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Benito Legarda y Fernandez

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Review Article

An Indispensable Source Book

PHILIPPINE scholarship owes A. V. H. Hartendorp¹ a lasting debt of gratitude for this compendious volume. The scholar who wishes to do research in recent Philippine history can do no better than begin by turning to this work, which contains so much information that he would otherwise have to acquire by tedious inquiry — and acquire perhaps only fragmentarily, such is the contemporary state of modern Philippine research materials.

The scope of this book, a greatly expanded and revised edition of the author's earlier *Short History of Industry and Trade of the Philippines* (Manila: American Chamber of Commerce of the Philippines, Inc., 1953), is both broader and narrower than the title would indicate. It is less than a history, or a history in only a very special sense; as the author himself states in his introduction, "the word 'history' . . . is used in a sense that may be only the author's own" (p. xix). In fact, he is more than willing to admit to friends in conversation that it is a source book rather than a history. Furthermore, it can hardly be said to cover the period "From Pre-Spanish Times to the End of the Quirino Administration" which we find on the jacket (but not, curiously enough, on the title page); for the two earlier chapters are recognized by the author himself

¹ HISTORY OF INDUSTRY AND TRADE OF THE PHILIPPINES. By A. V. H. Hartendorp. Manila: American Chamber of the Philippines, Inc., 1958. xx, 743 pp. ₱15.00.

as being "inadequate" (p. xvii), for reasons which will presently be seen, and the work really hits its stride only with the chapters on World War II, although chapters III and IV which precede them are not without interesting information.

At the same time, it covers more than "industry and trade", for it treats of public administration, social movements, education, national defense, electoral trends, foreign policy, public health, and science. The finest chapters in the book, in fact, are those covering the war (chs. V and VI) and that surveying the government's efforts in the field of science (ch. XVII).

The war chapters must elicit the admiration of anyone who lived through those dark days. The terror and tragedy, as well as the invincible spirit of the people, are all depicted in vivid description or moving narrative, and quite often with revealing quotations from Japanese propaganda material. The upward price spiral is described (albeit discontinuously) in terms of representative commodities, and deteriorating economic conditions brought home to the reader by terrible flashes of truth (such as, for example, the fact that a hundred dead bodies daily were being picked up from the streets of Manila in the final months of the occupation, p. 146). There are occasional slips. It is not true, for example, that Malacañang was seized by the American liberating forces "without the firing of a shot" (p. 147): this reviewer has first-hand knowledge of civilian casualties in that operation. But the chapters in question stand as examples of high-level journalism, which capture the very atmosphere, the sounds, the sights, and even the emotions of the period they describe. We are told in the introduction (p. xvi) that they are taken from the author's unpublished "History of the Santo Tomás Internment Camp and of the Japanese Occupation of the Philippines", and it is devoutly to be hoped that this work will receive the financing which will permit its publication.

The chapter on science (ch. XVII) is excellent for different reasons. It is a stark record of the cavalier treatment meted out to the government's scientific activities from about 1933 and only partially rectified in more recent years. It has the greater impact for being factual and soberly written, and beneath the

understatement one can detect that the author writes with deep feeling.

Within the limits indicated, that is to say, as a socio-political source book of Philippine events between 1941 and 1953, this work has no peer and deserves to take its place beside the distinguished scholarly efforts of previous generations.

It would be gratifying to leave off on this auspicious note, but candor compels us to turn to other aspects, for a work of this size and scope cannot but suffer from certain defects, among which may be mentioned as matters of detail the lack of an index and a bibliography.

The book has two major shortcomings. The first, as we have already suggested, lies in the treatment of the early chapters, especially the first one. The trouble is not that it is admittedly inadequate, but that it does not give an accurate picture of Philippine economic trends during the Spanish regime, especially the 19th century. For this the author is not really to blame, as there are virtually no reliable works in English on which he can fall back. (W. L. Schurz's recently reprinted *The Manila Galleon* is an exception, but covers only a part of the period in question.) He has elected to make a resumé of that curious farrago of fustian, fantasy, and fragmentary fact, Regidor and Mason's *Commercial Progress in the Philippine Islands* (London: Dunn & Chidgey, 1905); but how can one make a really good summary of colorful exaggerations? This chapter in the present edition differs from that in the first mainly by the addition of two passages, a useful one on pre-Spanish commerce based on the researches of Professors H. Otley Beyer and E. Arsenio Manuel, and one of dubious value at the end of the chapter by Pedro Ortiz Armengol.

