

CHAP. III.

Internal and external Commerce.—Funds therein invested.—Property belonging to pious and charitable Institutions.—Mercantile Shipping.—Royal Philippine Company.

INTERNAL COMMERCE.—The circulation of the country productions and effects of all kinds among the inhabitants of the provinces, which, properly speaking, constitutes their internal commerce, is tolerably active and considerable. Owing to the great facilities of conveyance, afforded by the number of rivers and lakes, on the margins of which the Indians are fond of fixing their dwellings, this commerce might be infinitely greater, if it was not obstructed by the monopoly of the magistrates in their respective districts and the unjust prerogative, exercised by the city, of imposing rates and arbitrary prices on the very persons who come to bring in supplies. Nevertheless, as the iniquitous operations of the district magistrates, however active they may be, besides being confined to their pecuniary means, regularly consist of arrangements to buy up only the chief articles, and those which promise most advantage, with least trouble; as that restless

inquietude which impels man on, under the hope of bettering his condition, acts even amidst the rigour of oppression, a certain degree of stimulus and scope is still left in favour of internal trade.

Hence it follows, that there is scarcely an island or province, that does not carry on some traffic or other, by keeping up relations with its neighbours, which sometimes extend as far as the capital; where, in proportion as the produce and raw materials find a ready market, returns suitable and adequate to the consumption of each place, respectively, are obtained. If, however, it would be difficult to form an idea, even in the way of approximation, of the exchanges which take place between the various provinces, a task that would render it necessary to enumerate them, one by one, it is equally so to make an estimate of the total amount of this class of operations carried on in Manilla, their common centre. Situated in the bottom of an immense bay, bathed by a large river, and the country round divided by an infinite number of streams and lakes descending from the provinces by which the capital is surrounded, the produce and effects are daily brought in and go out of suburbs so extended in a diversity of small vessels and canoes, without its being possible to obtain any exact account of the multiplicity of trans-

actions carried on at one and the same time, in a city built on so large a scale.

Besides the traffic founded on ordinary consumption, the necessity of obtaining assortments of home manufactured as well as imported goods, in order to supply the fairs, known by the name of *tianquis*, and which are held weekly in almost every town, there is another species of speculation, peculiar to the rich Indians and Sangley Mestizos, an industrious race, and also possessed of the largest portion of the specie. This consists in the anticipated purchase of the crops of indigo, sugar, rice, &c. with a view to fix their own prices on the produce thus contracted for, when resold to the second hand. A propensity to barter and traffic, in all kinds of ways, is indeed universal among the natives, and as the principal springs which urge on internal circulation are already in motion, nothing more is wanting than at once to destroy the obstacles previously pointed out, and encourage the extension of luxury and comforts, in order that, by the number of the people's wants being increased, as well as the means of supplying them, the force and velocity of action may in the same proportion be augmented.

EXTERNAL COMMERCE.—Under this general denomination are comprised the relations the Philippine Islands keep up with other nations,

with our own possessions in America, and with the mother country ; or, in other words, the sum total of their imports and exports. Commencing, therefore, by giving an approximate idea of the nature and amount of the latter, in order afterwards to be enabled to dwell more minutely on the various particulars relating to this subject, I have formed the annexed Table, N^o IV., in which, confining myself to ordinary times, the amounts will be found calculated in the gross, so as to present no other than general results. Although in the formation of this approximate statement I have, in part, founded myself on positive data, in candour I feel compelled to confess; that the irregularity of the seasons in which I have been on the spot, has obliged me, in some measure, to proceed in the dark, and left me under the necessity of availing myself of estimates chiefly derived from my own observations and experience, for the want of a better guide.

Many are the causes which, within the last ten or twelve years, have influenced the mercantile relations of these islands, and prevented their organization on permanent and known principles. The chief one, no doubt, has been the frequent and unforeseen changes, from peace to war, which have marked that unhappy period, and as under similar circumstances merchants, more than any other class of persons, are in the

habit of acting on extremes, there have been occasions in which, misled by the exaggerated idea of the galleon of Acapulco, and anxious to avail themselves of the first prices, generally also the highest, foreign speculators have inundated, Manilla with goods, by a competition from all quarters; and others, owing to the channels being obstructed, when this market has experienced an absolute scarcity of commodities as well as of funds, necessary to continue the usual and almost only branch of commerce left. The frequent failure of the sugar and indigo crops, has also in many instances restrained the North Americans and other neutrals from coming to these islands with cargoes, and induced them to prefer Java, where they are at all times sure of finding returns. Besides the influence of these extraordinary causes on the uncertainty and irregularity of external commerce, no small share must also be attributed to the strangeness of the peculiar constitution of the country, or the principles on which its trade is established.

