The Emergence of the Philippine Economy

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Foreword

Economics in Human Development

The economic element in human development is something that is at once so terribly real and visible that it is so often exaggerated or clumsily taken for granted, with the result that it is frequently misunderstood or altogether misrepresented. The importance of the economic element stems from two objective realities. One is man's appetite for any kind of lifestyle whatsoever. That appetite gets increasingly immense as he discovers possibilities of different lifestyles in the course of time and in community with other men. The other reality is the ever present scarcity of the means or resources to support a particular lifestyle at a given moment of time over some definable space.

The means or resources are limited usually in two important senses. First, they may not be enough in quantity. Secondly, they may not be good enough in quality. Either limitation is crucial in characterizing the particular tone or ambit of man's lifestyle in its practical circumstances. If by human development we mean the unfolding of such a lifestyle, it is obvious that the economic element becomes a perennial factor in that process of unfoldment for as long as man's appetites ever expand in search of a richer lifestyle, the resources for which are frequently beyond his reach at least within any specified range of time and space. And the role of the economist in all this process is to explain how man, for all his vast cupidity and the chronic modesty of his means, has been able to develop the sort of lifestyle he has so far managed to live and expand up to this point.

For any group of men, this process must have emerged at one point in time within the environment of a definite place. Man, time, and space are therefore the fundamental ingredients in the constitution of the economic dimension of human development. They at once represent the basis for a certain commonality in all human development as well as characterize the particular phenomenon that it takes, say, in the case of

an American, a Filipino, or a Japanese process of development. The element of physical space is probably the most invariable of the three ingredients. It is true, of course, that its limits can be extended, as in man's attempts to reclaim parts of the sea for settlement or farming. However, this can be done only up to a certain point because it is frequently possible only when man has had time to react positively both to the pressures of limited physical space and to his restless strivings for a larger life which often includes relief from the pressures of space. The time element, on the other hand, is as fluid as the human element. That is, his imaginativeness, his creativity and the sheer compulsions of his living modify the time frame available to man for work on the soil, the waters, the forests, and the climate whence the economic fabric of his life gets generated.

It would seem, therefore, that one can talk meaningfully of man's production and the distribution of that production only in the context of a given group of men working over a definite period of time on resources made available to them from a given physical space. In short, there does not seem to be any other sensible point of reference for the economist but the national economy.

If this is frequently not the case, either the human, the time, or the space dimension of a particular economy has been slurred over. One slurs over something either knowingly or inadvertently. In either case, the effect is the same. There is a tendency to think of man as a genus, a fuzzy sort, stripped of those idiosyncrasies that clarify an existence, a particular mode of life. In short, man is taken out of the context of his time and place, the two principal circumstances that determine his idiosyncrasies. He is thought of as being of all time and every place, some kind of a universal man, rather faceless, without roots and without character, a grand absurdity. An economics founded on this notion of man can only lead to a lot of mishief and unrealism. It is so universal that it has little meaning, say, to an African economy, an American economy, or to an Asian economy.

To disabuse oneself from such a notion of man requires seeing man as growing out of his own time and place. This is to understand a particular group of men in all their idiosyncrasies. This is to see them as Africans, Americans, or Asians, and to understand their economies the way they have emerged from their own initiatives, imaginings, and zest for life.

In relation to understanding the Philippine economy in particular, what all this seems to imply is to have a clear idea of the origins of the Philippine economic society since pre-history, and how these have been effectively modified in the course of the colonial interventions of Spain and the United States of America. This is all a terribly laborious effort, which probably explains in part the hesitancy of many capably trained

economists in the Philippines to undertake its logical extensions. But, its continued neglect results in the pretension that there is little difference between the institutional parameters of a Japanese or an American economy and those of the Philippine economy. There is a blurring of images, and the blurring intensifies and eventually calcifies into a distortion of reality as relationships among them get quantified by some spurious correlation. Soon the distortion becomes reality itself and Filipinos by way of some grand affectation begin to see their economy much like the Japanese or Americans see their individual economies. The situation becomes a case of mistaken identities and tends to remain so to the extent that little or no effort is applied to rectify the distortion.

