# Bad Money



# 3

On January 19, 1904, a Manila-based representative of the Hongkong and Shanghai Banking Corporation wrote to the civil colonial government, expressing concern over the potential introduction of a tax on non-American colonial currencies. The tax was intended to discourage the use of older currencies during the roll-out of the new U.S.-based coins. The letter, however, warned that the new currency would introduce too much of a "radical change" on a "financial system still based on a Spanish-Filipino-Mexican Currency." Not only was there not enough time for the banking, business, and retailing communities to adjust, but more significantly, the banker worried about how "the larger proportion of the population . . . widely spread and ignorant as it is, would be even aware of the proposed change, let alone prepare to act on it." The banker would go on to propose a delayed start date for the new currency, closer to the end of the calendar year. This year would allow for public announcements in "various dialects" that would ideally help ease the "friction and abuses" within urban areas like Manila. At the same time, however, even if the "ignorant natives" in Manila might be better prepared through market knowledge, the banker still expressed concern that those "in the provinces certainly would not be, where the natives would be hopelessly fleeced by Chino [*sic*] retailers."[1]

The new U.S. colonial currency was supposed to bring a sense of economic security to a territory that remained militarily contested and politically unsettled. News of a novel currency, however, seemed to bring about more nervousness than reassurance. There were too many possibilities that money could go bad, through hoarding, smuggling, or idleness, or by operating autonomously, turning against American authority. Despite the United States declaring the war settled in 1902, the long Philippine American War was far from over. For the next decade, movements for decolonization continued, within both the formal realm and the underground, through the political system and through guerilla conflicts, in the provincial frontiers and the urban centers. U.S. military and civil colonial authorities would respond to these antagonisms with counter-decolonization. Monetary authority was key to counter-decolonization and would operate at two registers. On one hand, monetary authority aided the military pacification and suppression of potential insecurities. On the other hand, monetary authority helped build ideological consent by providing security, safeguarding capital interests, and policing the habits of nonwhite colonial subjects.

This chapter examines the relationship between a new American-based colonial monetary system and strategies of counter-decolonization. First, it traces ongoing anxieties over the speed and spread of new colonial currency and the lingering presence of older currencies. The existence of older currencies enabled unsettling economic practices to persist. Ranging from wayward to unlawful, these economic practices were seen as potential threats to the normalization of American colonial sovereignty and racial orders. The policing of economic practices would take multiple forms. In one form, monetary authorities would attempt to elicit consent through collaboration. White Americans and Europeans in the banking and business communities who resisted using the new colonial currency were invited to collaborate with state decision-making. In another form, nonwhite colonial subjects, Natives and Chinese especially, were heavily policed and surveilled, suspected of undermining the new American monetary system. Additionally, this chapter tracks how counter-decolonization entailed building consent through the creation of infrastructure, particularly in territories on the periphery of urban centers of business.

## Racial Capitalist Narratives and Progressive Imperialism

In 1901 William McKinley, the famously proimperialist and procapitalist U.S. president, was assassinated in Buffalo, New York. Less than a year after inheriting the U.S. presidency, the imperial and military hawk, Theodore Roosevelt, declared the Philippine American War officially over. The July 1902 declaration was premature. For over a decade and a half, armed Filipino insurgencies would continue, necessitating the continued institutional presence of U.S. military in the archipelago. It would be the longest nonsettler direct U.S. war until the Iraq and Afghanistan Wars in the twenty-first century. Much to the chagrin of U.S. colonial officials, the shift to guerilla skirmishes throughout the archipelago would have disastrous effects on agricultural exports. The pretense of bringing capitalist development to, and securing capitalist accumulation in, the Philippine colony was constantly undermined by the disorder brought about by U.S. counter-decolonization violence. U.S. authorities believed that the survival of the civil colonial state meant the establishment of order and security, particularly in the Philippine hinterlands. Agrarian communities had, after all, been the main source of unruliness and restiveness for the Spanish colonial state before them. Even the Malolos Republic struggled to contain the revolutionary desires of peasants in the rural countryside.[2]

The pacification of peasants was therefore essential to colonial security. U.S. authorities understood, however, that military pacification would not be considered legitimate if it was not accompanied with so-called civil pacification, the establishment of a secure and orderly capitalist society. This meant that the economic life of colonial subjects had to be securitized, normalized, and domesticated. Monetary reforms—what American experts and authorities asserted was the stabilization of currency, exchange, and markets—was a key aspect of pacification. But without the establishment of normative institutions such as banks that peasants could access, the new currency would fail to circulate beyond urban and wealthy communities. Through banking services such as savings, credit, and loans, monetary reforms could be successfully distributed throughout the archipelago. In addition, banking would enable a sense of order and security for peasants who wanted to accumulate wealth (savings) or to have access to wealth (through credit and loans). It would simultaneously entangle peasants further within the economic world of the United States and force peasants to invest in the future order and security of the U.S. dollar, the basis of value for not only Philippine currency, but Philippine banking accounts. To U.S. colonial authorities, therefore, without banking, there could be no orderly or secure civil society.

At the same time, American economic experts rationalized the operations of capitalist empire through a racial paternalist logic. In this, the American expert exhibited both a racial affinity and rivalry with the Anglo–upper-class social reformers of the British Empire.[3] Eventually called Progressivism, this movement considered economic reform as part of the white man's burden. This conception obligated more advanced, civilized, and modern peoples, such as Anglo-Americans, to actively transform supposedly backward, savage, and primitive peoples. These invasive forms of social intervention were systemically nonconsensual, justified by the fact that racialized populations could not think or act properly if left to their own devices. Progressivist forms of intervention, which melded humanitarianism and scientific reason with public and foreign policy, reached a global scale, setting off a flurry of activities in the settler metropole and the extractive colonies.

Progressivism, as a movement, emerged from the material conditions of racial capitalist crisis throughout the last decades of the nineteenth century. U.S. racial capitalist accumulation was mainly generated by anti-Black slave plantations and by the expropriation of Indigenous lands through settlement and dispossession of Native peoples in the so-called frontiers of North America.[4] Despite the riches amassed by U.S. Empire, the end of the nineteenth century witnessed massive wealth inequalities amongst those considered part of U.S. civil society. Critics at the time would begin to call it the Gilded Age, a time in which a thin surface of gold concealed rampant corruption, greed, and exploitation. Progressivism was a reactionary movement to the Gilded Age that attempted to grapple with the material catastrophes and racial and colonial antagonisms of the late nineteenth century.[5] Despite its pessimism in contemporary material conditions, Progressives nevertheless held a kind of optimism in the reparative capacity of Western civilization and white supremacy.

