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Philippine Financial Standing in 1921: The First World War Boom and Bust

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Philippine Financial Standing in 1921

The First World War Boom and Bust

After the end of the First World War in 1918, when American consumers adopted the policy of “economic normalcy,” the Philippine economy suffered a severe financial crisis. Gov.-Gen. Francis Burton Harrison (1913–1921) maintained that this crisis was beyond the control of any person or government. His detractors disagreed and blamed him for it. Several prominent Filipinos were implicated in fraudulent transactions with government-owned corporations. Critics related these anomalies to the Filipino inability to sustain an independent country. However, to say that the failure to prevent a major financial crash proves a people’s inability to sustain an independent country is untenable. This article shows that the roots of the postwar financial crisis were the war itself and the policies adopted during the Harrison administration. Other issues served to exacerbate the repercussions brought about by these factors.

KEYWORDS: FINANCIAL CRISIS · CASH CROPS · FRANCIS BURTON HARRISON · PUBLIC ENTERPRISE · FIRST WORLD WAR

On 7 December 1920 outgoing U.S. Pres. Woodrow Wilson certified to the U.S. Congress that the Philippines was ready for the passage of an independence bill in accordance with the preamble of the Jones Law of 1916 (Wood-Forbes Report 1921, 7).¹ However, Wilson's endorsement came at the end of his term of office, after his Democratic Party was resoundingly defeated in the 1920 elections, and was in reality subject to the sanction of incoming U.S. Pres. Warren Harding and the new majority formed by the Republican Party in the U.S. Congress.

Prior to his election as president, Harding had served as chairman of the U.S. Senate's oversight committee on Philippine affairs. In this official capacity Harding came across information that convinced him that the Philippines was not ready for self-rule (Onorato 1967, 23). Furthermore, Harding opined that Wilson's endorsement lacked the necessary political weight and was merely meant to embarrass him (Forbes 1928, 2:284). On 14 January 1921, Harding summoned former Gov. William Cameron Forbes to his home in Marion, Ohio, to explore ways to negate Wilson's testimonial (Hoyt 1963, 9). In that consultation, Forbes suggested that, to neutralize Wilson's representation on Philippine independence, an investigation mission to determine its veracity and recommend an appropriate Philippine policy for the new administration can be created, a proposal the new president immediately adopted (Onorato 1967, 23; Wood-Forbes Report 1921, 7; Hoyt 1963, 10–11). To head the mission Harding appointed, as cochairmen, Forbes and the then-U.S. Army chief Major Gen. Leonard Wood.

Harding assigned to John W. Weeks, the secretary of war, the task of preparing the letter of instruction for the Wood-Forbes mission, as the investigation mission later became known. In his letter of instruction dated 23 March 1921, Weeks identified the financial conditions in the Philippines as forming a vital parameter for the confirmation of readiness for self-rule, virtually assuring that independence would not be granted at that time (Wood-Forbes Report 1921, 9–10).²

As early as December 1920, before the Wood-Forbes mission's existence was even contemplated, news of the gravity of the Philippines's financial problems was starting to filter to the United States. Francis Burton Harrison, governor-general from 1913 to 1921, had asked the U.S. Congress for financial assistance worth US\$40 million to alleviate the country's worsening currency exchange situation (*Manila Times*, 23 Dec. 1920).³ Parenthetically, it

must be noted that Harding was chairman (on leave) of the Senate committee that heard Harrison's request for financial assistance and Weeks was a senior Republican colleague in the body (Onorato 1967, 23).

In its official report, published in major newspapers in the Philippines on 30 November 1921 and in the United States on 2 December 1921 (Wood-Forbes Report 1921, 10–12; Hoyt 1963, 399–407), the Wood-Forbes mission disclosed to the public the details surrounding the country's grave public finances, particularly the staggering losses incurred by the government-owned Philippine National Bank (PNB). The focus on the PNB had been established as early as 9 April 1921, during the Wood-Forbes mission's trip from Seattle, Washington, to Japan en route to the Philippines. In that part of the journey, auditor William Nolting had been the mission members' travel companion and source of damaging reports against the PNB (Hoyt 1963, 65). Wood's cable to Secretary Weeks dated 10 June 1921 summarizes the extent of the country's financial problems (*ibid.*, 301–2):

After examination and conference with [Acting] Governor-General, auditor, and manager National Bank, we find that the bank is practically insolvent. The government cannot purchase exchange, even to meet current running expenses payable in the United States, and has had to ask other local banks not to present its circulating notes for redemption. Cash reserves are now about ten per cent of legal requirements. If bank should fail, it would mean practical bankruptcy of insular government . . . besides bankrupting many provinces and municipalities which have been required by law to deposit all funds with the bank.

On the strength of the evidence it had collected, the mission urged Harding to reject Wilson's claim that the Philippines was ready for self-rule and recommended the indefinite continuation of American sovereignty in the archipelago (Wood-Forbes Report 1921, 46).³ President Harding promptly adopted the mission's recommendations and delayed the granting of Philippine independence despite the protest of influential Filipino politicians. Consequently, the country's financial problems were a large reason why Philippine independence was not granted in 1921.

This important fact has been overshadowed in standard Philippine history texts by the cabinet crisis of 1923, correctly described by Onorato (1967, iii) as the most explosive political event during the entire American period. In this crisis, the Filipino members of Gov.-Gen. Leonard Wood's

cabinet, most of whom were holdovers from the Harrison administration, tendered en masse their resignation from their respective positions to protest the American consul's encroachment on Filipino self-government (ARG-GPI 1925, 35). Senate Pres. Manuel Quezon and House Speaker Manuel Roxas likewise resigned from their de facto cabinet positions as members of the Council of State, but not from their legislative posts. The charges against Wood stemmed from the latter's supposed intervention in the series of investigations conducted by Manila Mayor Ramon J. Fernandez and Interior Secretary Jose P. Laurel on the conduct of Ray Conley as a police detective assigned in the Manila Police Department (Onorato 1967, 49–52). Nevertheless, Quezon, the acknowledged instigator of the cabinet crisis, would later admit that the crisis erupted *after* Governor Wood had pushed energetically to reverse the policy of public enterprise-led economic development adopted by Harrison and the Philippine legislature in favor of the previous conservative policy of laissez faire economics (Quirino 1971, 166).

