



# Blood and Treasure: Money and Military Force in Irregular Warfare

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Blood and Treasure:  
Money and Military Force in Irregular Warfare

Abstract

Among the most important choices made by groups fighting a civil war—governments and rebels alike—is how to allocate available military and pecuniary resources across the contested areas of a conflict-ridden territory. Combatants use military force to coerce and money to persuade and co-opt. A vast body of literature in political science and security studies examines how and where combatants in civil wars apply violence. Scholars, however, have devoted less attention to combatants' use of material inducements to attain their objectives.

This dissertation proposes a logic that guides combatants' use of material benefits alongside military force in pursuit of valuable support from communities in the midst of civil war. Focused on the interaction between the military and the local population, the theory envisions a bargaining process between a commander and a community whose support he seeks. The outcome of the bargaining process is a *fiscal strategy* defined by the extent to which material benefits are distributed diffusely or targeted narrowly. That outcome follows from key characteristics of the community in question that include its sociopolitical solidarity (or fragmentation) and its economic resilience (or vulnerability).

I evaluate the theory of fiscal strategies through a series of case studies from the Philippine-American War of 1899–1902. As a further test of external validity, I consider the theory's applicability to key events from the wars in Iraq and Afghanistan.

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My “fieldwork” for this dissertation began well before I even considered graduate school. Many of the ideas that eventually found their way into my research came from my experience in the Iraq War. During tours in Baghdad and Nasiriyah, much of my energy went to attempting, at least, to understand the patchwork of interests and dynamics of power in my area of operations, to the purpose of influencing outcomes through the application of my own resources—not the least important of which was money. My warmest acknowledgments go to those with whom I worked closest during that time: the late Lieutenant Colonel Abu Liqa’a of the Iraqi Tactical Support Unit, Major Jake Kulzer of the 34th Infantry Division, Doctor Anna Prouse of the Italian Foreign Ministry, Lieutenant Colonel Jake Elwood of the Australian Overwatch Battle Group–West, my interpreter Mosey Eldik, and the extraordinary men of U.S. Special Forces Operational Detachment 042.

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# Chapter 1

## Money and Military Force

Men must be either pampered or crushed.

- Niccolo Machiavelli, *The Prince*

Sovereignty depends on the consent or acquiescence of the citizenry. When a citizen submits to the rule of a political regime, she does so either because she is powerless to resist or because she benefits from the arrangement. Sovereignty, in short, rests on both coercion and co-optation.

A civil war is a violent competition for sovereignty. Although coercion is a defining feature of a civil war, co-optation through the provision or promise of benefits is also a tool for combatants aiming to win valuable support from the population. Just as coercion looms in the shadows of peaceful society, gold as well as steel serves as a weapon in warfare.

Among the most important choices made by groups fighting a civil war—governments and rebels alike—is how to allocate available military and pecuniary resources across the contested areas of a conflict-ridden territory. A vast body of literature in political science and security studies examines how and where combatants in civil wars apply violence. Scholars, however, have devoted less attention to combatants’ use of *fiscal strategies*—the provision of material benefits (or access to material benefits) with the aim of advancing the central objective in irregular warfare, namely territorial control.<sup>1</sup> Combatants employ fiscal resources as complements to, or in lieu of, the use of force. The scale of reconstruction spending undertaken by the United States and its allies in the wars in Iraq and Afghanistan—and the accompanying confusion surrounding its strategic impact—underscore the need for a basic theory of battlefield political economy.

The logic of fiscal strategies entails more than a simple inversion of the logic of coercive violence explored extensively in existing scholarship. Co-optation, inducement, and persuasion are conceptually different from coercion—not merely its opposite. First, unlike force, no amount of material benefit offered can compel behavior or physically destroy, dislocate, or isolate anyone or anything. Fiscal strategies can only work by persuading their “targets” to make particular choices. Second, many material benefits—money, most obviously—are fungible; they can be divided up, passed on, or traded, opening up possibilities for indirect effects. Money is also easily measurable and has natural substitutes. Force cannot be similarly transferred from one individual to another or substituted for some other thing. Third, the psychological impact on the target of a fiscal strategy differs from that felt by the target of coercive force.

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<sup>1</sup>Varying definitions of the term “strategy” abound. I use it to refer to the alignment of means and ways with some sought-after end or objective. Among the various definitions considered by Gray (1999, 17–19), this usage most closely follows that of Wylie and Wylie (1967, 14) who states that strategy is a “plan of action designed in order to achieve some end; a purpose together with a system of measures for its accomplishment.”

Where fiscal strategies can induce trust, dependence, gratitude, or greed, coercion produces fear, awe, or resentment. Fourth, and perhaps most significantly, conciliatory strategies create institutions and concentrations of power distinct from those that result from coercive strategies, and these institutions have divergent influence on the societies that emerge in the aftermath of hostilities. These and other differences make fiscal strategy a substantively distinct aspect of irregular warfare—and one that has been under-explored.<sup>2</sup>

The application of fiscal strategies by combatants exhibits wide variation *between* and *within* individual conflicts. First-hand narratives and historical accounts tell of attempts by governments and rebel groups to sway the sympathies of local inhabitants with benefits and inducements. These works highlight the diversity of approaches employed, from projects that emphasize public health, education, and rule of law, to those focused on economic development, employment, and infrastructure, to others that promise land, cash, or political positions as rewards or bribes. And some villages or neighborhoods seem to receive a disproportionate share of combatants' largesse while others are neglected. Fiscal strategies thus differ from one place to another according to the types of goods and services provided and the segment of the community that stands to benefit from them. How do we explain this variation, and what does it tell us about how fiscal strategies “work”?

Existing scholarship on the wartime provision of goods, services, and cash to win public support does not provide a satisfactory explanation for the diversity of fiscal strategies we observe. This deficiency is particularly acute when it comes to accounting for variation within individual wars. First, most existing work largely ignores the characteristics of the very public whose support is sought. In explaining why combatants use their fiscal resources in the ways they do, the literature focuses on fac-

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<sup>2</sup>Thanks to Jeffrey Friedman for his contribution to these insights.

tors *external* to the interaction of combatants with local actors. These factors—such as organizational biases, bureaucratic politics, public opinion, or military doctrine—tend to constrain combatants’ choices, but leave a great deal of variation unexplained. This study seeks to explain variation in fiscal strategies by looking beyond the external constraints that combatants face to the way they make choices within those constraints. Second, comparative studies neglect to distinguish among different fiscal strategies, often lumping them together simply as attempts to “win hearts and minds.” This study asserts that—just as violence may be selective or indiscriminate and may be used to compel, deter, punish, or terrorize—fiscal strategies have distinct forms and purposes that give them significance. Only by recognizing these distinct forms and their varying effects on different local settings can we understand where and how combatant groups employ their fiscal resources.

This dissertation proposes a logic that guides the choice of the specific fiscal strategies adopted by combatants in pursuit of valuable support from the local population. The main argument is that the variation we observe in combatants’ choices of fiscal strategies results, in a systematic way, from variation in the communal structure and economic security of the communities the combatants seek to control. Implicitly or explicitly, combatants engage in a bargaining process with local political actors whose power is itself the result of struggles for social and political resources within their communities. The distribution of political power at the community level dictates whom combatants must bargain with, while the degree of their economic vulnerability to external influence determines their relative bargaining power. The outcome of the bargaining process is a fiscal strategy defined by the extent to which its benefits are targeted or distributed diffusely.

The first section of this chapter introduces the concept of fiscal strategies, explaining their usefulness to combatants in garnering support from the local population

as a means toward advancing military objectives. The discussion also highlights the wide array of applications to which combatants dedicate their fiscal resources. The second section turns to existing scholarship, summarizing its contributions to our understanding of fiscal strategies, while highlighting the gap in the literature this study intends to address. The third section presents the methodology by which this dissertation will evaluate the theory presented in Chapter Two and highlights the scope conditions that specify the theory’s applicability. The fourth section concludes the chapter with a brief outline of the body of the dissertation.

## **1.1 Fiscal strategies in irregular warfare**

In 2005, American forces in Iraq brought together a variety of reconstruction and funding initiatives under an umbrella program called “Money as a Weapons System.” The doctrine that emerged subsequently stated, “Money is one of the primary weapons used by warfighters to achieve successful mission results in [counterinsurgency] and humanitarian operations. . . . Money must be placed on the battlefield just like a weapons system to create the desired effects” (CALL, 2009*b*). Describing the use of his fiscal arsenal in one Baghdad neighborhood, a former American army officer explains, “I bought time, loyalty, and street credibility in a way that the promises of a free election never could. . . . By granting contracts to friendly power brokers, I gave them the money and authority to employ people loyal to them. . . . I backed the burgeoning influence of loyal power brokers with my authority and my weapons” (Whiteley, 2010, 4). In the Malayan Emergency of the late 1950s, the British offered an intricately calibrated menu of rewards for information on insurgents. It paid out according to the insurgent’s rank and whether he surrendered, was captured, or was killed. The payouts were enormous. One insurgent supplier, for

instance, earned \$12,000 for information that led to the ambush and killing of three rebels—the equivalent of 17 years’ pay for an average laborer (Ramakrishna, 2002, 333). Rebels, as well as government forces, employ fiscal strategies to supplement military force. Maranto and Tuchman (1992, 257) discuss the approach adopted by the National Liberation Front (NLF) during America’s war in Vietnam: “the NLF offered schools, land reform, and reasonably honest and efficient government. . . . The most important benefits were contingent on NLF success. If the government returned to a village, a poor peasant might have to pay for land that the NLF had given him for free. . . . Peasants thus had strong incentive to work for NLF success.”

These examples hint at the variety of forms fiscal strategies may take, while suggesting a common purpose. Whatever their form, the foremost aim of fiscal strategies is to extend the control of one’s forces over a given territory by diminishing the enemy’s freedom of maneuver there. Although there is often a humanitarian component to fiscal strategies, combatants assess the success or usefulness of persuasive approaches according to their effect on the security environment. They achieve this effect by winning support from the local population.

Unique to irregular civil war as opposed to other forms of warfare is the pivotal role often played by the civilian population. “The inhabitant in his home,” states Trinquier (1964, 29), “is the center of the conflict. . . . Like it or not, the two camps are compelled to make him participate in the combat.” Nearly all observers—practitioners and scholars alike—assert the indispensable importance of civilian support to efforts of both insurgents and government forces (*inter alia*, Galula, 1964; Kalyvas, 2006; Kilcullen, 2010; Kitson, 1971; Nagl, 2002; O’Neill, 1990; Smith, 2008; Thompson, 1966; Wickham-Crowley, 1992).<sup>3</sup> As the *Handbook for Volunteers of the Irish Republican Army* (IRA, 1985, 17) states, “Successful guerrilla operations involve the people. It is

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<sup>3</sup>Whether civilian “support” is best won through persuasion or coercion is the subject of a debate discussed below in Section 1.2.

the quality of their resistance to the enemy and support for the guerrillas which in the end will be the decisive factor . . . In fact, a guerrilla force will be unable to operate in an area where the people are hostile to its aims.” According to this perspective, the support of some significant subset of the state’s population is a vital, or perhaps *the* vital, objective of the vying sides in a civil war.

“Support,” if it is to be meaningful, cannot be merely a preference or an attitude; it must be translated into specific behavior that aids in extending the territorial control of one of the actors (Kalyvas, 2006, 91–104). For the government forces, tactical gains are contingent on the ability to find and destroy the rebels, to force them out of a given area, to deny them needed supplies, or to compel them to surrender.<sup>4</sup> Among the most valuable advantages derived from popular support is information. Irregular civil wars, by definition, are fought by soldiers not identifiable as such. Because they are conventionally weak, rebels and their supporters hide among, or blend in with, the noncombatant population. Information that distinguishes rebel from civilian enables counterinsurgents to apply their superior firepower selectively to clear rebel forces and re-establish incumbent control. Thus for the insurgents, betrayal is devastating. Crucial is their ability to determine who among the local population provides this information to incumbents, making rebel forces vulnerable. Once identified by the rebels, “collaborators” can be threatened or targeted for sanction or elimination. Other forms of support involve contributions to manpower, logistics, or finances. Supportive civilians, at times, can use their own social or material resources to deny or enable rebels the ability to operate in the local area. Finally, some inducements

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<sup>4</sup>I use the terms “government,” “incumbent,” and “counterinsurgent” interchangeably to refer to the armed group fighting to re-establish the regime’s control of a given area. I use the terms “insurgent,” “rebel,” and “guerilla” to denote the irregular forces seeking territorial independence, autonomy, or the overthrow of the regime. The term “combatant” may refer to either group.



for support target not civilians, but the fighters themselves. Such policies aim to persuade insurgents to stop fighting or even join forces with government troops.<sup>5</sup>

Most studies of civilian behavior in wartime agree that only a small percentage of the noncombatant population tends to be ideologically committed to either side and willing to act on that commitment (e.g., Galula, 1964; Greene and LaPalombara, 1974; Mueller, 2007; Wood, 2003). Lichbach (1998, 16-19) marshalls evidence from a wide range of resistance movements to conclude that they “attract a very small percentage of the population”—a feature that holds even for movements that turn out to be successful. The vast majority of the community is most concerned with self-preservation and the pursuit of interests unrelated to the war’s political objectives. For rebel sympathizers within this group—or even some of the combatants themselves—support they provide to the insurgency is contingent upon these other considerations. The uncommitted and weakly-committed portions of the population are those which fiscal strategies most attempt to sway.

In his seminal work on civil war violence, Kalyvas (2006, 132) argues that meaningful active support from the population depends foremost on a combatant’s territorial control, which “presupposes a constant and credible armed presence.” While acknowledging the endogenous nature of the relationship, his work centers on establishing the causal path that leads from control to “collaboration.” Even sympathetic civilians will be unwilling to provide support to an actor who is unable to protect them from retaliation by the other side. As Kalyvas (2006, 114) notes, “Once the war is underway, war-related reesources such as violence tend to replace the provision of material and nonmaterial benefits, inducing individuals, for whom survival is important, to collaborate less with the political actor they prefer and more with the political actor they fear.”

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<sup>5</sup>On the role of positive incentives in inducing rebel defection, see Goodwin (2001); Kalyvas (2008); Staniland (2012).

What, then, of fiscal strategies—which operate through persuasion rather than coercion? If force is what really matters, why do governments, foreign occupiers, and rebel groups bother with offers of material benefits? Kalyvas (2006, 139) hints at an answer when he observes, “Once a civil war is on, the military requirements for the establishment and preservation of control over the entire territory of a country are staggering.” There are simply not enough military resources to establish control everywhere through an iron grip.

And capacity is not the only limitation on what can be accomplished by force alone. Summing up the sources of Viet Cong support, Elliott (2007, 5) explains that “force was a supplement to but not a substitute for incentives and moral suasion. When the revolutionary movement encountered problems, compulsion alone did not provide a solution. The role of coercion in politics cannot therefore be ignored, but should be viewed as one factor among many that affect political behavior.” Without discounting the argument that control is a path to collaboration, this study seeks to explain the opposite causal direction—how combatants induce collaboration that then leads to control.

Combatants’ attempts to peel away support for the adversary or to shore up the support of allies are predicated on the belief that individuals allocate their support according to some form of a cost-benefit calculation (e.g., Mason, 1996; Maranto and Tuchman, 1992; Popkin, 1979). They weigh their perceptions of risk and reward—both material and non-material—and choose a position along a spectrum of support that ranges from armed participation to other forms of assistance to neutrality (Lichbach, 1998; Petersen, 2001). Fiscal strategies do not require an assumption that material benefits are the overriding determinants of local support. For example, Hugh Carleton Greene, head of the British Emergency Information Service during the Malayan Emergency, designed a policy in which “push pressures”—security force

operations—were reinforced by “pull pressures” aimed at the “materialistic impulse of the average rural Chinese peasant and terrorist” (Ramakrishna, 2002, 338). To be effective, the pull pressures of fiscal strategies must change an individual’s cost-benefit calculus enough to tip the scales, inducing movement along the spectrum of support.

Efforts to tip the scales come in a bewildering variety of forms, even within a single war. In some areas, commanders take approaches that involve the distribution of public goods and services to a diffuse pool of beneficiaries. In other areas, they eschew fiscal approaches almost entirely, relying on threats and coercion. In some areas, combatants try to “subcontract” the provision of security, granting broad-based autonomy and ample resources to local allies. In other areas still, fiscal strategy centers on inducing a willing few to provide vital information or services. How to explain the observed variation is a motivating question for this research, and by answering it, we can gain key insights into the application of non-military resources to attain objectives in war. As a first step, we turn to existing scholarship to situate this project in the context of the broader literature.

## 1.2 Contributions of existing scholarship

Studies that address the provision of material benefits in civil wars fall into three broad, often overlapping, categories. The first, which I call the “external constraints” category, considers a question closely related to that motivating this dissertation, asking why some combatants make extensive use of fiscal resources and strategies of persuasion while others do not. By way of explanation, most of the literature in this category identifies factors *external* to the interaction between combatants and the communities whose support they seek. This dissertation explores local factors driving fiscal strategy choice, drawing on insights from an emerging research agenda on the

“micro-dynamics” of conflict. The second category, “strategy evaluation,” concerns an ongoing debate in security studies literature over the effectiveness of strategies that emphasize, alternatively, persuasion or coercion. The third, the “program evaluation” category, includes research that assesses the impact of specific development programs during conflict on outcomes of interest, such as violence, health, or migration.

The external constraints category addresses the question of strategy variation directly. The findings point to factors external to the conflict itself that delimit the range of fiscal strategy options available. National characteristics, regime type, factor endowments, or organizational impediments are examples of constraints that figure prominently in the literature. Strategy, by these accounts, is less a choice than a predisposition. Considerations of the conditions “on the ground” or of the behavior of other relevant actors are swamped by organizational, cognitive, or resource constraints that limit meaningful choice.

A number of works stand out in this line of research. Several scholars suggest that specific historical experience in small wars abroad has driven the emergence of national “styles” unique to Americans, British, French, and Russians, among others (e.g., Beckett, 2001; Joes, 2004). The authors do not suggest that these styles are immutable, but that they present an available and organizationally-accepted approach and thus tend to be chosen by default. Studies also point to regime type as a factor that helps explain strategy choice (Arreguín-Toft, 2001; Engelhardt, 1992; Feaver and Gelpi, 2004; Jentleson, 1992; Lyall, 2010; Zhukov, 2007). Although this argument is usually cast in terms of combatants’ latitude to escalate violence, it is a plausible explanation for variation in fiscal strategy choice, as well. Voters in democratic regimes, for instance, may demand a humanitarian emphasis and renounce strategies that rely on bribery. Force structure presents another potential constraint; to the extent that well-crafted fiscal strategy depends on good human intelligence,

capital-intensive armies may be at a disadvantage. As Lyall and Wilson (2009, 75) argue, mechanization and modernized logistics “inhibit the collection and vetting of the context-specific information required to wield power discriminately”—and to develop locally-tailored fiscal strategies. Finally, the bureaucratic nature of military organizations themselves can be a constraint on fiscal strategy choice. As authors such as Krepinevich (1988) and Nagl (2002) note, organizations can be paralyzed by impediments to learning and adjustment that keep military forces from responding to the imperatives of the local environment. In such a case, fiscal strategy is set far from and without regard to the communities in which it is employed.

External constraints explanations such as those outlined above are essential to understanding macro-level variation in the behavior of different combatants in different conflicts, but do not explain the variation we observe at the micro level. These findings are not wrong, they are simply underdetermining; after taking into account the factors that constrain combatants’ fiscal strategy choices, there remains substantial unexplained variation. The external constraints noted above operate at the state or organizational level. How to account for the range of fiscal strategies adopted by a single force within a single war? The variation *within* the constraints documented above is the focus of the present study.

Other areas of research on civil wars have, until recently, suffered from the same inattention to the local factors that drive outcomes of interest. Prior to the last several years, little systematic research on civil wars included analytic frameworks or empirical tests to account for the scope of social, economic, and political characteristics that distinguish individual communities from one another. The cross-country studies that dominate the civil war political science literature can aid in identifying broad conditions from which conflict tends to emerge, but they cannot explain many of the dynamics that shape individual conflicts. Much of the theory meant to account

for the causes, consequences, and dynamics of violent conflict fails to incorporate the mechanisms that link individual-, household-, or group-level variables to the outcomes of interest.

Growing awareness of this lacuna inspired a new research agenda into the “micro-dynamics” of conflict. Among its aims is a better understanding of “how micro-level economic factors and decisions influence the start of violent conflicts, and how those processes change and evolve through the conflict” (Verwimp, Justino and Bruck, 2009). The research has already begun to address a variety of questions related to the dynamics of violence, patterns of recruitment and displacement, and processes of demobilization (Czaika and Kis-Katos, 2009; Humphreys and Weinstein, 2008; Justino, 2009; Kalyvas and Kocher, 2009; Steele, 2009). Adopting a micro-dynamics approach towards the study of fiscal strategies promises to be fruitful precisely because the effects of these strategies are contingent upon local responses. A central objective of this dissertation is a better understanding of the features of the local environment that drive combatants’ choices of fiscal strategies.

The strategy evaluation category consists of a body of work that that considers the relative merits of persuasion and coercion as approaches to securing popular support and, ultimately, success in a counterinsurgency. A touchstone for disagreement on this point is America’s war in Vietnam. Competing interpretations of the war’s strategic imperatives divided—and continue to divide—scholars, practitioners, and observers. Roughly, some contend there was too much emphasis on firepower and body counts, while others maintain that a strategy focused on enemy attrition was not given sufficient time to show results, and that, in fact, more coercive pressure should have been used.<sup>6</sup> Over the past decade, the wars in Iraq and Afghanistan re-ignited the debate and brought the two sides back to their respective camps.

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<sup>6</sup>The contours of “the unending debate” are summarized in Hess (1994) and Andrade (2008).

Associated with one side are the advocates of “population-centric” counterinsurgency theory, which emphasizes addressing the people’s needs for security, rule of law, and access to economic and educational opportunity. By pursuing “legitimacy” the counterinsurgent diminishes the political appeal of the rebels. This stance is rooted in works on the conflicts in Indochina and Malaya by Galula (1964), Thompson (1966), and Kitson (1971) and draws on more recent contributions such as Nagl (2002), Smith (2008), and Kilcullen (2010). The embodiment of current conventional wisdom among American practitioners, the U.S. Army’s *Counterinsurgency Field Manual*, also supports this approach. “Political power is the central issue in insurgencies and counterinsurgencies; each side aims to get the people to accept its governance or authority as legitimate,” it declares (U.S. Army, 2006, 1:27). Together, these works assert the decisive impact of strategies designed to persuade rather than coerce support from local populations and further emphasize that violence can be counterproductive.

The alternative to population-centric counterinsurgency is an approach that takes as its primary objective the destruction of the insurgent’s ability or will to continue fighting. Popular support is crucial to identifying the enemy and denying him sanctuary, but popular preferences, as such, are immaterial. Trinquier (1964, 8), the most prominent exponent of this approach, writes that if popular support doesn’t exist, “it must be secured by every possible means, the most effective of which is terrorism.” Coercive population-control measures, punishment, and even torture should be used to gain information and deter active support for the insurgency. Contemporary advocates of this view, such as Dunlap (2008), Gentile (2008), Luttwak (2007), and Peters (2007), are somewhat more restrained, but nonetheless maintain an “enemy-centric” approach in which coercion is often the best method to secure the acquiescence of the population.

While literature in this category presents a useful starting point, this study departs from it in several ways. First, to the extent that the “debate” portrays coercion and persuasion as distinct approaches, it presents a false choice. Coercion and persuasion are better conceived as complements rather than substitutes. Providing goods and services in pursuit of legitimacy will require security that is enforced with coercion. Likewise, gathering intelligence needed to find and destroy the enemy may call for persuasion to make individuals more willing to come forward with information. Second, there is no reason to believe that any given combination of coercion and persuasion will be optimal or even effective across the variety of settings and circumstances in which civil wars are fought. Different social and economic characteristics of contested areas are likely to call for different approaches and should be accounted for by any widely applicable theory. Finally, there is a need to distinguish among non-coercive strategy types. Approaches that spend money on public health improvements, for instance, are likely to have an impact in different settings and in different ways than approaches that operate through patronage.

Opposite the sweeping conjectures of the strategy evaluation category are the micro-level analyses of the program evaluation literature. Researchers in this category reach statistically rigorous conclusions concerning the effectiveness of specific reconstruction and development programs as counterinsurgency measures. Studies in this category can be divided roughly into two different approaches. The first approach applies sophisticated econometrics to sort through statistical noise in available conflict data and identify the effects of particular tactics on outcomes of interest, such as insurgent violence. The second approach exploits unique opportunities to employ careful experimental design in the implementation of development programs in order to establish their impact.



Examples of the first approach include a group of studies that aims to assess the impact of small-scale reconstruction projects during the Iraq War (Berman, Shapiro and Felter, 2011; Gorkowski, 2009; Iyengar and Hanson, 2009). The studies draw from data on war-related violence and on funding through the U.S. military’s Commander’s Emergency Response Program (CERP). In one study, Berman, Shapiro and Felter (2011) use panel data on attacks against Coalition and Iraqi forces to determine the impact of district-level CERP spending, controlling for a number of other predictors of violence including sectarian status, economic grievances, and natural resource endowments. The authors report a small but statistically significant negative effect. Similar studies examine this question in other settings (Bodnar and Gwinn, 2010; Crost and Johnston, 2010) and related questions using other variables (Berman et al., 2011; Nunn and Qian, 2012).

An example of the second approach is a recent study of the effects of the National Solidarity Program (NSP), Afghanistan’s largest development project (Beath, Christia and Enikolopov, 2011). The researchers use a large-scale randomized field experiment to assess the impact of the NSP on measures of violence, attitudes toward the government, and perceptions of well-being. The results indicate a positive effect on all three outcomes outside of areas with high levels of violence. Blattman, Fiala and Martinez (2008) and Collier and Vicente (2008) use similar methods in conflict-prone areas in Uganda and Nigeria, respectively. Though an ideal way to determine the true effect of a given program, field experiments are difficult to design and implement. Humphreys and Weinstein (2009), however, point to growing work in this area.

Given the dearth of rigorous empirical research on fiscal strategies, these studies are invaluable sources of data and preliminary evidence of the effects of reconstruction and development-related expenditure. From the perspective of the present inquiry,

though, this research suffers from two main limitations. First, large, data-driven evaluations tend to control only for those characteristics of the local environment that are readily quantifiable. For instance, these studies overlook heterogeneity in the social structure between villages, a consideration cited in the first-hand accounts of many practitioners.<sup>7</sup> As Bakke and Wibbels (2006) observe, “many of the conflicting hypotheses in the literature result from a failure to consider the diverse social makeup” of districts and localities. Second, as evaluations, studies in this category emphasize outcomes over processes. Assessing whether a policy works is distinct from understanding why or how it works. The research designs are built to demonstrate whether a given intervention causes an outcome of interest, but they are often unable to distinguish among different theorized causal mechanisms that could lead to similar outcomes. The theory developed in Chapter Two makes specific claims about the causal mechanisms at work and derives hypotheses to assess those claims based on their observable implications.

## 1.3 Methodology

Ultimately, we are interested not only in explaining combatant behavior, but in drawing insights about what makes particular fiscal strategies effective. This study allows us to make inferences from the choices that combatants make. To begin, it develops a model that predicts those choices based on assumptions—such as rationality—and beliefs about what variables matter—in this case, particular social and economic characteristics of a community. Next, we compare the model’s predictions to what combatants actually do. Even if the model is “right,” however, we cannot expect

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<sup>7</sup>Discussing his approach to counterinsurgency in Afghanistan, for example, General Stanley McChrystal states, “[Y]ou cannot assume that what is true in one province is true in another. That goes for ethnic, geographic and economic issues. You cannot even assume that what is true in one valley is true in the next any more than you can assume that one neighborhood in London is exactly the same as another” (McChrystal, 2009).

that combatants' decisions will match the model's predictions. For one, the counterinsurgent forces, at the outset of their campaign, have scant information about local conditions in the areas in which they operate. Also, they are sometimes inexperienced or have mistaken beliefs about the best strategy to employ. So, perhaps their initial choices are far different from the predictions. But if we make the further assumption that the combatants can *learn*—by acquiring knowledge about the local area and by evaluating different approaches through trial-and-error—their choices should, over time, come closer and closer to those predicted by the theory. And while positive findings do not constitute proof of the theory, they suggest the model as a valuable starting point for continued work along this line of research.

In the next chapter, I construct a typology of fiscal strategies available to combatants and put forth a theory based on the characteristics of a local setting that recommend a particular fiscal strategy as the optimal choice. The model I propose captures two dimensions that define a bargaining process between a military commander and the population whose allegiance he seeks to sway. The first, local communal solidarity (or fragmentation), determines the members of the community who will conduct negotiations with the commander. At one extreme, a single representative may bargain on behalf of the community as whole; at the other extreme, each household may bargain individually. The second, economic resilience (or vulnerability), determines the parties' bargaining power relative to that of the commander. Those whose economic well-being is least susceptible to disruption will be able to make higher "demands." The commander's response to the community's demands is the fiscal strategy that minimizes his costs in extending control over the community using some combination of coercion and co-optation.

In developing the theory, I borrow from literature on state formation and clientelism, which addresses a comparable set of questions. The overall construct for the

theory of fiscal strategies follows those employed by Boone (2003), Geddes (1991, 1994), La Ferrara and Bates (2001), and, especially, Levi (1988). In specifying the foundation of political order within a society, these studies downplay characteristics of the regime itself by assuming that all rulers share a similar aim of maintaining power and that they use rational strategies to attain that end. This simplification allows the authors to focus on the societal-level variation that drives differing institutional outcomes. Similarly, I imagine that governments facing rebellion seek foremost the re-establishment of control and that they pursue this aim in a rational way that seeks to minimize cost in blood and treasure. There are also parallels to the work of Bueno de Mesquita et al. (2005), which depicts politics as a competition between the leadership and a challenger for the support of some portion of the *selectorate*, the set of people whose decisions ultimately choose the government’s leadership. In their model, political actors seek *winning coalitions* whose support “endows the leadership with political power over the remainder of the selectorate as well as over the disenfranchised members of the society.” Coalition building requires providing coalition members a share of benefits set aside for supporters. Political actors seek to minimize the cost of building the coalition, and a key implication is that the smaller the coalition needed to rule, the larger the proportion of private benefits relative to public benefits contained in the spending package offered by the coalition-builder.

To evaluate this dissertation’s theory, I investigate patterns in fiscal strategy selection during the Philippine-American War of 1899–1902. By selecting cases within a single conflict, I am able to control for confounding variables that existing literature, as discussed above, suggests account for some of the variation in fiscal strategies across different conflicts. Specifically, the focus on a single combatant army within a single war makes different outcomes less likely to be attributable to doctrine, organizational biases, national “styles,” prevailing norms, and so forth.

The Philippines is an ideal setting for an evaluation of the theory of fiscal strategies because of the wide variation on the independent variables exhibited among its many distinct communities. The geography of the Philippine archipelago separates communities by sea and mountains, fostering the development of divergent communal structures, forms of property relations, and roles for traditional authority. Further, the islands are home to five major ethnic groups, consisting of an even wider variety of distinct tribal and non-tribal groups, speaking a total of 27 individual dialects. Economically, the turn of the twentieth century was a moment of significant upheaval for the Philippines, bringing tremendous growth in trade, the commercialization of agriculture, the modernization of industry, and mass migration of the labor force. The upheaval spread unevenly throughout the islands, however, and economic change came in different manifestations and at different times in each province.

Recent scholarship on the Philippine-American War also demonstrates vast differences in the nature of military operations island by island and province by province. President William McKinley's call for a policy of "benevolent assimilation" ensured that fiscal strategies would be part of the military effort, but local commanders would determine their form and extent. Whether due to explicit delegation or the necessities imposed by geographic isolation, officers at the provincial level enjoyed substantial autonomy. The experience of Brigadier General Marcus P. Miller, commander of a brigade on the island of Panay, is representative. Linn (2000, 69) explains, "Like subsequent commanders in the provinces, Miller had to develop policies that conformed both to the directives he received from Manila—specifically the army's mandate to serve as an agent of benevolent assimilation—and to local realities. This required him to combine civil projects with military operations, to find a proper balance of conciliation and coercion." Commanders with similar autonomy operated throughout

the archipelago, working to find and strike the balance appropriate to their unique areas of operation.

To determine how the fiscal strategy choices made by those commanders compare to the theory's predictions, I examine the American approach to pacification in four separate districts within the Division of the Philippines. I chose the districts to examine, researched the evolution of the fiscal strategies employed by the commanders of those districts, and compared their choices with the theoretical predictions.

In selecting the districts, I considered factors both methodological and practical. Methodologically, my approach was to select districts whose sociopolitical and economic characteristics stood in distinction from one another and resembled most closely the ideal types envisioned in the theory—discussed in far greater depth in Chapter Two. Figure 1.1 summarizes these choices. The Ilocos region and the Sulu archipelago were, at the time of the war, characterized by solidary communal structure. Communities in these ethnically homogeneous districts exhibited hierarchical social organization based on the recognized authority of leaders in traditional kin-centered groups. By contrast, Nueva Ecija and Negros were manifestations of fragmented communal structure. Both were focal points of mass migration in the late nineteenth century and were consequently melting pots of competing Philippine ethnic groups and flashpoints of class animus. As islands highly dependent on external trade, sources of wealth on Sulu and Negros were vulnerable to embargo by the dominant U.S. Navy. By contrast, attempts to disrupt the sources of wealth for communities in the Ilocos and in Nueva Ecija were costly and threats to do so were less credible. Self-sufficient subsistence farmers in the Ilocos and planters growing rice for domestic consumption in land-locked Nueva Ecija were therefore comparatively resilient economically.

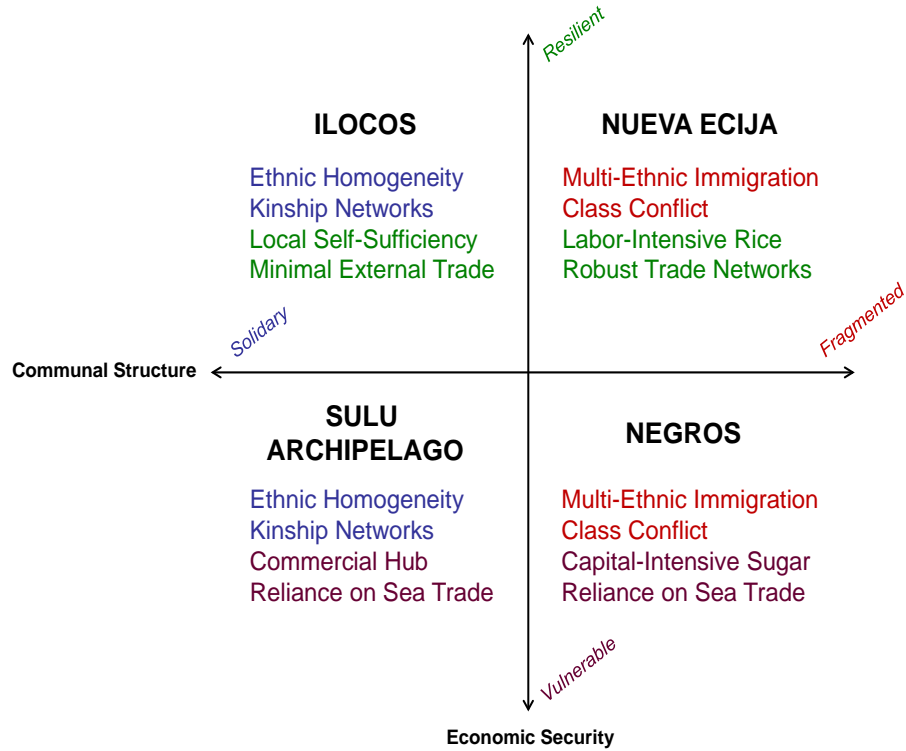


Figure 1.1: Case studies.

The predominant practical consideration for selecting cases was the availability of data, a particular concern for a researcher conducting provincial-level analyses of conditions over a century ago. Coding districts according to the independent variables required provincial-level information on social organization and economic conditions during the specific time period of interest. For this aspect of the study I relied mostly on secondary-source literature, including ethnogeographical and historical studies by Western researchers, provincial histories published in the Philippines, and unpublished dissertations by Western and Filipino authors. In addition, the *American Pronouncing Gazetteer and Geographical Dictionary* of 1902 and *Census of the Philippine Islands* of 1903, along with a few first-hand accounts from the contemporary period, were invaluable. With these sources, I identified four cases whose contrasting socioeconomic characteristics met the methodological criteria.

Having chosen districts for evaluation, I investigated the evolution of the fiscal strategies employed by the commanders of those districts. Secondary sources provided context for the study, but to understand the fiscal strategies adopted by the commanders in each district, I relied on a variety of primary sources. Among other government reports, the extensive *Annual Reports of the War Department* include detailed accounts from lower-level commanders that provide insight on how they saw the war and how they used their fiscal resources. Numerous memoirs perform a similar function, but, as they are written retrospectively, may be less reliable. More fine-grained and “in the moment” are the archival records from the individual districts. Each district’s record includes thousands of daily telegraphs and letters between commands—issuing orders, recounting operations, providing intelligence summaries, and discussing strategies. These records are invaluable, allowing one to understand not only what commanders were doing, but what they were thinking. This last point is important for assessing whether, in fact, commanders were learning and making corresponding adjustments as operations proceeded, in line with the assumption noted above.

Finally, having documented commanders’ use of their fiscal resources in each of the districts, I compare their practices to the theory’s predictions. To make this comparison, I assess how their practices evolved over time and to which, if any, of the ideal typical fiscal strategies they correspond. Findings that commanders adopted fiscal strategies consistent with the theory’s predictions lend support to its underpinning logic.

As a preliminary test of validity beyond the Philippine War, the penultimate chapter applies the theory’s insights to cases from the wars in Iraq and Afghanistan. For each war, I selected a campaign for which there exists a relatively detailed understanding of the local conditions and the course of events. In Iraq, I look at the



“Anbar Awakening” in which the tribes of western Iraq “flipped” from supporting the insurgency to supporting the American-led coalition. In Afghanistan, I look at operations in Helmand province during which NATO and Afghan troops attempted to displace the Taliban from the country’s largest opium-producing region.

The scope of the dissertation is limited to the experiences of *incumbents* in *weak states* that receive *external assistance* in the fight against rebellion on their territory. Rebels as well as government forces can employ a variety of fiscal strategies and should, according to the theory, select among them with similar reasoning. However, both the availability of data and the need to select the most comparable cases drives the choice to limit this study to the government side. Furthermore, irregular or “asymmetric” warfare usually implies a mismatch between the capabilities and resources of the government and the rebels. Typically, the fiscal resources available to the government are vastly greater than those that can be mustered by the insurgents. The study of rebel fiscal strategy selection is left for future research.

Important distinctions also exist between civil wars in weak states and those in failed states. Rotberg (2004, 14) underscores the difference. The ability of weak states “to perform positively for their citizens has atrophied. But ...that atrophy is neither inevitable nor the result of happenstance.” In failed states, by contrast, “leaders and states engaged in self-destruction usually possess too little credibility and too few resources to restore trust and claw back from the brink of chaos. Many leaders hardly recognize or care ...about the depths of their national despair.” In a context in which the state is unable or unwilling to act based on accurate information about rebel forces, popular support that generates this sort of information will not matter. This study thus exempts civil wars in failed states from the cases the model seeks to explain.

The rationale for emphasizing cases involving external assistance is two-fold. First, by the time civil war has broken out, the balance of regime coercion and co-optation has broken down. At that point, as Murshed (2002, 392) notes, “whatever the precise pattern of broad-based spending required, the necessary fiscal transfers must somehow be financed. Achieving peace from this starting point is exceedingly difficult.” Outside assistance brings the resources necessary for a range of fiscal strategies, and hence, the possibility for variation on the dependent variable. Second, intervention to prevent or stanch conflict in the developing world is topic of interest to policymakers and scholars alike. Rich, industrialized states can offer fiscal resources of significant magnitude; understanding how these resources bend the trajectory of conflict is a matter of the first concern.

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Fiscal strategies have significant and long-lasting implications; the institutions that coalesce as a result of these transfers often do more to reshape societies in the midst of war than does violence itself. A government’s wartime fiscal strategy, on the one hand, may entail increased local autonomy or a signal of commitment to greater interregional or interethnic equality; on the other hand, it may presage the strengthening grip of state repression or establish a foundation for dependency.

The issues addressed here also apply to questions of how to manage the influx of external resources that sometimes accompanies the outbreak of hostilities. In the wake of vexing wars in Iraq and Afghanistan, the Western appetite for forceful intervention into conflicts in the developing world, already light, is likely to shrink further. Yet given a persistent interest in the stability and governance of these regions, intervention may increasingly take the form of fiscal aid. Insight into the application of these resources will thus be of great importance to embattled governments and their external supporters.

This dissertation is an attempt to advance our understanding of the use and usefulness of money on the modern battlefield. The study is structured in nine chapters. Building on the concepts set forth in this introduction, Chapter Two presents a complete discussion of the theory of fiscal strategies. I present the theory's dependent and independent variables, and describe a model that links them to generate specific, testable hypotheses.

