Syonan-to: Occupation, Currency and the Destruction of Trust

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On the evening of 15 February 1942 the British garrison of Singapore surrendered to the Imperial Japanese Army. Within days the city that had served for more than a century as the commercial capital of British Southeast Asia received a new name, a new administration and, soon afterwards, a new currency. For three and a half years Singapore was Syonan-to, the "Light of the South", governed by a military administration that treated the island as a strategic base and its population as a source of labour, money and political compliance. The occupation ended in September 1945, although its effects on the attitudes of Singaporeans towards money, property and the state lasted much longer.

This chapter examines the occupation from the perspective of the financial centre. It begins with the fall of Singapore and the establishment of Japanese rule. It then describes the occupation economy and its currency, the so-called banana money, whose value collapsed as the Japanese authorities financed their administration with the printing press. It turns to the persecution of the Chinese community, the massacres known as Sook Ching and the forced "gift" of fifty million dollars that the Chinese of Malaya were compelled to raise. It follows the return of British rule, the decision to give the occupation currency no value and the legislation through which

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the colonial government tried to sort out the debts, deposits and contracts of the occupation years. It ends with the lessons that a financial centre built on trust drew from the experience.

The chapter forms a counterpart to the chapter of the Geneva volume on the Second World War and the dormant assets. Geneva and Singapore experienced the war in opposite ways: Switzerland remained unoccupied, its currency kept its value and its banks attracted capital from a continent at war, while the reckoning with the moral and legal consequences of that position came half a century later. Singapore was conquered, its currency was replaced by paper that ended as worthless and its merchants were persecuted and plundered. The two experiences produced different institutional memories, yet both taught that the reputation of a financial centre depends on what happens to the money of its clients when the political order breaks down.

Essentials

Singapore surrendered to Japan on 15 February 1942 and was renamed Syonan-to, the “Light of the South”. The Japanese closed or liquidated the banks of the Allied powers and replaced the Malayan dollar with military notes known as banana money, whose quantity grew about twenty-five times while prices in Singapore rose more than eleven thousand times. In the Sook Ching operation of February and March 1942, the Japanese military killed tens of thousands of Chinese men. The Chinese of Malaya were then forced to raise a “gift” of $50 million, of which $22 million had to be borrowed from the Yokohama Specie Bank. After the Japanese surrender on 12 September 1945, the British Military Administration accorded no value to the occupation currency and restored the Malayan dollar, while later ordinances revalued occupation debts on a sliding scale. The experience left a lasting preference in Singapore for fully backed money, strong reserves and a state that protects the value of savings.

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