards Philippine independence. During the first decade of this century the American Republicans entertained much anxiety with regard to Japan's military

32. At that time the most cordial relations obtained between Japan and the United States. This was because the United States showed a "truly friendly attitude" in supporting the Japanese claims for tariff revision. James K. Eyre, Jr., "Japan and the American Annexation of the Philippines", The Pacific Historical Review (Berkeley), vol. 11, no. 1, March 1942, pp. 55-56.

33. Saniel, n. 13, p. 219. It is worth noting that Japan evinced a keen interest because there was initially a lack of enthusiasm in the United States for the annexation of the Islands. Japan was, therefore, interested in ensuring that the Philippines was under a friendly nation. The omission of Russia, Germany and France in Okuma's formula is significant. See Eyre, n. 32, p. 57.
objectives vis-à-vis the Philippines. This anxiety was further heightened by the deterioration in US-Japan relations caused by the immigration issue in California. (34) Though President Theodore Roosevelt did not think that war with Japan was inevitable, he was painfully concerned about the likely fate of the Philippines in such an eventuality. (35) The exchange of notes between Secretary Taft and Premier Katsura in July 1905 dispelled, to some extent, Roosevelt's anxiety, as it stated that Japan had "no aggressive designs whatsoever on the Philippines...". (36) However, in 1906-07 the immigration issue further embittered the relations between the two countries. President Roosevelt conveyed his growing apprehension in a note to Secretary Taft on 21 August 1907, and said that he wanted to make the Philippines independent as quickly as possible in order to avoid war. He stated:

The Philippines form our heel of Achilles. They are all that makes the present situation with Japan dangerous.... Personally I should be glad to see the Islands made independent, with perhaps some kind of international guarantee for the preservation of order or with some warning on our part that if they did not keep order, we would have to interfere again this among other reasons, because I would rather see this nation fight all her life than to see her give them up to Japan or any other nation under duress.... (37)

34. See Yanaga, n. 4, pp. 428-46.


37. Roosevelt's note to Secretary Taft dated 21 August 1907, ibid., p. 301.
But Secretary Taft after his visit to Tokyo sent a note to the US President on 14 October 1907 giving the gist of his talks with the Japanese Foreign Minister, Count Hayashi. Taft communicated Hayashi's assurance that Japan had no "lust" for the Philippines. (38) The Root-Takahira exchange of notes on 30 November 1908 further improved the relations between the two countries. This exchange of notes recognized the need to maintain the status quo in the region. (39)

During 1913-21, when the Democratic Party was in power in the United States, President Woodrow Wilson followed the policy of speeding up the independence of the Islands. (40) The Jones Act, which was passed in 1916, was a major step in that it accepted the idea of granting independence to the Philippines upon the establishment of a stable Government there. It also stated that for "the speedy accomplishment of such purpose it is desirable to place in the hands of the people of the Philippines as large a control of their domestic affairs as can be given them, without, in the meantime, impairing the exercise of the right of sovereignty by the people of the United States." (41) This policy was effectively implemented by Governor-General Harrison in the Colony during his time. (42)

38. Ibid., p. 303.
41. Ibid., p. 159.
42. Ibid.
But the return of the Republican Party to power in 1921 put the clock back, and the Republican administrations during the 1920s under Presidents Harding and Coolidge were opposed to Philippine independence. (43) At the turn of the 1930s, a new situation favourable to Philippine independence obtained in the United States. Although Republican Herbert Hoover was elected as President in 1929, he did not enjoy the support of the US Congress. Following the Congressional elections in 1930, the Democratic Party controlled the House of Representatives, and shared almost equal strength with the Republicans in the Senate. (44) Even among the Republicans, there were progressive elements which supported Philippine independence. Furthermore, there were strong sugar and other financial interests which favoured Philippine independence, because they were very eager to end the competition that they faced from Filipino products which had free access to the American market. (45) This combination of Democratic isolationism, US financial interests and the rise of Filipino nationalism built up the pressure needed for the passing of the Hare-

43. Ibid. Even though the Republican administrations maintained that the Filipinos were not sufficiently advanced to shoulder the responsibility of government, they were also guided by considerations of the Far Eastern situation. The Wood Commission, which was dispatched to the Philippines for a study by President Harding in 1921, was aware of the consequences of any US withdrawal from the Islands. It considered a hasty withdrawal as "very disastrous to American prestige, trade and the Eastern situation". Wood noted that it would encourage Japanese inroads on China. Ibid., p. 164.