The main task of this article, therefore, is to draw attention to the country's financial problems in 1921 as a crucial stage in Philippine political economic history, serving as a major catalyst of events that erupted in the cabinet crisis of 1923. The main contention advanced here is that the country's financial problems were created by the interplay between the outbreak of the First World War and the aforementioned decision to adopt an economic development program for the Philippines led by public enterprise.

The latter economic strategy was a sharp departure from the conservative policy of laissez faire economics adopted since the establishment of American civilian rule in the Philippines in 1901 and in place until 1916. The outbreak of the First World War in 1914 forced an overhaul of Philippine tax laws, which resulted in significantly larger revenue collections beginning in 1916, which in turn encouraged Harrison and the Philippine legislature to adopt a public enterprise-led economic development program, primarily centering around the PNB's creation in 1916. This new program was envisioned by its proponents to bring about financial independence for the Philippines, a necessary tool for the country's political independence. Governor Harrison viewed the governments of the United States and the Philippines as happy collaborators in the pursuit of Philippine independence, subject to the clause on "stable government" found in the Jones Law of 1916. As promised in his inaugural speech of 1913, Harrison (1913, 1) endeavored to use his position as governor-general to remove impediments to Philippine independence.

However, American involvement in the First World War derailed Harrison's dream of being the "cornerstone of Philippine independence" in 1917 and 1918 (ARGGPI 1919, 5). Furthermore, Harrison's independence agenda in Capitol Hill took a backseat to President Wilson's efforts to gain congressional support for the Treaty of Versailles in 1918 and the League of Nations thereafter (Allen 1931, 19–29). Harrison resigned as governor-general on 6 March 1921, leaving behind a financial crisis and an economic program that had unraveled.

Setting the Stage: Free Trade

At the start of U.S. civilian control in 1901, William Howard Taft, civil governor from 1901 to 1903, drew up together with the Second Philippine Commission a pioneering administrative program for the archipelago, covering the crucial areas of, among others, public education, health and sanitation, economic development, local and central administration, and public works. According to Frank Golay (1997, 112) the Taft Commission's administrative program included:

- Getting the island economy moving after a half-decade of revolution against Spain and war against the United States;
- Transforming Manila into a modern American city;
- Extending and upgrading the range of government services; and
- Blanketing the Philippines with "public improvements" intended to facilitate the tasks of government and support economic development.

Simultaneously, the policy makers in the American mainland, the U.S. Congress in particular, were adamant in their desire to see the Taft Commission's administrative program financed using revenues raised through Philippine initiatives, as the colonizer wanted to keep at a minimal level the cost of maintaining its colony (ibid.). Harry Luton (1971, 65–80) suggested this policy meant subordinating the implementation of the administrative program to the availability of funds in the Philippine treasury. Governor Taft reacted by proposing to raise the requisite revenues through the grant of franchises to American entrepreneurs, allowing them the commercial use of the country's largely untapped natural resources. This measure, according to Taft's calculations, would cause the economy to expand to a point where the taxes to be raised could cover adequately the financial needs of the administrative program. However, the Philippine Bill passed by the U.S. Congress

Table 1. Trade with the United States in relation to overall Philippine foreign trade, 1909–1920, in pesos

YEAR	EXPORTS TO THE U.S.	IMPORTS FROM THE U.S.	TOTAL TRADE WITH THE U.S.	TOTAL EXPORTS	TOTAL IMPORTS	TOTAL PHILIPPINE TRADE
1909	29,453,026	12,890,662	42,343,688	69,848,674	62,168,838	132,017,512
1910	34,483,450	40,137,084	74,620,534	81,256,926	99,438,722	180,695,648
1911	39,845,254	38,313,974	78,159,228	89,674,254	96,048,814	185,723,068
1912	45,764,014	48,618,020	94,382,034	109,846,600	123,335,802	233,182,402
1913	32,868,036	53,352,522	86,220,558	95,545,912	106,625,572	202,171,484
1914	48,855,420	48,022,802	96,878,222	97,379,268	97,177,306	194,556,574
1915	47,306,422	52,762,138	100,068,560	107,626,008	98,624,367	206,250,375
1916	71,296,265	45,725,346	117,021,611	139,874,365	90,992,675	230,867,040
1917	127,028,922	75,858,443	202,887,365	191,208,613	131,594,061	322,802,674
1918	179,103,348	118,321,405	297,424,753	270,388,964	197,198,423	467,587,387
1919	114,114,895	151,655,012	265,769,907	226,235,652	237,278,104	463,513,756
1920	210,432,525	184,579,556	395,012,081	302,247,711	298,876,565	601,124,276

Source: Kalaw 1938, 366

in 1902 specifically prohibited American exploitation of Philippine natural resources, consequently hampering Taft's grand designs for public revenue (May 1984, 132). To generate the needed revenue through taxation, the Philippine Commission shifted gears by promoting the increased production of export crops like tobacco, sugarcane, hemp, and coconut.

After Taft became president of the United States in 1909, he lobbied the U.S. Congress for the passage of laws institutionalizing free trade between the U.S. and the Philippines in order to solve the colony's chronic financial difficulties vis-à-vis the evolving American administrative program in the country. In 1909, mainly through the influence of Taft, the U.S. Congress and the Philippine legislature enacted the Payne-Aldrich Tariff Act and the Philippine Tariff Act, respectively (Jenkins 1954, 32–33). However, the Payne-Aldrich Tariff Act imposed restrictions on Philippine exports, which rendered free trade partial and incomplete. Among the restrictions were:

- A quota on the quantity of sugar (300,000 metric tons) and tobacco (150 million cigars) annually exported from the Philippines to the United States;
- A ceiling of 20 percent for non-Philippine or non-U.S. materials, relative to the total content, used in the manufacture of goods for export to the United States; and
- The exclusion of rice from duty-free treatment.

Nevertheless, partial free trade enlarged the peso value of the U.S. share of Philippine trade from an average of 24 percent before 1909, with the 32.25 percent share in 1905 being the highest, to an average of 41.63 percent from 1910 to 1913 (Kalaw 1938, 366; cf. Table 1).⁵ This enlargement of the American share of Philippine trade, free from customs duties under the aegis of free trade, gave rise to serious concerns pertaining to the anticipated decline in customs revenue collections, which at that time accounted for more than 50 percent of the Philippine government's total revenue collections (cf. *RPC* 1912, 150; Golay 1984, 254). Gregorio Araneta, the finance secretary, allayed these concerns by declaring in 1911 that "there need be no fear that the customs revenues will be decreased by such free trade" (*RPC* 1912, 150). Araneta's position was justified by an increase of P786,000 in customs receipts from 1910 to 1911, largely due to the country's continued heavy importation of rice from nearby countries (*ibid.*). Total customs receipts, at P17.4 million for 1911, were also P1.3 million higher than internal revenue collections of P16.1 million for the previous year (Golay 1984, 254). The

total customs receipts for 1911 were also equivalent to 9.37 percent of the country's total trade for the year.

