

Extract from **PACIFIC AFFAIRS**

Fall, 1962

**Early Chinese Economic Influence in
the Philippines, 1850-1898**

By

Edgar Wickberg

East Asian Series, Reprint No. 3

**CENTER FOR EAST ASIAN STUDIES
THE UNIVERSITY OF KANSAS
Lawrence, Kansas**

CENTER FOR EAST ASIAN STUDIES

1. **The Patrimonial Thesis and Pre-Modern Japanese Herrschaft, by Norman Jacobs.**
2. **The Phantom Slasher of Taipei: Mass Hysteria in a Non-Western Society, by Norman Jacobs.**
3. **Early Chinese Economic Influences in the Philippines, by Edgar Wickberg.**

Early Chinese Economic Influence in the Philippines, 1850-1898

IN THE PHILIPPINES during the past decade economic nationalism has manifested itself, among other ways, in government policies aimed at Chinese residents. As a foreign group of considerable economic strength whose political allegiance is uncertain and whose willingness to be assimilated is popularly doubted, the Chinese are a logical target for economic nationalist policies. Thus, the Retail Trade Nationalization Law of 1954 has attempted to "Filipinize" retailing by excluding the Chinese from that business, and the more recent Rice and Corn Trade Nationalization Law has a similar goal for the basic food industry of the Philippines.

Present-day anti-Chinese economic legislation results from the convergence of four historical developments: Filipino cultural prejudice against the Chinese; Filipino nationalism; political relationships between the Philippine Chinese and China; and the prominent economic position of the Philippine Chinese. All these developments had their origins during the period of Spanish rule in the Philippines (1565-1898). This article considers only the origin of the Chinese economic position in the Philippines. An attempt is made to survey, in general and non-technical terms, the history of Chinese economic activities in the Philippines during the period from 1850 to 1898. It is argued that, although Chinese enterprise in the Philippines dates from a much earlier period, it is in the late nineteenth century that we can find the economic and social origins of the anti-Chinese policies of today.

In 1850 the Chinese in the Philippines could look back upon a history of several centuries in the archipelago. Chinese had traded amicably along the Philippine coasts for several centuries before the Europeans arrived there but it is not clear just when Chinese began to reside in the Philippines. It is known that the arrival of the Spanish in the late sixteenth century provided attractive economic opportunities which stimulated Chinese immigration to the Philippines in much greater volume than ever before. By the beginning of the seventeenth century there were over 20,000 Chinese in the Manila area—a number many times that of the Spanish settlers.

The Chinese quickly moved into an important economic position. Chinese merchants carried on a rich trade between Manila and the China coast and distributed the imports from China into the area of central Luzon, to the immediate north and east of Manila. Chinese also acted as provisioners of Manila and other Spanish settlements, buying up food in the rural areas and

Pacific Affairs

bringing it to the colonial settlements. Some Chinese were engaged in various forms of retail trade; others worked as artisans, producing goods for the use of the Spanish in Manila and other settlements.

Indeed, these various activities were dominated and almost monopolized by the Chinese. The Spanish had not come to the Philippines to engage in the kind of trade and artisanry carried on by the Chinese. The native Filipinos seemed untrained and unsuited for such occupations. The result was that the Spanish came to depend upon the Chinese in economic matters and to believe that the Chinese were economically indispensable.¹

But with that belief went a feeling of cultural aversion. The Spanish were in the Philippines as much for religious as for economic reasons. Conversion of the Filipinos was a major objective of Spanish policy. It quickly became apparent that the Filipinos could be Catholicized and Hispanized, but the Chinese could not. To the Spanish it thus seemed desirable to segregate the Chinese from the Christian Filipinos. The fact that the Chinese were numerically much superior to the Spanish led the authorities to fear a revolt against them. For this reason, too, it seemed desirable to group all Chinese into segregated settlements. Thus, by about 1600 the Philippine Chinese had come to be regarded by the Spanish as economically necessary but culturally undesirable and politically untrustworthy.

For their part, the Philippine Chinese were suspicious of the Spanish. Their most persistent fear was that the Spanish, anticipating a Chinese revolt, would launch a preventive attack. Furthermore, Chinese economic grievances (complaints about the conditions of trade and the arbitrary demands made by Spanish officials) tended to create feelings of antipathy toward the Spanish.