44. Ibid., p. 192.

45. Ibid.
Hawes-Cutting Act in January 1933. (46) It should be noted that the Act was passed over Hoover's Presidential veto. Hoover in his veto message made a clear reference to the political situation in the Far East without, however, mentioning either Japan or the Manchurian Incident. He stated that the Bill "invites great dangers of foreign invasion and even war.... The Philippines alone would be helpless to prevent infiltration or invasion from the immense neighbouring populations". (47) A full account of the Bill is beyond the scope of our study. Suffice it to state that it envisaged a transitional period of ten years at the end of which the Philippines was to become independent. The Act provided for the gradual termination of the free trade that had existed till then between the United States and the Philippines. It said that at the end of the Commonwealth period, full American tariffs were to be applied to Philippine products entering the United States. It also gave the choice to the Philippines either to approve it or to reject it. (48)

In October 1933, the Philippine Senate and the House of Representatives rejected the Bill on the ground that its terms on military bases were not acceptable. (49) Consequently,

46. A.V.H. Hartendorp, Short History of Industry and Trade of the Philippines, From pre-Spanish Times to the End of the Roxas Administration (Manila, 1953), pp. 30-32.

47. Ibid., p. 32.

48. Ibid., pp. 31-32.

49. Ibid., p. 32. One of the real reasons was the rivalry between Manuel Quezon and Sergio Osma. Quezon feared that the acceptance of the Bill would boost up his political rival and therefore thought it wise to have a new Bill thereby depriving Osma of much credit for the Hare-Hawes-Cutting Bill.
a new Bill - the Tydings-MacDuffie Bill - with modifications on the terms connected with the military bases was passed in March 1934. Franklin Roosevelt, who had succeeded Hoover in the meantime, approved the Bill. On 1 May 1934, it was approved by the Philippine Legislature. (50) This was followed by the adoption of a constitution in a Philippine constitutional convention. On 16 November 1935, with the election of Manuel Quezon as the first President, the transitional Commonwealth period began, and the Republic of the Philippines was born on 4 July 1946. (51)

The above shows how Japan hovered in the background as a factor in the American attitude towards Philippine independence. In the initial years, as we have noted, even a Republican President like Theodore Roosevelt wanted to end America's "heel of Achilles" by speeding up Philippine independence. But in the 1920s, Republican Presidents, Harding, Coolidge and Hoover opposed Philippine independence, partly because they thought that the Filipinos were not sufficiently advanced to discharge the problems of independence, and partly because of the fear that a country like Japan might fill the vacuum left by the United States in the Philippines. During the early 1930s, there arose a new situation in which the interaction of forces such as the strong isolationist sentiments of the Democrats, Filipino nationalism, and the strong sugar and other financial interests, forced the US Congress to pass the Act granting independence to the Philippines.

50. Ibid., p. 34.

It is now important to assess the degree to which Japan was able to build up her relations with the Philippines, especially during the American occupation of the Islands. After the Meiji Restoration, Japanese immigration to the Islands began. In the beginning, it was rather gradual. In 1903, there were only 921 Japanese in the Islands. (52) But subsequently, the number jumped up markedly. In 1918, it stood at 8,000. In 1939 according to the Philippine census reports, it was at 29,262. Of them 17,888 lived in Davao, 4,730 in Manila and 1,888 in the Mountain Province, especially in Baguio. (63)

Japanese in Davao

The large Japanese community that lived in Davao in Southern Philippines deserves particular mention. The origin of this community goes back to 1903, when the US authorities brought Japanese labourers to the Philippines and employed them in the construction of the Zig-Zag road in Baguio. After the completion of the road, about five hundred of them stayed on in the Philippines and engaged in different enterprises. (54) A group of 150 Japanese went to Davao in Southern Mindanao and worked there in hemp plantations. Though these Japanese did not at that time have any


idea of permanently settling there, they found the climate of Davao very congenial. (55) Owing to their diligence and enterprise, they soon distinguished themselves in the hemp industry. A number of Japanese plantation corporations, like the Ohta Corporation and the Furukawa Corporation, sprang up. Prior to the First World War, there were about 60 such corporations. But after 1919, no new corporations were formed, and by 1926, only 46 continued to operate. (56) These corporations were organized on the most up-to-date scientific lines. On account of Japanese enterprise, the hemp industry in Davao passed through a quick transformation. (57) The Japanese also showed interest in other fields like copra, timber and deep-sea fishing in the area. (58) Japanese enterprise also brought some benefit to the natives of Davao. By 1935, Japanese planters had built more than 300 kilometres of road, and provided employment to thousands of natives. (59) Japanese influence in the area can be properly assessed by the fact that they paid one half of the local and insular taxes collected in Davao, even though their number was only 17,888 as against 200,000 Filipinos. (60)