With characteristic fair-mindedness the author, believing that the main trouble with the Regidor and Mason pamphlet is that it is "biased against Spain and its accomplishments in the Philippines," conceded this rebuttal space to the Spanish diplomat. But the trouble with Regidor and Mason is not their evident bias, but simply that they are factually unreliable (e.g., they succeed in being misinformed regarding *both* the Messrs. Russell

and Sturgis of the famous American firm of Russell & Sturgis). Mr. Ortiz Armengol is hardly the man to rebut them, although his *Intramuros de Manila* (Madrid: Ediciones de Cultura Hispánica, 1958) is commended to the attention of all students of Philippine history. He himself falls into factual error in the passage quoted by Mr. Hartendorp (e.g., he claims total Philippine trade in 1893 amounted to an incredible 250 million pesos, a level not actually attained until the middle of World War I, whereas Spanish customs records show only 62 million pesos). It is to be hoped that fairly soon more scholarly studies on the Philippine economy during the Spanish regime will be published; in the meantime nothing is to be gained by propagating inaccuracies.

Of the other chapters, covering the pre-World War II American regime, chapter II is fairly general and contains little enlightening material, and only in chapter III do we begin to find material of some significance, derived in this instance (and sometimes without acknowledgment, as on pp. 23-24) from official if not always accurate studies. For example, the Waring-Dorfman report of 1937 is paraphrased as claiming that Philippine tobacco exports exceeded the ten-million-peso mark after 1922 only in the years 1923 and 1925, whereas League of Nations figures (in its annual *International Trade Statistics*) show that average annual tobacco exports in the 1927-29 period were 17.5 million pesos. Chapter IV is more important, for here the author's personal touch begins to be evident and a first-hand knowledge of commercial events to be displayed which would be absent from official documents (such as, e. g., the liquidation of the Pacific Commercial Company). Here also is an extremely valuable "Synoptic List of Government-Owned and Controlled Corporations and Business Agencies" (pp. 49-63).

It is in these chapters, however, and especially in chapter III, that we get a foreshadowing of the author's second major shortcoming, a tendency to moralize on economic matters on the basis of platitudes and of over-simplified economic theories. Some section headings illustrate this: "The Trade Advantages were Mutual" between the U.S. and the Philippines (p. 29) and "Not a Colonial Economy" (p. 34)—a view of the pre-war economy

which few Filipinos nowadays would subscribe to. A key passage on trade is even more typical: "No customer country of the Philippines, however wealthy, could afford to continue very long to buy from the Philippines if it could not also sell to the Philippines. Trade, as the word itself implies, is a two-way street" (p. 30)—completely ignoring multilateralism, the unequal wealth and state of development of various countries, restrictions on the movement of goods and of factors of production, and all the other things that in the real world do so much to qualify the ideal situation postulated in the frictionless world of theory. All through the book the reader is almost lulled into the impression that Philippine foreign trade was co-extensive with its trade with the United States—which while it may have been virtually true for most of the period covered by the main part of the book hardly justifies elevating simplistic bilateral trade theory to the status of an economic ideal.

Mr. Hartendorp's real *bête noire*, however, is "economic interventionism" by the state. Witness the following passage: "The great depression in the United States was but a part of the general world depression which economists, other than those of the Keynes school, hold was an inevitable result of the interventionist policies which had been pursued by practically every national government in the world for some decades past" (p. 26)—a statement which would hardly pass muster among most economists today. And again: "Free trade between the United States and the Philippines had been proved right by its fruits. If there was anything wrong, the wrong lay with the tariff system itself as practiced by all the countries in the world. It lay in the general abandonment of the great principle of universal free trade" (p. 34). That it should be necessary to point these things out perhaps indicates the prevailing level of economic discussion in this country; elsewhere, in countries of somewhat greater economic sophistication, such statements would provoke only a tolerant shrug of the shoulders.