Attitudes of mutual mistrust between Spanish and Chinese found violent expression during the seventeenth and eighteenth centuries in periodic revolts and persecutions in which many Chinese lost their lives. Nevertheless, immigration to the Philippines from China continued. Persecutions and restrictions notwithstanding, the profits from Chinese enterprise in the Philippines apparently were sufficient to make it an attractive place.²

What of Filipino attitudes? One hears little of them in the available sources, which are Spanish and Chinese accounts. We know that Filipino troops were used in the anti-Chinese persecutions referred to above. In general, where a choice was necessary, Filipinos usually supported the Spaniards against the Chinese.³ Yet it may be argued that in the pre-1850

¹ William Lytle Schurz, *The Manila Galleon* (New York, 1939), chap. I; Yanai Kenji, "Hi-tō shinajin no chihō hatten ni tsuite" (On the Geographical Expansion of the Philippine Chinese), *Nampō Minzoku*, VII, No. 1 (1942), pp. 6-8, 20.

² Schurz, chap. I; Margaret Wyant Horsley, *Sangleys: The Formation of Anti-Chinese Feeling in the Philippines* (Ph.D. dissertation, Columbia University, 1950. Published by University Microfilms, Ann Arbor, Mich.).

³ Schurz, pp. 86-87; Anon., *Relación verdadera del levantamiento que los sangleyes o chinos hizieron en las Filipinas . . . 1640 y 1641* (Sevilla, 1642), pp. 1-4; "Anonymous Relation of Events in Manila, 1662-3," BR (E. H. Blair and J. A. Robertson, *The Philippine Is-*

Early Chinese Economic Influence in the Philippines

period most Filipinos had little to do with the Chinese and many, indeed, had never seen a Chinese. It was not so much the Spanish effort to keep Filipino and Chinese apart that was responsible for this. Rather it was the pattern of Spanish settlement and economic activities that governed Chinese settlement and enterprise. Most of the Spanish in the Philippines were concentrated in Manila or in a very few towns in the central, northwestern, and southeastern parts of Luzon, and on the islands of Cebú and Panay in the Visayas group. In terms of economic activity, most of the Spanish were preoccupied with maritime trading ventures between Manila and Mexico. The exploitation of the natural resources of the Philippines and the development of an export crop economy were phenomena of the nineteenth century, not of the early period of Spanish rule. Since the Spanish and the Filipinos were not engaged in exploiting the natural resources of the islands and since the Chinese were not allowed to establish corporations of their own to do so, the Chinese, by choice, stayed near existing Spanish settlements.⁴ Thus, only those Filipinos who lived near Spanish settlements were brought into contact with Chinese economic enterprise. And even in those areas, with one or two exceptions, Chinese did not take over existing economic functions carried out by Filipinos; instead they created new ones.⁵

It would appear that whatever anti-Chinese sentiment existed among the Filipinos, the bases of it were related to cultural norms (notably Catholicism) introduced by the Spaniards and that economic competition was not a factor. For the pre-nineteenth century period, the Chinese in the Philippines were a "problem" for the Spanish, not for the Filipinos.

This began to change after 1850. To understand why we must briefly examine some of the changes that had been going on during the preceding century. During the 1750's the Spanish government had begun a policy of limiting to a total of four to five thousand the number of Chinese residing in the Philippines and recalling to Manila most of the Chinese who resided

lands, 1493-1898, 55 vols., Cleveland, 1903-07.) XXXVI, pp. 218-60; Casimiro Díaz, "The Augustinians in the Philippines, 1670-1694," BR, XLII, pp. 248-50, 255; Real Decreto, Dec. 29, 1772, PNA (Philippine National Archives) Reales Órdenes, caja 33, número 95. Examples of Chinese-Filipino cooperation are found in Liu Chih-t'ien, *Hua-ch'iao yü Fei-lü-p'in* (The Overseas Chinese and the Philippines) (Manila, 1955), pp. 55-56, and Victor Purcell, *The Chinese in Southeast Asia* (London, 1951), p. 600.

⁴ On the geographical distribution of the Chinese, see especially three studies by Yanai Kenji: "Hi-tō shinajin," pp. 6-24; "Ma-ni-ra no iwayuru 'Parian' ni tsuite" (On the so-called "Parian" of Manila), Taihoku Teikoku Daigaku Bunsei Gakubu, *Shigakka kenkyū nempō*, V (1938), especially p. 201; "Ma-ni-ra Tondo-ku no shinajin no hatten" (The Expansion of the Chinese in Tondo ward of Manila), *Minami Ajiya gakuhō*, II (December 1943), *passim*.

