

GOVERNANCE IN THE PHILIPPINES

Spanish colonial rule, 1565-1898

ALSO BY JESUS P. ESTANISLAO

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In Memoriam
Vicente R. Pilapil, Ph.D.

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FOREWORD

Governance has always been a key word. It reflects a shared concern about the integrity and efficacy of the administration of public affairs, whether they be political, economic, and social, for the common good of all, and particularly for the welfare and benefit of the ordinary citizen.

As an independent Republic since 1946, we have—in theory—been responsible for the administration of our public affairs. From all evidence, during these more than 70 years when we have been fully in charge of our country's affairs, our economy has grown. The official GDP figures tell us so. Of late, we like to repeat that in so far as the GDP figures go, our economy has become one of the fastest-growing in East Asia.

Nevertheless, we have been engaged in a long-running discussion about governance in our country. On the face of the different “data” brought into that discussion, the general perception is that our governance leaves much to be desired. There is little focus on, much less concern about, the common good. All too often, the welfare and benefit of the ordinary citizen are relegated into the background. What is projected into the foreground is a set of more personal, more selfish, much narrower concerns

and ambitions, the pursuit of which often works against the common good of all Filipinos, and of the Philippines as a whole.

Our current state of affairs offers one more reminder that GDP growth is not the only matter to be concerned about. Genuine transformation for the good of all is the one that does.

It is high time, then, for change—indeed, for genuine transformation of the type that governance facilitates, brings about, and actually delivers. It is high time for our economy to grow and speed up even more, but this time with GDP benefiting the ordinary Filipino, with the common good promoted and contributed to, by all; and with welfare as well as over-all well-being provided genuinely and substantively for all the citizens of our country.

It is time for good governance and responsible citizenship, particularly in the next 50 years, counting from 2021 (the fifth centenary of the initial and continuous connection of our islands with the much wider world beyond Asia).

But if we aim to dream and work effectively for good governance by which our future is going to be shaped, it is

essential that we draw whatever lessons we can learn from our immediate and distant past. We need to stop and reflect on the governance of our public affairs these past 70 or so years as an independent Republic; on governance during the 48 years as a colony of the United States; and on governance during the 333 years as a Spanish colonial possession.

This work is an attempt at drawing from the governance experience in our islands during the Spanish colonial period: might there be lessons we can learn in order to apply them to the governance of our public affairs in the next 50 years? It is also an invitation for others to do the same, using data from the American colonial period as well as from our immediate past, i.e. our post-independence period. The efficacy and discipline with which we practice good governance for our country, moving forward into the next five decades, are of such critical importance that we need to throw into the enterprise all the governance lessons we can draw from our rich past experience.

Our governance experience during the Spanish colonial period tells the story of transformation, which led to the eventual formation of our current nation-state. And as that transformation was made to take shape, the economy in our islands grew, at first slowly and after a long, protracted period eventually picked up some speed. Nonetheless, the over-all broad-brush picture that emerges from the proxies or indicators of GDP that are presented in this work is one

of slow macro-economic growth, which nonetheless allowed deep transformative outcomes to be delivered.

Since the challenge for us in the decades ahead, say from 2021 to 2071, is for both GDP to pick up even more steam, and at the same time for our economy, society, and polity to undergo transformation that equates with genuine people development, the lessons from governance in our islands during the Spanish colonial period may offer only a limited set of governance guidelines. But it would still be smart of us to try and put those lessons to use, and serve us in good stead.

This research undertaking has been made possible by the generous invitation that IESE, the Business School of the University of Navarre, extended to me to serve as a Visiting Professor in the Department of Economics of IESE. It has also been facilitated by the leave of absence given to me by the Center for Excellence in Governance. To both institutions I express my sincerest thanks and appreciation.

On a personal note: this book is dedicated to the memory of Vicente R. Pilapil, a first cousin, who I grew up and studied with. He majored in History, with a specialization in Spain. He would have wanted to co-write this material with me, and his knowledge and advice would have benefited me immensely.

Barcelona, April 2018

INTRODUCTION

This initiative of looking at governance in our islands during the Spanish colonial period, 1565-1898, forms part of the larger initiative aimed at helping shape the governance of our nation in the next few decades, 2021-2071. It is an attempt at letting our past speak to us as we gird ourselves for the long-term future that we need to build, hopefully together, as one people. It is an acknowledgment that a bit more knowledge of where we are coming from can be helpful in guiding us to where we should be going, if we are to build a Philippines more in line with our dreams as a nation.