The full flowering of the author's views on this subject comes in chapter XXI, "The Managed Currency System", which revolves around the author's belief that "the gold standard... is the only sound monetary standard..." quite

forgetting that (in its variant form of the gold exchange standard) it proved no deterrent to a mismanagement of the country's foreign exchange by the Philippine National Bank in 1919. While he occasionally falls back for support on "expert opinion", it turns out that virtually the sum total of this expert opinion is Ludwig von Mises, hardly a representative of the majority of economists today.

These views explain the author's total condemnation of import and exchange controls. While these controls may not always have been free from defects in conception and execution the author weakens his own position by the progressively more carping attitude he assumes as he nears the end of the book. Even real achievements are given only grudging and heavily qualified commendation. Important points are relegated to mere footnotes, such as the observation (p. 723) that "the undermining of the exchange control began with enactment of R. A. No. 1410, the 'No Dollar' Import Law, enacted without executive approval, September 10, 1955"—a crucial piece of information for anyone who wishes to trace the principal sources of the more recent monetary weaknesses in this country. And where valid criticism is strongly called for, as in the composition and financing of the public debt (pp. 719-720), the author seems incapable of mounting a real attack and contents himself with a mere recital of figures. Worse still, the author's allegations that economic controls caused a discouragement of exports, stagnation of production, increased unemployment, and decreased living standards (pp. 722-723) are not borne out either by his figures in chapter XXV or subsequent events.

In fairness to the author it should be stated, as he himself clearly does, that his quarrel is not with individual men running the "interventionist" control systems but rather with the systems themselves. This preoccupation with theoretical concepts—ideologies, if you will—shows up in still another field, that of nationalism, with whose origins he might sympathize but of whose concrete manifestations he seems to disapprove. Witness the following passages: "Those who understood the origin of this [nationalist and anti-alien] feeling could sympathize with it and could forgive much, though they might lament the

course the Philippine Government was taking" (p. 272); or else: "Not only Ildefonso Coscolluela, general manager of PRATRA, but Speaker Eugenio Pérez spoke openly of 'wresting' the so-called control of the wholesale and retail business away from the aliens in the country. Justifiable as this may appear to be from the nationalistic point of view, this was destructive rather than constructive as an economic policy, and subversive of every principle of democracy and even of fair dealing" (p. 273); and again: "The food for thought lies in how the Philippines is living up to the foregoing commitments [aims of the ILO] in its recent 'nationalistic' anti-alien laws and administrative policies—such as prohibit aliens from owning land, even a lot for a house, and such as are also driving them out of the retail business and threaten to drive them out of the wholesale importing business" (pp. 562-563). Not a word here about alien domination of substantial sectors of the domestic economy; of alien control of domestic and foreign trade; of alien enjoyment of ample credit resources not similarly enjoyed by Filipinos. Some nationalist measures may have been ill-conceived and ill-executed; but to condemn them wholesale because, in promoting the primacy of Filipinos in their own country's economy, some aliens lose their favored status is to be a little too sanguine about the supposed benefits of a competitive economic system. Unequal competition is nothing but the law of the jungle, and unequal competition is what Filipino businessmen would have faced without government action in their favor.

In this respect Mr. Hartendorp seems to have lost touch with the people among whom he lives, and they in turn seem to have forgotten his long and respectable connection with Philippine life in so many of its aspects. The up-and-coming nationalist businessman may look on him as a mere mouthpiece of foreign economic imperialism. But this is a charge that the author's personal friends will recognize as being obviously inapplicable. They remember him as Hartendorp, who did so much to encourage Filipino writers in the pre-war days; who gave unselfishly of his time and energy to the promotion of music and painting; who presides in patriarchal dignity over a large

and growing Filipino family; who has no vested economic interest in foreign business; and who takes up all his causes well, if perhaps not always wisely.