⁵ For details on the impact of Chinese immigration on native economy and society, see Schurz, pp. 48-49; Antonio de Morga, "Report of Conditions in the Philippines," 1598, BR, X, pp. 81, 85-86; "Wearing of Chinese Stuffs," BR, VIII, pp. 79-94; Real Decreto, June 16, 1679, *Diccionario de la administración de Filipinas, anuario 1888*, ed. Miguel Rodríguez Berriz, 2 vols; Manila, 1888), I, p. 560; and Benito Legarda, Jr., *Foreign Trade, Economic Change and Entrepreneurship in the Nineteenth-Century Philippines* (Unpub. Ph.D. dissertation, Harvard, 1955), p. 99. For linguistic effects in the Tagalog areas, see E. Arsenio Manuel, *Chinese Elements in the Tagalog Language* (Manila, 1948).

Pacific Affairs

in the various provincial areas. The resulting decline in Chinese population and geographical diffusion presented new economic opportunities to non-Chinese people.⁶ By 1800 a new native group, many of whose members were of partly Chinese descent, was beginning to replace the Chinese in some occupations and to challenge their monopoly in others. The job of provisioning Manila was now assumed by natives. In Manila's retail trade and artisanry, natives began to challenge the Chinese monopoly. Moreover, the development of commercial agriculture in the Philippines, especially after 1820, provided new opportunities for wholesalers to buy up agricultural produce in the rural areas and send it to Manila for shipment to overseas markets. This occupation was dominated, with great profit, by the Chinese *mestizos*, a Filipinized group whose closest associations were with Filipinos and Spaniards, not with Chinese. The Chinese *mestizos* were also money-lenders in rice-growing areas, and their enterprising nature and wealth led to predictions that they would succeed the Chinese as economic masters of the Philippines.⁷

All of this changed after 1850. Primarily because of its attempts to promote the economic development of the Philippines, the Spanish government reversed its previous immigration policies, and Chinese immigration, in almost unrestricted volume, was permitted. Moreover, the Chinese were allowed to settle almost anywhere in the archipelago.⁸ This liberalization of policy was well timed. By 1850 the Philippines was well on the way to developing an export crop economy, a process which occurred between 1820 and 1870. Now such products as sugar, Manila hemp, and coffee were produced for markets abroad, while the imported products of European factory industry found their way into most parts of the Philippines.⁹ The stimulus provided to many economic activities in the Philippines by the new export-crop economy provided many opportunities for the expanding Chinese population.

Between 1850 and the mid-1880's, the number of Chinese grew from

⁶ Juan de la Concepción, *Historia General de Filipinas* (14 vols; Manila, 1788-92), XIV, pp. 163-65; Circular, April 26, 1758, Berriz, *anuario, 1888*, I, p. 576; Real Decreto, May 14, 1790, PNA, caja 49, núm. 96; Liu, p. 56.

⁷ Joaquín Martínez de Zúñiga, *Estadismo de las Islas Filipinas*, ed. W. E. Retana (2 vols; Madrid, 1893), *passim*; Manuel Buzeta and Felipe Bravo, *Diccionario geográfico, estadístico, histórico de las Islas Filipinas* (2 vols; Manila, 1850), I, p. 251; II, p. 393; Tomás de Comyn, "Estado de las Islas Filipinas en 1810," *Las Islas Filipinas. Progresos en 70 años*, ed. J. F. Del Pan (Manila, 1878), pp. 35, 50, 59, 113-14; Jean Mallat de Bassilan, *Les Philippines* (2 vols; Paris, 1846), I, pp. 245, 311-30; II, pp. 134-35, 320-21, 366-70; PNA, Provincial documents, legajo 56, núm. 11, leg. 117, núm. 4, 29, 70; Rafael Díaz Arenas, *Memorias históricas y estadísticas de Filipinas* (Manila, 1850), cuaderno 5: "población"; Sir John Bowring, *A Visit to the Philippine Islands* (London, 1859), pp. 114, 359-403; *Los Chinos en Filipinas*, ed. La Oceanía Española (Manila, 1886), pp. 27-28, 64-65, 110; José Ma. Zamora, *Biblioteca de la legislación ultramarina en forma alfabética* (7 vols; Madrid, 1844-46), VI, p. 103; Sinib'lo de Mas, "Internal Political Condition of the Philippines, 1842," BR, LII, p. 64, and elsewhere.

⁸ For details on this and other points discussed in this article, see the author's unpublished dissertation, *The Chinese in Philippine Economy and Society, 1850-1898* (University of California, Berkeley, 1961).

⁹ For details see Legarda, *passim*, especially chapters IV-VI.