The main body of the dissertation is an evaluation of those hypotheses as applied to a series of historical cases from the Philippine-American War of 1899–1902. To provide context for the case studies, Chapter Three presents an overview of Philippine society and economic conditions at the close of the nineteenth century, a synopsis of the war, and a general discussion of the American approach towards pacification during the war. Chapters Four through Seven compare the predictions of the theory of fiscal strategies to the course of the war in four separate districts within the Division of the Philippines.

Chapter Eight takes a preliminary step toward demonstrating the theory's relevance to irregular warfare in the twenty-first century by evaluating its applicability to events from the wars in Iraq and Afghanistan. The final chapter reflects on the longer term implications of fiscal strategies that are often selected for their short-term effects. Fiscal strategies, I conclude, offer both promise and peril to the combatants who employ them.

## Chapter 2

# The Theory of Fiscal Strategies

If money can buy the end, we must use it.

- Tunku Abdul Rahman, Chief Minister of Malaya, 1954<sup>1</sup>

The fiscal strategies adopted by combatants, even within a single war, vary considerably from place to place and over time. Why is there such variation? How do we explain divergent outcomes? And what might a systematic account tell us about the use and usefulness of fiscal strategies? The chapter that follows addresses these questions by proposing a logic according to which combatants in irregular civil wars employ their fiscal resources to control contested territory.

I begin by introducing an analytic framework for distinguishing among fiscal strategies and illustrating the logic underlying each strategy type. Just as violence can be selective or indiscriminate, benefits offered by combatants can be targeted

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<sup>1</sup>Quoted in Barber (1971, 319).

or diffuse—governments and guerillas can provide public goods, selective incentives, private goods, or no goods at all.

To consider the factors most relevant to selecting among fiscal strategies, I construct a simple illustration based on a documented scenario from the Iraq War. The illustration reflects factors characteristic of irregular warfare at varying places and times. The scenario suggests that fiscal strategy choice can be depicted as the result of a negotiation between a combatant force and the members of a community. A commander offers material benefits in exchange for cooperation from local inhabitants. The participants in the negotiation and the magnitude of their demands are the key determinants of the fiscal strategy adopted.

Merging the implications of the scenario with literature on state-building and civil conflict, I propose a bargaining model of fiscal strategy choice. In the model, a military commander negotiates with members of a community for their support or acquiescence, using both the threat of coercion and the offer of material benefits. Local communal structure dictates whom the commander will bargain with; the vulnerability or resilience of their economic livelihoods determine their relative bargaining power and thus the size of the offer they are willing to accept.

In the model, the commander then chooses a fiscal strategy that minimizes the cost of control, whether in fiscal or military resources. Variation in communal structure and local economic vulnerability implies, according to the model, specific variation in the optimal fiscal strategy choices for the commander. The model produces a set of empirically verifiable hypotheses that allow us to evaluate the theory against historical cases.

## 2.1 Classifying fiscal strategies

What fiscal strategies are available to a military commander seeking to extend control over a contested territory? In some communities, combatants implement projects that aim to improve the quality of life for all local inhabitants, such as public health and infrastructure improvement; at times, the opposing forces offer incentives to those who volunteer support or who can credibly pledge not to assist the enemy, incentives such as payment for information or employment as paramilitaries; elsewhere, combatants contract with local chiefs, power brokers, or warlords who can assist in providing order.

I distinguish among four stylized strategy choices according to the type of economic goods they provide. A strategy of *consensual rule* distributes public goods and services to entire segments of the population in an effort to raise the opportunity cost of rebellion. A strategy of *indirect rule* provides private goods to a cooperative local power-holder who leverages his privileged access to social capital and local knowledge to establish security and order. A *divide-and-rule* strategy offers selective incentives to those willing to cooperate with the government, isolating the irreconcilable elements of the insurgency. Finally, a *coercive rule* strategy provides no goods and relies entirely on force to establish control. As the discussion will illustrate, each strategy type entails a trade-off between competing goals pursued by the state.

This typology is not the only method conceivable for categorizing programs aimed at persuasion or co-optation. Other classifications could, for instance, emphasize the particular good or service being provided, such as health care, electricity, or sanitation. However, I contend that the identity of the beneficiary is of far greater importance than the specific benefit provided—of significance is not *what* is given, but *to whom* it is given. Fiscal strategies are meant to engender political outcomes; as such, the effect of a strategy is contingent upon how its impact is felt by those

holding political power. Power may be concentrated or diffuse. The strategy types outlined below differ foremost in the extent to which their benefits are targeted toward select members of the community or are more broadly distributed. Each has advantages and disadvantages that make one or another comparatively attractive in different settings and circumstances.

### **2.1.1 Consensual rule**

A strategy of consensual rule entails the provision of public or collective goods. Strictly, public goods are those that are non-excludable and non-rivalrous. The goods provided under a consensual rule strategy approximate these characteristics. The key trait is that they are disseminated widely and without prejudice as to the identity of the recipient. Furthermore, they are not contingent upon any particular behavior on the part of the recipient. Of the strategy-types, consensual rule is the most closely associated with popular conceptions of “winning hearts-and-minds” and with certain aspects of the population-centric approach in current U.S. doctrine. The logic behind this strategy is multi-faceted; through the provision of public goods, the state signals its legitimacy while addressing grievances underlying the presumed dissatisfaction with the status quo. In economic terms, the provision of public goods raises the opportunity cost of rebellion by making more attractive the alternatives to fighting the state and risking death or imprisonment.

Consensual rule provides goods like public utilities and infrastructure, primary education, health care, dispute resolution and contract enforcement, evenhanded governance, and public security. Generally speaking, in communities where these goods are provided, individuals cannot be excluded from enjoying the benefits. When this strategy succeeds, the political agenda of the insurgency holds less appeal for the population who come to view the regime as legitimate and not predatory to their

interests. Individuals are less willing to assist the insurgents and more willing to support the government forces. Information on rebel activity is forthcoming, and insurgents who do not capitulate are increasingly squeezed by military operations. As the regime's authority gains acceptance and support and hardcore rebels are captured or killed, requirements for force diminish. Residual violence will be mostly criminal in nature and not directed against the state.

Consensual rule through the commander's provision of public goods is often not possible to extend throughout the entirety of a developing state, even if it were the preferred choice. It may be too costly, exceeding the resources and technical capacity of the state (Kiser, 1999). These limitations are likely to be exacerbated as a civil war proceeds and the urgency of demands on the embattled state multiplies. Consensual rule can also distort the local economy and labor market with an influx of expenditure in particular sectors. In the long-term, consensual rule can stymie the maturation of local self-governance and create a dependence upon external actors. In addition, the expansion of the reach and authority of the state—even in a seemingly benign manner—may threaten the position of traditional power-holders, stirring their resistance.

### **2.1.2 Divide-and-rule**

A strategy of divide-and-rule rests on the provision of selective incentives. In his classic work, Olson (1965, 51) states that such incentives operate “not indiscriminately, like the collective good, upon the group as a whole, but rather *selectively* toward the individuals in the group. The incentive must be ‘selective’ so that those who do not join the organization working for the group’s interest ... can be treated differently from those who do.” Under divide-and-rule, benefits are offered to all, but only those who take certain actions will receive them. By making access to benefits contin-



gent upon behavior that gives support to government forces or provides a credible commitment not to support the rebels, the commander seeks to separate pockets of hardened resistance from the reconcilable population. Those who are less committed to the insurgent cause or who face lower costs for collaboration with the military will be the first to respond to selective incentives.

Some examples serve to illustrate the use of a divide-and-rule approach. One of the most widespread and effective uses of selective incentives is payment in exchange for information about guerilla forces. Since the identity, activity, or whereabouts of insurgents are often known to local inhabitants, any are eligible for the rewards offered to informers. Similar incentives may work to induce defection from rebel ranks and, in the words of one officer, “drive a wedge between the leaders and the rank and file.”<sup>2</sup> Trinquier (1964, 33) suggests another common manifestation of a divide-and-rule strategy, noting, “[W]e may always assure ourselves of [individuals’] loyalty by placing them within an organization it will be difficult to leave once admitted.” One such organization is a local paramilitary or security force. In exchange for employment, enlistees assist the counterinsurgent forces or, at a minimum, forgo their opportunity to participate in or provide support to the rebellion. Discussing their decision to join the pro-Israeli South Lebanese Army, two local men explained, “We were poor. The only work was their army. If you’re in the army, you can live. If you are not, you can’t” (Sontag, 2000). Non-security employment programs can also be part of a divide-and-rule strategy when the jobs function to eliminate opportunities for participation in or support to the insurgency. Even a successful divide-and-rule strategy will require the presence of a robust security force. While the rebels will be somewhat isolated, eliminating them will require the use of precise and efficient force. Just as important,

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<sup>2</sup>Quoted in Ramakrishna (2002, 337).

the commander must offer sufficient protection to the cooperative elements of the population if the government's incentives are to be of value.

Although it can be inexpensive in comparison to consensual rule, a divide-and-rule strategy is difficult to establish and administer. Informers and paramilitaries can be difficult to recruit and maintain. Additionally, the state must monitor behavior and vet information to ensure that the stream of benefits it provides can be cut off if transgression occurs. Further, the provision of selective incentives may lead to more violence than it prevents. It can exacerbate existing divisions within a community and trigger spirals of revenge. Additionally, because rebel groups rely on cooperation from some part of the community and, at a minimum, the *nonbetrayal* of nearly the entire community, selective incentives from the military pose a major threat to the rebels. Thus rebels often target for punishment most vehemently those who receive the government's selective payouts (Kalyvas, 2006). In pursuing a divide-and-rule strategy, then, the state may indirectly cause greatest harm to its most important latent allies.

### **2.1.3 Indirect rule**

A strategy of indirect rule seeks to form what Scott (1972, 92) calls "instrumental friendships." Under this arrangement, the commander grants autonomy and provides private goods to chosen local leaders, contingent on their delivery of security and quiescence in the areas under their influence. In effect, the commander "subcontracts" the provision of order to a more efficient producer. Local elites have sources of power independent of the state that they can draw upon. Boone (2003, 31) notes some of those sources: "Land ownership or personal wealth, land rights commanded by corporate entities such as lineages or royal families, social status and legitimacy, religious powers, and heredity." Relying on these material and social resources, together with

superior local knowledge, local leaders may be able to provide order and security in their communities more efficiently than the government. To the local leader whose “friendship” is sought, the private goods provided under indirect rule represent an opportunity to gain or consolidate power, to pay off debts, or to get rich.

The transfers made under an indirect rule strategy may be in the form of cash payments or anything else of value. From a methodological standpoint, there is some risk of observational equivalence between the goods provided under indirect rule and other fiscal strategies. For instance, something that appears to be a public good—a water well, perhaps—is more accurately identified as private good when it is dug on the local leader’s property or somewhere else he requested specifically. During the war in Iraq, directing reconstruction projects to a sheikh’s preferred contractor was a common method of distributing private goods, even when the contract was for a public project (e.g., Whiteley, 2010). Accurately identifying a strategy of indirect rule requires identifying the beneficiary and the terms on which goods are provided. The beneficiary will be chosen deliberately, and his continued access to the private goods will be contingent upon his willingness to cooperate with the commander and the government. His cooperation might mean the non-participation of people from his area in the rebellion, the safe presence of government forces in his area, the free passage of forces through the area, or other security-related outcomes. When successful, the local leader controls—or assists the military in controlling—the area and individuals under his influence, and the iterative nature of the exchange provides implicit enforcement of the agreement (Hicken, 2011, 292–293). Imposing order under indirect rule may still require the use of force, but it will often be supplied privately, through local militias organized by the favored traditional elites. In other circumstances, the military will work closely with local leaders to defeat the insurgency in the area.

Indirect rule is an imperfect solution for the commander, exposing him to manipulation and deceit, inviting a host of principal-agent problems, or stoking internal rivalries. Information asymmetries make monitoring the compliance of local agents difficult; divergent goals and incentives between the local leader and the military commander strain cooperation; and the possibility of “capture” by local agents exists if the commander finds himself without alternative local partners. In some cases, the military commander risks complicity with the repressive practices of ruthless local leaders. Further, indirect rule supplies both autonomy and resources that can be used later in opposition to the government.

#### **2.1.4 Coercive rule**

A final strategic alternative eschews the employment of fiscal means in the fight to establish control. Coercive rule entails the use of force to compel cooperation, acquiescence, or non-betrayal from the noncombatant population while military operations against the insurgency proceed. In some settings, coercion may provide the only meaningful incentive; in others, it may simply be a more cost-effective alternative to any of the strategies that include persuasive measures.

Coercive rule is identifiable by the absence of most positive incentives. Aspects of French operations during the Algerian War are famous—and extreme—examples of this approach. In Algiers, French forces imposed mass internments, imposed strict curfews, limited civilian movement, and used torture to gain information. In the countryside, the *regroupement* policy resettled more than two million rural Algerians into fortified villages built by the French (Metz, 1994). Coercive strategies are not solely the domain of unscrupulous armies, however, and coercive rule does not imply human rights violations. Despite noteworthy transgressions, the American military in Iraq and Afghanistan, for example, enforced strict rules of engagement meant to

protect noncombatants in the areas in which it applied coercive rule. Successfully implementing a coercive rule strategy in a rebellious territory requires extensive military force to patrol aggressively, execute cordon-and-search operations, enforce population control measures such as curfews and check-points, secure large numbers of detainees, and conduct interrogations.

Like consensual rule—coercive rule’s polar opposite—a main drawback to this approach is the resource requirement. While extreme levels of coercive rule are likely to be effective at restoring or preserving order, mustering the required manpower and resources may be politically or economically infeasible. Effective forces also take a great deal of time to recruit, train, and equip; commanders have a limited pool of available manpower and military equipment, placing a constraint on the extent to which they can apply coercive rule. Moreover, the approach may stoke resentment, create new opposition, and further inflame the very grievances driving the insurgency.

The discussion that follows considers how a commander might choose between consensual rule, divide-and-rule, indirect rule, and coercive rule when trying to establish control over a community.

## **2.2 An illustration of fiscal strategy choice**

In mid-2011, American military commanders prepared for the daunting challenge of moving most of their forces and equipment out of Iraq along the main supply route that ran through the southern half of the country. The challenge was not merely one of logistical planning—providing security for the convoys posed a difficult military dilemma. The *New York Times* reported that,

In recent weeks, insurgent fighters have stepped up their efforts to kill American forces in what appears to be a strategy to press the United

States to withdraw on schedule, undercut any resolve to leave troops in Iraq, and win a public relations victory at home by claiming credit for the American withdrawal. American commanders say one of the gravest threats to the 46,000 troops here is that they could become easy targets for insurgents when they begin their final withdrawal this summer and head for the border along a 160-mile stretch of road cutting through the desert into Kuwait (Schmidt, 2011).

In its essentials, the challenge that faced the American commanders is similar in nature to those confronted by commanders in irregular wars throughout history. By considering how a commander might use his fiscal and military resources in this scenario, we can gain insight into the factors that drive fiscal strategy choice in civil war more generally. The scenario thus represents a starting point for theory-building.

The illustration below portrays the circumstances faced by the U.S. military leaders attempting to control the supply route through southern Iraq. While simplified, it depicts this operation in the context of several characteristics of the security environment that are consistent across irregular civil wars. Of foremost importance is popular support. If locals do not reveal the rebels to government forces, Kalyvas (2006, 91) explains, it is either because “the people do not know who is really an insurgent, which is sometimes true about spies and clandestine agents; or, *much more commonly*, they refrain from identifying the insurgent combatants who hide among them—out of diverse motivations, including sympathy and fear. Herein lays the relevance of popular ‘support.’”<sup>3</sup> From this observation follow the three key assumptions of the illustration that follows. First, government forces have inferior knowledge of local conditions in comparison to the people who live in the area. Second, rebel activity is observable to local civilians where they live and work. Third, rebel activity

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<sup>3</sup>Emphasis added.

is only possible with the active support, tacit consent, or reluctant acceptance of the population; rebel viability requires, at minimum, non-betrayal.

In the scenario, the outcome sought by the commander is the safe passage of his convoys through a series of villages that sit astride a key supply route. In each village, the commander must choose among the four strategies outlined above to implement. Each household in the villages can observe the section of road immediately in front of it and can act (by informing government forces, for example) to prevent rebels from using that section of road to attack a convoy. Household  $i$  will do so if the state's fiscal strategy offers benefits that meet the household's "reservation price,"  $c_i$ . Alternatively, the commander can secure each section of road by force, at a fixed cost,  $f$ , per section. Lacking acute local knowledge—but aware of past experiences or the general sympathies of the inhabitants—government forces can observe the distribution of reservation prices in each village, but do not know the reservation price of any individual household.

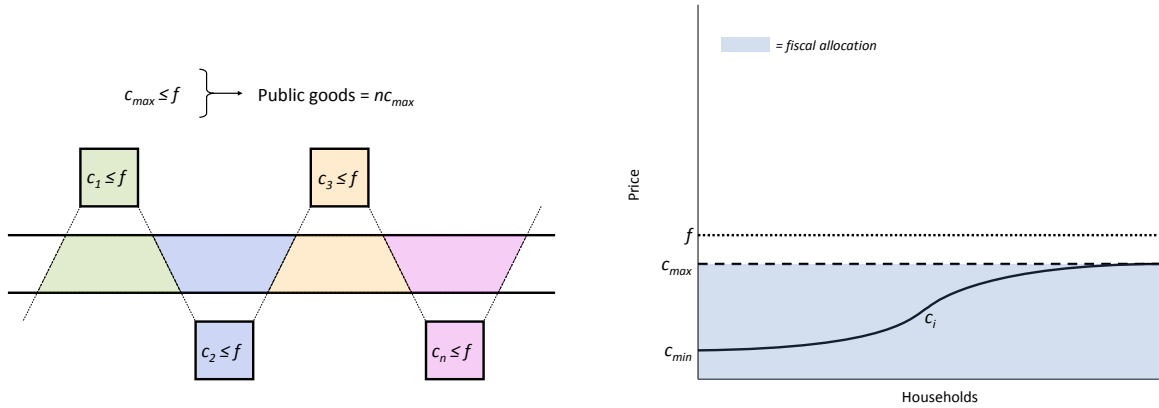


Figure 2.1: Village A: consensual rule.

Village A, depicted in the left frame of Figure 2.1 is a village of  $n$  autonomous households. Each household's reservation price is less than or equal to the unit cost of force; that is  $c_{max} \leq f$ . What choices are available to the commander? He can secure

the road by force for a total cost of  $nf$ , or he can provide benefits to the residents at a value of  $c_{max}$  per household—ensuring that each household’s reservation price is met—for a total cost of  $nc_{max}$ . The commander chooses the lower cost alternative and opts for a strategy of consensual rule. He delivers benefits to each household in the village through the provision of public goods. The right frame is a plot of household reservation prices, depicting the cost of the consensual rule strategy for this village.

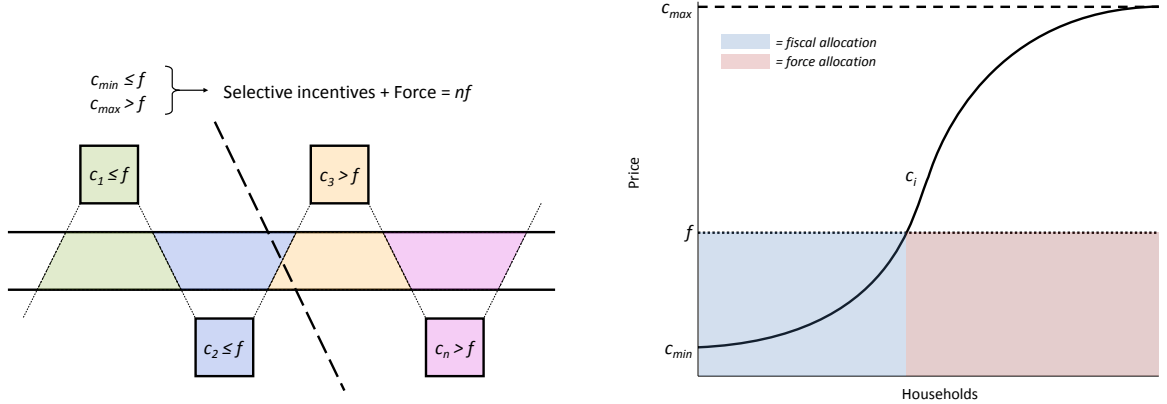


Figure 2.2: Village B: divide-and-rule.

Many inhabitants of Village B, in the left frame of Figure 2.2, have higher reservation prices than the residents of Village A; here  $c_{min} < f$ , but  $c_{max} > f$ . In Village B, the commander chooses a strategy of divide-and-rule. He makes an offer of selective incentives valued up to a marginal unit cost of  $f$ , the point at which the state is indifferent between coercion and co-optation. Households with reservation prices below  $f$  accept the offer and assist the commander along their stretches of road, while the remaining parts of the route must be secured by force. The total value of military and fiscal resources expended is  $nf$ . The right frame depicts the costs of the divide-and-rule strategy.

Like the residents of Village A, inhabitants of Village C have low reservation prices,  $c_{max} \leq f$ , as shown in Figure 2.3. Households in Village C, however, are



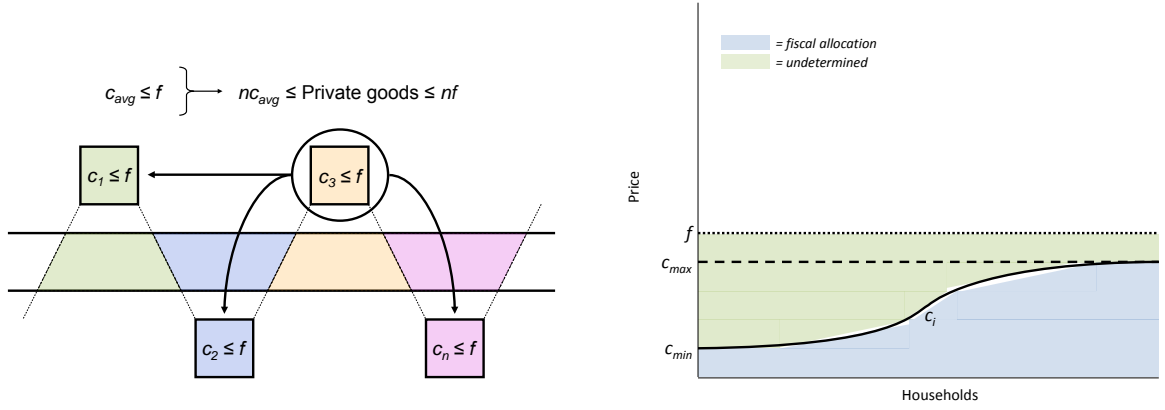


Figure 2.3: Village C: indirect rule.

not autonomous decision-makers, but fall under the authority of a “chief,” whom they obey and who can observe their individual reservation prices. He alone will negotiate with the commander on behalf of the village as a whole (and can prevent any individual household from making a side deal with the commander.) The chief of Village C can secure the supply route using his private resources at a cost of  $\sum_{i=1}^n c_i$  through payments to each household at their exact reservation price. The commander, for his part, would be willing to pay up to  $nf$  to secure this stretch of road. He will choose indirect rule and strike a deal to provide private goods to the chief, but at what price? If there are alternative chiefs with whom to negotiate—perhaps there is competition among households to be chief—the commander will secure a price near  $\sum_{i=1}^n c_i = nc_{avg}$ . If there are no alternatives, the chief will extract a price near  $nf$ . These outcomes are depicted in right frame of Figure 2.3.

Figure 2.4 presents Village D, also presided over by an authoritative chief. Residents of this community have high reservation prices. Because  $c_{avg} > f$ , the commander will choose a strategy of coercive rule, providing no goods and relying on force alone to secure the supply route at a cost of  $nf$ .

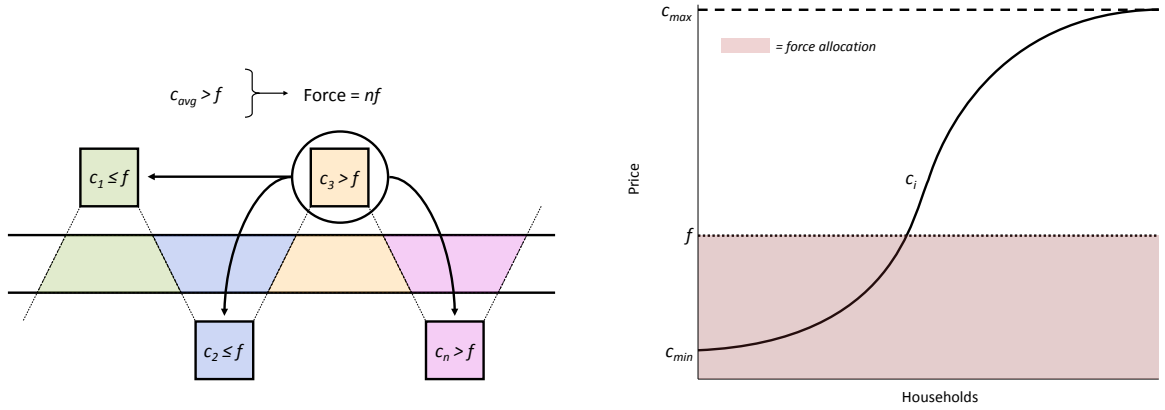


Figure 2.4: Village D: coercive rule.

The situation on which this illustration is based did, in fact, prompt U.S. commanders to employ fiscal strategies. Observing what appears to be an indirect rule approach, the *Times* noted that,

Officially, the money is paid to have Iraqis clean the crucial roadway of debris, an apparent pretense because an Iraqi-American agreement bars outright payments for security. The sheiks keep some of the cash and use the rest to hire 35 workers each who clear the road of trash. . . . The money also helps the sheiks solidify the loyalty of their own people by giving them the power to dole out jobs.

An American colonel stated, “There are real incentives for them to keep the highway safe. Those sheiks we have the best relationships with and have kept their highways clear and safe will be the most likely ones to get [their contracts] renewed for the remainder of the year.” This approach appears to have succeeded; both roadside bomb attacks on American and Iraqi vehicles and rocket attacks against nearby bases decreased after the approach was implemented. Further underscoring the appeal of fiscal strategies, Schmidt (2011) reports, “The contracts, officials said, cost far less than nearly all the other measures the military has used in Iraq to ensure security.”

## 2.3 Bargaining

The simplified depiction of the Iraq War scenario suggests the possibility of seeing fiscal strategy choice as the outcome of an implicit or explicit negotiation between a commander and a community whose support he seeks. The conceptualization of fiscal strategy selection as the result of a bargaining process corresponds to the state-building theories of Levi (1981, 1988). Her “predatory theory of rule” seeks to explain variations in the decisions taken by rulers in establishing state institutions for the extraction and distribution of wealth. Levi focuses on the ruler, who seeks to maximize his wealth and power, and on the bargaining process through which his subjects try to wrest concessions and protect their own resources from his preying. She writes, “My thesis is not only that the ruler is predatory in that he attempts to formulate policies that maximize his personal objectives but that his success is dependent on his bargaining power vis-à-vis subjects, agents, and external actors” (Levi, 1981, 438).

Merging Levi’s characterization of the ruler with the dynamics of fiscal strategy choice depicted above, the focal point of the theory of fiscal strategies is the military commander—the individual who decides how a fixed supply of military and fiscal resources are to be allocated within a delimited area of operations. Acknowledging differences among commanders in terms of their dispositions, expertise, and experience, I make two key assumptions regarding their similarities. First, I assume that they are “thinly rational” in the sense that they seek to maximize a consistent set of preferences and are capable of comparing costs and benefits. They do not have perfect information when making decisions, but they can learn through trial-and-error. Second, I assume that their aim is to maximize territorial control throughout their areas of operation. Doing so requires that they use their resources efficiently—that they minimize the amount of military and fiscal resources expended on establishing control in any discrete locality.

In the course of negotiations with the community, commanders make threats and offer benefits in exchange for quiescence or support. Citizens accept, reject, or bid up those offers. In the Iraq War scenario, two features defined the bargaining process. First, with whom must the commander bargain? Is there an individual who can negotiate on behalf of the group as a whole? Or will the commander need to strike bargains with subgroups or individuals? Second, what is the “reservation price” of the commander’s counterpart(s) from the community? What is the magnitude of the concession the counterpart would be willing to accept? Or, to put it differently, what is the relative bargaining power of the commander vis-à-vis his counterpart?

These two decisive features of the bargaining process are reflections of corresponding characteristics of the community. First, the extent to which local social, political, and economic power is concentrated—“communal structure”—defines whom the commander will negotiate with. Second, the extent to which local actors’ sources of wealth depend upon cooperation with the commander—“economic security”—defines the relative bargaining power and the size of the offer local inhabitants will accept.

### **2.3.1 Communal structure**

In their efforts to garner support from the public, combatants must first identify whom within the population to target for co-optation. Do certain local actors have disproportionate influence over outcomes? The theory suggests that a key distinction among communities that impacts fiscal strategy choice is the extent to which communal structure is hierarchical and authoritative, concentrating local political clout.

Research on institutional choice identifies patterns in the processes and outcomes of state-making. By these accounts, social organization at the local level is a

key variable in explaining political change and institutional outcomes. In her work on “political topographies” in Africa, Boone (2003, 20-21) demonstrates the pivotal role of communal structure in accounting for the variation she observes in institutions for rule within African states. Introducing the term she writes,

Communal structure consists of the microscopic matrixes of social organization and control that define politics at the local level. Key variables here are settlement patterns, land tenure and inheritance regimes, and relations of cooperation, dependency, and coercion in the organization of production. In agrarian society these elements intertwine with rules and institutions that distribute political power at the local level, govern access to land and other productive resources, and enforce social cohesion.

This description is necessarily broad; the sources of communal structure are complex and often idiosyncratic. What is it that emerges from this mix of history, geography, and culture that provides a salient basis for comparison between communities?

A number of historical accounts highlight the significance of communal structural in providing a basis for political organization and mobilization. Hechter and Brustein (1980) explains patterns of state formation in early modern Europe by contrasting the social organizations that resulted from regionally distinct modes of production. Feudalism, entailing a hierarchical system of vassalage that both aided political coordination and engendered class conflict, provided more fertile soil for centralized state formation than sedentary pastoral or petty commodity systems. In his seminal study of agrarian social revolution, Moore (1966) depicts communal structure as a cardinal determinant of the likelihood of rebellion as well as its form. He contrasts villages marked by solidarity with “atomised” communities, citing as an example of the latter Marx’s comparison of small-holding French villages to sacks of potatoes (Marx, [1852] 2008). Scott (1976, 203) similarly compares “communitar-

ian” to “socially fragmented” villages. He resists drawing conclusions that relate these structures to the likelihood of revolt, but notes their significance to the dynamics of conflict already underway: “The difference in those two structures seems, to me at least, to lie less in their explosiveness per se than in the manner of the explosion once it takes place . . .”

These and other similar accounts point to the distinguishing feature of social organization at the village level: the locus of political power. I follow Boone (2003, 21-22) who compares communal structures by the “extent to which they concentrate or disperse control over persons and resources.” Concentration, she continues, “pools political resources in the hands of a narrow set of actors. It creates a rural elite that has more political clout—more clout in dealing with the state—than a dispersed set of small asset holders would have.” In the context of civil war, the existence of a local elite who have the social and material resources to decisively influence activity in their communities provides combatant forces a narrow set of actors with whom to bargain.

Powerful local elites with influence over traditional social networks can be attractive partners for government forces seeking to reassert or maintain control of an area. Tribes can be powerful, and their power often rests in the hands of a single individual or a small group of individuals within the tribe. Describing Iraqi tribes, Meilahn (2007, 5) observes, “Today’s *sheikh* is the mayor, judge and social worker. As judge, he gives verdicts that are not the ‘law’ but any member who goes against his decision does so without the support of the tribe.” Drawing on events from the Vietnam War, Maranto and Tuchman (1992, 261) note the influence of local leaders: “While a single individual can seldom alter the course of a nation, one can alter the course of the revolution in one’s own village.”

Few actual communities, if any, are perfectly solidary or perfectly fragmented. Rather than being a binary categorization it is more accurate to conceive of communities as sitting somewhere on the spectrum between these two ideal types. The point at which any particular community sits on that spectrum is a function of a somewhat idiosyncratic combination of factors that contribute to the authority of local elites and the community's capacity for collective action. There are, however, several characteristics that tend to be present in many solidary communities. One factor is the extent to which traditional political authority overlaps with economic power or religious authority. By definition, the more aspects of local power that fall under the control of a central figure, the more solidary the community. Fragmented villages may be marked by high levels of intra-elite competition. Also important is the pattern of landholding that prevails in a community; the strength of patron-client bonds that follow from landholding arrangements factors into communal solidarity. Empirically, ethnic homogeneity is often a factor in the capacity for collective action. Conversely, ethnic heterogeneity is a marker of communal fragmentation in an area with a history of ethnic tension. Finally, in a civil war, incidences of entire towns or villages switching sides provide *ex post* evidence of communal solidarity.

Communal structure suggests whether combatants must pursue bargains with individual households and subsets of the population or can, through local elites, bargain with the community as a whole. For the commander, solidary and hierarchical communities can be a blessing or a curse. On the one hand, the existence of a local elite can vastly simplify the bargaining process by providing a focal point for negotiations, reducing transaction costs, and minimizing the threat from spoilers once a bargain is struck; on the other hand, should that bargaining process fail, solidary communities may be the most difficult to control due to their capacity for collective action.

### 2.3.2 Economic security

In negotiating a settlement based on the provision of material benefits, the threat of deprivation is a counterweight to the prospect of gain. In other words, if a local actor depends on cooperation with the military or the state for his economic well-being—or if a commander can credibly threaten to take away his wealth—the actor is in a weaker bargaining position in attempting to extract concessions from the commander. By contrast, local actors who are not reliant economically on cooperation with the combatant have less to lose by walking away from the table and are therefore in a position to make higher demands.

Thus, the fiscal strategy chosen by the commander will reflect the bargaining power of his counterpart from the community. The relative bargaining power of a local actor vis-à-vis the military commander with whom he is negotiating is attributable foremost to the actor's economic security. I define economic security as the degree of independence of a local actor from the military and the state for access to sources of wealth or economic livelihood.<sup>4</sup>

Implicit in the definition of economic security are two counteracting characteristics. *Vulnerability* reflects the ease with which a combatant or the state can expropriate or deny access to an actor's means of livelihood. Local actors may depend on the state for enforcement of property rights or access to trade facilities, for example. But they also depend on the state not to destroy their property or interdict their trade. A combatant's ability to disrupt economic activity depends on the role of the state in the local economy and the military technology that the commander can

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<sup>4</sup>Unlike the concepts of economic security in the literature on "livelihood diversification," the term is used here in reference only to vulnerability or resilience effected by the military/state, and not to the full range of hazards and shocks to which actors may be susceptible. For instance, a farmer's livelihood might be threatened by a drought, but this fact would only figure into the concept of economic security if the farmer counted on the state for crop insurance or food supplements during times of hardship.



employ. *Resilience* is the degree to which an actor is able to cope with or adapt to economic disruption, should it befall him. Coping mechanisms may include various forms of insurance, as well as the diversification of economic enterprises or inputs. Vulnerability and resilience are opposing forces. I describe as “resilient” communities in which resilience is high and vulnerability is low, and I label “vulnerable” communities in which the opposite is true, as depicted in Figure 2.5. When both components are either high or low, economic security is “moderate.”

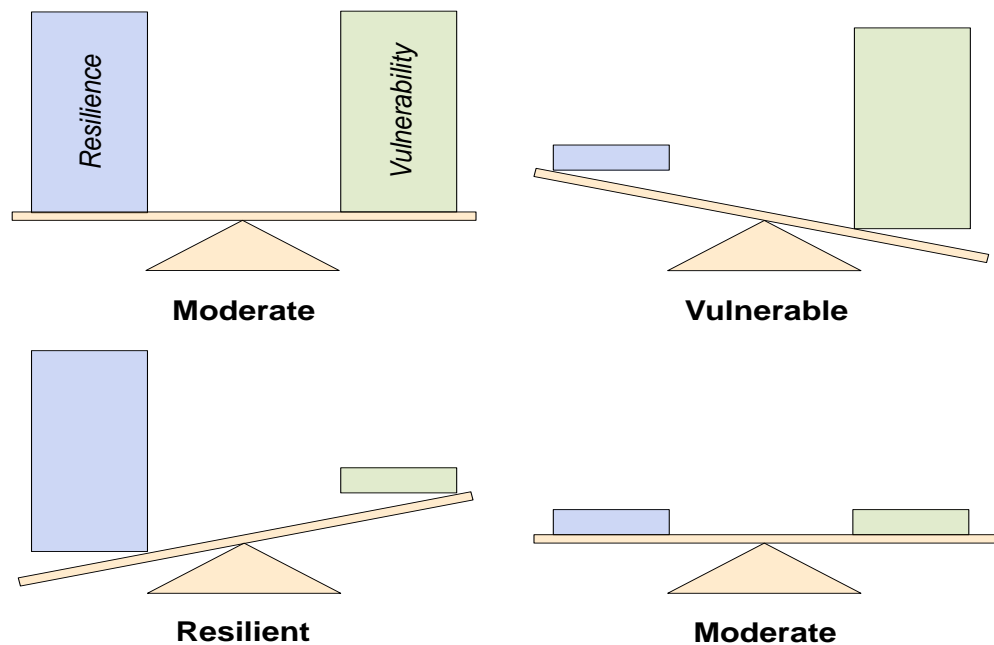


Figure 2.5: Economic security.

Nearly all economic production activity involves three elements, each of which can be assessed in terms of vulnerability and resilience. Whatever the specific activity, it will involve, first, “access to an initial asset, resource or endowment;” second, “the actual physical process of transformation or production;” and, third, “some degree of exchange” (Start and Johnson, 2004, 22). No actor’s well-being is limited to the element of economic activity in which he is directly engaged. Asset-holders cannot derive value from what they possess if production is disrupted, and producers rely

on the accessibility of markets for their products, just as merchants require products to trade. Assessing an actor's economic security therefore requires a look at each element of the economic activity on which he depends.

Asset wealth derives from ownership or control of raw materials and capital required for production; land; labor; relevant skills and knowledge; and money or other liquid stores of value (Levi, 1988, 19). An asset's vulnerability relates to how easily it can be destroyed or expropriated. Livestock, for example, is generally easy to destroy; a gold mine is more difficult. An asset's resilience turns on how important it is to an actor's wealth or livelihood, as well as how easily it can be rebuilt or replaced. Depending on the circumstances, replacing the livestock or re-digging the mine may be more or less vital to the actors and more or less difficult to accomplish. Possession of liquid wealth makes replacement of lost assets easier and provides a source of sustenance in the interim.

Production transforms raw assets into something of greater value. Production may be rendered vulnerable through the destruction of inputs and the disruption of the process itself. The relative factor intensity of production is central to both its vulnerability and resilience. Though circumstances will differ from case to case, capital-intensive production is more likely to be vulnerable. Machinery can be destroyed, fuel can be denied, electricity can be shut off, and expert managers can be detained. In the developing world, where state failure and civil war is most common, replacements or substitutes for these inputs may be difficult to acquire. By contrast, the primary inputs for labor-intensive production—low-skill workers—are probably more difficult to “destroy” and can be more easily replaced.

Trade and exchange allow the producer to realize the value of whatever he has created. The degree of vulnerability or resilience inherent in exchange relates to distribution and demand. That is, a producer is vulnerable if he is unable to get his

goods to market or if there are no willing buyers. Resilient distribution depends on robust trade networks or routes that are difficult to interdict. For instance, if a railway junction were blocked, a resilient producer could move his goods by an alternate route bypassing the junction, or he could ship his product by road or water. Alternatively, a producer may use a single route that is difficult to interdict—perhaps it runs through territory under rebel control or through terrain where it cannot be detected. Resilient demand turns on the availability of purchasers for an actor's produce. In the face of an embargo, a resilient producer can find new customers.

The discussion suggests two important caveats related to the commander's use of technology to threaten assets, production, or exchange. First, technology is only relevant if the rules allow the commander to use it. Particularly when it comes to the assets of noncombatants, the mere technological capacity to seize or destroy them is insufficient to render those assets vulnerable if rules prevent it. Prevailing norms and rules of conduct must be taken into account when assessing the technology "available" to the commander. Similarly, with respect to production, permissible conduct may not include killing civilian laborers or preventing them from working, though it may allow, for instance, cutting off electricity to the factory owned by an uncooperative civilian. Second, technology is only relevant if the enemy is unable to counter it or prevent its use. For instance, aircraft capable of bombing a factory do not render it vulnerable if the enemy possesses effective anti-aircraft defenses in the area. Likewise, a navy makes merchant shipping vulnerable only if it has superiority at sea sufficient to establish a blockade.

The aggregate assessment of an actor's economic security corresponds to the most vulnerable element of the economic activity on which he depends. The commander's leverage in the bargaining process derives from the threat he can pose to economic well-being, whatever the source of the threat. In other words, even if as-

sets and production are resilient, for example, a degree of vulnerability in exchange makes the overall assessment of economic security correspondingly vulnerable; the commander can pose a threat to economic well-being by interdicting distribution, perhaps.