Scarcely will it be believed, in the greater part of civilized Europe, that a Spanish colony exists between Asia and America, whose merchants are forbidden to avail themselves of their advantageous situation, and that, as a special favour only are they allowed to send their effects to Mexico, once a year, but under the following

restrictions. It is a necessary condition, that every shipper shall be a member of the Board of Trade, and therein entitled to a vote, which supposes a residence of some years in the country, besides the possession of property of his own, to the amount of 8000 dollars. He is compelled to join with the other members, in order to be enabled to ship his goods in bales of a determined form and dimensions, in one single vessel, arranged, fitted out, and commanded by officers of the royal navy, under the character of a man-of-war. He has also to contribute his proportion of 20,000 dollars, which, in the shape of a present, are given to the commander, at the end of every round voyage. He cannot in any way interfere in the choice or qualities of the vessel, notwithstanding his property is to be adventured in her; and what completes the extravagance of the system, is, that before any thing is done he must pay down 25 or 40 per cent. for freight, according to circumstances, which money is distributed among certain canons, aldermen, subalterns of the army, and widows of Spaniards, to whom a given number of tickets or certified permits to ship are granted, either as a compensation for the smallness of their pay, or in the way of a privilege; but, on express condition that, although they themselves are not members of the Board of Trade, they shall not be allowed

to negotiate and transfer them to persons not having that quality. In the custom-house no cockets being given, unless the number of bales to be shipped are accompanied by the corresponding permits, and as it besides frequently happens that there is a degree of competition between the parties seeking to try their fortune in this way, the original holders of the permits very often hang back, in such manner that I have seen 500 dollars offered for the transfer of a right to ship three bales, which scarcely contained goods to the amount of 1000 dollars. Such, nevertheless, is the truth, and such the exact description of the famous Acapulco ship, which has excited so much jealousy among the merchants of Seville and Cadiz, and given rise to such an infinite number of disputes and lawsuits *.

* The restraints here complained of are now totally removed, and as an instance of the attention paid to the improvement of the Philippine Islands as well as the commerce of the whole transmarine provinces, since the reestablishment of the constitution, the annexed decree, issued by the Cortes in their sitting of 8th Nov. 1820, is subjoined.—Tn.

In the said sitting it was also proposed, that whilst the Cortes did not determine to the contrary, all the countries which, by the constitution, belong to the Spanish monarchy, should, as integral parts of the same, enjoy the benefits of the new general Tariff. The following resolutions were also read and approved:—

1. That the grant of his Majesty, allowing trade between

So complete a deviation from the rules and maxims usually received in trade, could not fail

the Philippine Islands and ports in America, on the Pacific, made last January, be valid and observed, as well in national as foreign articles permitted by said grant, and in Spanish bottoms indistinctly.

" 2. All produce and goods manufactured in the Philippine Islands shall be admitted as national ones in the authorized ports, as well in America as Europe and Asia, when accompanied by regular certificates, proving their origin, and in national bottoms.

" 3. All national vessels shall besides be allowed to carry on direct trade from any Spanish port of America and Europe, by the Cape of Good Hope, to foreign ports in the East Indies and China, and it shall be lawful for them to import and deposit, in the authorized Spanish ports of America and Europe, the following goods and effects, viz.—Cinnamon of Ceylon, pearls, diamonds, ivory, tortoise-shell, tea of all kinds, earthenware or china, lackered articles, manufactured mother of pearl, manufactured ivory, manufactured tortoise-shell, fillagree of all kinds, dyes, boxes of paints, ivory and other fans, coarse and candy sugar, spun cotton, from No. 60 upwards, plain, striped, and worked muslins of all kinds, cotton and muslin handkerchiefs of all kinds, plain, striped, and worked cambrics, nankeens, cotton stripes, &c.

" 4. The import duties of said articles shall be laid down in the general tariff, according to the bases approved by the Cortes.

" 5. The regulations contained in Art. 12 of the fundamental bases of the general tariff approved by the Cortes, shall be observed with regard to cargoes coming from the Philip-

to produce in the Philippine Islands, as in fact it has, effects equally extraordinary with regard to those who follow this pursuit. The merchant of Manilla is, in fact, entirely different from the one of Cadiz or Amsterdam. Without any correspondents in the manufacturing countries and consequently possessed of no suitable advices of the favourable variations in the respective markets, without brokers and even without regular books, he seems to carry on his profession on no one fixed principle, and to have acquired his routine

pine Islands, and of which the vessels may enter any foreign port in America or Europe.

