

Dr. Landman's Nine-Point Suggestion

During two months Dr. J. H. Landman of the College of the City of New York traveled in the Philippines, studied at their libraries, observed their cities, and lectured on occasion at the University of the Philippines on subjects related to political science. In that time the Islands' general election occurred, giving President Quezon another body of assemblymen adhering to his party and ready to support his endorsement of the report of the MacMurray commission that recommends independence in 1946 as already scheduled by congress, and mutual trade concessions by the Philippines and the United States up to 1960 as a breathing spell during which the Islands are expected to rise to full economic stature. The MacMurray report is too long for republication, the gist of it was published in full by the *Journal* as the Waring-Dorfman report many months ago.

A summary of the MacMurray report, given out at Commissioner McNutt's office, appeared in the newspapers at the end of November, a Thanksgiving tidbit. Dr. Landman's conclusions vary from the commission's in suggesting a permanent Philippine status in political relationship with the United States similar to that enjoyed by Cuba. Were his suggestion adopted by congress, it would entail that reexamination of the whole Philippine question, in relation to the larger question of America's general Far Eastern problem, that has been urged by Commissioner McNutt.

On the other hand, congress might modify its Philippine legislation to suit it to the MacMurray report without complete reexamination of all the circumstances involved. But the fear is not baseless that should congress take up the Philippines at all, it might vote them free at once, or much earlier than 1946, because, as Dr. Landman truthfully says, America fears that staying in the Philippines involves her with Japan; and while she believes she could best an enemy in war, she has no relish for war to be provoked by incidents or situations arising here. We have been asked to use some of Dr. Landman's speech to the university group that gave him a farewell banquet, and so we do so.

We have boxed on this page Dr. Landman's main points, and on another page we reprint from the *Bulletin* of November 22 his full elaboration of the thesis that the Philippines ought to seek a protectorate similar to Cuba's from congress. It is evident that politics is not running in that direction, a Philippine commissioner having been chosen, and a Philippine special commission being in Washington helping him, to put through the MacMurray proposals. The commission is powerfully headed by Vice President Sergio Osmeña, and may be joined early next year by President Quezon himself. It ought to be borne in mind that voters know that complete independence has been abandoned by their favorite

party, and knowing this, endorsed this party at the November polls.

Let us take up Dr. Landman's points seriatim.

1. *If America abandons the Philippines Japan will pick them up.* We have never felt sure of this, China's interest here exceeds Japan's and China may yet be the future leader of the Far East. Also, Japan might never annex the Islands in name, puppet rule might well suffice her. The situation does not readily simplify.

2. *The Philippines are at a crossroads in their history.* This must be admitted.

3. *American organized labor objects to the Islands' low wages.* This must be admitted.

4. *Americans believe that keeping the Islands might involve them with Japan.* This must be admitted.

5. *The Islands have no raw products indispensable to America's economy.* Free list products such as copra and Manila hemp are as nearly indispensable to American industries utilizing them as products may be to any industry, but Borneo could soon surpass the Philippines in their production.

6. *America has spent \$595,000,000 here, got back \$10,000,000.* Official figures of the insular-affairs bureau must be accepted, and Dr. Landman cites this authority. But the outgo is mainly for military purposes and therefore would not cease if bases were continued here after sovereignty was abandoned.

7. *The yearly bilateral balance of trade runs \$20,000,000 against the United States.* But an actual balance fairly equitable is nevertheless maintained, with exchange free at nominal charges. The balance will turn the other way when Philippine sugar ceases to be sold in New York, or only such part of it as, economically grown and manu-

factured, pays the duty and gets by. One way of thinking of what America sells here is to think of it as a draw-back on the price of what she buys here, since she must buy only what she needs and gets at some advantage or at least at no higher price than she could buy at elsewhere. So if America sells 60 million dollars' worth of goods here a year, and buys 80 million dollars' worth of products for manufacture and use at home, from every dollar paid out no less than 75 cents comes back, on which basis we suppose the Philippines to be a very fine American market.

America sells the Islands in a year, let us say, goods marked at \$60,000,000 half of which at least represents wages paid all along the line in the production of products and the manufacture of the goods. She buys in turn products worth \$100,000,000 in a year, for manufacture of other products in the United States, and will have to add 25% to 40% to this outlay, this time by way of wages, to make the manufactures and market them. Thus Philippine products give American labor wide em-

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Dr. Landman Said

Separated from America the Philippines would be confronted by "the Philippines are as attractive Japanese satarchal imperialism-- to Japan as China is."

The Philippines are at another crossroads of their history, their fate lies with the 76th congress, meeting in January, where growing labor and agricultural influences may offset Roosevelt's and Quezon's endorsements of the Joint Preparatory commission's report.

Organized American labor resents low Philippine wage scales. Americans believe that holding the Philippines may embroil them with Japan.

There are no raw Philippine products indispensable to the economic welfare of the United States.

America has spent \$595,000,000 here, got back \$10,000,000, as the insular-affairs bureau gives the figures.