The distortion can only be cleared by a process of distilling the historic origins of the Philippine economic society. The distillation will identify its indigenous institutional parameters. From these one can construct a more realistic system of economic relationships that Filipinos can feel confident about and pursue with a special sense of purpose and achievement.

The first step in this effort is to go back into Philippine prehistory. This is necessary in order to identify the baseline social system around which economic production and distribution operated. The environment of work and effort is identified in relation to its components of indigenous geography, beliefs, values, motivations and institutions. Some further effort will have to be made at inferring the logical and natural development of the baseline social organization, given its prehistoric institutional parameters.

The intervention of colonialism is an extraneous factor that has presumably modified or diverted the natural expansion path of the indigenous baseline social system. Spain has contributed to this diversion, so has the United States. Their unique contributions to the system will also have to be identified. They have to be reviewed subsequently with the idea of determining whether they enhance or inhibit the natural growth of the baseline economic organization. It should be clear, however, that the central effort is to preserve the pristine integrity and historical unity of the social system in spite of its modification in the course of the colonial experiences. In short, there is neither a simple-minded effort to pursue indigenization for its own sake, nor to expunge all extraneous elements merely because of their coincidence with colonialism.

Which ones to preserve and which others to expel will depend partly on our notion of whither the Philippines is going, an issue that can be determined once we have clarified where it is today, and partly on the natural process of development that could be expected given its characteristic institutional foundations. But, it should be clear that some

selectivity becomes necessary if the baseline social organization, which is really the accumulation of its prehistoric propensities and those added by colonialism, is to grow with its own idiosyncratic visibility. Obviously, the exercise of this selectivity is fraught with a lot of difficulties, and probably even with a lot of errors. However, the perils and the mistakes can be reduced as Filipinos periodically sharpen their perceptions of their origins and the natural expansion of these irreducible birthmarks of social identification. In reality, of course, it is no more perilous nor foolhardy a process than the alternative of simply opening oneself recklessly to all manner and forms of social exposure and losing one's individuality or ability to see oneself differently from the rest of a faceless humanity. Such an alternative would soon lead to some annihilation of self-respect, and a nation without self-respect eventually deserves to be colonized probably to the point of obliteration from the face of the earth.

The perception of one's origins and their natural extension over time and space gets sharpened in the course of renewed introspection and immersion in the practical realities of one's life, especially its economic circumstances. This is even more true in the current situation of the Philippine economy, where the problems of jobs, inflation, foreign exchange, and equity in the distribution of personal incomes and wealth assume a visibility that is difficult to ignore. Jobs have become increasingly scarce as Filipino families are generating far more additions to the manpower stock than the national economy can absorb in productive employment at any given point in time. Inflation follows as a matter of course, since total requirements tend to increase in greater proportion than total availabilities of the necessities and amenities to support human living. With inflation, the peso outlays for a given amount of foreign exchange with which to buy the machinery from abroad to generate more domestic industrialism get increasingly larger and in the process, the total foreign exchange that can be made available shrinks to the demise of further industrialism. The growth process that is implicit in all this drive toward increasing industrialism decelerates, cutting back on the expansion of opportunities for generating more personal incomes and the ability to save parts of them toward the creation of a wealth base, either in the form of a house, an insurance policy, a bank deposit, or shares in corporate equities. In effect, the dispersion of incomes and wealth tends to remain largely the way it has been for centuries of massive poverty and stagnation.

It is rather clear from the interdependence of these problems that an effective approach to their relief in some permanent fashion would have to be equally unified. That is, nothing less than a system approach will do. The objectives of the social situation or system must be identified,

so that its performance can be measured. Its environment in the sense of its geography, its values, beliefs, and institutions must be specified since frequently these qualify or modify the particular responses evoked by the system. The resources available to it in the way of time, manpower, and space must be assessed because they determine directly its reactions and because they are things within its immediate control. Its components of particular programs of action must be articulated at a workable level of detail so that specific tasks get done according to predetermined activity goals and measures of performance. Finally, efforts at the management of the entire system will have to be anticipated in a plan that integrates at every stage of the social situation the achievement of its overall objectives through the application of its resources in the different component activities within the context of its unique environment, and that controls its unified performance.