" 6. In order that this freedom granted to trade may not be injurious to national industry and agriculture, as well in Asia as in America and Europe, as it would be if extended to Asia by the Cape of Good Hope, with foreign cargoes and productions, more than from the Philippine Islands, it shall not be lawful to bring to ports of America and Europe, by said way of the Cape, in each vessel, foreign goods enumerated in this decree, more than the amount of 50,000 dollars, stated on the clearances, and the remainder of the cargoes shall be completed with goods and effects of the Philippine Islands, or of other productions from foreign countries of Asia, which are free, according to the general tariff.

" 7. The government is enjoined to require of the Political Chief and Local Authorities of Manilla, information respecting the most adequate means of encouraging the agriculture, industry, navigation and commerce of the Philippine Islands."

of business, from mere habit and vague custom. His contracts are made out on stamped paper, and his bills or promissory notes no other than long and diffuse writings or bonds, of which the dates and amounts are kept more in the shape of bundles, than by any due entry on his books; and what at once gives the most clear idea of this irregularity, is, the singular fact that, for the space of twenty-five and possibly fifty years, only one bankrupt has presented the state of his affairs to the Board of Trade, in conformity to the regulations prescribed by the general Statutes of Bankruptcy, whereas, numbers of cases have occurred, in which these merchants have wasted or secreted the property of others with impunity. Hence have arisen those informalities, subterfuges and disputes, in a word, the absence of all mercantile business, carried on in a scrupulously punctual and correct manner. Hence, also, have followed that distrust and embarrassment with which commercial operations are attended, as well as the difficulty of calculating their fluctuations. On the other hand, as in order to send off an expedition by the annual ship to Acapulco, the previous consent of the majority of the incorporated merchants is necessary, before this point is decided, months are passed in intrigues and disputes, the peremptory

period arrives, and if the articles wanted are in the market, they are purchased up with precipitation and paid for with the monies the shippers have been able to obtain at interest from the administrators of pious and charitable funds. -In this manner, compelled to act almost always without plan or concert, yet accustomed to gain at the fair of Acapulco, notwithstanding so many impediments and the exorbitant premiums paid for the money lent, these merchants follow the strange maxim of risking little or no property of their own; and unaware, or rather, disregarding the importance of economy in the expences and regularity of their general method of living, it is not possible they can ever accumulate large fortunes, or form solid and well-accredited houses.

Thus oppressed by a system, as unjust as it is absurd, and conducting their affairs in the way above described, it is not strange that these gentlemen, at the same time yielding to the indolence consequent to the climate; should neglect or behold with indifference all the other secondary resources which the supplying the wants of the country and the extensive scope and variety of its produce, offer to the man of active mind. Hence it follows, as already observed, that the whole of the interior trade is at present

absorbed by the principal Indians; the Sangley Mestizos of both sexes, and a few Chinese pedlars.

Notwithstanding, however, the defective manner in which the generality of the merchants act, some already begin to distinguish themselves by the prudence of their conduct, by forwarding, in due time, their orders to the manufacturers of India and China, and, in other respects, guiding themselves by the principles which characterize the intelligent merchant. Finally, it is to be presumed that, as soon as the government shall have thrown down this singular and preposterous system that has been the cause of so many disorders, and proclaimed the unlimited freedom of Philippine commerce, the greatest part of these people will rise up from the state of inaction in which they now live, and the relations of the colony will then assume that course and extent corresponding to its advantages of position. At least, if our national merchants should not act up to the impulse given to all kinds of mercantile enterprises by the beneficent hand of the sovereign, foreigners will not be wanting, who, relying on due toleration, will be induced to convey their fortunes and families to the Philippine Islands, and vigorously encouraging the exportation of their valuable productions, amply

secure the fruits of their laudable activity and well-combined speculations.

CAPITALS EMPLOYED IN COMMERCE.—Were a person, judging from the numbers constituting the body of registered merchants, and supposing all of them to possess the essential requisites prescribed by our commercial regulations, to form a prudent estimate of the amount of capital employed by them, his calculations would turn out extremely erroneous, for besides the ease with which regulations of this kind are eluded, many are merely nominal traders, and others, whose mercantile existence is purely artificial, and sustained in a temporary manner, by means of a forced species of circulation, peculiar to this country. This consists in obtaining the acquiescence of the administrators of pious and charitable funds, let out at interest, to renew the bonds they hold during other successive risks, waiting, as it were, till some fatal tempest has swallowed up the vessel in which these merchants suppose their property to be embarked, and at once cancelled all their obligations. On the other hand, neither excessive expences nor the shipment of large quantities of goods to Acaapulco, can in any way be taken as a just criterion whereby to judge of the fortunes of individuals; because, in the first, there is great uniformity,