America sells only 50 to 60 million dollars' worth of goods here a year, but American sovereignty is prolonged here, fall on deaf ears in the homeland because of the above facts.

Entreaties of 172 American firms here, capital \$100,000,000 all told, that American sovereignty be prolonged here, fall on deaf ears in the homeland because of the above facts.

Philippines should try for a Cuban-like protectorate from the United States. (Elsewhere in this number, Dr. Landman's suggested plan for the Philippines is quoted in full.)

Now refer to the three things affecting fish that town authorities still control: the traps, the bangos fry, the pond. There are instances where councils turn all these over to monopolies, for an agreed payment a year; whoever puts in a pond, whoever sets up a corral, whoever impounds females and raises bangos fry—for salting, for example, and selling as *bagons*—must make his arrangements with the monopolists and pay them tribute. This is a fantastic way of administering such responsibilities, unquestionably the law means that opportunity will be equal to all, especially to all the poor, and not limited to the few who can pay comparatively high fees for the monopolies.

He who sets a trap, let him pay a tax; he who breeds fry, let him too pay a tax; and he who grows pond fish, let him pay a tax; and all this money will go to your town treasury and not for private tribute. It is also often vital that experts of the Fish & Game administration be consulted, to see that whatever is done will not deplete the fish.

As to Japanese fishing here, they are the only foreigners who do, and they fish chiefly at sea beyond the three-mile coastal limit. Early next year the first boats of the army's offshore patrol fleet are arriving at Manila from the builders in England—but we hear America builds better ones, which should be looked into—and after that no such incidents as that at Coron in November should occur. After that it ought to be possible to overhaul very readily any craft in Philippine waters, since the new boats attain 45 knots an hour, and, without killing anyone, ascertain that it is licensed and using the banks legally.

And here is a reported practice that might be stopped by the new boats: It is reported that Filipino crews take some boats to sea,

or beyond the breakwater, turn them over to Japanese crews who do the fishing in them, and then take charge once more when the boats are brought up the bay with the catch, the Japanese dropping off somewhere along the river or a launch taking them off in the bay. We do not know how reprehensible this is, but we assume it covers something from the law that ought to be exposed and discontinued. The slow coastguards are not up to that.

This country can't have its cake and eat it too, not even its fishcake.

President Quezon plans better administration of the country's fish resources in the future, and hopes to instruct Filipinos in new methods of fishing. Some Japanese instructors, for this, may be employed—the President thinks they are among the best fishermen in the world and have lessons to impart to this country. Practically, he demands that Filipinos take hold of their own problems and solve them. Certainly competent fishing, competent fish administration, that supplies will be conserved, is among these problems and not the least of them.

Japanese ice boats at Manila, make for Palawan and Malampaya sound, and trawl for Spanish mackerel. They do beam trawling; to a beam athwart the stern of the boat they attach a net in such a manner as to scoop up the mackerel as the boat moves along. They do this type of fishing at sea, too. They fish a great deal in Palawan waters, where fish are found at the reefs abounding there. At a reef they set a net in form of a triangle, the ends forward, the belly back, something in the form of a movable corral or trap. Now comes a skillful business. A light cable is paid out, far up current from the net, and man after man goes overboard to help move it forward. Palm leaves dangle from it, objects

that help the men's swishing legs frighten the fish along, and finally everyone closes in at the net and the haul is made.

This method gets quantities of *dalagang bukid*, an acceptable fish now plentiful on the Manila market, of which a large specimen 5 inches broad and 14 inches long costs about 50 centavos—the weight about 1 kilo. Filipinos do not use this method of fishing, called *mura-ami* or moving-coral by the Japanese. Sometimes Filipinos say they fear sharks and swordfish at the reefs, which can not be true; what is more probably true is that they shun the exertion involved for the prospective gains. Filipinos do not have to work so hard for a living, but Japanese do. All this poses the question whether Japanese compete with Filipino fishermen or merely supplement their efforts. One reporter at President Quezon's latest news conference suggested that law require at least mixed crews on all licensed fishing boats, the majority of the men to be Filipinos—this for learning the skill of the Japanese and keeping sea fishing national.

If such a suggestion caught on, it probably could not apply to boats licensed prior to 1932 and the date of the national fish & game act, No. 4003.

Dr. Landman's Nine-Point . . .

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ployment, including farmers and farm labor, since the bulk of all they buy derives almost directly from farms. The bulk of what they sell, too, sells as low prices, to labor. But suppose America turned to other sources for copra, Manila hemp, etc., where she could sell in turn only 30 million dollars' worth of goods, instead of twice that, as here, labor being about half the whole charge. This would at once cut American payrolls by \$15,000,000 a year, unless new sales made up for what was lost in the Philippines.

Of course, if America actually buys here what she does not need, she throws money away foolishly; but this is not the fact. She does buy, just now, short of a million tons of sugar that she might get from Cuba with a duty drawback, but she can readily settle this difficulty at any moment without disturbing the whole fabric of Philippine-American commerce, of which after all sugar is but a part.

