

Macao and The Philippines – Implications on Political Governance

Mainstream and Organic Views

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Abstract

Macao and the Philippines are located in Asia with different cultural background but sharing one common fact - colonized by the Western powers. Macao has now a population of nearly 600,000 and a GDP over \$46 Billion and a GDP per capita of \$55,860 (and kept growing since One Country Two Systems (OCTS) took effect) whereas the Philippines has a population of about 100 Million, a GDP of \$300 Billion and a GDP per capita of \$3,050 after being independent for 70 years. Certainly, the OCTS worked very well for Macao (Hong Kong too!) but the Philippines has not fared so well. This paper reviews their history and governance models to find implications.

The two regions are located far apart with different cultural backgrounds but sharing one common fact -- colonized by the Western powers. They have evolved into their present politico-economic status under very different political governance systems. Reviewing their history, examining their governance models and comparing their economy allow us to treat them as two case studies: Can we deduce some implications? Let's first proceed with a brief review of their history and governance models then discuss any implications.

Macao, like Hong Kong, is also a Special Administrative Region (SAR) of China in the proximity of Guangzhou city; the two regions are located at the west and east side of the ocean exit of Zhujiang (Pearl River). The Portuguese at the early sixteenth century were the first to sail to the Pearl River Delta and showed an interest in doing trade with China. It was not until 1557 that the Portuguese established a permanent settlement in Macao at an annual rent of 500 taels (~20 Kg of silver). The Portuguese continued to pay a tribute to stay in Macau up to 1860's. Portugal tried to declare Macao as a part of the Portuguese State of India jurisdiction after Hong Kong was sadly ceded to the British after China lost the Sino-British first Opium War (1839-42). On July 3rd, 1844, the U.S. signed a treaty with China in Macao to officially open a Sino-US relation, but the Portuguese declared Macao Independence (from China). The Portuguese colonial aggression eventually forced China to sign a Beijing Treaty (Protocol of Lisbon.12-1-1887) to accept "perpetual occupation and government" of Macao by Portugal with Portugal's promise of "never to alienate Macao and dependencies without agreement with China". In 1911, the Chinese revolution established the Republic of China (ROC) but she still endured foreign aggression including the 1st (1931-32) and 2nd (1937-45) Sino-Japanese wars. Even at the end of WW II after Japan surrendered to China, Macao and Hong Kong were still occupied by Portugal and the United Kingdom respectively.

Post WW II, the Chinese civil war resulted (1949) in ROC's retreat to Taiwan and People's Republic of China (PRC) controlling of the Mainland China. Then the PRC declared the Protocol of Lisbon invalid but was not ready to settle the unequal treaty issue. On 2-8-1979, China and

Portugal established diplomatic relations with China acknowledging Macao as “Chinese territory under Portuguese Administration”. Then through years of negotiation, agreement was reached in 1987 to return Macao to full Chinese sovereignty by 12-20-1999. Since then, the PRC has applied her “One Country, Two Systems” (OCTS) formula as the governance model. Macao emerged as a gambling city in the 1960’s with gambling industry as her main economy. The Basic Law of the Macao SAR was adopted by the National People of Congress on 3-31-1993 as the constitution of Macao effective 1999 ending the European Colonization of Asia.

In 2002, the Macao government ended the gambling monopoly system and up to 6 casino operating concessions were granted. Under the OCTS formula, Macao not only survived the 2007-8 financial crises but also began to emerge (with casino and city real estate developments) as the main gambling hub in Asia rivaling Las Vegas as the biggest gambling city in the world. Recently, the 5th Ministerial Conference for Economic and Trade Cooperation between China and Portuguese-speaking Countries was held in Macao (10/12-14/2016) where Chinese Premier Li Keqiang delivered a keynote speech and the Portuguese Prime Minister Antonio Costa also attended after visiting China. The Sino-Portuguese forum was established in 2003 by seven Portuguese speaking countries, and now having a permanent Conference Secretary located in Macao. This showed that Macao under OCTS played a central role in trade and investment with Portuguese speaking countries and served as a key trade exhibit center for products from the Portuguese world. Macao’s ever growing GDP is a testimony to Macao being a successful example of the OCTS governance model.