every one, more or less, enjoying; exteriorly, the same easy circumstances, notwithstanding the disparity of real property; and in the second, considerable fiction prevails, many persons shipping under the same mark, and even when the shipper stands alone, he might have been provided with the necessary funds from the pious and charitable establishments, possibly, without risking a dollar of his own in the whole operation. Under circumstances so dubious, far from presuming to give a decided opinion on the subject, I am compelled to judge from mere conjectures, and guided only by the knowledge and experience I have been able to acquire during my long residence there. In conformity thereto, I am inclined to believe, that the total amount of capitals belonging to and employed in the trade of the Philippine Islands, does not at present exceed two millions and a half of dollars, with evident signs of rapid decline, if the merchants do not in time abandon the ruinous system of chiefly carrying on their speculations with money obtained at interest.

The two millions and a half of dollars thus attributed to the merchants, form, however, the smaller part of the funds distributed among the other classes, and the total amount of the circulating medium of the colony might be considered an object sufficiently worthy of being ascer-

tained, owing to the great light it would throw on the present state of the inhabitants; but it is in vain to attempt any calculation of the kind, at least without the aid of data possessing a certain degree of accuracy. The only thing that can be affirmed is, that during the period of more than 250 years which have evolved since the conquest, the ingress of specie into the Philippine Islands has been constant. Their annual ships have seldom come home from New Spain without bringing considerable sums in return, and if some of them have been lost, many others, without being confined to the one million of dollars, constituting the ordinary amount of the permit, have not unfrequently come back with triple that sum; for which reason there are ample grounds for judging the calculation correct, which states the total importation of dollars, during the whole of that long period of years, to be equal to 400 millions. It may further be observed that, as in the Sangley Mestizos, economy and avarice compete with intelligence and activity in accumulating wealth, and scattered, as they are, among the principal islands, and in possession of the best lands and the most lucrative business of the interior, there are ample motives for presuming that these industrious and sagacious people have gradually, although incessantly, amassed immense sums in specie; but it

would be impossible to point out their amount, distribution, or the secret places in which they are hoarded *.

PROPERTY BELONGING TO PIOUS AND CHARITABLE INSTITUTIONS.—The assemblage of pious legacies, temporalities, and other funds and property placed in the care of several administrative committees, for purposes as well religious as charitable, constitute the chief capital employed in external trade; and notwithstanding the failures, which from time to time occur, the subsequent accumulation of the enormous premiums obtained for funds laid out in maritime speculations, both in time of peace and war, not only suffices to make up all losses of the above kind, but also to secure the punctual payment of such charitable pensions and other charges as are to be deducted from the respective profits of this species of stock. Its total amount, according to an official report made by order of the head committee of the sinking fund, in-

* Besides coin, the Philippines have among them small shells beautifully marked, called *sigayes*, which serve as money in their trade with Siam, Bengal and other parts of India, where they bear the name of *coeuris*. The only money coined in the islands is from copper and iron, all the rest is brought from Spanish America. The gold dust obtained there does not pass through the mint.—Tr.

cluding temporalities, and Queen Mary of Austria's endowment for the College of Las Marianas, together with other funds of the same kind, not comprehended in the decree of abolition, at the commencement of the year 1809, amounted to 2,470,390 dollars, in the manner stated in Table, N° V., and as the sea-risks of that and the following year were successful, and the outstanding amounts punctually recovered, the aggregate sum, arising out of the above description of property, may now be estimated at more than three millions. Of these funds three distributions are generally made; viz. one part is appropriated to the China risks, at from 12 to 18 per cent. premium, according to circumstances, and also those to Madras, Calcutta and Batavia, at from 16 to 22 per cent. The second, which generally is in the largest proportion, is employed in risks to Acapulco, at various premiums, from 27 to 45 per cent.; and the third is left in hand, as a kind of guarantee to the stability of the original endowments.

In the great exigencies of the Royal Treasury, experienced during the last years of the administration of Señor Soler, the royal decree of *Consolidacion* was extended to the Philippine Islands, under the pretext of guarding the funds belonging to public charities and religious endowments from sea-risks, the income of which,

when secured on good mortgages, does not generally exceed 5 per cent.; many in Spain not yielding above 4; but the remarkable difference between this plan and the one above described, together with various other weighty reasons alleged by the administrators, caused the dreaded effect of this new regulation to be suspended, and whilst the head committee of Manilla were consulting their doubts and requesting fresh instructions from the court at home, orders came out not to make any alteration in measures relating to this description of property.