A fantasy history of U.S. capitalism grounded this optimism toward the progress of capitalist modernity. In this fantasy history, Anglo-American wealth, prosperity, and security emerged out of the hard work and creativity of the self-sufficient white entrepreneur, the cultural investment in private property and individual personhood, and the legal protection and spread of the free market. This narrative was grounded in the disavowal of settler colonial land theft and Indigenous dispossession, the plundering of rival empires, the exploitation of imported labor from colonized and semi-colonized territories, and racial enslavement of Black peoples.[6] Instead of this history of crisis and violence, the traditional and dominant history of U.S. capitalism asserted a narrative of innovation, industry, and progress. Beginning with the Lockean notion of the settlement of idle lands and the establishment of private property and freedoms, the Jeffersonian ideal of yeomen farmers and self-sufficient liberty, all the way to the entrepreneurial spirit of industrial giants such as John Rockefeller and Andrew Carnegie: these narratives of economic development guided Progressive-era expertise.

Before arriving in the Philippine colony, many economic experts were shaped by Progressive views of race, capitalism, and empire. Many believed that human civilization followed a series of historic stages that began with the cultivation of agriculture and the protection of private property and the steady evolution and progress of U.S. society toward industrialization.[7] For experts, the Philippines was an ideal place to work out Progressive notions of racial paternalism and economic development. Moreover, in the colony, experts could experiment by creating new kinds of monetary and banking systems, from what they believed to be an economic tabula rasa. Through currency and banking experiments, experts would not only ideally prove their economic and racial theories, but also justify the necessity of monetary authority to the broader U.S. logic of counter-decolonization.

## Policing and Punishing Bad Money

The main agent of monetary authority to institute counter-decolonization was the Division of Currency, headed by Edwin Kemmerer. The Division of Currency was not a permanent office, however. It was created as a two-year division implementing and administering the new currency brought about by the 1903 Philippine Gold Standard Act. In addition to instituting a new currency, the chief would be responsible for creating financial and banking institutions for the economic development of the Philippine colony.[8] The first two choices for the position were initially Charles Conant and Cornell University economist Jeremiah Jenks, leaders of the CIE. Although both would decline the offer, Jenks suggested his recently graduated doctoral student Kemmerer. This position would act as a significant stepping stone for Kemmerer's decades-long career. After his time in the Philippines, Kemmerer would regularly travel the world, employed as an economic advisor by multiple countries throughout Latin America and Europe. He would eventually become a professor at Princeton University, where he would retire. Throughout the 1920s and 1930s, Kemmerer's global profile would rise to the extent of being called the "Money Doctor" or "Money Wizard" by international presses.[9]

At the time of hiring, however, Kemmerer was still unknown and inexperienced, teaching as an entry-level instructor at Purdue University. He blamed his current professional anonymity on his seeming inability to command masculine authority in a world of experienced politicians and elder bureaucrats.[10] In several private correspondences to his mentor Jenks, Kemmerer expressed anxieties regarding his smaller physical build and his inability to make a lasting impression on men of political authority.[11] In the end, nepotism trumped presence, and Kemmerer was eventually hired for a two-year position as the Philippine colony's division chief on May 27, 1903.[12]

From the perspective of American experts and statesmen, currency reforms were intended to be a form of counter-decolonization. The establishment of a more secure and stable colonial currency would simultaneously aid in securitizing urban and commercial spaces of the archipelago and firmly legitimize American colonial sovereignty in the minds of merchants, bankers, and capitalists. However, despite the Secretary of Finance and Justice, Henry Ide, touting the massive success of monetary reforms in the beginning of 1904, the reality was that the security of the U.S. monetary system was far from settled.[13] There were still many ongoing frictions in public discourse, behind the scenes, and on the ground. Wayward practices, smuggling and hoarding, circulating illegal coins, and growing discontent and doubt continued to persist under the noses of authorities. Nevertheless, it was Kemmerer's job to make Ide's narrative of success a reality. Yet, there were multiple obstacles upon his arrival to the colony.

Two main monetary problems plagued Kemmerer during his tenure in the colony. The first involved a small circle of bankers and the second involved the broader population. More specifically, the first problem was the refusal of bankers to transition from older currencies to the new American colonial currency. Bankers in the main commercial areas of Manila, Iloilo, and Cebu were especially ambivalent about the speed of monetary reforms. Although they publicly welcomed the additional security and stability promised by the gold standard, they nevertheless believed changes were being imposed too quickly. Composed mostly of white Europeans, Filipino Mestizos, and some Americans, the banking community was mainly tied to London. Their interests, furthermore, was to keep exchange rates with British colonies—especially Singapore and Hong Kong—manageable and profitable. Moreover, although less stable, the bulk of the local currency cash balances of major banks was made up of Spanish-Filipino and Mexican currencies.[14] During this liminal moment of transition between currencies, the banking and business community took advantage of an unaware public. From the end of 1903 through the beginning of 1904, the general public continued to misapprehend the difference in values between the old and new currencies. Local wages and prices continued to be set according to Mexican dollar values. The older currencies also held less value than the new U.S. colonial currency. As a consequence, bankers, capitalists, and merchants continued to exploit the cheaper currency, both in terms of local payroll and purchases, and in terms of settling foreign balances.[15]

Several prominent American decision-makers were irritated by this practice, seeing it as a roadblock to establishing a colonial monetary system tied directly to the U.S. gold dollar. Yet, they were hamstrung by the fact that the use of Mexican currency was never made illegal. In response, so as to force bankers and business leaders to more rapidly accept the new colonial currency, several authorities began to publicly float the idea of imposing a 20 percent tax on Mexican currency at the end of January 1904. Bankers reacted strongly against the possible currency tax and complained that this was a radical attack on the financial community.[16] What was truly hindering the new colonial currency, as one banker argued, was not the banking community, but instead the ignorance of colonial society. Natives, according to this banker, did not have any market knowledge. They were therefore more liable to naively cling to the older and familiar Spanish-era currencies. Moreover, bankers believed the true culprit slowing down currency reforms for profit were the Chinese. According to rumors, the Chinese had "ransacked all the provinces" for Mexican currency in order to turn a profit in the international money markets.[17]

According to this logic, the true origins of the currency problems were rooted in the unscrupulous practices of the Chinese and the widespread ignorance of the Natives. Therefore, the colonial state should not punish bankers and business with a currency tax. Instead, authorities should first deal with the ignorance of the masses, and second, increase the policing of Chinese economic practices. If nothing changes, only then should the colonial state revisit imposing a currency tax. Moreover, if a currency tax were to be passed, bankers reasoned, the colonial state should intervene and guarantee a fixed rate of exchange, in order to curb any losses that banks may suffer.[18]

Kemmerer and Jenks agreed with many of the arguments made by bankers. This was not surprising. They both believed that the colonial state should do its best to not intervene in the capitalist market. In addition, they believed that the success of the new U.S. colonial currency was only possible with the full support of bankers and capitalists. Even Conant, a more hawkish policymaker, believed that the colonial state, in dealing with bankers and currency, should never "disregard vested rights and the freedom" of economic subjects.[19] Thus, Kemmerer and Jenks warned against creating friction with local bankers. Jenks, who was in China at the time, would lobby on behalf of Kemmerer and the Manila bankers, writing to the secretary of war and the Philippine governor general. Jenks would in turn parrot many of the policy suggestions made by bankers, especially arguing that colonial state officials were mistaken to threaten a currency tax. Although Jenks supported a theoretical tax, he believed the schedule suggested by colonial officials was far too aggressive. Instead, he argued to delay any action until October 1904 and to pursue the education of Natives on the new currency through the proliferation of public notices.[20] In this policy advice, Jenks asserted that the colonial state should stay out of the way of bankers, believing that the new currency would work its way into conventional use naturally through the logic of the capitalist market.[21]