The fact, however, is that only very few amongst us, thus far, have the luxury or the interest to think about the long-term future of our country. Most of our concerns are riveted on the short-term: current political issues consume much of our attention and energy. Most of the discussion we hold is centered on who the President is, what the President is doing, and what the President wants to get done in the next 18 months, or at most in the next two or three years. There can be no doubt that the short term and the near term are very important: and that the President and his team have a super-sized influence on whatever is around the corner, or during the next political exercise, whatever and whenever this might be.

Without in any way downplaying the significance of what the President or any single individual might do today and in the next few years, we all need, however, to remind ourselves of a basic governance fact, which never goes away, and it is: individuals come and go: but the country and its institutions stay.

This fact points to an imperative: even as we fix much of our time, attention, and energies on the short term, we should never forget that there is an equally important responsibility we all have—public officials and ordinary citizens, governors and governed alike—and that is the long-term future of our country and our people as well as the strength and efficacy of our major institutions to promote the common welfare of our people. We may choose not to give any thought to our long-term future, which is really in our collective hands to help shape and build. Nevertheless, that future is surely bound to come. And if we are not going to give any care to shaping and building it properly, then the chances of it being shaped and built by others, and in a manner that is not genuinely in line with our dreams and aspirations as a people, would become all the greater.

This is, in fact, where governance comes in. Governance asks us to consider

and take into serious account the following key points:

- “Tomorrow” matters just as much as “today”. The long-term, therefore, we need to shape and build just as well as we take good care to live and work out today, and in the short term.
- Institutions (and more pointedly, countries) last, even as individuals come and go. There is therefore a greater need to ensure the sustainability and strength of institutions (and the progress of the country) than only to cater to the personal ambitions and preferences of individuals.
- Long-term institutional sustainability and strength demand that due attention and care are paid to all the key facets of institutional life and dynamics, and these include: its people (and their capacity): its core processes (and their efficacy): its constituencies (how well they are served, and how they get involved): its financial resources (how stable and ample they are for long-term development). Between these facets, there is inter-dependence and mutual support: they form a systemic whole.
- A systemic approach is therefore absolutely necessary. This need can be met only through a strategy that is well formulated and executed such that it delivers transformative outcomes, also for the wider environment.

It is transformative outcomes that we as a people might dream of delivering for ourselves and for future generations of Filipinos that should be our shared concern (in addition to the almost total fixation that we have on today, tomorrow, and the very near future). Moreover, those outcomes would need to be delivered within a long-term context that is ahead of us, say in the next 50 years or so, i.e. 2021-2071. For many of us, this time horizon is unusually long: it is not one we are used to thinking about, much less concerning ourselves with.

There are, however, a few long-term issues that keep intruding into our consciousness, such as: the rapid rise and spread of technology (how it affects our position in business process outsourcing, a major source of our income today): the dynamics of international relationships, including in the region to which we belong (how the rise in the power and influence of China affects our own national prospects, and how this should change our long-term positioning in regional and global affairs): and the challenge of climate change, which is placing us at almost the very top of countries to be most severely affected (and how best, on our part, to cope with this challenge). These are the ones that most immediately come to mind. There are others such as demographic changes that are posing serious challenges to various key economies: governance issues that pose direct questions to the global order that was painstakingly constructed after the last world war: social and economic inequality, whose worsening has given

rise to issues, concerning which facts on the ground—such as migration—tend to run faster than regional or global capacity to handle and face them effectively.

Whether or not we choose to sweep these questions and issues under the rug, they are not going away, and it is in their context that we either unwittingly allow the future to shape our national destiny, or wittingly shape—to the best of our collective capability—the future of our country and people.

More pragmatically, taking into account the longevity of people who are 25–30 years old today or younger (and they are the majority of those already living in our country now), chances are that most of them would still be alive and kicking by 2071. Thinking and trying to shape our national destiny in the next 50 years, therefore, is all about them: it is all about the life and work of the majority of Filipinos who are already alive now, in our country. It is in their interest—and indeed for our country’s welfare—that we need to get them engaged and involved in the governance of our nation, moving forward.