**Life of the Japanese in Davao**

The Japanese community in Davao was well-knit and cohesive,

55. See Quiason, n. 54, p. 218.
56. Ibid., p. 220.
58. Ibid., p. 718.
59. Ibid., p. 719.
60. Ibid.
and was provided with all facilities that were essential for it to function as such. (61) The Japanese did not inter-married with the Filipinos and remained confined to themselves. As one writer says, "there are no positive indications whatsoever that the Japanese colonists desired to be assimilated into Filipino culture. The Colony strongly tended toward adhering to the whole fabric of the Japanese customs and traditions, modes of dress and movements of speech and manner." (62) The Japanese had their own dailies, Davao Mainichi and Manila Nichi Nichi, which kept them abreast of current events. There were also Japanese schools, hospitals, cultural associations and banks catering to their needs. Their rights were well protected by the Japanese Consulate-General in Manila. (63) Japanese influence was so great in the area that in the 1930s, the Filipinos sarcastically called the place Davaokuo. (64)

The growing influence of the Japanese in Davao gradually aroused the suspicions of the Filipinos, especially in the 1930s after the Manchurian Incident. (65) Even before 1935, the Philippine

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62. Quiason, n. 54, p. 229.
63. For a good account, see Hayden, n. 53, p. 718.
64. William Henry Chamberlain, Japan Over Asia (London, 1938), p. 160. The word "Davaokuo" had a twofold significance. First it referred to Manchuokuo. Secondly, it referred to a Filipino dialect word meaning "my Davao".
65. These suspicions could be gleaned from the writings of the times. Saniel suggests that there could have been some connexion between the Davao Japanese and the Japanese Government for pushing Japan's New Order in the region. See n. 61, p. 123.
Land Law allowed the sale or lease of public land only to the citizens of the Philippines or of the United States or to those corporations in which 61 per cent of the capital belonged to the citizens of those two countries. (66) This law compelled the Japanese to seek methods other than legal to acquire land for hemp cultivation. For instance, as the Japanese had already made a mark in the cultivation of hemp, many Americans and Filipinos transferred to them the functional title of their lands while retaining formal ownership. Furthermore, they could also acquire lands with Filipinos acting as dummies. (67) By 1935, when the Commonwealth period was inaugurated, public criticism of illegal Japanese holding of lands had assumed considerable proportions. Investigations in 1935 revealed that the total area of land held by the Japanese amounted to 57,350 hectares, of which 28,098 had been acquired legally. The rest, 29,252 hectares, constituted public land which had been alienated to Filipinos and Americans who in turn had turned it over to the Japanese under lease or contract. (68)

The Commonwealth Government under President Quezon, while keeping the problem in mind, did not wish to precipitate any controversy on the issue with Japan. (69) Quezon himself visited Davao and made a statement on the subject in his message to the


69. Ibid., p. 135.
Philippine Assembly in June 1936. He stated:

It is true that Japanese investments in Davao are considerable, and that there are doubts expressed as to the legality of some of the transactions entered into between Filipinos and Japanese regarding the public domain leased to Filipinos by the Government. In these cases the Government will act in accordance with law and equity.... There is nothing in the so-called problem that should cause serious concern. (70)

Although President Quezon showed much caution, he also vigorously pursued the policy of encouraging native Filipino settlements in the region as a measure to check the expansion of Japanese influence. (71)

Japanese interest was not confined only to the hemp industry in Davao, but extended to different industries of the Islands. As a Filipino scholar has stated, it began to pervade every field, and "all the well-known industries of the country involved some kind of Japanese participation". (72)

Fishing

The fishing industry also was a field in which their superior skill and advanced technique enabled the Japanese to come into most "direct contact" with the Filipinos. As fish formed the second staple food of the Filipinos, its supply was of great importance. The Japanese methods of deep-sea fishing and their modern equipment

70. Hayden, n. 53, p. 720.
71. Ibid., p. 721.
gave them a decisive edge over the native fishermen, and hence fishing became a virtual monopoly of the Japanese. (73) In 1930, the Japanese owned 64 power fishing boats in Manila Bay, and 36 in the Gulf of Davao. About 400 Japanese participated in the industry. (74) But, later, legislation was enacted by which licence was to be given to a fishing boat only on the condition that 60 per cent of the ownership of it should be in the hands of the Filipinos, and that at least a small proportion of the crew of it should be Filipinos. (75) Despite this legislation, it was reported in May 1940 that about 1,250 Japanese fishermen were still in the Islands operating 120 boats. (76) This fact showed the prevalence of a dummy system in the fishing industry also as in the Davao land leases. (77) The existence of a number of illegal boats and fishermen compelled the Commonwealth Government to undertake strict supervision, which resulted in a number of incidents off the Philippine Coasts. (78) The supervision also brought to light that many Japanese fishermen had entered the Philippines "illegally" without "proper papers". (79)


74. See Hayden, n. 53, p. 715.

75. Ibid.

76. Ibid., pp. 715-16.

77. See Porter, n. 73, p. 30.

78. See Hayden for details, n. 53, p. 716.

Retail trade

The Japanese began to conduct retail trade especially after 1931. This was due to an important reason. The Chinese, who had been the traditional retail traders and the principal distributors of Japanese goods in the Philippines, adopted a policy of boycotting Japanese products after the Manchurian Incident in 1931. (80) This compelled the Japanese to engage in retail trade also. As a result, Japanese bazars and department stores sprang up in places like Manila, Baguio, Iloilo and Cebu. (81) In the city of Manila, their share of retail trade was only 5 per cent before 1931, but later jumped to 35 per cent. (82)

