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## Philippine Industrialization

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## Book Reviews

PHILIPPINE INDUSTRIALIZATION: FOREIGN AND DOMESTIC CAPITAL. By Kunio Yoshihara. Quezon City: Ateneo University Press, 1985. 180 pages.

There are three vantage points from which a country's economic development and progress, or lack of it, can be viewed: the policy side, the statistical side and the human side. It is when dissecting the human factor that studies on key economic activities of production and consumption meet with difficulty considering that, notwithstanding elaborate policy and programming, resultant statistics could reflect an inadequate if not contrary response. Patterns of consumption are somewhat easy to rationalize. Purchasing power, quality, pricing, basic needs fulfillment, status-seeking, taste — are among the obvious criteria that prompt consumer behavior. However, while productivity factors can be similarly enumerated, they do not readily explain the real motive forces behind a positive response. Land or raw materials, labor, capital or credit may be available. But the push to utilize and manage a combination of these resources, let alone with long-term efficiency and success, is a phenomenon that defies easy explanation. Thus in tracking the character of a country's industrial development, a concomitant systematic analysis of entrepreneurial behavior — the human side — is a must.

The study of this human side requires painstaking effort by individuals like Dr. Kunio Yoshihara who, in a decade's work, has sought to fill in an often underestimated gap in our understanding of economic development success and failure occurrences. Perforce we draw from business history, for numerous other studies have already shown that so much hinges on that one elusive element — the Entrepreneur. Yet more often, the general public tends to conveniently point out government's singular responsibility in stimulating productivity especially when all signs point to a downtrend. Actually, government merely sets the stage and provides the stimuli. Ultimately, the critical response is largely a matter for the change agent, that individual "gutsy" entrepreneur, to decide upon at an opportune time.

Dr. Yoshihara's book is titled *Philippine Industrialization: Foreign and Domestic Capital*, and as such, might be expected to concentrate on the application of funds and the typology of sectors that benefited from capital infusion. Instead, he provides a sharper focus. He documents Philippine industrial transformation by identifying the prime movers in very precise ethnic terms, their sources of funds, and the particular circumstances that occasioned their participation, i.e., the "entry patterns." For example, the general picture that emerges is that industrial entrepreneurs who have figured in the Philippine setting usually shifted from trading to manufacturing owing to the onset of import controls and consequent import substitution policy of the government in the postwar era. Pioneers generally engaged in backward or forward integration of existing operations or undertook licensing activities that in due course developed into full-blown independent manufacturing concerns. Although Dr. Yoshihara has limited his study to the top 250 manufacturing companies circa 1970, the evolutionary profile drawn goes back to the early decades of the twentieth century when the first significant large-scale production activities began to stir. This historical perspective has yielded a significant insight into the peculiarities of entrepreneurial behavior in Philippine society. Dr. Yoshihara lays down the painful truth that by and large, so-called "Philippine industrialization" has been the handiwork of non-Filipinos. To use his own distinctions, the role of the Malay Filipino (as against foreigners, Chinese and Spanish mestizos) has been minuscule in the charting of his own country's industrial growth.

To an economic nationalist, this is no revelation, but Dr. Yoshihara (no matter how discreetly he has put it) rubs the truth in rather strongly. For indeed, noteworthy Filipino entrepreneurs who have actively and successfully shaped our economic fortunes have been few and of recent vintage. And when they did appear on the economic scene and dared to participate (a development which Dr. Yoshihara only begins to outline faintly, owing to time and sectoral limitations of his study), many benefited from purposive government policy manipulation, or their astute cultivation of political connections. The reality was that structurally, the colonial scenario and the international economic order had always militated against a prodigious indigenous entrepreneurial response.

Dr. Yoshihara, has, however, taken a contrary view. He points nebulously to some sociocultural underpinnings in the Filipino character that he claims serve to explain the relatively poor showing of Malay Filipinos in the matter of industrial entrepreneurship. He implies a nonmaterialistic orientation, although he does not explain exactly what it is or wherefrom it sprung. Certainly, in the absence of a definitive and genuinely Filipino spiritual or philosophical tradition, there can only be a historical explanation. In terms of the Philippine experience, it can be very simply put; the colonial superstructure proffered opportunities to Spanish (though underrated historiographically),

Chinese and American elements and their half-breed kin, subsidiaries and collaborators. Meanwhile, the Filipino was tied to the soil or preoccupied with political resolve. He did not have the luxury of attending to the requirements of a maturing economy in a significant way.

It has taken another foreign observer to dish out—albeit tactfully and knowledgeably—the hard facts and the harsh lessons of business history to the Filipino people, and to suggest that we should stop feigning not to see how we have relegated our national economic aspirations to the backseat while we grapple with our political misadventures. That in so doing we have let the material opportunities slip into the hands of those less politically engaged, and having no political stakes in the country. That given Dr. Yoshihara's account of the human side of Philippine industrialization the disproportionate role of Malay Filipinos should no longer evoke a sense of wonder, except in foreign scholars discovering for the first time the Philippine economy's historical experience. That instead, indigenous entrepreneurs should be made to subvert the economic status quo with the full backing of political powers that be.