Early Chinese Economic Influence in the Philippines

8,000 to 100,000 or more—in a total population of roughly six million. Wider geographical distribution of the Chinese was also characteristic of this period. In 1850, 92 per cent of the Chinese were in the Manila area; forty years later only 60 per cent were so located and the rest were scattered over all the provinces of the Philippines. In particular, the Chinese moved into those provinces that produced export crops—the hemp-producing areas of southeastern Luzon and the eastern Visayas, the sugar areas of the western Visayas, and the tobacco provinces of northeastern Luzon. In some instances this resulted in the penetration of Chinese enterprise into provinces where Chinese had never been before.¹⁰

Geographical expansion was accompanied by changes in the nature of Chinese economic activities. The most important new activity was that of commercial agent or middleman. In this role, Chinese collected produce for export, selling it, usually to European export-import firms, for shipment to foreign markets on European ships. The Chinese also acted as wholesalers and retailers of imported European, American, and Asian goods, distributing them in the provinces. Besides this, they partly regained from the *mestizos* and Filipinos their position as provisioners of urban areas. Chinese artisans began to enter new trades. Some Chinese became processors of Philippine agricultural produce. Others replaced the *mestizos* in coastwide trading. Chinese became monopoly contractors and coolie labor brokers. They re-asserted themselves in retail trading. And some Chinese established import-export firms rather like those of the North Europeans and North Americans at Manila. Let us briefly examine several of these activities.

The growth of an export crop economy in the Philippines was stimulated by the entrepreneurial activities of North European and North American merchants, who provided capital, organization and access to foreign markets and sources of imports.¹¹ But because they based their operations in Manila, or one of the very few other port cities, it was necessary for them to have agents who could distribute imports in the interior and buy up goods for export. For this role the Chinese were well suited by their pioneering spirit, adaptability and economic sophistication.¹² The financing of Chinese buying and selling operations was provided mostly by the European and American export-import firms, either by granting cash loans and credits or by acting as guarantors of Chinese notes held by Spanish banks. Before 1900 little capital was readily available in the Chinese community itself. Besides, if a Chinese established a credit relationship with an export-import firm, that

¹⁰ Díaz Arenas, cuad. 5; *Los Chinos*, pp. 95-6, 102; PNA, Presupuestos de ingresos y pagos de varios conceptos (1891), 4-14-1.

¹¹ Legarda, chaps. IV-VI. For a briefer discussion, see Legarda, "American Entrepreneurs in the 19th century Philippines," *Explorations in Entrepreneurial History*, IX, No. 3 (February 1957), pp. 142, 149-51.

¹² Hugo Miller, *Economic Conditions in the Philippines* (2nd ed.; Boston, 1920), p. 421; Testimony of A. Kuensle, in U. S. Philippine Commission, 1899-1900, *Report of the Philippine Commission to the President* (4 vols; Washington, 1900-01), II, pp. 227-29.

Pacific Affairs

firm was bound to him so long as he repaid only a part of what was owed on the assumption that only by continuing to back him could the firm finally recover its investment. It was particularly the British merchants, the leading importers at Manila, that backed Chinese wholesalers in this fashion.¹³ The result was an Anglo-Chinese pre-eminence in nineteenth century Philippine export-import trading, which caused one Spaniard to say that "from the commercial point of view the Philippines is an Anglo-Chinese colony with a Spanish flag."¹⁴

No less important than financing was Chinese economic organization. The most characteristic element of this was what the Spanish called the *cabecilla* system. A *cabecilla* (or *towkay*, to use a comparable Chinese word) was usually a Chinese wholesaler of imports and exports established at Manila or another port where he dealt with foreign business houses. He usually had several agents scattered about the provinces, who ran stores as retail outlets for the imported goods that he had acquired and advanced to them on credit. At the same time, the agents bought up crops for the *cabecilla* to wholesale to the foreign business houses. This kind of organization offered a number of advantages over previous systems of purchasing and marketing in the provinces. Before 1850 the collecting of goods for export was handled in a decentralized fashion by *mestizos* from the provinces. Manila wholesalers bought from them; they did not maintain their own agents in the interior. Imported goods were distributed through the provinces in an unsystematic fashion.