The Japanese also had interests in such other Philippine industries as mining and timber. And in these fields also, there were reports of illicit transactions. (83)

Japan-Philippines trade

Japan loomed quite large in the trade of the Philippines. During 1917-38, Japan was the second major supplier of the needs of the Philippines, with the exception of the year 1924, when Britain occupied that position. (84) As for Japanese purchases from the Philippines during 1921-31, she shared the second place (next only to the United States) with Britain alternately. But during 1932-38,

81. See Vak, n. 79, p. 290.
83. See Vak, n. 79, pp. 292-3.
84. See Guerrero, n. 72, p. 41.
Japan remained the second best buyer of Philippine products. (85) The main Japanese purchase from the Philippines consisted of abaca, lumber, coconut oil and iron ore, whereas the main Japanese exports to the Islands were cotton and machinery. (86) During the early 1930s, Japanese textiles threatened to surpass the value of American textiles entering the Philippines. On account of this, a gentleman's agreement was signed in August 1935 between the United States and Japan limiting Japanese exports to 45 million square meters. (87) Though the direct supply of textiles from Japan decreased markedly during the following years, Japan made up the decrease by shipping the textile goods to the Islands via Hong Kong. (88)

Besides its commercial interests, Japan made efforts especially in the 1930s, to develop cultural contacts by harping upon such slogans as "Pan-Asianism" and "Asia for Asiatics". Large numbers of Japanese visitors to the Islands also emphasized the same theme. There were also pro-Japanese groups in the Philippines led by men like Artemio Ricarte and Benigno Ramos. (89)

Even though the Commonwealth Government under President Quezon followed a policy of keeping Japan in good humour, at the end of the 1930s, it found it necessary to pass an immigration law checking the entry of foreigners into the Islands. (90) The

85. Ibid., p. 43.
86. Ibid., pp. 48, 52.
88. Ibid., p. 183. Also see Guerrero, n. 72, p. 52.
89. See Hayden, n. 53, pp. 722-3.
90. Quezon's view on Davao land leases was noted. In 1938, Quezon paid a visit to Japan. See Grant K. Goodman, "Manuel L. Quezon's Visit to Japan, June 29 - July 10, 1938", in Four Aspects of Philippine-Japanese Relations, 1930-40, n. 52, pp. 195-237.
Immigration Bill, which was passed in 1940, did not name the Japanese specifically even though its objective was to check their entry in particular. It provided for the entry of only 500 immigrants annually. (91) The actual figures of Japanese immigration show that during 1926-35, the annual number of Japanese immigrants to the Philippines had been less than 1,000, the prescribed number under the law. But during 1936-38, it jumped to over 1,300 yearly. (92) The Japanese Government made the utmost effort to prevent Manila from passing the law in 1940, but in vain. (93)

The general expectation of the Filipinos at the turn of 1940 was that once the United States pulled out of the Islands on 4 July 1946, Japan was bound to play an increasing rôle in the new Republic of the Philippines. This fact alone would not have excited the fear of the Filipinos, for they could see that it was only natural for Japan, because of her geographical proximity, to play a leading rôle. What caused alarm and anxiety was the involvement of Japan in global politics. The Second China Incident of 1937 and Japan's membership of the Axis Alliance were the real source of the growing uneasiness of the Filipinos. When in early 1941 Japan occupied Indochina, Spratley and Hainan Islands, the Filipinos felt that their country had been virtually encircled by Japan, and that in


93. See Grant K. Goodman, "Japanese Immigration and Philippine Politics", n. 52, p. 46.
case of a war between Japan and the United States, their country would be overrun easily by the Japanese.

Thus, when Japan exerted strong economic pressure on the Philippines in conjunction with her military activities in the Far Eastern region, the Filipinos, whose independence was to dawn in 1946, naturally found themselves in an uneasy position. On the one hand, they saw the prospect of their country becoming independent in July 1946, and on the other, they also saw the aggressive military activities of Japan so close to their country. During the late 1930s, there were even suggestions that the United States should re-examine the question of the independence of the Philippines in view of the growing military power of Japan. (94) The Filipino fear came true in December 1941, when Japan attacked their country, and during early 1942, when she occupied it following the Pearl Harbour.