This year, or during 1938, the trade balance has been running more favorably for the United States. But Dr. Landman understated it if the average balance during the decade ending with 1937 is taken, the direct average balance of visible items during that period having been more than \$36,000,000 a year.

8. *Entravées in America from 17 American firms here whose whole capital is \$100,000,000 fall at home on deaf ears.* If the aptitude of these appeals improves, this may not remain true. It is our view that

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BY LEON ANCIETA

Manager, Foreign Dept., P.N.B.



Anticipating the seasonal influx of dollars funds to finance local purchases of sugar and sugar shipments, the dollar moved down from 5/8% pr. to 1/2% pr. for T. T. on New York for customers. The rate

interbank sales was ruling at 3/8% pr. T.T. New York up to the end of the first fortnight, with small sales effected as low as 5/16% pr. However, during the second fortnight it became evident that the expected pressure on the dollar was not forthcoming. Sellers held back and the rate for interbank sales rose immediately to 7/16% for T.T. New York and reached 1/2% pr. at the close. Despite the rise in the rate for interbank sales, banks were selling to customers at 1/2% pr. for T.T. dollars up to the close.

Buying rates correspondingly eased from 1/4% pr. to 1/8% pr. for sight bills and from par to 1/8% discount for 60-day bills of which substantial business was done.

As borne out by the trade figures, a complete reversal took place in the Islands' exchange position this year as compared with that of last year. Supporting the pesos was a comfortable excess in exports over imports of over P80,000,000 up to the end of October, 1937 and the dollar was ruling at 1/8% discount T.T. New York during the last two months of that year. Exports up to the end of October, 1937 amounted to P263,345,000 compared with P200,155,000 for the same period in 1938. This year the Islands' exports position is on the other side, imports exceeding exports by P30,708,000 up to the end of October. Total imports amounted to P230,863,000 compared with P183,121,000 for the same period last year. Principally, offsetting the heavy purchases of foreign commodities is the funds that accrued to the Government on account of the oil excise tax.

In the foreign exchange market, the sterling suffered the most severe set back in many years. Closing at 475 3/8 during the previous month, it moved erratically, holding comfortably the same position until the middle of the second week when it

began to weaken sharply, continuing its downward course up to the close. The fall of the sterling is ascribed to unfavorable British trade, nervousness and confusion arising from the European political situation and conjectures as to the level at which the dollar-sterling rate is to be maintained as a result of the Anglo-American trade pact. Vigorous action by the British equalization fund succeeded in halting the continued decline of this exchange after reaching a record low of 462 3/4 and at the close it was quoting in New York at 468 7/16.

Due to the present low level of the sterling, Philippine coprax was not quoted in the London market.

Another developing crisis in the French Franc appeared averted by the French authorities. A change in the cabinet took place by the resignation of Finance Minister Marchandeu whose proposal for a prohibition in the hoarding of gold and flight of capital was rejected by the Daladier Government for fear that these measures might lead to a further devaluation of the Franc and the institution of foreign exchange control. The rates for franc in terms of sterling in the London market appeared steadier than in the previous month. Opening at 178.71, it reached a low of 178.87 and closed at 178.31. The new Finance Minister, Paul Reynaud reported large scale repatriation of French capital during the month.

Quoting at 27 3/4 during the first days

of the month, the Yen, in sympathy with the sterling, moved successively downward, reaching a low of 27 1/8 toward the close.

Opening at 29 11/16, Hongkong was fairly steady up to the end of the second week when, in sympathy with the sterling, it moved successively downward reaching a low of 29 toward the close.

Shanghai showed fairly steadier tone than in the previous month. Opening at 16, it reached 16 1/16 and a low of 15 21/32, closing at 15 11/16.

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both labor and capital in America incline to heed what serves their mutual interests, and one thing that does this is a substantial and growing overseas market.

9. Filipinos should seek a protectorate from congress, such as Cuba enjoys. (On this point, please read Dr. Landman closely). Nomenclature in diplomacy is hampering and often embarrassing. The Philippines have started out better than Cuba, with the term *Commonwealth of the Philippines*; and they are protected by the United States, even more sovereignly than Cuba is or ever was, and much more to their economic advantage. Should America retain any interest here whatever, after 1946, such as a garrison or two and some naval and air bases, this actual protection will continue over the Islands as well without formal baptism as with it.

—W. R.

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FOREIGN EXCHANGE REVIEW COUNTER RATES

	U.S. Dollars		Sterling		Francs		Yen		Shanghai		Hongkong	
	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low
November 1938 . . .	201.50	—201.50	2/0-7/8	—2/1-9/16	5.50	— 5.35	56.20	—54.70	33.10	—32.40	60.70	—59.30
November 1937 . . .	200.00	—199.75	1/11-3/4	—2/0	6.95	— 6.85	58.90	—58.20	59.80	—59.60	63.30	—62.50