The Philippines unfortunately had been a Spanish colony over three centuries from 1521 to 1898. During that period, outside raids by Dutch, Japanese, Portuguese and British forces and internal revolts were all unsuccessful to remove the Spaniards. The Spanish used the medieval European feudal system in governing the Philippines by relocating native inhabitants into settlements. The conquerors, friars and native nobles were granted estates for serving the Spanish King and given privilege to collect tribute (taxes) from the inhabitants. The feudal system evolved into a provincial governance system with cities (plaza) emerged. On the national level, the Philippines were governed by the King’s representative, the Governor-General of the Philippines as the head of Supreme Court, Commander-in-chief of the army and navy and the Economic Planner of the country. The country economy depends on trade that benefitted mostly the Spaniards and Spain with little advantages to the natives. The Spanish did induce some commercial exchanges between Asia and America leading to introduction of new agriculture crops and animals to the Philippines.

The Philippines revolution started by Emilio Aquinaldo in 1897 was most fierce and successful against the Spanish among other rebels. Aquinaldo was elected president of the insurgent government in May 1897 but by December, the revolution had developed to a stalemate between the colonial and the rebel governments. By mediation, the condition of truce dictated the self-exile of Aquinaldo to Hong Kong. On 4-25-1898, the Spanish-American war broke out and the Spanish navy was defeated by the U.S. navy. On May 19, Aquinaldo returned to the Philippines and took command of the Filipino forces which had liberated much of the country. On June 12, Aquinaldo issued the Philippine Declaration of Independence establishing the First Philippine Republic. Then in August, the Americans won the ‘rigged’ Battle of Manila (with the agreement of Spanish) and took control of Manila. (Obviously the U.S. had no intention to help the

Philippines to gain independence!) In the treaty of Paris ending the US-Spanish War, the Spanish agreed to sell the Philippines to the U.S. for \$20M, later ratified by the U.S. Senate.

On February 4, 1899, the Philippine-American War broke out. On March 23, 1901, Aguinaldo was tricked and captured by the U.S. troops, a force of 65000. Aguinaldo pleaded allegiance to the U.S. but the rebels fought on. In the end, after the infamous Massacre of Samar, the U.S. took over the administration of the Philippines in 1902. The U.S. rule lasted until 1935. The U.S. approved “the Commonwealth of the Philippines” and granted the Philippines real full independence on 7/4/1946 after the end of WW II. In 1962, Philippines changed her National Day from July 4th to June 12th commemorating Aguinaldo’s Declaration of Independence on June 12, 1898. Today, the Philippines has a government system resembling that of the U.S. but her economy is weak, comparing to Japan (which also has a US like government but received a significant US aid post WW II).

What are the implications? Macao has a population of nearly 600,000, a GDP over \$46 Billion and a GDP per capita of \$55,860 (and kept growing since OCTS took effect) whereas the Philippines has a population of about 100 Million, a GDP of \$300 Billion and a GDP per capita of \$3,050. Certainly, the OCTS worked very well for Macao (Hong Kong too!). Both Macao and the Philippines have much better economy now than their colonial days, a testimony that colonization is bad, but why China’s OCTS produces better economic outcome for Macao and Hong Kong in contrast to the Philippines (even Puerto Rico, still under US trust surviving under a federal tax aid) is worthy of economists studies. No wonder the Philippines’ new president is bringing a huge group of over 400 businessmen along with his first State Visit to China to explore economic cooperation. Taiwan, another China’s potential SAR, should seriously ponder on the merit of OCTS: Does OCTS only work for people having Chinese blood, culture and DNAs? These are the implications!