Important and crucial as governance is for our long-term future as a nation, the problem for most ordinary Filipinos is that we hear about “governance” rather often, but few of us have really bothered to relate it to the common, everyday concerns we have, e.g. the imperative of fighting against corruption, the inefficiency of some public sector institutions, rule of law, Constitutional

amendments, orderly leadership succession, etc. The fact, however, is that these and closely related issues have been with us for a very long time. Many of them, such as corruption, poverty, public sector inefficiency, have become deeply embedded in our system, or the lack of it. And the common impression is that we have not really moved forward to address them effectively, and to minimize them.

Governance does not provide the single silver bullet by which we can hit and smash all the long-term, systemic, and closely related problems—such as those indicated immediately above—that we have been facing as a nation. But the discipline it imposes and the good practices it demands provide a road map that leads to the delivery of transformative outcomes, which address effectively and minimize the systemic problems that have been bugging us down. As already briefly mentioned above, it asks for the following:

- A clear articulation of core values, which provide the bedrock foundation for all undertakings and initiatives for strengthening our enterprises, such as institutions, corporations, and even the country as a whole. Those core values then demand a clear core purpose, indeed a deep sense of mission, by which enterprises and the nation can make a positive difference in the environment in which they operate. And within that environment, a vision of what the enterprise and nation should aim to become within

a specified time-bound horizon (normally long term, e.g. from 6 to 25 years): this (vision) should be formulated, generally agreed, and adopted. All three—core values, core purpose or mission, and vision—constitute a “governance charter”. This has been lacking, and thus far we have not endeavored to fill this first essential governance gap, even for our country. This may well be why we have not moved forward towards minimizing our endemic, systemic problems, such as those mentioned above.

- A set of strategic priorities that need to be pursued systematically and on a sustained basis, with the explicit purpose of realizing and substantiating the formulated, agreed, and adopted vision. These strategic priorities cover all the key perspectives in running and operating an institution, corporation, or nation. Again, as already indicated above, they include: people (what we equip them with); processes (how efficient and effective we make them); constituencies (how well we serve them); finance (how we obtain them so as to be able to invest in shaping the future); and finally, the socio-economic impact (that in the end we make and leave behind). The perspectives, therefore, cover all the bases; they are not limited or focused on money, banking and finance only. Moreover, they are closely inter-related with each other, such that they mutually support each other:

progress in one facilitates progress in the others. But the other side also holds: failure in one can hamstring positive movement in the others. We have been woefully short in efforts to fill this second essential governance gap: i.e. identifying and pursuing a set of strategic priorities with regard to our country.

- A strategy execution discipline. This insists on clear initiatives or actions that need to be undertaken; targets of accomplishment that must be delivered at well-marked milestones; a designation of units or individuals with the responsibility and accountability for delivering those targets; due acknowledgment of actual performance, with the inevitable system of rewards and penalties. This discipline can be observed with regular, consistent performance monitoring, which is made result-oriented through a pro-active system of administrative intervention, such as helping those units or individuals who are falling behind, and opening even wider pathways for those who are succeeding with on-schedule, below-cost performance delivery. We have thus far not given any serious importance to abiding by this discipline as a nation, and thereby filling this third essential governance gap.

It is about time that we should. We do need a governance charter; a set of strategic priorities; and strategy execution

discipline for our country to move forward, by addressing and minimizing the systemic issues and problems that have been bugging us down. In sum, we do need to take governance seriously and get into the substance of it so as to apply it—with determination, professionalism, and on a sustained basis—to our country.

But if we are to give due importance to governance for the long-term interest and welfare of our country and people, e.g. from 2021 to 2071, we would need some guidance from the past. To move forward, wittingly, into a much better future that we all have to help shape together, we should bank upon lessons and perspectives that we can draw from how our islands were governed in the past. For instance, from the past 75 years, when we have been an independent republic, what lessons have we learned so we can put them to use in building our “Dream Philippines”? We should not stop there. Indeed, what lessons can we draw from our experience as a colonial possession of the United States for some 48 years, from 1898 to 1946? And while we are in the process of looking back at our past, we can extend our lesson-learning exercise, concerning governance, to the overly long colonial period under the Spanish Crown, from 1565 to 1898.

