



THE AMERICAN CHAMBER OF COMMERCE JOURNAL

AUGUST, 1927

Vol. VII, No. 8



LET US REASON TOGETHER

The United States acquired the Philippines 29 years ago and the political status of the islands in relation to the United States, while clearly defined in the Treaty of Paris between the United States and Spain, has since been confused by political obfuscations, legal enactments, gratuitous statements indulged in by officials palpably in behalf of their parties at home, and by the series of decisions in the so-called "Insular Cases" which make the Constitution of the United States apply to the Philippines not *per se*, as it should, but only as the judgment of the Supreme Court of the United States deems it ought to apply; so that it does not even yet apply in its entirety, and under the sovereignty of the people of the United States, and under their flag, even Americans in this territory, to say nothing of the millions of civilized native inhabitants and the foreigners for whose rights the United States is responsible by treaty obligation, are here deprived of obvious constitutional rights.

The situation is satisfactory to none; there is a public administration in the Philippines, but it may be termed a government chiefly by courtesy. It is whimsical, divided in its counsels, and highly dictatorial. It is notoriously centralized and paternal. Why is it whimsical? Because, it lacks a foundation, the only one possible being the Constitution. Why is it divided in counsel? Because, as it is constituted, practically it is inevitable that the executive should pull one way while the legislature pulls the other; and the courts, for want of the plain guidance of the Constitution, intervene from time to time, when called upon to do so, merely to rule—certainly hardly to decide—as to which authority is right in particular instances. Yes, this provision of the Constitution is applicable. No, that provision of the Constitution will not apply. And why will it not apply? Behold! By the mere fiat of the court!

Upon its organization seven years ago, the American chamber of commerce undertook the job of clearing up the status of the Philippines, which, left in the nebulous uncertain state that all politicians like to see all public questions enmeshed in, was clearly detrimental to Philippine progress. The chamber resolved in favor of the territorial status, and the Constitution was anticipated in this resolution. From that ground it began to fight the long battle. In time it advised committee chairman in both houses of

Congress, the islands being under discussion, that Congress had no authority, under the Constitution, to withdraw from the Philippines the sovereignty of the people of the United States.

There was a little publicity, but the idea was a novel one, so the unthinking forthwith rejected it. However, the seed was sown and the harvest was assured. Now, in the August Review of Reviews, a symposium of congressional opinion is published, and Senator Copeland, Democrat of New York, among others, comes out with a frank acknowledgment that the power is really lacking in Congress. In Manila Senator Birmingham, Republican of Connecticut, takes the same

THE RESOLUTION

WHEREAS: The leaders of the Philippine people in Legislature assembled maintain that Congress has pledged the American people to the withdrawal of Sovereignty, and

WHEREAS: The late Justice Day, of the United States Supreme Court, Chairman of the Paris Treaty commission in a speech before the Michigan Bar Association, May 23rd, 1900, stated that "If Territory be ceded by Treaty the acquisition is confirmed, ceded territory becomes part of the nation to which it is annexed," and since Congress is without power under the Constitution to alienate Sovereignty without a mandate from the people, in whom Sovereignty is vested, and

WHEREAS: Other equally eminent constitutional authorities are of the same opinion as to the power of Congress to alienate Sovereignty without a mandate from the States,

THEREFORE BE IT RESOLVED, by the American Chamber of Commerce that Congress request the Legislatures of the States of the Union for a mandate as to whether or not Sovereignty should be withdrawn from the Philippines in accordance with the alleged promise in the Preamble to the Jones Bill, and that this Resolution be submitted to the Chairman of the Pan-Pacific Conference, Honolulu, as the Chamber's solution of the Philippine Problem.

attitude. Congress is commencing to be less cocksure of its erstwhile unquestioned position, that of course it might lope off a great territory at will; many individual members now feel that it has no such power; and, therefore, more than all other forces together, the chamber of commerce has contributed to the political stabilization of the Philippines under the Stars and Stripes.

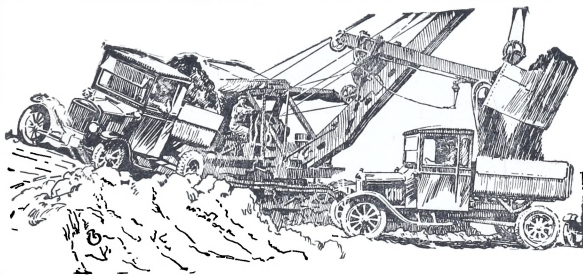
On July 19, square with its policy of welcoming the freest discussion, the chamber of commerce, through action of its directors assembled in regular weekly meeting, adopted the resolution which appears on this page and sent it by cable to Washington and the Pan-Pacific Conference meeting in Honolulu. The press correspondents supplemented this distribution, so that the resolution was published throughout the United States on the same day it was drafted and approved in Manila. The discussion well launched where it ought to be, in the United States. Decision involves retention or the free relinquishment of 63 million acres of undeveloped United States public domain.