Four years after the passage of the Payne-Aldrich Tariff Act, the Underwood-Simmons Tariff Act was enacted in 1913, lifting all of the original restrictions imposed on Philippine exports, except the limit of 20 percent on the content of non-Philippine or non-American materials used in the manufactured goods for export to the United States. Despite the tariff revision, the peso value of Philippine exports to the U.S. fell in 1913 by P13 million from the previous year (Table 1). However, the peso value of imports from the U.S. to the Philippines expanded from P48.6 million in 1912 to P53.4 million in 1913. Predictably, the customs collections for 1913 were P2.157 million lower than the collections for the 1912 fiscal year (Table 2).

Setting the Stage: The First World War

In the 1912 elections, incumbent U.S. president and former Philippine governor Taft lost to the Democratic candidate, Woodrow Wilson. Subsequently, on 2 September 1913 Wilson replaced Forbes, the sitting Philippine governor-general of four years, with a fellow Democrat, New York congressman Harrison, a close personal friend of then-resident commissioner Quezon. Nine months after Harrison assumed office the First World War broke out in Europe. As part of naval strategy, Germany and Britain, the main protagonists in the war, set up blockades along the important shipping routes to and from Europe, making the transportation of goods extremely hazardous and expensive; freight rates consequently ballooned (Golay 1984, 254).

In the Philippines the peso value of total trade fell from P202.2 million in 1913 to P194.6 million in 1914. The peso value of imports declined from P106.6 million in 1913 to P97.2 million in 1914, while exports improved from P95.6 million to P97.4 million over the same period (*RPC* 1915, 246–48; cf. Table 1). Governor Harrison reported that the European blockade was responsible for the decline in the peso value of Philippine foreign trade. Before the war Europe was the country's second largest trading partner after the United States (*ARGGPI* 1917, 16–17). To compensate for the loss of the European market, the country turned to the United States. The U.S. share of Philippine trade grew from P86.2 million in 1913 to P96.9 million in 1914 (Table 1). However, the country's increased trade dependence on the U.S. under the aegis of free trade caused customs collections to fall from a high of P17.4 million in 1911 to P11.9 million in 1914 (*RPC* 1912, 150; *RPC* 1915, 258; cf. Table 2).

To address the sharp and continuous decline in customs revenue, the Philippine legislature passed the Emergency Tax Law of 1915, which shifted the weight of tax collections from customs to internal revenues, which were reasonably insulated from the volatility of the peso-value output of the country's trade with foreign markets. Excise tax collections, the largest source of internal revenue collections from its inception in 1904 to 1919, were based largely on domestic production rather than on international trade (Golay 1984, 254).⁶

The single most important provision of the Emergency Tax Law of 1915 concerned the increase in the sales tax from the original 0.5 percent to 1.5 percent. The coverage of the sales tax was likewise broadened to include public utilities, printers, publishers, hotels, and restaurants (*ibid.*, 254–55). The sales tax was originally imposed in 1904 on the gross peso value of commodities, goods, wares, and merchandise sold, bartered, exchanged, or consigned abroad. The levy was based on the actual selling price or the value at which the goods were disposed of or consigned “whether consisting of raw material or of manufactured or partially manufactured products and whether of domestic or foreign origin.” Exempted were items already subjected to an excise tax and agricultural products “when sold by the producer or owner of the land where grown or by any other person than a merchant or commission merchant” (Elliott 1968, 155).

The Emergency Tax Law of 1915 cleverly circumvented the free trade relationship between the United States and the Philippines. No tariffs were collected on Philippine exports to, and imports from, the United States. However, sales, excise, and other kinds of taxes were imposed on imported items from the U.S. *after* clearing the government customs houses and once the said products entered the distribution channels in the Philippines. A prominent example of this situation, which became the subject of lengthy litigation in the Philippines and the United States in the 1920s, was the imposition of excise taxes on U.S. petroleum products. Incidentally, this anomaly was rectified by the U.S. Congress, legitimizing the Philippine taxes imposed on certain imported products from the U.S. through the addition of a rider to an appropriations bill (Golay 1984, 255).⁷

As a result, collections from the sales tax grew from P2.1 million in 1914 to P5.05 million in 1915. Total internal revenue collections consequently increased from P17.85 million in 1914 to P22.63 million in 1915 (RPC 1916, 21–23). The extra revenues generated by the passage of the Emergency Tax

Law of 1915, together with a strict reduction in public spending beginning in 1914, enabled the Philippine government to reduce the budget deficit from P7.5 million in 1913 to P2.9 million in 1914 (ibid.). The Philippine government eventually posted a budget surplus of P1.1 million in 1915 (ibid.).

The demand for the Philippines's top exports rose very sharply when the United States became involved in the First World War in 1917. This resulted in an equally drastic increase in the selling price of commodities, thus boosting the value of the country's total trade. Abaca cornered 49 percent, or P93.6 million, of total exports worth P191.2 million in 1917 (Table 3). Alberto Barretto, the new finance secretary, explained that abaca was sold in the international market for an average of P552.51 per 1,000 kilos, but at P630.32 per 1,000 kilos in the United States (*ARGGPI* 1918, 115). Next to abaca, coconut oil was the country's second biggest export, its share of total exports increasing from 16 percent in 1916 to 27 percent in 1917 (ibid.). Ac-

Table 2. Customs collections and internal revenue collections, 1910–1920, in pesos

FISCAL YEAR*	CUSTOMS COLLECTIONS	INTERNAL REVENUES
1910	16,572,147	14,601,000
1911	17,357,620	16,070,000
1912	18,695,295	17,170,000
1913	16,492,050	18,481,000
1914	11,897,892	17,852,000
1915	12,808,378	22,627,000
1916	12,220,315	25,911,000
1917	13,571,007	32,354,000
1918	16,440,536	40,851,000
1919	14,425,307	44,350,000
1920	17,757,865	50,668,000

*Data for 1910 to 1913 were calculated over a fiscal year beginning on 1 July of one year and ending on 30 June of the following year. Data for 1914 to 1920 were calculated over a fiscal year beginning on 1 January of the year and ending on 31 December of the same year. Internal revenue figures were culled from Golay 1984, 256–57. Customs collection figures were derived from *RPC* 1912, 150; *RPC* 1913, 212; *RPC* 1915, 231; *RPC* 1916, 196–97; and from *ARGGPI* 1917, 18; *ARGGPI* 1918, 116; *ARGGPI* 1919, 137; *ARGGPI* 1920, 125; *ARGGPI* 1923, 84.

according to Florence Horn (1941, 221), coconut oil became important in the U.S. because it contained glycerin, which was used in making explosives.

