Chapter 9

THE MYTH OF *PISTAYM* PROSPERITY

In the light of double-digit inflation, Filipinos who grew up during the American colonial period in the Philippines often recall nostalgically that during those pistaym days, the country was very prosperous, peaceful, and goods and services could be had very cheaply. "Imagine," the Filipino old-timers would exclaim, the *kusing* (or half-centavo) could buy many things: a whole *saba* or *mais*. They likewise said that during the pistaym[1] days, American goods–apples, chocolates, pears, and others–were aplenty. To them, it was a prosperous period.

This paper contradicts this misleading notion. The presence of plentiful stateside goods or the kusing could not be a valid gauge of the country's prosperity then. Moreover, was prosperity during the pistaym era real? Was it enjoyed by the majority of the population?

The alleged prosperity is examined in terms of the Philippine colonial economy, the distribution of the labor force, the workers' earning capacity, their socioeconomic conditions, who benefited from the free trade system, the existence of widespread worker-peasant discontent, and others.

In short, this paper raises the issue: what prosperity?

The Root of Pistaym Prosperity

The United States Congress' establishment of the free trade system governing the commercial relations between the Philippines and America was the root of this notion by our elders of their pistaym prosperity. Rightly so, for under the free trade system American products entered the Philippines without being subjected to Philippine tariffs because the country was an American colony. This was clearly provided for in the 1909 Payne-Aldrich Act which allowed American products to enter the Philippines free of duty without any limitation as to quantity or materials used in manufacture. This tariff preference enabled the American exporters to the Philippines to sell their products at a lower price while benefiting from the tying up of the peso to the dollar at the exchange rate of ₱2.00 to a dollar. As a result, people preferred and enjoyed buying American products, for their peso could buy quality goods at low prices. To the elder Filipinos even today, lower priced goods spell prosperity.

Another contributing factor to this misleading idea about pistaym prosperity by our elders was that during the American era, they saw widespread infrastructure programs pursued by the Americans compared to what they experienced under the Spanish rule. To our elders, more buildings, roads, schoolhouses, and others meant "prosperity."

Who Really Prospered During the Pistaym Era?

Certainly, lower-priced goods, roads and bridges, schools, and government buildings, do not necessarily mean "prosperity." They are only manifestations of a condition which, if closely scrutinized, could state otherwise. For there could be thousands of miles of roads, scores of buildings, and the like while the masses of people remain not a beneficiary of such alleged prosperity. Documentary evidences substantiate this.

Let us start with the motive that guided the United States Congress in establishing free trade. In establishing this system, the American Congress was influenced by the desire "to give preferences to Philippine

producers and [to] enable American exporters to enjoy the Philippine market."[2] It allowed American products to enter the Philippine market free of duty thereby enabling American exporters to acquire "a virtual monopoly of the Philippine market." Garel A. Grunder and William A. Livezey noted that in the formulation of Philippine trade policy by the American Congress,[3] "little direct attention was paid to the needs or interests of the Filipinos. While the American administrators in the Philippines were concerned with advancing the welfare of their wards, their policy recommendations were usually disregarded by Congress if they conflicted with the interests or supposed interests of groups in the United States.

The free trade system eventually led to American domination of the Philippine foreign trade. Harry B. Hawes, U.S. representative of the Philippine Sugar Association, noted that: "from 1900 to 1909, of a total value of $298,936,198 of Philippine imports, the United States supplied $45,459,084, or 15.21 percent."[4]

After the establishment of free trade, of the total $1,121,124,419 o merchandise purchased by the Philippines for the 10-year period, 1924 to 1933, the United States supplied $684,361,995 or 61.04 percent. "This figures portray a concrete picture of the metamorphosis of Philippine commerce from one distributed to countries of the world, to one largely confined to a single country."

Sen. Quintin Paredes stated that "the Philippines today is the best market for American cotton cloths, galvanized steel sheets, dairy products, cigarettes, and truck and bus tire casings."[5]

Harry B. Hawes further noted that the system also enabled the "Philippine people to develop sugar, coconut oil and other industries, which have later become the foundation of their economy and the main source of their income."[6] Certainly, the "Philippine people" here referred to does not necessarily mean the Filipinos. This could be seen from P.A. Meyer, president of the American Chamber of Commerce in the Philippines, who proudly claimed that it was American capital that was the moving spirit in developing the Philippines. He claimed that American capital developed the coconut oil industry, the Manila Electric Company, the telephone system, the sugar mills, the mining industry,

shoe factories, petroleum products and distribution, and interisland shipping. Meyer's claim was not hollow.

