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After the Galleons, by Legarda

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Book Reviews

After the Galleons: Foreign Trade, Economic Change and Entrepreneurship in the Nineteenth-Century Philippines. By Benito J. Legarda, Jr. Quezon City: Ateneo de Manila University Press, 1999. xiv + 401 pages.

Everyone knows that the galleon trade was essential to the continued existence of the Philippines, Spain's farthest colony. And yet paradoxically, the literature on the subject is quite limited. Aside from Schurz's now-classic *The Manila Galleon* (New York, 1939) and Bauzon's *Deficit Government: Mexico and the Philippine Situado* (Tokyo, 1981), hardly anything else has been written in English. Now a new book, Benito J. Legarda's *After the Galleons,* offers new perspectives and a more comprehensive view not of the galleon trade itself but of the economic readjustments after the trade ended early in the nineteenth century. Thus, unlike Schurz who details the galleon trade, Legarda discusses the efforts to look for new sources of revenue for the Philippines after the 250-year-old trade ended.

The book's title gives a good idea of its contents— the efforts to keep alive a colony that had scarcely risen above the subsistence economy that characterized it at the coming of the Spaniards. The galleon trade rightly gave Manila the sobriquet "Oriental Pearl." But the trade was fed by goods not produced by the Philippines but by other Asian countries like China (the source of silk) or India (gems and precious stones). Manila was merely the hub for the transshipment by which Asian exotica were dispatched to Mexico in exchange for the silver which China coveted, while at the same time keeping the Philippines afloat.

The post-galleon situation is best summarized by what Legarda describes as a "qualitative transformation from an entrepôt to a domestically based trade." This indicated a recovery from the "shambles of 1821 [when the galleon trade had definitively ended], and an active trade in native exports was under way" (p. 106). Based on a doctoral dissertation written decades ago, *After the Galleons* is a detailed and exhaustive study that will, from now own, be the point of departure for any analysis of Philippine colonial society.

With neither gold nor the coveted spices, the Philippines was an economic nightmare for the Spanish Crown. There was insistent talk of abandoning it, until the galleon trade saved the situation. Chinese silk and other eastern goods soon flooded the Mexican market, and fortunes rose almost overnight. But fearing for their own textile industry, the silk merchants in southern Spain lobbied successfully to limit both the amount of goods (and money) and the number of bottoms and ports for the trans-Pacific trade. Hindsight now says these restrictions were a serious blunder that explained the continued underdevelopment of the Philippines under Spain. Now, because the galleon (ironically, the *Fernando Magallanes*) crossed the Pacific for the last time in 1815, how did the Philippine colonial economy survive thereafter?

Basically, and certainly even by the middle of the nineteenth century, the Philippines continued to depend for its basic needs on imports in exchange for a few exports. Besides a few other goods of lesser value, the Philippines exported only four homegrown products: sugar, abaca, leaf tobacco, and coffee. At some point, rice and indigo appeared in the lists. But prices and the volume of trade kept fluctuating and were unsteady. In 1842, these four principal exports constituted between 68 and 72 percent of total Philippine exports, while a year previously, they amounted to 83 percent. Then again, in 1855, they increased to 93.95 percent, although ten years later, the volume went down to only 78.87 percent. Another decade later, in 1875, exports reached their highest volume (94.33 percent), a level never equaled again before the revolution.

The Philippines was also a rice exporter, the greatest volume of exports being registered between 1850 and 1870. After 1870, the Philippines ceased being a rice exporter and had become an importer. Legarda correctly indicates that the rice-export industry is a good index of the Philippine economy, since rice is a staple of Filipino families. If so, then colonial Philippines was hardly self-sufficient.

By 1870, cheaper manufactured textiles entered the Philippines. In due time, we became an exporter of sugar (and not much later, of abaca). But sugar demanded both manpower and land, two factors that changed the economic picture of the colony. Whereas previously, the Ilocos region was a significant textile exporter, as well as Iloilo in the south—which was also a rice-producing region—the advent of foreign textiles eventually killed these two industries. It became more profitable to dedicate rice land to sugar land, and the essential manpower dedicated to the weaving industry was soon switched to produce sugar.

In other words, the diversification from rice and native textiles channeled labor away from rice production to export production. In 1870, for example, rice land amounted to about 48.35 percent, while in 1902, only 45.58 percent were so classified. In 1870, the area dedicated to the four chief exports reached only 26.56 percent of the land, whereas in 1902, it expanded to 36.1 percent.

The food-producing sectors "lost the ability to feed itself," writes the author. "Food shortages occurred in 1870, starvation was mentioned in a British consular report of 1878, and there were recurrent famines." Legarda concludes: "The most important element for impoverishment was not so much price fluctuations as the loss of supplementary household income" (p. 175).

The book's basic argument is that the importation or exportation of primary goods is a sign of a country's financial health. Heavy importers are also exporters of other goods, for example, species from gold- or silver-producing partners, manufactured goods from industrialized countries, or raw materials from agricultural or mining regions.

Although the author does not face squarely the question of poverty in the Philippines, his book provides the perceptive reader clues to an answer. That the big entrepreneurs, who provided the capital to install some modern infrastructure, were not Filipinos but British and Americans is worth investigating. Significantly, Spain was the chief exporter to the Philippines only from 1893 to 1895. In this brief period, Spain attained finally the objective of its colonial policy. But it was an effort too little and certainly too late. A year or so later, the revolution would sever relations between the two countries.

That the galleon trade ended just a generation or so before cheap textiles entered the Philippines is more important perhaps than it appears at first glance. Imported textiles increased more than nine times between 1850 and 1886, whereas the population grew only twice in the same period. As mentioned, foreign textiles killed the native loom industry, whose social effect is mirrored through an observer's remark that in Iloilo, almost every household, no matter how poor, had its own loom. Ironically, Spain offered the strongest competition to Britain's textile exports, but the Philippine revolution and the change of governments at the turn of the century aborted what could have been the start of a modern Philippine textile industry.

In the two and a half centuries of the galleon trade, 108 boats made a successful crossing, 30 were shipwrecked, and four were captured by the British—no mean feat, according to naval historians. The book is divided into three parts. The first summarizes the pre-Hispanic economy that the galleon trade displaced and the initial efforts to bolster the colonial economy after the trade ceased. The second provides abundant details on foreign trade, its products, and the factors behind this export economy. And the third is perhaps the first serious analysis of the foreign firms and banks that modernized the Philippine economy. An epilogue neatly summarizes the book, which is a helpful guide for those not attuned to economic literature.

All told, this is an excellent book and a well-designed one, something all historians should read.

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