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## The Chinese Question

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## Notes & Comment

### *The Chinese Question*

Not long ago, addressing myself to the question of the Chinese in Southeast Asia, I asked a small group of graduate students how many of them were convinced that the Chinese controlled the Philippine economy. Not one of them doubted it. Dr. José Locsin, Chairman of the National Economic Council, has even provided a measure of Chinese control: 80% of the internal trade of the country and 70% of its foreign trade. After treatment by a journalist in *THE MANILA TIMES* these figures had gained weight: for, according to him, it was generally admitted that the Chinese controlled between 70% and 80% of the economy, not merely of its trade.

To preach that the Montinolas, the Madrigals, the Aranetas, the Tuasons, the Elizaldes, the Sorianos, Menzi, Stanvac and even the National Development Company dance at the end of strings handled by Chinese is bold doctrine. Indeed, put this way, it may even sound bizarre.

In attempting to trace the myth of Chinese control back to its source, one discovers that Joseph Ralston Hayden had stated in *THE PHILIPPINES* (1950): "Before 1932, the Chinese in the Philippines conducted between 70% and 80% of the retail trade and a large proportion of the other internal commerce of the islands."

Vice-Governor Hayden merely made the assertion. He offered no proof. Moreover, he rather generously — and absurdly — credited Chinese with the same percentage of commercial lending facilities. It is well known that, once the Philippine National Bank became established in 1916, it loomed head and shoulders above all the other commercial banks in this country put together. Nonetheless, Hayden light-heartedly conceded "economic supremacy" to the Chinese. That was before 1932. He even reported two inde-

pendent benchmarks of their capital investment: ₱162.9 millions, according to the Bureau of Insular Affairs; ₱201.0 millions, according to the Chinese Consul. This was a tiny base on which to have erected so lofty a pyramid of control. Every Chinese with a peso must have been a Van Swerigen.

But Hayden goes on to call attention to the changes which started in 1932. *Primo*, the Japanese began systematically to engage in trade. The Manchurian incident in 1931 had caused the Chinese merchants to boycott Japanese goods. The Japanese were little inclined to bear the boycott in patience. They opened their own bazaars in Manila and in other cities and towns, and proved themselves stout competitors by cutting sharply into Chinese trade. They were already eminent in a number of wholesale and retail lines: the fish trade, lumber, abaca, copra, mining and textiles. A.V.H. Hartendorp refers to a gentleman's agreement between the Americans and the Japanese whereby the Japanese supplied 50% of the textiles to the Philippine market. And they went into the business of brewing and selling beer. Incidentally, Hartendorp has done nothing to keep the myth alive. He has written a HISTORY OF INDUSTRY AND TRADE OF THE PHILIPPINES — 750 pages — without a single paragraph on the place of the Chinese in the economy.

*Secundo*, the Government instituted the policy of fostering Filipino competition. Manuel Quezon estimated that by 1939 the Filipino share in retail trade had increased to 37% and that Filipino merchants greatly outnumbered Chinese. Felix de la Costa put the number at 7.3 Filipinos to 1 Chinese for sari-sari store keepers. He made rather a complete study of the retail trade and concluded that for general stores — sari-sari, department, general merchandise — and other shops dealing in mixed merchandise, such as grocery, hardware, electric supplies, Chinese owned about 36% of the assets. That would leave about a quarter of the assets in retail trade to other nationalities, especially Americans, Japanese and Indians. It is worth mentioning that the folk of Batangas and Bulacan have long boasted that Chinese wield little economic power in their provinces.

Returning for a moment to Dr. Locsin's curious figures, though his gross overestimate of the Chinese share of domestic trade is odd, his blunder about external trade is heinous. The Bureau of the Census and Statistics is linked with the office of Statistical Coordination and Standards; the OSCAS, in turn, is under him as Chairman of the National Economic Council. It reports statistics of the foreign trade of the Philippines by nationality of the trader. It is no trouble at all for Dr. Locsin to call for these figures. Here are the Bureau's statistics for the three leading traders in 1959:

<i>Nationality of Trader</i>	<i>Total Trade</i>	<i>Import</i>	<i>Export</i>
Total	₱ 2,052,998,853	₱ 1,041,923,756	₱ 1,011,075,277
Filipino	1,164,070,640	590,894,282	573,176,358
American	460,053,823	270,878,859	189,174,964
Chinese	217,090,257	90,485,875	126,604,382

The complete data have appeared in the MONTHLY BUSINESS REVIEW of the Philippine Association, June 30, 1960. They show that the Chinese share in the foreign trade of the Philippines in 1959 was a bit over 10%: about 9% of the imports and about 11% of the exports. Filipinos controlled 58% of the trade: about 59% of the imports and about 57% of the exports. Even allowing liberally for dummies and Chinese who wear the mask of naturalized Filipinos, there is no way of bringing the Chinese share up to 70%. Dr. Locsin lent the prestige of his high office to the myth of Chinese control of trade and put a weapon in the hands of chauvinists eager for any pretext to break the Chinese "stranglehold."