On January 24, 1904, a private meeting between colonial officials and representatives from the main banks was held at Malacañang palace, the civil colonial government headquarters. Kemmerer would also attend this meeting. Frictions had intensified as "the Banks and the Chambers of Commerce . . . came out strongly in opposition" to the new tax, and the late-night meeting was organized to field suggestions from bankers on how best to transition from the Spanish-era currencies. The bankers eventually accepted a proposal by Kemmerer. The proposal promised to hold off on considering currency taxes until the month of October and instead focused on educating Natives through a colony-wide public relations campaign. According to Kemmerer, "People exchange their Philippine currency for Mexican because they either can't get its value at the stores, or can, only after considerable dickering. The plan I refer to is to provide cardboard notices, to the following effect, and induce the merchants, either by municipal ordinance or otherwise to post them in a conspicuous place in their stores."[22] These posters would indicate the going exchange rates for each currency, ideally illustrating the benefits and stability of using Philippine rather than Mexican currency. Kemmerer would later brag to Jenks about the success of this education policy. "It is now in the hands of the translators with instructions to rush as rapidly as possible, after being translated into a dozen or more dialects and languages it will be printed, and, then, if

October first has not by that time arrived, posted throughout the Provinces and published by '*bandilla*,' that is a sort of town cryer [*sic*]."[23]

By October 1904, Kemmerer would boast that the money markets had worked itself out, and bankers, on the whole, were now on board with promoting the new U.S. colonial currency over the Mexican currencies. Seen from a certain perspective, Kemmerer's strategy was correct. From May through August, commercial exchanges in Mexican currency had lost its profitability, prompting bankers to transition toward the U.S. colonial currency with less protest.[24] At the same time, the treatment of bankers on monetary reform illustrates the ways that the colonial state and economic experts viewed agents of capitalism. Refraining from the imposition of currency taxes and soliciting private meetings to decide colonial policy ultimately illuminates how the colonial state was ideologically and materially beholden to capitalist interests, specifically bankers. Upholding racial hierarchies, the colonial state considered white and European Mestizo bankers as sometimes rivals and sometimes collaborators who had to be convinced to maintain colonial economic security and support counter-decolonization efforts.

The practice of inviting bankers to cocreate colonial economic policy was vastly different from the treatment of Chinese and Natives. In the name of currency reform, colonial authorities would constantly carry out invasive profiling and audits. Racial paternalism justified this intensified policing in the eyes of authorities. Natives lacked market knowledge and because of this ignorance, the parasitic Chinese would prey on them. If these kinds of injustices accumulated, colonial authorities worried, it could possibly generate more political and economic insecurities, undermining counter-decolonization efforts.

With this in mind, and with the suggestion of bankers and capitalists, colonial authorities would switch focus from the Mexican dollar to copper currencies, the small denomination coins used by the masses. For authorities, how the colonized related to, and recognized, the use and security of colonial money was indicative of how the colonized felt about U.S. colonial sovereignty more generally. Kemmerer for instance boasted that the replacement of old Spanish-era currency with U.S. colonial currency was enthusiastically welcomed by the colonial public. "The crouds [*sic*] were so large that it took four policemen to control them, and there were a number of cases in which the people waited all day for two or three days to have a few pesos exchanged."[25] Despite Kemmerer's confidence, however, there remained suspicions of potential misuse or nonuse of colonial money, slowing down counter-decolonization efforts.

One such concern was the perception of rampant hoarding or smuggling of older currencies. Rather than target the more powerful and influential multicolonial banks, suspicions were cast immediately on Chinese moneychangers.[26] In Kemmerer's reports, the figure of the "Chinaman" would repeatedly become entangled with illicit matters. Chinese money exchangers for instance were believed to take advantage of the general public's confusion over the slow rollout of small denomination U.S. currency coins. "The enclosed complaint is against the custom of the Chinese of receiving ten centavos Philippine currency as the equivalent of eight dos cuarto pieces or ten centavos local currency, in other words of charging the same prices in Philippine currency that they formerly charged in local currency."[27] Even the most scandalous event in the financial community during the early years of U.S. colonialism, the bankruptcy of the American Bank, could be traced to suspicion over Chinese. Although the embezzler was not Chinese, he had used Chinese names to create numerous fake accounts. It was not until colonial authorities noticed the accumulation of Chinese-owned accounts that they became suspicious of foul play.[28]

Another example was the suspicion of Chinese smugglers. From 1905 until the middle of 1906, the price of silver once again violently changed, this time to a premium. As a result, an estimated half a million to one million pesos were smuggled out of the colony, through territories where there had yet to be a clear state monopolization of currency. Silver coins were then exported to Hong Kong, Amoy, and other Chinese coastal markets.[29] The Commission reacted by changing the silver bullion content of the coins, instituting a massive recoinage process that lasted two years between 1906 and 1908.[30] Moreover, there were reports of immense refusals from the frontier parts of the archipelago that were blamed mostly on Chinese merchant networks. After collaborating with Native businesses and foreign firms and companies, however, the colonial government was eventually able to discipline any public refusals. Considered resolved at the time, the recoinage process left unaccounted an estimated 2.7 million pesos worth of coins, most likely smuggled out and melted down to escape American transborder policing of various Asian ports.[31]

Because the colonial state introduced the new currency into circulation without any of the "subsidiary coins, minor coins, or silver certificates,"[32] the majority of the Philippine population still relied on the de facto currencies under Spanish colonialism. The vast majority of the colonized population, especially those in the border zones between civil and military governments, commonly used coins originating in Mexico, Latin America, and China or that were privately made by non-Christian Indigenous tribes. One particular nonsanctioned currency that irritated provincial officials were called "Igorotte coppers." These coins were named after an umbrella term for Indigenous peoples of the Cordillera mountain range of Northern Luzon. The Igorots were primarily considered non-Christian and savage, never quite domesticated by Spanish colonial authority. This is evident in the creation and circulation of the copper coin, which was conventionally traded alongside Spanish and Mexican coins. Some colonial officials claimed that these were "extremely rude counterfeit" coins. In many ways they were, for they were created by "private" and untraceable agents, and there was no sovereign bank or state to back up the value of the coins.[33] One had to merely place faith in the metallic content inherent in the coins themselves in order to give it value. Nevertheless, the coins circulated widely in the region by convention, and monetary authorities in Manila remained frustrated that even after the introduction of new copper denominations of the colonial peso, the Igorot copper endured in use.

