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Editor and
Manager



Pond Suggests Means of Islands' Economic Survival

His Rotary Talk: Men who say the United States is unfair to the islands "do not appreciate the economic problems with which the United States is wrestling"

On Thursday, May 10, the Philippine legislature in special session May 1 having accepted the commonwealth-independence bill unanimously, President H. B. Pond of the Pacific Commercial Company gave the Philippine the following economic counsel in the form of an address at the weekly luncheon of the Rotary club.

"In recent weeks I have listened to speeches here regarding our future, in the light of Philippine independence legislation. One, while not minimizing the difficulties ahead of us, was optimistic; another dwelt on the development of local industries and the finding of other markets for our products; still another talked of the intangibles. None was specific. I do not criticize the views which were expressed. They may be right. Personally, however, I do not believe that our problems are going to be solved, unless we face the facts. There is no reason why, being human beings, we should act like ostriches and bury our heads in the sand. The facts may be unpleasant; they may give us many a headache, but by facing them at least we shall realize and better understand what our problems really are, and thus know what eventually may happen to us.

"Our problems here will be primarily economic. It is true we shall have social problems and political problems, but after all, as has been repeatedly demonstrated in many countries throughout the world during these last few years of depression, monetary difficulties and financial distress have been the fundamental causes of social upheavals and political revolutions. We hear much these days of experiments being made for the purpose of solving the social problems arising from world conditions; but fundamentally those problems, and the efforts which are being made to solve them, whether they be by Communism, by Fascism, by Hitlerism, or by New Deal-ism, are economic.

"Anyone who gives serious thought to our situation here must come to two conclusions:

"1st: That the present standard of living of the Filipino people and the present services of government are dependent on the production of surplus products for export; and

"2nd: That our exports are overwhelmingly dependent on free trade with the United States.

"The Philippines today is an agricultural country. Agricultural products, either raw or wholly or partly processed, make up the bulk of our exports. We do not here produce, nor are we likely to produce within any short period of time, many of those industrial products which are essential to the

maintenance of present living standards. Metals and their manufactures, drugs, chemicals, paper, fuels, certain foodstuffs, most clothing materials and many other products must be imported. Even though the Philippines had the fuels and the raw materials, the necessary capital is not available locally, or, under present conditions from abroad, for the production of most of these essential products, while for many of them the local market is so limited that they could not, even with capital, be produced here at any reasonable cost. Such products must be imported.

"But to import them we must sell abroad the products which we here can produce. No nation can, taking into consideration the invisible foreign trade items, import more than it exports, unless it borrows money abroad, and even that cannot be done indefinitely. Here, at least for some time to come, we cannot expect to borrow money from abroad unless the people of these Islands are willing, which I doubt, to accept political loans, with all that they imply. If we cannot sell our products abroad we cannot buy from abroad those products which we desire and which are required for the maintenance of our living standards.

"The question is, therefore, whether, in view of the independence bill which has now been approved and accepted, it will be possible for the Philippines to sell abroad sufficient exports to pay for the imports which are required. This is the question which I propose to analyze. In doing so I am assuming that that bill will not be amended as to time, and, therefore, that on the 4th of July, 1946, Philippine independence will be formally recognized by the United States. If, of course, the period is shortened, the full economic effects of that bill may be felt sooner. This is a bridge which will have to be crossed if and when we come to it. For the present we must consider the law as it now stands.