A systematic effort at trying to draw useful lessons on governance from our immediate past, as an independent Republic, 1946-2021, should be a worthwhile undertaking in the next few years, such that by 2021 it shall have been done. Given the information at

hand, this undertaking need not be all that awesome. The period before 1946 (1898-1946) that covers the colonial period under the United States, being of relatively recent vintage, also has enough information to facilitate the putting together of national income and of other governance indicators: these should be a rich source of lessons and guidelines that we need to consider as we look ahead and build a stronger, more respectable and more progressive nation. Application of the governance framework to what we might refer to as our American colonial period should also be undertaken, preferably before 2021. But when we come to our Spanish colonial period, 1565-1898, the task of applying the governance framework, with the aim of extracting useful governance lessons and guidelines for the good governance of our long-term future, poses more significant challenges. We are dealing with a long distant past. Modern statistical data, as we know them today, did not exist, and while some data about a few key aspects of governance are available, they are very often not easily accessible. Nonetheless, for whatever it can yield in terms of lessons and guidelines for the governance of our country, moving forward, it is a worthwhile undertaking to face up to those challenges.

That is what this initiative proposes to do: to take on at least some of those challenges.

In looking back at the very distant past, such as our Spanish colonial period, we should never lose sight of the desirability

to learn lessons that we can use for shaping our long-term future. There is very little sense in looking at that past to prove an ideological point, or to justify a bias or preferred interpretation of history. There is no more need for us to engage in a propaganda movement, which aimed to build a sense of national consciousness, and in the process create a negative bias against the Spaniards—particularly the friars—who were keeping us under their colonizing and oftentimes patronizing power and dominion. Moreover, there is very little use for us to go over the same issues, on which so much time for discussion and argumentation had already been spent, such as the final retraction of Rizal, the relative importance of the role of Bonifacio and Aguinaldo, and the final fate of Josephine Bracken: all these issues should continue to fascinate us, but they may have little bearing on our future long-term governance as one nation. In view of the interest we have in our future governance, it is best to let facts from the past, including those from our Spanish colonial period, to speak for themselves: the more openly and freely we allow them to do so, the more likely they are going to be eloquent in pointing to lessons and guidelines that we can put to use in building our future as a people.

However, truth to tell, it is difficult in an undertaking such as this one, to go without any bias and to be free of any limitations. At the outset, therefore, it is only appropriate to put forward the biases that may have entered in carrying out this undertaking, and to admit the many limitations that had to be faced in

doing so. The most obvious biases and limitations are the following:

- The bias from using a governance framework. Governance has its own discipline, its own demands, and its focus on facts to consider. Typically, it follows a top-down process. As already noted above, this process starts from a governance charter (made up of core values, mission and vision). It then goes into the strategic priorities that the pursuit of the vision mandates (with the strategic priorities clearly identified for each of the key facets, such as those already mentioned above: people: processes: constituencies: and finance, with the interdependence between priorities clearly noted). It drills down further and gets into more specifics: under each of the strategic priorities, a strategy portfolio has to be committed and expressed concretely (with each portfolio containing commitments to game-changing initiatives that need to be undertaken: a set of targets that must be met: and inevitably, quantitative measurements that must be used in tracking and assessing actual performance). If all this sounds like it is a very involved and somewhat complex process, it is because the governance process is indeed involved and complex. And if it all looks comprehensive and inclusive of all major components of a systemic process, in which the major moving elements are closely related with one another, it is again because

governance deals with a process that is strategic and therefore systemic. For those who may be cynical about being able to observe the governance discipline in our nation, they may draw hope and inspiration from the institutions and corporations, including public sector ones in our country, that have already been following a governance program and delivering transformative outcomes.

- The obvious “disconnect” or “lack of fit” between governance and history. For one, governance is mainly about strategy execution for a desired or dreamed-of future that has to be delivered, as called for by a formulated strategy. History is very obviously about the past that has already delivered outcomes—whether they are desirable or not from more recent vintage—through game-changing decisions that had already been made (and can no longer be changed). Governance starts with broad-brush ideals: core values, core purpose or mission, and core outcome or vision, before it gets into the nitty-gritty of more specific targets and outcomes. For its part, history gives a lot of importance to details, even to seemingly unimportant vignettes, which in time may turn out to bring big, significant changes to a polity, economy, or society. Governance insists on quantitative data that modern statistical systems make more readily available, so that performance—relative to pre-set targets—can be

more objectively assessed. History, for its part, produces many data, most of which are of the qualitative sort; and while it offers many numbers, these are often all over the place and not organized according to the norms and conventions of modern statistical systems. Therefore, it looks unnatural or forced to try and apply a governance framework to a wealth of facts or data that historians have been able to put together, in order to bring out certain lessons and perspectives from the past. However, even if past colonial administrative powers were not following a modern governance script, they were nonetheless governing, and their actual governance—as they practiced it—could be viewed in order to draw the lessons and guidelines we seek for the governance of our future. As the next two chapters will show, from the actual strategic priorities the Spanish colonial authorities were pursuing, it is possible to draw a governance charter and to indicate the transformative changes introduced during Spanish colonial rule. It is possible, therefore, to make an assessment of governance in our islands during the Spanish colonial era.