The growth in abaca and coconut oil exports compensated for the decline in the value of sugar exports, which fell from P37.8 million in 1916 to P24.6 million in 1917. Barretto blamed “lack of transportation” for the drop, explaining that warehouses all over the country were filled with stocks of sugar “that could not be moved” (ARGGPI 1917, 115).⁸ The total value of tobacco products, the fourth most important Philippine export commodity, was relatively stable from 1916 to 1917. Cigars accounted for 67 percent, or P9.6 million, of the total tobacco exports that amounted to P14.3 million in 1917. During that year, the country sold a total of 285,000 cigars for an average price of P33.69 per 1,000 cigars (*ibid.*).

In sum, the value of Philippine trade grew by 40 percent from P230.9 million in 1916 to P322.8 million in 1917. The bulk of the country’s trade, in peso value, came from and went to the United States. On one hand, exports to the U.S. in 1917 accounted for 66 percent of total exports, or P127 million of P191.2 million. On the other hand, imports from the U.S. made up 58 percent of total imports, or P75.9 million of P131.6 million. Importantly, the Philippines enjoyed a favorable balance of trade by a margin of P59.6 million in 1917 (*cf.* Table 1).

The trend continued into 1918 when the value of Philippine trade grew to P467.6 million, 45 percent higher than the 1917 total. The value of exports in 1918 grew by 41 percent to P270.4 million, while imports expanded by 50 percent to P197.2 million. The balance of trade surplus for the year was P73.2 million, 23 percent higher than in 1917. As in the previous year, the value of exports to the U.S. accounted for 66 percent of total exports, while the value of imports from the U.S. represented 60 percent of total imports (Table 1).

The price of abaca in the U.S. increased by 9 percent, from P630.32 per 1,000 kilos in 1917 to P687.60 per 1,000 kilos in 1918. The total peso value of abaca exports grew by 25 percent from P93.6 million in 1917 to P116.9 million in 1918 (ARGGPI 1919, 136). It can be deduced reasonably that there was a sizeable increase in abaca production from 1917 to 1918 to account for the greater increase in the total value of abaca exports vis-à-vis the average price of the product in the U.S., its largest market. However, the commodity’s peso-value share of total exports slipped from 49 percent (or P93.6 million of P191.2 million) in 1917 to 43 percent (or P116.9 million

Table 3. Top four Philippine exports, in pesos, 1917–1918

COMMODITY	1917			1918		
	VALUE IN PESOS	TOTAL EXPORTS IN PESOS	% OF TOTAL EXPORTS	VALUE IN PESOS	TOTAL EXPORTS IN PESOS	% OF TOTAL EXPORTS
Abaca	93,615,559	191,208,613	49	116,907,860	270,388,964	43
Coconut Oil	39,509,594	191,208,613	21	63,328,317	270,388,964	27
Sugar	24,555,357	191,208,613	13	31,608,780	270,388,964	12
Tobacco	14,301,081	191,208,613	7	27,150,626	270,388,964	10

Source: *ARGGPI* 1919, 135–37

of P270.4 million) in 1918, because other export commodities cornered a larger peso-value share.

The total value of coconut oil exports continued its meteoric growth due to the prolongation of hostilities in Europe, rising by 60 percent from P39.5 million in 1917 to P63.3 million in 1918 (ARGGPI 1919, 136). Its share of total exports also swelled from 21 percent (or P39.5 million of P191.2 million) to 27 percent (or P63.3 million of P270.4 million) over the same period. The value of sugar exports rebounded by 29 percent from P24.5 million in 1917 to P31.6 million in 1918. Higher production offset the drop in the average selling price of sugar products for 1918. Meanwhile, the volume of cigar exports rose from 285,000 units in 1917 to 360,000 units in 1918. The cigars were sold for P14.2 million for an average price of P39.57 per 1,000 units (*ibid.*).

Fiscal Policy Changes under Harrison

The growth in the value of Philippine trade during the years of the First World War resulted in what Governor Harrison described as “extraordinary commercial prosperity” in the country (ARGGPI 1918, 5). The coconut oil industry, in particular, saw the mushrooming of so many factories purposely to take advantage of favorable trade conditions (Horn 1941, 221). However, the commercial expansion was manifested the most in the subsequent change in the Philippine government’s economic development policy, which shifted from the promotion of private enterprise during the first fifteen years of American civilian rule, from 1901 to 1915, to an aggressive promotion of public enterprises through the creation of “national companies” in key industries (May 1984, 132; Castillo 1936, 157–77).

The shift in policy was conditioned by the phenomenal increase in public revenues after 1915. Internal revenue collection in the Philippines grew from P22.6 million in 1915 to P40.8 million in 1918 (Golay 1984, 257). Furthermore, the effectiveness of the policy shift was focused on the creation of the PNB as well as that of the National Development Company (NDC). These entities were set up to provide financial support to, in the PNB’s case, the agricultural sector and, in the NDC’s case, public enterprises, such as the National Coal Company and the National Cement Company. In turn, these public enterprises were supposed to spur economic growth in their respective industries, and thus contribute to the overall economic development of the Philippine economy. Ultimately, this growth would contribute to the country’s preparation for political independence.

The PNB was established in February 1916 with the passage of Act 2612, the bank's charter (Nagano 1993, 217–31). Section 3 of this act specified that the bank's initial authorized capital was P20 million, divided into 200,000 shares and a par value of P100 per share. Sections 4 and 5 required the Philippine government to buy 101,000 shares, with the endowment to be sourced from realigned government funds and a loan from the Agricultural Bank. The remaining 99,000 shares were to be sold to the public at large. Section 5 vested the governor-general with the exclusive voting power on the government's stock, while Section 21 authorized him to appoint the bank's top officials, including the president, vice president, and members of the board of directors. According to H. Parker Willis (1917, 415–16; as cited in *ibid.*), the PNB's inaugural president, the bank's functions were as follows:

- Financing the agricultural sector, such as by giving long-term mortgage securities to loans up to an amount equal to 50 percent of the PNB's capital and surplus;
- Conducting general banking business, such as receiving deposits, opening foreign credits, rediscounting bills, and advancing money;
- Erecting and operating warehouses for the storage of domestic products;
- Establishing branches;
- Issuing bank notes on a limited scale; and
- Serving as depository of the central, provincial, and municipal governments.