Obviously, the overriding objective is the growth of the social situation, and the principal component of this growth is economic because it has been so slow in coming and because it can easily open up the other dimensions of growth once it has come to a country with some permanence.

It remains for the Filipino economist to indicate the most probable frontiers for such an economic expansion to take. Since it will have to be supported for the most part by the resources of the Philippines, there are real limits to how far it can go because these resources, whether man-made or not, are eventually limited. The demand for economic growth inevitably comes to terms with the ability of a given social situation or system to supply the wherewithal to support that growth. Both the frontiers of demand and supply of growth must be competently determined. However, because these are not the same as those for Japan and the United States, it must follow that the scope and dimensions of that growth can never reach Japanese or American proportions. Therefore, there is little point to an economic plan or program of action that, in effect, will make the Philippines some miniature of the Japanese or American economies where the level, pace and pattern of economic growth are their very own, reflecting their unique national circumstances and predispositions.

Our growth terms of reference can only be our own intrinsic capabilities to support it. In short, we can grow only one way, the Filipino or the Philippine way. Thus, it is somewhat silly for one in the Philippine to look for exactly the same contours of economic growth as those he sees in Japan or in the United States. We have to define our growth in our own terms, appreciate its intrinsic tendencies, and manage their culmination in a new social situation where every Filipino relishes in the consumption of goods and services that his own imagination,

energies, and geography can amply produce. They need not be the same as those which Japanese or Americans consume. But, they are nonetheless his own, and he is happy in the thought that they are the products of his own origins and genius. This will be the precise moment when economies will have made sense to the whole process of human development in the Philippines.

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Philippine Prehistoric Economy

An economic history of the Philippines must begin with the "first Filipino," the first man that archaeological knowledge identifies as having lived and worked for a subsistence on the land.

The Caveman Economy

The first known inhabitants arrived some 250,000 to 300,000 years ago, when the Philippines was apparently connected with mainland Asia through Borneo and Formosa. They were probably hominids, similar in type to the *Pithecantropus* of Java and China. Archaeological findings, limited as they are, tell us that they came to the Philippines through land bridges, in pursuit of land — migrating mammals.

They also indicate, however, a later evolutionary precursor — the Tabon man, who was recently unearthed in a cave on the southwest coast of Palawan Island. In the last Glacial period some 50,000 years ago, the Tabon man travelled by way of the land bridge connecting Palawan and Borneo, eventually settling in the Philippines. Like the rest of the known humanity over other parts of the world at the time, he lived in a cave.

The Tabon man had no regular hearths for cooking. Instead, he built many small cooking-fires on the ancient floor. Around these cooking fires he stored the bones of small mammals, the refuse of his food. Shellfish was apparently not a regular part of his diet, since no trace of sea shells could be found near his cooking places. The sea coast, usually about 30 to 35 kms. from his habitation, was simply too far away for it to have become a principal source of food. Thus, his main diet consisted of swifts and bats which he found in the cave.

The Tabon fossils suggest that the cave inhabitants had tools, which they made by knapping large flakes from lumps or nodules of chert obtained from river beds. Archaeological findings also indicate that the Tabon man was a land-migrating hunter of small mammals, as can be inferred from the fact that his cave was occupied four times in intervals

within a period of over 20,000 years. Each set of dwellers apparently moved out as the local sources of food were exhausted. Their technology never went beyond the flake-tool tradition.

Some 7,000 years ago, however, a new tool tradition emerged in Palawan, although it did not grow out of the Tabonian flake-tool with which it coexisted. Unlike the Tabonian tool, it had a smaller flake and a blade, which suggests differences in the background of the tool users.