- Use of modern terminology that could not be applied properly to a historical situation on the ground. While today we naturally and very easily use the term “nation” to refer to our country and people, such a term would have been inappropriate

for an indeterminate set of barangay communities scattered all throughout our islands, and with very little connection and interaction with each other. Indeed, the entire Spanish colonial period saw a very long process, by which our people gradually gained a sense of national consciousness, which later gave rise (after the Spaniards had left our islands) to a sense of being one nation. Moreover, there are some present-day historians who claim that the process of becoming one nation is still ongoing even today. The same applies to the term, “Philippine economy”. Even if the Spaniards used to refer to our territory as “Filipinas”, there was really no Philippine economy. The process of economically inter-connecting Manila with a few adjacent barangays, and eventually the different barangays with those most adjacent to them: all this took a very long time. Furthermore, the shift from the barter system to the wider use of coins (the Mexican peso, and later just the peso in the 19th century after Spain had lost Mexico) was also a long and gradual process: this may have been inexorable, given the dynamics that were set in train by the Spanish tribute system; but for most of the Spanish colonial era in our islands, it would have been improper to use the term, “Philippine economy”, since there was effectively none. As a further example, we have the term, “national income”. Indeed, the common use today of Gross

National Product (GNP) poses a problem when we apply it to our distant past: we were far from being one nation at that time. We were still in the process of becoming one, as already noted above. During the Spanish colonial era, there were no “nationals”; there were only natives, Chinese mestizos, Chinese and Spaniards among those residing in our country. And then, in the usual GNP tables, a clear distinction is made between “government” and “investment” spending. This distinction would have been very difficult to make during the earlier period of the Spanish colonial era: at that time virtually all investment spending was deeply embedded in government spending. Other examples may be cited: but they make the same point about the impropriety and difficulty of using modern terms, when looking at the entire Spanish colonial era in our country. In this work, instead of presuming to present formal GDP and national income estimates, we have opted to put together data that can serve only as “indicators” or “proxies” for GDP: these nonetheless provide a broad macro-economic quantitative framework within which governance in our islands during that era can be viewed and assessed.

Given the governance bias and the limitations such as those cited immediately above, the question then arises: is it even possible to face up to the challenges associated with applying the

governance framework to the Spanish colonial era in our country, so as to draw any possible governance lessons and guidelines for our long-term future?

The following fundamental governance mantra gives hope and suggests a way: “what you need to manage, you measure; and you need to measure in order to manage”. The Spanish administrative colonial authorities had to manage a few basic tasks that they had to undertake, e.g. collect tributes; operate the Manila-Acapulco (MA) trade; put up defense installations in Manila and in a few other selected ports, and in the later period of the era, make some remittances to the Spanish Crown as well. These had to be managed; therefore, they (Spanish colonial administrators) had to put together some data to serve as indicators on how they were performing their basic tasks.

Since there is such quantitative data, the next question that comes up is: can these be used to construct at least an indicator series of the overall performance of Spanish colonial governance in our islands? The following observations may be made after taking a closer look at what’s available:

- The data on tributes collected are revealing. They contain several important details such as: how much the natives were expected to pay; how much they ended up paying; a few valuation rates for certain product quantities (such as those for rice, which could be offered as part payment of the entire tribute); and

how inflation pressure brings itself to bear on mostly barter, subsistence-level economies. Illuminating as they are, still they suffer from severe limitations: they were collected from already baptized natives, who had “freely” submitted themselves to the authority of the Spanish Crown. They excluded the Mountain people and those living in areas under Islamic control. They cannot be used as direct proxies for consumption on the part of the native population, since the data did not include all natives. While they may be used as a guide, still a few heroic assumptions had to be made in order to come up with a “guess-timate” of the entire native population and of their consumption at subsistence level.

