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## **The Rise of Ersatz Capitalism, by Kunio**

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While the positions of the different groups, individuals, and institutions within the Philippine Church are fairly presented, Giordano indicates a preference for the post-Vatican II understanding of the social mission of the Church. Rather than view the Church as simply a safe haven that provides spiritual comfort and charity in hard times, Giordano sees the Philippine Church as a community of liberation, actively involved spiritually in the temporal lives of the people, especially the poor and oppressed. Thus he regards human development and liberation as an integral part of the Church's evangelization program; emphasizes the importance of fostering communities of support and trust; sides with those demanding respect for human rights and a more just society; and advocates using nonviolent methods to achieve desired goals. Giordano makes his views clear in two ways. First, he states them from time to time in the analysis. Second, he is critical throughout of the posture of the conservative bishops and theologians and of the weak stances on issues often taken by the CBCP. In contrast, he frequently agrees with positions of Bishops Claver and Labayan and of the seventeen bishops who signed *Ut Omens Unum Sint*, and generally praises the work of MSPC, NASSA, and the AMRSP.

Giordano's book is important because it deals with critical issues facing the Catholic Church and Philippine society, and, as suggested above, provides a context for understanding the dynamics of church-state relations in the Philippines today. The study is particularly useful for those interested in Philippine Church history, contemporary Philippine politics and society, and in comparative Church studies, especially other third world Catholic nations. Students and scholars will also find Giordano's comprehensive notes and bibliography useful for additional research. To be sure, *Awakening to Mission* will long remain a standard reference for scholars interested in post-Vatican II changes in the Philippine Catholic Church.

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THE RISE OF ERSATZ CAPITALISM IN SOUTHEAST ASIA. By Yoshihara Kunio. Quezon City: Ateneo de Manila University Press and Singapore: Oxford University Press, 1988. 297 pages.

This book focuses on big business in five ASEAN countries (excluding Brunei). The author begins his study by cleansing the term 'capitalist' of its pejorative connotations and points out the capitalists in the nineteenth-century West and Japan as his reference point for those whom he wishes to label as capitalists in Southeast Asia. These capitalists are innovative, competitive, and in many respects are the vanguards of economic modernization. He then proceeds with his thesis about the emergence of ersatz (as opposed to genuine) capitalism in the region.

To those who might suppose that ASEAN capitalism is ersatz due to domination by foreign capital from the West and Japan, the author devotes a chapter to show that there has been considerable development in indigenous capital in the past few decades, and that as a whole, foreign capital has declined in importance. But the author asserts that ASEAN capitalism is ersatz for three reasons. First, he argues that the development of indigenous capital has been largely confined to the tertiary (or services) sector; moreover, capital in the (nontertiary) industrial sector cannot act as the agent of economic development because it does not have export capability. This lack of export capability is a result of the large industrial capitalists being, in fact, comprador capitalists (acting as the agents of foreign manufacturers in their own countries), or of their dependence on foreign technology in a broader sense, or of their lack of efficiency to compete in the international market.

Secondly, he claims regional capitalism is ersatz because it is dominated by rent-seekers and speculators. Rent-seekers are those who try to establish government connections for business advantage, and they are essentially seeking opportunities to become recipients of the "economic rent" the government can confer by disposing of its resources, offering protection, or issuing authorization for certain types of activities it regulates. With regard to the latter, speculation is not wrong in itself; what is wrong, he asserts, is that many business leaders have a short time-horizon and go after quick profits, thus sacrificing manufacturing in search of the fast buck in real estate and non-manufacturing fields.

The third reason for the supposed rise of ersatz capitalism is that the domination by Chinese capitalists has been a source of problems, causing a backlash in the form of anti-Chinese measures especially in Indonesia and Malaysia. The author points out that such discrimination has forced the Chinese into rent-seeking, speculative and predatory (i.e., ersatz capitalist) activities in order to gain quick returns to invest in havens abroad.

In support of such a line of argument, the author has structured his study into two halves: the main text, and a set of five appendices containing brief corporate profiles (of around 30 foreign and 7 local firms) and mini-biographies (of around 100 indigenous and 170 Chinese capitalists). While one of the strong points of the book is its being a convenient source of compiled information on big businessmen and top companies in the region, the author refrains from enlarging on the linkages between his thesis of ersatz capitalism and his data collection on big business, and prefers to let the reader arrive at his own conclusions. The two parts of the book might just as well have been two self-contained monographs. For this reason, the book tends almost to become anecdotal and impressionistic.

It must be noted that the book contains a useful listing of bibliographical information on big business in ASEAN, undoubtedly the result of the author's numerous periods of stay in the region. On the other hand, his discussions on rent-seeking and technological backwardness are rather unexceptional. And although he makes no reference to them, the author is clearly influenced, directly or indirectly, by the writings of Anne Krueger and Jagdish Bhagwati

on the political economy of rent-seeking, and of Larry Westphal and Yung Rhee on technological development in Korea.

Nonetheless, his chapter on rent-seekers makes for interesting reading, with the discussion on royal and presidential families, crony and bureaucratic capitalists, and other members of the 'species' of government-connected capitalists. In sum, the contribution of the book is as a handy compilation of information on the business elite in ASEAN.

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EUROPEAN COMPANIES IN THE PHILIPPINES. London: Catholic Institute for International Relations, 1987. 194 pages.

In this book the staff of the Catholic Institute for International Relations has done quite an impressive job of compiling descriptions of almost all the European-owned or partly owned companies active in the Philippines.

The organization of the book is quite straightforward. There is an introductory section that outlines the recent economic history of the Philippines from the Marcos period up until the first two years of the Aquino administration. This introductory material is followed by chapters arranged according to the major economic sectors found in the Philippine economy. For example there are chapters on traditional exports, the export processing zones, manufacturing, energy, and service sectors. Each chapter contains a short history of that particular industry followed by descriptions of the different European companies active in that sector.

Depending on the particular company, the description can be either short or long. In most cases, however, we are told the name of the company and its nationality, its principal products, sales, and employment levels. In not a few cases we are given detailed information about labor relations and the motivation for the industry to locate in the Philippines. Some examples may suffice.

Being of German descent I was amused to learn that a West German firm employs over 200 people in Laguna to make German wood carvings. The wood carvings are all exported to West Germany where they are sold to tourists. So the next time a relative brings you an authentic Bavarian wood carving, check to see if it was made by Filipino craftsmen using Filipino wood supplies. Apparently the best place to get authentic German wood carvings is a workshop located in Paete, Laguna.

Perhaps less amusing but far more serious are the discussions about foreign timber companies and their relationships with tribal minorities. I also found the description of the labor difficulties faced by Nestlé in the Philippines quite informative. Another item that continues to show up in many of these descriptions is the large role that the San Miguel Corporation plays in many foreign enterprises.