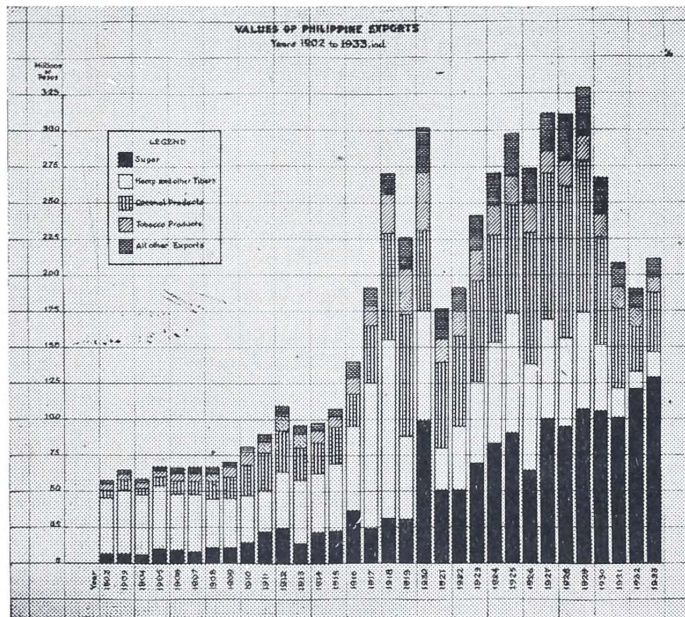
"The economic provisions of the Philippine independence bill may be divided into four periods:

"1st:—From the present time up to the inauguration of the Commonwealth Government, which probably will not be much before 1936. During this period there will be no limitation on the present free trade arrangement with the United States except as has been, or which may be, imposed by extraneous legislation, such as the Jones-Costigan bill for sugar.

"2nd:—The five years following the inauguration of the Commonwealth Government, during which period free trade with the United States will continue, but with the quantity of sugar which will be admitted into the United States free of duty limited to 850,000 long tons, coconut oil to 200,000 long tons, and cordage to 3,000,000 pounds in each calendar year.

"3rd:—From the sixth to the tenth years following the inauguration of the Commonwealth Government, during which period, while limited free trade will continue export taxes will be imposed here, 5% in the first year, 10% in the second year, and so on until the tax in the tenth year will be 25% of the United States duties then in force.

"4th:—On and after the 4th of July following ten years after the inauguration of the Commonwealth Government free trade with the United States ends, and Philippine products will be subject to the full duties provided for in the United States tariff.



"During the first period about the only limitation which is likely to apply to Philippine products is on sugar. Under the Jones-Costigan bill, recently approved, the quantity of sugar which may be shipped to the United States will be limited to about 925,000 long tons. This, however, is not part of Philippine independence legislation, but is the United States program to control and limit the production of sugar for the United States market from all sources supplying that market. While this limitation will make necessary a considerable reduction in the production of sugar here, and while this will be difficult to accomplish, for the quota is retroactive to January 1st, 1934, the quantity already shipped to arrive in the United States in 1934 probably exceeds the quota for the entire year, and the next crop will be substantially greater than the quota which has been fixed, thus giving us a surplus of unmarketable sugar of approximately 700,000 long tons; nevertheless, once the necessary readjustments are made, we shall on the whole fare well. We should remember that the maximum quantity of sugar which we shipped to the United States prior to 1932, only three years ago, was 741,000 long tons, thus making the present quota about 184,000 tons more than that maximum.

"During the second period, beginning probably in 1936 with the inauguration of the Commonwealth Government, the quantity of sugar which we may ship to the United States duty-free will be limited to 850,000 long tons, or about 75,000 long tons less than the quota for the years 1934 and 1935. While this will mean an additional reduction, the quantity still is far in excess of that shipped by us to the United States in any year prior to 1932. The other limitations in the independence bill are not likely seriously to affect us, for the largest quantity of coconut oil which we have ever shipped to the United States is about 185,000 long tons, while cordage is in value relatively unimportant in our export figures. Thus, during this second period, or until about 1941, there still is no reason for concern; on the contrary, with even a slight recovery in world conditions, these Islands should prosper.

"In the third period, however, when export duties begin to be applied, we shall face a different situation,—a situation in which the exports of a number of our products will slowly but steadily diminish, and in some cases finally end. The imposition of export duties on coconut oil, even though but 5% of the United States duties, will probably finish the coconut oil industry in the first year; if it is not finished in the first year, it surely will be in the second year, when the export duties are raised to 10%. It is also probable that when the export duties begin to be applied cigar shipments to the United States will cease, for the United States import duties on cigars are very high, amounting to several times their value. Any imposition of export duties, therefore, probably will close the United States market to Philippine cigars. The same thing probably is true of buttons, hats, embroideries, cordage and a number of other minor lines. If exports do not cease in the first year, they are very likely to cease in the second or third years. Sugar probably will be able to survive the 5% duty which will be imposed in the first year and possibly even the higher duties in the second and third years, although this will

to a considerable degree depend on the price of sugar. Estimates which have been made, however, and in particular by the Philippine Economic Association, indicate that before the tenth year the United States market will be closed to Philippine Sugar. This third period will therefore be a period of liquidation, and the drying up of the flow of exports to the United States.

