CHAPTER THREE

THE CHINESE MERCHANTS IN
TURN-OF-THE-TWENTIETH-CENTURY MANILA:
PRECURSORS OF MODERN CHINESE
TRANSNATIONALISM IN THE PHILIPPINES

Introduction

In the preceding chapter, I described some of the major economic changes in the Philippines during the latter part of the nineteenth century. An overview of Spanish commercial policy in the Philippines in the nineteenth century would show that the colonial government attempted to do the following: 1) expand Philippine trade; 2) develop internal Philippine resources; 3) develop closer ties with Spain through trade; 4) protect and encourage Philippine industry; 5) provide favorable treatment of Spanish goods; 6) encourage Spanish and Philippine business; and 7) encourage Spanish and Philippine shipping. These policies were all part of the struggling Spanish empire’s attempt to “put the colony on a profitable basis and to take advantage of the growing global demand for Southeast Asian products” as it tried to compete with “its more fiscally rational and industrially advanced neighbors,” i.e., the other European powers (Wilson 2004, 53).

However, the implementation of these policies was not always successful, as conservatives and liberals often clashed with one another. The liberals advocated free trade, while the conservatives stood for protectionism and “nationalism” (Legarda 1999, 187). Prior to the 1870s, the tariff policy reflected the liberalization of trade in Europe, but in the late 1870s, tariff policy became more protectionist. Whatever the policies were, Legarda writes that they failed to save native industries, and were largely ineffective in giving “shape and direction to the Philippine economy” because there was little capital being invested in these industries, as well as no infusion of technological improvements. Furthermore, bureaucratic inefficiency and corruption defeated or thwarted the implementation of good policies. Even though there was a salutary rise in overall trade in the Philippines from the
1850s on, certain periods experienced a decline, such as those from 1872 to 1876, 1880 to 1887, and from 1896 on, when the Philippine Revolution broke out (Legarda 1999, 106–10). The causes include the “climacterics” of the 1870s and 1890s for Great Britain and the panics and depressions of the United States in 1873 and 1893 (Legarda 1999, 335), both of which affected the Philippine export economy.

The overall picture then was of local unevenness, with rising and declining exports, as well as regional irregularities (Legarda 1999, 335). Other forces that influenced the economy were the high mortality rates in the 1880s; the depreciation of the Mexican silver peso, starting in the 1870s, and affecting exchange rate in the early 1880s; and the abolition of the tobacco monopoly in 1882, which “opened up one of the leading exports to the full play of private enterprise and market forces” (Legarda 1999, 336).

In light of these developments, a shift occurred in the types of occupation and economic activity that many Chinese participated in. In the “old Chinese economy,” (i.e., pre-1850) the Chinese performed

the functions of maritime traders, provisioners, and retail dealers in urban settlements, distributors of Chinese imports in the areas adjacent to Spanish settlements, and artisans in both Spanish settlements and native communities (Wickberg [1965] 2000, 63).

From the 1830s to the 1860s, as part of Spanish efforts at liberalizing and developing the Philippine economy, Spanish policy allowed for the easier entry and movement of the Chinese. For instance, a policy was created to encourage the Chinese to enter the agricultural sector. As an incentive, a more favorable tax policy was applied to those who went into agriculture (Wickberg [1965] 2000, 50). Proponents of this policy argued that the Chinese would not only develop agriculture in the country (as part of a wider policy of frontier colonization), but

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1 Prior to 1846, imports came mainly from the following countries (in terms of rank): China, Singapore, Spain, United States, and Britain. From 1850–1898, the order was Britain, China, Spain, and United States. As for exports, Britain was first prior to 1846, followed by China, then the U.S. After this period, the U.S. ranked first, Britain ranked next, and China (along with “British East Indies”) third (Wickberg [1965] 2000, 65).

2 It must be noted that the trend in the Philippines during the latter half of the nineteenth century, which was the shift from a subsistence to an export economy, was part of a shift happening also in different Southeast Asian colonies as European colonizers applied pressure on the peasantry to produce crops for export in an effort to develop large-scale plantation agriculture (Legarda 1999, 181).