Although the PNB had P12 million only in assets when it formally commenced operations in May 1916, the central, provincial, and municipal governments were required to deposit their money with the bank. Thus, by 1918 the bank's assets had grown to P249 million (*ARGGPI* 1919, 7). After opening the bank's first branch in Iloilo City on 24 July 1916, it opened four additional branches located in New York City, Cebu City, Corregidor, and Nueva Ecija by the end of 1917. In 1918 six more branches were added, and these were found in Aparri, Davao, Bacolod, Legaspi, Lucena, and in Shanghai, China. Four other branches were set to be inaugurated in 1919 in Zamboanga, Tacloban, Vigan, and Pangasinan (*ibid.*).

According to Yoshiko Nagano (1993, 220), the Philippine legislature anchored its dream of Filipinizing the colonial economy on the PNB. Thus, the legislature passed on 5 February 1915 a resolution outlining a policy geared toward extending financial support to sugar manufacturers and hemp

and coconut processors in order to establish cooperative factories. Prior to the bank's incorporation, the Philippine government was able to provide only limited financial aid to the said industries through the appropriation of funds from the Philippine treasury, in one instance through the utilization of the Gold Standard Fund.

The NDC was created with the passage of Act 2849 in 1917. Its mandate was to support financially other public enterprises that were established to exploit the country's natural resources. The NDC included in its development program huge investments in the coalmines of the National Coal Company, and the cement factories of the National Cement Company and the Cebu Portland Cement Company.

The National Coal Company had been constituted on 10 May 1917 by virtue of Act No. 2705, and formally organized in March 1918 with businessman-politician Vicente Madrigal as president and general manager, C. H. French, the insular auditor as vice president, and Dalmacio Costas as secretary (ARGGPI 1918, 8). French resigned as manager a year later and was replaced by Claude Russell, director of the Bureau of Public Works. The company was endowed with a P3-million appropriation from 1918 to 1919 to investigate coal deposits in the Philippines. Governor Harrison felt that this investment could be easily recovered because coal prices in Manila had increased from P12 a ton before the First World War to about P40–P50 per ton in 1918. The bulk of the investment was concentrated in the Sibuguey Peninsula in Mindanao where, as of 1919, the company had already put in P2 million. Experts expected coal from Sibuguey to be delivered at the company's dock in August or September of 1920. Another key area was Compostela in Cebu province. By 1919 almost P650,000 had already been invested there (ARGGPI 1920, 12–13).

Postwar Recession and the Failure of the Public Enterprise Approach

The success of the Philippine government's experiment with public enterprises during the Harrison administration was dependent on the durability of the high demand for the country's agricultural exports, which had been created by the contingencies of the First World War, particularly when the United States joined the conflict in 1917. Thus, after hostilities were officially terminated in November 1918, the high peso-value output of Philippine exports began to taper off—completely fizzling out in 1921.

According to the *Manila Times* (14 July 1921), the price of abaca plummeted from a high of P50 to P16; sugar dropped from P50 to P9; and copra tumbled from P30 to P10.⁹ Subsequently, the value of Philippine exports fell by 42 percent from P302.2 million in 1920 to P176.2 million in 1921. The value of imports plummeted by 22 percent from P298.9 million in 1920 to P231.7 million in 1921. Overall, the country's total trade shrank by 32 percent from P601 million in 1920 to P407.9 million in 1921 (ARGGPI 1924, 109).

Governor Harrison reported the initial effects of the emerging trade recession as early as 1919:

The sudden stoppage of war demands was a dangerous blow to the markets of the Philippines, with a consequent strain upon public and private finance. Prices of hemp and oil broke sharply, and freight rates were reduced as against staples shipped at prearmistice freight rates. Stocks of the commodities were forced on the market at a heavy loss by those interested in maintaining the stability of credit institutions. (ARGGPI 1920, 5)

The following year the tone of Harrison's report was grave, declaring that the financial situation was "the problem of greatest importance" (ARGGPI 1923, 5). The high price of sugar in the international market kept the total peso value of foreign trade afloat, but Harrison admitted that there was "practically no market" for hemp, tobacco, and coconut oil, and "very little movement" in copra (*ibid.*).

Horace Pond, general manager of the Pacific Commercial Company, the largest trading firm in the Philippines at the time, conceded that "unsettled world conditions" led to a staggering deflation in the market prices of key exports (*Manila Times*, 14 July 1921). He criticized the business sector, specifically the cash crop and banking industries, for gambling very heavily in the artificial boom created by the First World War, thus undermining the stability of the Philippine economy.

The trade slowdown forced many coconut oil factories to close, causing countless laborers to lose their jobs (Horn 1941, 221). Likewise, the recession drove the once-powerful Negros and Pampanga sugar centrifugal mills, or centrals, to default their bank loans. Cost-cutting measures in the centrals meant the retrenchment of a sizeable number of laborers, while those "lucky" laborers who were not laid off suffered a reduction in wages by an

unspecified amount (*Manila Times*, 18 Mar. 1921). The Manila Tobacco Association, for its part, effected a reduction of 25 percent in the wages of its workers, prompting the latter to stage a strike (*Manila Times*, 13 Mar. 1921; 23 Mar. 1921). Pay cuts were similarly enforced against hemp workers, but due to the intercession of the Philippine Labor Federation a strike was averted (*Manila Times*, 27 Aug. 1921).

The recession's impact on the government-owned corporations was equally harsh. The hardest hit by the recession was the PNB, which issued huge long-term loans to numerous companies that either declared bankruptcy or defaulted on their loans. In the case of the latter, the PNB was constrained to sequester the collateral that had been put up as security on the loans granted. However, the collateral often came in the form of nonliquid assets, which were difficult to dispose at a fair price during the recession, thus driving the PNB to the brink of illiquidity. To make matters worse, the assessed value of these nonliquid assets was overstated to the PNB's detriment (ARGGPI 1925, 16–19). The bank's illiquidity dragged the government to the brink of bankruptcy because a large part of the funds used by the PNB to issue loans had been taken from government deposits with the bank. The government could not recover its deposits for there was no legal impediment for the PNB to subject the said deposits to commercial loans. Thus, the central government became insolvent like the PNB.