"In the fourth period, that is after the independence of the Philippines has been recognized, the flow of exports to the United States will practically cease. No sugar, no coconut oil, no cigars, no buttons, no cordage, no embroideries, can possibly be sold in the United States over the tariff wall which there has been erected.

"It therefore becomes important to determine what the loss of the United States market means to the Philippine Islands. The accompanying graph shows Philippine exports from 1902 to 1933 inclusive. It shows that the real increase in exports began in 1909 when free trade began. There was a great increase during and immediately following the War as a result of the artificial conditions and the very high prices which then prevailed. After the War period and the period of readjustment exports steadily increased in value, and enormously in physical volume, until today, despite low prices for practically all of our commodities, including

monwealth Government, when sugar exports will be limited to 850,000 long tons, and, finally, what they will be in 1947 after the end of free trade with the United States. This graph shows the facts which we must face. It shows that exports from the Philippines will on the basis of present volume, when free trade ends, be reduced to less than what they were a generation ago. Imports, so essential to the maintenance of living standards here, must of necessity be correspondingly reduced.

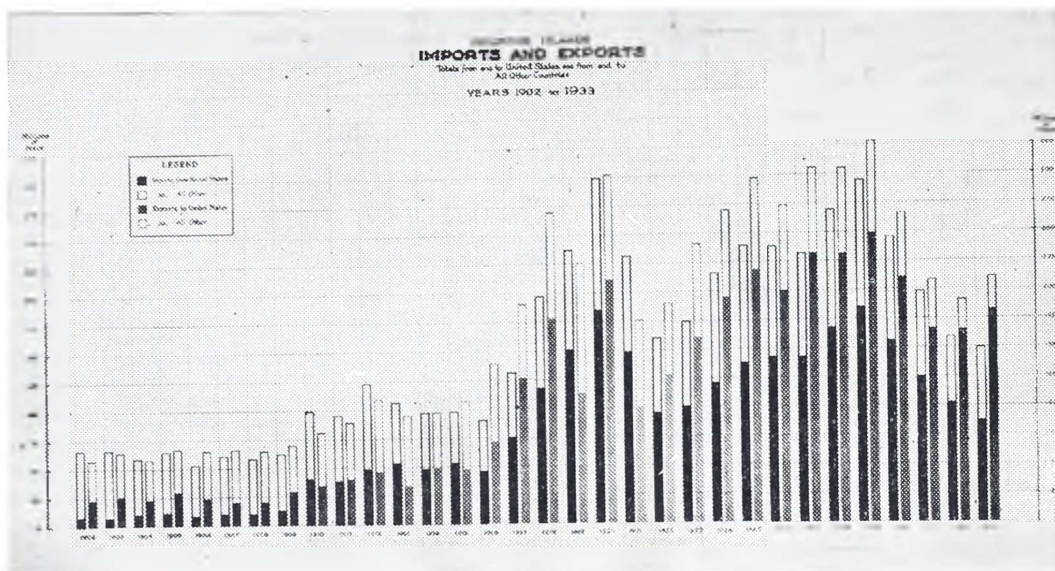
"The last three columns are on the basis of 1933. Actually they will vary considerably, for no one can today say what the price level or what the relative prices of our export products will be two years hence, to say nothing of twelve years hence. These columns do show, however, what our exports would have been in 1933 if the conditions which we now face had then prevailed.