The problem, according to several regional reports, was that despite it being half a year after the introduction of the new colonial coins, American regional authorities were still using Igorot copper.[34] In 1904, for instance, U.S. military government officials, in their haste for counterdecolonization, continued to disperse Igorot coins to pay for local and Native labor, food, and other supplies. Additionally, regional capitalists, the "business dons . . . of the Tao class," continued to use it for both business transactions and government obligations.[35] In a letter to Jenks, Kemmerer likened the use of Igorot coins to Mexican and Chinese copper coins that had been "smuggled into the country."[36] Due to the lack of Spanish colonial authority to properly regulate the currency, these coins, although illicit in origin, adopted the form and function of money.

Policing was not limited to non-Christian provinces. Monetary authority entailed practices of surveillance and profiling even in urban centers. Kemmerer, for instance, conducted surveillance at Divisoria market, one of the busiest commercial areas in Manila. As he recounted, Kemmerer "examined the cash boxes of some 24 small traders representing all classes, and found but seven cents local currency, five of which was a small Chinese five cent piece which had dropped into a crack in the box." Although he was relieved that there were fewer illegal coins in use at the market than he had expected, his experience illustrates the kinds of suspicions held by authorities of Natives and the pressing need to know what was truly hidden behind their practices of exchange and circulation.[37]

Authorities would also use suspicion over illegal money as pretext to stop and search market and street vendors at random. One colonial official stopped an "old woman selling native fruits" and searching "within her box of change" found illegal "local currency 'clackers.'" Instead of a mere warning, this official dragged the woman and her coppers with him to the municipal treasurer. He then forced her to not only exchange her coins for the new colonial currency in front of him, but he also forced her to make an "oath" and sign an "affidavit that she understood the currency laws, and would not hereafter transact any business in local currency without having . . . procured a license." Only after this public spectacle of punishment was she "released and instructed to return to her work."[38]

Authorities believed that the use of older coins was an affront to U.S. colonial sovereignty and American expertise. In correspondences, authorities would frequently refer to older coins as "bad money." One report from a provincial treasurer narrated an instance of a carpenter who had been informed that the currency he had been using was illegal. After some time the treasurer asked the carpenter if he had exchanged the coins for legal tender. The carpenter, with a smile, replied that "he had paid them to the market people who did not know they were bad money." This report proved to an expert like Kemmerer the deleterious effects of allowing "bad money" to circulate. It would allow those with knowledge of the coins' true value to prey on those of the "poorest, weakest, most ignorant people."[39] Through this seeming sense of justice, Kemmerer articulated a kind of racial paternalism. This racial paternalism was rooted in anxieties over the uninhibited continuation of certain nonnormative economic practices. These nonnormative practices could potentially sow insecurity in both colonial commerce and doubt about U.S. colonial authority. If Natives continued to use currencies beyond the control of the U.S. colonial state, this meant that a world could be carved out, autonomous from U.S. colonial control, rendering it useless. Eventually concern over the continued use of illegal coins and its skirting of U.S. authority pushed Governor General Luke Wright to outlaw copper coins, and the colonial state would purchase and take the coins out of circulation.[40]

Currency reforms were essential for direct and indirect forms of counter-decolonization. Directly, reforms aided the military with the logistics of counter-decolonization efforts, especially as it needed to move funds across the Pacific and throughout the archipelago to pay for labor, supplies, and infrastructural projects. Indirectly, reforms were necessary to establish ideological belief that the U.S. colonial occupation brought about commercial security. Nevertheless, ongoing practices of hoarding, smuggling, and the remnants of previous kinds of currencies also placed stress on monetary reforms. The fear was that the vast majority of the population would reject market knowledge and exclude American authorities. Under surveillance, Native and Chinese Filipinos would play along with American authority. Outside of the state's purview, however, Natives and Chinese would continue previous sorts of monetary practices and commercial exchange. This was not necessarily political resistance, but to American colonizers, it was ideologically unsettling. At the same time, some U.S. officials felt insulted by these wayward economic practices. They would in turn make a spectacle of enforcing monetary law. There was a fear that an affront to colonial law could spread and accumulate throughout the islands. As a consequence, in addition to purely punitive forms of counter-decolonization, authorities pursued counter-decolonization forms of attraction.[41] They sought ways for the "poorest, weakest, most ignorant people" in the archipelago to personally invest in a U.S.-based colonial economic system.

## Racial Capacities for Saving and Sovereignty

A U.S. colonial banking system in the Philippines was a mode of both practical and ideological counter-decolonization. It would feed infrastructural needs, shore up an unstable property regime, and operate as a symbolic mode of deferring decolonization. Its creation was first instigated in January 1904, when the Division of Currency Chief Edwin Kemmerer overheard Howard Taft's desire for a Philippine agricultural and savings bank during a social gathering. Kemmerer was struck by this brief mention of colonial banks and believed it would be a career-advancing project before his two-year stint in the Philippines was completed.[42] Additionally, as warfare dragged on with threats to U.S. sovereignty emerging throughout the archipelago, Kemmerer felt an imperial and racial obligation to support the ongoing suppression of Philippine decolonization.

Over the next several months, Kemmerer would draft multiple designs for a postal savings bank and agricultural bank.[43] The U.S. monopolization of banking was considered necessary to deal with colonial insecurities, especially in the provinces. First, a centralized banking system, under U.S. colonial authority, would aid the work of military counter-decolonization. According to Kemmerer, for instance, those who led "a more or less nomadic life" such as American soldiers and the colonial policing force, the constabulary, would feel more secure by being able to deposit or withdraw their money wherever they were deployed throughout the archipelago.[44] Moreover, Kemmerer worried that agricultural land had turned idle as a result of war or abandonment. Idle land had to be developed, he warned, to provide a better sense of security for Natives and to weaken support for anticolonial guerilla forces.[45]

While the agricultural bank would be delayed for years, Kemmerer's Postal Savings Bank (PSB) plan gained the most traction with colonial state decision-makers. After the termination of his position, Kemmerer visited multiple colonies throughout Asia, North Africa, and Europe before heading back to the U.S. settler metropole. Kemmerer would send back notes and revisions of his PSB design as a result of observing different banking and monetary systems established by rival capitalist empires.[46] As one American authority would later write, the PSB system was greatly influenced by banking established for "Oriental People somewhat similar in descent and environment to Filipino people" in a "primitive state of economic development."[47] In his revisions, Kemmerer asserted that the PSB would serve several crucial purposes for U.S. colonial authority in the islands, such as attracting private U.S. capital investment into the colonial banking system, breaking up the Native habit of hoarding, and securitizing and streamlining the movement of money throughout and without the archipelago. Transpacific order remittances through the post office, after all, had been heavily exploited by supposed foreigners, and the PSB system would help end "the evils of the practice."[48]

