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## <Book Review>

**Hidde van der Wall**

**Yoshiko Nagano. *State and Finance in the Philippines, 1898–1941: The Mismanagement of an American Colony*. Quezon City: Ateneo de Manila University Press, 2015, 272pp.**

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*State and Finance in the Philippines, 1898–1941: The Mismanagement of an American Colony*

YOSHIKO NAGANO

Quezon City: Ateneo de Manila University Press, 2015, 272pp.

In *State and Finance in the Philippines, 1898–1941: The Mismanagement of an American Colony*, Yoshiko Nagano aims to revise the history of the deep financial crisis that hit the Philippines between 1919 and 1922. The economic problems facing the Philippines after the end of World War I are to be understood as part of a larger Southeast Asian crisis caused by a sudden decline in the price of export products on the international markets. In the Philippine case, this crisis was particularly severe due to the collapse of the Philippine National Bank (PNB), which caused hyperinflation. The consequences were far-reaching: the Philippine financial crisis resulted in the imprisonment of several local banking officials on counts of corruption, discredited their alleged political backer Sergio Osmeña, and ended the “Filipinization” policy as practiced by Governor-General Francis Burton Harrison, who was replaced by Leonard Wood.

Examining the crisis within the wider context of financial policies of the American colonial state between 1898 and 1941, Nagano contends that it was the failure of US policies, rather than the inability and corruption of Filipino banking officials, that produced the crisis. The Americans mismanaged their colony, after which they successfully blamed their Filipino subjects for the catastrophic results of their own mistakes, in line with the colonial discourse that justified American rule and economic dominance as a means to developing the archipelago.

It is in Nagano’s thoroughly researched analysis of the PNB’s collapse that her book makes its most important intervention. As Nagano rightly laments, existing scholarship—following the US version of the crisis—customarily attributes the collapse to the incompetence and corruption of Filipino banking officials. For instance, Benedict Anderson claims that “Sergio Osmeña, Sr., and his friends helped themselves to huge, virtually free loans . . . and cheerfully ignored the subsequent bankrupting of the bank of issue” (Anderson 2004, 202–203; see also Abinales and Amoroso 2005, 141–142). Instead, Nagano claims that the main responsibility for the collapse, and hence for the severity of the crisis, lies with American policymakers. The Bureau of Insular Affairs made policies that put the bank and the currency at risk: pegging the silver-based Philippine peso to the gold-based US dollar, creating the PNB as both a commercial bank and a central bank responsible for managing the currency, and allowing the PNB to use currency reserve funds for distribution as loans to the lucrative agricultural sector during World War I. Moreover, the Bureau of Insular Affairs allowed irresponsible banking practices to persist, mainly as the PNB accepted standing crops—rather than the land itself—as collateral for loans to the agricultural sector. This practice worked as long as the export market profited from high prices; but when the market collapsed after the war ended, it meant trouble for the bank that kept the national currency.

Nagano furthermore argues that the customary presentation of the crisis as a corruption scandal in the PNB has its roots in American colonial discourses “intended to legitimize the mastery of the United States over Philippine society” (p. 188). Nagano’s view seems plausible: exposure of the mistakes made by American officials and institutions in the lead-up to and during the crisis would undermine the legitimacy of US dominance. Therefore, she goes on to argue, the Americans deliberately covered up their errors, imposed the notion of the crisis as “the corruption scandal of the Philippine National Bank” (p. 5), and strengthened their control over the finances of the Philippines. The “scandal” supposedly showed the limitations of the “Filipinizing” of the bureaucracy under Governor-General Harrison and helped give way to a renewed focus on US control under Wood.

These conclusions shed new light on the split between Osmeña and Manuel Quezon, as the latter banked on the official view of the PNB’s collapse to challenge the leadership of Osmeña, who was politically responsible for the PNB. Instead of the image of a thoroughly corrupt Osmeña being defied by a more professional Quezon (see Abinales and Amoroso 2005, 141), Nagano presents Quezon simply as the politician who was most able to use the US version of events to his own advantage. Sadly, in her eyes this makes him less of a “true” nationalist (p. 191)—but whatever the right kind of nationalism for a 1920s Filipino politician may be is not up to twenty-first-century historians to decide.

Nagano’s book adds well-researched detail to recent scholarship that is more critical of American reports (such as that of the Woods-Forbes mission which reported the “corruption scandal”) of Filipino inability and corruption (e.g., Kramer 2006, 388–398). While it is a great achievement of the book to draw attention to the US responsibility for the crisis and to emphasize the way colonial discourse covered up the failures, it also downplays Filipino responsibilities. Nagano does acknowledge that Filipino officials were liable for corruption and irresponsible lending practices. But she leaves their contributions to the crisis out of her main argument by pinning the prime responsibility on the Americans. For instance, Osmeña did play a dubious role by appointing inexperienced cronies to the PNB, but Nagano’s argument seems to confirm his rejection of his critics as being anti-Filipino.

The book’s conception of a single colonial discourse implemented from above is problematic. Nagano has a good point in arguing that the US version of the crisis as a corruption scandal in the PNB was in line with the developing mission stated in colonial discourses. But a more differentiated approach to such discourses would considerably enhance this point. Discourses never work one-way or top-down but are enacted by both the ruler and the ruled, i.e., the colonizer and the colonized. How did different Filipinos uphold colonial discourses, and how did this determine their responses to the notion of the corruption scandal in the PNB? Such a discussion may go beyond the book’s original conceptualization as a financial-political history, although the discussion of Quezon’s adoption of the rhetoric of the corruption scandal in the PNB would offer a good starting point.

A further complication emerges in the discussion of the interactions between colonial authorities and the demands and aspirations of the local elites in terms of economic and financial policies. While this is an important question that builds on from research such as Michael Cullinane's *Illustrado Politics* (2003), Nagano tends to treat the "Filipino elite" (pp. 74, 76) as a monolithic whole without differentiating much between the demands of differences in terms of the kinds of enterprises they engaged in, or regional varieties.

Nagano may not have written the "true history" (p. 5) of the Philippine financial crisis—such a qualification applies to no account of history, however well researched, and should have been avoided by the author. Nevertheless, her book is a vital revision of this crisis and its implications for the (political) history of the Philippines.

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### ***Humanitarian Assistance for Displaced Persons from Myanmar: Royal Thai Government Policy and Donor, INGO, NGO and UN Agency Delivery***

PREMJAI VUNGSIRIPHISAL, DARES CHUSRI, and SUPANG CHANTAVANICH

Cham: Springer, 2014, xxi+245pp.

### ***Resettlement of Displaced Persons on the Thai-Myanmar Border***

BENJAMIN HARKINS and SUPANG CHANTAVANICH, eds.

Cham and New York: Springer, 2014, xix+116pp.

In 1984 displaced people from Myanmar began to flee to the Thai-Myanmar border. To date, Thailand has hosted millions of displaced people in Thai-Myanmar border shelters. These people have insufficient language skills to be integrated into Thai society, while "many Thai officers and voluntary guards did not speak the displaced persons' languages" (Premjai *et al.*, p. 72).