JAPAN-INDONESIA RELATIONS

The earliest Japanese relations with the Netherlands East Indies more or less synchronised with the advent of the Dutch in the Islands. As early as 1612, some Japanese were in the service of the Dutch Company as soldiers. (95) Many more were engaged in


different occupations such as agriculture and trade. As in the Philippines, they seem to have made a good impression with their skill on the early Dutch settlers. (96) When the Shogunate decided upon a policy of exclusion, the Japanese contact with the East Indies came to an end. But the Dutch enjoyed the confidence of the Shogunate, and throughout the Tokugawa period, the Dutch enjoyed the distinction of being the only Western Power not to be excluded from Japan and of being allowed to live in the Island of Deshima at Nagasaki. (97) The presence of the Dutch in Deshima Island gave the Japanese access to Western knowledge, and they learnt "much about cartography, geography, military science, medicine, botany and astronomy". (98) The Dutch consistently kept the Shogunate informed about world trends in the political, military and economic spheres. (99)

The emergence of Japan as a strong military and industrial Power soon brought forth different reactions from the Dutch Government and Indonesian nationalist leaders. Japan's victories over China (1895) and Russia (1905) made the Dutch Government in Indonesia rather nervous of Japan's rôle in the region. (100) But these events created a new hope in the minds of Indonesian nationalists. (101) In 1899, the Dutch Government gave equality of status to the

96. Ibid.
97. Yanaga, n. 4, p. 20.
98. Vandenbosch, n. 95, p. 393.
100. Ibid., pp. 394-5.
Japanese with Europeans in the East Indies, and in 1909, Japan set up her Consulate in Batavia. (102) But the anxiety of the Dutch did not lessen. On the contrary, Japan's acquisition of the German Islands in the Pacific after the First World War intensified Dutch anxiety. (103) This anxiety was clearly seen at the time of the Washington Conference (1921-22). Even though Holland was a party to the Nine-Power Treaty, she was not a signatory to the Four Power Treaty. The Dutch, however, received assurances from the four signatory Powers that their rights "in relation to their insular possessions in the region of the Pacific Ocean" would be respected. (104)

**Japan's trade**

Japan's trade relations with the Indies greatly increased especially after the First World War. As in the Philippines, so in the East Indies, there was a fear of Japanese economic penetration, especially after the 1930s. But the chief difference between the two situations was that whereas Japanese immigrants constituted a considerable number in the Philippines, their number was negligible in Indonesia. In 1923, the number of Japanese residing in the Indies was only 4,200, and in 1940, it was not more than 8,000. (105)

102. Ibid.

103. Vandenbosch, n. 95, pp. 395-6.


Trade was an important weapon which Japan used to bring pressure on the Dutch Government. Japan's trade with the Indies was negligible till the First World War, for the economy of the Islands was then predominantly oriented towards Europe. (106) But the First World War altered the trade pattern of the Dutch Colony, and in the years that followed, the European orientation gave way to more diversified trade relations with the Pacific nations. (107) As a result of this, Japan's share in the trade of the Indies began to increase in volume. During 1909-13, the average Japanese exports to the Indies were worth only 4.4 million guilders, and the imports worth 21.0 million guilders. But during 1914-18, they jumped to the value of 43.2 million guilders and 32.4 million guilders respectively. Throughout the 1920s, Japan's exports increased markedly, and their value reached the record figure of 100 million guilders in 1930. But after 1927, Japanese imports from the Indies were far less than Japanese exports. In 1930, Japan imported goods worth only 46.2 million guilders. (108)

The world economic depression saw Japan making further strides in her trade with the Indies. It enabled Japanese goods, which were comparatively cheap, to flood the market of the East Indies. The influx of Japanese goods was indeed a boon for the Dutch Government at a time when it favoured a deflationary policy and when the purchasing power of the people was very low. During 1931-34, the relative share of Japanese exports to the Indies jumped.


107. Ibid., p. 88.

108. Ibid., p. 113.
In 1933 and 1934, Japan's exports constituted 30.96 per cent and 31.87 per cent of the total imports of the Indies. But the Colony's exports to Japan for the two years were only 4.8 per cent and 3.9 per cent of its total exports. (109) It is also useful to note that in the 1920s the Japanese supply was mainly confined to textile goods. But at the turn of 1930, Japan began to make headway in new directions. She had been the principal supplier of pottery, cement, timber and glass. (110) In 1932, however, Japan came to the front in electric bulbs, bicycles and spare parts, beer, fish-preserves, earthenware, sweets, paper and so on. (111) The extent of Japanese trade can be clearly understood from the statement made by the Java Bank in 1934 that it was "practically impossible to name any category of goods in which the European and American industry could compete with that of Japan". (112)

As the volume of Japanese goods imported into the Colony was far greater than that of the European goods, including those of the Netherlands, the Dutch Government felt it necessary to reconsider its traditional policy of Open Door which it had pursued in the Indies. It came to the conclusion that the disproportionate increase in the entry of Japanese goods ought to be curtailed. Even though it was difficult, as Broek points out, to attribute any