American investments accounted for half of the total investments of $48M in the cordage industry;[7] 40 percent of the total investments of $84M in the sugar centrals;[8] 43 percent of the $15M total investments in the sawmill industry;[9] and 41 percent of the $13.7M total investments in the logging industry.[10] One-half of the annual gold production of the Philippines was accounted for by the Benguet Gold Mines, a mining company headed by Judg. John Hausserman, an American.[11] About 4/9 of all Philippine desiccated coconut factories were American-owned.[12] Only in fishing, banking, real estate, and retail trade were the Americans overtaken by other foreigners. And who were these other foreigners? Specifically, the Japanese controlled the fishing industry. One-half of the annual catch of fish in the Philippines, about 64,000 metric tons, were Japanese hauls.[13]

Albino Sycip, president of the Philippine Chinese Chamber of Commerce, revealed the extent of Chinese control of many Philippine prewar economic activities:[14]

> They rank first among foreign investors in real estate business. In the lumber industry, they are only surpassed by the Americans. In banking, they are only second to the British who control 56 percent of all banking investments in the islands. In the domestic trade, the Chinese nationals control almost 60 percent. They are also important elements in the distillery industry, shoe-making, tannery, soap and margarine manufacture, confectionery, candle-making, and cigarette manufacturing.
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> There is scarcely a town ... in the principal trading centers [of Mindanao and Sulu] in which the Chinese influence is not felt. [In Cotabato] they control about 90 percent of the rice milling industry, 90 percent of the retail trade and 80 percent of the transportation business. In Zamboanga, the Chinese have a monopoly of the salt industry and control 60 percent of the retail trade of the province. In the Sulu Archipelago, they also control the dried-fish industry, the copra, hemp, pearl-shell industry and a monopoly of the retail trade.

"The Chinese," Albino Sycip concluded, "have permeated every branch of economic living carried on by the Filipino people."

Other foreigners equally played significant roles in prewar Philippine economy. Of course, the Spaniards continue to have a share in the country's economic life. Noted among them were the Elizalde, Soriano, Ayala, Zobel, and Roxas families. John Marsman, a Dutch chemist who resided in the Philippines, headed the Marsman group of companies; Andres Soriano, a Spanish businessman in Manila, headed the Antamok Goldfields mining organization. Together with Hausserman, the mining industry of the Philippines was in the hands of only three men. The British, through their Hongkong and Shanghai Banking Corporation and the Chartered Bank of India, China and Australia, controlled 56 percent of the total investments in banks and banking in prewar Philippines.

In other words, domestic and foreign trade was not in the hands of the Filipino people. "Approximately 70 percent of the volume of business," concluded the Philippine Economic Association headed by Elpidio Quirino, "was transacted by foreigners." The Filipinos, therefore, were confined to their sari-sari stores.[15]

The Character of the Philippine Colonial Economy

The Filipinos were not only reduced to the sari-sari store level in running their economy. The institution of the free trade system insured their reduction to mere cultivators of farmlands in relation to the production of export crops. This could be seen in the following data.

Free trade made it lucrative and profitable for local and foreign capitalists to concentrate in the cultivation and production of Philippine export crops. This not only killed the incipient local manufacturing industries but insured the Philippine economy to be agriculture-based. As a consequence, the country came to depend on the following export crops, namely: sugar, coconut, abaca, and tobacco.

Sugar was the number one Philippine export crop before the war. It accounted for 60 percent of the total value of all Philippine exports. What was significant to sugar's role in the socioeconomic life of the

Filipinos was that some 2M Filipinos (of which 1,050,000 were tenants and their families) were directly or indirectly dependent on the sugar industry for their livelihood.[16] Seventeen of the 48 provinces of the Philippines then were served by the sugar industry. Sen. Quintin Paredes noted that "the sugar industry [was] the main support of the Philippine Government," deriving as taxes some 20 centavos for every peso of value of sugar produced in the Philippines.