Currency Crisis

The trade slowdown and the PNB's illiquidity caused the depletion of the country's foreign exchange as reported by the treasury. The connection is best explained by beginning with a brief and rudimentary explanation of foreign exchange transactions during the early twentieth century.

Foreign exchange usually facilitated payments for international trade transactions, which banks could undertake through a variety of ways during the 1920s and the 1930s. One example was the use of a "letter of exchange," a draft chargeable, for instance, to a bank in the Philippines on behalf of merchants and their banks abroad. The letter of exchange implied a prior agreement between certain banks or merchant houses in the Philippines and abroad to facilitate the trade transactions entered into by those parties. Another means of foreign exchange was through the issuance of "finance bills," which were notes issued by the government and usually available for sale in local commercial banks and in some major international banks,

apart from the treasury. Finance bills were generally redeemable after sixty to ninety days.

Exchange payments usually utilized either the gold or silver standard and, in some cases, both to settle the difference in value between two or more currencies. These were called standards because the points of reference in these transactions were the relatively stable market values of gold and silver in each country as expressed in their respective currencies. Thus, for instance, exports from their point of departure were converted to their value in gold, and then converted to the corresponding value of gold as expressed in the currency of the point of destination (Kalaw 1938, 347–52).

However, in the case of the Philippines and the United States, the Conant Law pegged the exchange at P2 to US\$1. To maintain the exchange rate, despite volatile movements as a function of the balance of trade, the Philippine Commission saw it prudent to enact a law that created a “Gold Standard Fund.” The fund was maintained by the Philippine government to stabilize the value of the peso vis-à-vis foreign currencies during the years when the country incurred a deficit in the balance of trade payments. According to the original law, the treasury was to maintain in its vaults a fund equivalent to 100 percent of the total money in circulation. However, this proviso was relaxed with the passage of Act 2776 on 16 August 1918, which reduced the reserve fund from 100 percent to 60 percent of the total currency in circulation (ARGGPI 1919, 128). The legislature saw it fit to pass Act 2776 after the Philippines experienced three years of flourishing balance of trade payments from 1916 to 1918, when the accumulated trade surplus for those three years totaled P181.7 million.

As early as 1919, as attested by the treasurer, Dr. A. P. Fitzsimmons, foreign banks began to make “large demands” for exchange from the treasury (*Manila Times*, 6 Mar. 1921). Fitzsimmons did not provide figures, but the *Manila Times* had its own set of unofficial figures (Table 4). According to the daily paper, a total of P23.6 million worth of exchange was withdrawn from the treasury and the banks in 1919, a demand for exchange that Fitzsimmons regarded as highly unusual given that the country’s trade deficit for the year was just P11 million (*ibid.*). This meant that P12.6 million—P23.6 million, the total exchange transaction, minus P11 million, the trade deficit—not related to international trade were withdrawn from the treasury. Fitzsimmons considered the total exchange transactions registered in 1920, at P65 million, even more unusual as the Philippines posted a trade surplus of P3.4 million, which meant that approximately P61.6 million—P65 million, the

total exchange transaction, minus P3.4 million, the trade surplus—were withdrawn from the treasury and other local banks for purposes unrelated to trade (ibid.). Fitzsimmons inquired from officials of the foreign banks why they were demanding huge sums of foreign exchange. They answered “very frankly” that their investments were going to be transferred to their banks’ branches along the China coast where the prospects for profits were “more promising,” prompting Fitzsimmons to conclude that capital flight from the country had occurred (ibid.).

The peso value of Philippine trade fell by almost P200 million, from P601 million in 1920 to P407.9 million in 1921. The Philippines concurrently incurred a trade deficit of P55.4 million (P231.6 million in imports minus P176.2 million in exports), creating a higher demand for foreign exchange compared with previous years. Prior to 1919, the Gold Standard Fund had been adequate to meet the demands of foreign exchange; however,

Table 4. Balance of trade and foreign exchange, in pesos, 1903–1920

YEAR	BALANCE OF TRADE IN PESOS		FOREIGN EXCHANGE
	IN FAVOR	AGAINST	
1904	---	856,462	6,667,910.06
1905	6,808,448	---	4,473,993.50
1906	12,478,248	---	14,909,721.96
1907	5,288,114	---	7,272,185.54
1908	6,829,904	---	27,798,197.10
1909	7,679,836	---	26,832,249.28
1910	---	18,181,796	20,943,416.56
1911	---	6,374,560	27,725,386.60
1912	---	13,489,262	24,403,118.08
1913	---	11,079,660	21,325,718.76
1914	201,962	---	22,046,056.58
1915	9,001,641	---	22,021,461.02
1916	48,881,690	---	17,775,861.42
1917	59,614,552	---	1,459,681.16
1918	73,190,541	---	2,200,148.88
1919	---	11,042,452	23,621,598.40
1920	3,371,146	---	64,955,416.00

Source: *Manila Times*, 6 Mar. 1921

the reserve requirement had been lowered from 100 percent of the currency in circulation to 60 percent, in part to support the PNB's expansion. The amendment of the law on the Gold Standard Fund could not have come at a worse time. Demands for exchange in 1919 were so heavy that there was a shortage of export paper in the banks.

In December 1919 banks were charging fees of 4.25 percent for demand drafts and 5 percent for telegraphic transfers, by far higher than the pre-1919 rates of 0.75 percent and 1.125 percent, respectively. By 1921 banks in the Philippines were already charging as high as 14 percent for demand drafts and 15 percent for telegraphic transfers to stem the demand for foreign exchange, but to no avail. The treasury had to cover the huge demand for foreign currency due to the country's trade deficit until its reserves ran out in June 1921.