Yet, publicly for authorities, the most important purpose of the PSB was pedagogical. As Kemmerer revealed in his initial draft of the PSB bill in 1904, economic tutelage had always been the intention of a Philippine savings bank, which he believed would be vital in "educating the natives" of the values of "thrift and economy."[49] The PSB therefore was a colonial mechanism that would ideally transform the habits and practices of the Native at the quotidian level. To the colonial state, the Native was too idle and improvident, a threatening enemy to the political and economic security of the colonial state. Through learning to save, the Native would become an employable and responsible colonial subject, financially and ideologically invested in an American colonial future. There was even an increasingly popular belief from American authorities that the PSB experiment in the Philippines could be applied elsewhere within U.S. Empire, like the colony of Puerto Rico, or toward other nonwhite (and not quite white) peoples in the supposedly unsettled areas of the North American settler metropole.[50]

After Kemmerer's departure from the colony, the PSB project was taken up by Commissioner of Commerce and Police William Cameron Forbes. In May 1906, Forbes wrote in his journal that the PSB legislation, drawn up by

Kemmerer, was an “admirable document,” which he “defended stoutly.”[51] Forbes, in a later entry, wrote that the PSB would be “a great boon” in the American project of colonial education and uplift, teaching Natives how to properly manage their money. “Many of the people here save their money and bury it,” Forbes mused to himself, “many would invest if there were anywhere to put it; hence they gamble. This new law puts an opportunity to invest within the reach of everybody. . . . It is going to be real good and incalculable in its advantages and results.”[52] Forbes believed that the PSB would provide the Native with an opportunity to become a more efficient laborer and simultaneously take part in a capitalist world increasingly becoming dominated by financial institutions and relations. Freedom became essential in this type of colonial governance, for as Forbes argued: “If opportunity were given to laborers to invest their money, and education were given to them to demonstrate the wisdom of such investment, and by wise and cautious handling their confidence were gained, we should at one time provide the two great needs of the Islands namely labor and capital.”[53] The PSB thus offered an alternative future for the Native, a world where labor could be converted into capital necessary to develop the Philippine Islands overall. As supposedly free subjects, however, Filipinos would have to paradoxically choose to follow the “opportunity” and “wisdom” offered by American economic tutelage, racial paternalism, and colonial subjugation.[54]

On May 24, 1906, the Postal Savings Bank Act was passed by colonial state lawmakers. On an accelerated timeline, the PSB system would be established and in operation a few months later. Bank leadership would be under the Chief of the Postal Savings Bank Division Ben F. Wright, a former bank examiner in the Philippines. Wright would carry on and expand much of Kemmerer’s racial and colonial logic into the design and publicity materials of the PSB. The first bank branch in Manila would be opened in November 1906. By January of the following year, there were over sixty-two bank branches embedded in postal offices throughout the islands. The PSB system quickly gained popularity with Americans scattered throughout the archipelago due to its money order functions. In its first few months of operation, the PSB system was highly touted by the pro-American public in Manila.[55] Behind the scenes, however, Wright would often clash with the Director of Posts William Nolting, a long-time critic of Conant, Jenks, and Kemmerer. From Nolting’s perspective, the PSB would bleed money, since Natives were too poor to make deposits. Wright, however, would counter that the Native’s poverty was exactly the reason why the PSB was necessary. As a mechanism for colonial pedagogy, the PSB would “teach them [the

Natives] the necessity for industry and providence as a means of attaining a higher civilization."[56] Luckily for Wright, Nolting's superior, Forbes, was a firm believer in this paternalist mission.

At the same time, Wright would present savings as a crucial concrete and symbolic facet of counter-decolonization. Concretely, the PSB would serve two main counter-decolonization functions. First, it would extract personal wealth from individuals. As savings accounts, personal wealth would be converted to capital that would accumulate profits for the individual and the system itself through accruing interest. At the same time, the bank would collectively hoard these individual accounts and redistribute them as loans "at interest to farmers, merchants and manufacturers," thus creating more profit.[57] In addition, PSB loans would be made available to colonial state infrastructural projects and real estate development "in the cities of Manila, Iloilo, Cebu, and Zamboaga."[58] Those outside of urban areas were especially targeted by the PSB, for authorities believed that peasants usually stored their money "in the ground or about the house or placed in the hands of a friend for safe keeping."[59] Within these unsettling economic practices, money, to the chagrin of authorities, became hidden from state surveillance and held the potential to generate secret bonds and relations between people. Secret bonds, after all, could quickly turn into bonds of insurgency.

The PSB would ideally expand the territorial reach of the colonial state in terms of controlling the circulation of money throughout the settled parts of the archipelago. Previous savings banks under Spanish colonialism had been geographically limited to Manila and other urban areas.[60] Money, therefore, could only be deposited or withdrawn if one was in the city, not if one was in the provinces. Operating through post office branches, physical currency did not have to move from branch to branch. Proof of the deposit was a postage stamp, which stated an amount that could be withdrawn at any PSB location. The account holder would attach stamps of value (for example in units of five, ten, twenty centavos) onto a brightly colored and aesthetically eye-catching card. Money would thus move faster and more securely, through its conversion into stamps. At the same time, however, stamps could potentially destabilize money, by performing like currency, but at the same time, by being something else. As a consequence, additional security measures were created, which also doubled as a technology of surveillance and tracking. For instance, the section on the back of the card was designated for individual identification, not only by recording a name and address, but a square for a thumbprint and a space for a signature.

The PSB funds would also be used for personal loans. These loans would only be made available for those wishing to purchase or develop property. The procedure to secure a loan entailed a description of property, certificate of title and registration, and a statement of purpose of loan. The PSB, therefore, opened up the Native to further state surveillance and rendered the Native more invested in the regime of property. As a policy of attraction, savings as counter-decolonization was presented as work by and for Natives. As stated by Wright, "savings of these people may be put to work in the . . . improvement of the islands and their people."[61] The transformation of the unruly Native insurgent into a docile colonial subject was simultaneously the transformation of idle and unruly lands into valued property.

Ideologically, the Native would undergo transformation through the practice of depositing their wealth into the PSB. Whatever surplus they accumulated from their labor, the Native would give to a colonial state institution rather than for other purposes or creating other kinds of social ties, such as gifting, gambling, or informal credit. The Native would ideally depend on the colonial state to keep their personal wealth secure. If they wanted to profit from the interest, they had to invest in the colonial state's existence in the future. The PSB was also a paternalist project that intended to regulate Natives' habit of immediate pleasure in the present, replacing it with a new habit of deferring pleasure for the future. Wright, for instance, argued that Natives needed to learn the "proper discrimination in the valuation of the various commodities that enter in the daily life of the individual," or they would remain within "the lower scale of development."[62]

The Native, through savings, would be taught how to be a better decision-maker over the value of things, to learn when one should use their wealth to purchase things, and when one should refrain from purchasing. American authorities would guide Natives toward new normative wants and desires. It bound savings to the reproduction or lengthening of biological life. As Wright reasoned, savings led to "more sanitary lives, better food, and the development of a higher ideal of home life."[63] Most importantly, the PSB was supposed to accelerate the Native's investment into private property. The promise of a better and newer residence, home improvements, or sending your child to an American school to achieve a better life.[64] Indeed, it was the notion of accumulating capital through the reproduction of heteronormative life and private property that guided the PSB's pedagogical aims.