Coconut was the number two export crop. It accounted for 27 percent of the total value of annual Philippine export crops. Four million Filipinos or more than 30 percent of the total population "were directly dependent on the coconut industry for their livelihood."[17]

Tobacco was another major export crop. It was the number one employer of labor in Manila. Some 600,000 persons were economically dependent on this industry for their livelihood.[18]

Abaca was another major export crop. It represented some 12 percent of the country's annual exports. Some 2,506,000 Filipinos were dependent on this crop for their livelihood.[19]

Taking into account the fact that rice is the staple food of the Filipinos, it is also important to consider the share of this crop in prewar Philippine economy. One-half of the total investments in all agricultural industries in the country was in palay cultivation and production. But what is important to note is that 4M Filipinos depended on this crop for their livelihood.[20]

Thus, taking the number of Filipinos dependent for their livelihood on these agricultural crops, it is very significant to note that as of 1939, 13.106M out of the 16M Filipinos were dependent on just 5 crops for their livelihood! What made this finding doubly significant was that the American market for which the above Philippine export crops was created was "artificial . . . and impermanent."[21]

The Share of the Filipinos in this Pistaym Prosperity

That the bulk of the Filipino people did not share in this pistaym prosperity could further be seen in the following instances.

Three censuses were conducted during the American era in the

Philippines. Each of these censuses, notably the 1939 Census, reveals much on the depressed socioeconomic condition of the Filipinos. I will cite the distribution of the gainfully employed persons category.[22]

Occupation	Total	Average Monthly Salary
Agriculture	3,456,370	P 14.00
Domestic services	3,478,084	9.00
Professional services	103,415	74.00
Public service	49,620	50.00
Forestry and hunting	26,820	24.00
Mining and quarrying	47,019	56.00
Manufacturing and mechanical	601,335	30.00
Transportation and communication	203,596	36.00
Clerical	48,899	58.00
Trade	270,766	37.00
Fishing	180,569	16.00
Total	8,466,493	

The above table clearly shows the heavy dependence of the people's livelihood on agriculture. Moreover, when their salary is viewed in the context of the prevailing cost of living then, such salary could be said to be not only meager but truly a starvation salary. For example, a ganta of rice costs .30; a bangus,.37; a kilo of shrimp, .60; a kilo of beef, 62; a kilo of pork, .55; a chicken, .55; and a can of condensed milk, 28.[23]

The people's socioeconomic profile likewise bespeaks of their depressed lot. For instance, of the more than 8M gainfully employed Filipinos, more than half of them could not read or write, and 90 percent of these illiterates were agricultural workers. The 1939 Census further disclosed that only 1, 966,9162 of the more than 8M gainfully employed received salaries and wages. The rest, therefore, could be presumed to have received irregular incomes which the

Bureau of Labor characterized as *un jornal de hamber* ("starvation wage").

Other surveys similarly indicate that the bulk of the Filipinos did not experience this pistaym prosperity. Horacio Lava's study of levels of living in the Ilocos region concluded that "workers in both the rural and urban districts are worst fed, that it is about half of the diet considered as adequate by Filipino experts on nutrition." Lava claimed that the true economic conditions of the Philippines could be seen in the rural areas considering that prewar Philippines was 90 percent rural.[24]

The National Research Council of the Philippines and the Philippine Islands Medical Association, two prestigious prewar organizations, independently substantiated the fact that income, family size and cost of living determine the kind of food, clothing and shelter a family enjoys. Given the starvation wages received by most gainfully employed Filipinos, such a finding was significant. "The inevitable results," said a high Bureau of Labor official on the workers' meager wages, were the "the slums, malnutrition, lack of medical attendance, heavy infant mortality, and children out of school trying to undersell labor in competition with adults."[25]

Speaking of food intake by most Filipinos during the American era, various studies indicate that around 85 to 90 percent of food intake was composed of carbohydrates, an unbalanced diet which accounted for the people's malnourished state and susceptibility to illnesses. One observer noted that prewar Filipino standard of living was "primitive."[26] Moreover, medical practitioners, especially those in the rural areas, found out that most of the sicknesses and deaths of the Filipinos were "traceable to undernourishment and even actual starvation."[27] "Such undernourishment," a Philippine Health Service study on malnourishment among Filipino schoolchildren noted, could be taken "as an index of the nutrition of the Filipinos as a whole."[28]

Studies about medical care of Filipino workers showed that employers generally neglected the medical needs of their workers. In the survey of sugar centrals in Negros, it was found out that owners of the centrals were spending less than one centavo per day per individual worker. Whereas the survey noted that "for the amount of one centavo

per day per person for the medical care of our people, either the government or individual entities may reduce by more than 100 percent our death rate per annum."[29] No less than the Philippine Islands Medical Association described the medical care of the people as "a great ill."[30] That it was, indeed, a great ill could be seen in Ildefonso T. Runes' survey conclusion: "It is unknown in the plantations and it can hardly be believed that any planter has been thinking of so progressive a step as establishing a hospital for his workers."