Consequences

In 1921, with the election of President Harding, Wood was appointed to take over the reins of the Philippine government left by the resigned Harrison, staying in the post from 1921 to 1927. The Wood administration adopted a different fiscal policy for the Philippines in view of the prevailing situation. Among the first laws passed by Governor-General Wood, with the support of the Philippine legislature, were:

- Act 2999, "An act providing for the issue of 5,000,000 U.S. dollars worth of bonds for the purpose of protecting the financial interests of the government in the present emergency";
- Act 3000, "Amending the charter of the city of Manila to provide for the depositing with the insular treasury of insular and municipal revenues";
- Act 3005, "Amending the National Bank act to provide for an appropriate method of handling and issuing new notes of the National Bank and repealing the clause making it obligatory upon insular, provincial and municipal authorities to deposit their funds with the bank"; and
- Act 3033, "An act restoring the currency system to its original principles."

The Wood administration also disbursed huge sums of money to purchase additional PNB shares in an effort to resuscitate the bank, thus increasing the government's stake in the bank from 51 percent to 92 percent of the total shares, the funds for which were taken from sundry expense bonds.

Extraordinary funds, the proceeds of bond sales, were used to finance the solutions to the country's currency problems and the PNB's rehabilitation. Access to these funds was made available after Section 12 of the Jones Law, which pegged Philippine total public debt at P30 million, was amended by a second legislative rider to the Fordney-McCumber Tariff Act of 1921. Under the provisions of the amendment, the Philippine debt ceiling was adjusted from P30 million to 10 percent of taxable property in the country, thus allowing the government to increase its external liabilities to more than P130 million by 1923.¹⁰

The huge peso cost of the government's financial rehabilitation convinced Wood of the utter failure of Harrison's public enterprise-led economic development program. Wood insisted on cutting the Philippine government's losses permanently by selling off to the private sector the "losing" public companies, to which many Filipino political leaders loudly raised their objection. Eventually, Senate President Quezon, by his own admission, engineered a political clash with Wood centering on the said issue. The matter remained unresolved until Wood's death in August 1927.

Insinuations of Irregularities

The Harrison administration was showered with accusations of impropriety in the government companies. Many of Harrison's appointees in key government companies were either being investigated, charged, tried, or convicted of corruption. Venancio Concepcion, the PNB president in 1921, was accused of facilitating dubious transactions, which caused huge losses for the bank (Mayo 1924, 117). Other important politicians, such as Sen. Vicente Singson Encarnacion, Mayor Ramon J. Fernandez, and businessman Vicente Madrigal, were implicated in bank-related irregularities along with Concepcion (*ibid.*, 109–11).

Concepcion was imprisoned for his complicity in the violation of the PNB charter, specifically the provision pertaining to conflict of interest; he was proven to have approved the loan of a company where he was a major stockholder. Moreover, the name of Sergio Osmeña, senator and former House Speaker, Concepcion's friend and patron when he applied for the PNB presidency, was inevitably mentioned in the subsequent investigation, but was cleared from any complicity. Singson, Fernandez, and Madrigal were likewise absolved from any wrongdoing by Rafael Corpus, PNB president and former agriculture secretary, in a fact-finding investigation in 1923 (*Manila Times*, 14 Sept. 1923).

Senate President Quezon was similarly accused of using the resources of another government business venture, the Manila Railroad Company, to promote patronage. Specifically, Quezon was charged by American journalist Katherine Mayo (1924, 121–22) of issuing, during the last two years of his presidency of the railroad company, 150,000 free railroad passes, each pass valid for travel anywhere throughout the year and good for the recipient, his family, and dependents. This allegation was repeated by Osmeña to visiting Chicago sociologist, Dr. Graham Taylor, during the latter's visit to Manila at the height of the political squabbling between Quezon and Osmeña (*Manila Times*, 5 May 1922); and by commentator Daniel R. Williams in a series of articles published by the *Manila Times* (25 Feb. 1924), where the writer described the company as “a clearing house for [Quezon's] political favorites.”

According to Rolando Gripaldo (1994), the accusations of irregularity hurled against Quezon in connection with the Manila Railroad Company were never substantiated beyond innuendoes. Gripaldo implied that those charges were politically motivated, especially since the person disseminating them—Katherine Mayo—was doing so as a favor to her good friend, Governor Wood, Quezon's bitter adversary in the infamous cabinet crisis of 1923.

Conclusion

After 1921 critics of the Harrison administration argued that the abovementioned cases of alleged impropriety contributed to the Philippines's financial problems in 1921 (Mayo 1924; Roosevelt 1927). However, the country's financial problems surfaced only *after* the postwar deflation, while the “indiscretions” were committed *before* the deflation. Even if proven true beyond reasonable doubt, these instances of corruption were not the real cause of the country's problems in 1921. The country's finances were in good shape before the postwar deflation—in spite of the alleged cases of impropriety. Rather giving credence to Harrison's critics, it would be more logical to conclude that the deflation was responsible for the archipelago's financial troubles and that the alleged instances of corruption merely served to make matters worse.

Furthermore, Harrison and his cronies were quick to admit that they had committed a tactical error in believing that they could exploit the (temporary) climate of growth and expansion at the height of the First World War to finance the shift in fiscal policy for the years to come. However,

Harrison maintained his administration's innocence vis-à-vis insinuations of wrongdoing against his Filipino partners; in addition, no such accusations were brought forward against the former governor-general. Harrison was firm in pointing to the postwar deflation as the primary cause of the country's financial problems, which he viewed as constituting a *force majeure* over which ordinary countries had no power. He added that similar currency crises and economic depression were plaguing French Indochina, the Straits Settlements, and India: "All these countries are harder hit than the Philippine Islands by the business depression and by the exchange. India and the Straits Settlements, which were our models in the 'gold standard,' have twice as great a depreciation in the currency as we had" (*Manila Times*, 6 May 1921).

Moreover, it must be understood that Quezon and the other Filipino leaders of the time, with the assent of Harrison, saw the financial growth of the Philippines during the era of the First World War as the pinnacle of its evolution to financial independence. Under Taft's governorship from 1901 to 1903, the Philippines had been saddled by financial inadequacy in pursuing the American administrative program in the country. As such, Taft—variously as governor-general, U.S. secretary of war, and president—had worked tirelessly to create a situation whereby the Philippines would be allowed by circumstances to finance its own administrative program.

The First World War had enabled the Philippines, in the view of Harrison and his accomplices, to achieve that goal; they were thus presented with an opportunity to parlay the initial successes enjoyed between 1916 and 1918 into an ambitious project: financial independence leading to political independence. Harrison's annual reports to the secretary of war and the U.S. president from 1916 onwards bear out this conclusion. In fact, he pointed out that U.S. involvement in the First World War had prevented him from asking for Philippine independence on behalf of the Filipinos as early as 1917.