The establishment of the Chinese agent store (usually a miscellaneous goods, or *sari-sari*, store) provided a systematic wholesale-retail agency of great economic potential. In the hands of a Chinese agent the *sari-sari* store became a retail outlet for local food and household products as well as imported goods, and a source of credit and crop advances to local farmers. In a sense it could be said that the *sari-sari* store, used in this fashion, was a basic frontier institution—a device for opening up new areas to Chinese economic penetration. Yet it must be stressed that there was no comprehensive system of wholesalers and agents blanketing the archipelago. There were many exceptions to the centralized system described but it was the most characteristic method for handling the internal aspects of export-import trade.¹⁵

¹³ *Los Chinos*, pp. 22-25, 88; *Bank of the Philippine Islands, 75th Anniversary. Souvenir of the First Bank Established in the Far East* (Manila, 1928), p. 11; Petition of gremio de chinos, May 15, 1877, PNA, Cabezas de barangay, chinos, 49-1-10; Robert MacMicking, *Recollections of Manila and the Philippines During 1848, 1849, and 1850* (London, 1852), p. 25; John Foreman, *The Philippine Islands* (2nd ed; New York, 1899), p. 126; Edmond Plauchut, "L'Archipel des Philippines," *Revue des deux mondes*, XXI (1877), pp. 893-4. Compare Juk'ang Tien, *The Chinese of Sarawak: A Study of Social Structure* (London, 1953), p. 65n.

¹⁴ Carlos Recur, *Filipinas: estudios administrativos y comerciales* (Madrid, 1879), p. 110.

¹⁵ MacMicking, pp. 23, 256-57; *Los Chinos*, pp. 23, 87-88; Rafael Comenge, *Cuestiones filipinas. 1.ª Parte. Los Chinos* (Manila, 1894), p. 179; Manuel Bernaldez Pizarro, "Reforms Needed in Filipinas," 1827, BR, LI, p. 245; PNA, Cabezas de barangay, chinos, 49-1-10; PNA, Chinos, elecciones, 37-2-2; *China en Filipinas* (Manila, 1889), pp. 15-16; Bowring, pp. 400-03,

Early Chinese Economic Influence in the Philippines

The success of the Chinese in buying export crops may be attributed in part to their practice of going directly to the source of production. One example of this may be found in the case of *abacá* or Manila hemp. Prior to 1850 hemp was bought up each year by agents of foreign firms, who gave crop advances to the producers. When the Chinese moved into hemp purchasing, they did not ordinarily make advances. Instead they opened stores near the points of production; these included anything from humble *sari-sari* establishments to large department stores, the latter handling such luxury goods as European furniture, fine crystal and plate, and Chinese silks. While the *sari-sari* stores bartered their wares for hemp on a small scale, the department stores could purchase it in large amounts and forward it in their own boats. The existence of department stores selling luxury goods in obscure towns in Albay province is an indication of the sudden wealth that had come to that area as a result of the hemp export trade. One expects to find luxury goods stores in Manila but records of the 1880's show that over 30 per cent of all the Chinese department store owners were in Albay.¹⁶

The Chinese were also producers, or at least harvesters, of hemp. It was a practice in hemp-producing areas for Chinese to lease hemp land after preliminary cultivation had been done, bring the crop to fruition, harvest it and have it stripped and then send the hemp off to Manila, thus acquiring a quick profit from their labor without having to involve themselves in preliminary work.¹⁷

In the sugar industry, which shared with hemp the top position among export industries in the islands, the role of the Chinese was probably not a major one. Chinese-operated sugar refineries were replaced during the 1880's and 1890's by others using more modern methods. And although there were some Chinese sugar brokers, the information now available does not indicate that this kind of activity was an important part of Chinese enterprise.¹⁸

In the tobacco industry the Chinese were prominent. From 1880 on, the Chinese began to move into the tobacco provinces of northeastern Luzon.

406-11; Feodor Jagor, *Travels in the Philippines* (London, 1875), pp. 301-02; José Jimeno Agius, *Población y comercio de las Islas Filipinas* (Madrid, 1884), p. 87; Conrado Benitez, *History of the Philippines* (rev. ed; Manila-New York, 1954), pp. 238-39.

¹⁶ Jagor, p. 316; Frederic H. Sawyer, *The Inhabitants of the Philippines* (London, 1900), p. 285; *Los Chinos*, pp. 101, 114-15; Petitions of Chinese of various Leyte towns, 1877, PNA, Chinos, 22-22-12; Petition of Chinese of Naga, 1877, PNA, Cabezas de barangay, chinos, 49-1-10; Inventories of property in *ibid.*

¹⁷ Foreman, p. 330; Inventories, PNA, Cabezas de barangay, chinos, 49-1-10; Testimony of Neil McLeod, *Report of Philippine Commission*, II, p. 32.