111. Ibid.

112. Ibid.
"unquestionable evidence of Japanese political aims", there was "widespread suspicion in the Indies of the Japanese Policy". (113) This suspicion found clear expression in the statement of a Dutch official that the Open Door might readily become the entrance to the Japanese house. (114) Apart from mounting their sale of goods, the Japanese also captured the shipping and distribution business in the Indies. They insisted that all goods to and from Japan should be carried in their own ships. (115)

**Restrictive measures**

The Dutch Government at first made representations to Japan, asking her to restrict the influx of her goods. As these representations brought no effect, the Dutch passed the Crisis Ordinance Law in 1933, and gave themselves the power to impose quantitative restrictions on Japanese imports. (116) Similarly, in order to do away with the Japanese control over shipping, the Dutch Government conferred the right to import goods exclusively on certain selected importers. In 1935, it passed the Import Licensing Ordinance, which made the possession of an import licence a necessary condition for importing goods. (117) The Japanese strongly objected to all these restrictive measures. A conference of the two countries was held at the end of 1934 for the purpose of ironing out the differences. But it failed to bring about any agreement, and import

113. Broek, n. 106, p. 64.
114. Vandenbosch, n. 95, p. 399.
115. Ibid.
117. Furnivall, n. 110, p. 440.
restrictions were imposed on 56 items with effect from early 1935. (118) The immediate results of the restrictions were seen in the marked decrease of Japanese imports. They decreased from 31.87 per cent in 1934 to 30.1 per cent in 1935, 26.69 per cent in 1936, 25.4 per cent in 1937, 15.04 per cent in 1938, 18.10 per cent in 1939 and 22.71 per cent in 1940. (119) This was accompanied by a corresponding increase in the imports from European countries. (120)

The relations between Japan and the Indies witnessed a second "period of crisis" after the capture of Holland by Germany early in 1940. (121) The fall of Holland afforded an opportunity for Japan to mount her economic pressure on the Indies. Responsible Japanese leaders made a number of statements evincing interest in the Indies and these could not but arouse the apprehensions of the Dutch authorities in London and the Indies. (122) During late 1940 and early 1941, Japan and the Dutch held talks on economic affairs. (123) Japan sent two economic missions, led by Kobayashi Ichiro and Yoshizawa Kenkichi respectively, and tried to exact the maximum

119. Ibid., p. 113.
120. Ibid., p. 106. See also "Netherlands India shifting from Japanese to Western Goods", Far Eastern Survey, vol. 1, no. 17, 1 September 1937, pp. 201-7.
123. For a detailed study, see H.J. Van Maak, The Netherlands Indies and Japan (London, 1944).
concessions from the Government of the Indies. She tried to exploit to the maximum the delicate position of the Dutch authorities after the German capture of Holland. But the Government of the Indies refused to give in, and both economic missions failed in their objectives. (124) In July 1941, after the Japanese occupation of Indochina, the Netherlands Indies followed the United States in freezing Japanese assets. By the first quarter of 1942, following Pearl Harbour, the whole of the East Indies came under the control of Japan.

JAPANESE OCCUPATION AND ITS IMPORTANCE

A short account of the Japanese occupation of the Philippines and Indonesia is necessary as it forms the background to our study. No detailed attempt will, however, be made here to examine the Japanese policies during the occupation. Only a brief examination of the relative importance of the Japanese occupation for the Philippines and Indonesia and its impact on the two countries will be attempted here.

The significance of the Japanese occupation varied in relation to the two countries even though the Japanese objectives were the same throughout the Southeast Asian region. The objectives of Japan were to create a self-sustaining economic and political system in the region which would ensure Japanese leadership in all its affairs while giving a semblance of freedom to Southeast Asian States. (125) The Japanese envisaged the complete control of

125. See Jones, n. 6, p. 333.
the resources of the region which were important for the war effort; the maximum utilization of the existing administrative machinery and a minimum of interference with social and national customs; the control of transportation, communication, commercial and financial facilities by the occupation forces; and guidance and control of local populations. (126) They sought to fulfil their objectives by utilizing the anti-colonial and anti-Western sentiments of the nationalists in the region. They knew, as Elsbree says, that Southeast Asian nationalism was in a rudimentary stage and lacked the social and economic bases. (127) They therefore thought that it could be used as a lever to promote their interests. However, in formulating the occupation policies they showed an awareness of the political situation in the region and envisaged the granting of early independence to the Philippines and Burma, which were politically more advanced than colonies like Malaya and the Netherlands Indies. (128) All the same they decided to keep the Netherlands Indies as an integral part of Japan. This was because the Dutch Colony formed the front line of defence in the war. There was also the fact that the Japanese considered the Colony as the richest prize of their whole Southeast Asian campaign. (129)