One large-scale example of this pedagogical function was the collaboration between the Bureau of Posts and the Bureau of Education. For this project, American authorities explicitly targeted the first generation to take shape under U.S. colonial rule, or what Wright called the "rising generation."[65] In this 1910 campaign, the Bureau of Education offered prizes and awards for those students who could deposit and save the most money.[66] The competition also entailed the writing of an essay on the importance of savings. The prize for the competition was a scholarship for technical education. At the same time, the prize was also dependent on whether one was gendered male or female. If the prize winner was a boy, he would receive a scholarship to a vocational school. If the prize winner was a girl, she would receive a scholarship to a normal (teacher's) school.[67] Savings was thus a form of learning to work more efficiently under heteronormative and gendered regimes of labor.

All these public campaigns were guided by the logic of counter-decolonization. For American authorities, if Natives could not save, they could not self-govern. In early 1907, experts such as Kemmerer and Wright went on an intense public campaign to link the relation between savings and self-government. Key to this was the concept that savings were fundamental for a civilized and modern society. Wright argued that "saving is one of the basic principles of our civilization" and that "without saving something for the morrow, no race of people would have risen out of their primitive conditions of savagery."[68] For Kemmerer, Natives could not yet properly grasp one of the most basic concepts of the modern age: abstract linear time. "Filipinos as a people have never developed the saving habit, and are deficient in foresight, the capacity to anticipate the future, and in self-control, the capacity to deny themselves the pleasures of the present for the more enduring ones for the future."[69] Unlike more modern and developed races, especially white Anglo-Americans, Filipinos were purely "creatures of the present."[70] As creatures of the present, rather than pursue "substantial advantages arising from an accumulated reserve," Filipinos submitted their wealth to the "momentary pleasures of the cockpits, the gambling table, of cheap jewelry, and of the holidays without number."[71] Through these pleasures of idleness, Natives wasted not only money and labor, but most egregiously, they wasted time.[72]

For Wright, this racial incapacity of the Native made him "an enemy to his country as well as to himself." The inability to make proper economic decisions left one vulnerable to exploitation, either through debt or dependency. For Wright, individual self-sufficiency led naturally to capital accumulation and autonomy. Natives' lack of savings led to insecurities in which more wealthy and powerful individuals and nations could easily exploit. "An intelligent, energetic, economical people will make a wise, powerful and prosperous nation, and just as truly will an ignorant, thriftless and improvident people make an unprogressive and unstable nation, subject to the vicissitudes of tyrannical rulers and destined sooner or later to become prey of some more powerful nation."[73]

The PSB was supposed to fix this racial incapacity of the Native. Despite the recognition by some American authorities that there were a few exceptional Native and Mestizo Filipino leaders able to comprehend modern knowledge, Kemmerer and Wright both believed this insufficient for immediate self-government. One article, for instance, would argue that it was "morality and not intellectuality" that was the "standard of self-government."[74] This lack of moral responsibility to save for the future could not be overcome by mere cleverness. Morality had to be taught to Natives. Just like saved-up capital, morality had to be maintained and accumulated over countless generations in order to bear fruit. In the interests of developing the Filipino capacity for future self-government, it was the paternalist responsibility of the American colonial state to cultivate such morality through the PSB. As Kemmerer boasted, "Few measures have been taken up by our government in the Philippine Islands of greater importance in the work of educating the Filipino for self-government than the recent creation by the Philippine Commission of a Philippine Postal Savings Bank."[75]

At the same time, however, Kemmerer and Wright's obsession of linking the Filipino incapacity for saving with the Filipino incapacity for self-government most likely had to do with the creation of the Philippine Assembly, the lower legislative house of the Philippine colonial government. The seats of the Philippine Assembly were to be occupied by representatives popularly elected by Filipinos in July 1907, therefore symbolically, if not politically, decreasing American authority.[76] Moreover, the impending election was a watershed moment for two reasons: first, it opened up to elected colonial subjects the ability to make law, and second, it opened up to colonial subjects, through a conditional suffrage, a horizon of democracy.

For some American authorities, the Philippine Assembly was seen as a crucial strategy in domesticating decolonization. By gifting conditional suffrage and partial representation, the colonial state hoped to resolve ongoing material antagonisms with the promise of political equality. Representative democracy would act as a substitute for revolution. As such, conditional decolonization would replace unconditional decolonization. Those such as Wright and Kemmerer, however, considered even the creation of the Philippine Assembly as a threat to the continuation of American presence in the Philippines. The stakes of which were bigger than merely Philippine colonialism, but U.S. transpacific empire more broadly. After all, Wright proudly claimed that the Philippine colony was "the permanent center of

American interest and influence in the Far East, the strategic point in the meeting of the oriental and occidental civilizations."[77]

The PSB was fundamental to this continued American presence. To prove that continued American presence was necessary, Kemmerer would gesture to recent data from the PSB system. By the end of 1906, and after only a few months of operation, the PSB had a total of 621 depositors. Of these depositors, Americans accounted for 82 percent, while the rest were assumed to be Filipinos. Kemmerer, in a newspaper in the settler metropole, would argue that these low numbers were due to Natives' "reputation of improvidence."[78] Wright would later unintentionally contradict Kemmerer, by arguing that the lack of Filipino savings accounts was most likely due to how Natives looked "with suspicion upon the motives of the government."[79]

On the whole, however, other public statements by Wright would support Kemmerer's logic that Filipinos remained incapable of self-government. Native leadership was the primary example of this racial incapacity for self-government. According to Kemmerer, several centuries of Spanish colonialism had taught Natives how to be politically crafty, resulting in a Native leadership that was completely corrupt and overly bureaucratic.[80] The few exceptional Filipinos in the bureaucracy were "appointed and not elected," and "a large proportion of them [we]re not of pure Filipino blood."[81] His assessment of the Filipino's inability to self-govern gained support from presses in the settler metropole and the Philippine colony. These articles would also reason that Natives remained too economically underdeveloped, living a "hand-to-mouth existence," and must be "educated in thrift" before they could be trusted with the power of suffrage.[82]

Public reaction to the counter-decolonization campaign led by Kemmerer and Wright was mixed. After delivering a speech at Cornell University critical of the Philippine self-government, Kemmerer was met with a "storm of protests" by Filipino students studying at Cornell.[83] Mostly from wealthier families, the "rising generation" of Filipinos studying in the U.S. settler metropole, also called *pensionados*, were offended by Kemmerer's broad brush that painted them all as part of some premodern race. A different type of opposition to Kemmerer appeared in the *Philadelphia Record*. Laced with irony, the *Record*'s article highlighted Kemmerer's argument for gradual progress under American rule. Specifically questioning the notion of benevolent empire, the *Record* asked: how can a people reduced to "great impoverishment" by war and faced with "hostile legislation of Congress upon their trade" hope to ever "make deposits of money?" The *Record* seemed to question the logic that Filipinos had to evolve under a system of political inequality and economic exploitation in order to realize true self-government. As the writer sarcastically stated, "Many of these natives who have no money to deposit in postal banks are actually so perverse as to earnestly desire a free government of their own."[84]