- The information on government spending is available and has been properly analyzed, especially by two modern Spanish historians, Luis Alonso Alvarez and Josep M. Fradera. But they immediately point out these two limitations: (a) the tribute payments that reached the Manila Treasury (and which helped determine how much the Spanish colonial government would spend on ordinary government expenses) were only a certain (indeterminate) percentage of total tributes actually collected. A good percentage of collected tributes stayed at the local level, were retained there under duly recognized imperial arrangements, and were spent also at the local level on behalf of the Spanish Crown.

These were not reflected in the Treasury account of government spending. And then this: (b) a variable, but often sizeable, amount of Manila Treasury spending was covered by the “situado” from Mexico, which justifiably answered for the defense bill of the Spanish Crown, which maintained a wide defense perimeter for its colonial possessions in the Americas. That perimeter extended all the way to Manila, which during a few critical periods had to put up defense fortifications and pay for other defense-related expenses. Since this variable and often sizeable portion of government spending on the part of the Spanish colonial government had less to do with our islands, and had more relevance for the wider imperial interests of the Spanish Crown, there has been active, ongoing discussion on whether this should be counted as part of the “cost of maintaining the Philippines as a Spanish colony”.

- The data on the MA trade, particularly those on the value of goods loaded on the Galleon sailing from Manila to Acapulco, are universally regarded as under-estimates in view of the tight “official” limits imposed by the Spanish Crown on the value of goods to be brought to Mexico. There is no way of verifying testimonies given by no less than Archbishop Camacho of Manila, that the actual value of goods shipped would come up to 3 or 4 times the official limit. This is, therefore, an important

matter for wild guess and open speculation. Fortunately, the data on the actual silver sent in from Mexico to Manila—while having various components, i.e. Customs duties; payment for goods shipped from Manila; and the Mexican “situado” in the form of “aid” for Manila’s defense bill—provide broad orders of magnitudes, which help contain the guess and speculation within limits.

In view of these observations, it may not be totally improper, therefore, to take the following position: there is enough data that can provide a basis for coming up with at least “broad-brush” estimates, or more properly “guess-timates” of a few economic aggregates, such as government spending and the level of external trade relations. These may serve as proxies or stand-ins for such economic aggregates in our islands during the Spanish colonial era. However, these may be arrived at only by making—at a few certain critical junctures—rather heroic assumptions. These assumptions may be guided by statistical information on basic relationships and percentages, such as those presented by the Philippine government’s statistical agency, or by generally accepted results from the work initiated by Simon Kuznets on national income and GDP tables. In this regard, they may be taken as educated guesses; they are guesses, nonetheless: and this limitation, openly admitted, is an invitation for future research initiatives that can help lift such a limitation.

Therefore, the data that Spanish

colonial authorities had to put together and report—based on the key tasks they had to perform such as collecting tributes, spending for defense, etcetera—could provide indicators of economic aggregates that happen to be the components of GDP. Indicators for subsistence consumption have been put together from scattered population estimates and selected information drawn from the Spanish tribute collection system. Indicators for government and investment spending have been obtained from reports that the Manila Treasury had to make and submit to the Spanish Crown. Finally, indicators of the boost given to the economy in Manila and its immediate surrounding areas from the operation of the MA trade, and later from the growth of the external trade volume associated with the commercial agricultural export sector could be drawn from work focused on the silver sent in from Mexico, and on the 19th century foreign trade of our country. From all these component indicators, we have built up an indicator series for a proxy of GDP in our islands during the Spanish colonial era. It must be stressed: the indicators or proxies of GDP are not formal estimates of GDP. Nonetheless, they may be used to point to the broad, long-term movement and growth in our islands' over-all economy during that era.

Three characteristics of this indicator series, which serves as for a proxy of GDP in our archipelago from 1565 to 1898 are well worth highlighting:

- Special attention was given to the

start of the Spanish colonial era, i.e. 1600, when most of the data series begin. By that time the Spanish tribute system had already been put in place; and the MA trade had already started to operate. In addition, the Spanish colonial administration had settled in Manila, with a decision for a long-term stay in our islands having been formally taken. While occasional extrapolation to 1565 would be made, especially with respect to population and subsistence consumption, the indicator series for the proxy of GDP starts from 1600; no attempt has been made to formally connect it with any GDP series constructed for the American colonial era, since this later series has yet to be formally done. Future cross-checking of the proxy series of GDP, 1565-1898, with more formal estimates made for the beginning of the American colonial era in 1898 (and therefore the end of the Spanish colonial era) up to 1946 could help strengthen the current “guess-timates”.