127. Ibid., p. 10.
128. Ibid., pp. 20-21.
129. Ibid., p. 22.
Japanese occupation and the Philippines

The three and odd years of Japanese military administration saw the Japanese make only vain and unsuccessful efforts to force the Filipinos to identify themselves with Japanese interests. In no other Southeast Asian country were the Japanese efforts more frustrated by the stubborn opposition of the natives than in the Philippines. Indeed the Philippines became the "Problem Child" of the region. (130) Despite vigorous Japanese propaganda, slogans such as "Asia for Asiatics" and "Overthrow White imperialism" did not appeal to the Filipinos, "whose heritage was more European and American than Asiatic...". (131) Furthermore, it was the nature of the American colonial administration that kept the Filipinos loyal to the United States. As we have seen earlier, American opinion on the annexation of the Philippines was divided from the start, and, as Theodore Friend says, "the question of independence, elsewhere a matter of grievous dispute on principle, was for the United States and the Philippines only a question of 'when?'" (132) With a view to granting independence to the Philippines ultimately, the United States implemented programmes which encouraged increasing Filipino participation in their colonial administration. As early as 1907, only eight years after annexation, she gave the Filipinos a bicameral legislature. The Lower House or the Assembly, though elected by a restricted

130. Ibid., p. 74.


electorate, thus became the first popularly elected legislature in Southeast Asia. (133) During the Democratic administration of 1911-21, President Wilson and Governor General Harrison did much to hasten the process towards independence. The Jones Act of 1916, which envisaged early independence, also widened the franchise for the Filipinos. (134) The American administration also encouraged the Filipinisation of the civil service and the growth of education. The Americans formed 51 per cent of the civil service in 1903, but the percentage came down to 29 in 1913 and to 6 in 1923. By 1936, the first year of the Commonwealth, they formed only 1 per cent of the civil service. (135) The rate of literacy also went up from 20 per cent in 1903 to 49 per cent in 1939. (136) By 1936, the Filipinos had their own elected President, legislature and judiciary, and hoped to become a Republic in 1946. Considering all these facts, there is much truth in what Teodoro Agoncillo, a critical observer of American policies, says:

America's democratic experiment in the Far East gave the Filipinos wide experience in self-rule. And the Filipinos, unparalledled in their hospitality and sense of gratitude, came to regard their tutors with love and loyalty. This is not to say that America's record in the Philippines is absolutely clean - no imperialism is perfect - but her adventure in this little Colony was rich in understanding. In other words, America's ledger in the Philippines is largely written in black, with very few items in the red. It is doubtful whether this record has been equalled in the history of colonisation. (137)

134. Ibid., p. 688.
135. Ibid., pp. 689-90.
136. Ibid., p. 691. See also the details about the growth in the number of teachers and schools.
It is true that the quick Japanese victory damaged the prestige of the United States in the eyes of the Filipinos, but it did not alienate their sympathy. The Japanese could still have exploited the situation if they had followed a humane and benevolent policy. But they failed to understand the Filipino loyalty to the United States in its "historical context". As Agoncillo says, they were "exasperated to realise that the Filipinos were hopelessly Pro-American, and goaded by failure, they ruthlessly suppressed all manifestations of freedom". (138) To put it more effectively, as does Theodore Friend, "By 1941 the Filipinos were already too well-developed under American rule or too spoiled as the Japanese saw it, for the invaders to accomplish much, especially when the higher ideals of the Japanese so frequently had to be sacrificed to military necessities." (139) Having failed to grasp the "historical context of the Filipino loyalty", the Japanese let loose a reign of terror, so that the Filipinos wondered how the Japanese, who professed to be friends of fellow Asians, could ever resort to force and violence against them. It was this cruelty and lack of respect for the Filipinos that caused the ultimate failure of the Japanese occupation, "for the hatred that was aroused in the people by Japanese atrocities reverberated in the mountains and hills and plains to become a massive underground movement". (140) The widespread guerrilla movement, by far the most hostile that the Japanese had faced in Southeast Asia,

138. Ibid.
139. Friend, n. 132, p. 265.
140. Agoncillo, n. 137, p. 899.
consistently harassed the Japanese throughout the Occupation. (141) As for the Filipinos who co-operated with the Japanese in the establishment of the "Republic", there were two categories of them. The first category consisted of prominent nationalist leaders like Jose Laurel, Claro M. Recto, Jorge Vargas and others, who occupied prominent places in the Japanese-sponsored Republic. The second category consisted of men like Artemio Ricarte, Emilio Aguinaldo, Benigno Ramos and others, who were well known for their pro-Japanese leanings. (142) The Japanese relied on the former group, because they rightly believed that it commanded the respect of the Filipinos and that it could bring the masses round to supporting Japanese objectives. It is widely accepted now that these leaders, being the victims of circumstances, did a signal service to the Philippines by acting as a buffer between the Japanese and the native people, thereby minimising the sufferings of the latter. (143) As for the second group, even though they were Japanophiles, they did not command the confidence of the people, and hence even the Japanese did not take them seriously. It was only towards the end of the Occupation, when the Allied success became a certainty and when the first group of Filipino nationalists became more and more conditional in their co-operation,

141. Ibid., pp. 645-77.
that the Japanese turned to the second group. (144) But by that time, the defeat of the Japanese was already an open secret.