It is clear from his writings that news of the 1907 elections terrified Kemmerer. Although no longer residing in the Philippines, he could sense that the elections remained haunted by the spirits of the Philippine revolution and the ongoing desires for unconditional decolonization. Kemmerer described the election as "for the moment" fanning "the smouldering [*sic*] embers of the insurrection." With the proindependence political parties winning a convincing number of seats, Kemmerer described how some Filipinos "lost their heads, publicly paraded the *Katipunan*, the flag of the insurrection, and insulted the American flag." Trespassing over both economic and political boundaries, these and "other similar excesses" that poured out of Filipinos during the elections, according to Kemmerer, "aroused the better classes of Americans throughout the islands." In reaction, the Philippine Commission strengthened the sedition law and added an amendment that outlawed insurrection symbols, flags, and paraphernalia.[85]

The haunting threat of unconditional decolonization illuminates why authorities like Kemmerer and Wright would be so obsessed to connect the Native's racial incapacity to save to the Native's racial incapacity for self-government. In these brief moments in which people "lost their heads" over the promise of independence, revolutionary demands for unconditional decolonization would not come in some domesticated future but would arrive in the immediate present. Similar to the spendthrift and the excessive Native who stymied the accumulation of capital, the Native who demanded immediate independence in turn unsettled a future of American colonial authority. Consequently, this obsession in transforming the Native into a future-oriented saver and potential entrepreneur was inextricably bound to domesticating the ghosts of the revolution and warding off any possibility of unconditional decolonization

## Counter-decolonization Logistics and Infrastructure

The Philippine American War persisted in the frontiers of the archipelago until at least 1913, remaining beyond the reach of military, capitalist, and infrastructural security. During this period, the Gold Standard Fund (GSF) was crucial in extending American colonial authority into heavily contested territories. As counter-decolonization in less "civilized" territories became more grueling and protracted, the GSF was vital for military logistics. Specifically, it would be a mechanism to more easily and rapidly move currency necessary to purchase supplies and labor for military occupation. The GSF also provided loans for different infrastructural projects in unsettled territories, embedding the ideological presence of American authority into the built environment. Counter-decolonization would operate through the funding of labor, new local markets, and structuring the physical space of Native life. The GSF would therefore directly and indirectly help shape a sense of security for individuals laboring and living under U.S. colonial occupation, potentially further entangling Native workers and peasants into an American-centric economy.

The GSF was crucial for militarized campaigns of counter-decolonization. In 1904, U.S. military expenditures on labor, resources, and infrastructural projects in the Philippine colony was estimated at $1 million a month.[86] At the same time, the institution of the new colonial currency benefitted from counter-decolonization military spending. As one of the major employers in the colony during the ongoing Philippine American War, all wages and debts had to be legally paid out in the new colonial currency.[87] The U.S. military spending would flood the archipelago market with new colonial money. However, because the money held in civil government treasury banks could not keep up with military spending, the GSF did most of the heavy lifting to keep cash flowing for military operations. The GSF was thus a vital lifeline for direct counter-decolonization military logistics. Additionally, military spending on counter-decolonization also helped generate more profits for Wall Street through the sale of drafts between Manila and New York banks.[88]

The relation between U.S. military needs and the GSF was not without frictions, however. Before he departed, Kemmerer warned that military dependence on the GSF could put too much strain on the new colonial currency system creating a situation of "currency redundancy."[89] To replenish the fund, more money had to be constantly sent from the settler metropole. If and when militarized counter-decolonization was completed, however, it would create a situation of overaccumulation. For Kemmerer, currency redundancy without military spending would create an excess of the money supply in the colony. Overaccumulation, according to Kemmerer, would lead to destabilization and insecurity, money would turn bad, and potentially undo counter-decolonization efforts. Currency redundancy never played out, but military spending in the archipelago, and more broadly in the region, would continue to depend on the colonial monetary system's currency funds. This dependence would require close scrutiny on the part of American authorities for the next several decades.

Other than benefitting military logistics, the GSF would do ideological work by helping form a narrative of colonial state success. To project to the public that the mission of monetary reform was successfully completed on schedule, the Division of Currency was dissolved in 1905. For years afterward, the colonial state would recurrently proclaim that the establishment of the U.S. colonial monetary system was a triumph. In September 1910, an article titled "Good Profit on Coinage" reprinted a statement from Conant on the "success of the experiment in the Philippines." Much like other colonial experiments, for instance in British India, the Philippine currency system proved the possibility of maintaining a racial and imperial hierarchy between metropole and colony while at the same time integrating economies. Moreover, despite the detrimental effects of the 1907 Payne-Aldrich Tariff Act, which established "free trade" between the extractive colonial economy of the Philippines and the U.S. settler colonial economy, the Philippine currency remained secured.[90] Conant boasted of the profits made from the GSF, mainly through "seigniorage on the coinage, the sale of drafts, and interest on deposits in American banks." In other words, the last decade of U.S. colonial currency in the Philippines had resulted in a self-financing monetary system and a mundane form of mass expropriation.[91] Through the maintenance of a massive currency system of about P51 million worth of circulating coins, U.S. colonial authorities had accumulated enough capital to fund the civil and military colonial governments, provide liquidity for U.S. private banks, and generate credit for future counter-decolonization projects.

Over the next several months, Conant would discuss with other authorities whether the profits were sustainable or were merely a temporary consequence of initial reforms. After all, the creation of multiple financial and banking mechanisms (drafts, securities, and loans) to ensure the replacement of Spanish-era currencies was intended to be temporary. Yet, Conant believed that these mechanisms should remain in place even though the monetary reforms were supposedly accomplished. Perhaps as a conservative policymaker, Conant believed that the work of colonial money in indirect counter-decolonization was far from finished. On one hand, U.S. colonial money, and by extension U.S. colonial authority, had to be further ingrained in the normative habits and practices of Native social life. On the other hand, Conant was a policymaker with global ambitions, and he believed that experiments in Philippine currency could result in a successful model that could be applied throughout the colonized and semicolonized world.[92]

One such experiment was developing the colonial currency from one based on metallic coins to one primarily based on paper. Although paper had been proven to be increasingly normative in many economies of the North Atlantic, the Philippines would be one of the largest nonwhite populations to achieve this goal. Paper currency, after all, proved a "prevailing confidence in the monetary system" and by extension confidence in American racial and colonial paternalism.[93] Bringing corporate logic to policy, Conant suggested that combining the GSF with the colonial state's treasury would enable more profit for the colonial state through various forms of securities.[94] However, others, like the head of the Bureau of Insular Affairs, Clarence Edwards, remained lukewarm on the idea of another monetary reform in the islands, believing there was little need to "earn additional income to the Philippine government."[95] Edwards would refuse to bring Conant's policy suggestions before the U.S. Congress.

