

Book Review

State and Finance in the Philippines, 1898-1941: The Mismanagement of an American Colony Yoshiko Nagano (Singapore: NUS Press, 2015)*

This book offers an alternative interpretation of the financial crisis in the Philippines in 1919-1922 which was widely understood to have been caused by corruption among Filipino bank officials of the Philippine National Bank. The author argues that such a view emanated from a “colonial discourse” that served the interests of the Americans by obscuring the true reasons for the crisis. Through a meticulous archival work, the author demonstrates that while the mismanagement by Filipino bank officials played a significant role the crisis was also largely caused by a policy mistake on the part of the Washington-based Bureau of Insular Affairs (BIA). Had the truth come out then, so the author argues, the Philippine legislature could have “seriously undermine(d) the US administration” and “would have gravely damaged the foundation of the U.S. colonial system” (p. 188). In addition to reiterating the critique of the orientalist features of knowledge production during the colonial decades, the book’s greater contribution lies in the wealth of archival data it patiently synthesizes and analyzes. It also offers some refreshing, if at times debatable, insights on the political and economic dynamics in the early decades of the American rule in the Philippines.

Divided in three major parts, the book is introduced by a chapter that provides a strategically concise survey of relevant work on the economic and political history of the Philippines and a few other countries. The first part consists of two chapters that elucidate the development of modern currency and banking systems in colonial Philippines. Chapter 1 focuses on the shift from the gold standard to dollar standard whereas Chapter 2 describes the promulgation of banking laws as well the establishment of a number of banks that played important roles in laying the modern banking system in the country. A more in-depth treatment of the key players in the emerging banking system is offered in the subsequent two chapters. The Agricultural Bank of the Philippine

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Government (ABPG), the first bank established by the American colonial government in the country, is analyzed in Chapter 3 whereas Chapter 4 focuses on the Philippine National Bank (PNB) that superseded the ABPG. The details provided in these first four chapters are essential to the understanding of the general politico-economic contexts, as well as the specific policies and decisions made by government official that led to the crisis.

The last three chapters focus on the crisis itself, its consequences, and the reforms that were pursued in its wake. Chapter 5 sums up and analyzes the various reports on the crisis with a particular emphasis on one produced by the Wood-Forbes Mission. Chapter 6 details the questionable practices of lending credits without adequate collateral and other corrupt practices committed by officials of the Philippine National Bank. The last chapter, Chapter 7, examines the changes in the policies that sought to reform the banking and currency systems. It also analyzes the struggle between Governor General Lenard Wood and the Filipino political elites led by Quezon and Osmena.

The book concludes by teasing out the implications of its key arguments. Interestingly, the author offers an alternative periodization of the American period in Philippine history, with the financial crisis of 1919-1922 as the turning point. The author argues, rightly I think, that conventional periodization based on political development--particularly on the stint of governor generals--did not accurately capture the major shifts in US-Philippines colonial relations. However, the author's claim that the American colonial government was fragile before 1918 and the financial crisis was a key indicator of this, seems to require further substantiation. The same may be said about the author's assertion that scandal could have seriously undermined American rule had its truthful nature been made known then. The other half of the twin-assertion on new periodization, that the post-crisis reforms on banking and currency systems strengthened colonial government, seems convincing.

Questions may be raised as to the extent to which key leaders like Quezon and Osmena lacked a true understanding of the nature or causes of the crisis. Astute and seasoned politicians as they were, the possibility cannot be ruled out that they did understand it. Osmena in particular was very close to Concepcion, the bank president who was at the center of the scandal. It was not unlikely that they discussed and comprehended what was happening then. Now, supposed they actually did not, would have they, Quezon in particular, reacted

differently? One can infer from the known patterns of Quezon's attitude and behavior, as well as from the author's own account on pp. 139-140, that Quezon might have acted just the same and not undermine the American colonial rule, as the author opined. The possible reason for this lay in Quezon's ambitions as politicians, which hinged both on opposing and affirming American colonial rule, as he saw fit. Also, he saw the scandal as an opportunity to get ahead of Osmena in their rivalry for leadership of the Nacionalista Party. Even if Quezon knew that American officials in Washington had a share of blame, he would have ignored it, and emphasized instead the corruption committed by Concepcion. Doing so, he pinned down Osmena through whose favor and intercession Concepcion was appointed as the PNB president.

Extending this line of reasoning, a shadow of doubt may be cast on the book's idea of "colonial discourse." If colonial discourse presupposed the dichotomy between the superior colonizer and the inferior colonized, and that it was meant to serve the interest of the earlier at the disadvantage of the latter, then what do we make of the possibility that such a discourse was nurtured by, and it did reinforce, the Republican critiques of the accelerated Filipinization, or the policy of appointing Filipinos in various offices, which was a pet project by the preceding governor general, a Democrat? At the same time, it appears to have served, and fueled by, intra-elite rivalry among Filipino politicians, particularly Quezon's political interests at the expense of Osmena's? In other words, while the scandal or crisis was likely to have been driven or occasioned by politically interested discourses, such discourses may not be simply categorized as "colonial". It seemed to be more complicated than that.

These issues notwithstanding, the book is no doubt a welcome addition to the crowded field of Philippine-US relations. It is valuable particularly for advancing the understanding of economic history of the Philippines, which remains inadequately mapped out. It must also be commended for the effort to situate Philippine economic history within the broader economic history of the region. Students and scholars of Philippine and Southeast Asian history will find it a profitable read.

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