Accustomed, in their limited calculations, to identify the resources, offered by the funds belonging to this class of establishments, with the very existence of the colony, the needy merchants easily confound their personal with the general interest; and few stop to consider that the identical means of carrying on trade, without any capital of their own, although they have accidentally enriched a small number of persons, eventually have absorbed the principal profits, and possibly been the chief cause of the unflourishing state of the colony at large. Without fearing the charge of rashness, it may, in fact, be asserted, that if these charities and pious endowments had never existed, public prosperity in the Philippine Islands would, as in other parts, have been the immediate effect of the united efforts of

the individual members of the community and of the experience acquired in the constant prosecution of the same object. As, however, a progress of this kind, although certain, must necessarily have been at first extremely slow, and as, on the other hand, the preference given to mercantile operations undertaken with the funds belonging to public charities, has its origin in the assemblage of vices so remarkable in the very organization of the body of Philippine merchants, any new measure on this subject might be deemed inconsistent, that at once deprived them of the use of resources on which they had been accustomed to rely, without removing those other defects which excuse, if not encourage, the continuation of the present system. Without, therefore, appealing to violent remedies, it is to be hoped that, in order to render plans of reform effectual, it will be sufficient, under more propitious circumstances, to see property brought from other countries to these islands, as well as persons coming to settle in them, capable of managing it with that intelligence and economy required by trade. The competition of those who speculate at random would then cease, or what is the same, as money obtained at a premium, could not then be laid out with the same advantages by the merchants as if it was their own, it will be necessary to renounce the fal-

lacious profits held out by the public charities, till at least they are placed on a level with existing circumstances, and brought in to be of real service to the honourable planter and laborious merchant, in their accidental exigencies, ceasing to be, as hitherto, the indirect cause of idleness, dissipation, and the ruin of an infinite number of families.

MERCANTILE SHIPPING.—The vessels which the district magistrates of the provinces keep employed in carrying on trade with the capital, those belonging to some of the richer merchants, together with such as are owned by the natives and Mestizos, on an approximate calculation, amount to 12,000 tons, including ships, brigs, schooners, gallies, barges, &c. For the want of better data, this estimate is founded only on reasonable conjecture, aided by the advice of experienced persons, for although the greatest part of these vessels are built by the natives in the neighbourhood of their own towns, no register is kept of their number and dimensions, nor do they carry with them the usual certificates. Those belonging to the merchants, that is, ships and brigs of a certain size, have already began to frequent the ports of Chipa, Java, the coast of Coromandel, Bengal, and the Isle of France, availing themselves of the lucrative freights which formerly enriched and encouraged

foreign shipping. The other class of vessels, although perfectly adequate to the coasting trade, cannot in general be applied to larger enterprises, on account of their not being sufficiently strong and capacious. The seamen are not registered, or as it is usually called, matriculated, but their frequent crossing from island to island, their familiarity with the regional tempests, voyages to various parts of America, and the occupation of fishing, followed by the inhabitants of the coast, serve to train up a large body of dexterous and able mariners, who at all times can be had, without any compulsion, to complete good crews*.

The want of a public school for the teaching of navigation, is however sensibly felt, as well as great inconvenience from the scarcity of per-

* Crawford, in his History of the Indian Archipelago, observes, that the sailors of the Philippines are so dexterous, that they are used, almost exclusively, in the other islands, as steersmen; and as such have a preference in many parts of the East. The natives are equally expert as fishermen, and prepare considerable quantities of salted, dried, and pickled fish. Among these is the *balato*, white and black, described as resembling sea-slugs, a food of a heating-quality, of which three classes are prepared; the conger-eel; the *tello*, a species of shark, dried in the sun, and by the Spaniards used as a substitute for tunny, and of which their homeward bound vessels lay in a large stock; dried crawfish, &c.—Ta.

sons capable of being trusted with the command of vessels, and the ignorance that prevails in the hydrography of this dangerous Archipelago. Repeated royal orders have been sent over for the board of trade to proceed to the institution of so useful an establishment, and in the mean time, a medium has been resorted to in order to supply the deficiency, by allowing the free admission of foreign mates, provided they exhibit proofs of their acquaintance with navigation, and profess the Catholic worship. Ship-owners nevertheless experience great difficulties, particularly at times when the Acapulco ship is fitting out, for although she is considered as a vessel of war, and commanded by officers of the royal navy, the plan of her equipment is so singular, that in addition, she requires the extra aid of one chief mate, and three under ones.