In hindsight, Harrison's dream to be the "Cornerstone of Philippine Independence" (1922) by exploiting the financial benefits of the First World War was doomed from the very beginning. The cornerstone of his dream was the First World War, which, as his own sense of propriety dictated, was itself the chief obstacle to the said dream. However, there is no reason to believe that Harrison anticipated the postwar deflation. Rather, he expected to have a reasonable degree of prosperity continuing *after* the end of the war whereby he could reassert his support for Philippine independence. He had

not expected the adverse effects of the postwar deflation to be felt immediately. In fact, he had not expected such a serious deflation at all.

The position of President Harding, Secretary Weeks, Governor Forbes, and Governor Wood against Philippine independence for financial reasons, among others, had gained a status of omniscience in light of the postwar deflation. However, the decision of Harrison and his partners to restructure the country's fiscal policies in pursuit of the same Philippine independence was crystallized due to the opportunities created by that war for the country, *without anticipating what was to come afterwards*. Popular decisions in the 1916–1918 period were later repudiated in 1921, when the circumstances prevailing in the previous period no longer held true.

The boom-bust cycle, which was witnessed during the Harrison administration, is common enough, as financial commentator Bernice Cohen (1997, chap. 1) has noted in her study of major financial crashes in the world. Yet, as seen in the pattern left behind by more than half a dozen major crashes in modern history, beginning with the first notable European crash, the Tulipomania or Tulip Madness in the 1630s, advanced economies all over the world ignore the obvious telltale signs and, thus, continuously succumb to crashes. Questions raised after the financial crisis of 1997 or the earlier Wall Street crash of 1929 could be asked of the Philippine case of 1921: Could it be asserted *with absolute certainty* during boom stages that conditions holding true at that point would no longer be so several years later during the crash stages? Could and should Harrison and his associates be blamed for taking advantage of the boom stage, without having the proper foresight of preparing for the crash stage? Cohen's (*ibid.*, xvii) words for the major crashes in history are certainly applicable to the Philippines's financial troubles in 1921:

Not surprisingly, perhaps, the greatest thread of uniformity stems from the manic behaviour of the investing crowd. We cannot look at the history of crashes without being struck by the amazing irrationality of many investors caught up in these episodes. Greed and absurd expectations, fanned by cheap money or easy credit, seem to fuel an unsustainable boom.

It is true that Harrison's partners became greedy during the boom stage, possibly motivated by evil desires; Filipino politicians in the 1920s were not saints. They had benefited from Harrison's public enterprise-led develop-

ment program, whether for personal gain or the betterment of their political party. J. Ralston Hayden (1942) pointed out that the majority political party used the resources of these government companies to promote political patronage in the party's favor. In this regard, they were no different from the other greedy and unscrupulous speculators in the various crashes in world history.

Yet, it has been clearly established that the origins of crashes are more complex than mere opportunities for making a quick buck. The single most important factor in averting a crash is the boom's sustainability, which up to now remains in the realm of theory and not reality. In this regard, the lack of sustainability was palpable in the Philippines as the source of the boom was the relatively short-lived U.S. involvement in the First World War. All the other factors, bar none, merely built on the damage wrought by the inability to sustain the war-era boom in the Philippines.

What this article hopes to establish is a rudimentary explanation of the roots of a complex economic phenomenon by clearly defining the causal chain. The nodal point in this narrative comes in the form of the financial effects of the First World War in the Philippines. All the other factors merely served to exacerbate or limit, depending on the circumstances, the financial damage wrought by, or the benefits derived from, the First World War in the country.

Notes

- 1 On March 20, 1921, U.S. Pres. Warren Harding appointed Gen. Leonard Wood and former Gov.-Gen. William Cameron Forbes as head of a "Special Mission" he tasked to investigate the situation in the Philippines and to ascertain the veracity of former U.S. Pres. Woodrow Wilson's assertion that the Philippines was ready for independence. This special mission later became known as the Wood-Forbes mission. Thus, in various citations in this article I expediently refer to the mission's report, originally entitled, *Report of the Special Mission on Investigation to the Philippine Islands to the Secretary of War*, as the Wood-Forbes Report 1921. This article also relies extensively on the annual reports submitted by the Philippine Commission to the Secretary of War from 1911 to 1915. These multivolume documents are referred to as *Report of the Philippine Commission* and abbreviated as *RPC*. Beginning in 1916, with the passage of the so-called Jones Law of 1916, these reports were renamed *Annual Report of the Governor General of the Philippine Islands to the Secretary of War*, which are abbreviated as *ARGGPI*.
- 2 The other parameter was the effect of Filipinization on the government's ability to contribute to the happiness, peace, and prosperity of the Filipino people (Wood-Forbes Report 1921, 9–10).

- 3 US\$40 million were equivalent to P80 million. According to the report of the secretary of finance for the 1920 fiscal year, the Philippine government's total revenue collections from all sources for the year amounted to roughly P59.4 million (*ARGGPI* 1920, 92–94). This meant that Governor Harrison requested a financial assistance package from the U.S. Congress equivalent to 135 percent of the Philippine government's total revenue collections from all sources for the 1920 fiscal year.
- 4 In arriving at its conclusions, the mission also found that Filipinization had failed to accomplish its goal of improving the conduct of government affairs (Wood-Forbes Report 1921, 46).
- 5 Numerous factors affect the total trade output of a particular country for any given period of time. Among these factors are the total product units exported or imported; unit price in the market; freight cost; tariffs; and other government-imposed levies. These factors are either *influenced by* or *influence* supply and demand of exported and/or imported products. Nevertheless, the main concern of this article is the interaction between trade output in peso value and the collection of public revenues to finance government projects.
- 6 The products most affected by the excise tax since its inception in 1904 were tobacco and liquor products (Salamanca 1984, 122–25).
- 7 A legislative “rider” is an unrelated item that is included in a bill so that it may take a “ride” to passage (see, e.g., Siskiyoo Project 2007). Golay did not divulge which U.S. Congress added the rider, and likewise did not specify the appropriations bill to which the rider was inserted.
- 8 Secretary Barretto did not clarify whether the transportation problems he mentioned as responsible for the decline in the output of sugar exports pertained to the movement of stocks from the warehouses to the seaports or from the warehouses to the markets outside of the country due to the First World War.
- 9 The units of measurement and base years were not specified.
- 10 The new loans include P20 million set aside for the replenishment of the public works and irrigation bonds.

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