

philippine studies

Ateneo de Manila University • Loyola Heights, Quezon City • 1108 Philippines

An Inquiry into Economic Nationalism

Review Author: Michael McPhelin

Philippine Studies vol. 18, no. 3 (1970): 671–673

Copyright © Ateneo de Manila University

Philippine Studies is published by the Ateneo de Manila University. Contents may not be copied or sent via email or other means to multiple sites and posted to a listserv without the copyright holder's written permission. Users may download and print articles for individual, noncommercial use only. However, unless prior permission has been obtained, you may not download an entire issue of a journal, or download multiple copies of articles.

Please contact the publisher for any further use of this work at philstudies@admu.edu.ph.

<http://www.philippinestudies.net>
Fri June 30 13:30:20 2008

acceptance and personal worth which participants in the project achieved. The concluding chapter entitled "Today and Tomorrow" elucidates primary suppositions of earlier pages, not neglecting, in the process, questions for further research. An appendix would have been welcome, if it included a breakdown of socio-economic variables, etc., for the children and their parents in addition to extrapolations on the project's handbook for parents and staff.

As a descriptive narrative, the book successfully conveys a feeling tone; as an educational text, it conveys learning principles in a comprehensive manner; as a reader for parents of the handicapped, it offers hope — all solid endorsements even in a non-American setting.

MAUREEN MCCARTHY

AN INQUIRY INTO ECONOMIC NATIONALISM

UNDERDEVELOPMENT AND ECONOMIC NATIONALISM IN SOUTHEAST ASIA.

By Frank H. Golay et. al. Ithaca: Cornell University Press, 1969.
xv, 494 pp.

Economic nationalism is divisive. Most people are for it or against it hotly. This is a rare piece: it endeavors to describe and understand economic nationalism coolly. In this it is successful and consequently very useful.

The economic nationalism dealt with is "dominated by the drive to increase the share of nationals in the ownership and control of productive assets...and by their desire to increase their share of material rewards and prestige from economic activities." Its aim is the indigenization of the economy; here, Filipinization. This aim is sometimes expressed as matching political independence with economic sovereignty. Often, in the shaping of economic policy, priority is given to this aim, rather than to economic development. "Economic development is concerned with the size of the 'pie' without regard to its racial dimensions; economic nationalism is concerned with the racial and ethnic distribution of the 'pie' rather than its size." These goals are seen as alternatives.

In the Foreword, Professor Golay advises wisely that one had better not leave out nationalism when considering the problems of economic development in Southeast Asia. It takes its gigantic place by the side of the other two powerful environmental factors: tropical climate and swarming population. "Economic nationalism probably has been the most important determinant of economic policy in post-war Southeast Asia."

The first chapter deals with economic nationalism in Southeast Asia. No one knows better than Frank Golay, who wrote the chapter, how few generalisations will fit all the diverse countries here: think of Burma, Indonesia, South Vietnam and how they *contrast* with the Philippines. Therefore it is not surprising that much in the first chapter is not applicable to the Philippines during its four or so decades under the United States. For example, the stereotype of the colonial economy: modern, foreign-trade oriented enclaves surrounded by the traditional, technologically backward, subsistence-oriented agricultural sector. Considering that Philippine exports were predominantly coconuts, sugar and abaca—ores and logs first become important in the thirties—the stereotype does not match the picture here. The nearest thing to an enclave in the Philippines is Del Monte, providing but a drop in the bucket of exports. Again, allusion is made to policies and practices that blocked access by members of the indigenous society to jobs, markets and resources—a description which fits Korea under Japanese rule, but not the Philippines under the United States—including jobs in the government. A third inapplicable generalisation is the neglect of education. It can be said with some justice that the Spaniards, while here, neglected education except for their own and the *criollos*. The Americans got it going. In fairness to the author it should be stated that his treatment of the Philippines makes some of these differences clear.

The chapter on the Philippines—really a tidy book of about ninety pages—is a most informative piece on a topic of first importance in this country's recent economic history. What impress the reader are the considerable and consistent successes which the economic nationalists have scored in achieving whatever goals of Filipinization they have seriously striven after over the course of the last thirty-five years. The list of goals won is both long and comprehensive: natural-resource exploitation, public utilities, retail trade, business in rice and corn, tight requirements for naturalization, narrowly restricted immigration, harsh provisions for deportation, interisland shipping, the import trade by means of exchange controls, manufacturing by means of entrepreneurial incentives and protection against competing imports, banking both by means of the General Banking Act and the discretion of the Monetary Board and, finally, a wide array of the professions (including what Golay terms "exotic callings.") "Filipinization has proceeded steadily and alien professionals who were prominent in law, medicine and engineering before the war have become inconspicuous in the Philippine economy."

Since these many successes have enjoyed wide popular favor, small wonder that ambitious politicians continue to be eager for the reputation of being ardent nationalists. The interesting question is: what will

they aim at next? The signs point to petroleum and, maybe, higher education.

The last part of the final chapter (*The Summing Up*) handles "The Relationship of Indigenism to Economic Growth and Development." Though the authors themselves judge tentatively that Filipinization, say, is gained at the sacrifice of potential growth over the short and long run, rigorous theorizing led them to state that "unambiguous conclusions regarding the relationship between indigenism and economic growth are not possible." That statement is puzzling. *A priori*, it appears self-evident that any people choosing to go the way of development alone will go more slowly. Outside help in the forms of capital, foreign exchange, changing technology, managerial know-how, the established sources and markets of successful multinational corporations simply must contribute to faster growth and development. Indigenization is indeed an alternative with counterbalancing costs—slower growth. *A posteriori*, there is no historical case of an underdeveloped country making a conspicuous success of its economic advance without considerable help from outside. In fact, the same is true of the European economies, of Canada, Australia, Japan and even of the United States. Right at the start of the book the choice was made plain of making the "pie" bigger or of making it Filipino.

In the course of the book, despite all its detachment, a lot of judgments are passed on nationalism: "one of mankind's less pleasant vices." It is condemned for its inhumanity to aliens, especially to long-time resident aliens like the Chinese. It is odd that so few find fault with it because of its grave injustice to Filipinos, to the masses of the people. Its champions, far from being national heroes, are often enemies of their own people. In economics every gain is balanced with a corresponding cost. Filipinization has enjoyed wide popularity because its gains have been bravely displayed and its costs concealed: its costs in jobs not created, resources not exploited, incomes not generated, well-being not fostered. The people have never been shown the balance sheet which honestly sets out these liabilities, although one does sometimes get the feeling that they are eager to be misled. Nationalism is irresistible.

A local edition of the book is available from Solidarity, not so handsome as the Cornell University Press volume nor as expensive. Our debt to Professor Golay, an honorary alumnus of the Ateneo, is simply immense. This is the most complete inquiry yet made into economic nationalism in this part of the world.

MICHAEL MCPHELIN