The widening breach with the more recent shifts in the Filipino point of view also shows in his treatment of American post-war payments. War damage, veterans' pensions, and rehabilitation expenditures are all looked on as being examples of American aid. Perhaps Filipinos in the early post-war years, who labored under what a woman writer has called the "liberation mentality", also regarded them as such. But today there is a growing number of Filipinos who no longer accept such a view uncritically. Much of the war damage was done by the U.S. Armed Forces in the liberation campaign, and much of the damage was both unnecessary and irreparable: libraries with valuable manuscripts and rare books, cultural monuments, etc. Furthermore, any payment to Filipinos was poor recompense for being made the sacrificial goats of American defense unpreparedness and of the Europe-first orientation of its global war strategy. Gratitude may justly (although perhaps not realistically) be expected as an appreciation for aid; but where payments are made which do not come up to losses, it is useless to talk of such payments as being "aid": they are little better than conscience-money. *They Were Expendable* is the title of a book about PT boats in the Philippines in World War II; it indicates how these light craft were regarded by naval strategists. Perhaps it also summarizes Washington's attitude to the Philippines during World War II, as well as in subsequent international situations. (This seems to have prevailed, for example, in the waiving by the Allies of reparations from Japan in the peace treaty with that country, a provision which was forced on its reluctant allies by the U.S. and immensely complicated the still unfulfilled payment of the balance of recognized Philippine war damage claims, since such claims were originally conceived as being chargeable to reparations.)

Mr. Hartendorp also seeks to justify (p. 228) the "parity" provision of the Bell Trade Act by stating that: "The intention of the United States Government was to prevent success-

ful American claimants of war damages from leaving the country with their money and to practically compel them to take part in the reconstruction and rehabilitation." This sounds thin at best, and looks less and less convincing with the passage of time.

The chapters on the immediate post-war period, however, regardless of disputable points of view, also partake of the virtues of the war chapters in their vividness, and the author again captures the atmosphere of the period in some fine passages. Witness the following (pp. 167-168):

The Philippines suffered defeat and lay well-nigh helpless under the heel of the conqueror for more than three years. War, although it brings its evils to the victor as well as the vanquished, is, for the victor, a tonic national experience, but defeat and forced submission to a cruel enemy for such a length of time is unmitigated evil. For every tortured man there was a tortured family; with every broken home, a dream died; with the death of every one of the hundreds of thousands of those slain in battle, murdered by the secret police, or massacred in the final frenzy, the nation died a little. Not alone the fear and the hatred, but the humiliation and the shame bit deep into every heart. The liberation by America was a matter for delirious joy, for a few weeks; then bitterness, or, worse, the apathy of a sense of irreparable loss, returned again. The people were not only naked and hungry and in countless cases utterly bereft, but sick and confused. The damage was to the soul, the spirit, — psychotic. Recovery from this, the greatest damage of all, will take a generation or more. America sought to heal these wounds, too.

A good description of post-war Manila which is nearly a scenario is found on pp. 223-224:

Manila was for the greater part a shack-town, a sprawling, giant slum. The main down-town streets were lined with rickety structures built within or on the edges of the toppled ruins of the great buildings, housing cheap curio-shops, blackmarket bars and restaurants, and vulgar side-shows whence issued blasts of raucous jazz from early morning until late at night. Motley, pushing crowds jammed the side-walks, — American soldiers and sailors, soldiers of the Philippine Army, ex-guerrillas still in their jungle-uniforms, peddlers hawking stolen army goods, prostitutes, pimps, pick-pockets, throngs of unemployed, poorly dressed, tired-looking people, jostling and elbowing each other. Manila, once so beautiful and pleasant a city, now presented the appearance of some hellish fair or carnival against a background of ravage and ruin.

An accurate reproduction of the general state of mind in the post-liberation days is given on p. 220: "The people were impatient. They had imagined an immediate heaven after liberation. Everything would be set right again, without delay. Peace, order, prosperity, happiness would forthwith return. But, alas, though the Philippines had been happily freed from the invader, America had for the time being done little more." And the general attitude of the American High Command in the same situation is epitomized by an official's remark quoted on the following page: "These people are so happy to be liberated from the Japs, that if we do nothing more for them for the next six months, it will be all right."