This flake-and-blade tool has generally been associated with the pygmy people called "Aetas". They were a nomadic group of people who also lived in caves and subsisted mainly on shell foods, supplemented by fish and small games. Since the sea was their main source of food, they moved continuously along the sea coast.

The Coming of Migrants

Archaeological discoveries in Batangas, Laguna, Rizal, and Bulacan show that during the neolithic period a new group of people came to the archipelago. Coming by boat either directly from the south coast of China (Hong Kong-Hoifung area) or indirectly along the margins of the South China sea, they drifted into the archipelago in small groups, simply looking for food. Together with their families, they brought new tools which could fell trees for slash-and-burn agriculture, gouge out boats, and build substantial dwellings.

Aside from these tools, they also introduced taro (gabi), yam, bamboo, and rice into the archipelago. Archaeological studies indicate that rice became widely distributed in the Philippines at this time, which seems to show that rice was the principal crop of the neolithic people. Its widespread adoption suggests that either the migrants were widely scattered throughout the archipelago or that they were able to influence the other inhabitants. Although they were able to introduce rice, frequently it was not adequate for their diet. Hence, hunting, trapping, fishing, and food gathering remained a significant source of food.

In the year 400 BC there was an increasing movement of people from the coastal areas of South China and Indo-China into the island world of Southeast Asia and eventually into the Philippines. Coming as they did in small numbers, they brought with them new tools and some advanced technology. They had metal, copper, bronze, and pottery molds which made melting and remolding of old bronze tools possible. Utilizing the natural mountain spring as a source of irrigation, they developed terrace agriculture and later introduced weaving, which eventually replaced the use of bark cloth as cloth from such indigenous plant fibers as abaca emerged in increasing volume.

The Establishment of Communities

The persistent movement of migrants, even as they came in trickles,

soon populated the Philippines, strewing the river banks and sea coasts of the archipelago with small communities of related families. In the course of setting up their own communities, the migrants gradually encroached upon the hunting and fishing grounds of the Aetas, Mangyans of Mindoro, and Zambals, and eventually settled on their lands. The migrants found it relatively easy to drive the indigenous nomads away into the mountains, since the latter neither maintained a fixed abode or settlement nor planted fields on a regular basis. Rather, they simply "wandered" through the coast lines and the forest, feeding themselves on fruits, wild pig, and deer. Having been driven away, however, occasionally they would attack and plunder the community or, with their bows and arrows, they would simply stop the migrants from gathering firewood in the mountains, and from hunting or fishing in rivers near the foot of the mountains. The antagonisms that flared in the course of these encounters did not persist for long as intermarriages and other forms of allegiances emerged, moderating the tension and eventually cementing a bond for some kind of coexistence.

Whether they moved into the mountains, after being driven away by a new and stronger group of migrants or after exhausting the food resources within their surroundings, the nomads would continue to live along or near the headwaters of the major rivers and tributaries, gradually evolving in the process "riverine and coastal" orientation.

Of course, it was natural for the nomadic inhabitants to settle along the rivers and sea coasts because these were the primary sources of protein food. Fishing often provided greater returns than hunting and agriculture. From the sea, they would gather fish, eels, crabs, shrimps, sea weeds, and shell meat. From the forests and the mountains, they gathered edible wide plants, tubers, fruits, and nuts or hunted for a deer, monkies, snakes, and wild boar, exercising great care lest they got stuck in a mire, or bitten by some poisonous viper and vermin, or entirely eaten up by a crocodile.

Hunting became a more difficult means of subsistence, requiring prowess and ability. A *dato* was expected to have such prowess. Rice cultivation, on the other hand, was a very risky and tedious task. Constantly threatened by devouring wild boars, pests, and locusts and occasionally ravaged by warring communities, rice growing was an unstable source of food. This further encouraged the inhabitants at the time to move on to different places, as they were forced out by a stronger community or as they exhausted the food reserves of the forest and the sea. Such mobility, together with the present state of knowledge of the people, reinforced their nomadic behavior.