"In the preparation of this graph I have eliminated all sugar. There are some people who believe that if sugar cannot be sold in the United States it can be sold elsewhere. Personally I do not believe that that is possible, unless there is a complete reversion of present tendencies, which have been strongly toward economic nationalism and the erection of economic barriers, and in particular against sugar. Many years ago the Philippines exported sugar to Japan and to China. Today Japan takes little,

if any, sugar for in the last twenty years Japan has developed her own sugar industry in Formosa and there now produces sufficient sugar for her home consumption. China is now developing her own sugar industry. This year in South China three mills are being erected and a definite program has been arranged so that during the next few years China will find it unnecessary to import any material quantity of sugar. But

even though we might sell some sugar to China we should immediately find ourselves in competition with Java, and what has happened to Java? Up to about three years ago Java was producing three million tons of sugar a year. She now has on hand about two and one-half million tons of sugar for which it is difficult to find a market. This year the crop is being limited to 500,000 tons. The erection of economic barriers in India, and, as a result thereof, a large increase in the production of sugar in India, have reduced Java's outlet by a million tons a year. In Europe economic barriers have greatly increased sugar production so that with but few exceptions the countries of Europe import no sugar at all; in fact, several countries of Europe not only have sufficient sugar for home consumption, but a surplus for export.

"The situation in Cuba is similar to that of Java, except that Cuba does have a preference in the United States market. Only a few years ago Cuba produced 5,250,000 tons of sugar; now she produces about 2,000,000 tons. The closing of other markets to Cuba and the increased production of "flag" sugars have caused great economic distress and social and political revolution in Cuba. Both Java and Cuba produce sugar much cheaper than does the Philippines. They surely have diligently searched for new markets for their sugar, but they have been unable to find them. If they cannot find them how can the Philippines expect to do so? There seems to be little hope, therefore, for the Philippine sugar industry, once Philippine sugar is placed outside of the United States tariff wall.



sugar, they are many times what they were before free trade began.

"This graph also shows the changing nature of our exports. Sugar has become our predominating export product, its value now being about 60 per cent of the value of all exports. Hemp, which formerly was the principal export product of the Philippines is today relatively unimportant in value. Coconut products, while much greater in volume, are today relatively low in value because of low prices.

"This second graph shows imports and exports, both total and also from and to the United States. It shows that from 85 per cent to 90 per cent of all Philippine exports are now sold in the United States, and that the increase in our external trade has been entirely due to the free access of Philippine products to the United States markets. While we have been free to sell our products elsewhere, we have not been able to do so, and now we are almost entirely dependent upon the markets of the United States. This is partly due to the free entry of our products into the United States, but principally to the fact that other markets have been closed to our products by the growth of economic nationalism and the erection of economic barriers throughout the world.

"The third graph shows actual exports in 1908, the year before free trade began, and in 1933; what our exports will be in value up to the time of the inauguration of the Commonwealth Government with sugar limited to about 925,000 long tons, what they will be during the first five years following the inauguration of the Com-

"The reduction in exports of other Philippine products has already been commented upon. Exports of some products will entirely cease, others will be greatly reduced. New market will be hard, if not impossible, to find. Is it not reasonable to suppose that our producers and our merchants have sought markets for Philippine products, not alone in the United States but throughout the world? They have been free to sell their products everywhere, but they have been unable to do so because they have found either that costs are too high, or, principally, that the erection of economic barriers has made sales impossible.

"It has frequently been stated that an independent Philippines will be able to negotiate trade agreements with foreign countries which will provide outlets for our products. Isn't it chimerical to expect that a trade agreement can be made for sugar, our principal product, when most nations have by the erection of economic barriers, developed their own sources of supply? What are the other products which we have to offer that the world is today seeking? But even though we could find some nation willing to make a trade agreement with us, how could such an agreement benefit us? Most nations of the world have commercial treaties with other nations which provide for "most favored nation" treatment. No trade advantages could be given to the Philippines without giving the same advantages to every other nation, and thus we should have no advantage at all.

"The outlook for the Philippines is, therefore, as the law now stands, very black indeed. Fortunately, however, we are not facing disaster immediately; but, on the contrary, as I have pointed out, reasonable prosperity, depending only on world conditions, seems to be assured during the next six or seven years. Only after that period is there any real reason for concern; and long before that time comes we may face a different situation, for the law may be changed. There is reason for hoping that may be done.