In sum, economic security is a function of countervailing forces of resilience and vulnerability. Determining which force is predominant for a given actor requires looking at all elements of the economic production activity he depends on for his livelihood. Each element is assessed in terms of resilience and vulnerability to influence by the military or the state. The most vulnerable aspect of economic activity corresponds to an actor's economic security—and to his bargaining power if he negotiates with the commander.

## 2.4 Choosing fiscal strategies

What remains is to bring together the pieces to demonstrate how a bargaining process defined by a community's sociopolitical structure and economic vulnerability leads to a commander's selection of a particular fiscal strategy from among the available choices. The “structural constraints” noted in the literature discussed in Chapter One—national traits, regime type, and organizational impediments—may limit a commander's available choices. Within those constraints, however, a great deal of variation remains. This theory accounts for that variation.

A commander seeking to extend control over a rebellious territory has a limited pool of military and fiscal resources from which to draw. Within the territory are districts, towns, and villages that differ in their communal structures and levels of economic security. In any given community, the commander seeks to minimize the total cost of military and fiscal resources required to establish control. Where it is

cheaper in relative terms, the commander hopes to use his fiscal resources to co-opt members of the community rather than relying on force alone to compel their compliance.

Figure 2.6 depicts the theory's hypotheses. In fragmented communities that are economically vulnerable, the commander will choose to provide public goods to the community as a whole. Where solidarity is lacking but many sources of wealth are resilient, the commander will opt for the provision of selective incentives to induce cooperation. In solidary communities whose sources of wealth are vulnerable, the commander will be able to strike a bargain with local elites, offering them private goods in exchange for their cooperation. In solidary communities with more economic resilience, a bargain will be elusive and the commander will have to rely primarily on force to establish control.

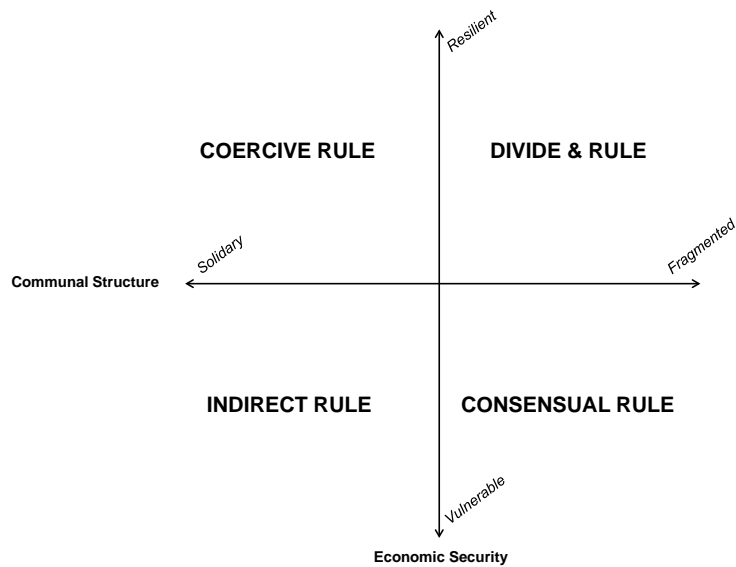


Figure 2.6: Selecting fiscal strategies.

The commander's first step is to identify whom within the community he should bargain with, offering material reward in exchange for cooperation. It would be a waste of resources, he reasons, to provide benefits to those who lack the ability to

make independent choices regarding their allegiance. In perfectly solidary communities, a single individual is able to speak authoritatively for the entire community and is thus the individual with whom the commander must negotiate. In perfectly fragmented communities, by contrast, each individual or household may be an independent decision-maker, and the commander must negotiate, explicitly or implicitly, with each of them.

Second, having identified the party with whom to negotiate, the commander considers what offer to make. The possibility of a deal rests on the existence of overlapping offers and demands—“bargaining space.” For the commander, any potential offer is limited by the cost of applying military resources relative to fiscal resources.<sup>5</sup> The commander chooses to employ fiscal resources up to the point at which the use of military force becomes more cost-effective. In other words, if it is cheaper in relative terms to control a village by force than by paying off the villagers, the commander will use force, and vice versa.

On the other side of the negotiation is the community itself. All else being equal, the economic incentives needed to secure popular support correspond inversely to the economic losses likely to accrue should an agreement fail to emerge. Economic security is the driving factor in a community’s demands; those that are economically resilient have less to fear from a failure to strike a deal and are thus in a stronger bargaining position, able to demand greater concessions from the commander.

Consider first a community that lacks authoritative, centralized leadership and in which individual households are independent and autonomous decision-makers—that is, a community whose sociopolitical structure is fragmented. This setting is the sort depicted by Berman, Shapiro and Felter (2011) in their study of the effects

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<sup>5</sup>The relative cost of either type of resource derives from its available supply in relation to the other. For commanders with lots of money but few troops, the application of force is more costly than for commanders with lots of troops but little money. The strength of the enemy affects the total amount of resources required, but not necessarily the cost of one resource relative to the other.

of reconstruction spending on levels of violence in the Iraq War. Following a model developed by Akerlof and Yellen (1997), the authors depict a civil war as a three-way strategic interaction between incumbents, the community, and insurgents. The incumbents attempt to induce collaboration by providing “public goods [that] are available to community members only to the extent that the government controls territory.” Borrowing a term from Popkin (1979), the authors suggest that the “rational peasant” individually arrives at a decision whether or not to collaborate with the incumbents by weighing his anticipated share of the public goods they provide against the perceived risk of reprisal by the insurgents.

A vital factor in the cost-benefit calculation of the rational peasant, I argue, is the economic consequence to his household of failing to strike a cooperative bargain with the commander. If his livelihood depends on mediation by the state or if it could be easily threatened by the commander’s military forces, he will accept a lower offer. In this situation, our model predicts that the commander will adopt a strategy of *consensual rule* if all (or some critical mass) of the community’s households can be co-opted at cost below that of using force to deter support for the rebels. The commander will provide public goods to the community, the individual share of which meets or surpasses the demands of each household. A surplus accrues to those individuals who have lower demands than their neighbors; under most circumstances the commander is willing to cede this surplus because it allows him to avoid the transaction costs of negotiating individually with each household.

Alternatively, in fragmented communities where many of the rational peasants are more resilient economically, the commander will adopt a *divide-and-rule* approach, offering selective incentives to separate those who can be affordably co-opted from those who can be controlled more cost-effectively through the use of force. Like the provision of public goods, the bargaining is passive and implicit—individuals choose

on their own whether or not to opt for the benefits offered, and thus the transaction costs associated with bargaining are minimized. The use of selective incentives carries other transaction costs, however. In order to ensure compliance with the terms of the deal, the commander may have to monitor the behavior of those who accept a deal.

The structure of many communities is more complex than an aggregation of rational peasants, however. What if we introduce a “rational sheikh” (or tribal chief or village elder)? As noted above, these select members of the population are local elites whose social and material resources are greater than those of the rational peasant, and who thus face a different set of incentives with respect to cooperating with the incumbent. These social and material advantages enable him to reduce the threat of reprisal he faces if he collaborates, while also giving him a superior ability to provide valued services to the incumbents. The state could provide compensation for these services in the form of direct payments to the sheikh, reconstruction contracts to his allies, development projects to his key supporters, or a variety of similar avenues that expand his political power and wealth. In such circumstances, insurgents, now challenging not only the incumbents but also local elites, find themselves facing higher costs for their activity.

The rational sheikh is himself balancing coercion and co-optation to maintain political control in his community. These are costly activities and must be funded either by the benefits from support for the state or his expected gains from support for the rebellion. His own level of economic security will set a floor for his demands to the state. If those demands exceed the state’s cost of controlling the community by force, the state will adopt the strategy of *coercive rule* and should expect united community opposition. If, alternatively, the demands are affordable, the state’s strategy choice will be *indirect rule* and support from the community (to the extent it can be monitored by the state) will be united.



Rather than predicting a fixed state of the world, however, the theory predicts a trend. Over time—as experience accumulates and the actors learn—the commander’s choices will evolve toward the model’s expectations. Several factors impede optimal decision-making. First, the bargaining process assumed in the model may not be explicit; offers and counter-offers can be subject to interpretation and debate. Second, at any given moment, the information available to combatants is inevitably imperfect. Seldom are they equipped with the capabilities needed to assess quickly the economic security or the communal structure in the areas in which they operate. Third, commanders’ actions at a given time may or may not reflect even their *beliefs* about these measures. That is, the model does not assume that commanders deliberately apply the model’s logic. The operative assumption is that commanders will maintain those strategies that prove effective in restoring order and will gradually change or replace those strategies that fail. Thus variation over time is as relevant as spatial variation in behavior.

...

To recapitulate, combatants’ fiscal strategy choices are the outcomes of interest. These choices can be classified based on the selectivity of the incentives offered. In choosing among fiscal strategies, combatants take their decisions in the context of a bargaining process between a military commander and members of a local community. Whether, and on what terms, a deal is struck depends on two key elements of the bargaining process: whom the commander is bargaining with; and the size of the offer the recipient is willing to accept in exchange for his support. These factors follow from features of the strategic setting, namely the local communal structure and the security of the sources of economic well-being held by key actors in the community. During the bargaining process, the commander chooses among available fiscal strategies so as to extend control over the community at minimal expense in terms of military

and fiscal resources. The logic leads to specific, empirically verifiable hypotheses that predict the fiscal strategies commanders will employ in given communities.

Chapters Four through Seven evaluate the theory of fiscal strategies against four detailed case studies from the Philippine War of 1899–1902. Some background on the late nineteenth century Philippines and the general course of the war that Americans fought there is necessary before approaching the individual case studies. The chapter that follows provides this context.

## Chapter 3

# The Philippines and the Philippine-American War

... but it should be an invariable rule never to resort to harsh measures when gentler means will secure the same end.

- standard U.S. Army text on small-unit tactics, 1893<sup>1</sup>

At first blush, the Philippine War might seem an unlikely candidate for the evaluation of a theory focused on the non-coercive aspects of irregular warfare. The popular conceptions of the war emphasize the violent—often ruthlessly violent—headline-grabbing tactics sometimes employed: the water cure, reconcentration camps, “civilize ’em with a Krag.” As historian Brian Linn points out, this characterization of the war is simply a misrepresentation of how 25,000 or so combat troops managed to subdue

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<sup>1</sup>Wagner (1893, 110).

an archipelago-wide rebellion and re-establish governing authority over seven million inhabitants in the space of three years (Linn, 2000, ix). To be sure, the American troops (and the Filipino militias they recruited and trained) applied coercion and organized violence, but they generally did so as part of an approach to pacification that balanced repression with a full range of fiscal strategies.

The theory presented in the previous chapter asserts that a given choice from the range of fiscal strategies follows from certain socioeconomic characteristics of the locality in which it is to be applied—specifically, communal structure and economic security. The provinces, villages and barrios of the Philippines mark out a tremendous range in these key variables. As Larkin (1972, xii) notes, “The Philippines has been and is still a series of independent and self-contained units shaped as much by internal socioeconomic factors as by external currents emanating from Manila . . . Historians for the most part have been laboring under a notion derived from training in Western political history that metropolitan events shaped the history of the countryside. Such has not been the case in the Philippines.”

The picture that emerges of the American counterinsurgency during the war is one of spirited improvisation at the local level in the organization of municipal government, dealings with local inhabitants, provisions of goods and services, and the employment of force. Each of hundreds of company outposts—autonomous due to geographic isolation and tenuous lines of communication—developed a signature mix of these ingredients according to the judgment of the local commander and the result of experience. A broad cross section of fiscal strategies throughout the archipelago is the result.

This chapter sketches out the wider context for the subsequent case studies that will evaluate the proposed logic of wartime fiscal strategy. The chapter is divided into three sections. The first section highlights some of the key social and economic con-

ditions prevailing in the late-nineteenth century Philippines—conditions that defined the setting of the contest for popular support during the war. In particular, the islands’ ethnic and cultural diversity and the uneven impact of economic modernization suggest the range of variation on the theory’s explanatory variables. The second section presents a synopsis of the war, beginning with the background of Filipino resistance against Spanish rule and continuing with a overview of the conventional and guerilla phases of the conflict against the Americans. The third section focuses on American pacification efforts, validating key assumptions of the theory of fiscal strategies for this series of cases. The discussion demonstrates the importance of the full range of fiscal strategies, the local context for strategy choice, and the evolution of practices over time through learning and adaptation.

### **3.1 Philippine society and economy**

The socioeconomic characteristics of the archipelago vary dramatically from one locality to the next. This condition remains true today, but was especially stark at the outset of the U.S. invasion and occupation, when global economic forces were further stirring the *mélange* of ethnic, linguistic and religious divergence that prevailed among the inhabitants of the Philippine Islands. Within this turbulent mix, we can begin to make out the salient distinctions asserted by the theory to be key determinants of fiscal strategy choice: the degree of concentration of social and political authority at the local level and the extent of a community’s economic resilience or vulnerability to military intervention. These features derived from a community’s experience with Spanish colonialism, its ethnic and cultural norms, and its encounter with the economic forces sweeping in from the outside world.

The outlines of traditional Philippine society were set in place by the Spanish. A colony of Spain since the sixteenth century, the Philippines was dominated by a small European elite with vast authority over the native people. At the top of the two-tiered class structure were the Spanish-born *peninsulares* and their Philippine-born progeny, known as *insulares*. Mixed race Spanish *mestizos* were at the bottom of Spanish colonial society, but far above the native-born *indios*. The privileged Spanish tier of society exercised a near total rule that extended into the countryside by way of the Church. Catholic friars, normally *peninsulares*, represented the unity of Church and State under Spanish rule. The priests not only controlled the spiritual lives of their parishioners, but served as an indispensable part of the state apparatus, as well. The friars oversaw the selection of local officials and police, kept tax and census records, held responsibility for public health and education, reported on the character and actions of the *indios* and were major landholders in the predominantly agrarian society. The resources and authority of the priests gave them enormous influence over local affairs (Mulrooney, 1975; Silbey, 2007).

Though inferior to the Spanish in social standing and political power, native Filipino elite, the *principalia*, held positions of authority and influence at the local level deriving from their roles as intermediaries between the Spanish and the *indio* masses. Spanish rule reinforced the traditional social and political structure of the villages. Hereditary *datos*, or tribal chiefs, were made *cabezas de barangay* and *gobernadorcillos*, village headmen and town mayors, and saw their wealth and prestige grow through the privileges of their administrative offices (Oades, 1974, 16-32). Between the peasantry, or *taos*, and this upper strata of Filipino society in the countryside, a strict patron-client relationship often prevailed, limiting social mobility. In exchange for land to use for cultivation, tenants gave landlords a share of their crop as tribute. “The exchange was unequal, but sustaining the relationship was a continual

extension of material and affective surplus on the part of landlords and public loyalty and deference on the part of tenants (Go, 2008, 95). For some farm laboring taos, dependence upon a landholding patron encompassed nearly all aspects of life.

But the social and cultural diversity of the islands renders incomplete all but the broadest descriptions of colonial Philippine society. In a colorful contemporary account of Philippine “ethnology,” Colquhoun (1902, 55) underscores the heterogeneity of the archipelago in the nineteenth century:

In writing of the ethnology of the Philippines, it is difficult to reconcile the many theories put forward at different times as regards the wonderfully mixed tribes found in those islands. The discovery of their words in different languages and their peculiar customs and racial characteristics elsewhere has led to wild surmising; until, unable to digest the mass of writings on the subject, one is apt to arise with the conviction that tribes belonging to every race in the world are to be found there.

Apart from the ruling Spaniards, five major ethnic groups populated the Philippines. The mountain-dwelling Negritos, the islands’ original inhabitants, included 21 different tribes. Primarily on the island of Mindanao, the Indonesians formed a further 16 tribes. The Spaniards considered the Malaysians the “civilized races” and further classified this largest ethnic group as Visayans, Tagalogs, Bicolans, Ilocanos, Pangasinans, Pampangans, Moros, and Cagayanes. European *mestizos*, primarily of Spanish descent, and ethnic Chinese (and Chinese mestizos) both represented small but politically or economically influential groups in the islands. Nor was there a common language to unite these ethnic and tribal groupings; most Filipinos relied on one of the 27 dialects prevalent in 1898, and fewer than 10 percent spoke Spanish (BIA, 1902). And beyond these ethnic and linguistic divisions, important cultural and economic distinctions existed between Christian and Muslim adherents; between inhabitants of

the hills, the plain and the coast; and between swidden cultivators, sedentary planters, and paddy farmers.

The social and economic diversity encountered first by the Americans in 1898 was not, however, merely reflective of underlying ethnic, linguistic and class differences among the islands' inhabitants. The expansion of global trade during the nineteenth century wrenched traditional colonial society in the Philippines towards modernity, reshaping society along with the very landscape itself.

Beginning in the 1820s, the Industrial Revolution in the West penetrated Philippine shores with demand for agricultural produce, hastening economic growth and stirring social change. As steam power replaced the sail, international commerce surged. By 1856, Manila hosted 13 foreign trading firms, and by 1873—4 years after the Suez Canal opened—the Spanish had opened new ports in Iloilo on Panay, Zamboanga in western Mindanao, Cebu on Cebu island, and Legaspi in southern Luzon's Bicol area (Seekins, 1993, 10). Traders no longer sought just the luxury goods and exotica the Philippines had long offered, but the bulk commodities that fueled Western production and consumption. Dominating the colony's exports were three crops: tobacco, abaca (or hemp), and sugar.<sup>2</sup>

The burgeoning agricultural trade transformed the Filipino elite. Of increasing prominence were Filipinos known as *caciques* whose position in the community was based more on landed wealth than on officeholding. “By recognizing them, the Spaniards helped the *caciques* to preserve their power over the people and gave them the opportunity of getting more and more land into their hands, of making more and more people dependent upon them ...and of reducing freeholders to the status of tenants” (Pelzer, 1945, 89). In addition, the rise of two other segments of Filipino society signalled the emergence of a fledgling middle class. The first, affluent Chinese

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<sup>2</sup>Coffee was also an important export until 1890, when Philippine plantations were devastated by insects and disease.



mestizos, played a vital role in the cash crop economy, dominating wholesale and retail trade and venturing into landholding and the production of export crops. The second was the growing class of *ilustrados*, marked by their university education and embrace of political reform and Filipino self-government (Oades, 1974, 32).

Urban, provincial, and village settings alike hosted caciques whose interests and sources of wealth were reflective of their locales. Broadly, those with the widest range of commercial interests and the greatest wealth lived in the largest communities. Manila was home to nearly all foreign firms and the most powerful clans, such as the Roxas-Ayala family, the Elizaldes, the Buencaminos, and the Tuazons. Many of the regional elite operated from Cebu City and Iloilo, including many mestizos whose foremen oversaw their plantations throughout Cebu Province, the Iloilo Basin and western Negros. At the next level down, indio landowning elite directly supervised their tenants and laborers from the major towns of the agricultural provinces such as Bacolor, Pampanga; Silay, Negros Occidental; Dagupan, Pangasinan; Naga, Camarines Sur; and Catbalogan, Samar. Further into the countryside, small landlords struggled to maintain positions sometimes barely distinguishable from their tenants (Larkin, 1982, 618-619).

Solidarity or fragmentation within a community was often a result of the balance of power or alignment of interests among the various elite groups. “Local politics consisted of struggles within these groups for control of political patronage and access to economic opportunities. Family ties and business ventures solidified common interests. Society was built on personal relationships reinforced by economic dependence and social respect” (Ramsey, 2007, 5).

An equally profound result of the skyrocketing demand for agricultural products was mass internal migration and the settlement of vast new areas of the interior in a scramble for new land to cultivate. As long-settled areas were quickly saturated,

Pampangans and Tagalogs rushed north while Pangasinans pushed south into the central Luzon plain. Cebuanos migrated far from Cebu City and the Ilongo-speaking inhabitants of southeastern Panay occupied the Iloilo Basin and spilled into central and northern Panay, even eventually settling northwestern Negros with other Visayan migrants. Settled areas of rice and sugar farms encountered by the Americans at the end of the nineteenth century in Negros Occidental, Panay, Capiz, Cebu, Tarlac, parts of Nueva Ecija and on the edges of southern Luzon were mostly jungle in 1820.<sup>3</sup>

Mass migration and the settlement of the interior often undermined the power of the traditional elite, but under some circumstances, these forces served to reinforce it. The pioneers were society's displaced and dispossessed, seldom holding the establishment funds needed to homestead. Obtaining these funds meant surrendering the possibility of becoming an independent farmer. Larkin (1982, 620) describes how a "[m]onopoly of credit, control of information and higher education, an intricate web of strategic marriages, and a strong network of ritual kin helped the rich retain power and wealth and deny them to others." Entrepreneurs and landlords deliberately subverted the development of an independent yeomanry, allowing the settlers to work only as laborers or tenants and extending credit for tools and draught animals at interest rates that left borrowers in debt bondage.

At its most extreme, the consolidation of economic, social, and political power at the local level produced a commanding autocratic elite:

Some families owned whole villages and some, major portions of provinces . . . There developed in the Philippines a kind of culture of control, an idea that, in a given area, all of the land and other resources as well as almost all of the labor belonged to a single *amo*, a quasi-patriarchal landlord who

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<sup>3</sup>For a more complete discussion of this remarkable period of settlement activity, see Echaúiz ([1894] 1978), Larkin (1972), Lewis (1971), Lopez (1976), Simkins and Wernstedt (1971), and Wernstedt and Spencer (1967).

dispensed justice and favors in return for the complete subservience and total loyalty of his labor force (Larkin, 1982, 619-620).

Recalling his encounter with rural life in one area of the Philippines, an American soldier wrote,

The people of each town were under a sort of military discipline; the alcade or mayor would order certain work on a public road or street, specifying the number of laborers from each barrio or ward; the order would be published by the town crier, the lieutenants of each barrio would select their men and march them at the appointed time to the work (Parker, 2003, 237-238).

Such near-total control of village life exercised by a single individual or family approximates the ideal-typical solidary communal structure envisioned by the theory of fiscal strategies.

But while the effects of migration and an increasingly commercial economy accelerated as the nineteenth century proceeded, they were felt unevenly across the island chain. Regularized trade, regional markets, transport routes, and an enriched merchant class were artefacts of modernity and prosperity, but were found in markedly varying degrees in Philippine communities at the time. “The new social classes that emerged in the Philippines,” Oades (1974, 39-40) explains, “were not uniform in their development throughout the archipelago. This is readily understood in view of the fact that the stage of economic development differed from region to region.” Much of southern and central Luzon, for example, absorbed the economic changes early and quickly, while parts of the Visayas and the reaches of northern Luzon, by contrast, persisted in isolation and went largely unaltered through the turn of the twentieth century.

Surveying the social and economic terrain of the late-nineteenth century Philippines, we see the hills and vales of a multi-ethnic colonial society sundered in places by the global economy's tectonic forces. We see peaks of consolidated wealth and authority towering over ravines of squalor and dependence; vast plateaus of economic opportunity in export and commercial trade; and a persistent wilderness of traditional, pre-modern society. It was into this landscape the United States military ventured in the summer of 1898.

## **3.2 Overview of the war**

Commodore George Dewey's destruction of the Spanish fleet in Manila Bay on May 1, 1898 was less the beginning of a war than it was the interruption of one that was already under way. Filipino aspirations for independence that had begun to simmer in the preceding decades boiled over into armed revolt in 1896. The American ouster of the Spanish two years later seemed at first to advance the Filipino cause, but President William McKinley's eventual decision to annex the islands dashed the rebels' hopes. When hostilities with the Filipinos broke out in February 1899, the Americans established their conventional battlefield superiority and, with the arrival of additional troops in November, routed the rebel forces led by Emilio Aguinaldo, the president of the nascent Philippine Republic. Battered, Aguinaldo abandoned conventional tactics and adopted those of guerilla warfare, hoping to draw out the conflict until the Americans forces or the American public grew exhausted. Adopting policies and tactics that sought "benevolent assimilation" but did not demur from harsh violence, the Americans gradually squeezed out the insurgency, province by

province, until President Theodore Roosevelt could declare a “successful conclusion” in June 1902.<sup>4</sup>

### 3.2.1 Colonial revolt

The roots of organized Filipino resistance to colonial rule trace to the mid-1800s when many ilustrados, the educated Filipino elite, began advocating for liberal reform and political inclusion, raising national consciousness and unnerving the colonial administration. A Spanish crackdown that followed the creation of the nonviolent *Liga Filipina* in 1892 divided the peaceful ilustrado reformers from others ready to take up arms for the cause.

In the wake of the crackdown and the exile of Philippine League founder Jose Rizal, there emerged a more truculent organization to challenge the colonial government. Called the *Katipunan*, the new association was a secret society whose mostly Tagalog members were pledged to an extensive, though sometimes incoherent, mix of revolutionary and nationalistic ideals. Over several years, the ranks of the *Katipunan* swelled with Philippine peasants and spread throughout the provinces around Manila. A pugnacious former night watchman, Andrés Bonifacio, ascended to leadership of the sprawling society. Rapid growth, however, led to disorder and disunity in the organization. In August 1896, an informer compromised *Katipunan* plans for an armed uprising. Bonifacio fled Manila, but issued the “Grito de Balintawak,” his call for a general revolt. Although a truly national uprising failed to materialize, anti-colonial violence was sparked and the revolt began.

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<sup>4</sup>On the years leading up to the outbreak of the Philippine-American War, see Corpuz (1989, II:206-341), Trask (1981, 369-472), Taylor (1971, vol. I), Welch (1979, 3-23), and Zaide (1954, 1-224). For discussion of the war’s conventional phase, see Corpuz (1989, 403-482), Linn (2000, 3-181), Sexton (1971), Silbey (2007), and Taylor (1971, vol. II). For the guerilla phase, see Aldecoa-Rodriguez (1983), Birtle (1998, 108-146), Gates (1973), Larkin (1972) Linn (1989), Linn (2000, 185-321), May (1991), Ochosa (1989), Schumacher et al. (1981), and Scott (1986).

Amidst the fighting, the 27-year-old Emilio Aguinaldo y Famy stood out as a highly competent leader, defeating local Civil Guard and regular Spanish forces in Cavite province. Elsewhere, however, the disorganized and disputatious insurgents managed to hold their own only until the Spanish could muster sufficient forces in early 1897. Bonifacio proved an incapable commander and Aguinaldo deposed him as leader and later had Bonifacio arrested and executed.

Unable to confront directly the reinforced Spanish army, Aguinaldo dispersed his forces and directed the *Sandahatan* village militias to begin a protracted war using guerilla tactics. He withdrew to a mountain stronghold sixty miles north of Manila, where he issued a proclamation of his political aims. Aguinaldo demanded the expulsion of the friars, political and economic autonomy for the Filipino people, freedom of the press, religious toleration, the return of Church-seized land, and equitable treatment and pay for Filipinos. Notably, however, independence was not among his demands.

Eager to avoid more bloodshed, the Spanish drew on their fiscal resources to reach accommodation with Aguinaldo in December 1897 in the Pact of Biyak-na-Bató. Given 400,000 pesos, a declaration of general amnesty, and a flimsy pledge of moderate reforms, Aguinaldo accepted exile to Hong Kong where he continued plotting for a revolution. But back in the Philippines, *insurrecto* violence did not cease in the wake of Aguinaldo's departure. Fighting gripped the islands. In February 1898, the American consul in Manila reported, "War exists, battles are of almost daily occurrence, ambulances bring in many wounded, and hospitals are full."<sup>5</sup>

The U.S. declaration of war on Spain on April 25, 1898 and the destruction of the Spanish fleet in Manila Bay on May 1 suggested an alignment of American interests with those of the Filipino revolutionaries. Indeed, it was the American naval

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<sup>5</sup>Quoted in Trask (1981, 397).

commander Commodore George Dewey who returned Aguinaldo from Hong Kong aboard an American ship on May 12 and provided a supply of arms to the *insurrectos*. The Filipino rebels desperately sought an alliance. The absence of a clear American political objective in the opening months of the war forced Dewey to be vague and noncommittal in his discussions with the revolutionaries, feeding their hopes while inadvertently priming an explosive mix of mutual misunderstanding and divergent expectations. As Braisted (1958, 43) notes, “neither the responsible authorities in Washington nor the insurgents were aware of the real intentions of the other until each side was committed to policies between which there was no compromise.”

In late May, Aguinaldo began military operations against the Spanish around Manila, elsewhere in Luzon, and in Mindoro, the Visayas, and Mindanao. Dewey viewed the insurgents as valuable “friends” against the Spanish, but the Americans carefully avoided any political compacts with them. Evidence suggests that the Americans had not yet decided to annex the Philippines, but sought to preserve their freedom of action. It seems likely, however, that Aguinaldo perceived a *de facto* alliance.

Misunderstandings grew as the war against Spain drew toward its conclusion. To neither consent nor objection from the Americans, Aguinaldo proclaimed Philippine independence on June 12 and set about organizing a revolutionary government and municipal administration. When Major General Wesley Merritt arrived to lead the capture of Manila, he observed the Filipino posture with concern. His instructions stated that “the powers of the military occupant are absolute and supreme and immediately operate upon the political condition of the inhabitants.” Eager to secure “a position to issue a proclamation and enforce [his] authority,” Merritt avoided coordinating with Aguinaldo in his plans for the attack on Manila.<sup>6</sup> Cosmas (1994, 188)

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<sup>6</sup>Quoted in Trask (1981, 410).

explains, “The siege of Manila developed into a curious triangular contest in which the American fleet and the Eighth Corps fought the Spaniards while simultaneously maneuvering to deny the Filipinos a share in the spoils of victory. The Filipinos meanwhile used the strategic situation created by Dewey’s success to forward their own cause.”

The Battle of Manila on August 13, 1898 was anticlimactic: a pre-arranged Spanish surrender following token resistance to perfunctory American bombardment. Advancing American units took pains to avoid conflict with the insurrectos occupying positions on the outskirts of Manila, but the Americans commanded the rebels not to join in the attack or move into the city. Aguinaldo’s militias captured some important positions in the Manila suburbs, but the Americans forced them out. To the Filipino revolutionaries, the unfolding of the battle signalled American disregard for their contributions to the war with Spain and their political aspirations.

### **3.2.2 Conventional warfare**

For several months following the capture of Manila, an unsteady *modus vivendi* prevailed between the American occupying forces and the Filipino revolutionaries still entrenched outside the city. Prior to relinquishing command to Major General Elwell S. Otis in late August, Merritt took a number of steps to reassure the Filipino population of American goodwill and to reduce tensions with Aguinaldo’s troops. These measures helped to hold back violence through the fall.

By October 1898, McKinley had decided to pursue annexation of the Philippines. Negotiations with Spain ensued, and on December 10, 1898, the Treaty of Paris ended the war with Spain and conferred sovereignty over the Philippine Islands to the United States. McKinley couched annexation in humanitarian terms, proclaiming the intent of the occupation was “to win the confidence, respect, and affection of the



inhabitants of the Philippines . . . by proving to them that the mission of the United States is one of benevolent assimilation, substituting the mild sway of justice and right for arbitrary rule” (*Senate Document 208*, 1900, 82-83).

With American control confined to Manila, Aguinaldo attempted to consolidate power in the provinces and municipalities beyond the capitol. In January 1899, his government promulgated the constitution for the future Philippine Republic. Drawn up in the town of Malolos the previous summer, the document embraced liberal political rhetoric but preserved the power of the principalia and stopped short of social reform that might have garnered more support from the peasantry. At the local level, Aguinaldo further tied the native elite to the Republican cause—often at the expense of tenants and the landless—by allowing landowners to increase their holdings and placing municipal governments in the hands of local magnates (May, 1983, 365-369). Meanwhile, Aguinaldo struggled to cobble together a unified “Army of Liberation” from the loosely organized militias arrayed around Manila and throughout the islands. Poor training and discipline, a want of modern firearms, and an amateurish officer corps limited the capabilities of this force.

Several months of skirmishes and harassment culminated on the night of February 4, 1899 when an American sentry fired on a Filipino patrol that refused to halt when ordered. Firing spread along the opposing lines and continued throughout the night. The following morning, the U.S. Army attacked and routed the Filipinos in a day of intense fighting that marked the commencement of the Philippine-American War.

In the weeks that followed, the Americans rapidly demonstrated their military superiority, ejecting the Army of Liberation from the Manila periphery while crushing an uprising within the city itself. The Eighth Corps captured the Republican capitol of Malolos on March 31 and swept north into central Luzon. Aguinaldo’s conventional

tactics and formations undermined any advantages his local fighters possessed over the invaders and sowed internal conflict within his units. But Otis's forces were ill and stretched thin and soon found it difficult to hold territory they had captured easily. The American offensive finally stalled in the summer as Otis had to replace state volunteers with troops recruited and trained specially for service in the Philippines.

Freshly manned, the Eighth Corps resumed its attack in November 1899. A coordinated three-prong offensive trapped, then shattered the Republican Army in central Luzon. Aguinaldo himself only narrowly escaped capture; Brigadier General Samuel Young pursued him into the Ilocos region of northwestern Luzon. Turning south in January 1900, Otis faced ineffectual opposition before revolutionary forces simply melted away. Unopposed, he occupied the Tagalog provinces of Batangas, Laguna, and Tayabas. Amphibious forces completed the Luzon campaign with landings in the southeastern provinces of Albay, Sorsogon, and Ambos Camarines. Meanwhile, forces in the western Visayas established control on the important islands of Panay and Negros; in the eastern Visayas, capture of the key ports on Samar and Leyte went mostly unopposed. Further south, Brigadier General John C. Bates garrisoned forces in the Moro provinces according to an agreement he struck with the Sultan of Sulu.

Signalling the transformation of U.S. forces into an army of occupation, the War Department in the spring of 1900 dissolved the tactical organizations of the Eighth Corps and created in its place the Division of the Philippines, commanded by Otis. Beneath him were four departments: the Department of Northern Luzon, commanded by Major General Arthur MacArthur; the Department of Southern Luzon, commanded by Bates; the Department of the Visayas, commanded by Brigadier General Robert P. Hughes; and the Department of Mindanao and Jolo, commanded by Brigadier General William A. Kobbé. Each department was divided into districts,

usually under the command of a brigadier general or colonel. By April, the Division of the Philippines encompassed 116 separate posts throughout the archipelago (Ramsey, 2007, 22).

But as the occupying forces settled in, any sense of triumph was gradually replaced with a recognition that, far from being over, the war had only entered a new phase. From northern Luzon came the report in January 1900 that “secret local government has been or is being established by the natives in all towns occupied by American troops . . . in the name of the so-called Philippine Republic, the purpose of which is to maintain a military as well as a civil organization.”<sup>7</sup>

### **3.2.3 Guerilla warfare**

As his Army of Liberation was being routed in November 1899, Aguinaldo met with his council of war to reevaluate the revolutionary strategy. The result was a decree directing his forces to separate and begin conducting guerilla warfare. Recognizing belatedly that he could not hope to prevail in head-on engagements with enemy formations, Aguinaldo devised to disperse American combat power and exhaust and attrit the invaders, while hoping that the American public would tire of the war and demand withdrawal. As General Francisco M. Soliman explained to the guerilla detachments, the aim was to “annoy the enemy at different points . . . not to vanquish them, a difficult matter to accomplish considering their superiority in numbers and arms, but to inflict on them constant losses, to the end of discouraging them and convincing them of our rights” (Taylor, 1971, Exhibit 1019). Aguinaldo also hoped that the losses inflicted through guerilla tactics would have a more immediate strategic impact: influence over the outcome of the upcoming American presidential election in which McKinley faced the anti-imperialist William Jennings Bryan. The

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<sup>7</sup>Quoted in Linn (2000, 181).

revolutionary leadership imagined that “constant combats, ambushes, surprises and encounters with the enemy during these months . . . will cause the defeat of McKinley for the presidency and aid the triumph of the candidacy of Bryan, who is our hope for the declaration of independence of our country” (Taylor, 1971, Exhibit 1084).

The turn to guerilla warfare meant a significant devolution of control from Aguinaldo to provincial, zone, and local commanders in the field. Aguinaldo continued to issue directives and to serve as a symbol of the Republican cause, but military operations were henceforth decentralized affairs. Local units consisted of combinations of full-time insurgents, militia, and auxiliary supporters, often under the direction of commanders drawn from the provincial elite.

On November 25, the newly-appointed commander of central Luzon, General Pantaleón García, issued “Instructions for Guerillas and Flying Columns” that distilled the new tactical posture. The order directed hit-and-run tactics designed to harass and inflict losses on the enemy without becoming engaged decisively. It stressed the importance of maintaining the support of the noncombatant population, emphasizing “that our mission is to defend our fellow citizens and not to abandon them or cause injuries to their persons or property.” And recognizing the threat posed by enemy collaborators, “spies and persons of bad repute” were to be pursued and “tried immediately on capture in order to administer the corresponding punishment” (Taylor, 1971, Exhibit 1020).

Support from the local population was crucial to the insurgents; the pueblos and barrios provided logistics, recruits, intelligence, and places to hide. General José Alejandrino demanded, “Could we (the army) by any means continue unless we had the unconditional support of the people? . . . Could we subsist within the provinces occupied by the enemy’s forces at a short distance only from their garrisons and at

times even within them, if the people were not greatly attached to us?”<sup>8</sup> Similarly, the revolutionary leadership on Panay declared, “The greatest solidarity possible must be secured between these two factors, ‘The People’ and its ‘Armed Force,’ in order that they may proceed hand in hand to secure our common desire” (Taylor, 1971, Exhibit 1302).

Winning the support of the people was no less crucial for the Americans. Popular support would later be recognized as tactically decisive as a source of intelligence regarding the identity and whereabouts of the guerillas; in 1899, however, the Americans viewed it mostly as a prerequisite for colonial rule. Administering a territory of seven million inhabitants over 8,000 miles from the continental United States would require the consent and cooperation of a large majority of the inhabitants. Accordingly, Otis embraced wholeheartedly the policy of “benevolent assimilation” ordered by McKinley with the intent to “bestow upon a grateful society a host of social, political, and economic reforms to produce a more efficient and honest government and a more modern, rational, and organized society.”<sup>9</sup>

Thus as the insurgency reorganized according to the dictates of guerilla warfare, the Americans prepared for colonial governance. Parallel to the newly established department-district chain of command was the Office of the Military Governor (OMG)—also headed by Otis—responsible for establishing civil government and overseeing public works projects. Created by the Philippine Commission under its head William H. Taft, OMG would lay the foundation for the transfer of authority in the Islands from the U.S. Army to civilian administrators. The seeds of this eventual aim were sown with General Orders (G.O.) 43 and 40, issued in 1899 and 1900, respectively. These orders directed subordinate commanders to establish Filipino-led municipal governments with mayors, town councils, and police forces. In addition

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<sup>8</sup>Quoted in Corpuz (1989, II:449).

<sup>9</sup>Quoted in Birtle (1998, 102).

to the military roles for which they were trained, local commanders would also be responsible for civic works such as improving sanitation, building infrastructure, and establishing (and often staffing) schools.

Otis's focus on benevolent pacification, however, distracted him from the resurgent revolutionary threat. He mistook the shift from conventional to guerilla tactics as evidence of defeat or capitulation. Far from it, rebel effectiveness was on the rise. During the last four months of 1899, 229 engagements left 69 Americans killed and 302 wounded. During the first four months of 1900, 442 encounters resulted in 130 killed and 325 wounded (Sexton, 1971, 237). For the Americans, the year ahead would be the most difficult of the war.

A lack of manpower was a constant problem for commanders. As Linn (2000, 325) observes, "One of the first and greatest problems was simply having insufficient forces for the job." Throughout the war, average U.S. troop strength was just 40,000, peaking at 70,000 at the end of 1900. Of these, only about sixty percent were available combat troops. By comparison, May (1983, 356) estimates the strength of Aguinaldo's regular forces between 80,000 and 100,000 men, with tens of thousands more in militia or auxiliary units in towns and villages.

The American troops quickly grew frustrated by the insurgent tactics that they viewed as perfidious. Describing typically vexing encounters, one officer wrote,

It has occurred several times when a small force stops in a village to rest the people all greet you with kindly expressions while the same men slip away go out into bushes, get their rifles and waylay you further down the road. You rout them and scatter them they hide their guns and take back to their houses and claim to be amigos.

Even officials appointed by the Americans were unreliable; reports complained that "The presidentes and town officials acted openly in behalf of the Americans and se-

cretly in behalf of the insurgents.”<sup>10</sup> Otis himself observed that “Wherever, throughout the archipelago, there is a group of the insurgent army, it is a fact, beyond dispute, that all contiguous towns contribute to the maintenance thereof. In other words, the towns, regardless of the fact of American occupation and town organization, are the actual bases for all insurgent military activities” (WD, 1900, I:5:61).

Given accurate information, American soldiers attested that they “never had any difficulty killing or capturing” the insurrectos, but such information was difficult to come by.<sup>11</sup> The troops discovered that Filipinos who accepted graciously the benefits of American civic works projects often continued to resist pacification and provided aid to the guerillas.

Despite progress towards pacification in some areas, heavy fighting plagued much of the archipelago as MacArthur took command from Otis in early May 1900. Although MacArthur suspected that the Army’s pacification policy was overly skewed toward noncoercive civic action, he was committed to the policy of benevolent assimilation, and his initial approach deviated little from Otis’s playbook. But unabated violence throughout the summer and fall forced a reconsideration of the strategy. In September, a loosely coordinated guerilla offensive aimed at influencing the presidential election demonstrated the continuing strength of the insurgency. The reelection of McKinley in November dealt a setback to the revolutionaries’ hopes, though resistance continued.