In short, with their starvation wages, the workers were left to fend for themselves. "Uninjured," said Dr. Jose Santialla, "he is actually receiving a starvation wage; injured, he receives a reduction, sometimes an order of dismissal from his job."[31]

The inadequacy of medical facilities was substantiated by a 1938 Bureau of Health report stating that only 172,605 of the country's more than 8M workers received benefits from medical-industrial treatment laws.[32]

Former Gov.-Gen. William C. Forbes sadly noted that "the list of unfavorable conditions of life which the Filipinos are obliged to undergo is a very long one. Anybody sufficiently interested to make a study can come here and see it with his own eyes."[33] Another official reduced Forbes' observations into concrete terms.[34]

> Health is poor, thus farmers were inefficient. There is widespread malnutrition, 15,000 persons die each year from beriberi alone. 85% of the rural population are infected with hookworm and roundworm. Average death rate from tuberculosis is about 275 per 100,000. Infant mortality rate as reported in 1935 was 19.92 per thousand. Malaria, intestinal diseases are widespread, and epidemics of typhoid fever and cholera are frequent.

Tuberculosis alone was responsible for almost 20 percent of the total annual mortality rate in prewar Philippines. Pres. Manuel L. Quezon, himself a TB victim, admitted that 1M out of the 14.7M Filipinos in 1935 was afflicted with TB.[35] It is significant to point out that as early as 1921, medical practitioners concluded that these

unfavorable living conditions were "of social rather than medical origin."[36]

Data in prewar Filipinos' educational attainment was equally revealing. As late as 1939, it was reported that 60 percent of the 16M Filipinos then did not finish the elementary grades. The Bureau of Education translated this 60 percent in concrete figures.[37]

> Out of every 100 students starting in Grade 1, 45 reached Grade IV, 14 reached Grade VI, 6 reached first year high school, 3 reached fourth year high school and perhaps graduated. One out of every 3 high school graduates went to college. From 200 starting in Grade I, 1 or 2 reaches or graduates from a college or university.

Thus, to most Filipinos, education was an elusive dream. Moreover, such a high dropout rate indicated that hungry individuals would be first concerned with the needs of their stomach than with education. Certainly, a pupil with an empty stomach could not conscientiously carry on with his studies.

Workers' Unrest Contradicted Pistaym Prosperity Idea

The existence of widespread labor discontent and agrarian unrest before the war is another instance contradicting the idea that pistaym Philippines was peaceful and prosperous. No less than the American High Commissioner to the Philippines observed that "there was an undercurrent of agrarian unrest natural to a situation in which economic progress has for years passed from the top downward rather than from the soil upward."[38] He further noted that such prosperity went only "to the Government, to landlords, and to urban areas, and served but little to ameliorate living conditions among the almost feudal peasantry and tenantry."[39] Quezon bluntly stated that the sugar planters, in particular, kept "most of the money in their pockets and gave to the laborers less."[40]

Their plight influenced the workers to do something about it. Opposition against the usurious practices of many landlords was one. Noted prewar sociologist Serafin Macaraig found out that "three out of ten uprisings [in the country] are protests against usurious practices."[41]

In her study of the Colorum uprisings of 1924 to 1931, Milagros C. Guerrero noted that "the immense majority of the Colorums are in reality nothing but discontented tenants who have been mercilessly exploited and seek revenge through acts of violence."[42] Even the rest of the prewar uprisings and movements were strongly colored by the workers' discontent and a sizeable parts of their followers came from the discontented rural workers: the Santa Iglesia in Central Luzon, 1901-1910; the Dios-Dioses, the Colores, and the Colorums in Southern Tagalog, Bicol, and the Visayas; Papa Isio in Negros; Papa Faustino in Panay; the Pulajanes in Samar and Leyte; the Ronquillo affair in Cavite, 1922; Intrencherado in Iloilo and Negros Occidental in 1927; the 1931 Tayug Uprising; the 1935 Sakdal Uprising; the Encallado-Asedillo affair in 1936; the growth of the Socialist and Communist parties, and others. Many of their members came from the working class. Renze L. Hoeksema noted that the "unhealthy agrarian system of the country" accounted for the spread of radicalism among the agricultural workers.[43]

The Commonwealth Advocate, a prewar popular magazine commented on radicalism among agrarian workers that:[44]

> We should no longer be surprised by stories of social discontent emanating from the principal agricultural provinces of Luzon, especially Bulacan, Pampanga, Nueva Ecija, Pangasinan and Tarlac. When we see pictures of farmers holding demonstration and carrying posters proclaiming their hunger, it is no longer easy to believe that these people have only been misled and incited by "agitators." Hunger is the greatest agitator, and so long as we permit a situation to exist wherein there is nameless poverty in the midst of conspicuous plenty, we cannot expect to solve the major economic difficulties that continue to affect our people.