"Thus when the Tydings-McDuffie bill was approved, there was a definite understanding with the President and with the leaders in congress that a study would be made of the Philippine economic situation, and, while no definite promises were made, it was indicated that if it is found that the economic provisions of the bill are too onerous they will be amended.

"President Roosevelt in a special message to congress stated:—

"I do not believe that other provisions of the original law need be changed at this time. Where imperfections or inequalities exist, I am confident that they can be corrected after proper hearing and in fairness to both peoples.

"May I emphasize that while we desire to grant complete independence at the earliest proper moment, to effect this result without allowing sufficient time for necessary political and economic adjustments would be a definite injustice to the people of the Philippine Islands themselves short of denial of independence itself."

"The Philippine Legislature in its resolution accepting the bill quoted the first part of this message of the President, and added that it 'gives to the Filipino people reasonable assurance of further hearing and due consideration of their views.'

"Again, the bill itself provides in effect that at least one year prior to the date of the recognition of independence, a conference shall be held between the representatives of the Philippine Islands and those of the United States for the purpose of discussing and submitting recommendations for the trade relations between Philippine Islands and the United States after independence.

"The door is, therefore, open and steps should now be taken to secure amendments to the law.

Preparations also should now be made to demonstrate to the representatives of the United States, and in particular to the congressional leaders who are expected to visit the Philippines this year, first: that the foundation of the Philippine economic structure, the services of government and the very standards of living of the Filipino people are based on free trade with the United States, and second: that if that foundation be destroyed, the entire superstructure of government and of society will collapse, and such a collapse will undo much of what here has been accomplished during the last generation.

"In seeking our way out of the difficulties which confront us we bear in mind that we cannot continue to secure large favors and fair treatment from the United States unless Philippine-American trade relations are placed on a reciprocal basis. If you will examine again the graph showing imports from and exports to the United States you will note that our exports to the United States are far greater than our imports from the United States. In the year 1933 our exports to the United States were in

must be a much better balance in our trade relations.

"I have heard it stated, particularly in recent months, that the United States is not fair to the Philippine Islands. Those who make those statements evidently do not appreciate the economic problems with which the United States is wrestling; and they are not facing the facts. The Philippine independence bill is not satisfactory because of its ruinous economic provisions; nevertheless, one can hardly say that congress was unfair in passing it, for it was pronounced satisfactory by the representatives of the Filipino people before it was originally approved. That bill has now been accepted by the Philippine Legislature, but, as a result of the work of the last mission to the United States, there are definite official commitments that amendments of the economic provisions will be considered. We may not like the bill; we may know that it will result in disaster; but, having accepted it, at least for the present, the Filipino people are estopped from saying that it is unfair.

Statements have been made that the limit of 850,000 tons for Philippine sugar is too low. It undoubtedly is too low, based on present production; but I again point out that prior to 1932 the largest quantity of sugar which we ever shipped to the United States was 741,000 long tons, or 109,000 tons less than the limit fixed by the bill. We considered ourselves very well off in 1928 and 1929, when our exports of sugar to the United States were but 561,000 and 685,000 long tons respectively. The trouble here has been that, despite repeated warnings, and despite world conditions, we blindly went ahead increasing our production of sugar. Our great increase has been in the last few years, and now of course we must adjust ourselves to a lower level.

"For the same reason, although we may question retroactive legislation, we can hardly consider unfair a quota for sugar of about 925,000 long tons between now and the inauguration of the commonwealth government, for there has been no real discrimination against the Philippines as compared with Hawaii and Puerto Rico. Furthermore, the representatives of the Philippine sugar industry at hearings on the Jones-Costigan bill stated that although this quota is not satisfactory, nevertheless the industry would accept it.