The election may have also relieved MacArthur of a constraint on his military policy based on “fear of what the newspapers may say and its possible effect upon the election.”<sup>12</sup> The following month, MacArthur ordered the implementation of a “new and more stringent policy” aimed at the “organized system by which supplies

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<sup>10</sup>Quotes from Gates (1973, 167, 171-172).

<sup>11</sup>Quoted in Scott (1986, 96).

<sup>12</sup>Quoted in Linn (2000, 213).

and information are sent to the [the guerillas] from the occupied towns.” MacArthur issued a proclamation of this policy to the Filipino people, detailing expectations for their conduct under the laws of war, as specified by G.O. 100 of 1863. Supporting the guerillas, it made clear, was a criminal deed. In particular, it noted that,

men who participate in hostilities without being part of a regularly-organized force, and without sharing continuously in its operations, but who do so with intermittent returns to their homes and avocations, divest themselves of the character of soldiers, and if captured are not entitled to the privileges of prisoners of war.

Further, MacArthur specified that “all prominent families” that had not publicly demonstrated loyalty to the Americans were assumed to be guilty of supporting the insurgents, whether willingly or not (WD, 1901, I:4:93).

In the succeeding months, American counterinsurgency operations took on a new intensity that continued a policy of benevolent assimilation, but permitted stern and aggressive measures against remaining insurgents. In a series of regional campaigns, U.S. units employed refined tactics and larger forces to flush guerillas from formerly secure bases in the mountains and swamps. Prisoners were not released unless they provided information or induced the surrender of comrades; more executions were meted out for those deemed guilty of war crimes. The army took troops from larger bases in order to garrison as many towns as it could. There, troops worked on local infrastructure and governance, but also focused on removing officials suspected of disloyalty and identifying and dismantling the insurgents’ support network. Officers placed emphasis on giving Filipinos a larger role in local security by employing them as native scouts, police, guides, and informants. In some areas, MacArthur condoned operations that employed harsh methods, such as crop and property destruction, that



aimed to choke off the insurgents' food supply and to punish sympathizers. In other areas, the military imposed "concentration" of civilians into "protected zones."

The combination of these tactics proved effective. By the time MacArthur relinquished command to Major General Adna A. Chaffee in July 1901, the guerillas were forced to rely on terrorism against townspeople to compel their support, and insurgent attacks were mostly limited to nighttime volleys of fire into U.S.-garrisoned towns. Aguinaldo had been captured in March, many of the most prominent revolutionary leaders had surrendered, and significant resistance only remained in the province of Batangas, in southern Luzon, and on the island of Samar. Having relinquished military command to Chaffee, MacArthur simultaneously turned over OMG to Taft, who began to extend civilian control over the Islands, province-by-province.

The coda to the military action of the Philippine-American War commenced in September. That month, Brigadier General J. Franklin Bell began an aggressive campaign to pacify Batangas, and the "massacre" of an American garrison at Balangiga on Samar provoked Brigadier General Jacob H. Smith's ruthless and counterproductive attempt to turn that island into a "howling wilderness."<sup>13</sup> These operations culminated as the last of the guerilla revolutionaries surrendered in the spring of 1902. On July 4, President Theodore Roosevelt officially declared an end to the "insurrection."

### **3.3 U.S. military pacification in practice**

A broad overview of American pacification practice during the Philippine War confirms many of the preconditions and underlying assumptions of the theory of fiscal strategies. First, fiscal strategies were widely adopted to compliment the use of force and, in many cases, to compensate for a lack of available manpower or military re-

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<sup>13</sup>It is due largely to these final operations that the war is often associated with images of brutality perpetrated by American troops.

sources. Further, the approaches that were adopted span the full menu of fiscal strategies discussed in Chapter Two. Second, commanders at the district level and below had sufficient autonomy to experiment with different strategies and adopt those best suited to local conditions. Third, the strategies that were employed evolved over time through trial and error and as knowledge accumulated as to the characteristics particular to each locality. Usually—though not always—the decisions to embrace or to discard a particular fiscal strategy were premised on military efficacy; the occupying forces stuck with strategies that seemed to work in extending their territorial control.

### 3.3.1 Use of fiscal strategies

Both politics and military necessity dictated that American forces would make extensive use of fiscal strategies in the Philippines. “For pacification to succeed,” note Millet and Maslowski (1984, 289-290), “the Army had not only to defeat Aguinaldo’s army but also to make the Filipinos want American rule or at least tolerate it peacefully. Yet the proper mix between coercion and benevolence was not easily discovered.” McKinley proclaimed that the intent of American occupation was to promote “the well-being, the prosperity, and the happiness of the Philippine people,” and he saw to it that his uniformed and civilian subordinates in the Islands set their policies accordingly (*Senate Document 208*, 1900, 82-83). Commanders embraced benevolence from a more practical standpoint. To act otherwise, wrote MacArthur, would be “to impede the policy of the United States and to defeat the very purpose which the army is here to accomplish.”<sup>14</sup>

Any humanitarian impulse that initially inspired benevolent pacification was quickly subsumed by the enormous task of putting down an archipelago-wide insur-

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<sup>14</sup>Quoted in Gates (1973, 83).

rection. Insufficient manpower was a constant problem; as a result, commanders came to depend on fiscal strategies alongside military operations to control their areas of operation. What looked like charity and goodwill had an instrumental edge to it. Linn (2000, 204, 324) states that “army civic action was neither completely altruistic nor democratic—nor free of coercion.” Americans worked to overcome their numerical disadvantages by offering “both the threat of punishment and a number of rewards, including civil office and business opportunities for the *principales*, and peace and personal security for the peasantry.” According to Gates (1973, 199), benevolent assimilation amounted to “a policy calculated to attach the Filipinos to the American cause through an appeal to their self-interest and gratitude.” And in his own words, MacArthur described the fiscal strategy he implemented as “an adjunct to military operations, calculated to pacify the people and procure and expedite the restoration of tranquility throughout the archipelago” (WD, 1901).

In practice, American pacification in the Philippine War encompassed a wide variety of means and methods. “The army’s approach to the problem was notable for its diversity, including widespread civil affairs efforts, excellent propaganda, well-planned and executed military operations, effective isolation of the guerrilla, protection of the population, and the involvement of the inhabitants in programs designed for their own protection and the eventual establishment of peace” (Gates, 1973, 290). The variety of approaches mirrors the variety of fiscal strategies depicted in the theory.

The provision of public goods under the strategy of consensual rule was evident in civic action projects such as sanitation, infrastructure, and public health. Commanders believed these projects advanced their military objectives, often in ways that force alone could not. Officers from one garrison, for instance, attested that the money spent to employ local men to clean the streets did “as much if not more than anything else in bringing about the comparatively good feeling that has ever since

existed in the town.”<sup>15</sup> In another area, the commanding officer ordered his doctors to provide free treatment to sick Filipinos, with the belief that, “mere pills will be more effective than bullets in undermining the insurgent leaders’ authority.”<sup>16</sup>

No public good was more esteemed by American commanders than education. Otis declared, “The subject of education is so intimately associated with reconstruction, in its present progressive and remote consequences . . . as for the present, at least, it forms an important factor in the military situation.” By August 1900, the army had built more than 1,000 schools; commanders had detailed their soldiers to provide instruction when local teachers were not available; and \$104,251 had been spent on books and various other school supplies (WD, 1900, I:10:26). From the Department of Public Instruction, Captain Albert Todd wrote,

I am well aware that some of these recommendations imply the expenditure of considerable sums of public money, but I can think of no expenditure which will have greater influence in developing peace and progress in these islands than public schools. Except the establishment of good communications, either by rail or wagon roads, I know of no public works so important (WD, 1900, I:10:222).

The revolutionaries worried over the effects of this spending. Even early in the war, correspondence from guerilla leaders shows concern that the Americans’ “policy of attraction” threatened to undermine their cause (Birtle, 1998, 123).

But alongside the policy of attraction, the U.S. Army showed little reluctance to employ what Major Henry T. Allen referred to as the “policy of chastisement,” entailing the sterner approach of coercive rule (Birtle, 1998, 127). “You can’t put down a rebellion by throwing confetti and sprinkling perfumery,” wrote Major Gen-

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<sup>15</sup>Quoted in Gates (1967, 169).

<sup>16</sup>Quoted in Linn (1989, 128).

eral Loyd Wheaton, expressing his skepticism of the military efficacy of public goods provision.<sup>17</sup> Many officers, including MacArthur, who were generally sympathetic to the ideals of benevolent pacification tolerated or encouraged operations that were repressive or punitive. “Burning” became a tactic of choice. Put to the torch were entire areas believed to be guerilla strongholds or inhabited by insurgent sympathizers. Gates (1973, 188) writes that many such acts of violence were “calculated measures.” Reports from the field suggest that commanders had two aims for these operations; first, their punitive nature would induce guerilla supporters to “reconsider their position,” and, second, the destruction would deprive the insurgents of food and shelter in their areas of operation.

American forces also employed extensive measures to control the movement of the population and the flow of commerce and supplies. The military imposed land and sea blockades, food confiscation and rationing, and limitations on the amount of cash crops that peasants could bring into town for sale. Fleeing deprivation and threats from both sides, refugees from the countryside sought security in American-controlled towns. In some areas, commanders went a step further and experimented with “concentration” of inhabitants into “protected zones” with the aim of isolating the guerillas from their bases of support (Birtle, 1998, 129-130). These operations required a great deal of manpower and thus could be conducted only in selective areas, usually those in which other tactics had failed. Linn (2000, 215) concludes that in many of the places they were employed, “harsh as these methods were, they worked.”

Distinct from the tactics of consensual rule and coercive rule were approaches that offered material rewards to inhabitants contingent upon certain types of behavior. Use of selective incentives under the divide-and-rule approach helped U.S. forces

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<sup>17</sup>Quoted in Karnow (1989, 179).

separate those willing to assist or accept American rule from the insurrectos and their supporters. Commanders worked to identify and exploit the fissures along which the interests of individuals and sub-groups deviated from those of the revolutionaries. Early in the war, Otis anticipated that “at no very remote point the combined altruistic attitude of the town will be substituted by individual action, in pursuance of personal convictions and self-interest” (WD, 1900, I:5:63–64). For the Americans, the most valuable form of “individual action” from ordinary Filipinos was the identification of insurgents, their supporters, and their bases of operation. As early as winter 1899, local commanders established networks of informants (Birtle, 1998, 117). “[A]t each station commanding officers were instructed to make as full a use as possible of a secret service. They were to pay agents ‘liberally’ and give them as much protection as possible” (Gates, 1973, 209).

A range of other tactics were designed to reward cooperative Filipinos. These included employment of native scouts and provincial constabularies; establishment of the Federal Party, whose members worked to induce conciliation with the Americans and were rewarded with positions in the civil administration; permission to harvest the crops of known revolutionaries; and payment for surrendered weapons. Gates (1973, 275) explains that these appeals to Filipino “opportunism” often succeeded: many insurgents “succumbed to the American offer of money for the surrender of weapons. Others joined the Federal party in hopes of securing appointment to civil office or political power. The relatively high wage paid by the Americans to civil servants, scouts, and constabulary was a further temptation . . .” Selective incentives, coupled with selective punishment, also helped peel away from the revolutionaries the crucial support of local elite leadership. As siding with the revolutionaries became a growing risk to their fortunes, “more and more leaders found their personal and class interests better served by the Americans” (Linn, 2000, 197).

Powerful members of the Filipino elite were often recipients of targeted benefits intended to induce their cooperation or compliance as part of a strategy of indirect rule. Where it could be accomplished, governing through existing informal sociopolitical structures was a practical alternative to imposing new institutions. Major George T. Langhorne wrote that it was “generally recognized that we can only run these people through their chiefs or leaders.”<sup>18</sup> In some communities, an alliance with a single local leader brought the allegiance of hundreds of peasants. Seekins (1993, 31) explains,

The linchpins of the system created under U.S. tutelage were the village- and province-level notables . . . who garnered support by exchanging specific favors for votes. Reciprocal relations between inferior and superior (most often tenants or sharecroppers with large landholders) usually involved the concept of *utang na loob* (repayment of debts) or kinship ties, and they formed the basis of support for village-level factions led by notables.

Rewards and benefits came in the form of cash payments, political autonomy, or positions of power. Even many insurrecto leaders, including Juan Villamor, Mariano Trías, and Juan Cailles, were eventually co-opted with appointments in the American civil government. For indirect rule to succeed in extending American control, not only did rewards have to be sufficiently enticing, but the bargains struck had to be enforceable or difficult to renege on. Where these conditions were met, Americans forged alliances that brought key groups, entire villages, or even larger areas to heel with minimal investment of military force.

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<sup>18</sup>Quoted in Linn (1989, 21).

### 3.3.2 A local war

Attempts by historians to capture the Philippine War with a single, encompassing narrative have inevitably fallen short. The war was a decentralized affair in the way it was fought by Filipinos and Americans alike and in the way it was experienced by the noncombatant population. On the American side, subordinate commanders—at the district, province, and even village level—had wide latitude in selecting fiscal strategies and conducting the war in their areas of operation as they saw fit. Lieutenant Samuel P. Lyon put it thus: “It is really a peculiar position in which the Commanding Officers of towns in these islands find themselves these days. In this town and its outlying barrios for instance there are some 4000 people who must go when I say go and come when I say come . . . it is a big responsibility and sometimes it is awfully hard to decide what is the right thing to do.”<sup>19</sup> Dual responsibilities for civil and military action “extended down to the smallest detachment commander” (Linn, 2000, 199). The autonomy that local commanders exercised stemmed from the character of the insurgency, geographical necessity, and the command ethos of the turn-of-the-century U.S. Army.

By design and by necessity, the revolutionaries’ guerilla warfare campaign was a patchwork of local and regional conflicts, differences among which recommended against a uniform response from the Americans. With the decision to shift from conventional to guerilla warfare, Aguinaldo devolved operational authority to his provincial commanders who, in turn, relied upon a medley of local leaders with varying interests and constituencies of their own. The reaction from American officers varied correspondingly. Surveying his command of the Department of Mindanao and Jolo, Kobbé observed the “diversity of race, religion, and habitat” and concluded that it was therefore “necessary to adopt a military and civil policy varying with the locality”

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<sup>19</sup>Quoted in Linn (1989, 22).



(WD, 1900, I:5:258). Neither the diversity Kobbé encountered nor his insistence on locally tailored approaches was unusual. With the outbreak of guerilla war, Linn (1987, 62-63) writes,

it fell to the officers assigned to pacify each province to counter the enemy threat. These officers responded with pacification policies which were structured to combat the differing conditions they found in their individual provinces. Instead of following uniform District-wide pacification methods, they adopted whatever policies proved effective. The result was ...different pacification campaigns responding to ...different guerilla wars.

Drawing on their experience in the Indian Wars, American officers recognized the need to disperse their forces, and this geographical distribution precluded centralized command. Presence in scattered garrisons extended protection to local inhabitants while providing bases for rapid offensive operations. The number of garrisons grew steadily from 53 in November 1899, to 413 in October 1900, to 639 by the end of 1901 (WD, 1901, I:4:97). But the benefits of dispersal came with sacrifices in communications and logistics. Beyond the obvious difficulties of commanding forces spread throughout an archipelago, poor roads, inclement weather, and vulnerable telegraph lines left many garrisons cut off from both support and supervision. Gates (1973, 284) notes simply, "Conditions in the Philippines not only placed great responsibility on individual commanders, but effectively prevented extensive management of any large portion of the pacification campaign by headquarters in Manila." Local commanders were on their own to develop and implement fiscal strategies for their areas of operation.

An additional factor that fostered the autonomy of subordinate officers was the prevailing sentiment among the army's leaders as to how to exercise their authority

in pursuit of their military objectives—what one might loosely term the “command ethos.” While those at the top felt a natural inclination to impose their judgment, their experiences equipped them to see the virtues of decentralized decision-making. “From the frontier,” Birtle (1998, 113) states, “the men who directed the operational level of the Philippine War brought with them a mind-set that was accustomed to conducting small-unit constabulary operations from dispersed posts and that encouraged adaptability, individual initiative, and aggressiveness.” As Ramsey (2007, 121) points out, “For effective commanders, guidance from the Division of the Philippines was treated as guidance—not directive.” With respect to the policies stemming from the strategy of benevolent pacification—those regarding municipal government, use of punitive tactics, disposition of prisoners, and treatment of civilian sympathizers, for example—Otis and MacArthur set the theme, but permitted extensive improvisation around it. “In practice, municipal government was seldom organized along the lines Otis and the OMG envisioned.... [I]mprovisation and flexibility, instead of rigid adherence to OMG directives, characterized the U.S. Army-sponsored municipal governments until late in the war” (Linn, 2000, 201-202). Flexibility was a defining feature of fiscal strategy selection in the Philippines. The army never “settled upon any set mix of ‘positive’ and ‘negative’ incentives, preferring to allow local commanders to respond to situations as they saw fit” (Gates, 1967, 135).

### **3.3.3 Learning and adaptation**

The theory of fiscal strategies expects that strategy selection will evolve over time through learning and adaptation. Changes result from learning in two broad ways. First, as military decision makers acquire information about local conditions and key actors, more nuanced approaches to attaining military objectives become possible. Second, commanders evaluate the effects of existing policies and adjust them

accordingly—the process of trial and error. The U.S. Army in the Philippine War learned and adapted in both of these ways. Characteristic was “its lack of adherence to rigid doctrines or theories and the willingness of its officers to experiment with novel pacification schemes” (Linn, 1989, 169). With some notable exceptions, the evolution of fiscal strategies throughout the islands was a rational adaptation in response to learning.

Over time, Americans’ knowledge and understanding of local conditions grew in ways that enabled more effective strategy choice. Prior to arriving, most units had little, if any, cultural preparation, language training, or information on their areas of operation. Colonel Arthur L. Wagner later testified, “the island was practically in the possession of a blind giant; strong, but unable to see where to strike” (*Senate Document 331*, 1902, III:2851). Overcoming this “blindness” took time and experience.

Implementation of elements of the fiscal strategies of indirect rule and divide-and-rule required an understanding of local power structures, interests, and incentives. The willingness and ability to raise native scouts and auxiliaries is one example. Questions with respect to accessing potential recruits, vetting loyalties, setting wages and rewards, and anticipating effectiveness had to be answered before determining whether to establish such a unit in a given area. Linn (2000, 260) observes that, “in general, the longer an officer was assigned to a particular town or province the better his contacts with the local population and the more willing he was to raise auxiliaries.” As the troops built relationships, better understood local customs, and began to grasp informal power structures, a broader array of counterinsurgency tactics became options for them.

Adjustments resulting from evaluations of the effectiveness of existing policies occurred at both the strategic and tactical levels of command. However, changes at

the theater level usually lagged—and were often driven by—changes made by local and provincial commanders. The most significant strategic shift was MacArthur’s order, in December 1900, for a “more stringent policy” based on G.O. 100. The decision followed several months of vigorous debate at the division headquarters over how to respond to persistent violence despite the ongoing implementation of benevolent pacification. By the time MacArthur issued the new policy, he was in actuality only validating the approach already adopted by many of his district, provincial, and local commanders. Describing a “key to the Army’s successful performance during the war,” Birtle (1998, 112) writes that, “At the junior officer level, officers demonstrated a willingness to learn by trial and error that enabled them to adjust their methods according to the situations that they faced.” As they experimented with pacification techniques, subordinate leaders reported the results up the chain of command, influencing policy at successively higher levels.

The experience of Major Henry T. Allen on Samar and Leyte is illustrative of tactical-level learning. Early on, Allen was a true believer in the prospects for benevolent pacification, sure that the inhabitants of Samar were “intelligent and naturally peaceable people who would never have offered any resistance had not the Tagalog influence been forced upon them.”<sup>20</sup> He worked to assure them of the Americans’ benign intentions, courting local leaders and working to promote trade. But a series of attacks against his garrisons throughout the spring of 1900 convinced Allen of the limitations of benevolence. “Doubtless there will continue to be Americans who think that the milk and water policy is best, because that is the system we would like to apply,” he wrote, but he began to employ a “policy of chastisement” alongside the conciliatory measures (Birtle, 1998, 128). A letter from a colleague on the island of Panay indicates the diffusion of Allen’s ideas and practices: “[Y]our methods have

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<sup>20</sup>Quoted in Linn (2000, 232).

been watched from here and I find that . . . you handle the enemy without gloves and that the result is very satisfactory . . . due to your policy of treating the good man very well indeed and the bad man very harshly.”<sup>21</sup> Although his approach on Samar grew sterner with time, Allen’s views on pacification did not evolve inexorably in the direction of more coercion. Later as a subdistrict commander on Leyte, Allen devoted extensive effort to improving civil government, while advocating better pay and training for teachers and police and the provision of free health care to the poor. Although he was an exceptionally capable commander, Allen’s adaptation in response to his experiences was not dissimilar from that of other similarly situated officers (Birtle, 1998, 126-128).

Also important for the theory of fiscal strategies is that, as pacification approaches change over time, they change in approximately rational ways. That is, changes are implemented based on expectations of their effectiveness in extending territorial control, rather than, say, in pursuit of revenge or in response to political demands imposed externally. Unsurprisingly, the record from the Philippine War admits occasional deviations, and there is evidence that officers’ choices were sometimes fueled by emotion or personal disposition. In all, however, key decisions driven by emotion seem to have been aberrations—and even these were usually corrected as their inefficacy became apparent.<sup>22</sup> However, any individual case warrants examination of this question.

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<sup>21</sup>Quoted in Gates (1973, 200).

<sup>22</sup>The response to the Balangiga “massacre” on Samar represents the most infamous of such decisions. Brigadier General Jacob H. Smith’s ruthlessly brutal campaign made little progress toward pacification until he was pressured by Chaffee to temper his approach. Gates (1973, 256) asserts that the campaign might have ended months earlier had a more balanced policy been enacted. Due to his actions, Smith was court-martialed, along with five other officers, and retired from the army.

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The overview of the war presented in the preceding pages sets the stage for the case studies that follow. In addition to providing a general background on the war, this chapter demonstrated the variation in communal structure and local economic security in communities across an archipelago beset by ethnic and cultural diversity and economic upheaval. In their fight to put down rebellion throughout the islands, the American military employed both coercion and conciliation in combinations that varied from province to province and as the troops learned and adapted their practices over time. The case studies the central claim of the theory of fiscal strategies—that there is a systematic and predictable connection between the socioeconomic conditions in a community and the fiscal strategy that combatants employ there.

Each of the four Philippine War case studies is presented in a separate chapter, divided into three sections. The first section details the social and economic conditions prevailing in the selected district at the time of the war, establishing the values of theory's independent variables. The second section provides a brief narrative of events leading up to the guerilla phase of the war, noting the strategic context, the disposition of American troops and Filipino guerilla forces, and the identities of key leaders on both sides. The third section focuses on the American district commander's use of available fiscal resources, noting whether and how his practice changed over time, classifying the approach according to the typology, and so confirming or refuting the theory's hypotheses.

## Chapter 4

# Divide-and-Rule in Nueva Ecija

Self-interest is the foundation on which a people must  
be expected to accept a foreign government.

- Major John A. Baldwin, 1900<sup>1</sup>

Social fragmentation and economic resilience characterized the central Luzon province of Nueva Ecija. A land rush in the nineteenth century brought wealth in the form of rice production and an influx of population from neighboring provinces. The old socioeconomic order was crumbling, but a new order had yet to consolidate. Among the settlers, competition and conflict emerged along ethnic lines. Further dividing Nueva Ecijan society was an exploitative agricultural system overseen by absentee landlords who inspired little of the loyalty that peasants elsewhere gave to their

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<sup>1</sup>Quoted in Linn (1989, 84).

patrons. The province's economy was neither dependent upon mediation by the state nor vulnerable to disruption by the military. Rice production was not capital-intensive, the crop was consumed domestically, and the network for its distribution was robust.

Brigadier General Frederick Funston commanded U.S. troops in this roiling province for most of the war. He faced enemy forces struggling to organize internally, but capable of waging a “nasty little war” and contesting vigorously American control of the province. Funston was a pragmatic commander, uncommitted ideologically to any particular fiscal strategy. Unlike many other commanders throughout the islands, Funston was never enamored with the gentle aspects of benevolent assimilation, adopting instead a pragmatic approach to counterinsurgency from the outset. Rhetorically, Funston endorsed a stern approach, but found his command better served by a more conciliatory policy.

The narrative of fiscal strategy selection in the Fourth District is one of experimentation with a variety of techniques, followed by refinement of the approaches that proved most fruitful. The result of Funston's experimentation was a fiscal strategy of divide-and-rule. Eschewing the establishment of civil government and the provision of public goods through civic projects, he implemented a menu of tactics that had the common characteristic of rewarding collaboration generously while crushing resistance remorselessly. A shrewd use of money and material rewards in the form of selective incentives helped him to exploit existing ethnic and class divisions and entice the sympathetic or opportunistic. Those who responded to the incentives fed his intelligence operation and formed the ranks of his native scouts. And while Funston insisted on fair treatment of the local Filipino population, his forces were relentless in operations against insurgents. Vengeance, however, was rarely a factor; lenient surrender terms thinned rebel ranks and even induced collaboration from captured



rebel leaders. Together these techniques succeeded in splitting the guerillas from their sources of support, pursuing them into their sanctuaries, and finally forcing their capitulation.

## 4.1 Nueva Ecija society and economy

The province of Nueva Ecija sits in the geographic center of the fertile Central Plain of Luzon. The provincial boundaries outline a landlocked, rectangular swath of land bisected diagonally, from northeast to southwest, by the Pampanga River. Eastern Nueva Ecija comprises a high plateau in the south, extending northward into the Sierra Madre mountains. Much of the province's western border is swampland created from the catchment area of the Chico River. Between these mostly uninhabited eastern and western areas lies a stretch of the great rice-producing crescent of land that reaches from Manila Bay in the south to Lingayen Gulf in the north. Nueva Ecija's portion of this fertile plain, still sparsely populated and heavily forested well into the nineteenth century, was the location of most of the settlement and economic activity in the province in the years preceding the American war.

**Social fragmentation.** Nueva Ecija was the last of the provinces of central Luzon to be settled; as a result, both social and economic arrangements in the province were in flux during the period of the Philippine-American War. By 1800, the littorals of the Central Plain of Luzon were covered by permanent settlements, but because it was relatively remote, Nueva Ecija would see another century pass before reaching similar levels of habitation. Over the course of that century, virgin land disappeared in the surrounding provinces of Bulacan, Pampanga and Pangasinan, and population growth in these provinces squeezed the landless towards the sparsely populated and thickly forested areas of Nueva Ecija and Tarlac. Clearing and cultivation of Nueva

Ecija's fertile land proceeded swiftly, such that, "by 1900, [frontier areas] and much of Nueva Ecija, mostly primary jungle in 1820, were well-populated agricultural regions" (Larkin, 1982, 614). Wernstedt and Spencer (1967, 373) explain that by the time of the revolution,

The population on the plain had reached one million persons, and most of the land was occupied by some form of cultivation or other regular land use. The prevalence of widespread tenancy and absentee ownership of farmland was clearly evident. From this date onward the increases of the cultivated area would not be sufficient to match the rapidly expanding population.

The nineteenth century in-migration brought together a volatile brew of antagonistic ethnic groups in Nueva Ecija. From the south came the Tagalogs and Pampangans, and from the north the Ilocanos and Pangasinans. The 1903 census indicates that, from a total population of about 133,000, the majority were Tagalog and over a third were Ilocano, with smaller populations of Pampangans and Pangasinans accounting for the balance.<sup>2</sup> Competition for scarce land and resources among the groups of settlers undermined prospects for inter-ethnic concord and exacerbated differing attitudes towards the Philippine Republic and the Americans.

In a struggle that would give rise to the economic structure of the province, Ilocano subsistence farmers vied with Tagalog and Pampangan land speculators for dominance. McLennan (1982, 70) observes that,

The conflict inherent in a northward expansion of commercial cropping, as exemplified by the hacienda, and a southward expansion of Ilocano subsistence smallholders provides the dramatic element in the domestication

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<sup>2</sup>The exact figures were 40,734 Ilocanos, 3,315 Pampangans, 1,620 Pangasinans, and 86,516 Tagalogs (CB, 1905, II:372).

of the land in Nueva Ecija. The conflicts which arose were the outcome of fundamentally different perceptions as to the appropriate use of the land.

Ilocano migration was typified by groups of families that moved together into the Central Plain, each group under the leadership of headman, and established a settlement that preserved communal labor practices and a social hierarchy based on kinship and patron-client bonds. Colliding with this subsistence-oriented *barangay* system was the commercially-oriented *hacienda* system in which the gentry acquired large estates for commercial agricultural production. The hacenderos were typically Spanish or Chinese mestizos residing in the Tagalog- or Pampangan-dominated provinces south of Nueva Ecija (Wickberg, 1964, 76).

Due in part to the growth of the hacienda system, it was not ethnic divisions alone that split the inhabitants of Nueva Ecija. Of equal, if not greater, significance was a growing animosity between economic classes that would plague the province well into the twentieth century. The bonds tying tenant to landlord in Nueva Ecija were thin due to the recency of settlement there, as well as the phenomenon of widespread absentee landownership. The exploitative system of tenancy that emerged on the haciendas strained these already tenuous bonds.

From 1890 onward, large haciendas swallowed up communal land and smallholdings in Nueva Ecija, sometimes through legitimate acquisition and sometimes through fraud or exploitation of smallholding peasants. Courts that favored the principalia, as well as peasants' "[i]gnorance, illiteracy, and adherence to traditional concepts of land rights," made many smallholders easy marks for acquisitive hacenderos (McLennan, 1982, 66-72). An example from nearby Pangasinan is illustrative:

When the barrio of Guiling had been cleared, clever Spanish mestizos . . . appeared to claim the land. How surprised the people were! They thought that the land was theirs because they had cleared it. They protested against the

injustice done to them. The Spanish rulers . . . were inclined to favor the rich. When the case was brought to court, the people lost and Guiling became a hacienda . . . The people were powerless and they could not do anything to regain their land.<sup>3</sup>

Thus many of those who had originally cleared the land were forced into tenancy or eviction. “Diligent farmers who originally aspired to become self-sustaining citizens suddenly found themselves in the degrading position of share tenants” (Sturtevant, 1976, 176).

The central feature of the hacienda system was a set of mechanisms designed to place the peasant in inescapable debt to the landlord. In this system of “rent capitalism,” the gentry were less interested in maximizing crop yields than in expanding their control of labor to extract rents and tie the peasantry to the land. As Takahashi (1969, 138) observes, “In this region where absentee landlords are predominant, family-type benevolent elements do not play an important role in the landlord-tenant relations.” Gone was the sense of reciprocal obligation that characterized pre-commercial relations between cultivator and landowner. “While vestiges of paternalism remained on many haciendas, the greater intervening distance between the hacendero and his numerous tenants was conducive to more impersonal relations that worked only to the economic advantage of the landowner” (McLennan, 1973, 360).

The contrast in landlord-tenant relations with neighboring Pampanga province serves to underscore the friction in Nueva Ecija. Larkin (1972, 63) states that in Pampanga,

[T]he tenant farmers, relatively unchanged by the innovations of the nineteenth century, continued in their role as suppliers of manual labor for their landlords, who in turn continued to give the personal, social, and

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<sup>3</sup>Quoted in Guerrero (1977, 145).

economic leadership expected by their tenants. In the face of significant changes from outside, the persistence of this mutual dependency produced firm bonds which held the classes together.

Without several centuries during which the personal, social, and economic basis for landlord-tenant relations could be established, agricultural production in Nueva Ecija took on its more abusive form. One Filipino observer wrote, “The Nueva Ecija peasant knows that he is a peasant—*paraluman*. He does not regret that he is a paraluman, [only] that he is a paraluman in Nueva Ecija.” The writer goes on to detail the system that keeps the paraluman landless, physically exhausted, uneducated, and inevitably in hock to the hacendero. He concludes, “And so it comes about that the tenant’s life on the haciendas of Nueva Ecija is reduced to a state of perpetual dependence and indebtedness.”<sup>4</sup>

**Economic resilience.** Despite the social fragmentation it contributed to, rice production became a source of great wealth for the province—a source of wealth resilient to outside influence over both production and distribution. The two primary inputs, land and labor, were difficult to destroy, disrupt, or confiscate without a massive force dedicated to the task. And the Americans had little interest in stopping the flow of a commodity on which the country as a whole was dependent for sustenance. Even had the Americans attempted to interdict the flow of rice to market, they would have encountered a robust trade network that utilized the province’s many roads, waterways, and connections to adjacent regions.

Nueva Ecija’s transition to a commercial economy would eventually make the province’s rice harvest the most bountiful in the Central Plain. In 1870, Nueva Ecija’s crops were oriented predominantly to local consumption. Within a decade, however,

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<sup>4</sup>Quoted in Sturtevant (1976, 70-72).

the province was an important supplier of rice to Manila and was sending half of its harvest there by 1887.<sup>5</sup> While other crops were also grown in Nueva Ecija, rice, or *palay*, was the most important. In 1885, 27 of the province's pueblos were engaged in palay production. By comparison, 18 grew tobacco—production of which ended in 1894 following devastation by rinderpest and foot-and-mouth disease—and eight produced sugar (McLennan, 1980, 247). Agriculture comprised almost the entirety of Nueva Ecija's participation in Philippine commercial expansion during the closing decades of the nineteenth century. "A few craft specialties and a smattering of light industry also developed . . . Nevertheless, processing and manufacturing activities remained negligible in Nueva Ecija" (McLennan, 1980, 248).

All Philippine rice production was consumed domestically. Despite the vast crop produced there, the Philippines as a whole was in 1902 still dependent upon large quantities of imported rice from China. Domestic production was "far below the actual food requirements of the population" (BIA, 1902, 72). The domestic consumption of Nueva Ecija's harvest limited the vulnerability of the source of the province's wealth to intervention by the Spanish colonial government or the American military. Rice was not subject to threat of export ban or easy interdiction on trade routes, unlike sugar production on the island of Negros, discussed below. The production and transport to market of Nueva Ecija's rice involved a comparatively complex network that eluded the colonial government's attempts even to monitor it. McLennan (1980, 241-242) describes "a constant flow of exports moving toward Manila" and explains that, "With multitudes of small boats and carts moving freely

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<sup>5</sup>Even faster growth in commercial production came in the decade following the war. By the early 1920s Nueva Ecija would eclipse Pangasinan as the leading producer of rice in the islands.

along the waterways and roads of the colony, colonial officials admittedly were unable to obtain accurate figures on commercial movements.”<sup>6</sup>

In sum, Nueva Ecija was a province in the midst of social and economic upheaval at the end of the nineteenth century. Settlers from rival ethnic groups poured in from nearby provinces and competed to clear and settle new land. The form of agricultural production that emerged added class animosity to the mix. Nevertheless, rice production was a reliable and resilient source of wealth for the province.

## **4.2 The Fourth District, Department of Northern Luzon**

In the context of the Philippine nation and the Philippine-American War, descriptions of Luzon are awash in superlatives. The island is the archipelago’s largest, most prosperous, and most diverse. In 1900, it was home to half of the country’s population and to Manila, the capital city and largest port. There was little doubt on either side that the island would be the decisive terrain in the war; ultimately, victory or defeat would be decided on Luzon. Accordingly, the vast majority of American military resources—four out of every five soldiers—was concentrated there, and operations on the island were the paramount concern of U.S. headquarters.

The Americans divided military responsibility for Luzon into northern and southern commands. Of these, the northern command was the more important and received half of American military manpower in the Philippines, 25,000 U.S. troops. That a force of merely 25,000 was available to the war’s main effort in an area covering 30,000 square miles and almost 2 million inhabitants speaks to the scarcity of

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<sup>6</sup>Although reliable data do not exist, various estimates put rice production near 1 million cavans in 1885, 2 million in 1895, 4.5 million in 1910, and over 7 million by 1926. Records are not available for the years of the war (McLennan, 1980, 246-251).

military resources available to American commanders and the consequent reliance on fiscal strategies to augment their operations (Linn, 2000, 255).

General Wheaton, the Northern Department's commander at the outset of the war, placed priority on the Third, Fourth, Fifth, and Sixth Districts, encompassing the territory that stretched north from Manila through the Central Luzon Plain. The Fourth District fell at the geographical center of this area, encompassing the provinces of Nueva Ecija and Principe. The latter was mountainous, barely inhabited, and of scant consequence to either side in the war. The Fourth District's war was fought in Nueva Ecija.

The American appearance in Nueva Ecija, as in other Tagalog areas, interrupted a fitful uprising under way by then for several years. The province was one of eight to respond to Bonifacio's call for revolt in August 1896. On September 3, Nueva Ecija's Katapuneros attacked San Isidro, the provincial capital. Although the rebels were put out by Spanish forces a few days later, the talented rebel leader Mariano Llanera held the province's mountainous district and continued "stirring up the towns far and wide whenever an opportunity presented itself" (LeRoy, 1914, I:91-92). Unrest continued after the agreement that exiled Aguinaldo, and Nueva Ecija was one of the provinces in which the rebellion remained active, if sporadic, leading up to the American intervention in the Philippines (Corpuz, 1989, II:228-276).

Inspired by the Spanish defeat at Manila Bay and the return of Aguinaldo, rebel leaders in Nueva Ecija reinvigorated their campaign against the colonial regime. On July 7, 1898 the province was organized into four military zones. The Spanish, forced to move most of their troops to defend Manila, surrendered San Isidro to forces under Manuel Tinio on July 31 (Corpuz, 1989, II:287).

But having flushed the Spanish from the province and declared independence, the Filipinos struggled to consolidate their gains. In the year between Nueva Ecija's



independence and the American advance into the province, provincial leaders gave little attention to building effective administration or a capable military organization. Compared to other provinces, insurgent infrastructure in Nueva Ecija went underdeveloped; absent were organized village militias, shadow governments, Katipunan societies, and storehouses for supplies. Crucially, relations with local elites were also uneven and sometimes neglected (Linn, 1989, 68).

Several factors disrupted preparations for the defense of the Philippine Republic in Nueva Ecija: poor leadership, ethnic discord, and class conflict. Many of those who could have assumed key roles in the guerilla leadership structure were elsewhere; those who remained were less capable and were disposed toward internecine conflict. Several of the province's most prominent leaders took on roles in the struggle for the Republic that played out beyond Nueva Ecija's borders in 1898 and 1899. Many fought in the battles around Manila, including Brigadier General Urbano Lacuna, who would later return to revive Nueva Ecija's insurgency. Major General Panteleon García, a capable strategist but ineffective combat leader, commanded the "Center of Luzon" area. He spent much of the war before his capture in 1900 "ill and in hiding" (Funston, [1912] 2009, 318, 337). His subordinate, Colonel Pablo Padilla, was in charge of forces in central and southern Nueva Ecija. Padilla failed in the basic task of imposing discipline on his forces and their behavior stoked resentment in the villages. In the north, Colonel Teodoro Sandico "admitted that he was a colonel without troops. He spent much of his time in quarrels with other commanders and complained bitterly to Aguinaldo that nobody accepted his authority" (Linn, 1989, 68).

The fundamental source, however, of the Republic's weak organization of Nueva Ecija after independence was its inability to overcome the internal divisions of ethnicity and class. The Tagalogs, Ilocanos, and Pampangans who had been competing for

a decade over scarce land on the central Luzon frontier were not inclined to cooperate for the cause of the Republic. The Ilocano immigrants had less animosity toward the Americans and less sympathy for the Tagalog-led revolution (Funston, [1912] 2009, 319). The already fractious interethnic relationship bent further under the strain of the events of June 5, 1899. That day Antonio Luna, the Republic's top general and an ethnic Ilocano, was murdered at Cabanatuan, Nueva Ecija. The assassination, carried out by Aguinaldo's Tagalog bodyguard, left Luna's fellow Ilocanos "universally indignant" (Sexton, 1971, 167). The Pampangans, for their part, remained opportunistically neutral and, like those in their home province, "reacted to each phase of the revolution according to their own self-interest and need for survival" (Larkin, 1972, 119-128).

Festering socioeconomic strife in the province meant that support for the revolution was far from unified even among the majority Tagalogs. Nueva Ecija's peasants were reluctant to support a cause seemed to reinforce, rather than undermine, the existing socioeconomic order. Guerrero (1977, 146) explains that,

[T]he republican period was hardly a time during which the demands of the peasants might be met or an equitable land policy formulated. It is significant to note that the Malolos Congress, dominated as it was by affluent and educated Filipinos, did not even once engage in any serious debate about the country's economic future, much less address itself to the manifest agrarian discontent in Luzon.

Thus, an "overwhelming majority of the peasants were essentially indifferent to the conflict" and attempted to avoid involvement and stay on good terms with both sides (May, 1983, 365-366). In other provinces, peasants mobilized in support of the Republic out of obligations of *utang na loob* that they felt toward their landlords, who either supported the cause or commanded guerilla units themselves. The patron-client

bonds in Nueva Ecija were weak at best; further, widespread absentee landownership meant that most patrons were not even present. Many peasants turned instead to millenarian movements that often espoused anti-Republican sentiments (Guerrero, 1977, 140-149; May, 1983, 365-367).