While it is hard to determine the relative rates of migration from one place to another, the duration that communities stayed in a particular

place, or the relative exhaustion of resources from the sea and forests, certain communities nevertheless managed to grow rapidly, establishing themselves permanently before the Spaniards came. The relative permanence of a community in a particular place depended on the size of the community, their peaceful coexistence with other communities, the established territorical boundaries between communities, their level of subsistence and occupation, and their involvement in trade.

Size of the Community

If a trading settlement like Cebu had a population of 800 people, the typical community probably consisted from 30 to 100 families. Sugbu, a large pre-Hispanic settlement in the island of Cebu, had houses arranged in a linear pattern, stretching out from present-day Mandawe to Talisay — a distance of 12 kilometers.

Communities settled down in places where they planted palm tree, nipa, coconut, and banana groves or where they intended to grow rice. Through conquest or peaceful agreement with other communities, they would mark off the boundaries of each community. Peaceful agreement was easy to conclude when the communities were related to one another by blood, kinship, or marriage ties. Wherever antagonism was present in the relationship, numbers counted. Besides meeting the contingency of wars, the size of the community also determined to what extent agricultural activities can be undertaken.

Prehistoric Community Structure

Within the community, each household provided for its own subsistence. The head of the family would go out to fish and hunt, while the wife would gather food from the forest. With the use of their bolo, the men in each household would fashion boats, tables, and plates out of the trunks of trees. The women, on the other hand, would weave cloth from tree barks, particularly from palm trees. They also cleaned and pounded the rice. In some communities, specifically those which carried on some domestic trade, the women accompanied their men to higgle and haggle with neighboring communities.

The men would clear the land, mutually assisting each other. Such assistance would be reciprocated according to the established community practice of remuneration or according to one's capacity to compensate. After work in the fields, they would all come together to eat and drink wine made from palm, coconut, or rice, in the course of which they would talk about life and their differences. In the process, more goodwill was fostered, as well as better understanding among themselves.

In addition to interactions in their agricultural occupations, households also interacted in the course of various rituals. There were rituals for

planting, for harvest, and for every significant event like birth, marriage, war, and death. With common economic and social activities, religious beliefs and practices, the daily life of each household got integrated with those of the rest in the community, making for an increasing sense of solidarity.

Such common activities very often centered around the elders of the community, or the *dato*. Just as he led the community in public hunts, he also led them in wars of aggression or revenge against other communities. He exercised authority in settling dispute and quarrel within the community, well versed as he was with the customary laws and religious sanctions.

Somewhat less in status and influence than the dato were the *maharlikas* or *fumaos*. They were the legitimate sons of the dato, his relatives, or the descendants of other datos. They comprised the independent households within the community in the sense that they were not bound to give tribute to the dato, even as they were bound to follow him in wars. If one of them proved himself to the community in either war, hunting, or in providing food and wine after work in the fields, he could become a dato or even form his own community.

Two other groups of people helped constitute the community. One group were the so-called *aliping namamahay*. He had his own house and a piece of land to cultivate, but he agreed to give part of his produce and render service to the dato. This obligation arose from the fact that he either came to the community as a stranger or was unrelated in blood to either the dato or fumao.

The other group was called *aliping saguiguilir* who served and lived in the dato's household. If he had been born and reared in the dato's household, he was treated humanely. He ate the same food as the household had, and the dato even adorned him with trinkets of gold. Some of them were eventually permitted to withdraw from the household and live on their own. However, for those who were captured in war, the treatment was less humane. They were given the more severe work and could be sold any time, perhaps for a basin of gold.

The aliping saguiguilir rendered numerous services. The men took care of the dato's fields, fashioned his boats, went fishing and hunting, and gathered wine from the coconut trees. The women, on the other hand, performed household chores, wove clothing materials, and took care of the dato's wife.

There were numerous other ways by which one became an aliping saguiguilir. As an outsider, he could have been caught hunting in the community forest or fishing in the sea without the permission of the dato. Or he might have failed as a member of the community at meeting his obligation to the dato. If he failed and died, his children became the alipin