¹⁸ Zamora, VI, p. 101; Bowring, p. 250; Mallat, II, p. 288; Buzeta, I, pp. 213-14; *Los Chinos*, *op. cit.*, p. 118; C. W. Hines, *Sugar Industry of the Philippines* (Panama-Pacific International Exposition Pamphlets, Manila, 1915), p. 13; Manuel Sastrón, *Filipinas; pequeños estudios; Batangas y su provincia. . .* (Malabong, 1895), pp. 81-86; Lü Shih-p'eng, "Hsi-ling shih-chi Fei-lü-p'in hua-ch'iao chih shang-yeh huo-tung," (Commercial activities of the Chinese in the Philippines during the Spanish Period), *Ta-lü sa-chih*, XIII, No. 12 (December 31, 1956), p. 340.

Pacific Affairs

Basing their operations at Aparri, the Chinese moved up the Cagayan valley, establishing *sari-sari* stores at production points. There they retailed imported textiles and household goods and bought tobacco at wholesale. As in the hemp regions, Chinese success could be attributed to the cheapness of their operations and their willingness to barter goods from their stores for the tobacco. While other wholesalers stayed at Aparri, paying a transportation fee for having the tobacco shipped to them, the Chinese bought at the point of production, handled the shipping to Aparri themselves and sold it there to other Chinese who sent it on by sea to Manila, where it was sold to foreign buyers or to Chinese cigar and cigarette factories. In Manila, Chinese cigar factories made cheap cigars that imitated more expensive brands. Manila's poorer people called their products "cigarros beri-beri" but smoked them anyway.¹⁹

In the rice industry the Chinese had long had an interest. As provisioners of Manila and other Spanish settlements the Chinese must have had a hand in rice wholesaling and retailing from the beginning of the Spanish period. We hear of a rice-dealers' guild among the Philippine Chinese as early as the 1720's. But after 1750 the *mestizos* had taken over rice wholesaling and it was the *mestizos* who, on the basis of crop loans, were acquiring rice-producing lands in central Luzon.²⁰

After 1850, when the Chinese moved back into the provincial areas, Chinese wholesalers competed with the *mestizos* for crop purchasing and Chinese brokers in Manila stored rice in their warehouses awaiting the proper moment to put it on the market. Chinese were involved in the retailing of rice in rice shops or in *sari-sari* stores. But, in retail as in wholesale trade, it is not clear what percentage of the total rice business was handled by the Chinese.²¹

The same is true of rice milling. That some Chinese rice mills existed is evident from references in Philippine tax laws.²² But on the basis of available information it is impossible to determine how many there were. In the twentieth century, estimates of the Chinese share in Philippine rice milling have been as high as 75 per cent.²³ It would thus be helpful to know what

¹⁹ "The Chinese in the Philippines," *Report of Philippine Commission*, I, p. 157; *China en Filipinas*, pp. 77-79, 103-04; *Los Chinos*, pp. 27, 120; Lü, p. 399; "Notario de Cagayan," PNA, Acuerdos de audiencia, 17-16-17; Carta del superintendente subdelegado de hacienda, Tuguegarao, 1886, PNA, Chinos, 22-22-12; H. O. Jacobson, *Tobacco in the Philippines* (Panama-Pacific International Exposition Pamphlets, Manila, 1915), p. 8; Sawyer, pp. 252-53; Victor Clark, *Labor Conditions in the Philippines*, U. S. Bureau of Labor Bulletin, vol. 10 (Washington, 1905), p. 825.

²⁰ PNA, Reales Órdenes, 37-1-3; Zúñiga, I, pp. 45-51, 206, 296, 334-35, 364-65; II, pp. 57, 100.

²¹ Jagor, p. 152; Sawyer, p. 131; Bowring, p. 388; *Los Chinos* p. 114; PNA, Defraudaciones de la contribución industrial, 26-22-8.

²² *Los Chinos*, p. 101. For evidence of Chinese-owned rice mills in Nueva Ecija, see Lü, p. 399.

²³ Helmut G. Callis, "Capital Investment in Southeastern Asia and the Philippines," *American Academy of Political and Social Sciences Annals*, CCXXVI (March 1943), p. 30.

Early Chinese Economic Influence in the Philippines

share of the milling business they held during the late nineteenth century but the data at hand do not permit any conclusions on this.