The Americans invaded Nueva Ecija in May 1899 in pursuit of Aguinaldo. Major General Henry Lawton's forces swept away the organized Filipino resistance and captured the temporary Republican capital of San Isidro on May 17. However, this initial thrust fell short of its other aims; Lawton did not capture the rebel leaders and soon had to withdraw his exhausted and sick troops, leaving the province back in Republican hands (Gleeck, 1981, 4). But he returned in the fall, dispensing easily with Padilla's ineffectual defenses. Lawton occupied the towns of Nueva Ecija, encountering little resistance and a surprisingly cordial reception from the population (WD, 1899, I:4:119-21). In the subsequent months, however, Nueva Ecija's rebels followed the lead of their counterparts elsewhere, turning toward guerilla tactics that reinforced their advantages and mitigated their organizational weaknesses.

In December 1899, Brigadier General Frederick Funston assumed command of what would be designated the Fourth District, Department of Northern Luzon. Funston was among the war's most famous officers, a hero of the Cuban insurrection whose exploits in the Philippines had already earned him the Medal of Honor in April 1899. He was an outspoken public figure and an experienced practitioner of counterinsurgency. "Despite his experience, or perhaps because of it," Linn (1989, 70) writes, "Funston was guided far more by pragmatism than any carefully developed counterinsurgency theory. He was willing to use whatever means were necessary, and if his solutions were often theatrical, they were also effective." Free of the constraints of doctrine or preconceived theory, Funston's employment of force and fiscal resources would be driven by his assessments of their effectiveness.

Despite the early disorganization of the rebels in his area of operations, Funston recognized the advantages they maintained over his troops. Describing the counterinsurgent's dilemma, he later wrote of his enemy that, "their knowledge of the country, their mobility, their control over the population either through sympathy or fear, and, above all, their habit of passing from the status of guerilla soldiers to that of non-combatants really gave them an advantage . . ." (Funston, 2009, 314). Like other district commanders, Funston quickly found himself undermanned for the requirements of guerilla warfare. While beating back insurrecto harassment, he set about organizing his thinly-spread and poorly-supplied forces for the fight ahead.

### 4.3 Fiscal strategy choice

Throughout the course of the war, Funston and his troops demonstrated an invaluable ability to learn from their successes and failures, making adjustments accordingly. Funston's missives contain frequent references to "experiments" and "trials," the results of which led to rapid changes of policies and the creation of new initiatives.<sup>7</sup> Moreover, adapting to local conditions required getting to know local actors and understanding their positions, relationships, and interests. Funston wrote that, "the efficiency of a company depends largely on [its] knowledge of the people in the vicinity, and the country itself, which can be acquired only after some time."<sup>8</sup> Adapting and adjusting as they went, the Americans' effectiveness grew as the fighting wore on.

Early incidents thus reveal little of the finesse that would eventually characterize American counterinsurgency in Nueva Ecija. Initially preoccupied with consolidating

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<sup>7</sup>Funston's use of native police and constabulary provides a clear example. See correspondence of 4 October 1900, 8 November 1900, and 1 January 1901 in NARA (2262:1), 26 December 1900 in NARA (2263:3), and 1 May 1901 in NARA (2263:2).

<sup>8</sup>Quoted in Linn (1989, 22).

his command of scattered elements from six different regiments, Funston showed scant patience for or creativity in addressing the sniping and small-scale attacks conducted by the recovering rebels. When one of his soldiers was killed in an attack, Funston's order was to "Round up all the people who live within one hundred yards of where the sergeant was boloed, making a special effort to get the men, and if they do not aid you in catching the guilty ones and furnish proof to convict them, burn their houses" (NARA, 15 Mar 1900, 2263:1). Responding to a cut telegraph wire, he commanded a "sufficient number of houses be burned to give the people in the vicinity a severe lesson" (NARA, 5 Feb 1900, 2263:1). Yet with time he concluded that punitive and indiscriminate measures were counterproductive. A year later, he wrote, "I cannot see the expediency of burning the barrios in the vicinity where a wire has been cut as the damage is almost invariably done by people from elsewhere. I think the unarmed and defenseless people in the barrios could not prevent wire cutting if they were so disposed."<sup>9</sup>

Alongside his initially harsh operational posture, Funston was simultaneously cultivating sources of information on enemy movements. Events would quickly convince him of the value of alternatives to coercive treatment of the civilian population.

Possibly sensing an opportunity in the Americans' disorganization in the early months of 1900, García and Padilla plotted a large-scale coordinated attack on the town of Peñaranda. But the American patrols caught wind of the concentration of Filipino forces based on "information of several natives ... well corroborated by accumulated information of last 2 months." A captured rebel even offered to serve as a guide for the patrol "for his liberty and some money" (NARA, 24 Feb 1900, 2263:1). For several weeks, patrols pursued the guerilla leaders, gathering information as they proceeded. On March 18, American troops caught up with an estimated force of

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<sup>9</sup>Quoted in Linn (1989, 78).

700 guerillas mobilizing at the village of Mauiluilui. Though it inflicted only modest casualties, a spoiling attack scattered the rebel forces and gave the initiative to the Americans (WD, 1900, I:7:365–67).

In the subsequent weeks, Funston kept up pressure on the guerillas by patrolling heavily throughout their stronghold in the province’s northeastern highlands. On May 6, information “learned through spies” led troops under Captain Ernest Smith to García. Ten days after capturing the overall rebel commander in central Luzon, the Americans also caught key provincial leaders Padilla and Casmirio Tinio (Funston, [1912] 2009, 347–348).

While the effects of these early victories would not prove as decisive as Funston hoped, he took from them crucial lessons regarding the value of intelligence and the means for collecting it. Money served as an important inducement. To “the men from whom Captain Smith obtained the information that made possible the capture of General Garcia,” he gave 200 pesos, a generous sum in a place where ordinary laborers earned one or two pesos a week (NARA, 8 May 1900, 2262:1). Around the same time, Funston paid 150 pesos to a guide who aided in the capture of important rebel documents. Fifty peso payments for guides and informants seem to have been commonplace, and successful attacks were regularly credited to “information received from friendly Ilocanos.”<sup>10</sup>

Brigadier General Urbano Lacuna arrived in Nueva Ecija in April, just before the capture of the province’s key leaders seemed to push the rebel cause toward extinction. Lacuna, a native of Nueva Ecija who fought near Manila in the opening year of the war, was a capable guerilla leader whose skill and conduct earned Funston’s praise (Funston, [1912] 2009, 337, 357). Lacuna’s activity over the spring and summer of 1900 resurrected the province’s insurgency from near annihilation. He con-

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<sup>10</sup>See correspondence of 29 April, 9 May, 10 May, and 11 May 1900, all in NARA (2263:1).

solidated command of Nueva Ecija's guerilla forces and worked, with varying success, to build an infrastructure for protection, communication, and supply. But with the Republican cause already reeling, Lacuna could not build the shadow governments, underground societies, or village networks that gave the insurgency such versatility in other provinces. (Linn, 1989, 71–73, 85–86). Nonetheless, under Lacuna, the guerillas reconstituted their capacity to contest American control of Nueva Ecija.

With the insurgency revived, the year ahead presented the Americans with the classic ingredients—and dilemmas—of guerilla warfare: an elusive enemy, difficult to identify and to fix in decisive battle; attrition through ambush and disease; a population caught between the threats and inducements of the two sides; and ever-present peril amidst apparent tranquillity. In his memoirs, (Funston, [1912] 2009, 314–315) recounted,

The condition of the country seemed perfectly normal, the towns being full of people and the usual work going on in the fields. There was not a sign of the war to be seen, though there had been some brisk campaigning through this region. In fact, this condition existed through the whole of central Luzon during the period of a year and a half of guerilla warfare . . . If any one imagines that this was a desolated country, with the inhabitants fleeing to the woods and mountains for shelter, he is entitled to imagine again. The tendency of the people was to flock to the garrisoned towns for shelter from their own ruthless countrymen, they having not the slightest fear of the troops. I have no doubt that in the year 1900 Nueva Ecija raised as much rice as it ever did; at least all suitable land was in cultivation. And yet there was a nasty little war going on all of the time. It certainly was an odd state of affairs.

Funston arrayed a variety of weapons to wield in this war. Building on their success in the spring, his officers used generous rewards to assemble one of the Division's most robust intelligence networks. Above all else, the successful cultivation and shrewd use of information about his enemy would give Funston the decisive advantage in the contest for control of Nueva Ecija. In his own words, Funston had "a secret service that it would be hard to beat under any circumstances" (Funston, [1912] 2009, 373).

To this end, Funston and his men cultivated friendly relations with the locals. "If there was any one thing understood by our soldiers during this period of the war, it was that they were not allowed to take anything from the inhabitants without payment" (Funston, [1912] 2009, 368). Even this principle, however, involved some learning: an early telegram requesting money to pay rent for commandeered buildings noted obtusely, "The people seem to regard it as a great injustice that their houses are taken from them without any compensation" (NARA, 5 Apr 1900, 2262:1). Over time, the Americans adopted a policy of fair compensation for rent, employment, and transport.<sup>11</sup> Officers came to view considerate and compassionate treatment of Filipino civilians as valuable in winning consent and cooperation for American operations. When, for instance, a fire damaged the town of Candaba, the garrison there sought to help the inhabitants recover. The district adjutant telegraphed higher headquarters, writing, "Fire inflicts great injury on the poor. I recommend that 20,000 pesos be sent to the Comdg Offr Candaba to be used at his discretion in aiding and providing for temporary subsistence and accomodations for the poor and in rebuilding school houses" (NARA, 21 Jun 1900, 2262:1).

Occasional acts of community assistance notwithstanding, Funston showed little interest in public works or municipal governance. Unlike commanders elsewhere, he

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<sup>11</sup>See, e.g., correspondence of 27 March, 7 May, and 16 May 1900, all in NARA (2263:1).



did not establish an office dedicated to civil affairs and spent little on schools, sanitation, or public health. G.O. 40 and 43 directed the establishment of civil government, but Funston seems to have complied only half-heartedly. He delayed implementation of the orders, waiting until October 1900 to hold elections. Even then, only ten towns cast ballots, with turnout that ranged from 140 votes in one town to just 14 in another (NARA, 4 Oct 1900, 2262:1). Nor was Funston eager to establish local security forces. He acknowledged that he was “opposed to giving the municipal authorities much powers in the matter of police” (NARA, 1 Jan 1901, 2262:1). Linn (1989, 83–84) concludes, “Funston’s lack of attention to civil government, native police, and schools indicates that he felt these measures were irrelevant to the pacification of the district.”

In early summer, Lacuna struck out with a new aggressiveness. He made deft use of his limited but growing strength to harass American troops and the towns they controlled. And as he struggled to rebuild guerilla support in the villages, he sought an opportunity to deliver a serious blow to the counterinsurgents (Linn, 1989, 72–73).

An opening seemed to appear in June, when nearly a quarter of Funston’s manpower was ordered to the Fifth District to assist in an urgent search for American soldiers captured there, “almost entirely denuding of men many of the posts” in Nueva Ecija (NARA, 8 Jun 1900, 2263:2). Additionally, much of Funston’s remaining force was in the mountains on an operation targeting a rebel supply center. Seizing the opportunity created by the dearth of American soldiers available for contingencies, Lacuna plotted another assault on Peñaranda, planning to attack and burn the town on the night of June 14. But spies alerted the commander of the garrison there of the impending attack, and, as earlier at Mauiluilui, the Americans pre-empted rebel designs. The fight, according to Funston, was “about the most successful that we had in the Fourth District” (Funston, [1912] 2009, 359–362).

Stiff fighting continued over the summer months and inflicted heavy losses on the guerillas. On July 4, Lacuna and the aggressive Colonel Pablo Tecson organized a coordinated attack on three garrisoned towns, but the rebels were badly defeated. An American counteroffensive throughout July and August pursued Lacuna's forces throughout their formerly secure mountain sanctuaries (WD, 1900, I:7:370–376).

As the fighting wore on, Funston made increasing use—to great effect—of native scouts.<sup>12</sup> In their organization and employment, we again see Funston's willingness to experiment, adapt, and adjust. Early in 1900, Funston, together with Thirty-Fourth Infantry commander Colonel Lyman W.V. Kennon, proposed raising a unit of native scouts to make up for the district's manpower shortages (Linn, 1989, 81). They faced opposition from higher headquarters, but after repeated petitions the department commander authorized the organization of a detachment of 50 native scouts. Each would receive 15-and-a-half pesos in monthly pay, plus three pesos a month for clothing (NARA, 29 May 1900, 2263:1).<sup>13</sup> The experiment proved successful beyond expectations, and soon officers throughout the district were clamoring for detachments of their own. As new native forces stood up, talented U.S. officers were carefully selected to lead the units, and commanders sent scouts on the highest priority missions because they “know that country and ought to accomplish something definite” (NARA, 11 Oct and 19 Oct 1900, 2263:3). By the end of the year, Funston proposed to increase the Fourth District's force of native scouts to 420, with plans to expand by half again. During their service, he attested, “not one of them has proven unfaithful nor have they lost a rifle. They have killed more insurgents and captured more arms than all other troops in the District combined” (NARA, 30 Dec 1900, 2263:3).

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<sup>12</sup>Not to be confused with the native police, of whose use Funston was skeptical, detachments of native scouts were commanded by American officers and fully integrated into U.S. operations.

<sup>13</sup>See also correspondence of 24 April, 18 May, 21 May, and 26 May 1900, all in NARA (2263:1).

Both in raising native forces and in gathering intelligence, Funston shrewdly exploited Nueva Ecija's ethnic divisions. Most scouts and informants were Ilocanos, members of the province's second-largest ethnic group increasingly alienated by the Tagalog majority. Against the backdrop of competition with the Tagalogs for scarce land, provincial Ilocano leader Francisco Madrid was murdered for his work with the Americans in early 1900. As a result of the killing, Colonel Kennon saw an opportunity that, "with proper management . . . the Ilocanos may be made assured friends of the United States." Thus commanders emphasized to their troops that, "it is desired to win and retain the friendship of every Ilocano."<sup>14</sup> Although they were concentrated in the north, Ilocano inhabitants could be found in towns and villages throughout Nueva Ecija. Many proved willing to share information with U.S. forces in exchange for small rewards.

But Funston's network of collaborators was not composed of Ilocanos alone. Ungrudging treatment of prisoners and, especially, generous terms of surrender brought many Tagalogs to the American side, as well. Funston recognized that captured guerillas could provide valuable service to the Americans and believed that cooperation would be more easily enticed than compelled. Thus he frequently restored rebel leaders to positions of civic prominence upon swearing an oath of allegiance. In the town of Aliaga, the treatment of two captured guerilla officers named Medina and Cajucon is illustrative of Funston's approach:

Medina was captured and held in guardhouse until June 13 when on taking oath allegiance was released. In July he was appointed provisional President Aliaga pending election. Since taking oath he has been under close surveillance and has apparently worked loyally in interests of peace.

No trace of connection with insurgents or ladrones since that time . . . .

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<sup>14</sup>Quotes from Linn (1989, 81–82).

No overt act has been committed by [Cajucon] so far as known. Both of above men are very influential in Aliaga. With Casimiro Tinio they have controlled that town so far as natives are concerned. Lately it is believed their influence has been for us (NARA, 11 Aug 1900, 2263:2).

Funston had similar success with others. Following his capture, Manuel Tinio, rebel leader in northwestern Luzon, held office in his home village of Licab. Despite rebel threats to his life, he became an informer and even killed three rebels who tried to hide in the village. Likewise, Padilla and Lieutenant Colonel Joaquin Natividad were released and went on to organize the Federal Party in Nueva Ecija (Linn, 1989, 80).

Beginning in the summer, Funston issued repeated proclamations of amnesty, promising that “most liberal treatment will be accorded to all who may present themselves” (NARA, 27 Jun 1900, 2262:1). To further sweeten the deal for those considering surrender, the Americans offered the payment of 30 pesos for each rifle turned in. (The same reward went to scouts, guides, and informants who aided in capturing guerillas.) When Major Antonio Mendoza surrendered with his soldiers, Funston wired the local garrison commander, “Congratulations on surrender of Mendoza. Until I can hear from Dept. Hdqs. allow him and his men liberty about town and treat them well. Did you agree to pay for rifles?” (NARA, 30 Dec 1900, 2263:3). This leniency effected hundreds of surrenders. One request sent to higher headquarters begged “reconsideration of order to send [list of names] by wire in view of great length of the telegram required” (NARA, 23 Sep 1900, 2263:3).<sup>15</sup>

The war, from Funston’s point of view, “went merrily on” through the fall and winter and into 1901. “It was a sort of process of attrition,” he explained, “by which we hoped in time to wear the insurgent bands down to nothing. Our losses were not great, and every rifle captured from the enemy lessened his power just so much,

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<sup>15</sup>For other incidents of mass surrender, see correspondence of 2 August in NARA (2263:2), 4 September in NARA (2262:1), and 23 September 1900 in NARA (2263:3).

for while men could be gathered up from the fields and forced to fight, the weapons lost to us could not be replaced” (Funston, [1912] 2009, 375). The army maintained pressure on Lacuna’s reeling insurgent bands. Against those who refused his generous terms of surrender, Funston was unmerciful. Funston ordered pursuit of one guerilla leader “until his outfit has been destroyed or chased off the earth” (NARA, 11 Oct 1900, 2263:3). In desperation, the rebels resorted to terrorizing the population of uncooperative towns. They threatened retaliation against principales who denied them support. They fired indiscriminately into the towns at night. Lacuna ordered the village of Jaen burnt to the ground. And some 200 homes in San Isidro were put to the torch (Linn, 1989, 74). In the end, these acts served mostly to drive civilians toward the Americans. In January 1901, Funston assessed, “There is now here a good public sentiment in favor of American authorities, a fact which has been manifested in numerous ways. The people are tired of disturbance and want the country pacified. The rebels in arms no longer have the support of the general public” (NARA, 1 Jan 1901, 2262:1).

The revolutionary cause in Nueva Ecija spiraled into defeat in early 1901. American patrols threatened, civilians turned their backs, supplies dried up, and morale evaporated. Most of the remaining guerilla leaders surrendered with their troops or were captured, and any semblance of offensive operations ceased outright. Lacuna himself was virtually the lone holdout when he finally relinquished the fight on May 19.

As the insurgency crumbled in the Fourth District, Funston gathered together the tools he had honed over 14 months of fighting in Nueva Ecija for a mission that would be the most renowned and most dramatic of the war. Through shrewd manipulation of incentives and exploitation of divided loyalties, he had built a sophisticated intelligence network, a capable and loyal force of indigenous scouts, and the collab-

oration of guerilla defectors. Together, these assets made possible an operation of remarkable audacity.

In February 1901, a courier for the elusive Aguinaldo arrived in the northern town of Pantabangan carrying correspondence meant for Lacuna. The presidente of Pantabangan was formerly an insurgent supporter, now working in cooperation with the Americans. The courier, Cecilio Segismundo, approached the presidente, who encouraged him to surrender to the local garrison commander. After much negotiation, the commander managed to secure Segismundo's surrender and sent him, along with the captured correspondence, to Funston in San Isidro. There, Funston's secret service deciphered the letters which confirmed Segismundo's story and revealed a request from Aguinaldo for a detachment of 400 soldiers.

With this information, Funston devised a plan to infiltrate Aguinaldo's well-guarded stronghold in the coastal province of Isabella and capture the revolutionary chief. Segismundo, along with three Tagalog former insurgent officers, would lead a group of eighty native scouts posing as the reinforcements; Funston and four other officers would go with the patrol, acting as its prisoners. Funston ([1912] 2009, 398–399) recounts assembling the players, “I sent for [the three former insurgents], and told them that we were going after their old chieftain, and they would be expected to play their part, as they had all of them without compulsion taken the oath of allegiance to the United States. If they were faithful they would be well rewarded . . .” To complete the ruse, Funston sent ahead of the patrol forged letters based on correspondence previously captured from Lacuna.

The patrol went ashore some sixty miles from the remote village of Palanan and made a harrowing trek toward Aguinaldo's hide-out there. On March 23, the rebel leader warmly received the impostors into his camp. Caught completely by surprise, his guards were barely able to resist when Funston's men turned on them.

The president of the Philippine Republic was captured unharmed. Sent to Manila for negotiations with MacArthur, Aguinaldo issued a proclamation to his followers on April 19, asking them to lay down their arms and accept American authority in Philippines (Bain, 1984; Funston, 2009, 384-426; Linn, 2000, 275).

With the insurgency already in tatters, the strategic significance of Aguinaldo's capture is debatable. Unquestionably, though, the operation highlights the success Funston found in using selective incentives to build an effective intelligence network, induce collaboration from civilians and former combatants, and assemble a formidable force of native auxiliaries.

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Resilient in its agricultural wealth, but riven with ethnic and class conflict, Nueva Ecija proved to be fertile soil for divide-and-rule, consistent with the theory of fiscal strategies. Funston experimented with a variety of coercive and conciliatory approaches and found an edge on the insurgency by exploiting the province's ethnic and social fissures. With offers of selective incentives, he incrementally peeled away support for the insurgency. The cooperation of relatively few willing collaborators enabled military operations that neutralized guerilla supporters in the villages and pursued aggressively the insurgents themselves.

With little leverage over their economic well-being, Funston couldn't hope to offer sufficient enticement to bring the majority of Nueva Ecija's stakeholders willingly over to the American side. Elsewhere, however, American commanders found success through the provision of public goods under a strategy of consensual rule. The island of Negros, the setting for the next chapter, was one such place.

## Chapter 5

# Consensual Rule in Negros

They are mostly on our side of the fence in Negros,  
but they like the top rail proximately convenient.

- Brigadier General Robert P. Hughes<sup>1</sup>

The forces shaping late-nineteenth century Negros rendered it socially fragmented and economically vulnerable. In Negrense society, we see parallels to the story of Nueva Ecija related in the previous chapter. In both places, commercial agriculture precipitated a population explosion fueled by multi-ethnic immigration and a prosperity enjoyed unevenly across increasingly antagonistic socioeconomic classes. Unlike Nueva Ecija, however, Negros produced a capital-intensive export crop and was utterly reliant on access to the sea for its distribution. These factors made the Negrense economy vulnerable to disruption by the American military.

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<sup>1</sup>WD (1900, I:10:255).



Seven months passed following the Spanish defeat at Manila Bay before an American soldier set foot on the island of Negros. In the interim, the Negrense cast off Spanish rule themselves, then wrangled incessantly over the path for their political future. Most were loath to return to subjection under a colonial power, but nor were many eager for a fight. When a small contingent of Americans did arrive under the command of Brigadier General James F. Smith, they faced a struggle to win acquiescence from the island's inhabitants, to quell festering social unrest, and to confront a recalcitrant resistance faction.

Smith pursued a fiscal strategy of consensual rule in Negros, pairing military operations with the provision of public goods. Honest governance, security, civic works, public education, and social services brought material benefits to broad segments of the island's population. Alternatives to American rule became comparatively less attractive as a result, especially to the poor and middle classes. The planters and merchants, for their part, were content that their wealth would be secure under American rule. They conceded their aspirations for independence at the thought of the devastation to the island's sugar economy that would be the likely result of conflict.

## **5.1 Negrense society and economy**

The nineteenth century economic transformation sweeping the Philippine Islands both enlarged and splintered the population of Negros, while creating a prosperous but vulnerable economy. As in the central Luzon province of Nueva Ecija, outsiders poured into the Visayan island of Negros in search of work or profit in the burgeoning agriculture industry. Social fragmentation grew as ethnic groups collided and peasants came to resent their distant and unsympathetic landlords. Unlike Nueva Ecija, however, wealth on Negros depended on the production and export of sugar

from the island province. Nearly all of the commodity was destined for international export, and Negros's island geography made commerce dependent on access to the sea. As Linn (2000, 73) observes, sugar made Negros "one of the richest islands in the archipelago—and among the most vulnerable to any disruption of trade."

Negros is the second-largest island in the Visayas, the island group that composes the middle stretch of the Philippine archipelago, between Luzon and Mindanao. Northwest of Negros is the island of Panay, home to the vital port of Iloilo, about 27 miles by sea from the town of Bacolod on Negros. To the east, across the narrow Tanon Strait lies the island of Cebu. A nearly unbroken mountain range runs down the elongated north-south axis of Negros, dividing it into two provinces. Wide coastal lowlands give Negros Occidental much more space suitable for sugar cane cultivation than Negros Oriental, where rugged hills extend close to the shore. Thinly settled and undeveloped through the mid-1800s, Negros transformed utterly in the decades immediately preceding the Philippine-American War.

The mid-1850s saw the birth of modern Negros, with the opening of the port of Iloilo on Panay and the enthusiasm of that town's British Vice Consul, Nicholas Loney. Foreseeing the potential of the sugar industry on the unexploited plains of Negros, Loney arranged cheap credit for landlords, spurred migration from Panay, and introduced steam-driven refineries (Seekins, 1993, 11). Growers could use existing land more efficiently, while pioneers cleared forests and brought vast new tracts under cultivation. The important haciendas began to appear in late 1850s and 1860s. In 1866, the first year for which data are available, Negros produced about four metric tons of sugar. By 1876, production reached 24 metric tons, a figure that tripled again in the subsequent decade. Once commercially insignificant, Negros was the leading exporter in the Philippines by 1892. That year, sugar from the island comprised twenty percent of the total value of the colony's exports (Cuesta, 1980, 170, 377).

Tremendous population growth accompanied the sugar boom on Negros. Estimates of the population at mid-century range widely, from 30,000 to about 100,000 (Cullamar, 1986, 8). By 1897, Negros had over 450,000 inhabitants. Illustrative of the island's growth were towns like Ma-ao: "In 1884 Ma-ao was an insignificant village which was a meeting place for vagrants. In 1895 it was a barrio of 10,000 inhabitants crisscrossed by tramcars and navigable rivers wherein twenty five haciendas with seven hydraulic mills, four steam mills and five animal operated mills were found" (Cuesta, 1980, 394-395). The population of Ma-ao and communities like it swelled from an influx of immigrants from elsewhere in the Visayas.

Immigrants were both pulled and pushed toward Negros. The growing sugar industry meant a constant demand for manpower. Landowners were always in search of laborers to work their land or clear more of it. Meanwhile, overcrowded farmlands in Panay, Cebu, Bohol, Capiz, and Antique offered few opportunities, and so natives of these islands as well as ethnic Chinese "swarmed to Negros as entrepreneurs, laborers, small businessmen and peddlers" (Aldecoa-Rodriguez, 1983, 46). To the immigrants, "Negros became their 'El Dorado' or promised land ... be they rich merchants who wanted to invest their money ... or laborers out to better their economic condition" (Cullamar, 1986, 8-9). Just as Nueva Ecija attracted migrants from the periphery of the Central Luzon Plain, Negros drew settlers from throughout the Visayas.

**Social fragmentation.** Although the antagonism that existed between Nueva Ecija's Tagalogs and Ilocanos was largely absent among the immigrants in Negros, several factors undermined solidarity of the communities they built. First, their uniform classification by the census as ethnically "Visayan" masks substantial cultural differences between, for instance, Hiligaynon speakers from Panay, and those from Bohol who spoke a dialect of Cebuano. Like their languages, their cultural practices, while

often mutually intelligible, seemed foreign nonetheless. Second, and more important, was simply the recency of settlement. At the end of the nineteenth century, most of the population of Negros had come from somewhere else. Negrense society lacked the generations of shared experience that contributed to stable and legitimate social institutions in long-settled areas of the archipelago. Third, during the peak agricultural season, many of the island's inhabitants were temporary laborers who had been "imported" to work in the fields. Because of their transience, the seasonal workers were without an established place in their communities (Cullamar, 1986, 13). In sum, cultural distinctions, together with the recency of settlement or its impermanence, kept the Negrense peasantry from coalescing in the years prior to 1900.

Fissures within the social strata, however, were trivial in comparison to the rifts between economic classes. Again, the comparison to Nueva Ecija is apt. Like the economic elite of that province, the "sugar barons" of Negros showed few scruples accumulating massive landholdings on which peasants labored in debt peonage. Huge plantations grew from lands once inhabited by native tribes or cleared by yeoman pioneers. Aldecoa-Rodriguez (1983, 48) writes that, "Great stands of hardwood forests vanished to make way for farms. The [natives] inhabiting the area either submitted to become [the landlord's] field hands or moved to the interior and attacked his hacienda at times. This pattern of transformation was true all over the island . . ." Meanwhile, many smallholders who carved out their own tracts lost their land through *pactos de retroventa*. Because credit was unavailable to them, small cultivators in need of loans turned to hacenderos, who insisted instead that the peasants sell their land with the option to buy it back. Of course, "Few small cultivators were able to take up the option . . . and so remained in debt from year to year to the money-lender turned hacendero" (de la Costa, 1965, 147).

Landowners in Negros neither felt nor displayed the sense of obligation to the well-being of their tenants that undergirded patron-client relations elsewhere. Absentee landlordism, the norm in Negros, exacerbated the tension between classes.<sup>2</sup> Cullamar (1986, 13) explains,

In the early days when the hacendero lived among his people, he, more often than not, maintained a paternalistic attitude towards his dependents or workers. He came to their assistance in times of need and intimately knew his tenant families. However, when the landlord started living away from his hacienda and hired an overseer to supervise the work, the symbiotic relationship between the hacendero and his tenants or workers was eroded. The social chasm widened and became harder to bridge as the years rolled on.

Labor regulations, a vagrancy law, and taxation requirements further provoked the peasants. Such rules “were exclusively designed to protect the interests of the hacenderos and were fundamentally police measures” (Cuesta, 1980, 414).

A sense of injustice accompanied the inequality from which the *jornalero* working class suffered. Ordinary laborers were entitled to a meager salary of one peso per week, on which they depended to buy rice (Cullamar, 1986, 12). Sickness, injury, or late payment from the hacendero left laborers not only destitute, but increasingly desperate. Occasionally—but with growing frequency throughout the 1890s—desperation led to robbery, kidnapping, murder, and the burning of haciendas. The modus vivendi that kept the peace between economic classes grew ever more tenuous.

U.S. Army Captain John R. White observed,

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<sup>2</sup>Mestizos in the port towns of Cebu and Iloilo were the primary landholders in Negros. “Since their interests were somewhat broad and their tastes citified, they tended to cluster in port towns rather than in farming regions, and relatives and foremen actually supervised the plantations” (Larkin, 1982, 618-619).

Conditions in Negros approximate more closely those which have brought bloody revolution to Mexico and Central American countries for so many years, for the land has been alienated from the peasants and is held in large parcels. This has brought about speedy development of the province and apparent prosperity; but it has resulted in a social structure much less solid and safe than that of other provinces in the islands (White, 1928, 117–118).

Social friction, both between and within the stratified classes, left Negrense society fragmented.

**Economic vulnerability.** Negros and Nueva Ecija, so similar in social characteristics, contrast starkly with respect to economic security. And because their economies were alike in many other respects, the comparison serves to illustrate clearly the concept of economic vulnerability. Both places experienced breakneck growth, driven by commercial agriculture, that generated considerable wealth in late 1800s. But the production and distribution of sugar from the island province of Negros differed crucially from the rice-growing economy of land-locked Nueva Ecija. These differences made the economy of Negros far more vulnerable to outside influence.

The capital-intensive nature of sugar production made it susceptible to disruption by military force. Unlike rice production, in which the vast majority of a planter's expenses went to labor, sugar production required extensive capital investment.<sup>3</sup> As the industry grew, hacenderos bought steam plows, modern ovens, tramcars, and hydraulic or steam-driven mills (Cuesta, 1980, 406). The 1903 census reported,

The sugar industry in these islands is considered as the most costly among all those derived from the Philippine soil. To-day it is not possible to con-

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<sup>3</sup>For a concise description of rice and sugar production in the turn-of-the-century Philippines, see CB (1905, IV:25–32, 86–97).

sider the establishment of a plantation . . . without going to great expense in the purchase of land, work cattle, and agricultural implements, and the construction of buildings, installation of the machinery plant, repair shops, and the providing of means of transportation, as well as other accessories necessary for an undertaking of this character . . . [T]he number of native agricultural laborers is relatively small . . . (CB, 1905, IV:29).

In 1894, haciendas on Negros were investing nearly a million pesos a year in machinery for sugar production. In 1895, the island had around 300 steam mills (Cuesta, 1980, 393). Capital holdings such as these—unlike labor or land—present obvious and easy targets for a military intent on compelling cooperation.

Also unlike rice, all of which was consumed domestically, nearly all sugar production was destined for foreign export and was thus susceptible to interdiction (BIA, 1902, 75). The Philippine population, as a whole, was dependent upon rice for survival; disrupting its production would cause (and did cause, in some instances) widespread and indiscriminate harm. By contrast, interference in sugar production would be felt disproportionately by the areas dependent that industry. Thus the sugar economy was a viable target even for an occupying force that preferred restraint.

Finally, because Negros is an island, the transport of sugar to market depended on access to the sea. From warehouses in coastal towns, traders loaded sugar onto steamers or small boats bound for the deepwater port of Iloilo, from where it was shipped to Europe and the United States. On either leg of the journey, distribution could be interdicted, or at least curtailed, by a capable navy. Not lacking sea power, the American military could block sugar exports from Negros with relative ease and at low cost. The Americans possessed superior naval technology, uncontested by the guerillas at any point in the war. Even without much destruction or a sizable

commitment of manpower, the occupying power could credibly threaten the island's source of wealth.

In the Negrense sugar industry, the interplay of the factors that contribute to economic vulnerability is evident. Production was capital-intensive, and distributors had no choice but to go by sea. The product was a viable military target, and the occupying force had technology well-suited to disrupting production or, especially, blocking distribution. Unable to blunt this technology or provide alternatives, the insurgents could offer little to bolster the economic resilience of Negros. And so the island's inhabitants were in a weak position when it came to bargaining with the Americans—lacking solidarity and vulnerable to threats against their wealth.

## **5.2 The Third District, Department of the Visayas**

Revolt against Spain came late on Negros. The anti-colonial rebellions that shook many corners of the Philippines in 1896 went mostly unnoticed there. The social movements that propelled the uprisings—the Liga Filipina, the Freemasons, and the Katipunan—did not reach the masses on Negros. At the time, a homegrown resistance to Spanish oppression was emerging, but still disorganized. Among the upper-class planters, their travels and education abroad introduced them to the notion of independence and self-determination. But many had ties to the Spanish through family, friendship, or business interests, and so remained loyal.

By November 1898, however, Spanish rule throughout the islands was clearly waning and revolution on Negros ensued. Some accounts portray a collective uprising of “landlords and tenants, ilustrados and unlettered,” but the affair was mostly engineered by the island's hacendero elite (Aldecoa-Rodriguez, 1983, 367; Cullamar, 1986, 427). With some coordination between them, Juan Araneta in Negros Occidental and



Diego de la Viña in Negros Oriental mobilized small militias and led marches on their respective capitals, Bacolod and Dumaguete. Aware that their hold on power was crumbling, the Spanish evacuated at the site of the mobs, avoiding bloodshed.

The question of what or who should replace the Spanish government sowed contention among the Negrense. The Philippine Republic claimed Negros, as did the rival Federal State of the Visayas. Eventually, Oriental and Occidental Negros each declared their status as independent cantons, but knew their autonomy would be difficult to sustain. On Negros Occidental, Araneta convened a meeting of provincial leaders to determine how to proceed. The most divisive issue they confronted was whether to cooperate with the Americans. “They had overcome the Spaniards, differences as to the policy proper to be pursued had made their appearance, and already two parties had arisen, the ‘ins’ and the ‘outs’” (WD, 1900, I:10:252).

For many of the elite, the security of their property rights and commercial interests took priority over aspirations for political independence. “Recognizing that their proclamation of independence rendered them open to retaliation, and desperate to restore trade, the peace party in the Bacolod assembly determined to find powerful allies” (Linn, 2000, 75). Although others insisted that their long-awaited self-rule be defended, most ilustrados considered how much they had to lose and balked at confrontation. They concluded that “this was too high a price to pay for the ‘madness’ of resistance. They could not afford to sacrifice needlessly so many lives and properties” (Cullamar, 1986, 42). In the end, despite “strong opposition in the assembly from high ranking officials of the government and army,” they resolved to submit to U.S. sovereignty (Aldecoa-Rodriguez, 1983, 135-137).

When the U.S. military occupied Iloilo on February 11, the government of Negros Occidental sent a delegation to meet the American commander, who sent them on to Manila to meet with General Otis. In discussions with Otis, they offered to

place their province under an American protectorate. Agreeing immediately, Otis named Brigadier General Smith military governor of Negros and dispatched him to the island with the mere 400 men of a single battalion.

Smith arrived in Bacolod on March 4, 1899 to official honors, but a tepid reception from the people (Cuesta, 1980, 460). It became evident that Otis had overestimated the authority of the “representatives” from Negros Occidental. Not only was agreement among the elite tenuous, but the leadership of Negros Oriental had not been consulted, and the lower classes were altogether unaware of the decision. Linn (2000, 76) notes that Otis “should have been far more suspicious of wealthy merchants who claimed to speak for the inhabitants, and even more wary of promises that just a few companies would guarantee peace and security.” The people were taken by surprise when the ilustrado-led government of Negros Occidental ordered the American flag raised throughout the province, and a number of towns rose up against the decision. In Negros Oriental, de la Viña was incredulous and prepared for war with the Americans, while President Demetrio Larena reminded the townspeople of their patriotic duty. He rallied the local presidentes, writing, “Americans are powerful on sea because they have navies, but we are more powerful on land because of our sharp bolos and lances.”<sup>4</sup>

But the heart of anti-American resistance on Negros emerged from a peasant protest movement that had grown out of the abuses of the past. *Babaylanism*, as the movement was known, was a response by peasants to decades of neglect at the hands of the Spanish and exploitation by the landed elite. Brigandage and banditry, perennial problems on Negros, began to assume political overtones in the mid-1880s, driven by a growing social unrest. During the subsequent decade, this lawlessness fused with the practices of the messianic Babaylan religious sect. Negros Occidental governor

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<sup>4</sup>Quoted in Aldecoa-Rodriguez (1983, 138).

Aniceto Locsin derisively, though not inaccurately, described the movement as “a confused admixture of socialistic principles, anarchistic instincts, and a strong aberration of religious and fanatical notions.”<sup>5</sup> Its ideological confusion aside, Babaylanism was “the most important form of peasant protest against the existing social, economic and political conditions in the Island of Negros for nearly a generation” (Cullamar, 1986, vii). Under the leadership of their shaman, Papa Isio (Dionisio Sigobela), the Babaylanes demanded division of the large estates for redistribution to the peasants and the protection of laborers from abuse by the planters. The element of religious fanaticism within the movement inspired tremendous courage as well as ruthlessness in followers who torched haciendas and murdered landowners and merchants.

Isio assumed leadership of the revolutionary cause after the Bacolod government’s decision to cooperate with the Americans. Declaring that it was “now high time to inundate this Island with blood,” Isio vowed that the Babaylanes would wage war on the collaborators and invaders alike.<sup>6</sup> Aguinaldo, who initially allied himself with the hacendero-ilustrado elite, now relied on the Babaylanes to tie down the American forces on Negros. Having consolidated his control of areas in the island’s central mountains over the preceding years, Isio was well-situated to disrupt nascent American rule.

As he attempted to lay the foundations for governance of the island, Smith encountered deep-seated mistrust of American intentions. “Fence-sitting” would become the metaphor popular among American officers in Negros to describe the Filipinos’ ambivalence. The people, Smith wrote, “have not wholly committed themselves to our policy and are prepared at a moment’s notice to place themselves astride of the hard top rail preferring its unquestioned discomforts to a comfortable severance of all connection with it. This state of feeling . . . results . . . from the hundred fears that

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<sup>5</sup>Quoted in Cullamar (1986, 72).

<sup>6</sup>Quoted in Linn (2000, 78).

disturb their guilt and render them uneasy even in their convictions” (NARA, 14 Sep 1899, 2616:2). Their fears would be recognizable to civilians caught between the sides in any civil war. Among these fears were concerns that the Americans would soon withdraw, leaving them to face the Tagalog government they were betraying; that American benevolence was a ruse and would soon be replaced by the repression they had come to expect from the Spanish; and that cooperation with the Americans would subject them to punishment at the hands of the Babaylanes or guerillas from Aguinaldo’s “Hongkong junta.” In some sense, each of Smith’s campaigns and initiatives on Negros would go to addressing one or another of these fears.

### **5.3 Fiscal strategy choice**

Smith was determined to make Negros an exemplar of the American program of benevolent assimilation. He had served on Otis’s staff and shared the commanding general’s embrace of McKinley’s policy. Smith wrote that his forces “had come to the island with the desire of aiding the people to establish, if possible, local self-government, and to protect all citizens and residents in their lives, property, and homes” (WD, 1899, I:5:339). In need of troops elsewhere in the Department of the Visayas, Hughes was hopeful that Negros could be pacified by Smith’s small contingent. But should consensual rule fail, Hughes was prepared to dictate more coercive measures—as he already had elsewhere in his command.

