American Period

Under the Americans, the Filipinos had limited economic stronghold. At the beginning of the American colonization, the economic policy of the United States in the Philippines was wildly based on the uncertainty of the Treaty of Paris (1898) and after a few years the Payne-Aldrich Act of 1909. Before the ten year expiration of the Treaty of Paris, no laws were able to be passed about economic interests favouring the United States. Though after the ten year privilege, the Americans initiated the famous free trade. Although it was supposed to be an act of parity, but the so called parity was not equal at all, it was in the favour of the white men. The limitation to Filipino economic interests involved about volume and kind of export, while no similar restriction was given for the Americans. Philippine exports had quotas and were limited to export only raw materials. The Philippines was only limited to the goods of the United States which lead to the Filipinos to be dependent on American goods leading to colonial mentality in Filipinos. In 1913, the Underwood-Simmons Tariff Act was enacted and it abolished the quotas on Philippine exports. They therefore argue that there was a period of real free trade under Governor General Francis Harrison. However, in 1934, quotas were reimposed with the Tydings-McDuffie Law, which made the Filipinos more dependent to American products.

In 1934, The Commonwealth Government was formed but was only ratified by the US Government in 1935. Manuel L. Quezon and Sergio Osmeña of the Nacionalista Party won against General Emilio Aguinaldo and Bishop Gregorio Aglipay. The Commonwealth Government had major concerns and one of them was economic development. The economic trend was slow in this period and the development was uneven. However, there were sectors that we strong and well developed. Agriculture was the leading form of export, generating produce geared to the American market such as: sugar, coconut, tobacco and abaca. However, while the export agriculture prospered, the lives of the great mass of Filipinos remained desolate.

The dependence of the Philippines to the American market was serious and the fact that Filipinos did not have control on their economy. American investment companies that exported Philippine products to the American market exploited, being in mining, public utilities and industrial sectors of the economy. The call for economic nationalism was Quezon’s way to solve foreign suppression of the Philippine economy. In May 1939, an Anti-Dummy Law was passed and it punishes any Filipino who would allow themselves to be used as a dummy by foreign businessmen and investors. Quezon promised to promote economic development, in particular, the establishment of basic industries. Industrialization, which was at an utmost low level was thought that it would raise the standard of living of the people if prices of several essentials were cut down and it would help secure Filipinos the salaries and profits which were going to American factory-owners and labourers.

There was no surprise that Quezon operated pretty much the same way as his political philosophy. He believed in state-directed economic system since government was the best position to provide a level of economic stimulation that was needed to meet the difficulties of a sovereign nation. Quezon did not believe in the laissez-faire in economics but favoured government administration in productive activities to plan national economy. The National Economic Council was created in March 1936 to direct the economic activities of the Commonwealth Republic. However, the Commonwealth era became sluggish. The economy was in distress and social tensions were increasing. All the symptoms of economic backwardness were present in the turn of the century—over-dependence on exports, tenantry, indebtedness, corruption, inefficiency, miserable working conditions and undercapitalization. The crushing disparity of wealth and power which preceded the American period was neither discontinued nor lessened. The outbreak of the war thwarted Filipino preparations for independence.

Some of the negative results the American occupation had was that the American goods that were once considered grandeur became needs. The conditioning of the Filipinos’ minds to the American standard of living made Filipinos economically dependent to the United States. The colonial mentality became widespread and if the product you own wasn’t made in the United States, if it was made in the Philippines, it was deemed inferior. The era of the Americans made Filipinos appear to be “little brown Americans".