As a result of this disagreement with Edwards, Conant would revive his gold-standard campaign at the turn of the century by appealing to public opinion. Along with other experts such as Jenks and Kemmerer, Conant would advocate for Philippine monetary reforms directly to Congress and the broader public. These reforms, they argued, would be in the interests of the further securitization of the monetary system as well as contribute to the colonial civil government's goal of fiscal self-sufficiency. This entailed several changes, including transferring the GSF to the colonial state treasury for "general fiscal purposes"; the creation of one unified Currency Reserve Fund to maintain parity between U.S. and Philippine currencies; the transfer of gold reserves to a Certificate Redemption Fund to increase securitization against fluctuation of coinage metal values; and the aforementioned increase of paper currency supply based on the gold-exchange standard. In sum, Conant wished to consolidate all of the discrete mechanisms, which were initially thought to be temporary strategies, into more permanent economic apparatuses of the Philippine colonial state.[96] By creating a more permanent structure for the colonial monetary system, it signaled the long-term intentions of Americans in the Philippines. Much to the chagrin of Edwards, Conant's policy changes began to gain support from top officials within the Philippine colonial state.

The support, however, had less to do with the notion of reform than with the highly coveted profits possible through the GSF. Since its establishment, the fund had provided loans to finance various colonial infrastructural projects. Interest on these loans had generated considerable profits, gaining the attention of ambitious officials. One ambitious official was William Cameron Forbes, who had grand plans of building a sophisticated railroad system to connect the non-Christian mountainous regions of Northern Luzon to the Christian regions of Southern Luzon. After serving as commissioner of Commerce and Police for several years, he officially became governor general in 1909. Forbes would oversee the passage of a Gold Standard Funds Act in December 1911 by the Philippine Legislature. The act made the interest received on loans available for "public works." The railroad would be one of these public works and would ideally aid the military settling of non-Christian frontiers and provide new pathways for capital to circulate and accumulate. Forbes would write to several authorities in the Bureau of Insular Affairs regarding his desire to build a railroad despite its unpopularity. "I take no shame in admitting that we are doing certain things which the Filipinos do not like," he would state in late December. Despite recognizing how unpopular a railroad was, Forbes asserted that if authorities were to wait for Natives to make correct decisions then there would be no use for American presence in the archipelago. To leave Natives "to their own judgment" would undermine the very logic of U.S. colonization after all. However, since the Native was "not in position to judge the value" of the railroad, Forbes declared that he had "no hesitancy judging for him."[97]

Despite Forbes's declaration of his superiority in decision-making, he nevertheless yielded portions of the fund to several pet projects of Filipino politicians. Forbes would approve the rerouting of several substantial loans to the Manila Hotel and other Manila municipal works, appeasing the Philippine business community and urban capitalists.[98] In the end, Forbes's railroad plan was never completed during his time in the Philippines due to routine economic and political frictions.[99] But his wheeling and dealing with Filipino members of the Philippine Assembly illustrates the broader reach and impact of the GSF. The fund's loans would provide seed money for infrastructural projects. In turn these projects would generate bonds and securities for local and foreign investors, further entangling U.S. finance capital with U.S. colonization efforts.

In addition to materially securitizing the islands through infrastructural projects, the fund also served ideological purposes. The profit generated from the fund and its capacity to provide loans was perceived as sound monetary management, instilling a sense of security from transpacific business and banking classes. Despite the frictions between the local capitalist classes and the colonial state in the initial years of colonization, Conant in 1914 stated that "the strong and consistent policy of the government . . . soon removed these doubts and assured confidence in the stability of the new system."[100] In addition to sound management was the colonial currency's profitability for the colony and the metropole. As stated by one U.S. congressperson to Philippine leader Manuel Quezon, "the Philippine Government," from 1903 to 1911, "received in the way of interest on its deposits in the United States the sum of $2,850,000, and has not lost one penny through insolvency of a depository or otherwise. Also the government has realized from sales of exchange in Manila against its funds on deposit in the United States the sum of $738,000 to June 30, 1911, a total profit on its deposits of $3,588,000."[101]

The profits of U.S. colonial currency not only enabled the Philippine colony to self-finance, but they also provided liquidity to U.S. banks in the settler metropole through deposits. According to this narrative, colonial currency economically benefited both the colonizer and colonized. It would, on one hand, further tighten the bonds between the overseas colony and the settler metropole with Philippine deposits, extracted from colonized subjects, held in U.S. banks. At the same time, colonial currency would reinforce the hierarchical relation between the Philippine colony and the U.S. settler metropole, with its very sense of economic security held mainly in Wall Street. Thus, through colonial currency, the Philippines was materially and ideologically bound to U.S. Empire and capital. To demand decolonization would be to demand the destruction of such a relationship and to lose present and future wealth. This was a risk that powerful Filipinos were not willing to take. This risk aversion by Filipino decision-makers, at least in monetary and banking matters, would be reproduced for decades to come.

By the mid-1910s both the PSB and the currency funds appeared as successful modes of capital accumulation and counter-decolonization. Authorities were pleased by how the surplus capital of the PSB system and currency funds could be mined for ongoing military and infrastructural projects. In addition, the PSB system aided in keeping up the morale of American civilians and soldiers. Through the PSB, Americans could deposit, withdraw, and remit money with less effort, making life as a colonial occupier relatively easier. Banking and currency, moreover, would aid in varied modes of securitizing areas where the peasant and working classes remained restive.

Authorities also saw the ideological benefit of a more stable currency and banking system, especially for counter-decolonization purposes. By collaborating with prominent bankers in the creation of monetary policy, the U.S. colonial state was able to shore up its authority as well as gain the confidence of the colonial banking and financial community. This collaboration between the colonial state and the banking community would continue over the next decade, creating more demand for financial and commercial institutions. Authorities believed that banking and business confidence in a state-backed colonial capitalist system would trickle down to Natives.

Yet, Native investment in the future of colonialism and capitalism did not occur as desired. Despite American authorities publicly stating that currency reforms and savings were a success, doubts would remain. Natives continued their wayward economic practices, threatening the economic security so coveted by authorities. Moreover, these ongoing practices and relations gestured not only to a kind of autonomy from colonial rule, but also to the possibility of a world without American authorities. For instance, the use of unofficial small denomination coins would remain an obsession of American authorities well into the late 1910s. Moreover, economic experts' anxieties about the Native capacity to defer desires of the present for stability and security in the future would also continue to haunt economic policies. American authorities and economic experts were especially terrified of the creeping Filipinization (the increase of Filipinos in the colonial state bureaucracy) of the colonial state, marked by the 1907 elections of the Philippine Assembly. As Filipinization continued over the next decades, colonial banking and currency would continue to be at the center of struggles between American authorities and an increasingly confident generation of Filipino lawmakers. Indeed, as the long Philippine American War would come to an end during the mid-1910s, both American and Filipino authorities would perceive the economic realm as one of the last frontiers in struggles over conditional decolonization.