One wishes that this eye-witness, first-hand-report quality were present in some of the later chapters, for there are passages that appear to be only official releases warmed over. For example, we are given to understand in at least five places (pp. 339, 382, 581, 587 and 701) that the U.S. Economic Cooperation Administration — ECA, later to evolve alphabetically into MSA, FOA, and ICA—began Manila operations in April 1951, whereas the truth is that there were ECA personnel here as early as the latter part of 1950, and much of the important initial planning was done in the first quarter of 1951. Furthermore, the name of the man most directly responsible for getting ECA started here, Mr. Vincent Checchi, is not even mentioned, although he was an outstandingly imaginative public servant and a true friend of this country. The semi-public squabbling in top-level American officialdom in Manila, which did so much to cut down the long-run effectivity of ECA aid, is also not mentioned. Although the Bell Report recommended a U.S. economic aid program of \$250 million over five years (p. 589), Mr. Hartendorp shows total U.S. aid expended in the seven fiscal years 1951-1957 amounted to only \$133.4 million (p. 592)—and this was not purely economic but was also partly military. Why the dismal showing? Because "experience showed that this much aid could not easily be absorbed and that the 5-year program would have to be extended" (p. 590)—a most unlikely reason at a time of foreign exchange shortage, and one which really should have no place outside ICA press handouts.

One expects more from an eye-witness of Mr. Hartendorp's caliber, especially since this is just the sort of thing that leads thinking Filipinos to suspect that they have been getting much worse treatment at America's hands than former enemies and dubious friends. Reinforcing this impression are brief paragraphs (pp. 261 and 389) in which he reports that the Philippine hydro-electric program, due to begin in 1948, suffered a delay because U.S. (and, let it be added, as we see on p. 578, international) lending agencies refused at the time to extend credit to the Philippines (its ability to repay was questioned), the first loan not being approved till August 1952. In the meantime, the Philippine government had had to start several of the projects (including the María Cristina project in Mindanao) with its own resources in both domestic and foreign currency—or in short to run down its capital for lack of credit. What a contrast to the present day, when America almost falls all over itself to give massive credits to countries which consciously and deliberately *plan* to be in a payments deficit for the foreseeable future (like India) or whose currency situation is today much worse than the Philippines' in 1948-49 (like Indonesia). Lack of credit support for the María Cristina project at the time also imparts a hollow ring to recent American ambassadorial exhortations for the dispersal of Philippine industries.

The author's interest in education is not only well known but is also evident from the space he devotes to this topic. But one may well ask oneself what is the significance of the numerous statistics which are cited showing increasing numbers of schools and students over time. Little is said about the quality of the students turned out in post-war educational institutions, except for occasional reference (as on p. 450) to "diploma mills". Surely the author could have given us more light on this subject.

In places the author takes a refreshingly dissentient stand from common clichés which pass for truths. For example: "Economists and sociologists from abroad often point out eagerly that 'Manila is not the Philippines' and that 'life in the barrios is much the same as it always was', etc. As to the latter statement, nothing could be more erroneous. To the informed ob-

server, the surprise is that so much modern influence has reached the barrios and is affecting all the phases of the life of the people" (p. 492). Sociologists may wax indignant about this, while anthropologists will probably (and quite rightly) claim that they are speaking of something else, but it would be well to keep Mr. Hartendorp's observation in mind while going through any of the fashionable moans and groans about Philippine barrio or town life. Mr. Hartendorp also diverges from current clichés in another field: "The price has continued high, —too high because the importation of rice, a NARIC monopoly, has never been large enough to compel the industry to modernize its production methods" (p. 653). This goes against the favorite theories of landlord groups who claim that economic life in this country suffers from a "lack of incentives"—the word "incentives" meaning, of course, high prices.

Mr. Hartendorp's book, for all the criticisms which may be levelled at it, deserves a place on the bookshelf of all Filipinos (and of all Philippine scholars) who are interested in recent economic, political and social trends in this country. It would be a pity for the estrangement to widen which we have earlier noticed between the author and a growing body of Philippine opinion, for men of Mr. Hartendorp's intellectual honesty and forthrightness are becoming increasingly hard to find. One may disagree with some things he says, but one must respect the conviction that lies behind his words. In any event his expression of personal views does not materially detract from the numerous and substantial merits of the work in question, for he does not allow them to affect the impartiality and comprehensiveness of his compilation of events and data. Indeed, it is a measure of the merit of this book that it stands up so well even after all its shortcomings have been taken into account. Starting with the October 1959 issue (vol. XXXV, no. 10) of *The American Chamber of Commerce Journal*, he is publishing the first chapter of a projected book covering the Magsaysay administration, a supplement to the present volume. One can only extend fervent wishes to him for many more years of distinguished and fruitful work.

BENITO LEGARDA Y FERNÁNDEZ