- The proxy series presented here refers to real GDP. No account has been taken of inflation in the absence of any continuous price series. Moreover, at the beginning of the Spanish colonial era, inflation was reported and described. However, adjustments due to inflationary pressure were made on the real side of the economy, i.e. the natives were simply asked to produce more quantity to comply with a tribute

system whose prices were rigidly fixed. In the last five decades of the Spanish colonial era, a price series for rice can be found, but this comes very late into the era. In this regard, the proxy series presented here for real GDP is unusual, since it has not been able to take into account the occasional references to actual inflation that the economy in our islands had to endure. This is a weakness that should be corrected by future research endeavors.

- It has not been possible to follow exactly the traditional framework for GDP seen from the expenditure side. This framework calls for adding government spending, investment spending, and net exports to the consumption estimate. In the proxy series for GDP presented here, government spending and investment spending have not been differentiated. Moreover, instead of net exports, it is either total silver sent in from Mexico or total exports that have been used as an indicator: and this is because the interest was focused on the possible boost given to the subsistence consumption sector from both government spending and the volume of external (export) trade. In the end, therefore, there are only two components of GDP in this proxy series: subsistence consumption, SC, in our islands (mainly, but not exclusively of the native population); and the boost given to this base by government (and investment) spending as well as by the external trade volume, referred

to in this work as “add-ons”. AO.

Now that the biases and limitations in this initiative have been made clear, at the outset, it may also be proper to put forward a few of the more positive characteristics of the work presented in subsequent pages. Three are well worth mentioning:

- Openness to and respect for the work of historians. Economic history is their expertise, and historians have done a considerable amount of work concerning the economic history of our island-nation, in particular, and of the history, in general, that has transpired in our archipelago. The key has been to let these historians speak, and to listen attentively to what they have to say. The amount of details they bring up is awesome; these details may come in bits and pieces; but they are sufficiently rich and varied that more effort should be put into mining them for the nuggets of useful wisdom that can serve our interest in governance for our long-term future.
- The use of the GDP framework, which can serve as an over-arching unifying framework under which the many interesting and useful bits and pieces, offered by historians, can be put together to throw light on some economic aggregates. It has been a happy coincidence—but not surprising—that the data series that Spanish colonial authorities had to put together and present could be fitted into the broad aggregates that

make up GDP. This has not been a surprise, if we take note of the concepts behind the construction of any GDP estimate: in any economy, the level of economic activity would be determined by the amount of spending by consumers, investors, government, and net proceeds from external trade relations. Ours may have been a “peculiar” colonial economy during the Spanish colonial era. But there were at least a million of consumers, at the start, although they were mostly at subsistence level. And the entry of Spanish colonial administrators, undoubtedly with their own interests and strategic tasks, gave a boost to the subsistence level economies of our barangays through government and investment spending as well as through expanded external trade relations. Moreover, by having at least a proxy series for GDP in our islands, during the entire Spanish colonial era, we are provided with at least an initial broad reference for evaluating performance—economic or otherwise—through governance of our islands.

- Use of the governance prism in identifying game-changing, strategic outcomes that were delivered in pursuit of a “vision” that the Spanish colonial authorities were seeking to realize in our islands. In this work, we had to start at ground level, and then move up the governance chain. The focus was trained first on strategic initiatives; then, on

strategic perspectives; and finally, on transformative outcomes. Only after all these have been presented, mainly by allowing various historians to speak, we could articulate the governance “vision” for the two periods of the Spanish colonial era; and along with that “vision”, the two other elements of a governance charter with which the actively pursued “vision” had to be fully consistent, i.e. “mission” and “core values”. It has therefore been possible to fill in, rather broadly and liberally, all the major elements of a governance framework: this we should use in drawing the lessons and guidelines, from actual experience during the Spanish colonial era, 1565-1898, for the governance of our long-term future, moving forward from 2021 to 2071.

In sum, this endeavor represents an attempt at making a modest contribution to the broader task of our national governance, as we—in deep solidarity with each other as Filipinos—work in the few decades ahead (2021-2071) towards a Dream Philippines. We seek to realize this for the majority of young Filipinos, who are already with us today as well as for future generations of our fellow citizens. The contribution may consist of only a few lessons and guidelines, drawn from our experience under the Spanish colonial era, 1565-1898, that we need to take into due account and hopefully benefit from, as we identify and pursue strategic priorities that should deliver the transformative outcomes for our people’s greater prosperity and sustained development.