"That fair treatment has been accorded by the United States to the Philippine Islands in the face of what, from the United States' point of view, has been considered as a one-sided arrangement, let us

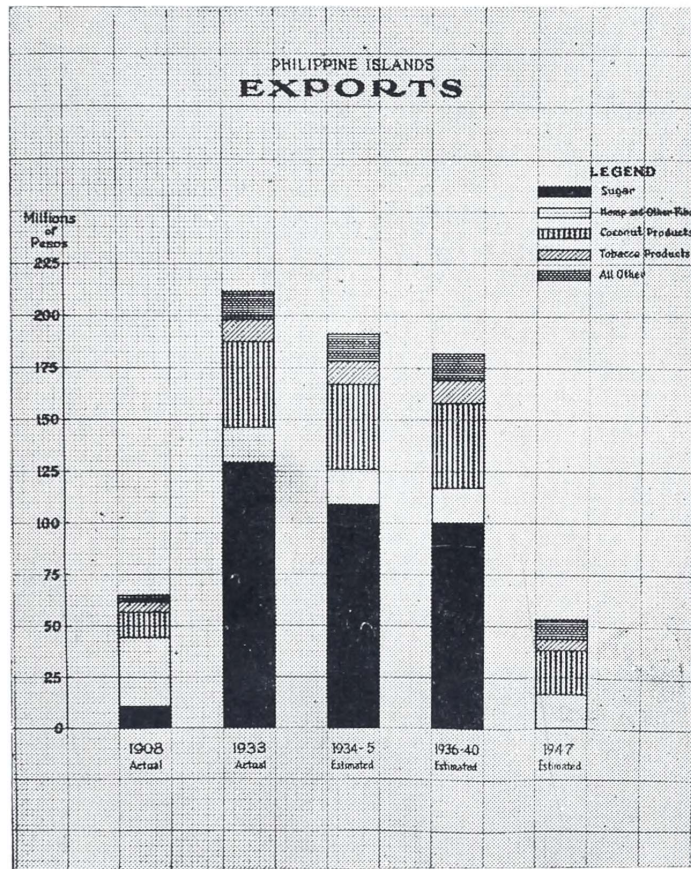
remember—

"1st. That the United States during the entire period which it has exercised sovereignty here has not asked the Filipino people to contribute one centavo toward the defense of the Islands from foreign aggression. The people of the United States have been taxed to protect the people of these Islands.

"2nd: That bonds of the Philippine Government heretofore sold in the United States have been tax exempt.

"3rd: That, with administration support, a bill is pending in congress under which the United States will make to the Philippine Islands a gift of about P47,000,000, this being the theoretical profit on the interest bearing deposits of Philippine currency reserves in United States banks, assuming that such deposits had consisted of gold; and this although such profit probably will be principally used for the purchase with devalued dollars of obligations of the Philippine government or of its instrumentalities.

"4th: That for the last twenty-five years, while internal revenue taxes collected here on United States products have been kept by the Philippine government, similar United States (Please turn to page 10)



value more than double our imports from the United States. In our trade with the United States we have been piling up very large favorable balances which we have been using in part to settle unfavorable balances with foreign countries. We are using our advantage in the United States market to the disadvantage of the United States. This cannot indefinitely continue, for if we expect or hope to continue to have access to the markets of the United States for our products on a preferred basis, we must accord to the products of the United States real reciprocal treatment here. This is even more evident when it is considered that the duties waived by the United States on the products of the Philippine Islands are fully four times as much as are the duties waived in the Philippine Islands on the products of the United States. The duty which has been waived on sugar alone has amounted to more than P100,000,000 a year; while the people of the United States have paid to Philippine producers for their sugar over P80,000,000 a year more than they have paid to Cuban producers for a like quantity. The free trade arrangement today is one-sided, and if it is to continue for any length of time it

"As a result of changes in the monetary systems of the different countries of Asia and Europe, etc., they have been able to send their products into the Philippines at a much lower price than American products could be sold. And much of this was done before the United States went off the Gold Standard. Therefore, we bought the products that were cheaper rather than those that were more expensive but of the same quality and it was due to this that we went to America on the *Empress of Canada* and *Empress of Japan* when friend Cavender here did not have the *Coolidge* and *Hoover*. Seeing this, Mr. Dollar realized that we are not foolish and he built new boats.