In one aspect of the rice industry the Chinese were clearly dominant. By the 1870's the Philippines had become a rice importer, and by the 1890's some two million *pesos* worth of rice were being imported annually from various parts of Asia, mostly by the Philippine Chinese.²⁴ This trade reached its highest point—and the Philippine Chinese rice dealers their greatest success—during the Philippine revolution of 1896 to 1901. During those years normal coastwide trade in the Philippines was interrupted and a tremendous demand for rice developed in some areas. In this highly inflationary situation, Chinese importers “delivered the goods,” picking up return cargoes of hemp, tobacco and coconut products. It was said, probably with much exaggeration, that one trip would net 10,000 *pesos* profit. Whatever the magnitude of profit, the Chinese in all probability emerged from the revolutionary period more solidly placed in the rice industry than before.²⁵

In general retail trade the characteristic development was a resurgence of Chinese influence within Manila and an expansion of it throughout the Philippines. Moreover, as demands for new imports developed, the Chinese entered new fields of retailing, beginning to handle European goods, notably textiles, hardware and luxury items.²⁶

Although the Chinese store in a fixed location was, in many parts of the Philippines, a new departure from the old system of periodic markets, the Chinese did not ignore the older institution. There is evidence of Chinese participation in periodic markets at towns where there were no Chinese stores.²⁷ Nor did the Chinese neglect itinerant peddling. In Luzon, especially, Chinese ambulatory merchants competed so successfully against Filipino and *mestizo* peddlars that they drove great numbers of the latter out of business and into agriculture.²⁸

Although the Chinese store might be found in rural as well as urban areas, it was only in urban centers that one found Chinese artisans and Chinese laborers. In certain trades Chinese artisans had maintained an un-

²⁴ *Los Chinos*, p. 113; “The Chinese in the Philippines,” p. 156; Ferdinand Blumentritt, “Die Chinesen Manilas,” *Globus*, LXII, No. 7 (1890), p. 98; Del Pan, p. 229; Biography of Yang Chia-chung, in *Fei-lü-p'in Min-li-la Chung-hua Shang-hui san-shih chou-nien chi-nien k'an* (Thirtieth Anniversary Commemorative Publication, Manila Chinese Chamber of Commerce), ed. Huang Hsiao-ts'ang (Manila, 1936), p. 196; *Guia oficial para 1881* (Manila, 1881) pp. 276-77; Alex. Webb, “Commerce of the Philippine Islands,” *Reports from the Consuls of the United States*, XXXIX, No. 140 (May 1892), p. 155.

²⁵ Fukuda Shōzō, *Kakyō keizai ron* (On the overseas Chinese economy) (Tokyo, 1939), p. 368; Lü, p. 399.

²⁶ Local detail is found in Lü, pp. 399-400; Bowring, pp. 345-46; PNA, Cabezas de barangay, chinos, 49-1-10; Joaquin Rajal y Larré, “Memoria acerca da la provincia de Nueva Ecija,” *Boletín de la Sociedad Geográfica de Madrid*, XXVII (1899), pp. 295-97, 300, 310.

²⁷ Bowring, pp. 300, 400-03; Miller, p. 417; Lü, p. 399.

²⁸ *Los Chinos*, pp. 27-28, 64-65, 110; Testimony of Chas. I. Barnes, *Report of Philippine Commission*, II, p. 187; “Ilocos Norte, 1891-2,” PNA, Defraudaciones de la contribución industrial, 26-17-12; cf. Miller, pp. 422-25.

Pacific Affairs

broken monopoly since the beginning of the Spanish period. In other trades *mestizo* and Filipino competition had reduced the Chinese share during the century from 1750 to 1850. Now the Chinese regained the ground they had lost.²⁹

Chinese laborers, amounting to about 10 per cent of the Chinese population in the Philippines, were concentrated in the three port cities of Manila, Cebú and Iloilo. The new export-crop economy created demands by the foreign business firms for Chinese to be used as stevedores and warehouse laborers. The city of Manila also began to use Chinese coolie labor, rather than native *corvée* labor, for its public works projects. The result was a stimulus to the coolie brokerage business, which provided wealth to some of Manila's richest Chinese.³⁰

Another major source of wealth was monopoly contracting. After 1850 government monopoly contracts for the collection of various revenues were opened for the first time to foreigners. The Chinese immediately took advantage of this opportunity and, for the remainder of the nineteenth century, enjoyed a pre-eminent position in monopoly contracting. The opium monopoly was a particularly lucrative one. During the 1840's the Spanish government had legalized the use of opium (provided it was restricted to Chinese) and a government monopoly of opium importation and sales was established. Although Spaniards sometimes provided some of the capital, the majority of contracts were held by Chinese. The lucrative nature of opium contracting may be suggested by noting that the Manila contract during the 1890's could be expected to bring its holder a three-year profit of 53,000 *pesos*, a not inconsiderable sum. Other contracts were not so sizeable but it is clear from records at hand that opium contracting was one of the major sources of wealth for those Chinese who already had other business interests and had amassed or could acquire funds for this kind of investment.³¹