OF THE ROYAL PHILIPPINE COMPANY.—

✓ The various modifications this corporate body has successively experienced, have, in great measure, changed the essence of its primitive institution, and the remonstrances of its directors, founded on the experience of a long series of years, at length induced the government at home to sanction alterations dictated by existing circumstances. The project of raising these islands from the neglected state in which they were, and in some measure to place them in

contact with the mother country, accompanied by a wish to give a new and great impulse to the various branches of industry which constitute the importance of a colony, could not have been more laudable; but, as was afterwards seen, the instrument employed was not adequate to the object in view. At the same time that the company were charged to promote, and, by means of their funds, to vivify the agriculture and industry of these provinces, the necessary powers and facilities to enable them to reap the fruits of their sacrifices were withheld. The protection granted to this establishment, did not go beyond a general recommendation in favour of its enterprises, and, in short, far from enjoying the exclusive preponderance obtained at their commencement by all the other Asiatic companies, that of the Philippine Islands laboured under particular disadvantages.

Notwithstanding an organization so imperfect, scarcely had the agents of the new Company arrived at Manilla, when they distributed through the country their numerous dependents, commissioned to encourage the natives by advances of money. They established subaltern factories in the provinces of Ilocos, Bataan, Cavite, and Camarines; purchased lands; delivered out agricultural implements; founded manufactories of cotton cloths; contracted for the crops of pro-

duce at very high prices; offered rewards; in short, they put in motion every partial resource they were able to avail themselves of and their limited means allowed. It would be extremely easy for me, in this place, to enter into a particular enumeration of the important services of this kind rendered by the Company, and to exhibit, in the most evident point of view, the advantages thence derived to these islands, if, besides being slightly touched upon in the preceding articles, this task had not been already ably performed by the Factor, D. Juan Francisco Urroz, in his accurate report on this subject, addressed to the governing committee of the Company, in 1803. In justice I will nevertheless observe, that this establishment, anxiously resolved to attain the end proposed, and in spite of so many obstacles, constantly followed up its expensive system without being disheartened; nor did the contrarieties with which the Royal Audiencia, or High Court of Justice, frequently paralyzed its plans, the indifference of the governors, or the general opposition and jealousy of the other classes, in any way tend to relax its efforts, till at length, convinced of the impossibility of successfully contending, alone and without any other arms than its own reduced capital; and, on the other hand, well aware that a political body of this kind in vain seeks to

unite within itself the triple and opposite characters of agriculturalist, manufacturer, and merchant, a determination was taken to alter the plan, and withdraw the factories established in the provinces, and by adopting a rigid economy and confining the operations in future to the purchase of such produce and manufactured articles as suited their trade, and were voluntarily brought by the natives to their stores, the expences of the Company were curtailed, and a plan of reform introduced into all their speculations. By this means also they always secured an advantageous vent for the productions of the country, after having been the chief spring by which agriculture was promoted and encouraged in a direct manner.

The most beneficial reform, however, introduced by this establishment into its system, has, in reality, been derived from the variation or rather correction of its plans and enterprises, purely maritime. The government being desirous to increase the relations of this colony by every possible means, and to convert it into a common centre of all the operations of the new Company, at first required of the agents that the purchases and collection of goods from the coast of Coromandel, Bengal, and China, destined for Spain, should take place at Manilla, either by purchasing the articles in that market, or

through the medium of previous contracts to deliver them there. From this it is easy to infer, that the Company was infallibly exposed to the harsh terms the respective contractors sought to impose upon them, as well with regard to prices as qualities, unless, in many cases, they preferred being left without the necessary assortments. Hence may it, without the smallest exaggeration, be affirmed, that, summing up all the surcharges under which the shipments left the port of Manilla, and comparing them with those which might have been sent direct from the above mentioned points, and without so extraordinary a *detour* as the one prescribed by law, the difference that followed in the prime cost of the cargoes was not less than 80 per cent. The urgent manner, however, in which the Directors of the Company did not cease to deplore and complain of so evident a hardship, at length had the desired effect, and after existing ten or twelve years, so preposterous a system was successfully overthrown, and permission obtained from the king for the establishment of Spanish factories in the neighbourhood of the China and India manufactures, as well as the power of addressing shipments direct to those foreign dominions. The enlightened policy of their respective governments did not allow them to hesitate in giving a favourable reception to

our factors and vessels, and the purchases and shipments of Asiatic goods being thus realized without the old obstructions, the Company was reasonably led to hope being able soon to increase its operations, and progressively present more satisfactory results to the share-holders, when those political convulsions succeeding soon after, which have unhinged or destroyed all the ordinary relations of trade, compelled them to abandon their hopes, till the wished-for calm should be again restored.

