State and Finance in the Philippines, 1898–1941: The Mismanagement of an American Colony. By Yoshiko Nagano. Singapore: NUS Press, 2015. Pp. xiv, 248. $32.00, paper.
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State and Finance in the Philippines, 1898–1941 is an attempt to reevaluate the Philippine National Banks' collapse after WWI. In 1919, the Philippine government had to divert almost 80 percent of the country's annual revenue from taxes and tariffs to replenish the depleted Gold Standard reserve. It also affected the change of political leadership. In 1921, the Bureau of Insular Affairs (BIA) sent a special mission to investigate financial conditions in the Philippines. The mission attributed the cause of the crisis solely to the bank's uncontrolled loans provided to export sectors with the strong support of politicians who protected the economic interests of Filipino landowners and manufacturing sectors. This conclusion was widely circulated and the collapse was characterized as the result of corruption, scandalizing the Philippine National Bank.

The central aim of the book is to analyze the relationship between the crisis and the instability of the currency system. To address the relationship, Nagano outlines (1) the introduction of the gold exchange standard and the development of modern banking in the Philippines (Part I); (2) the role of the Agricultural Bank and the structure of agricultural loans in the Philippine economy (Part II). Then, Nagano shows that the crisis of the Philippine National Bank was due not only to graft and corruption in the bank itself, but also to serious shortcomings in the monetary reforms reflecting BIA's intentions (Part III).

The BIA was established by the U.S. War Department to administer colonies and to supervise the transition of the colonies' currencies from the silver to the gold standard. In 1898, the Philippines was part of the silver standard area and remained so until the United States introduced the gold standard in 1903. The United States first needed to stabilize the exchange rate between the U.S. dollar and various silver coins circulating in the Philippines. The plan for currency reform was to establish the gold standard with a new silver peso equivalent to half the U.S. dollar. In other words, a new currency system was in the form of silver coins based on a gold coin whose denomination was a peso pegged to the U.S. dollar. To maintain the value of the silver peso, the Philippine government was authorized to issue silver certificates of indebtedness for the purpose of retaining the reserves to back silver coins. Also, the Gold Standard Fund was established for the purpose of maintaining the parity of pesos by regulating foreign exchange.

Nagano explains that the U.S. policy is related to the appropriation of the Gold Standard Fund. One primary policy of U.S. rule in the Philippines was the maintenance of a self-reliant financial system. Under a self-supporting budgetary system, the Philippine government had to procure for itself all funds needed for its expenditures. In 1911, a revised provision permitted a portion of the Gold Standard Fund to be loaned to local governments. It also permitted the fund to be used for purchases of interest-bearing first mortgage bonds. Loans and investments allocated from the Gold Standard Fund increased year by year until they reached nearly 80 percent of the total Fund in 1916–1917. Utilizing the Gold Standard Fund in such a manner was a deviation from the original purpose of maintaining the parity of Philippine currency, bringing a shortage in the currency reserve.

Nagano claims that the consolidation of the Gold Standard Fund and the Silver Certificate Reserve in 1918 was the critical mismanagement causing the financial crisis

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of 1919. The Gold Standard Fund could be used for investment in public utilities and produced revenue for the government. However, the Silver Certificate Reserve could not be used for that purpose, and thus it did not produce any revenue for the government. Nagano documents that during the early 1910s the BIA was endeavoring to increase the revenue of the Philippine government through an efficient management of both currency reserves. The idea was to combine the two currency funds and grant the Philippine government the authority to use the combined funds for increasing its revenues. After many reforms reflecting BIA's intentions, the two currency reserves were combined in order to compensate for the depletion of the Gold Standard Fund in 1918.

Nagano concludes that the consequence was the financial crisis. With the economic boom that accompanied WWI, Filipino and American bank officials provided numerous large loans to export businesses. With the sudden collapse of the export market at the end of the war in 1918, these loans could not be repaid. The combined Gold Standard fund was depleted in 1919. The book would be an excellent read for those who look for a thoughtful analysis on the relationship between the crisis and the instability of the currency system. It will also help students and scholars to understand the political and administrative system of the Philippines in relation to the political influence of the BIA, and the organization link between Washington and Manila.

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A New Economic History of Colonial India. Edited by Latika Chaudhary, Bishnupriya Gupta, Tirthankar Roy, and Anand V. Swamy. London and New York: Routledge Press, 2016. Pp. xiv, 270. $160, hardback; $59.95, paper.
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What happens when leading economic historians of South Asia gather at a conference? An exciting new book. The book is really a hybrid between a textbook and a collected volume. Chronologically, the chapters span India's colonial experience, from the origins of the East India Company to the Partition. Thematically, they cover both broad topics such as trade, labor, and industry, and more India-specific phenomena such as the railways and land tenure systems. To appeal as a textbook, each chapter is presented in an accessible way, with useful comparisons to other geographical regions.

In the first substantive chapter, Stephen Broadberry and Bishnupriya Gupta show how India fits into the Great Divergence debate, tracing the pattern of wages and GDP growth from 1600–2000. The first date falls late within the reign of the Mughal emperor Akbar, a time of relative peace and prosperity in much of India, and coincides with the chartering of the English East India Company. Strikingly, Broadberry and Gupta find that the amount of grain the average wages of unskilled workers in India could buy was 95 percent of those in Britain as late as 1650. The relative fortunes of unskilled workers begin to diverge after that, and severely so in the eighteenth century. In fact, unskilled Indian workers had yet to match their own counterparts from Akbar's time in terms of their grain wages as late as 1961. Indian per-capita GDP as a whole, already only 60 percent of that in Britain in 1600, fell substantially in both absolute and relative terms until the nineteenth century. As Broadberry and Gupta point out, the divergence happens well before the Battle of Plassey in 1757, preceding British rule over substantial Indian

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