The disunity among the island’s local leaders frustrated Smith’s first task of organizing civil administration. As noted above, Smith expected to find a conciliatory and cooperative body among the Negrense elite. But it required a month of wooing and cajoling the “disaffected element” for Smith and his ally Araneta merely to convene a meeting to discuss governance (WD, 1899, I:5:339; Aldecoa-Rodriguez,

1983, 139–143). And “[w]hen Smith set the assembly the task of drawing up a constitution, it exploded in factional battles. Feuds and rivalries were also common in the countryside, where local officials persecuted their opponents” (Linn, 2000, 76). Nor were many of the factions prepared to accept the Americans as arbiters of their disputes. J.F. McLeod, an American present at the constitutional assembly, observed that the Negrense “have got an awful want of confidence in a white face, because the Spaniard has squeezed them terribly during the last ten years . . . and they have been told by the priest and by Spaniards that the Americans will do the same” (PC, 1900, II:1).

Circumventing the proceedings of the fractious assembly, Smith reorganized the government on July 22, 1899. G.O. 30, the order establishing the provisional government for Negros, promised that the people would enjoy “the largest measure of civil liberty compatible with prevailing conditions.” Under the arrangement, a native council promulgated the laws, but the military governor retained veto power and most of the de facto authority in his own hands. Nevertheless, Smith exercised scrupulous restraint and was careful not to intervene in local affairs unless necessary. He warned that,

[A]ny radical diminution of the privileges now enjoyed by the people of the island without the substitution of something more or less soothing to their amour propre might be misconstrued and might create impressions injurious to our good faith, especially as the agents of insurrection have persistently prophesied that local self-government, when it had served our purpose, would swiftly disappear to reappear no more forever in any form (WD, 1900, I:10:259).

If American sovereignty were to prevail through means other than an iron grip, Smith believed, the government must be perceived as legitimate. Especially in the eyes

of the elite who feared arbitrary confiscation of their property, legitimacy meant self-rule. Anything less, Smith wrote, “will serve to wound the proper pride of the people . . . make them lose confidence and create suspicions detrimental alike to their best interests and our good faith” (NARA, 23 Apr 1900, 2616:3).

Keenly aware of how tenuous was the consent of Negros’s people for the American presence—and how necessary that consent was to smothering the insurgency—Smith took exceptional measures to regulate the conduct of his troops. He issued a five-point policy that directed the protection of private property, the use of minimal force, strict adherence to due process, kind treatment, and “illimitable patience” toward the locals. “In a word,” the order concluded, “treat these people as an American would be treated under the same circumstances” (NARA, 20 Jan 1900, 2616:2).<sup>7</sup> Smith himself took care to see that his troops behaved well, ordering investigations upon receiving complaints of property damage, theft, or misconduct.<sup>8</sup> He fretted that, “A slight change of policy, an arbitrary act by an official, an unwitting exercise by the military of powers given to the civil authorities, and from the vapor of suspicion is evolved the certainty of intended wrong” (WD, 1900, I:10:254).

Particularly in the early days of the occupation, the troops’ conduct allayed the inhabitants’ worse fears and suspicions regarding American rule—suspicions stoked by insurgent propaganda. Aldecoa-Rodriguez (1983, 155, 157) relates that, “From the mouths of women who are still living today, are praises of the good behavior of the Americans. . . . [T]he ugly rumors about the Americans before their arrival were quickly forgotten when they showed the people how friendly and well-behaved they were.” Likewise, Jose Luis de Luzuriaga, a Bacolod native and leader of the

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<sup>7</sup>The correspondence of 20 January 1900 “again repeats the policy,” suggesting it had been in place for some time.

<sup>8</sup>See, e.g., correspondence of 8 July, 4 August, 13 November 1899, and 20 January 1900, all in NARA (2616:2). Smith even intervened personally when a Private Rohe refused to pay his \$8.75 tab at a local eating house and used abusive language toward the proprietor (NARA, 15 July 1899, 2616:2).

revolt against Spain, testified that, “In the first place, when we accepted American sovereignty, some people were not agreeable to this, but afterwards, when they came in contact with the Americans and came to know them, they changed their views.”<sup>9</sup> Fair treatment and disciplined behavior may have also given pause to those inclined to support the insurgency. As Smith noted, the Filipinos naturally “have a certain amount of sympathy for a true insurgent. . . . Although they realized that the insurrection is a mistake, they have the human sympathy which all have for their own blood battling in a wrong cause.”<sup>10</sup> Bringing the people to the Americans’ side of the fence, he believed, meant first keeping them from slipping off the rail to the insurgents’ side.

But no amount of good behavior alone would suffice to crush the insurgency or to win enduring support from people who saw their property destroyed and faced threats to their lives. The tasks of protecting haciendas dispersed throughout the countryside, maintaining a protective presence in the towns, and confronting the roiling insurgency overwhelmed the tiny American force that came to the island in March. By late May, that force had tripled and Smith requested still more (Linn, 2000, 76).

Throughout the spring and summer of 1899, uprisings and attacks unsettled the island. The towns of Silay, Bais, and Tanjay saw anti-American agitation that brought up to 1,500 armed men into the streets. The Americans had no difficulty quelling unrest in the towns—their presence was usually all that was required—but found control of the countryside elusive. The Babaylanes found common cause with republican *Libertadores* and bandits known as *Tulisanes*. Together, they intensified attacks on the haciendas of “the class that cooperated with the American” and threatened to burn any town that flew the American flag. In July, they began to make good on their threat, looting and burning the towns of Bayawan, Tolong, and

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<sup>9</sup>Quoted in PC (1900, II:356).

<sup>10</sup>Quoted in Gates (1973, 174).

Siaton (Aldecoa-Rodriguez, 1983, 120, 142, 157). The insurrectos devastated dozens of haciendas, especially in northwestern Negros. Smith chastised one of his commanders there, “Your entire district has been practically burned out and you seem to have no information of what is going on in your vicinity” (NARA, 8 July 1899, 2616:2).

Steps by republican leaders on Panay and Luzon to reinforce Negros’s guerillas compounded American troubles. Smith reported that Aguinaldo’s revolutionaries were “furious beyond measure at the action of Negros, and sought by every available means to bring about a rupture of relations between the United States and the people of the island.” The extent of their support is unclear, but reports suggest that they sent weapons and advisors, funded rewards for killing members of the provincial government, and organized a rebel propaganda bureau.<sup>11</sup> “There is no question,” Smith wrote, “but that the work of the Panay and Luzon agents . . . did grave harm, exciting as it did vigorous suspicions of our good faith among the laboring classes, causing the uneducated to bite their thumbs at us and producing a decided neutrality among many of the property holders and responsables” (WD, 1900, I:10:251).

To supplement the capacity of his own troops to secure the towns, Smith had been building a native police force since his arrival. These local police were outfitted, equipped, fed, and paid with American funds.<sup>12</sup> As they stood up, the native police protected towns and haciendas from Babaylan raids and served as guides for army expeditions. Smith reported, “The native police have, up to this time, rendered substantial service, and though many inducements have been offered to them to desert, the pay received and the ration given have been sufficient to keep them steadfast in the service of the United States.” So impressed was he by the efficiency and loyalty

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<sup>11</sup>See WD (1900, I:5:242, I:10:251), CDPMG (1900, 209), and NARA (3 January 1900, 2616:2).

<sup>12</sup>For more on arming and sustaining the native police, see correspondence of 31 August, 6, 7, and 9 September 1899, all in NARA (2616:2).



of the police, Smith speculated that they would “probably prove the most effective means of suppressing the outlaws of the mountains” (WD, 1899, I:5:342).

With governance taking root and the troops and native police working to contain the insurrection, Smith turned toward addressing the root causes of popular dissent. He recognized explicitly the divergent demands of Negros’s socioeconomic classes. While self-rule and security were the primary concerns of “the intelligent and educated class and the property-holding class, who have something at stake in the islands,” the cooperation of the elite alone would not deprive the rebellion of its needed support (WD, 1899, I:5:338). The wealthy Negrense commanded little allegiance from the jornaleros and shared few of their interests. The rebellion’s appeal to Negros’s peasants is evident from events such as those surrounding a Babaylan attack in July, 1899:

Babaylanes came down to the outlying haciendas and by specious representation that the lands could be partitioned among the people, that machinery would be no longer permitted in the island, and that nothing but ‘palay’ would thenceforth be planted, succeeded in persuading the ignorant laborers of about fifty Haciendas to join them and to destroy by force the places which had given them employment (NARA, 31 Jul 1899, 2616:2).

Smith had little sympathy for the lower classes, whom he referred to as “irresponsibles,” “idlers,” and “shiftless people who live from hand to mouth” (WD, 1899, I:5:338). But he recognized that unless the Americans offered better conditions to the island’s disenfranchised, the army could expect little cooperation from them. Few peasants would consent to return to the deprivation and exploitation suffered under the Spanish.

Confident that he could impress upon *jornalero* and *ilustrado* alike the benefits of American sovereignty, Smith initiated a series of programs aimed at improving education, public health, infrastructure, and agriculture. To Smith, these public initiatives were as much tools of pacification as they were foundations for long-term development. In part, he hoped they would “silence the misrepresentations and lying reports that make for disquiet and perturbation” (WD, 1900, I:10:254). The Spanish had left the island in a very low level of development, and so improvements made under the Americans had a rapid and demonstrable impact.

Primary education was a centerpiece of Smith’s civic initiatives. He believed that proper schooling was “a potent factor in bringing the lower classes, by means of the children, into more cordial relations with Americans.”<sup>13</sup> Schools, however, had been badly neglected in the years prior to the war. Where they existed, they “lacked even paper and were directed by completely inept teachers who had no knowledge of Spanish and received the miserable salary of one peso and a sack of *palay* every month” (Cuesta, 1980, 313). Literacy in *Negros* hovered around 30 percent, compared to a national average of about 45 percent (CB, 1905, II:77–81).<sup>14</sup> Smith invested heavily in education by building schools and staffing them, if necessary, with American soldiers serving as instructors. In the middle of 1900, he reported that public schools had been established in every *pueblo*, appropriations had been made for their supplies, and qualified teachers were being identified and screened (WD, 1900, I:10:253).

The army also worked to allay the island’s most acute suffering from hunger and illness. Hunger crises had struck in 10 of previous 45 years (Cuesta, 1980, 258). When drought loomed again in 1899, the American commanders anticipated the “hunger

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<sup>13</sup>Quoted in Gates (1973, 139).

<sup>14</sup>The 1903 census defines the literacy rate as the proportion of the population over the age of 10 with ability to read in any language. Census figures are provided separately for male and female populations. The national averages were 47% and 42%, respectively. In *Negros Occidental*, the figures were 33% and 37%; in *Negros Oriental*, the figure was 23% for both males and females.

problem” and stockpiled imported rice. The army distributed it free to the poor and saw that the “aged, the sick, and incapable will be taken care of by ladies’ committees in the various pueblos” (WD, 1900, I:10:255–256). Disease was also a perennial scourge of poor Filipinos. The military directed public sanitation measures that reduced the incidence of diseases such as cholera and tuberculosis. Soldiers served as health personnel, and a compulsory vaccination campaign nearly eliminated what had been a yearly epidemic of smallpox (Aldecoa-Rodriguez, 1983, 159).

To strengthen the core of Negros’s economy, the Americans introduced modern agricultural practices to improve the productivity of the island’s farms. Drought and insects threatened crops and contributed to the volatility of agricultural yields from one year to the next. Smith established a Department of Agriculture to implement best practices and coordinate the battle against the “plague” of grasshoppers and rinderpest. A model farm demonstrated modern innovations and instructed farmers on how implement the new techniques (NARA, 13 Feb 1900, 2616:3).

Smith saw infrastructure improvements as both a boon to commerce and a large scale employment program. The island’s roads were a shambles. Negros lacked “a single kilometer of road that is in passable condition,” and farmers paid almost half as much to transport their produce from hacienda to pier as it cost for its subsequent shipment from Iloilo to New York (Cuesta, 1980, 306, 415). So to provide “both work and food for the deserving” and to build “confidence in the future, so necessary to business success,” Smith ordered a major construction campaign. Soon, hundreds of workers were building bridges, improving existing thoroughfares, and laying miles of new roads throughout the island (WD, 1900, I:10:254–255).

Gradually, Smith’s consensual rule approach began to win support for the Americans. He reported in September that, “daily some are so letting go the rail and wedding himself to our side of the fence for better or for worse.” Smith understood

that his Filipino supporters were not enthusiastic about becoming colonial subjects of the Americans, but were making a pragmatic decision. “They have reasoned the whole matter all out,” he wrote, and concluded that an alliance with the Americans offered the best chance to “avoid partition, to obtain a voice in their own affairs, to evade civil war, to secure safety of property and personal rights and to make good government.” Once taken by a few, Smith observed, their decision became “contagious” and prompted “men ‘with one hand on the fence’ to let go and trust actively to the protection of the Americans” (NARA, 14 Sep 1899, 2616:2).

Growing cooperation from the noncombatant population kept the Americans apprised of insurrecto plans and able to bring their superior military to bear against the rebels.<sup>15</sup> The Babaylanes maintained, at least through the end of the year, the ability to mass hundreds of men for attacks, but they faced increasing pressure and found less and less success. With information from local sources, Captain Bernard A. Byrne launched a daring attack against a Babaylan hideout on July 19. Gradual rebel attrition followed as U.S. Army and native police patrols scoured the mountains and countryside. On August 31, Byrne’s patrol captured and destroyed a key insurgent stronghold (NARA, 2 Sep 1899, 2616:2). Pressed, the rebels turned to terrorizing americanistas with new enthusiasm, committing “the foulest atrocities” and warning in November “that it behooved the people of Negros to get out of the American procession and ride in the band wagon if they wished their heads to maintain a speaking acquaintance with the other corporeal hereditaments.” The rebels paid special visits to officials of the provisional government and issued threats against their families. For the most part, these tactics appear to have backfired and prompted civil officials

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<sup>15</sup>For examples of information provided to the Americans, see WD (1899, I:5:340; 1900, I:5:242) and correspondence of 29 July, 18 August, 14 September, 11 December 1899, and 3 January 1900, all in NARA (2616:2).

and others to provide “valuable information” to the Americans (NARA, 3 Jan 1900, 2616:2).

As 1899 drew to a close, the insurgency reeled from the loss of popular support and the pressure of American and Filipino patrols. General Ignacio Lopez, a leading insurgent chief, surrendered with 64 armed men on September 24. In November, the main rebel leader in the north also surrendered without asking conditions. An island-wide uprising planned for mid-December fizzled in all but five small towns (CDPMG, 1900, 209; NARA, 3 Jan 1900, 2616:2). The insurrection on Negros ended with more whimper than bang. The Babaylanes limped along and remained capable of conducting coordinated operations until a crippling defeat in 1902, and Papa Isio himself did not surrender until 1907. But by mid-1900, what was for a time a threatening insurgency became merely criminal lawlessness that the native police, with limited assistance from the U.S. Army, were capable of containing (Cullamar, 1986, 63–65).

Part cause and part effect of the insurgency’s decline, productive activity on the island began to return toward the end of 1899. Smith noted that “towns and barrios deserted through fear were re-populated and the resumption of their ordinary pursuits rendered possible to the inhabitants.” Another report noted that, “The people assured of security, were apparently cheerful and hopeful, and recommenced in earnest their agricultural and other pursuits. More planting was being done and more sugar mills were in operation than at any period since the inauguration of the revolt against Spain” (CDPMG, 1900, 209). Though not to the extent that Otis had hoped, the example of Negros reverberated elsewhere. Hughes reported the “desire of many influential Visayans to follow the lead of Negros.” And on Panay, the insurgents petitioned to know what conditions would be promised for their surrender, a request that “seemed to indicate a desire to receive the consideration which has been extended to Negros” (CDPMG, 1900, 208–209).

According to Gates (1973, 140), “Negros was definitive proof that peace could be maintained through benevolence and humanitarian action in the field of civil affairs.” Although underlying social problems remained unaddressed, Smith expressed confidence that if the American emphasis on governance, education, health, and public works continued, security and consent for American sovereignty on Negros would persist.

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The preconditions for the establishment of consensual rule—economic vulnerability and social fragmentation—were defining traits of an island reliant on exports and divided internally by ethnic and economic rivalry as well as class animus. Pursuing a national policy of benevolent assimilation—and short of troops for duty outside of Luzon—the Americans hoped that consensual rule could secure Negros. Despite some residual pockets of resistance and lawlessness, an approach to pacification entailing the provision of public goods and the establishment of lawful governance proved effective and enduring.

Known for his “humanitarianism and his interest in political issues, as opposed to strictly military matters,” Smith’s own disposition, as well as Otis’s official policy, inclined him toward benevolent assimilation from the outset (Linn, 2000, 76). On Negros, this approach proved effective in extending American control over the island. As the next chapter describes, however, similarly-minded officers elsewhere attempted to implement consensual rule only to find it ill-suited to the conditions in their sectors.

## Chapter 6

# Coercion in the Ilocos

...clear up that situation even if you have to kill off a large part of the malcontents; do some terrorizing yourself.

- Colonel Robert L. Howze, August 16, 1900<sup>1</sup>

The Ilocos region of northwestern Luzon was an area of social solidarity and economic resilience. In the northern and interior parts of the Ilocos, communal cohesion stemmed from the region's ethnic homogeneity and deeply-rooted kinship bonds, social stratification that coincided with political authority, and the strength of patron-client obligations. Social solidarity was not uniform across the region, however, and in some areas—towns along the coast and settlements closer to the adjacent provinces of north-central Luzon—the social structure exhibited significant rifts. Economically, external actors posed little threat to local sources of wealth. Land for subsistence

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<sup>1</sup>Quoted in Scott (1986, 29).

agriculture was the primary asset of the dominant class, and scant trade penetrated the secluded region. Further, the state had almost no reach into the governance of local Ilocano communities.

Fixated on the predominantly Tagalog rebellion in central and southern Luzon, the Americans initially perceived little threat or consequence from activity in the Ilocano provinces of the island's northwestern reaches. At the time, however, republican leader Manuel Tinio was building an extensive network of support throughout the region's towns and villages. As the Americans under Brigadier General Samuel B.M. Young occupied and asserted control of the Ilocos, Tinio's rebels resisted, clashing with the invaders. Later, Major General MacArthur, as commander of all American forces in the Philippines, would describe the Ilocos region as "for many months the worst in Luzon."<sup>2</sup>

Fiscal strategies in the Ilocos evolved drastically as the war there proceeded. Young, his successor Brigadier General J. Franklin Bell, and their province-level commanders adjusted their practices as they accumulated understanding of the population in the areas in which they operated and insights from the successes and failures of their policies. At the outset of the occupation, the seemingly friendly reception they received and their limited manpower inclined the Americans toward a fiscal strategy of consensual rule. But the powerful Ilocano leaders were unimpressed and disinclined to cooperate—and their economic resilience made them difficult to sway. When consensual rule failed to prevent wholesale support for the guerillas, American fiscal strategy changed drastically. In the most socially solidary and economically resilient areas, particularly the remote provinces of Abra and Ilocos Norte, commanders abandoned conciliatory approaches altogether and adopted a singularly coercive policy. However, a counterpoint to coercive rule emerged in the coastal and southern

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<sup>2</sup>Quoted in Linn (1989, 30).



areas where cross-cutting ethnic, religious, and economic interests undermined social solidarity. There, American fiscal strategy resembled that employed in Nueva Ecija, as the military incorporated elements of a divide-and-rule approach.

## 6.1 Ilocano society and economy

The provinces of Ilocos Norte, Ilocos Sur, La Union, and Abra together make up the Ilocos region of northwestern Luzon. The former three provinces encompass the narrow lowland coastal strip running from the Lingayen Gulf to the northern tip of Luzon as well as the western foothills of the Cordillera range. The latter province, the mountainous inland territory of Abra, is the most remote, accessible at the time of the war only by the Abra River. Inhabitants of the furthest reaches of the Ilocos belonged to an ethnically homogeneous, solidary society in which the prerogative of a small, landed elite went virtually unquestioned. Social cohesion was most apparent in Abra and Ilocos Norte, becoming less pronounced toward the coast and toward central Luzon. With a modest subsistence economy, the Ilocos was self-sufficient in its geographic and economic isolation. Economic activity was limited primarily to agriculture for local consumption, and rice-growing land was the dominant source of wealth.

**Social solidarity.** The Ilocos region faced little of the inter-ethnic strife that characterized both Nueva Ecija and Negros. The vast majority of the 530,000 people who inhabited the region at the time of the American invasion were of Ilocano ethnicity. Only on the mountainous eastern borders were Ilocanos in contact with the “wild” tribes of the Apayos, Tinguians and Igorots who had remained outside of Spanish authority. No study of the region as a whole fails to note the ethnic, linguistic and cultural uniformity of the Ilocos. Wernstedt and Spencer (1967, 332), for example,

call the area “one of the most homogeneous ethnolinguistic populations of any Philippine region.”<sup>3</sup> An 1899 count listed Chinese communities totalling 50 people in Abra, 320 in Ilocos Sur, and 150 in La Union (Ramsey, 2007, 34). The 1877 Spanish census found just 15 “Chinese and mestizos” living in Ilocos Norte, though there were several thousand in the town of Vigan in Ilocos Sur, the economic capital of the region (Scott, 1986, 6).

Distinguishing the Iloco region’s social structure from that of other Philippine regions is the extent to which the political system reinforced the authority of those at the top of individual communities’ social ladders. The reach of the provincial government was weak, if felt at all, and the preponderance of political power resided at the local level. Within the towns and villages, the *principalia*—and only the *principalia*—elected the *gobernadorcillo*, the town mayor, in a system that ensured the perpetuation of a tiny elite. The office bestowed the trappings of power, such as the honorific *Capitan*, tasseled gold-headed canes, and the best seats at official and religious ceremonies. That the mayors retained these symbols and privileges after leaving office “implied that political power was as much about the person as the office” (Go, 2008, 96).

The concentration of political authority shaped the exercise of power. The mayors’ official salaries were paltry, as they were expected to supplement them by granting favors obliging reciprocation, taking commissions on contracts and using public labor for private projects. The tax scheme further fortified patron-client bonds; levies were based not on residence, but on *barangay*—a dependence upon a particular patron (Ramsey, 2007, 36). The *cabezas de barangay*, together with an assortment of local officials that included the police force, formed a retinue of followers who were

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<sup>3</sup>Scott (1986, 5) calls the Ilocos “culturally and linguistically one of the most homogeneous regions in the colony.” Ramsey (2007, 34) says, “The Ilocos constituted an ethnically, linguistically, and culturally homogeneous region.”

“more or less personal servants-cum-clients who owed their loyalty to the official” (Go, 2008, 96). Ilocano communities were mostly small, self-contained oligarchies.

The cornerstones of the *principalia* edifice were its constituent families. Like European dynasties, power passed from one generation to the next and alliances coalesced around strategic marriages. A roster of nineteenth century *gobernadorcillos* of the town of Candon in Ilocos Sur provides a representative example: more than a third bore the same family name. Family connections would serve as the glue for unity during the war with the Americans. One Ilocano family alliance, “whose members occupy so much space in a Vigan list of ‘names of natives connected with the insurgent government’ in June 1900, was based on the marriage of two Reyes brothers with two Florentino sisters, and illustrates the sort of family solidarity which supported men in the field” (Scott, 1986, 10, 74).

Rather than stoking resentment—as it did in Nueva Ecija and Negros—the social and political position of the *principalia* was generally accepted among the subordinate classes. Tenants used words such as “benefactor” or “protector” in reference to their landlords and held the reciprocal patron-client obligations of *utang na loob* as a nearly sacred bond. One American officer observed, “They were, from secular custom, in the hands of headmen, whom they obeyed unquestioningly” (Taylor, 1971, II:28). Ethnographers suggest that the cohesive and cooperative nature of Ilocano society may be partly attributable to the requirements of obtaining subsistence from a region of unfavorable terrain. Early twentieth century studies in Ilocos Norte, for instance, document the province’s unique *zangjera* irrigation societies and *daklis* cooperative fishing groups, collective responses to the scarcity of arable land.<sup>4</sup> The Cordillera mountains limited cultivation to a narrow band along the coast—seldom wider than six miles—and to the floodplains of northwestern Luzon’s two main rivers,

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<sup>4</sup>On the *zangjera*, see Blair and Robertson (1909), Christie (1914) and Lewis (1980). On *daklis* fishing, see Scheans (1964).

the Laong and the Abra. The six months of monsoon rains that followed the six months of draught each year washed gravel into the already thin soil of the alluvial plains. By 1900, slash-and-burn agriculture had stripped the hillsides of vegetation and contributed to extensive soil erosion, leaving the land of “only moderate fertility at best” (Wernstedt and Spencer, 1967, 330-339).

Nearly all aspects of traditional Ilocano life reinforced the status and authority of the gentry. Ramsey (2007, 36) notes that, “When a *principale* required something to be done, the natural, socially-, economically-, and culturally-driven response was to do it. For poor Ilocanos, not to do so was unthinkable. Ilocano society was hierarchical, stable, and accepted.”

But where the forces of outside world penetrated the otherwise isolated region, some degree of social cohesion was lost, resulting in varying communal structures within the Ilocos itself. In his ethnography of the area, Eggan (1941, 13–15) describes that, “As one goes from the interior down to the coast... a regular series of changes takes place in social, political, economic, and religious institutions, a series of changes which has a definite direction.” Social and political arrangements grew in complexity and both wealth and inequality increased.

The most remote and sparsely populated provinces under examination here, Abra and, to a lesser extent, Ilocos Norte represent the “purest” expression of the local solidarity described above. Moving west from Abra towards the coast, settlements get larger and more diverse. Moving south towards the Central Luzon Valley, a degree of ethnic diversity emerges, most notably the sizeable Pangasinan minority in La Union province (Ramsey, 2007, 35). Social, political, economic and religious forces become cross-cutting, undermining local solidarity with the proliferation of opposing factions and interests.

The clearest example of the collision of all of these forces is from the town of Vigan, Ilocos Sur. Vigan was the most prosperous and most cosmopolitan of the Ilocano coastal settlements. It stood apart from the “‘one-street villages’ controlled by a few landholding families,” a characterization of most inland Ilocano settlements. Traders and merchants, many of them Chinese mestizos, amassed wealth that surpassed the traditional aristocracy. Rather than challenge the established order, earlier generations of the successful merchant class chose to relocate abroad. The present generation, however, “found sufficient scope for its talents in politicking and plotting at home.” The Church in Vigan added even more to the mix: the friars were Augustinians, but the bishop was not; uniquely in the Ilocos, the parish priest was a Filipino; and the secular clergy included both Filipinos and Spaniards. Together, all of the competing ethnic, economic, and religious factions “presented an unusual variety of interest groups for creative political alignment” (Scott, 1986, 12–13).

Further south, the coastal settlements of La Union province were also splintered. Unity among the elite was fragile, and a “lethal split” opened in the powerful Mina family just before the war (Scott, 1986, 74). Even more significant was an absence of the acquiescence that existed elsewhere among the peasantry to the economic and social dominance of the principalia. This discord found an outlet in a religious fraternity known as the Guardia de Honor. Originally an orthodox Catholic society, the Guardia developed a millenarian doctrine, and a “rejection of all external authority supplanted passive acceptance of traditional control systems” (Sturtevant, 1976, 96). The heartland of the movement was in Pangasinan, but it spilled into bordering La Union province, further muddling the social structure of the southern reaches of the Ilocos region.

**Economic resilience.** The main crop in the Ilocos was rice, and growing it was the principal occupation in the region. “Economic organization [in northwestern Luzon] centers around land—particularly rice land. . . . Wealth—measured in rice lands—is the key to social status” (Eggan, 1941, 14). Major landowners presided over scattered holdings rather than large landed estates; the former had usually been accumulated through strategic marriages or foreclosures. The seasonal rains necessitated large-scale irrigation, but still only one crop a year could be produced in all but a single area. Production primarily fed local inhabitants and, while food was not a problem in the Ilocos, little remained for the gentry to export. Farmers also grew corn, vegetables and a few cash crops or raised livestock, an important source of wealth in the lowland villages.

Although a few of its products were valued outside of the region, the Ilocos was not destined to become a hub for domestic or international commerce. Maritime trade was limited by heavily-reefed coasts and the lack of any all-season harbors. Nor were there any ports that could host seafaring vessels at a wharf. So exporters from Laoag, for instance, were forced to use carabao (water buffalo) to cart their products to the town of Currimaos—a journey of two or three days—where the cargo could be transferred by lighters to ships anchored off-shore (Scott, 1986, 3). Despite being a coastal region, limited access to the sea kept Ilocanos from much maritime activity other than local trade and small-scale fishing.

The result of the Ilocano geography was a self-contained, modest regional economy. Although its natural blessings were scant, Scott (1986, 7) states,

On the other hand, the Ilocos was literally self-sufficient in all local needs except iron. The ordinary Ilocano dressed in home-spun, ate food he or his townmates grew, seasoned with salt from the nearest beach and sili-pepper from the backyard, lived in a house he and his neighbors constructed,

cooked in pots and slept in a bed—if he had one—made locally, and worked with tools, plows, farm implements, carts, sledges and sugarcane mills manufactured in the province.

In most of the Ilocos, there was little wealth, but there was also little want. The economy supplied few luxuries, but met Ilocano communities' needs.

Principale wealth and working-class livelihood in the Ilocos were neither dependent upon the state, nor obviously vulnerable to external intervention. Agricultural land was the primary asset of the Ilocano elite, and labor-intensive rice cultivation was the primary form of production; disrupting either was a difficult and costly undertaking. Further, the need for the distribution of goods or produce was minimal in an isolated region where most households were self-sufficient. Economic activity thus provided little opportunity for the military to influence the willingness of Ilocanos to cooperate with American forces during the war.

In sum, the Ilocos region was characterized by an “adhesive principle” of social organization and an economy not easily susceptible to outside influence (LeRoy, 1914, II:202). Solidarity was most pronounced in the provinces of Abra and Ilocos Norte. The social cohesion of the northern and inland reaches of the Ilocos was brought into relief by a breakdown of this trait further south and among coastal towns of greater diversity and more exposure to the forces of modernity sweeping the archipelago. Economically, labor-intensive rice farming and minimal trade beyond the region itself shielded inhabitants from threats to their economic well-being.

## 6.2 The First District, Department of Northern Luzon

The geography of northern Luzon splits the region into northwestern, northeastern, and central pockets. American commanders organized their forces accordingly and gave precedence to the densely populated and fertile Central Luzon Valley. This focus left the Ilocano-populated northwestern area—designated the First District, Department of Northern Luzon—in comparative neglect. The lower priority given to the First District reflected the view of Major General Otis, the overall commander in the islands at the beginning of the war, that the rebellion was only a Tagalog phenomenon. His confidence in Ilocano allegiance stemmed from their past relationship with the Spanish colonial government.

Under their rule, the Spanish considered the Ilocanos among their most loyal subjects. Not only did the Ilocanos sit out the 1896 Katipunan revolt, but Ilocano troops assisted the Spanish forces in putting down the Tagalog rebels. But although the Spanish governors and friars in the Ilocos reported that their provinces had remained tranquil throughout uprising, they used the revolt as a pretence for purging threatening figures in the community. Among those targeted for arrest and torture were ilustrado members of the Ilocano Masonry and Filipino clergy. In response to what they perceived as an unwarranted crackdown, an underground resistance began to take shape (Ramsey, 2007, 38; Scott, 1986, 13–17).

In June 1898, the month after Commodore Dewey sank the entire Spanish fleet in Manila Bay, Manuel Tinio returned from exile in Hong Kong to Luzon to raise an insurrecto force to liberate the Ilocos from Spanish rule. Tinio, a Tagalog veteran of the Katipunan revolt, began in July with a victory over Spanish forces in San Fernando, La Union. From there, Tinio marched swiftly up the coast, overrunning



Spanish defenses and capturing over 3,000 prisoners. On August 13, as the Americans launched their assault on Manila, Tinio took Vigan and soon after won control of the remaining stretch of the Ilocos, ending 325 years of Spanish rule in northwestern Luzon (Ochosa, 1989, 19–27).

In the wake of liberation, changes in governance and social relations were mostly symbolic. *Gobernadorcillos*, for example, were now called *presidentes*, but their powers and the means by which they were chosen remained the same. Other public officials remained in place and continued their accustomed duties. The aristocracy saw little threat to their possessions or their positions. The ascension of the Filipino clergy to fill the vacancies left by the Spanish friars constituted the most significant change. Noteworthy was the rise of Father Gregorio Aglipay who garnered concurrently the titles of Ecclesiastical Governor in the Ilocos and Vicar General of the Army of Liberation. Rivalry and personality conflict would mark the relationship between Tinio and the ambitious Aglipay throughout the war (Scott, 1986, 18–19).

Anticipating an American invasion, Tinio spent the 15 months after his campaign preparing defenses, recruiting soldiers and auxiliaries, and organizing his forces. By the fall of 1899, the “Tinio Brigade” consisted of roughly two thousand troops organized into four battalions, one drawn from each of the Ilocano provinces (Ochosa, 1989, 34). William B. Wilcox, a U.S. Navy paymaster, visited the area before the fighting began and found it led by men “of intelligent appearance and conversation.” The officers, he noted, were “chosen from the richer classes; and the political and military power of the provinces is in the hands of that element.” He also remarked on the establishment of a militia or a local defense force in nearly every town and barrio with “little or no friction between the civil and military classes.” The rebels’ minimal training notwithstanding, these observations suggest impressive organization and popular support (Wilcox, 1901, 193–198).

Americans arrived in the Ilocos in November 1899 in the culmination of an offensive that sent the remnants of Aguinaldo's army on headlong retreat north, but would prove indecisive in shattering the notion of the Philippine Republic. Aguinaldo managed to escape Brigadier General Loyd Wheaton's attempt to encircle him in the Central Luzon Plain. Brigadier General Young's rapid but confused pursuit of Aguinaldo into the Ilocos failed in capturing its mark. In the process, however, Young's forces destroyed the Tinio Brigade and overran the Ilocos provinces in less than a month. The resistance from Tinio's organized forces notwithstanding, the Americans met a generally friendly reception from the Ilocano townspeople. In Vigan, Lieutenant Colonel James Parker even recalled being greeted with crowds shouting "Vivan los americanos! Mueren los tagalos!" (Parker, 2003, 278). The apparent acquiescence to the invading forces encouraged hopes for the "benevolent assimilation" of the region. A harbinger of the difficulties ahead, however, units in La Union province soon reported cut telegraph wires, snipings, and robberies, incidents they attributed to Tagalogs and *ladrones*, or bandits.

Following the campaign, Otis recognized the importance of consolidating control of the Ilocos and ordered the reorganization of the American elements scattered throughout the region. On December 29, he appointed Young commander of the newly created District of North-Western Luzon and directed him to establish civil government in the district. Young divided his 3,600 or so troops into four province-level commands that in turn were divided into garrisons of one or two companies in the key towns and villages. Young granted his subordinates considerable autonomy based on "his recognition that the guerrilla war was a local war. He steadfastly sup-

ported his provincial commanders against his superiors and allowed them to develop their own counterinsurgency methods” (Linn, 1987, 64).<sup>5</sup>

American control over the Ilocos in early months of 1900 was mostly illusory. Although Tinio’s conventional military arm proved no match for the well-trained and well-equipped Americans, his strength lay in his organization at the village level and the bonds that linked villagers to the revolutionaries. The Philippine Republic held sway in the Ilocos for nearly a year before the American arrival and was thus well-established. Communities that had provided recruits, organized militias and collected taxes later sheltered Tinio’s fleeing forces during the American drive. And after the demise of the Tinio Brigade their sympathies often remained, ready to be tapped by the growing guerrilla bands. To be sure, coercion played a role in maintaining the loyalty of municipal officials in the face of American pressure—particularly as hostilities ground on—but the preponderance of evidence suggests that “most municipal governments initially supported the guerrillas for either patriotic or social reasons” (Linn, 1989, 38).

Given the solidary structure of many Ilocano communities at the time, the most important factor in the popular support for the guerrillas was the composition of the forces themselves. “Most of the company and detachment commanders were members of the Ilocano land-owning class who shared strong family and economic ties and who enjoyed the support of extended Ilocano families. Few had previous military experience, but all commanded because of their local knowledge and influence” (Ramsey, 2007, 42).

The revolutionary commander in Abra, Juan Villamor, exemplifies this description. A wealthy landlord, he later described himself as “a native of Abra where he had

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<sup>5</sup>The organization of Young’s command—as well as his decentralized approach—remained unchanged following an administrative shuffle that re-flagged it as the First District, Department of Northern Luzon.

vested economic interests and affections, effective spur to his disposition to awaken sleeping enthusiasms when called for.”<sup>6</sup> His cousin, Blas Villamor was also a guerrilla leader, operating on the border of Abra and Ilocos Sur. “The Villamors had strong local support, in part because their family was both very large and related to many of the most prominent families in the area” (Linn, 1989, 39). LeRoy (1914, II:206) states that the bands they led “could do not great damage in themselves, but [they] represented a virtual consolidation of the Ilokan *principalia* in a number of towns around Bigan [Vigan] and in Abra.” Many of those who followed or supported the Villamors did so in accordance with the traditional deference given to the social and economic elite in Abra. Generalizing their motivations, Scott (1986, 48–49) describes them as “men willing to follow accustomed leadership . . . responsive to social dynamics like peer pressure, family honor or local loyalty, and the dictates of *utang na loob*.”

Eventually, revolutionary organization of the villages would reach a level of sophistication described by Major E.Z. Steever of the Third Cavalry:

The insurrectos have a regularly organized government throughout these districts, with a Jefe principal and assistants for each pueblo and corresponding officials for adjacent barrios. In each “centro” is an irregular force, usually a platoon of guerrillas, who keep their arms hidden but ready to turn out at a moment’s notice, either to join the regular troops of the insurgents or attack small bodies of Americans whenever a favorable opportunity exists. In addition, there are hundreds of men—so-called “hermanos” (brothers)—armed with fighting (not working) bolos.<sup>7</sup>

Like elsewhere in Luzon, the part-time militia living in the villages played a vital role in providing intelligence and supplies to the regular forces.

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<sup>6</sup>Quoted in Scott (1986, 64).

<sup>7</sup>*Ibid.*, 48.

Thus the Americans confronted a well-organized and well-supported adversary in the Ilocos. Defeating the insurgency and establishing American primacy required breaking the link between the guerillas and their bases of support in the towns and villages. Experience would help the Americans choose the fiscal strategy best suited to this task.

### 6.3 Fiscal strategy choice

Commanders in the Ilocos and throughout the Philippine theater held the belief that Tagalogs alone were resistant to American rule and that the Ilocanos had little inclination to join the insurrection. The initially amicable relations with certain Ilocanos, attributable in retrospect to expediency on their part, seemed to confirm this view. Even as late as August 1900, Wheaton, now commanding the Department of Northern Luzon, maintained, “The natives, other than the Tagolos, are generally well disposed toward the American occupation, and if protected will aid in the establishing of such form of self-government as they may be able to understand” (WD, 1900, I:5:197). The Ilocos thus offered an opportunity to demonstrate the rewards of benevolent assimilation and, in President McKinley’s words, to “win the confidence, respect and affection of the inhabitants of the Philippines.”<sup>8</sup>

Young pursued a consensual fiscal strategy from the day the military district was formally created. He embarked on an ambitious program of public development in the form of municipal governments, schools, roads and sanitation. With an order to his provincial-level commanders to establish civil government under G.O. 43, he implored them to “use your best endeavors to facilitate tranquility and the return of the people to their peaceful avocations” (NARA, 20 Dec 1899, 2148).

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<sup>8</sup>Quoted in Gates (1973, 36).

Under the supervision of Captain John G. Ballance, Young's subordinates set about establishing civil administration in the Ilocano towns and villages. Each pueblo would have a presidente and a town council and would provide for its own security. Young instructed his commanders to "Impress on the President and Council and leading people the necessity of a strong, well-organized Police Force, upon which they must mainly rely for protection" (NARA, 20 Dec 1899, 2148). By the end of March 1900, the officers and men of the district had organized 63 municipal governments (Linn, 1989, 35).

Young and his commanders held that projects of public benefit would redound to the security interests of the United States in both the short term and long term. Officers expected "a quieting effect" from spending on public infrastructure and public health projects such as markets and roads, sanitation and vaccine distribution. Expenditures such as the \$12,000 used to construct a road from Laoag to Batac kept Ilocanos employed while also signaling the permanence of the occupation (NARA, 30 Aug 1900, 4046). Throughout the district, the occupying forces constructed over 1,000 miles of road by August 1900. While one purpose of road construction was its military utility in providing for the rapid movement of troops and supplies, officers also recognized its value as part of a fiscal strategy. Roads, they believed, were critical to the economic vitalization they hoped to foster: "productive to the civilization of the country," in the words of one officer. According to another, they also served to "increase [Filipino] interest in civil affairs, especially the better class."<sup>9</sup>

Following Smith's example on Negros, Young's attempt at consensual rule prioritized public education. He shared the belief of Smith and others in "school work as a tool of pacification as well as evidence of American benevolence" Gates (1973, 139). Young ordered that "at least two well constructed airy school buildings should

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<sup>9</sup>Quoted in Linn (2000, 258).

be built in each town at once.” By June, the First District could boast of establishing 203 schools, with plans for an additional 192. Each was to be staffed by “native male teachers of the first class” at the generous salary of 35 pesos per month (NARA, 28 Jun 1900, 2167:1). Post commanders made frequent requisitions for school books, desks, maps, slates, pencils and other supplies. Young also requested that soldiers receive a bonus for volunteering to teach English, expressing his belief that “the benefit to the government from the knowledge of English that would be acquired by the natives would more than pay the expense” (NARA, 16 Apr 1900, 2167:1).