In consequence of the new character and route given to the commercial enterprises of the Company, as authorized by a royal decree of 12th July, 1803, the functions of the Manilla factors were reduced to the annual shipment of a cargo of Asiatic goods to Peru, valued at 500,000 dollars, but only as long as the war lasted, and till the expiration of the extraordinary permits granted through the goodness of the king, and also to the transmitting to China and Bengal of the specie brought from America, and the collecting in of certain quantities of indigo, sugar, or other produce of the islands, with a view to gain by reselling it in the same market. Consequently, the moment things return to their pacific and ordinary course, will be the period when the necessity of the future existence of this establishment will cease, or at least, when the

propriety will be evident of its reform or assimilation to the other commission houses, carrying on trade in Vera Cruz, Mexico, &c. which, not being hired establishments, do not create expences when they cease to transact business.

Against a measure of this kind it would be useless to allege, that "by the exclusive privilege to introduce spirits and European effects into the colony, the Company has contracted the obligation of always keeping it properly supplied; that their very institution had for its basis the general improvement of these islands, and that in order duly to comply with these duties, it becomes indispensably necessary to keep up the present expensive establishment;" for, in the first place, in order to render it incumbent on the company to introduce an indefinite quantity of European articles, it previously would be necessary to provide a vent for them, and this can never be the case, unless the exclusion of all competitors in the market is rigorously carried into effect. As things now are, the North Americans, English, French, and every other nation that wishes, openly usurp this privilege, by constantly inundating the islands with spirits and all kinds of effects, and it is very evident that this same abuse which authorizes the infraction of the above privilege, if in that light it could in any way be considered, totally ex-

onerates the Company from all obligations by them contracted under a different understanding. Besides, the circumstances which have taken place since the first publication of the royal decree, creating the above establishment into a corporate body, in the year 1785, have entirely changed the order established in this respect. In the first place, the port of Manilla has been opened to foreign nations, in consequence of the disinterested representations of the Company itself, and for the direct advantage of general trade; nor was it easy to prevent our new guests from abusing the facilities thus granted to them, and much less to confine them to the mere introduction of Asiatic goods, the original plea made use of. In the second, as soon as the inhabitants of the Philippine Islands became familiar with the more useful and elegant objects of convenience and luxury, which they were enabled to purchase from foreigners, at reasonable prices, it was natural for them to pay little regard to the superfluous aid of the Company, more particularly when the latter were no longer able to sustain the competition, either in the sale or supplies of a multitude of articles, which, thanks to our own national simplicity, are scarcely known in Spain, whence their outward-bound cargoes are derived. Hence it follows that, far from the importations and

supplies of the Company being missed, it may with great reason be presumed, that this formal renunciation of this ideal privilege of theirs, must rather have contributed to secure, in a permanent manner, adequate supplies for all the wants and whims of the inhabitants of the colony; and that the publicity of such a determination would act as a fresh allurements successively to bring to the port of Manilla a host of foreign speculators, anxious to avail themselves of a fresh opening for commercial pursuits.

The other objection, founded on the mistaken notion of its being inherent in, and belonging to, the very essence of the Company, to promote the general improvement of the Philippine Islands, if well considered, will appear equally unjust. It is, in fact, a ridiculous, although too generally received, a prejudice to suppose, that the founders of this establishment proposed to themselves the plan of sinking the money of the share-holders in clearing the lands, and perfecting the rude manufactures of these distant islands. To imagine this to have been one of the principal objects of the institution, or to suppose that, on this hard condition, their various privileges and exemptions were granted to them, is so far from the reality of the fact, that it would only be necessary to read with attention the 26th Article of the above quoted royal de-

cree of creation, in order more correctly to comprehend the origin and constitutive system of this political body.

"The latter," says the Duke de Almodovar, "is reduced to two principal points; the first of which is the carrying on and union of the trade of Asia with that of America and Europe; and the second, the encouragement and improvement of the productions and manufacturing industry of the islands. The one is the essential attribute of the Company, constituting its real character of a mercantile society; and, in the other respect, it becomes an auxiliary of the government, to whom the duties alluded to more immediately belong." If to the above we add the preamble of the 43d article of the new decree of 1803, the recommendation, made to the Company, to contribute to the prosperity of the agriculture and manufacturing industry of the islands, will appear as a limited and secondary consideration; for even if the question were carried to extremes, it could never extend to any more than the application of four per cent. of the annual profits of the Company indistinctly to both branches*. If, however, any doubts still remained, the explanation or solution recently

* The following is a literal translation of the 50th clause of the original charter, to which allusion is here made.—*Tr.*

given to this question, would certainly remove them ; because, by the simple fact of its being expressed in the latter part of the aforesaid 43d article, " That the above-mentioned four per cent. was to be laid out, with the king's approbation, in behalf of the agriculture and manufacturing industry of Spain and the Philippine Islands," it is clear that the king reserves and appropriates to himself the investment of the amount to be deducted from the general dividends, in order to apply it where and how may be deemed most advisable. Consequently, far from considering the Company in that respect