The stranglehold, you have observed, is on the economy, not merely on its trade, so that a journalist can propound the doctrine that the Chinese control 70% to 80% of the economy as a truth known to all, even attested to by graduate students. By what logic is the blithe transition made from supposed control of trade to control over the economy? It goes this way: if you control my circulatory system, you control my life. But trade channels are the circulatory system of the body economic. Therefore, control them and you control the life of the economy. The reasoning sounds persuasive unless you pause to examine it. It proves too much.

Pius XI argued with a certain cogency that money and credit are the life blood of the economic body; those who regulate finance can compel all to bow to their will. Another might argue that transport is the vital part; by running it, you run the distribution of goods from producer to consumer and can reduce both to submission. Power, too, is fundamental to any economy. Meralco dynamizes the industries in Manila and its environs; their energy is within its constant restraint. They are literally powerless without its cooperation. One can imagine Jeremías Montemayor insisting on the supremacy of the farmer, the most important man in the economy because all depend on him for their food. He has the power to bring all to their knees.

What is clear is that an economy is like an organism. It is a system of interdependent parts. Anyone controlling a vital organ can be said to control the economy's life; it just depends upon what organ's importance you choose to exaggerate.

But the point has been scored. Filipinos firmly believe that Chinese economic power is excessive and should be cut back. Early in 1960 Robot Statistics conducted a public opinion poll among a representative sample of Manilaños. The question was asked: "Do you favor limiting the business privileges and activities of all naturalized Filipino citizens?" 72% were in favor of imposing limitations, 25% were opposed and 3% held no opinion on the question. Many have cast doubts on the motives of Chinese in becoming Filipino citizens. Since their insincerity is axiomatic, apparently one must see to it that they are not given the same privileges as native-born Filipinos.

Discriminatory legislation against residents of Chinese blood continues to mount. In 1947 the Supreme Court ruled that a child born in the Philippines of an alien father and a Filipina is born of alien parents and is an alien. In this country aliens are legally unable to own any land, even a plot on which to build a home. In 1954 the Retail Trade Act was passed, prohibiting aliens from opening new retail businesses and giving those already engaged in retail trade ten years to liquidate their assets and get out of it. In 1960 was passed the law forcing them out of the business of milling and trading rice.

The problem of the Chinese minority and what to do about it is by no means peculiar to the Philippines: it exists in varying degrees in all the countries of Southeast Asia. Indeed, in Singapore, Malaya, Thailand and Indonesia it is bigger than here, and in Singapore, Malaya and Indonesia it is sharper. In Singapore, the Chinese out-number Malays about eight to one; it is really a Chinese island. On the Malayan Peninsula, Chinese are just about as numerous as Malays. Jobs in the tin mines and on the rubber plantations meant hard work for little pay. Malays did not have much stomach for that kind of life and supplied only one-fifth of the laborers. Chinese and Indians were welcomed for their frugality and industry, but the Chinese now constitute a threat to political balance owing to their sheer numbers.

Indonesia has perhaps ten times the number of Chinese found here, and both the people and their leaders have laid upon them excessive blame for the country's distress. They have been outlawed from the retail trade. There seems also to have been a movement to institute something like the old Parian — a herding together of the Chinese into one place.

Thailand's population is no bigger than that of the Philippines, but about one-tenth of its inhabitants are Chinese as compared with perhaps one percent here. Norton Ginsburg, editor of *THE PATTERN OF ASIA*, has included this paragraph on Thailand:

The most important minority are the Chinese, estimated to number about 2,500,000, but intermarriage between Chinese and Thai has been so great that it is impossible to trace clearly the ancestral blending of the two peoples. Many of the Chinese live in Bangkok, which is remarkably Chinese in appearance, but every town of size, and even most of little size, has Chinese shopkeepers or traders. The Chinese are the businessmen of Thailand and have virtually controlled the largest industry, rice milling. They have also been the major rubber producers in the Kra region and possess major interests in tin mining. As entrepreneurs and aliens, the Chinese have incurred the overwhelming dislike of the Thai, and the Siamese government has attempted to break the Chinese control of rice milling by regulating prices and establishing competitive government mills.