There is evidence that many Ilocanos were happy to accept American largesse, but far less evidence that the efforts and expenditures paid dividends in the form of meaningful support of American authority, especially among local leaders. While the Americans worked to establish civic administration in the pueblos, insurgent organizers were simultaneously building shadow governments—often with the very same individuals—while cementing local loyalty and collecting funds for their cause. Meanwhile, guerilla bands began conducting ambushes and harassing attacks on American patrols and outposts (Scott, 1986, 26–27).

But in their initial reports, American officers gave upbeat assessments of their public works projects and the salutary effects on local security. The assumption persisted that the Ilocanos were cooperative and welcoming of American authority—despite accumulating evidence to the contrary in the form of attacks on patrols, the disruption of supplies and communications, and the assassinations of friendly Filipinos. Linn (1989, 37) concludes,

[I]t is clear that many officers overestimated the effectiveness of these benevolent measures. Garrison commanders may have been guilty of tailoring their reports to what they believed their superiors wished to hear or uncritically accepting the flattering assertions of *presidentes* and *amer-*

*icanistas*.... Other officers mistook their achievement in a particular town as indicative of the popularity of American occupation throughout the district. Unfamiliar with the language and lacking accurate sources of information, some officers accepted the visible functioning of government, schools, and sanitation projects as evidence of actual pacification.

Holding to his belief in the generally pacific inclinations of the Ilocanos, Young attributed the sporadic violence of the first months of the year to “murderers, thieves and robbers.”<sup>10</sup> But events would soon overturn the Americans’ inability or reluctance to recognize the growing insurgency in the district, prompting a drastic change in fiscal strategy.

With resistance escalating, Americans made an important leap toward understanding the organization of the insurgency and its popular base of support. The leap came in the form of Lieutenant William T. Johnston’s “Investigation into the Methods Adopted by the Insurgents for Organizing and Maintaining a Guerrilla Force.” The report of May 21, 1900, constructed with the aid of a Filipino collaborator, detailed the extent to which “the local ‘presidentes’ and ‘cabezas’ were engaged in treasonable acts against the United States” in nine *pueblos* in La Union province. Rather than assisting in the consolidation of American control over the province, American-appointed officials were actively aiding the insurgency. Representative of Johnston’s findings was the town of San Juan in which he identified “not one of the pueblo officials who had not given every assistance to the Insurrectos.” His report detailed the forms of that assistance: using municipal funds to meet a “monthly allotment” for the guerrillas and soliciting donations from wealthy residents; supplying

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<sup>10</sup>Even later, Young was still unable to diagnose accurately the causes of the uprising he faced: “After Aguinaldo’s army had been dispersed,” he wrote, “a number of Tagalog officers and soldiers driven north from the lower provinces, remained in the mountains and later came into the towns and with the assistance of certain priests inflamed the people with a stronger spirit of rebellion than they ever had” (NARA, 4 September 1900, 2148).



recruits for the regular guerrilla forces and organizing local militia support; sheltering guerrilla leadership and insurgent camps within the town limits or in nearby barrios; and coordinating early warning of American patrols (WD, 1900, I:7:257–265).

Johnston’s report shattered any notion that the destruction of the Tinio Brigade meant the end of resistance in the Ilocos or that the residual violence could be attributed to unorganized bands of ladrones. As the report was officially filed, officers throughout the provinces independently reached similar conclusions. The commander in Ilocos Norte, Lieutenant Colonel Robert L. Howze, reported in May that “every pueblo to my certain knowledge had its insurrecto municipal government, many of their officials being the same as those put in by us” (NARA, 20 May 1900, 4043:1). In Abra, Lieutenant Colonel Peyton C. March fumed that “civil government throughout this Province is more or less a farce.”<sup>11</sup>

A fiscal strategy of consensual rule failed to generate popular support or consent for American rule in the Ilocos; in response, local commanders changed their approaches and “a new roughness began to appear throughout the First District” (Ramsey, 2007, 51). But as commanders dialed back the provision of public goods, the fiscal strategies they settled on varied according to the degree of social solidarity in each province. Abra and La Union provinces featured the sharpest distinctions.

Initially the quietest of the four provinces, Abra burst into violence as a guerilla offensive marked the end of the summer rainy season. By September 7, the scale of the unrest impelled Young to petition for more troops, contending that “the insurrection has assumed such proportions in Abra that I do not consider it advisable to send out a detachment with less than one hundred rifles” (NARA, 7 Sep 1900, 2152:2). Violence continued to crescendo throughout the fall. “The fact of importance at the moment confronting the Americans,” LeRoy (1914, II:205) recounted, “was that here

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<sup>11</sup>Quoted in Ramsey (2007, 52).

in Ilokan territory, too, they were opposed by practically a united population, hostile either openly or secretly.” By November, Young’s troop strength increased by over fifty percent to 5,866 and provincial commander Lieutenant Colonel Richard Comba received two additional battalions for operations in Abra.

Interest in civil affairs disappeared in Abra, and Young ordered Comba to adopt “the most severe measures known to the law of war” in executing his campaign with “the utmost rigor.”<sup>12</sup> As resistance continued, “Military operations in Abra reached an intensity not experienced in the other Ilocano provinces,” focusing on the destruction of crops and foodstuffs, in addition to buildings and entire barrios in areas of insurgent activity (Ramsey, 2007, 60).

The army’s coercive approach towards the population reached its full-throated intensity as Brigadier General Bell took command of the First District from Young. He spent March 21 to April 7, 1901 personally inspecting the campaign in Abra and corresponding directly with the Villamors in a failed attempt to negotiate their surrender. He subsequently concluded,

The guerrilla warfare is continued by the substantial aid and comfort given to the insurrectos by the same people whom we are protecting and who are enjoying a certain amount of prosperity due to our magnanimity. They have never felt the full hardship of War and their professions of a desire for peace are merely words and do not come from a full realization of the discomforts and horror of a war that is waged in earnest and with full vigor. It is confidently believed that if the people realize what war is, they will exert themselves to stop the system of aid and contributions to the insurgents by the non-combatants and thus bring hostilities to a close.

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<sup>12</sup>Quoted in Linn (1989, 59). On the status of civil affairs and civic administration in Abra, see correspondence of 4 February 1901 in NARA (2167:3) and that of 13 March and 16 March 1901 in NARA (2167:2).

It is believed that the time has now come to adopt such measures with those so-called “Amigos” as to cause them to feel the absolute necessity of using their active influences in suppressing the insurrection as well as to stop all possible sources of aid.<sup>13</sup>

Bell reinforced Abra with a battalion and five additional companies (Ramsey, 2007, 60). He then placed an interdiction on all travel to and trade with the province and increased the use of population reconcentration, ordering residents from the outlying barrios to move “into the town with all their supplies and not return to them without written permission from the military authorities.”<sup>14</sup> On April 14, Bell ordered the evacuation of Villavieja, threatening to burn it to the ground.

The most succinct portrayal of the Abra campaign comes from Major William C.H. Bowen, the commander of the province during the harshest period of operations there:

During the insurrection the province suffered severely; every man was either an active insurrector or sympathizer, the consequence being that property had been destroyed right and left; whole villages had been burned, the storehouses and crops had been destroyed, and the entire province was as devoid of food products as was the valley of the Shenandoah after Sheridan’s raid during the civil war. The jurisdictions or comprehensions of Pilar and Villavieja had been depopulated and this portion of the province had been absolutely destroyed.<sup>15</sup>

Amidst the destruction, negotiations with the Villamors point to the enduring solidarity of the Abra communities. Having received an impassioned peace offer via

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<sup>13</sup>Quoted in Scott (1986, 143).

<sup>14</sup>*Loc. cit.*

<sup>15</sup>Quoted in Linn (1989, 60).

the Federal Party in Pangasinan province, Juan Villamor convened a secret meeting of 22 elders from the barrios of Bangued, Abra's provincial capital, on March 14. They voted unanimously to reject any offer "which does not give us true freedom to live our lives."<sup>16</sup> There are few accounts of individual defections in Abra, and it is noteworthy that the only community to "flip" to the American side did so en masse. In December 1900, a principalia delegation from the town of Bucay presented themselves to the American garrison commander and pledged their support. In the weeks that followed, the town battled with the guerrillas and turned solidly to the side of the Americans. With similar solidarity in late March 1901, the people of Abra "in a body" appealed to Blas Villamor to end the war as the destruction mounted beyond the point that the civilians could bear (NARA, 31 Mar 1901, 2167:2).

Within a month of this united appeal, Juan Villamor surrendered and, like the other key revolutionary leaders in the Ilocos, accepted a position in the American civil administration of the Philippine Islands. As unified in peace as in war, Abra proved thoroughly pacified, without a single reported engagement between American and insurrecto forces after May 1 (Linn, 1989, 60).

In La Union province, worsening conditions and vigorous resistance also prompted a marked rise in the use of force in the latter half of 1900. But there, military might was part of a divide-and-rule fiscal strategy that exploited the fissures of the province's civil society. Like their counterparts in Nueva Ecija, American commanders in the La Union used financial incentives in the form of cash payments and confiscated property for those who were willing to provide information about the insurgents or actively assist in their capture. Defectors came from aggrieved peasants, religious and ethnic minorities, and from "businessmen whose patriotic urges may have been less compelling than their love of profit" (Scott, 1986, 68).

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<sup>16</sup>Quoted in Scott (1986, 169).

As noted above, the Guardia de Honor was a manifestation of the socioeconomic strife simmering in La Union. In an attempt to rid his town of a leader in the Guardia, the presidente of Bauang turned in a man named Crispulo Patajo to the American forces, identifying him as a suspected brigand. In an unanticipated turn, Patajo revealed to the Americans the area's entire network of *insurrectos* and their supporters. His claims verified, Patajo began accompanying American patrols, during which he identified guerrillas hiding among the civilian population and their supply caches.

Acting on the report's findings, Colonel William P. Duvall, the commander in La Union, devised a plan to destroy the guerilla infrastructure by enticing the cooperation of those who understood it best. Citing his "most loyal and excellent service during the past month," Duvall appointed Patajo "Chief of Detectives" and authorized him to recruit a Filipino force to assist him (NARA, 29 Mar 1900, 2148). Between 400 and 500 volunteers, many from the Guardia, answered his call. In creating this force, Duvall defied Department policy forbidding cooperation with groups such as the Guardia. Their success was his defense; Patajo's forces, in cooperation with American units, inflicted devastating casualties on the guerilla network. In the mountains, they pursued the *insurrecto* forces and their leadership. In the towns and barrios, they held rallies encouraging villagers to denounce the insurgency and to embrace the Guardia and American rule (Linn, 1989, 42–44). Reporting on a successful mission, Johnston declared, "This puts finishing touches on good work done lately. Too much can't be said for [Patajo] in all, as nothing could or would have been done . . . without him. He has been in the field ever since [the] second day he reported to me" (NARA, 24 Apr 1900, 2152:3).

The Guardia units were not paid a regular wage, but financial incentives were a vital spur to recruitment and motivation. As they hunted down guerilla units, each

rifle they turned in earned a 30 dollar reward; the capture of guerilla majors and above was also worth 30 dollars, while captains and below were worth 20 dollars. (Scott, 1986, 172). These rewards represented substantial sums at a time when an agricultural worker earned but a dollar or two a week (May, 1991, 9). Prompt payment was a high priority. "If you have not money enough," Bell wired his subordinate after one successful operation, "it will be sent at the first opportunity" (NARA, 24 Apr 1901, 2152:3). Bell also insisted on payments to the widows and heirs of scouts killed in action (NARA, 11 Feb 01, 2152:1). It is noteworthy that at the same time Bell was commanding a singularly coercive campaign in Abra, he was also funding the selective incentives for divide-and-rule in La Union.

The rewards offered for weapons had an impact beyond the Guardia forces alone, exploiting some of the ethnic divides in La Union. "After General Bell offered [30 dollars] for every captured rifle in April, 300 Tinguian tribesmen joined forces with Scout Lieutenant Patajo and his American commander to take Aniceto Angeles [a guerilla commander] together with the surviving captain, four lieutenants and 38 soldiers of Guerrilla Unit One" (Scott, 1986, 172). In a similar event, a group of Igorot tribesmen dealt a major blow to the rebels. Bell recounted,

I offered a reward for the capture of [Colonel Juan] Gutierrez, the leader of all the insurgents in the southern half of Ilocos Sur and Union. On April 15, some of these same Igorrotes not accompanied by troops found Gutierrez, three Lieutenants and five soldiers, with only two guns, seized the guns, overpowered the entire party, bound and delivered them to American troops and got their reward....Now that all Igorrotes are against them, no insurgent dare go in that part of the country (NARA, 25 Apr 1901, 2152:3).

Thus the capture of a key guerilla leader cost the Americans a mere 400 dollars (NARA, 16 Apr 1901, 2152:3).

Civilians could also expect compensation for providing information on guerilla forces. Funds for intelligence activities were maintained by the Quartermaster, and, unfortunately for historians, almost no records were kept of the transactions, in order to protect the identity of the informers.<sup>17</sup> Available evidence, though, suggests that Duvall established a capable intelligence service in La Union. So productive was the program that Bell had to request additional funds: “success has been so remarkable that I have used up every cent of secret service money that I had and am a trifle in debt . . . I do not want to stop the plan and will need the secret service funds I asked for very badly” (NARA, 25 Apr 1900, 2152:3). Shrewd use of informants and evidence from operations allowed units to “pick up insurrectos like chickens off a roost.”<sup>18</sup> Former guerrillas also provided critical tips. Once captured, they could earn their freedom by cooperating with U.S. forces; the public nature of their defection was sufficient to ensure their continued loyalty.

Operations throughout La Union successfully played off individual greed and social and economic discord. Scott (1986, 88–89) points out those in La Union “who hoped to do business under a foreign regime, or simple sycophants and opportunists seeking their own ends.” In coastal towns, the merchant class, who were independent of the traditional social structure, provided a fruitful source of collaborators. In the countryside, when a Guardia force secured a town, it ejected disloyal officials, seized the property of wealthy insurgent sympathizers and “gave control to loyal vigilantes. . . . Peasants replaced the *principales*” (Ramsey, 2007, 49; Scott, 1986, 71, 77). Tinio’s guerrilla’s first battled, then attempted to conciliate, Guardia supporters with equal lack of success. Tinio even offered a reward of his own for the “traitor and ter-

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<sup>17</sup>Brian M. Linn, 15 June 2011, correspondence with the author.

<sup>18</sup>Quoted in Linn (1989, 43).

rible Americanista” Patajo: “the sum of one hundred fifty pesos for the presentation of his severed head” (Scott, 1986, 103).

As rebels were pushed out of the towns, the army filled municipal offices with supporters and established loyal police forces. With the towns secure, Duvall was able to go on the offensive. Alongside native irregulars, his troops conducted extensive sweeps through the mountains and rural villages. The Filipino guerillas, increasingly isolated from their sources of support, gradually capitulated. Within months, the U.S. Army had pacified La Union province.

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Throughout the Ilocos, the Americans faced a determined and well-organized resistance. The unified towns and villages in Abra and elsewhere in the north yielded few defectors enticed by the promise of material rewards. Sources of wealth in these autonomous, self-sufficient communities did not depend upon cooperation with the military or the state, and so American commanders had little bargaining power to secure local support. They concluded that force alone could deny rebels the support of the towns. Turning to a coercive fiscal strategy, the Americans added manpower and conducted increasingly aggressive operations until the Filipino communities succumbed. Although rebel forces were no less robust in La Union province and elsewhere in the south, socially fragmented communities there provided a pool of prospective collaborators. To some of these individuals, rewards were sufficiently enticing to cooperate with the Americans in identifying and eliminating rebel fighters and supporters.

The contrast between Abra and La Union provinces underscores the significance of communal solidarity to the negotiation between a commander and a local community and its effect on fiscal strategy selection. Just as cohesive as the villages of Abra were the islands of the Sulu Archipelago, the setting for the final Philippine War case study, presented in the next chapter.



## Chapter 7

# Indirect Rule in the Sulu Archipelago

...so far as we govern the tribes within his jurisdiction,  
we govern them through the Sultan.

- Jacob Gould Schurman, 1902<sup>1</sup>

The Sulu islands host an ethnically homogeneous population with a strong and pervasive social hierarchy based on the “*datu* system.” The prosperity of the island chain, though waning by the end of the nineteenth century, stemmed from its central position astride maritime trade routes through the Eastern Malaysian seas. The ports at Jolo and Siassi were key nodes on the trade routes and gave the Sulu islands a stake in the vast commerce between China and the West. Reliance on these ports

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<sup>1</sup>Schurman (1902, 23).

made the economic well-being of the Sulu elite directly dependent upon cooperative relations with the governing power that, under both the Spanish and the Americans, possessed superior naval capabilities.

In today's military jargon, the role of the Department of Mindanao and Jolo would be described as an "economy of force" mission; plainly speaking, it was a backwater in a war focused in Luzon and the western Visayas. Though the largest department by area, it was the smallest in manpower. As such, its commanders, Brigadier Generals John C. Bates and William A. Kobbé, faced acute challenges in extending American control across this historically recalcitrant corner of the Philippines. They confronted, with particular severity, the limited availability of manpower and military resources that constrains all wartime commanders.

Under these circumstances, the cohesive society that they met in the Sulu archipelago presented either a threat or an opportunity. Should the U.S. choose a coercive approach, the Americans could expect to meet solidary resistance of the sort that thwarted Spanish domination of the islands for centuries—conflict that would drain scarce military resources. Indirect rule, if practicable, offered a solution—albeit imperfect—to controlling Sulu in the short term while freeing up manpower for use where it was more urgently needed.

The willingness of the sultan and the datu aristocracy to assent to some form of indirect rule by the Americans turned on the vulnerability they perceived to their economic interests, bound almost entirely to seafaring trade. They understood that, were the Americans to adopt a coercive approach towards Sulu, U.S. naval superiority—which easily outclassed even the daunting Spanish fleet—would blockade Sulu ports and destroy its trade. A bargaining space emerged in which was forged the Bates Agreement, a model of indirect rule that would govern American relations with the Sulu Sultanate from 1899 until 1903.

## 7.1 Sulu society and economy

The Sulu Archipelago is a chain of islands that marks the Philippines' southwestern frontier, stretching from Mindanao's Zamboanga peninsula approximately 200 miles to Borneo. Long more geopolitically and economically significant than its diminutive geography would suggest, "the Sulu Archipelago bridged two worlds and lay at a most strategic point for the maritime trade of the 19<sup>th</sup> Century" (Warren, 1979, 226). The Sultan of Sulu, whose wealth depended upon that trade, sat at the top of a stratified, hierarchical social structure in which the traditional authority of the aristocracy was augmented by the centralizing force of Islam.

**Social solidarity.** Muslim and non-Muslim Filipinos alike use the term "Moro" to refer to members of the nine cultural-linguistic groups in the southern Philippines that adhere, in varying degrees, to the faith and practices of Islam. To some extent, this single term masks the micro-cultural heterogeneity of the Moro people (Mednick, 1965). From a larger perspective, however, the nineteenth century Moros were a uniquely cohesive community. The solidary nature of Moro society resulted, according to Gowing (1968, 65), from their "common retention of the ancient 'datu system' which, being touched by the unifying effects of Islam, has provided a cohesiveness in the face of threats to their way of life that simply did not exist among non-Muslim groups in the Philippines."

At the foundation of Moro society and interpersonal relations was the *datu-sakop* relationship. The datu held a position of both social and political status, roughly equivalent to that of a feudal lord. A report prepared for Sir Stamford Raffles, the Lieutenant-Governor of Java, made just this comparison: "the power and weight of the chiefs arise solely from their wealth, or like the Barons of old

amongst us, from the number of *ambas* (slaves) or retainers each entertain.”<sup>2</sup> As the observation suggests, control of territory was secondary to a datu’s ability to command the allegiance of followers whom he could mobilize when needed. The basis for this loyalty derived variously from “the datu’s personal charisma, descent and lineage, courage and prowess in war, wealth and knowledge of local lore” (Jocano, 1998, 161). Once attained, power within the traditional political system was sweeping. It included “(1) rights to perform legal functions; (2) rights to appoint and regulate religious officials; (3) rights to control over territory; (4) rights to control over subject people; (5) rights to wage external warfare; (6) rights to tribute and legal fees; (7) rights to control over markets; and (8) rights to mediate private warfare and feud” (Warren, 2007, xlv).

The term *sakop*, understood alternatively as kinsfolk, servant, or slave, denoted a loyal follower and entailed an obligation of obedience, payment of tribute, and, when required, labor and military service. “The salient characteristics of a commoner were his dependence upon the aristocracy and the invaluable obligations that he performed as a retainer” (Warren, 2007, xlv). Loyalty was a prized virtue, and a Moro’s primary allegiance was to his datu and to the sultan. A datu’s followers “regarded him as the personification of their worth as members of the group. They worked and fought for him. If he was insulted, belittled or injured, so were they. They would not rest until he was avenged” (Gowing, 1968, 102).

Pre-dating the Islamization of the Sulu islands, the datu system persisted, at least in part, due to the mutually beneficial nature of this patron-client relationship. “A form of mutual obligation developed between the datu, who had authority, social status, wealth, and the *sakop*, who gained a sense of security from his datu’s protection and sustenance. In exchange for his *sakops*’ loyalty and service, the datu’s primary

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<sup>2</sup>Quoted in Warren (2007, xlv).

interest was their economic welfare” (Oliveros, 2005, 59-60). Reinforcing this sense of mutual obligation was the fact that the commoners had some degree of latitude in choosing their datu; in addition to his personal wealth, the number of followers a datu could claim was a signal measure of his strength (Gowing, 1968, 100-101).

The coming of Islam to the Sulu archipelago in the fourteenth and fifteenth centuries not only preserved the pre-existing social structure, but augmented the authority and status of datuship. Conversion was both politically and economically advantageous to the traditional elite. The datuship became a position of sacred, as well as secular, authority. “As in Islam generally, these two roles were interrelated and little distinction was made between the datu’s religious and political activities” (Gowing, 1968, 102). As God’s vicegerent on earth, the datu’s word was God’s will and loyalty to him thus a divine mandate. His person was “sacred,” according to a contemporary chronicler who advised the Americans that “Islam should be encouraged by colonial authorities because it is what binds the Muslim populace most indelibly to their leaders” (Saleeby, 1913).

Further, Islam fostered a centralization of political power in what became the Sulu Sultanate. “Islam had raised the status of the sultan, the leading datu of all datus, to the level of God’s deputy who was worthy of submission” (Oliveros, 2005, 60). Thus, where elaborate norms and rituals had once served to bond villages and dampen rivalry among the Sulu Moros, Islam provided a new basis for a common community, presided over by the sultan (Larousse, 2001, 34).

As the highest political authority in the islands, the sultan had, in theory, jurisdiction over the entire territory and was the final arbiter of *shari’a* law. Public rites, symbols and adornments underscored his preeminence. The loyalty of sakop to datu, though, was never quite matched by that of datu to sultan. Datus gave up a measure of power to the sultan, but jealously guarded their traditional autonomy

in the context of intra-Moro politics. In governing, the sultan also shared a degree of authority with a small number of the most powerful and wealthiest *datus* who made up an advisory council called the *Ruma Bichara*. U.S. Navy Captain Charles Wilkes, in 1842, described the concentration of power within the council: “[T]he more powerful, and those who have the largest numerical force of slaves, still rule over its deliberations. The whole power, within the last thirty years, has been usurped by one or two *datus* . . .” *Datus* competed with one another for positions on *Ruma Bichara* and even with the sultan for autonomy over their own territories. The broader picture that emerges, though, is one of highly solidary communities connected to one another and organized under the leadership of the sultan. The strength of that leadership varied according to the strengths of the man holding the title, but formally—and in relation to outsiders—the Sulu Sultanate was a unified and centralized political system.

**Economic vulnerability.** Although Sulu’s Moros engaged in a variety of economic activity, the predominant sources of wealth had long been tied to maritime trade and seafaring. Foremost, the Sulu islands were a vital hub of European commerce with east Asia. Secondly, slave-raiding fed the islands’ economic productivity and the power of the reigning *datus*. Wealth was thus highly dependent upon unhindered access to the sea.

Geographical good fortune placed the Sulu islands along arterial trade routes that linked the Asian mainland with Mindanao, Borneo, and the Celebes. The latter decades of the eighteenth century witnessed Sulu’s rapid ascent to commercial prominence.

By 1800, regional redistribution had become the dominant pattern of the economy of the Sulu Sultanate. The advent of this expansive pattern,

predicated on ever increasing international demand, inter-insular slave raiding, and the littoral-procurement trade, enabled Sulu within the short span of several decades to establish itself as a pre-eminent market centre and regional power (Warren, 2007, 3).

Driving the expansion in trade was Europe's voracious demand for Chinese tea. By 1820, consumption reached 30 million pounds in Britain alone. To acquire this commodity from Chinese traders, European merchants found it more profitable to exchange goods from southeast Asia (Oliveros, 2005, 74).

The Sulu Sultanate became the hub for European acquisition of the products desired by the Chinese and thus the third corner of a vast and profitable commercial triangle. At the time, the Sulu ports were pre-eminent within the Philippine archipelago. Jolo was a major international port at a time when Manila and Iloilo were still isolated villages. In 1899, three of the Philippines' six international ports of entry were in the Sulu zone (BIA, 1902, 105).<sup>3</sup>

Demand for the produce of Sulu and surrounding islands fueled another component of the Sultanate's economy and social structure—slavery. “The [Sulu] aristocracy depended for its prosperity on the labour of slaves and sea raiders, who fished for *tripang*, secured pearls and manned the fleet” (Warren, 1979, 228). And because land was relatively abundant and labor scarce, slave-holding was a principal measure of a datu's wealth and power.

Slavery formed an institutionalized part of the Sulu economy as early as the sixteenth century. A Spanish observer in 1609 noted that “slaves constitute the main capital and wealth of the natives of these islands, since they are both very useful and necessary for the workers of the farms. They are sold, exchanged and traded, just like other articles of merchandise, from village to village, from province to province, and

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<sup>3</sup>The three ports were Jolo and Siassi in the Sulu archipelago and Zamboanga on Mindanao's western peninsula.

indeed from island to island” (Oliveros, 2005, 77) Sulu raiders preyed upon settlements on the coasts of Java, New Guinea, as well as the lowland coastal villages of southern Luzon and the Visayan islands.

Slavery and slave-raiding reached its apex in the years 1800–1848 as slaves provided the much-needed labor for the islands’ contribution to the Sino-Sulu-European trade arrangements. “Trade demands kept forcing the Sultanate to incorporate more people, rewarding those *datu*s who provided the most produce and forcing them to acquire more wealth-producing persons if they wanted to stay on top of their rivals.” Estimates for the hundred years preceding 1870 place the number of slaves imported between 201,350 and 302,575 (Warren, 1979, 229).<sup>4</sup>

With accurate concision, historian James Warren summarizes the nineteenth century Sulu economy: “trade, raid, slave.” Common to each of the three elements was the sea, a fact that underscores the dependence of Moro wealth on maritime access. The character of Sulu communal structure might also be captured by three words: “sultan, datu, sakop.” Traditional social patterns and Islam combined to create a hierarchical society that was cohesive in its interactions with external powers.

## **7.2 The Third District, Department of Mindanao and Jolo**

Spain’s colonial experience in Moroland set the context for the American military’s challenges. The arrival of the Spanish in the Philippines under Miguel López de Legazpi in 1565 set in motion over three hundred years of warfare in the Sulu archipelago. In a letter written in 1578, the governor of the early Spanish conquests in the Philippines set out the crown’s goals for Sulu and Mindanao in a policy that

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<sup>4</sup>By comparison, the United States imported approximately 325,000 slaves during the same period (Miller and Smith, 1997, 678).



persisted for the duration of Spain's tenure in the islands.<sup>5</sup> The letter articulated four aims: Moro acknowledgement of Spanish sovereignty and payment of tribute; promotion of trade and exploitation of natural resources; an end to piracy and slave-raiding together with an emasculation of Moro naval capabilities; and Hispanization and conversion to Christianity of the islands' inhabitants.

Two-and-a-half centuries of blood-drenched pursuit of these aims accomplished none of them. "Nothing the Spaniards tried—including naval campaigns, diplomacy, and intrigue at the courts of Moro rulers—seemed to have any permanent effects" (Gowing, 1968, 143). Until the mid-1800's Spain's Moro policy amounted to little more than costly and inconclusive warfare. Among the explanations for the policy's failure, Gowing (1968, 177-178) cites "the surprising cohesiveness of Moro culture and society. . . . There was no central government for the Moros but in times of crisis the sultanate served as a unifying factor. . . . In addition, they embraced a religion to which they were almost fanatically devoted and which provided a powerful impetus to unity."

But in the decades preceding the American invasion, technological advances in western naval power coupled with an influx of Spanish military resources into the region made the sources of Sulu prosperity newly vulnerable and retaliation more difficult. Larousse (2001, 82) marks 1848 as the beginning of a new and final phase of Spain's Moro wars. That year saw the first purchase of steam-powered vessels by the Spanish colonial government. During this phase of the wars, "Steamboats and superior firepower brought about Spanish ascendancy." In 1861, Spain purchased an additional 18 British-made steam vessels. Saleeby (1908, 221) records,

The mobility and speed of steam war vessels put to disadvantage all Moro sailing and rowing craft. Pirates were chased on the sea and hunted in

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<sup>5</sup>"Letter from Francisco de Sande to Captain Esteban Rodriguez de Figueroa," reprinted in full in Saleeby (1908, 165-167).

their lairs. The fear which steamboats struck in the hearts of Moros made them run away from their homes and settlements and hide. . . . The vessels purchased in 1861 increased the efficiency of the navy to such a degree as to make it possible to carry war into Sulu territory, attack many remote islands and settlements and blockade the port of Jolo. . . .

With the decisive advantage conferred by steam power and modernized guns, the Spanish established dominance of the seas in the Sulu zone.

In the years that followed, Spanish naval superiority severely curtailed Sulu maritime trade and slave raiding, formerly the mainstays of the *datus'* wealth. With their economic interests suddenly vulnerable, the Sulu slowly capitulated to a series of concessions that signalled a willingness to negotiate a new *modus vivendi* with the Spanish. The back-and-forth culminated with the Treaty of 1878 which recognized Spanish sovereignty, but guaranteed Sulu commercial interests, freedom from interference in Sulu internal affairs, and cash payments to the sultan and prominent *datus*. The agreement was never fully implemented and both sides disputed its terms, but the 1878 treaty presaged the fiscal strategy to be adopted by the United States in Sulu.

The American arrival in the Philippines two decades after the treaty found the Spanish clinging to a series of forts and outposts in the Sulu chain. The terms that ended the Spanish-American War obligated Spain to continue temporarily its governance of islands not occupied by American forces or taken by Filipino revolutionaries; a class that included Mindanao and Sulu. After being relieved by American troops at the Visayan port of Iloilo in December 1898, General Diego de los Rios, commander of the Spanish forces, withdrew to Zamboanga. From this perch in western Mindanao, he could oversee his garrisons on that island and in the adjacent Sulu chain while awaiting relief. But the opening months of 1899 brought devastation to the remain-

ing Spanish garrisons in the south as rebels and hostile Moros set upon them. Sulu Moros slaughtered the entire post at Tataan on Tawi Tawi, and the Spanish abandoned forts at Bongao, Siassi, and Cotabato for fear of the same. In May, Madrid instructed Rios to withdraw his remaining forces and return to Spain.

Meanwhile, General Otis, commanding all American forces in the Philippines, could scarcely spare any troops from the north. However, the violence against the Spanish garrisons, together with reports that the Moros were procuring large stores of arms and ammunition, raised fears of a conflagration in the southern islands if steps were not taken to stem the spreading disorder. Indeed, Aguinaldo had opened correspondence with Sultan of Sulu seeking an alliance against the Americans based on “the bonds of fraternal unity demanded by our mutual interests.”<sup>6</sup> In May, Otis sent two battalions to relieve the Spanish at Jolo, the Sulu capital and economic center. On the large island of Mindanao, Spanish withdrawal from the key towns of Zamboanga and Cotabato left anarchy as Moros, Filipino revolutionaries, members of the Filipino upper class, and mestizos fought for primacy and spoils.

The territory that would later be designated the Department of Mindanao and Jolo encompassed 36,540 square miles that included Mindanao (the First and Second Districts) and the 160 inhabited islands of the Sulu archipelago (the Third District). Throughout the war, there were never more than 2,700 troops to hold the entire territory. Fundamental to establishing control over the southern Philippines in the absence of abundant military resources was the shrewd use of fiscal strategies. The implementation of indirect rule in the Sulu archipelago offers vivid illustration of fiscal strategy selection driven by local social and economic conditions.

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<sup>6</sup>See *Philippine Insurgent Records*, cited in Worcester (1914, 227-230).

### 7.3 Fiscal strategy choice

Following the withdrawal of the Spanish, American aims in Sulu were straightforward, but would clearly require a deft hand in attaining. The military was to establish the sovereignty of the United States in the islands without prompting revolt or risking a Moro alliance with the Filipino revolutionaries—both possibilities of which American authorities were increasingly apprehensive. (Amoroso, 2003, 133).

Officers of the contingent sent to Jolo in May 1899, sensitive to the delicate demands of their task, made efforts to court the Sulu aristocracy and appear conciliatory. They also renounced any pursuit of conversion to Christianity, a break from the practices of the Spanish. “Expediency as well as principle dictated that the U.S. Army would not interfere with Muslim religious practice; it was the easiest way to avoid conflict with Moros” (Amoroso, 2003, 125). Initial Moro reaction to the foreign troops on Jolo was reticent, if not amicable. Some datus even responded with pledges of friendship and loyalty. In a message to his subjects, Sultan Muhammad Jamal al Kiram II offered at least tepid support: “The Americans have come here in exchange for the Spaniards, they are a different people from the Spaniards, and it will not be good to *juramentado* [wage jihad] against them. They did not come to take our lands, religion or customs.”<sup>7</sup>

In June 1899, shortly after the initial American landing, Jacob Gould Schurman, President of the First Philippine Commission, visited Kiram with the intent of broaching an agreement that recognized the sovereignty of the United States over the islands. Schurman (1902, 16-17) recounts that, after attempting to negotiate a more favorable deal, “the Sultan finally said that if he could not secure any better terms, he would be willing to acknowledge American sovereignty in the terms of the agreement he had made with Spain.” The 1878 treaty had been ambiguous and scarcely

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<sup>7</sup>Quoted in Gowing (1968, 233).

enforced, so it is unlikely that the sultan placed much weight on this verbal agreement. Nonetheless, Schurman's visit provides a link between the final Spanish treaty and the Bates Agreement that would follow.

Finding a model in British indirect rule over the Federated Malay States, Schurman went on to advocate for a protectorate in Sulu, short of the direct U.S. sovereignty he viewed as necessary elsewhere the Philippines. His reasoning in pursuing a protectorate warrants quoting at length:

[T]his is a policy which presupposes monarchs or chieftains. It can be applied only to peoples who render obedience to monarch-like rulers, whether they be called princes, khedives, sultans, datos, or rajahs. The position is generally hereditary, and this is the case with the Sultanate of Sulu. . . . Through such a single and permanent executive or hereditary ruler it becomes possible for the protecting power to have fixed relations with the protected community. A State whose supreme power is divided among executives and fluctuates from time to time, would wait long in the market before finding a protector. A protectorate presupposes a definite and permanent ruler to protect . . . (Schurman, 1902, 24).

In short, the communal solidarity found in the Sulu islands suggested to the Americans the possibility of indirect rule—if the Sultanate aristocracy were, in fact, willing to accept the terms.

Brigadier General Bates arrived in Jolo in mid-July with clear instructions to win an agreement with Kiram recognizing U.S. sovereignty, and he was prepared to pay for it. Otis wrote to him,

It is greatly desired by the United States . . . for the welfare of both the United States and Moros, that mutual friendly and well-defined relations

be established. . . . The United States will accept the obligations of Spain under the agreement of 1878 in the matter of money annuities, and in proof of sincerity, you will offer as a present to the Sultan and *datos* ten thousand dollars, Mexican, with which you will be supplied.<sup>8</sup>

Winning the sultan's approval of an agreement proved more difficult for Bates than Schurman's earlier meeting had suggested. A common understanding of the notion of sovereignty was (and would remain) elusive, and the sultan seemed to hesitate in the face of this uncertainty.<sup>9</sup> After delaying negotiations for more than a month, the sultan relented. "[T]he discipline of well-armed soldiers, the sight of modern naval vessels and the tact and sincere earnestness of General Bates eventually won out" (Gowing, 1968, 240). The sultan proposed an agreement under which he pledged to take steps to prevent piracy, fly the American flag with that of the Sultanate, return runaway Americans, and other gestures. For their part, Americans would make monthly payments to him and his *datos*; forswear interference in Sulu commerce, law and religion; and occupy Sulu territory only with permission. This proposal resembled those made between the British and various Malay sultanates and may have been acceptable to officials such as Schurman.

The American negotiators, though, insisted on explicit recognition of United States sovereignty. After further wrangling, the sultan acquiesced to an agreement signed on August 20, 1899.<sup>10</sup> The Bates-Kiram agreement "declared and acknowledged" American sovereignty over the islands, while pledging that the "rights and dignities of the Sultan and his *Datus* shall be respected." The sultan further promised to "heartily cooperate" to suppress piracy.

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<sup>8</sup>Quoted in Gowing (1968, 238).

<sup>9</sup>This ambiguity, according to some historians, was a deliberate attempt to deceive the Sulus into ceding their sovereignty, but the evidence is mostly circumstantial. See Oliveros (2005) and Salman (2001) for a discussion.

<sup>10</sup>For the full text of the agreement, see Oliveros (2005).

To garner acknowledgement of U.S. sovereignty and cooperation against piracy—and to head off revolt or alliance with the Filipino insurgency—the Americans made a number of key economic concessions. First, all Sulu trade would be “free, unlimited and undutiable,” thus protecting a crucial source of income for the elite. Second, the institution of slavery in the islands was implicitly condoned, preserving a mainstay of elite wealth.<sup>11</sup> Finally, the United States would pay a monthly allotment of 250 Mexican dollars to the sultan and sums ranging from 75 dollars to 15 dollars a month to nine of his followers, designated by name. These targeted payments together with concessions designed for the economic benefit of specific members of Sulu society are evidence of a fiscal approach of indirect rule as envisioned by the theory of fiscal strategies.

The marriage of interests represented by the Bates Agreement was not always amicable; inevitably, frictions arose as the Moros and Americans learned to live together. The *datus* chafed as American “sovereignty” proved more assertive than the Spanish version they were accustomed to. With the imposition of sovereignty came the perception of threats to Sulu religion, custom, and culture. And the Americans, the Moros believed, were too quick to interfere in affairs and disputes that should be regarded as strictly internal issues.

For their part, the Americans found themselves in dilemmas typical of indirect rule. Their frustrations came from two quarters. First, the agreement forced officers to remain “uncomfortably neutral in the face of local practices they found grossly offensive—slavery, blood feuds, polygamy, and draconian punishments for trivial offenses” (Linn, 2000, 226). Second, American officers complained that the sultan was not living up to his obligations. At times, Americans discovered that the sultan’s

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<sup>11</sup>Article X states, “Any slave in the Archipelago of Sulu shall have the right to purchase freedom by paying to the master the usual market price.” This provision doomed the attempt for Senate ratification, and thus the pact remained an “agreement” rather than a treaty.

authority over his *datus* was not absolute, and he was unable to fulfill his promises. At other times, when he was able to cooperate, “he not unnaturally expected a little *quid pro quo*. Thus the American military officers complained that the Sultan and his principal *datus* had no desire or intention of working in harmony with the United States . . . unless they derived some pecuniary benefit from such cooperation” (Gowing, 1968, 329).

But despite its rocky patches, the marriage held through the duration of the Philippine-American War. The Americans accommodated themselves to the workings of indirect rule. At the local level, a subordinate of Kobbé reported that, “We deal with [the Moros] through the *datos* and uphold the authority of the latter in their respective districts, and these begin to regard themselves as representing the United States.”<sup>12</sup> A similar relationship prevailed with Kiram, whom the Americans formally recognized “as the ‘king and shepherd of his people,’” but who governed, the Americans believed, as their surrogate (Schurman, 1902, 23). Regardless of whether these statements correctly perceive the power dynamic between the Americans and Sulu islanders, they indicate a functioning relationship under the terms of the agreement.

Indirect rule succeeded in keeping the peace; the months between May 1899 and July 1903 passed without a major military incident in Sulu. “Attacks on United States troops—always isolated incidents—were promptly punished, usually with cooperation of friendly Moros” (Gowing, 1968, 326). Major Owen Sweet, the commander of the Sulu district declared that his area of operations was “outside of the zone of disturbances from insurgents.”<sup>13</sup> Bored, uncomfortable and frequently sick, soldiers had few responsibilities beyond basic policing in accord with the agreement. Shortly after the agreement took effect, army authorities concluded that troop strength in Sulu could be reduced.

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<sup>12</sup>Quoted in Amoroso (2003, 134).