**Japanese occupation and Indonesia**

The Japanese occupation of the Netherlands Indies created a situation somewhat dissimilar to the one that obtained in the Philippines. The chief reason for this dissimilarity lay in the "psychological position" of Dutch rule in the Indies. (145) During their long rule in the Indies, the Dutch did very little either to train the Indonesians in the art of government or to introduce the rudiments of constitutional government. Even in the face of the Japanese invasion, the Dutch Government failed to establish a rapport with the native people and "maintained its supercilious attitude". (146) Even on the eve of the Japanese conquest, when leaders like Sukarno, Mohammed Hatta and Soetan Sjahrrir offered to fight the enemies, it failed to harness their support. (147) As a result of the discontent of the masses and the utterly ruthless administration of the Dutch, the Indonesians generally welcomed the Japanese at the time of the occupation.

The attitude of the people has been well described by Sjahrrir thus:

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144. See Taylor, n. 143, pp. 106-7. Also Friend, n. 132, p. 244.


The fall of Holland evoked secret satisfaction and it was expected that there would be still more radical happenings.... The consciousness of foreign domination coupled with an intense desire for freedom and independence became increasingly strong. As the war developed in those first years, the people derived a vicarious satisfaction from the misfortunes of their rulers. And this provided a stimulus for further estrangement from the Dutch and for a growth of national self-consciousness. (148)

This general attitude of the Indonesian masses should not, however, lead us into the assumption that they were prepared to substitute one foreign Power for another. It was based on the hope that conditions under Japanese rule would either improve or at least could not be worse. (149)

Broadly speaking, the Japanese occupation policy in Indonesia passed through two distinct phases. (150) In the initial period, it was solely guided by military and strategic considerations. The Japanese believed that they could exploit the rich resources of the Indies without committing themselves to the nationalist cause. This belief was based on certain assumptions fostered by the friendly welcome that they received from the Indonesians. One assumption was that the substitution of Indonesians for the Dutch in the administrative posts was sufficient to please the Indonesians. But soon they realised that Indonesian


nationalism was much too strong and mature for that to happen. The failure of the AAA Movement convinced them that they had to work through the medium of Indonesian nationalism in order to make their rule effective. (151) This conviction became all the stronger by the end of 1944, when the fortunes of war had turned decisively against Japan. From the beginning Indonesian nationalists considered the Japanese occupation a good opportunity to further their own political ends. Thus there was created a situation in which both the parties worked at "cross purposes", each seeking to promote its own interests. After July 1945, when the Japanese surrender was almost in sight, the Japanese speeded up the "independence" of Indonesia. The dramatic way in which the independence of Indonesia was proclaimed on 17 August 1945, was a direct result of the growing strength of Indonesian nationalists. (152)

The Japanese occupation had a tremendous impact on the subsequent course of the Indonesian nationalist movement. First, it hastened Indonesian independence by completely exposing the weakness of the Dutch. It created an almost insurmountable barrier against the return of the Dutch after the war. As Aziz says, "the disappointment and surprise at the sudden breakdown of the whole of the Dutch East Indies authority left behind impressions which made the relations between the Dutch and

151. Elsbree, n. 128, p. 79. The AAA Movement meant Japan the Saviour of Asia, Japan the Leader of Asia and Japan the Light of Asia.

Indonesians after 1945 psychologically extremely difficult". (153) Secondly, it strengthened national unity and heightened the political consciousness of the Indonesians. Sukarno and Hatta became the rallying points of the masses. Sukarno's speeches, especially over the Japanese radio, had brought the masses nearer the goal of Indonesian nationalism. As Kahin says, "His ability to communicate with the peasantry in terms and concepts understandable to them allowed him to establish such rapport with them that when the revolution broke, it was primarily to him that they looked for leadership." (154) Thirdly, the Occupation strengthened the will of the Indonesians for independence by affording them opportunities in the running of the administration. This feeling of participation gave them confidence and they felt that they could run the governmental machinery as effectively as the Dutch or the Japanese. (155) Fourthly, the Occupation contributed to the growth of the Indonesian language. Though the Japanese wished to make their own language the lingua franca in the coprosperity sphere, practical necessities compelled them to make a wide use of the Indonesian language for all purposes. The result was that the language made an all-round development. (156)

It should, however, be borne in mind that all these results were only the unconscious and unintended by-products of Japanese

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155. Ibid., pp. 132-3.
rule. The Japanese never positively encouraged the growth of Indonesian nationalism. These results were obtained by the nationalists in their delicate relations with the Japanese in return for their "support" for the Japanese during the occupation. Hence the Indonesians did not feel sympathetic towards the Japanese when they were defeated in the war. On the contrary, the miseries brought on by the war only made their attitude as bitter as that of any other Southeast Asian people.