"And I want to see this government made as it should be. Please remember that one year ago the Philippine legislature enacted a law—the anti-dumping law. We have enacted a law compelling foreign exporters to the Philippines to pay the duty on their goods at gold values, and have raised the duty on other goods. But I want to say this to Mr. Pond, and to every American exporter, they should remember that when large trade balances in favor of the Philippines came to pass as a result of changes in the monetary systems, etc., these changes which were the result of the economic depression of years ago, the government of the United States was trying to put a limitation on the free exportation of Philippine products into the United States. Now please see that it was very hard to get the Philippine legislature to pass a law to protect American importations when the legislators saw the American Congress trying to reduce our exports. Unless the Philippine legislature had succeeded in passing such a law, conditions would have been the reverse. It was very hard to tell our colleagues in the legislature to enact this law when they saw our friends and colleagues at Washington trying to reduce our exports to the U. S.

"Now proceeding, we cannot depend entirely upon the goodwill of any President, any Secretary of War, or any leader of the U. S., which has a democratic government, a government that answers to public opinion.

"Now let us get together and do what our enemies have been doing in educating America. Let Americans see that our products here are not doing them any harm. Let them see that the different products of this country are the combined efforts of America and the Philippines, and a work of which any nation would be proud, and make them feel foolish in letting the work which they have done here go to pieces and perhaps be profited by, by others who had nothing to do with it. (Reference was here made to vain proposals and effort toward finding other markets than the United States for Philippine products—markets which never materialize.—Ed.) There are other markets, but they don't pay. We do not want to sell and get I.O.U.'s in exchange for our products, because we cannot support our people here with I.O.U.'s. Let's get together in the interests of both countries to perpetuate trade with America. Whether

the Philippine Islands are under their control or not, we must convince the American people that while the Filipino people are getting the benefit from their trade with America, America, on her part, is going to profit from her trade with the Philippines.

"Mr. Cavender says that Americans who are in business here do not want to go, they want to remain, to stay under circumstances which are not adverse. Now, gentlemen, if I can speak for my people, I want to say that I hope not only will Americans but foreigners who have invested in the Philippines keep their investments here. Where is the country that offers a better opportunity in the way of rapid development? And I am positive that under the government of the commonwealth and the government of the Philippine republic, when established, foreign capital here will receive due consideration. As a matter of fact, as far as the Americans are concerned, the Tydings-McDuffie act gives them special rights with Filipinos, and it is right that we should give evidence to the government and people of the United States of our gratitude for the work she has done during the last 35 years in the developing of this country, not in words, not in beautiful speeches, but in evidence. The best evidence we can give, gentlemen, of our good will and our gratitude is by giving the opportunity to the Americans who are in the Philippines to make good.

"As a matter of fact, I believe it is essential for the success of the people and for the success of the government of the Philippines that the trade relationship continue. It is a guarantee, not only of the economic stability of the people of the Philippine Islands, but likewise of the stability of the government of the commonwealth and the future government of the Philippine republic.

"Although no guarantee will be given by the government of the United States to help us, I know positively that the President and the leaders of Congress are sympathetic judging from the editorials of all the papers of the United States. I know that your government is not going to let the Philippines go to the dogs. They have a great sincere sentimental attachment for the people of these Islands. They feel proud of the work they have done and they are not going to let anything happen that will destroy that noble ideal which has been theirs in the Philippines. I am positive they will stand by us, and they are going to extend to us a helping hand until we have succeeded in arriving at a very safe port. You, gentlemen, are the only ones that can injure yourselves; if you get panicky and begin to doubt everything and export your money, you of course are going to suffer. But if you have faith in your government, if you have faith in your people, as I have faith in your government and in your people and as I have faith in my government and my people, I am sure that nothing will happen that will stop the onward march of the progress of this country. You have made me happy by offering me this opportunity to speak to you today."

Pond Suggests . . .

(Continued from page 7)

taxes collected from the people of the United States have reverted to the Philippine treasury.