In all these ways Chinese economic influence in the Philippines increased between 1850 and 1898. By the end of Spanish rule in 1898 the Chinese share in the Philippine economy had increased considerably over what it was in 1850. The Chinese had not merely won back the position they had held before 1750; the expanding export crop economy, the liberalized Spanish regu-

²⁹ PNA, Defraudaciones de la contribución industrial, 5-12-13; Blumentritt, pp. 98-100; Agustín de la Cavada y Méndez de Vigo, *Historia geográfica, geológica y estadística de Filipinas* (2 vols.; Manila, 1876), I, p. 52; Clark, pp. 736, 813-18; Foreman, p. 401; Buzeta, II, p. 245; *Los Chinos*, pp. 32, 42-3, 100-01, 110, 121-22; Sawyer, p. 290; Bowring, p. 183; Ramón González Fernández and Federico Moreno Jérez, *Manual del Viajero en Filipinas* (Manila, 1875), pp. 269-84; Mallat, II, p. 138; "The Chinese in the Philippines," p. 154; PNA, Padrones de chinos (Manila, 1894; Iloilo, 1894).

³⁰ Foreman, p. 119; Sawyer, p. 290; *Report of Philippine Commission*, II, pp. 17-19, 163-68, 187-90, 218-19, 223-24, 309-10, 417; Juan Mencarini, "The Philippine Chinese Labour Question," *Journal of the Royal Asiatic Society, North China Branch*, XXXIII (1899-1900), p. 167; *Los Chinos*, p. 122.

³¹ José Montero y Vidal, *Historia general de Filipinas* (3 vols.; Madrid, 1887-95), III, p. 254, n. 2; *Los Chinos*, pp. 20-21; Comenge, pp. 157, 161-62; PNA, Rentas de anfitrión, 15-10-9, 6-2-9, 5-8-7, 42-5-7; Chinos, elecciones, 37-2-2, and elsewhere.

Early Chinese Economic Influence in the Philippines

lations and their own economic sophistication had enabled them to exceed their previous successes.

There is no way to measure the share of the Chinese in the total Philippine economy. Statistics of the kind needed were not kept in the nineteenth-century Philippines.

The importance of Chinese economic penetration in the late nineteenth century must be measured not only in economic terms but in the kind of reaction it produced. By the 1880's an anti-Chinese movement had developed once again in the Philippines but now it was an expression not of Spanish fears but of Spanish, *mestizo* and Filipino economic interest.

In the pre-1850 period the Chinese had been a problem for Spaniards—not for natives. They had been a problem limited almost entirely to those areas where Spaniards lived. After 1850 the growth in size, distribution and economic power of the Chinese brought a competitive situation with the *mestizo* and Filipino enterprises developed during the century 1750-1850. In the anti-Chinese arguments of the 1880's and 1890's cultural biases were implicit. But economic factors were decisive. An attempt was made to break the power of the Chinese in retail trade for the benefit of *mestizos* and Filipinos, as well as Spaniards, and to replace Chinese coolie labor with workers from the native urban working class that had now grown up in Manila. Furthermore, the anti-Chinese movement became for the first time nationwide.³²

A new element also appeared in the Chinese response to anti-Chinese agitation. For the first time in their history the Philippine Chinese turned to China for aid. For almost twenty years they sought the establishment of Chinese consulates in the archipelago in order to protect their property. China was willing but Spain resolutely refused and it was not until after the end of Spanish rule that the first Chinese consulate was established.³³

When one remembers that Filipino nationalism also had its genesis in the late nineteenth century, it is evident that three of the four components of the anti-Chinese situation of the 1950's and 1960's may be traced to origins in the period 1850-1898. Cultural prejudice preceded 1850. But nationwide economic competition between Chinese and Filipinos, the birth of Filipino nationalism that was to be directed eventually against the Chinese, and the beginnings of formal political relations between the Philippine Chinese and China, are all phenomena of the late nineteenth century. Viewed in twentieth century perspective, therefore, the half century from 1850 to 1898 was an era of great importance in the history of the Philippine Chinese.

University of Kansas, June 1962

EDGAR WICKBERG

³² *Los Chinos, passim; China en Filipinas, passim; Comenge, passim; Chang Yin-huan, San-chou jih-chi* (A Diary of Three Continents) (8 chüan; Peking, 1896), ch. 2, pp. 19a, 36a-36b; *Ch'ing-chi wai-chiao shih-liao* (Historical Materials on Foreign Relations in the Late Ch'ing Period) (243 chüan; Peiping, 1932-35), ch. 68, p. 6a.

³³ Summarized in Liu, pp. 61-62. Detailed discussion appears in Wickberg, *The Chinese* (dissertation cited above in note 8), part IV.