<sup>13</sup>Quoted in Linn (2000, 226).



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As a postscript, it is important to note that the accord between the Americans and the Sulu islanders did not long survive the cessation of hostilities in the northern Philippines. With troops no longer scarce, the United States turned to a more direct imposition of its sovereignty in Moroland and ignited a conflict that would persist for years. The evidence is that the Bates Agreement was never meant to be anything more than a provisional measure under severe force constraints. Bates himself stated that, “the agreement was merely a temporary expedient to buy time until the northern forces were defeated. The agreement was made at a time when nearly all the state volunteers had been sent home and other troops had not arrived to take their places. It was a critical time, as all the troops were needed in Luzon.”<sup>14</sup> Thus as the operative constraints changed, so did the choice of fiscal strategy perceived as optimal.

While it was in effect, however, the Bates Agreement was a paradigmatic example of the fiscal strategy of indirect rule. The sultan and his *datus* sat at the top of a hierarchical and solidary society. They were amenable to compromise, as the sources of their economic well-being were dependent upon cooperative relations with the American occupying forces. Direct payments and targeted economic benefits cemented an agreement that left Sulu communities autonomous of the Americans, conditional on the preservation of security and a rejection of revolt or alliance with the insurgency.

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<sup>14</sup>Quoted in Oliveros (2005, 106).

## Chapter 8

# Beyond the Philippines to the Modern Battlefield

This is a massive effort to buy people off so they won't fight us.

- unnamed U.S. development officer, 2010<sup>1</sup>

While the case studies from the Philippines provide a validation of the theory's intuition in single war, the question of its broader applicability remains. This dissertation will not answer that question definitively, but the present chapter is meant to serve as a starting point for considering the theory's insights into irregular warfare in the twenty-first century. The chapter looks at America's two most recent wars, in Iraq and Afghanistan, and applies the theory to a moment of particular significance in the course of each of those wars. These events highlight how the theory's key vari-

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<sup>1</sup>Quoted in Chandrasekaran (2010*a*).

ables play into fiscal strategy choice. In Iraq's "Anbar Awakening," we see the effects of a change in economic vulnerability; in the campaign for control of Afghanistan's Helmand province, we see the effects of differing communal structures.

In late 2006 and early 2007—after three-and-a-half years of fighting—the Sunni tribes of western Iraq flipped en masse from cooperation with Al Qaeda in Iraq (AQI) to cooperation with the Americans in opposition to AQI. Before the switch, the cohesive tribal groups enjoyed a seemingly resilient source of wealth in their control of lucrative smuggling routes through the western desert. During this period, the tribes had little incentive to bargain with the Americans, and the American approach in Anbar was coercive, as the theory would predict. Conditions for the transformation of that approach emerged when the tribes' source of wealth became suddenly vulnerable as AQI began to expropriate revenues from the smuggling operations. Cooperation with the Americans offered an alternative under which this source of wealth could be preserved. Seizing the opportunity these circumstances presented, the Americans reacted by switching to a strategy of indirect rule, again corresponding to the predictions of the theory. In exchange for cooperation against AQI, the Americans ceded extensive autonomy to the tribes, empowered tribal leaders, and allowed them to reap the profits from smuggling.

At nearly the same time that Anbar's tribes were flipping to the American side in Iraq, the Taliban insurgency in Afghanistan was seizing and consolidating its control of the poppy-producing districts of the southern province of Helmand. In late 2009, American-led forces began a major campaign to dislodge the Taliban and establish Afghan government control of the province. The Americans dedicated extensive military and fiscal resources to the campaign, which was waged in districts of starkly differing communal structures. In the solidary district of Nawa, Americans channelled fiscal resources through established leaders in the community who, in return, part-

nered with American forces to drive out the Taliban. In the fragmented district of Marja, there were few authoritative local leaders who could provide crucial assistance to the military in exchange for control over the distribution of aid. The result was a somewhat scattershot fiscal strategy that combined public goods and selective incentives provided directly by the Americans. Factors of economic security complicate the picture in Helmand somewhat. Because local wealth depended upon the cultivation of poppy—an illicit crop and a source of funding for the insurgency—the Americans had difficulty, especially at first, in linking American control to economic well-being. This aspect of the Helmand case gives an interesting twist to the theory of fiscal strategies.

With these snapshots of events from two modern wars, we see the continuing relevance of fiscal resources to military success and the centrality of local socioeconomic conditions to fiscal strategy choice.

## 8.1 Iraq’s “Anbar Awakening”

Iraq’s vast western province of Anbar was, from the war’s early days in 2003, the heart of the Sunni insurgency and the most violently contested area of the country. In an arrangement often described as a “marriage of convenience,” Sunni opponents of the Shi’a-dominated regime allied themselves with a core of Sunni foreign fighters under the banner of Al Qaeda in Iraq to fight the American-led occupation. Heavy combat at great loss failed to extend the control of the American military beyond the handful of bases it occupied in the province. Elsewhere, AQI ruled. A U.S. Marine Corps intelligence report written in August 2006 declared that U.S. and Iraqi forces were “no longer capable of militarily defeating the insurgency.”<sup>2</sup> Yet by mid-2007, AQI was reeling, never to recover, and Anbar became one of the least violent parts of Iraq.

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<sup>2</sup>Quoted in Curtis (2007).

Responsible for the sudden reversal was the wholesale defection from AQI of Anbar's tribal leaders. Stark demonstrations of their economic vulnerability convinced the sheikhs to negotiate with the Americans, who, in turn, were willing to embrace a fiscal strategy of indirect rule.

Hierarchical kinship networks form the basis of Anbari social and political life.<sup>3</sup> Identity and allegiance extend from houses to clans to the basic unit of the tribe—and sometimes beyond, to extensive tribal confederations. The largest of these, like the Dulaym confederation in Anbar province, “operate as ‘dynastic states,’ levying taxes, providing social goods, and generally acting as a political entity with religious and ethnic overtones” (McCary, 2009, 46). In general, the political significance of tribes in the Middle East is often related inversely to the strength of the state. The power of Iraq's tribes waxed and waned throughout the modern history of the country and was at a high at the end of the 1990s after the war with Iran, the Gulf War, and the subsequent Shi'a uprising. In the wake of these devastating conflicts, Iraqi dictator Saddam Hussein relied ever more on the tribes to assist his internal security apparatus, granting them vast autonomy and privileges in exchange (Long, 2008, 73–75).

The power of tribal sheikhs among their people derived in part from a spoils system, revenues for which came from their control of centuries-old smuggling networks to and from Syria, Jordan, and Saudi Arabia. Throughout the 1990s, the tribal leaders tightened their grip on these networks, reaping the benefits of “a burgeoning black market, growing steadily in power, influence, and, above all, riches” (Woods, 2005, 52). Comparing Anbar's tribes to the mafia, U.S. Army General David Petraeus said, “Every tribe is like some organizations in Northeast America . . . It's an import/export business.”<sup>4</sup> Smuggling was vital as a source of wealth for Anbari tribes

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<sup>3</sup>I use the term “kinship” to refer both to consanguineous relationships and to those based on a “myth of a common ancestry.” For a more detailed discussion of tribalism in Iraq and elsewhere in the Middle East, see Jabar and Dawod (2001) and Khoury and Kostiner (1990).

<sup>4</sup>Quoted in Fadel (2007).

and as a source of power for tribal leaders. Rosen (2004) provides an example in his description of one of Anbar's two main cities. "Fallujah," he writes, "is a center for cross-border smuggling in Iraq and apart from the patronage it received from Saddam, smuggling was the primary revenue earner. As long as Fallujah's businessmen are permitted to continue their smuggling activities, the town will remain quiescent."

The American project in Iraq seemed to threaten tribal autonomy, power, and wealth in Anbar. In the first years of the war, American troops entered the province and attempted to assert control; an unsympathetic Shi'a-led government replaced the placatory Sunni Ba'athist regime; and democracy and "rule of law" was to supersede tribal prerogative and the authority of the sheikhs. Tribal leaders thus found common cause with other constituencies opposing the Americans that included former senior Ba'athists, Sunni nationalists, and, most notably, the foreign-led AQI. Thus unified, Anbar was beyond the control of the American military and the fledgling Iraqi government. AQI filled the vacuum and, by 2006, was "nearly unstoppable as both a political and tactical force in the region" (McCary, 2009, 44).

Through the years of nearly united opposition, the American military relied on a strategy of coercive rule in Anbar. Emblematic of this approach were operations in the city of Fallujah, which became synonymous with destructive violence following two major battles there in 2004. The second battle returned the city to American control, but only after displacing all but 90,000 of the city's 250,000 residents and damaging more than half of the 39,000 homes. In the aftermath, control required a strict seven p.m. curfew, check points that meant hours in line for those trying to enter or leave the city, and other security restrictions that choked economic and civic life (Tyson, 2005). But the massive manpower necessary to implement these measures was lacking elsewhere in Anbar, and U.S. troops struggled to contain violent resistance in places like Tal Afar, Haditha, and Husaybah, to name a few. In Ramadi,

an American brigade commander described how AQI “dominated nearly all of the city’s key structures . . . Their freedom of movement allowed them to emplace complex subsurface [landmine] belts, which rendered much of the city no-go terrain for U.S. and Iraqi Army forces” (Smith and MacFarland, 2008, 42). By mid-2006, American officers—and even official reports—were suggesting that the United States had “lost in Anbar” (Ricks, 2006).

During this same period, however, fractures emerged in the pragmatic alliance between AQI and the tribes, largely the result of the insurgent group’s expropriation of the tribes’ smuggling revenues.<sup>5</sup> Consistent with al Qaeda’s usual tactics, AQI sought out local income to support their operations and found it in the tribes’ illicit operations. “In al Anbar, the easiest sources of revenue were illegal activities, such as smuggling and extortion, the same activities in which the local tribes had been engaged for decades” (McCary, 2009, 47). Near Ramadi, for example, the Albu Risha tribe lost control of portions of the Baghdad–Amman road that generated profits through “taxing” and extortion (Simon, 2008). Near al Qaim, AQI demanded “an excessive cut” from the smuggling income of the Albu Mahal and Abu Nimr tribes (Todd, 2006, 4:32). The future leader of the Awakening movement, Sheikh Sattar al Rishawi, also felt the pinch. Having “made a fortune by nabbing cars moving along the unguarded roads of Anbar Province,” Sattar felt his wealth threatened by AQI’s encroachments (Kukis, 2006). Attempts by the sheikhs to resist the group’s

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<sup>5</sup>Accounts vary in their emphasis among a number of factors leading to the schism between AQI and the tribes. Although nearly all cite AQI’s encroachment on tribal smuggling operations as a contributor, varying explanations focus on excessive violence against tribal leaders (Simon, 2008); differing visions for a post-war Iraq (Lynch, 2007); forced intermarriage (Kilcullen, 2007); and fundamentalist prohibitions on personal behavior (Green, 2010). Long (2008) addresses this debate directly and concludes that “most importantly, al-Qaeda in Mesopotamia was competing for control of revenue sources—such as banditry and smuggling—that had long been the province of the tribes. . . . While [the] violence was not irrelevant, it does not appear to have been the central motive for the shift. . . . The primary motive was not moral; it was self-interested.”

demands were met with fierce, demonstrative retaliation. These attacks intimidated the tribal leaders, but also alienated them. Dissent within the alliance mounted.

As Anbar's sheikhs confronted the vulnerability of their sources of wealth, they showed a new willingness to negotiate cooperative agreements with the Americans. Glimmers of what would later become the Awakening shone as early as 2004, but neither the Anbari tribes nor the American forces were ready to commit decisively. On at least four occasions in 2004 and 2005, individual tribes reached out to American forces to forge tactical alliances against AQI in their areas. With the exception of small elements of U.S. Special Forces and "occasional experiments by innovative local commanders," however, the American military was unwilling or unable to support the tribes or to protect their leaders (Biddle, Friedman and Shapiro, 2012, 10–12).

With the "surge" of American troops in late 2006 and early 2007 came additional manpower and, more importantly, a new approach to counterinsurgency. American focus shifted toward engaging with and protecting the population, giving more attention to the social, political, and economic environments in which they operated. At the same time, disaffection with AQI reached a level at which a broad coalition of tribes, known as the Anbar Salvation Council, agreed to align with the Americans. The results were dramatic and almost immediate. Muhammad Fanar Kharbeet, son of a prominent Anbari sheikh, explained how the tribes were able to accomplish what the U.S. military alone could not:

The Coalition Forces has the very strong military ability. The civilians and the tribes, they have a difference that the Coalition Forces doesn't have. It's that they're local—they found and knows who comes from outside. They know who are the insurgents and who are al Qaeda in general, such that there is no more al Qaeda or anything else. You wouldn't believe me.



I'm not exaggerating that in two months, in two months everything was finished.<sup>6</sup>

Echoing these sentiments, U.S. Army Lieutenant Colonel Michael Silverman marvelled at the extent to which the situation had changed, stating, "For three years we fought our asses off out here and made very little progress. Now we are working with the sheiks, and Ramadi has gone from the most dangerous city in the world to a place where I can sit on [a local sheikh's] front porch without my body armor and not have to worry about getting shot."<sup>7</sup>

The fiscal strategy that emerged from bargaining between the American military and the Anbari tribes was that of indirect rule, evident in three characteristics surrounding the policy. First, the authority of the sheikhs within their communities upheld the tribes' end of the bargain. Second, agreement required that the Americans (and the Iraqi government, by extension) cede extensive political autonomy to the tribes. And, third, the provision of targeted material benefits to the sheikhs cemented the deal.

Most of western Iraq's communities are socially solidary, and thus tribal leaders speak on behalf of their people as a whole. McCary (2009, 46) observes that,

In al Anbar, it was the Sunni tribal sheikhs, not the general populace, who decided that al Qaeda's goals no longer coincided with the best interests of their people. Neither the central Iraqi government nor the U.S. military could control insurgent activities until the Sunni tribal sheikhs decided to take away their support and safe haven. . . . It is the Sheikhs who decide whether their tribesmen serve as willing foot soldiers in the insurgency or dedicated volunteer militiamen in local security forces.

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<sup>6</sup>Quoted in McCary (2009, 51).

<sup>7</sup>Quoted in Jaffe (2007).

Colonel Sean MacFarland's experience testifies both to the power of the sheikhs and the extent to which the insurgency depended upon the support of the communities in the areas where they operated. MacFarland stated that, "Once a tribal leader flips, attacks on American forces in that area stop almost overnight."<sup>8</sup>

In exchange for their cooperation, the sheikhs insisted on retaining autonomy for the areas they controlled. This meant, in part, that the tribes themselves—not the American military or the Iraqi government—would secure their areas. Initially, some American protection was welcome, but only while it was needed. The "Sons of Iraq" militias, organized and equipped by the Americans but recruited locally, patrolled their own neighborhoods. The Iraqi government even granted exceptions so that the Albu Mahal, mentioned above, could take control of the Iraqi Army brigade in their region (Malkasian, 2007, 55). Likewise, the Albu Risha dominated the Ramadi police. And crucially, Anbar's tribes re-established their hold over the contested smuggling networks, as the Americans turned a "blind eye" to this "extralegal revenue generation" (Long, 2008, 80–81).

Yet what sweetened the deal and helped keep it alive through many difficult months was the chance for the sheikhs to get rich and to reinforce the bases of their power. The Americans directed benefits to key actors in the province primarily through reconstruction and security contracts. In order to do so, they drastically changed their contracting procedures. What had been a strict process that required competing bids and emphasized transparency became one in which key sheikhs could direct patronage to their constituents (McCary, 2009, 50). "These guys do everything with money," Marine Lieutenant Colonel John Reeve noted. "Every deal goes to the sheik. He then trickles the money down to reward sub-tribes who cooperate and punish those who don't."<sup>9</sup> Jaffe (2007) provides a vivid illustration of how reconstruction

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<sup>8</sup>Quoted in Michaels (2007).

<sup>9</sup>Quoted in Jaffe (2007).

contracts enabled a fiscal strategy of indirect rule. “To understand how the U.S. managed to bring relative calm to Iraq’s unruly Anbar province, it helps to pay a visit to Sheik Hamid Heiss’s private compound,” he writes.

On a recent morning, a 25-year-old Marine Corps lieutenant from Ohio stacked \$97,259 in cash in neat piles on Sheik Heiss’s gilded tea table. The money paid for food for the sheik’s tribe and for two school renovation projects on which the sheik himself is the lead contractor. Even the marble-floored meeting hall where the cash was handed over reflects recent U.S. largesse: The Marines paid Sheik Heiss and his family \$127,175 to build it on his private compound. Such payments have encouraged local leaders in this vast desert expanse to help the U.S. oust al Qaeda extremists and restore a large measure of stability and security.

Many observers express misgivings over the compromises Americans made to implement indirect rule in Anbar. For Colonel MacFarland, however, the results spoke for themselves. “No matter how imperfect the tribal system appeared to us,” he stated, “it was capable of providing social order and control through culturally appropriate means where governmental control was weak” (Smith and MacFarland, 2008, 52).

In broad strokes, the strategy of indirect rule eventually adopted by the American military in Anbar exhibits striking parallels to the approach employed in the Sulu Sultanate in the Philippines a hundred years earlier. Until the final decades of Spanish rule, a network of Sulu *datus* maintained their livelihoods and economic status through external trade in defiance of Spanish attempts to extend colonial rule. Similarly, Anbari shaykhs profited from cross-border smuggling operations that subverted American attempts to control western Iraq.

When exogenous changes threatened their sources of economic vitality, a cohesive social structure enabled the elites to cut credible deals with the external powers

that promised cooperation in exchange for autonomy, money, and access to the profitable trade networks. In Sulu, the key change was technological: steam power and modern guns gave western navies a decisive advantage in establishing blockades of the islands' vital ports. In Anbar, the change was political: the sheikhs' erstwhile Qaeda allies arrogated the smuggling networks at the heart of the sheikhs' prosperity.

In either case, continued access to wealth came to depend on a bargain with the occupying power. Stretched thin by military obligations elsewhere in the countries, the occupying powers readily granted material resources and considerable autonomy to the elites in return for cooperation and the provision of security. The credibility of the bargains required the authoritative positions of the local leaders within their communities; the willingness to bargain required the elites' dependence upon the occupying power for their economic well-being.

## **8.2 The Battle for Helmand Province, Afghanistan**

Afghanistan's Helmand province was the site of a major American-led campaign that began in 2009. The operations that took place in two of Helmand's districts offer a natural experiment for the theory of fiscal strategies. The districts of Marja and Nawa, similar in many respects, had contrasting communal structures. The American-led International Security Assistance Force (ISAF) secured control of Nawa through a fiscal strategy of indirect rule. ISAF injected massive amounts of aid into the district economy, but channeled the funds through powerful local leaders who were given discretion over the distribution of these benefits in exchange for their cooperation in pushing out the Taliban. Marja lacked the local solidarity found in Nawa; there were few local leaders with whom to transact, exchanging private benefits for cooperation on security. The result there was a strategy that combined the provision of public

goods with offers of selective incentives, almost all of which was provided directly by the ISAF forces. Economic security played a unique role in Helmand. In the province's unusual circumstances, economic vulnerability made attaining popular support *more* costly for the government forces—the opposite of the theory's prediction. As such, this case suggests a caveat to the theory.

The districts of Marja and Nawa share much in common. Both lie in the narrow swath of fertile agricultural land in central Helmand province, along the Helmand River. They sit approximately 25 miles south of the provincial capital of Lashkar Gah and are separated from one another by about 15 miles. Population estimates are rough, but Marja and Nawa are each home to 50,000–80,000 people, making them among the most populated districts of the province.<sup>10</sup> Nearly all the inhabitants are ethnic Pashtuns. And beginning in 2006, both districts were dominated by the Taliban, which shut down local schools and markets and reaped huge sums from its control of opium production there.<sup>11</sup> The undermanned contingent of British forces operating in the area from 2006 until 2009 was powerless to challenge the Taliban and faced nightly attacks on their small base.

Marja and Nawa differ starkly, however, in their levels of communal solidarity. The majority tribe in Nawa, the Barakzai, dominates the area, but maintains a close and congenial relationship with the smaller tribes in the district. Relationships among the Nawa's tribes are “far more harmonious” than those elsewhere in the province (Chandrasekaran, 2010*b*). All tribes have seats on the district's community council and a voice in local governance (Dressler, 2011, 18). Marja, by contrast, exhibits deep fragmentation. In the 1950s, settlements in Marja sprung from the barren desert after the construction of a major canal system designed by American engineers.

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<sup>10</sup>Marja is sometimes portrayed as a town, but in fact consists of dozens of settlements spread out over nearly 100 square miles.

<sup>11</sup>Dressler (2010*b*, 1) cites Taliban revenues of \$200,000 a month from taxes on opium processing factories in Marja alone.

The Afghan king populated the newly fertile land with settlers from throughout the country, “which is why the local people today come from scores of different tribal backgrounds and affiliations” (Wakefield, 2009). The effects of the mid-century population movement shaped the local communal structure in a way that persisted through the years. Chandrasekaran (2010*c*) observes, “This decades-old experiment in Afghan social engineering has now complicated efforts to find the same sorts of tribal leaders who influence the population in other Afghan communities. They simply don’t exist in Marja.”

In large-scale operations that began in Nawa in July 2009 and in Marja in February 2010, ISAF military and civilian agencies distributed a similar—and massive—array of goods. In the spring of 2011, the U.S. military in Helmand was spending about \$500,000 every 10 days on discretionary development projects and local security forces (O’Hanlon, 2011). In Nawa alone, development aid allocated between July 2009 and March 2011 totalled nearly \$25 million—a figure that equates to \$300 per resident in a country where the per capita GDP was approximately \$900 (CIA, 2012; Dempsey, 2011). Aid money hired workers to dredge canals, dig wells, build schools, improve roads, and restore mosques. It provided vocational training, farm equipment, health services, police gear, and much more.

In Nawa, these goods were distributed primarily through existing local leadership. Seizing an opportunity to bolster their standing and authority within their communities, the district’s elite allied with the U.S. Marines. Tribal leaders in Nawa were willing to partner with American forces against the Taliban “in part so they could reassert themselves as the chief power brokers in the area” (Chandrasekaran, 2010*c*). Abdul Manaf was the district governor and most powerful local figure. An American Foreign Service Officer working in Nawa at the time recounts,

[Manaf] saw American military and financial might as a way to consolidate his power to achieve local hegemony, hoping this could calm the district. In an effort to support the Afghan government, U.S. and British development aid was funneled through local Afghan officials, most notably Manaf and a nascent community council. Central to both parties' responsibility was the allocation of American funding—usually to Manaf and the council's own political and economic ends (Dempsey, 2011).

Among the people of Nawa, Manaf takes credit for the infusion of aid and employment opportunities. The American forces there support his credit-claiming “because they want the people to appreciate Manaf, and in turn, they want Manaf to appreciate the Americans.” Among the Marines, Manaf takes credit for bringing quiet to the district and driving the Taliban out. By the spring of 2010, schools were well-attended, the main bazaar was bustling, and American patrols hadn't fired a shot in five months (Chandrasekaran, 2010*b*).

In the absence of local leaders to partner with in Marja, ISAF made an unsuccessful attempt to emplace an alternative. The military planned for a ready-made district government composed of officials from Afghan ministries—a “government-in-a-box”—to accompany the February offensive and oversee civic works and the distribution of aid. For the most part, though, the officials were ineffective, viewed as illegitimate, or absent altogether (Dressler, 2010*a*, 6–7). Instead, an American “district stabilization team” administered projects in Marja similar to those directed by the district governor and council in Nawa (Chandrasekaran, 2010*c*). The Marines in Marja had a force more than twice the size of that in Nawa, but faced a more entrenched enemy and a more hostile population. In July, an assessment noted that, “Marjah's residents remain hesitant to engage with U.S. and Afghan forces for fear of retribution. Afghans in the town also view efforts to rejuvenate the town's bazaars,

build clinics, and restore schools as insufficient to fully sway them to the Coalition's side" (Dressler, 2010*a*, 4). More succinctly, ISAF commander General Stanley McChrystal warned his officers that, after months of inconclusive operations, Marja had become "a bleeding ulcer" (Nissenbaum, 2010).

While the effect of differences in communal solidarity between Marja and Nawa conforms with the theory of fiscal strategies, a close look at the economic characteristics of these districts challenges assumptions behind the theory's other key variable. Helmand is noted for being the source of more than half of all the opium produced in Afghanistan, and Marja and Nawa are key contributors to the province's yield.<sup>12</sup> Poppy is the predominant crop in both provinces. In 2008, the average family in Nawa cultivated more hectares of poppy than any of Helmand's 13 other districts; families in Marja's district ranked third in this measure (UNODC, 2009, 81). Sixty to 70 percent of Marja's farmers relied on poppy for their livelihoods (Nordland, 2010).<sup>13</sup> Unlike wheat, which is expensive to transport and can rot if mills aren't working or if conflict hinders getting it to market, poppy is generally more profitable and makes it easier for farmers to adapt to uncertain conditions. Said one Helmand farmer, "People are committed to grow poppies, because there aren't any other crops where we can make enough money to fill our children's stomachs." Another stated, "The poppy is always good, you can sell it at any time. It is like gold, you can sell it whenever and get cash."<sup>14</sup>

As a result of their dependence upon the opium crop, the communities of Marja and Nawa were economically vulnerable to crop destruction. In a study on opium production in central Helmand between 2008 and 2011, Mansfield (2011, 60) notes, "When cultivating opium poppy, livelihoods in these areas proved resilient to shocks

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<sup>12</sup>At its peak in 2008, Helmand accounted for 103,590 of the 157,253 total hectares under cultivation in Afghanistan (UNODC, 2009, 80).

<sup>13</sup>This figure is not available for Nawa.

<sup>14</sup>Quoted in Rubin (2012) and Rubin and Rosenberg (2012), respectively.



and stresses. However, without opium poppy there are growing signs of economic distress and the adoption of coping strategies that will undermine future earning capacity.” A subsequent study found that farmers unable to grow poppy were more likely to consume less food; withdraw their children from school; delay healthcare expenditures; take on debt; and sell productive assets such as livestock, land, or vehicles (Mansfield, 2012, 33).

But because poppy eradication was a goal of the U.S. military in the areas it controlled, the economic vulnerability of the Helmand population provided the Americans no leverage in bargaining for local support—invalidating an aspect of what the theory of fiscal strategies envisions. In economically vulnerable communities like Negros and Sulu in the Philippines (or in Anbar, Iraq after AQI began preying on local smuggling revenue), the communities had an incentive to support the government forces to avoid disruption to crucial sources of wealth. In Helmand, the Americans targeted the local source of wealth because it was also a key source of revenue for the insurgency. So, to the residents of Marja and Nawa, American or Afghan government control meant a threat to their economic well-being. “To farmers, [ISAF] bases represent a capacity to enforce a ban on opium production and eradicate the crop.” By contrast, they see “the presence of the Taliban as important in determining whether their crop is vulnerable to eradication ... claiming that the eradication force was afraid to enter the area after Taliban attacks” (Mansfield, 2011, 39–40). Employing their own fiscal strategy to thwart the American offensive, the Taliban not only offered protection to poppy farmers, but also decided to waive their usual tax on opium production and charge farmers reduced fees on their harvests (Rubin, 2012). Local Taliban commanders spread the message that, “The government is just

trying to destroy the crop, threaten the people and destroy your economy. We want to support the economy of the people and keep your crop safe.”<sup>15</sup>

Recognizing that their goals of severing Taliban finances were at cross purposes with their efforts to win popular support, American forces responded to the dilemma in two ways. First, the U.S. reoriented its counternarcotics strategy to focus on interdiction of the opium trade rather than eradication of the poppy crop. Richard Holbrooke, the White House’s Special Representative for Afghanistan and Pakistan, declared eradication policy “a failure,” stating that the efforts “did not result in any damage to the Taliban—but they put farmers out of work and they alienated people and drove people into the arms of the Taliban.”<sup>16</sup> The Americans shifted from crop destruction to an emphasis on interdicting smugglers and laboratories where poppy is processed into opium. “We don’t trample the livelihood of those we’re trying to win over,” said a spokesman for the military command.<sup>17</sup> Second, Americans offered a range of positive incentives to encourage farmers to switch voluntarily from poppy to other crops. A series of initiatives known as “alternative livelihood development” provided vouchers for licit crop production, distributed wheat seeds and fertilizers, provided grants for tools and machinery, and offered technical assistance to farmers (Dressler, 2011, 29). One program instituted in Marja, the Accelerated Agricultural Transition Program, also offered farmers \$300 for every hectare of poppy field plowed over and a signed pledge not to plant again (Chivers, 2010).

But the military implemented both of these responses ineffectively. First, while American forces stopped destroying poppy fields themselves, they continued to support aggressive Afghan-led eradication championed by Helmand’s governor (Rubin, 2012). In places like Marja, it appears that Afghan authorities made some attempt

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<sup>15</sup>Related by an interview subject in Mansfield (2012, 34).

<sup>16</sup>Quoted in Shanker and Bumiller (2009).

<sup>17</sup>Quoted in Nordland (2010).

to target only Taliban-allied farmers for crop destruction, but selective eradication was beset by corruption. Often, the farmers who escaped eradication were those who paid bribes or had family or political connections (Rosenberg, 2012; Shah and Rubin, 2012). Second, both Taliban threats and the problems distributing aid that were noted above also disrupted the implementation of poppy-alternative programs. And once under way, aid and employment programs revealed a disconnect between the goals of civilian agencies and those of the military. By some accounts, the civilian agency responsible for implementing many of the employment programs tended to view reconstruction and aid delivery as ends in themselves. “It sees them as contractual agreements. The military implications aren’t the top priority,” said one U.S. official. The military, by contrast, “regards cash-for-work as a critical component of U.S. counterinsurgency operations, allowing the Americans to lure disaffected, unemployed young men away from Taliban recruiters.”

The Americans nonetheless had sufficient military force to establish a threshold of security needed to begin reconstruction and aid distribution. “[T]he overwhelming strength of the Marines, and large numbers of Afghan Army and police forces brought in to increase security, eventually tipped the balance,” and Marja’s residents slowly became willing to take jobs and accept aid from the Americans (Gall, 2011). ISAF spent hundreds of thousands of dollars a week to consolidate their gains. Despite initial setbacks, both Marja and Nawa were, in the summer of 2012, generally viewed as secure and under ISAF control. The usual “metrics” of counterinsurgency success were present: brisk local economies, children in school, new construction, police on the streets, and a population willing to provide information about insurgent activity (e.g., Dressler, 2011; O’Neill, 2012; and Shah, 2012). Poppy production fell by about a third in the year after the offensives, but subsequently leveled off (UNODC, 2011).

Given the sizeable influx of military and fiscal resources into the districts, eventual ISAF control of the area is hardly surprising. From the perspective of the theory of fiscal strategies, part of what is instructive about the battle for Helmand province is the difficulty of using material benefits to extend control over communities whose source of well-being is more secure under the control of the enemy. Even setting aside insurgent threats to collaborators, it seems clear that only enormous material incentives can convince individuals or communities to support combatants who threaten the sources of their livelihoods. As apparent as this observation may seem in retrospect, it is at the heart of the misjudgements made by AQI in Anbar and ISAF in Helmand. A combatant who seeks simultaneously to control a community and to undermine its source of wealth should expect to rely heavily on coercion.

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As the examples from this chapter demonstrate, money is as much a weapon of modern civil war as it was a century ago. Not only do strategies of persuasion, conciliation, and co-optation appear to be permanent fixtures of irregular warfare, but the cases suggest that the socioeconomic conditions on which their effects depend persist as well. The concluding chapter considers the risks of strategies built around the provision of material benefits on the conduct of irregular warfare and the prospects for enduring peace when hostilities end.

## Chapter 9

# The Promise and Peril of Money in Irregular Warfare

Pay close attention to the impact of your spending and understand who benefits from it. And remember, you are who you fund. How you spend is often more important than how much you spend.

- General David Petraeus, 2010<sup>1</sup>

Much of the preceding discussion has demonstrated the value of fiscal strategies to armies struggling to secure popular support, force insurgent capitulation, and ultimately establish control over contested territory. Cases from the Philippines, Iraq, and Afghanistan depict conciliation and co-optation as indispensable compliments

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<sup>1</sup>Petraeus (2010).

to the application of coercive force as a commander finds his manpower, arms, or ammunition stretched thin. However, the constraints that commanders face include not only military and fiscal resources, but time. The imperatives placed on commanders often force them to privilege immediate fixes over enduring solutions. Yet fiscal strategies have long-lasting effects on the societies in which they are employed, and the institutions that form around them may undermine future political, social, or economic stability. Fiscal strategies, in short, come with both promise and peril.

Future research should investigate the trade-off sometimes inherent in pursuing short-term pacification at the expense of long-term peace. It should also aim to identify the sources of combatants' time horizons and incorporate a "discount factor" into models of fiscal strategy choice. For now, though, it bears commenting briefly on the hazards implicit in that choice.

Consensual rule, seemingly the most benign of fiscal strategies, threatens to undermine local self-sufficiency and create dependence upon sources of public goods that are not sustainable. This is a perennial challenge for external aid, even to areas not facing violent upheaval. The American military in Afghanistan has used the provision of public goods to a nearly unprecedented extent as a counterinsurgency tactic. The massive fiscal resources expended bear risks proportionate in scale, even where they have helped to check violence for now. One participant comments,

[T]he overriding long-term problem is that the Afghan government's success was based almost entirely on American inputs.... While this approach clearly succeeded tactically, as a strategy it is fatally flawed. As these hefty U.S. inputs of money and military might inevitably evaporate, the power dynamic will shift away from the local government to other interests ... [O]ur current practice of [counterinsurgency] fails to understand that the only meaningful metric for success is a transfer of

sustainable sovereignty to the institutions we can easily create, but which the Afghans must learn to run (Dempsey, 2011).

These risks are avoidable, in theory, if public goods provision centers on building local institutions and human capital. But these are painstaking endeavors for which military forces are not usually well-equipped. Further, they cannot always meet the commander's need for an immediate impact.

Indirect rule carries the risk of creating local tyranny or conditions for future confrontation. Private goods can empower certain individuals or segments of a community whose moral or political interests diverge from those of the incumbent. Civil war gives prominence to those who are ruthlessly violent. As Loyd (2001, 162) observes of Bosnia, "The meek and humane were the war's losers. The vanguard of those quick or bad enough to get with the new agenda reaped immense profits in terms of personal power . . ." Through indirect rule, combatants risk complicity with barbarism by helping to create "new war economies [that] produce actors with skills in the use of violence, whose existence and power derives from the war" (Kalyvas, 2006, 58). Partnership with a local Leviathan is attractive to a commander struggling to bring order, but it may fund savage repression. Another danger is that indirect rule can strengthen potential competitors and sow a later showdown. Taking a page from their Ottoman predecessors, Britain attempted to employ indirect rule in early-twentieth century Iraq. They passed the governorship of Lower Kurdistan to Mahmud Barzinji, a trusted and influential Kurdish sheikh. But the British miscalculated and had to retake the city of Sulaimaniyya by force after Barzinji, in an attempt consolidate power over his rivals, declared an independent Kurdistan in May 1919 (Tripp, 2002). Monitoring and enforcing the terms of a bargain for indirect rule can mitigate its risks. But the turmoil of conflict can make monitoring difficult. More troubling,

if the combatant becomes dependent on his client as alternatives erode, enforcement becomes impossible.

A divide-and-rule strategy can rupture dormant fault lines in a community, triggering new conflict and spirals of revenge. The approach offers selective incentives meant to elicit betrayal in the form of denunciation or taking up arms against the other side. Motivations for betrayal and collaboration are not defined exclusively—or even primarily—by the rift that separates the insurgents from the government. In other words, betrayal may not be the result of one’s distaste for the political agenda of the rebels; rather, any idiosyncratic motive that intertwines with the war will suffice. Family feuds, class animus, ethnic rivalries, jealousy, and personal revenge are within the galaxy of possible motives. A divide-and-rule fiscal strategy taps economic motivations, but its selective incentives also spur individuals to act on other “urge[s] for private vindication.” Betrayal, committed for whatever reason, in turn begets revenge. “Civil wars and guerilla wars abound with instances of extreme cruelty, and it seems plausible to assume that this is because of the numerous accounts to be settled” (Frijda, 1994, 264, 267). Paramilitary groups, a ubiquitous feature of divide-and-rule strategies, are unsurprisingly notorious for meting out revenge (Mason and Krane, 1989, 185). “Abuses are always possible,” counsels (Trinquier, 1964, 34). “The organization will have to be seriously controlled, so that it remains solely a means of protection against the external enemy ...” Likewise, denunciations must be carefully vetted to ensure that the military does not become an unwitting party to an internecine dispute. But a divide-and-rule strategy risks fracturing or further inflaming a community by sowing distrust or the seeds of revenge.

Coercive rule may exacerbate the very issues at the heart of the unrest it is employed to confront, or it may create new impediments to establishing an enduring peace. As American counterinsurgency doctrine counsels, “Any use of force produces



many effects, not all of which can be foreseen. The more force applied, the greater the chance of collateral damage and mistakes. Using substantial force also increases the opportunity for insurgent propaganda to portray lethal military activities as brutal” (HQDA, 2006, I:27). Where hostility over the conduct of the government is a source of civilian support to the insurgency, repressive measures by the military add to popular resentment and to sympathy for the insurgent agenda. Coercive rule also risks creating new grievances among the population that fuel support for the rebels and diminish the perceived legitimacy of the government. Even mildly coercive population control measures and increased troop presence inevitably create friction that stirs indignation. Coercive rule may also make tenuous any political accord that brings hostilities to an end. Any outcome short of full political separation or the complete destruction of one side means that the combatants will continue to live with one another “under the same roof.” A lasting peace requires a political solution that both sides accept, and finding such an agreement may be more difficult if civilians as well as insurgents feel they were merely beaten into submission.

...

“Control of the masses,” states Trinquier (1964, 33), “is the master weapon of modern warfare.” This dissertation has presented evidence in support of a theory that specifies a logic underpinning combatants’ use of conciliation and persuasion alongside coercion to assert “control of the masses” in civil war. It demonstrates a pattern that reveals where and how money is usefully employed to that end and suggests why it “works.” The provision of material benefits has military significance only when offered to those whose preferences are subject to influence and who have the capacity to act on those preferences. These traits are reflective of a community’s economic vulnerability and its sociopolitical structure.

Fiscal strategies are perennial features of irregular warfare, but they are understudied and thus often misunderstood by scholars and misapplied by practitioners. Several points emerge from this dissertation that have implications for how fiscal strategies may be studied and employed. First, although both persuasion and coercion seek to influence the rational calculations behind the decisions taken by individuals, they are conceptually distinct. In the course of the war, the fungibility of material incentives can create cascading effects that have no analogy to the indirect effects of violence. Material incentives can expand the power and the choices available to those who receive them, where recipients of violence see their choices further constrained. In the aftermath of the war, as the discussion above highlights, the institutions and concentrations of power that result from conciliatory strategies have abiding forms and effects distinct from those of coercive strategies. Built with foresight, these institutions can serve the long-term stability of the state; built recklessly, they diminish the prospects for enduring order.

Second, fiscal strategies appear in different manifestations that have different effects. Strategy is the conceptual link between means, ways, and ends; merely spending money is not a fiscal strategy. A fiscal strategy is defined by *how* money is spent to achieve a desired *effect*. The framework introduced in this dissertation classifies fiscal strategies according to the selectivity of the goods provided—and thus their intended beneficiaries—with the understanding that different segments of the community have distinct influence on the community's support for a combatant. This framework is not the only one that might usefully distinguish among different forms of the strategic use of fiscal resources, but studies or policies that fail to make such distinctions at all are bound to be inconclusive or ineffective.

Third, individuals are not merely the targets of fiscal strategies, but active participants in the process that creates them. Current American doctrine speaks

of “human terrain” as if the interests and activities of noncombatants were static features of the landscape that military forces must navigate (CALL, 2009*a*). Much scholarly literature portrays the civilian population as an aggregated entity whose fortune is subject to decisions taken by the combatants. By depicting a bargaining process in which civilians negotiate with a military force, this study demonstrates that noncombatants are political actors in their own right who contribute to the dynamics of the war. By depicting individuals as participants in that bargaining process, this study acknowledges that individual interests and motivations may not be encapsulated by simple labels—ethnicity, religion, or class, for example—that correspond to the war’s macro-level. The value of popular support confers agency to noncombatants; the potentially outsized impact of personal choices gives significance to individuals’ interests and actions.

And fourth, this study adds to the chorus of work extolling the military virtue of learning while fighting. The web of power, interests, and motivations within the civilian population in the midst of civil war is fraught with complexity, the significance of which is not readily comprehensible from the outset of a conflict or the outside of a community. Successful fiscal strategies, like successful military operations generally, result from continuous synthesis of new information and from persistent experimentation, evaluation, and adjustment. The theory of fiscal strategies points to a set of key factors in the strategic setting and baseline expectations that can serve as starting points for learning and adaptation.

Profound consequences accompany decisions made in war. How to deploy the assets he has—how to allocate his limited resources in money and military force—is a fundamental decision that faces the theater-level commander and the company-grade officer alike. The commander who uses co-optation as effectively as coercion avoids not only unnecessary waste of treasure, but needless sacrifice in blood.

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