Thailand as well as Vietnam have legislated Chinese schools out of existence.

Once in a while an alarmist gets upset about the chance that the 13 or so millions of overseas Chinese in Southeast Asia may turn out to be an effective Fifth Column for the cause of communism. Singapore, which is an extreme case, has harbored this discomfoting suspicion. By and large, it seems clear that the overseas Chinese are without interregional unity and organization, and, indeed, quite without interest in each other's affairs. They are not what one would call an international-minded group, but surprisingly narrow-minded. I would rate them as a most unpromising Fifth Column. They are envied and disliked. As a result, to the extent that Communism in Asia has picked up Chinese coloring, it arouses antipathy. In the Philippines hardly a whisper has been breathed about the Chinese constituting a Fifth Column. When the conspirators are named, they are Filipinos. When their zones of influence are marked out, there is the press, certain schools, government, labor unions and ultranationalist societies. But they have not been identified with the Chinese. The Chinese here are not terribly fearsome. It is almost too easy to bully and harass them. Whenever Filipinos do not like what Chinese are doing, they have only to pass a law against it. So it is also in the rest of Southeast Asia.

The solution generally proposed for the Chinese problem is assimilation, but it is not put forth very hopefully. After all, the Chinese minority has remained alive and kicking for centuries. The Chinese, you see, are notoriously clannish and strongly resist being assimilated among the Filipino people. This strikes me as being another remarkably sturdy myth. This country provides an arresting example of extensive assimilation of the Chinese, worthy of attention not yet given it. Far from being the exception, assimilation seems to be the rule. One will search in vain for old Chinese families in the Philippines — families which have preserved their Chinese identity and purity of blood generation after generation, as some Spanish families have done here and as Jews have done all over the world. Pure Chinese are relative newcomers.

Several generalizations can be made about Chinese immigrants into this country. For one thing, men have greatly outnumbered women; in 1939 there were about six men for every woman. Second in the past, immigrants fell into two classes. There were those who came, made some money here, and went back to the mainland carrying their nugget with them. Until 1949 this was easy; overseas Chinese had a homeland — and in some cases a wife and children — to return to. The others, who did not leave, often married Filipinas. Just call to mind the large number of familiar and respectable Filipino names which are undisguisedly Chinese: Lim, Tan, Cojuangco, Yap, Tanseco, Yujuico, Syjuco, Syquia, Yangco, Tanco, Chua, Teehankee, Gopengco, Gosiengfiao, Tiaoqui, Soliongco, Ongpin, Gan. It makes a diverting parlor game, adding to the list. In one class of Atenistas this year I had three Chinese students. Had anyone tested me in advance by asking me to pick out the three, I would have selected the wrong ones. This is hardly the country in which to go about saying that the Chinese are unassimilable. José Rizal himself had Chinese blood.

This is not to say that the problem does not exist. In fact, it may be in process of becoming more acute; it is a little too early for a firm opinion. Chinese are now cornered here. The inflow seems steady but the outflow has been blocked up. Even if some among the Chinese would be inclined to emigrate, they no longer have a homeland to go back to. The mainland is under new management and Taiwan is crowded. The escape has been barred to those most determined to remain Chinese in blood, in citizenship and in culture. For them the days ahead are likely to be disturbing. Little by little the economic area in which they can grow freely is being narrowed, nor are they offered the assurance of alternative fields where their investment will not later be uprooted. What is more, their schools may one day be closed and their newspapers shut down. It would not be surprising to learn that psychoses are beginning to develop more frequently among the trapped Chinese.

My principal points are these: it is past time we laid to rest the myth of the Chinese stranglehold on the economy. What Ginsburg said of Thailand certainly cannot be asserted of the Philippines: that the Chinese are *the* businessmen of this country. Filipinos control business here and it makes another absorbing parlor game to compile the impressive list of who they are. Second, it is hard to claim with a straight face that Chinese do not assimilate — if I may borrow the strange, intransitive idiom of sociology. They do, dear reader; especially the men.