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I am thinking, for example, about someone like Setiaji, a spokesman for Embah Wali who rephrased the leader's 'rustic words' (p. 117) for a wider and more diverse audience, combining them with literary phrases from traditional literature and mythology, and also, more importantly, relating them to current affairs (p. 118). The author does not really address the question of how unique Embah Wali's ideology and worldview were, and how much this man knew of Javanese literary tradition. We learn only in passing, for example, that Embah Wali and his two senior disciples owned handwritten copies of the Serat Dermagandhul (p. 155 n. 2, p. 156). According to Raharjo these manuscripts were heirlooms, but unfortunately he does not inform us when and from whom they were inherited, or whether these men were familiar with their contents (or with any other Javanese texts, for that matter). According to Embah Wali's view of history (see page 101), the pre-Islamic era was the time of Jawa (Java), meaning 'mature' or 'cultured', in which people were free from foreign influences; the subsequent Muslim period was the time of the 'colonialists' (Islam, the Dutch and the Japanese). In my opinion this seems to reflect the antagonism between Javanistic tradition and Islam expressed in the Serat Dermagandhul.

_A quest for justice_ is a well-crafted, sympathetic account of the hopes and struggles of a marginal community in contemporary Java, written by someone who directly witnessed the communal life of the group over many years. It is a pleasure to recommend this book.


WILLEM G. WOLTERS

Benito Legarda's book is a thoroughly revised and expanded version of the doctoral dissertation which he submitted to Harvard University in 1955, and which in its original form had already acquired a great reputation among economic historians. The author has since then made a brilliant career as an economist, working for many years with the Central Bank of the Philippines until retiring as deputy governor for research. He served on the board of the IMF and was consultant to the World Bank. He has published widely on economics, finance, banking, history and numismatics, and he has served in public functions in his profession. For the present study Legarda has not only
incorporated up-to-date historical literature, but also undertaken new archival research. The published version, therefore, contains considerably more detail than the original.

The book mainly deals with economic developments and foreign trade in the Philippines between the 1820s and about 1870, a period in which the islands were transformed from a subsistence economy to an agricultural export economy. At the beginning of the nineteenth century Spanish commerce in the Philippines was still largely an entrepôt trade between Asia and Latin America, and Manila was only a point of transshipment in this trade. The yearly galleon voyages between Manila and Acapulco brought Chinese and Indian goods to Mexico and American silver to Asia, while Chinese junks brought goods from the Chinese mainland to Manila. The galleon trade ended in 1815, and private trade links with Mexico ended in 1820 with the Mexican war of independence.

The new phenomena in the 1820s were the coming of foreign business firms to Manila, the growth of agricultural exports, the importation of foreign (mainly British) textiles, and the decline of the native textile industry. The Spanish colonial government reluctantly opened Philippine ports to foreign ships and business firms.

By the 1870s the islands had become an agricultural export economy, and the bulk of the export earnings came from four products: sugar, Manila hemp (abaca), tobacco and coffee. Rice had ceased to be an export product, and rice imports were increasing. Two countries, Great Britain and the United States, accounted for most of the islands' foreign trade. Spain now played an insignificant role in this external commerce.

Legarda credits the foreign business houses with this economic transformation. There were two American business houses, several British and Scottish firms, and some French traders, later followed by German firms. There were also numerous Chinese traders, who mainly functioned as compradores to the foreign business houses, although later in the nineteenth century some of them became sizeable business firms in their own right. Legarda has based his study on a close examination, including archival research, of the two American business houses: Peele, Hubbell and Company, and Russell and Sturgis. Besides engaging in import and export activities, these firms also functioned as local banks attracting local capital, were active in the insurance business, and extended advance loans to local middlemen and agricultural producers. Legarda characterizes the business organization of the Western traders as that of the merchant-banking firm. The merchant houses undertook these diverse activities because during the period under discussion, general banking and insurance functions otherwise hardly existed in the Philippine islands. The operations of these firms, accordingly, fundamentally transformed the country's economic life.
Legarda, then, views private merchant-banking in the nineteenth-century Philippines as an innovation. Although the individual activities undertaken by the firms, such as accepting small-scale deposits and providing credit to customers, were already well established in the region, the combination of so many functions within a single enterprise was new. The Western merchants introduced new methods of production, started manufacturing cordage and captured new markets. In portraying them as innovators, Legarda squarely places them in a Schumpeterian theoretical framework. Schumpeter's entrepreneur is not in the first place a capitalist or a risk-taker, but an innovator. The foreign business houses did not invest much capital of their own, but borrowed it from depositors, and focused on extending their networks and stimulating economic developments. The Schumpeterian framework provides a more precise definition of the entrepreneur than is found among many present-day authors, who simply consider every businessman an entrepreneur.

The firms made extensive use of bills of exchange as a mechanism of payment between different Asian ports and between Asia and London. Legarda gives very precise data, from the archives of the American merchant houses and other sources, of exchange rates between Manila and London and between the different ports in Asia for the period 1829-1874 (page 273). For most of this period bills of exchange on Canton, Hong Kong and Amoy were at a premium in Manila of from 3 to 10 percent, and only occasionally were they sold at a discount. In Amoy, bills on Manila were often at a discount of 8 to 10 percent. This means that there was a high demand for money transfers in Manila, probably as payment for imports from the Chinese mainland, while there was much less demand for bills in the Chinese ports as payment for Philippine exports. Legarda gives an excellent explanation of the premiums and discounts and the way they varied between the various trading centres as features of a segmented trading system in Asia.

For all those who are interested in Philippine economic history, this book is an important asset. We can be grateful that Legarda has directed his experience and brilliance to this endeavour, turning his original doctoral dissertation into a masterpiece.


BRENDA YEOH