5th: That the coconut oil excise tax bill, as passed, gives to the Philippine Islands a preference of two cents, United States currency, a pound over coconut oil imported or made from copra imported from any foreign country, thus giving to the Philippines a practical monopoly of the coconut oil and copra business in the United States. Not only that, but the excise tax to be collected on Philippine coconut oil, and on coconut oil made from Philippine copra, is to be paid to the government of the Philippine Islands. Assuming that there is no reduction in the consumption of coconut oil as a result of the tax, this will amount to about P40,000,000 a year. This is a tax on the people of the United States for the benefit of the Philippine Islands. The principle of this excise tax may be condemned: but at least Congress has given a decided preference to the Philippine Islands and, even now, Congressional leaders are trying to secure the approval of a new bill which will exempt Philippine coconut oil from the tax.

"6th: That the proceeds of the processing tax on sugar to be collected under the authority given in the Jones-Costigan bill, amounting to about P20,000,000 a year will likewise be paid to the Philippine Islands. This tax also will be paid by United States consumers for the benefit of the Philippine Islands.

"In years gone by we have heard quoted here the oratorical statements of Patrick Henry. One of the things he railed against was taxation without representation. One is tempted, perhaps facetiously, to remark that with the return to the Philippine Islands of these large sums collected from the taxation of the American people, and with the inauguration of the Commonwealth Government, the people of the United States without their having representation in the government of the Philippine Islands. The rôles have been reversed.

"I have heard it stated many times, and, in fact, have read in official reports, that the present

free trade arrangement with the United States is unfair to the Philippines, because, while to be admitted free of duty into the United States a Philippine product cannot contain more than 20 per cent in value of foreign materials, there is no such limitation as to United States products. The makers of such statements have not faced the facts. The United States has a high, protective tariff; the Philippines a low tariff, principally for revenue. It would not be fair to permit foreign materials to be imported into the Philippines, paying a relatively low rate of duty, and then by a simple process costing but little, to enable them to be admitted free of duty into the United States. Without such a limitation that is just what could, and would, be done. On the other hand, such a practice is hardly possible as to imports from the United States, for the duties in the United States generally are high. If foreign materials were used, therefore, their cost, after paying the duty, probably would be much higher than the duty paid cost of the same materials imported directly into the Philippines from abroad. No drawback of the United States duties can be secured, for one of the free trade limitations, working both ways, is that no drawback be claimed or allowed.

"I remember an official report a few years ago in which this question was discussed, and an example was given to show that this 20 per cent foreign material limitation is one-sided. It was stated that coffee could be imported into the United States from, say, Brazil, and then merely by roasting and grinding it and packing it in tins, it would be admitted here free of duty. The writer of this report couldn't have picked a worse example, for he was all wrong. Such coffee is dutiable here, even though imported from the United States, for it is not an article which is the growth, product, or manufacture of the United States. If you don't believe it, look at any annual report of the Collector of Customs and see how much duty is collected on imports of roast and ground coffee from the United States.

"In this respect I believe, therefore, that this limitation is really not unfair.

"I admit that there are two sides to these questions, but I have presented them in the way

that I have so as to emphasize what I have before stated: that the United States has played fair, and still is playing fair, with the Philippine Islands. I believe that, on the whole, there can be no just criticism of the treatment which has been accorded here, and particularly in economic matters.

"As the United States has played fair with the Philippine Islands in the past, I cannot believe, therefore, that it was the intention of the United States, when independence legislation was approved, to give to the Philippine Islands both liberty and death. I believe further that if we will face the facts, and that if we will unite in presenting those facts to the proper authorities at the proper time, disaster may be avoided. Conditions in the United States may not make possible at this time the necessary changes in economic arrangements, but conditions are going to change, and if we play fair with the United States and then properly present our case, I believe that we can secure even better economic treatment from the United States, and thus avoid the disaster which threatens to overwhelm us.

"Let's face the facts. Let's recognize and frankly admit that, as the law now stands, we are heading for economic chaos and disaster. But, facing these facts, and knowing that a way out has been left for us, let us try to find that way out by trying to secure those changes in the law which are necessary for our economic and social salvation."

Booklet Free

The Canadian Pacific company, 14-16 calle David, Manila, has an illustrated booklet on *The Sky Line Trail*. It is on the pleasures of hiking in the Yoho valley, Canada, the name deriving from an Indian expression of wonder and awe, as if to say *Tremendous!* or *Wonderful*. Copies of the booklet, free, are sent upon request!