Even the name of the peasant-workers' organizations were very indicative of the prevailing widespread socioeconomic plight of the people: Oras Na, Noli, Dimas-Alang, Gabay ng Mahina, Habag Kapatid, Matang-Lawin, Cabesang Tales, Kami Naman, Lingap ng Mahirap, Mabuhay, Wakas Dalita, Timbulan, Tanikalang

Mapagtaguyod, Tagumpay, Nagbangon Na, Balintawak, Circulo Vencedor, Nagsumabit, Magpatuloy Tayo, Katipunan ng mga Anak-Pawis, and many others. A common aim of these organizations was improvement of the workers' condition. Even the Socialist Party of Pedro Abad Santos had, as one of its aims, the freeing of the peasants from land bondage.[45] The Communist Party of the Philippines also had as one of its aims "the betterment of the living and working conditions of the workers and peasants."[46]

I will not discuss the workers' movement in the Philippines for this topic has been ably studied by such scholars as Hoeksema, Levinson, Dante Simbulan, Benedict Kerkvliet, Eduardo Lachica, and others. I would like to note, however, that the intensity of the desire of the workers to improve their living condition could be seen in the intensity of responses manifested by the landlords and the government. The extent of radicalism in prewar Philippines may also be appreciated considering the fact that a Department of Central Luzon was created under the Philippine Constabulary and placed the provinces of Nueva Ecija, Pampanga, Tarlac, Bulacan, Bataan, Cavite, Rizal, Batangas, Zambales, Laguna, and Pangasinan under Constrabulary control in 1941. The reason for this act, according to Secretary of Interior Rafael Alunan, was "to place the government in position to strike swiftly against rebellious radical elements at anytime."[47] Even Quezon's categorical declaration against the workers' resort to violence reflected the widespread and serious existence of social unrest: "to maintain peace and order" reportedly was Quezon's response to the workers' impatience and discontent.

But the hungry workers could not wait and the Sakdal Uprising broke out in May 1935. Let me cite the 17 May 1935 *Manila Tribune* editorial on the Sakdal Uprising as this editorial aptly summarized the peasant-workers' plight and the colonial government's policy toward it.[48]

> The uprising was not an isolated incident . . . not merely an outbreak of a few malcontents but the striking symptom of an ailment of the social body–a disease whose roots strike deep into the organism, and whose cure cannot be affected by "conjuring," by spells, and incantations in the form of political platitudes–or even

by the devastating surgery of hot lead and cold steel. Suppression has never done anything but stimulate the growth of that which it has sought to suppress. And violent suppression of a popular movement, of popular discontent can do nothing but stimulate that discontent. And sufficiently stimulated, it will break out on a scale on which it will be able to do its own suppressing.

[They] protest . . . against widespread discrimination, against the ostentatious luxury of some officials, against petty tyrannies in some localities. The fact that they have publicly expressed their sympathy with the movement shows clearly that thinking men recognized the existence of the disease, the existence of conditions among a great mass of our people which call for a remedy.

[The Solution] is not by suppressing the movement indiscriminately; not by forbidding the people who have grievances to voice them publicity; not by a senseless campaign of subjugation, but by encouraging the free expression, as long as it is peaceful, of ideals and complaints. For we must never forget that to express an ideal is to express discontent with the real, existing conditions. If we are sincere in our professions of Democracy, we must permit the free expression, peacefully and lawfully presented, of the causes which motivate that force. We must listen to that expression, and heed it, and study the real nature of the causes so presented.

Definitely, it can be said that there was pistaym prosperity but that it was only enjoyed by the Manila Americans and other foreigners who dominated the Philippine economy, by the local elite, and by those landlords, planters, middlemen, those who belong to professional services, to government service, and the trade and manufacturing services. Outside these privileged prewar groups were the urban and agricultural workers and their families who formed the bulk of the country's populace. Pistaym prosperity, therefore, was partly true. The greater significance, however, of this misleading notion of pistaym prosperity lies in giving us a concrete historical basis to understand the postwar national socioeconomic dilemma in which foreign dominance and control of our national economy made a mockery of the Philippine political independence restored in 1946.