" All these grants, privileges, and exemptions, so advantageous to the Company, and the large interest also I have taken in its shares, have had for object the general good of my beloved subjects, as well as the improvement of the agriculture and manufacturing industry of the Philippine Islands. And, as the prosperity of the latter is beneficial to the commerce of Spain, and their progress is intimately connected with that of the Company, whose profits will be greater in proportion as the produce and arts of those my dominions are increased ; I declare, that I have granted to the said Company the privileges contained in the preceding clauses, on the requisite condition of applying four per cent. of their annual profits, through their own agents, to the improvement of the Philippines, in the two branches of agriculture and manufacturing industry ; and that for this purpose the committee, formed in Manila, shall give the necessary advice and information to the Board of Directors, &c."

under an obligation to contribute to the improvement of the Philippines exclusively, the only thing that can be required of them, when their charter is withdrawn, is, the repayment to the royal treasury of the four per cent. on their profits, for a purpose so vaguely defined. In following up this same train of argument, it would seem that, in order to render the amount to be deducted from the eventual profits of the Company, in the course of time, a productive capital in the hands of the sovereign, the funds of the society not only ought not to be diverted to the continuation of projects which consume them, but, on the contrary, it is necessary to place at their disposal the direct means by which these funds can be increased, in order to make up to the Company in some measure the enormous losses experienced of late years, and at once free their commerce from the shackles with which it has hitherto been obstructed.

Finally, after twenty-four years of impotent and gratuitous efforts in the Philippines, and of the most obstinate opposition on the part of their rivals, it is now time for the Company, by giving up the ungrateful struggle, to reform in every respect their expensive establishment in Manilla, and to direct their principal endeavours to carry into effect the project so imperfectly traced out in the new decree of 1803. The opinion of the

most vehement enemies of privileged bodies tacitly approves this exception in their favour. Adam Smith, avowedly hostile to all monopolies, feels himself compelled to confess that, "without the incentives which exclusive companies offer to the individuals of a nation carrying on little trade, possibly their confined capitals would cease to be destined to the remote and uncertain enterprises which constitute a commerce with the East Indies."

Our commerce, compared with that of other nations, notwithstanding what may be said on this subject, is most assuredly yet in a state of infancy. That with Asia, more especially, with the exception of the Royal Company, is almost unknown to all other classes. If it is, therefore, wished to exclude our many rivals from so lucrative a branch of trade as that which constitutes supplies for the consumption of the Peninsula and its dependencies, the means are obvious. The most material part is in fact already done. The navigation to the various ports of Asia is familiar to the Company's navy; their factors and clerks have acquired a practical knowledge of that species of trade, essential to the undertaking, as well as such information as was at first unknown; but, after the great misfortunes this body has experienced, it will be indispensably necessary to aid and invigorate

them with large supplies of money, following the example of other governments in similar cases; in order that the successful issue of their future operations may compensate their past losses, and worthily correspond with the magnitude of the object*.

* The royal charter by which the Philippine Company was created into a corporate body, was signed by Charles III. on 10th March, 1785, and countersigned by D. Jose Galvez, his minister. It consists of 100 clauses, containing the motives, nature, and privileges of the establishment. The original project was formed by Philip V. "in consideration of the advantageous situation of the Philippine Islands for the commerce of Asia, in which so many other nations of Europe had prospered," and in conformity thereto, a royal decree was issued in Seville, on the 29th of March, 1733. Subsequent wars and other causes at the time prevented the realization of the plan, which was taken up by Philip's son and successor. The Guipuscoa Company of Caracas were the first to second the plan, by resolving, in 1778, that part of their funds should be appropriated to this purpose. This royal Company was instituted for 25 years, ending in 1810, but the charter was susceptible of being renewed. The capital was eight millions of single dollars, divided into 32,000 shares, of 250 dollars each, and sufficient time was allowed for subscriptions in America and the Philippine Islands. The king subscribed one million of hard dollars, and invited the bank of San Carlos, and other corporate bodies in his dominions, to follow his example; and the Caracas Company was also incorporated in the new establishment, all their property and effects being taken at an estimate. The arms of Manilla were made those

of the Company, and used on their seals, &c. The basis of the establishment was an exclusive right to trade with the Philippines and other parts of Asia, and import into Spain the produce and effects of those countries. The Company were also allowed to trade to America, though not exclusively, but under certain restrictions. Manilla was declared a free port for all Asiatic nations, and all national goods shipped there from Spain and America, freed from export duties, in favour of the Company. A governing committee was elected in Madrid, consisting of twelve directors, of which the minister of the Indies, for the time being, was made president.—T₂.