Indeed, despite his remarkable diplomacy as researcher and writer, Dr. Yoshihara expresses acute amazement at our national permissiveness evidenced by the unduly prominent role of aliens in Philippine industrial development. And when he subtly expresses his surprise at how promising industrial projects (e.g., textile) can be undermined by the irresponsible connivance of opportunistic businessmen and a coddling financial bureaucracy — he gives cause for national embarrassment. However, Dr. Yoshihara's familiarity with the ASEAN economies has enabled him to provide a few consoling insights. There is the fact that in the parallel experiences of Malays in the region, Filipinos have displayed far better ability to undertake ventures and have been more successful in limiting Japanese participation in domestic industrial development. Moreover, the author avers that the American colonizers had a "Philippines for the Filipinos" policy, whereas in Indonesia and Malaysia, the colonizers did very little to foster native entrepreneurship.

In substance as well as in sentiment, *Philippine Industrialization* affords a rather startling review of the realities of Philippine business history. It is unquestionably founded on very solid facts that Dr. Yoshihara was made privy to by accommodating and reliable informants. Having come up with a veritable dossier on Who is not Filipino in Philippine industry, his findings can serve as points of departure for policy formulators. They lend credence to the demands of a struggling and sluggish national bourgeoisie currently being invited to lead the uphill climb to country-wide reform and recovery. Similarly, the Filipino entrepreneur himself must face up to the historical-structural odds that Dr. Yoshihara's account has clearly made manifest before he sallies forth to claim the center stage of Philippine business.

The Filipino entrepreneur must seriously consider the following factors:

1. The long process of sinification of Philippine business—

The entrenchment of Chinese elements in the economy was accomplished through a masterful combination of the much bruited about high need for achievement of the Chinese and their mestizo offspring and the multifarious subterfuges that have given unlimited access to Philippine resources, e.g. dummies, intermarriage, expensive naturalization, and overseas Chinese equity participation.

2. The self-inflicted failure of Filipino entrepreneurial efforts—

All fingers point to the Filipino himself who at one period or other formulated a mixed bag of self-defeating policies (e.g., import liberalization). It is a collective misfortune that the Filipino as economic man has shown an incurable colonial mentality, a lack of quality consciousness, willing collaboration, a weak sense of economic nationalism, and an absence of pro-Filipino consumerism.

3. The invincibility of market forces —

These have always served to undermine the most sincerely and judiciously mapped out productivity policies and programs, the best management and technical education, the most enthusiastic governmental and entrepreneurial response.

4. The ersatz "Filipino" business pioneers —

In effect, the achievements of industrial personalities which include the likes of Elizalde, Aboitiz, Ayala, Madrigal, Tuason, Ortigas, Araneta, Palanca, etc. or of the captains of giant domestic firms like Mariwasa, U-Tex, Philippine Blooming Mills, La Perla, Union Chemicals, etc., do not represent the efforts of true Malay Filipinos. Entrepreneurial achievements among indigenous elements have been two and far between, (e.g. Puyat, Guevara, Marcelo, Silverio, Floro etc.), or perhaps the ethnic Filipino's mark has been made elsewhere (a matter for other researchers to document).

5. The deep roots of Philippine-style crony capitalism —

Contrary to recent popular views, the beginnings of cronyism and government entrepreneurship date back to the foundation years of Filipino nationalism and political awakening. Antedating the Marcos era, the practice was inaugurated by the mestizo cronyism practiced by Quezon. The politics of business opportunity was played by businessmen-bureaucrats like Araneta, Elizalde, Madrigal, Yulo, Cojuangco, Durano, Montelibano etc., and even by the American proconsul Worcester.

6. The truism that capital begets capital and political acumen begets entrepreneurial ventures—

As Dr. Yoshihara has pointed out in the Japanese experience, the power of government must be used to buttress national efforts at productivity

and economic development. That political force must then be used behind the Filipino entrepreneurs to secure their dominant role, considering capital constraints and the now highly competitive environment within which the younger generation of Filipino businessmen must operate.

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**CHICK PARSONS: AMERICA'S MASTER SPY IN THE PHILIPPINES.**  
By Carlos Quirino. Quezon City: New Day Publishers, 1984. vii, 168 pages, appendices, illustrations.

This is not a biography, but a brief summary in acceptable journalese — of which Carlos Quirino has shown himself a master — of the underground activities of Charles A. Parsons to prepare for the liberation of the Philippines from Japanese rule. An American by birth, who obtained Philippine citizenship by naturalization, Parsons suddenly became Panamanian consul shortly after the Japanese war began. This gave him diplomatic immunity and saved him from the sufferings other foreign nationals experienced during the war. Eventually shipped back to the United States, he was immediately chosen to serve as an undercover agent in the Philippines for the American war effort. He was, strictly speaking, not really “chosen,” since he *talked himself into* the job when he suggested that the best choice would be a man who was “really familiar with the country. . . lived there a good number of years [twenty in his case], a man who knows some of the local dialects and who could pass himself off as one of the natives” (p. 19). By early 1943, Parsons was in Australia, a member of the Philippine intelligence corps.

Espionage is seldom a solitary job. It is a cooperative undertaking, and the more the individuals involved, the greater the risks. A missed connection, a slip of the tongue, an unguarded gesture could lead to disaster. It is to Parsons' credit that he forged into a single, cohesive operation the disparate and, in a few cases, proud and sensitive guerilla units scattered all over the islands. Singly these individual units inflicted some harm on the enemy, but coordination of their movements was essential for victory.

This was Parsons' mission in the Philippines. He unified the Philippine underground, not only among themselves, but also with the advancing American forces.

One hundred and nineteen pages of narrative cannot include every aspect of this story, and scholars or historians will find nothing new in the book. It is, however, a good introduction to an aspect of the war not easily known by