But though there is much opinion, now, supporting the chamber of commerce, many lawyers here and in the United States hold otherwise and say that the power to withdraw sovereignty over the Philippines may be legally exercised by Congress, the chamber of commerce holding, on the contrary, that to do this Congress must have a mandate from the people—that the power must be granted in a constitutional amendment.

Let us reason about this for a moment. Even granting, for argument's sake, that those who disagree with the chamber of commerce are technically right, what would happen, in point of fact, if Congress essayed to exercise its alleged power? And, if it does have the power, would it ever dare, in the light of its previous experience, to exercise it? These questions may be answered by reference to what did happen when the Senate of the United States approved the Clarke amendment to the Jones Law (the islands' present organic act, dating from 1916), which would have withdrawn American sovereignty over the Philippines in 1923.

William E. Borah was among the senators who voted for the Clarke amendment, and he was so astonished at the nation-wide rebuke the Senate received that he changed his position altogether and voted, two years later, against the Jones Law itself, *en minus* the amendment. The House of Representatives escaped the obloquy heaped upon the Senate, because it rejected the Clarke amendment.

"I made it my business," said Borah, "to



They Dig Up the
PROFITS

Ford

"After we Sell we Serve"

Manila Trading & Supply Co.

MANILA

Hiloilo Cebu Legaspi Bacolod
Pulupandan

gather as accurately as I could the view of the leading newspapers of the United States with reference to our future policy concerning the Philippines; and regardless of party or party affiliations upon the part of the press, it was almost wholly in favor of keeping the Philippine Islands permanently. What I rise to do now is to impress upon the Filipino people the lesson which I gathered, and that they should adjust themselves to the fact that they are a part of the United States and are to remain so permanently. * * * I only wanted to suggest to these people in the Philippines that they take off their bonnets and take out their knitting and sit down and be content. They are not on a visit. They are here to stay. It is not possible to them contentment and ease; I wanted to ask them to address themselves henceforth, not to the subject of independence, but to the matter of fitting themselves to become an integral part of a great republic."

Now Borah, whether men always like him or not, is an authority on the Constitution; and whether he found Congress estopped specifically by that instrument or not, he did find it estopped by the very spirit of the document and the principle by which it was conceived. He found Congress estopped by *overwhelming public opinion*, and every man who follows

him will have the same experience. The thing cannot be done in a corner, and therefore it cannot be done at all; for as soon as men step out into the open to do it, as they must, the instantly aroused public opinion of the nation will intervene to prevent them. Above the law, whatever men may argue that it is, is the will of the sovereign people of the United States. In this seventh anniversary number of the *Journal* it is therefore desired to say that the duty confronting all public men in the Philippines and all members of Congress, together with the President, is that of ascertaining the best way of fitting the islands into their niche as "an integral part of the United States." For that is what they are by decree of public opinion, the highest force in the land. If it was sufficient in 1914 to abash the Senate, and it was, it is no less able now to enforce its unquestioned will.

There is in this whole question both the law and the facts. The lawyers may bandy back and forth their various interpretations of the law, but the facts are beyond them. The facts are in the hands of a jury of nearly 120 million people, and this jury has already cast its ballots. The question is settled, and what is seen now, as in the symposium of congressional opinion in the *Review of Reviews*, is the political parties adjusting their respective positions to the people's decision—already made and recorded.

The "Paddy Tao" and His Rice Crop

In spite of increased importations of flour, rice will always be the principal food of Filipinos, as it is of all orientals. In the Philippines, about 5-1/2 million people are directly dependent upon rice production for their living; the average area cultivated per capita is a third of a hectare, about 0.83 acres. Rice matures late in the calendar year and harvesting laps over into the succeeding year. The 1926-1927 crop was exceptionally good, the largest ever produced in the islands, estimates being 54,500,000 cavans of 96 pounds, or 1,700,000 tons of clean rice from 1,800,000 hectares, or 4,446,000 acres.

The value of the crop is placed at P188,000,000, the highest of any Philippine farm crop.

However, the cash yield per capita is still very low, about P34 or \$17. We have figures on the average yields per hectare from 1920 to 1925, which was 24.51 cavans; though in the central plain of Luzon the yield is much higher and approaches that of Indochina. The yield in Nueva Ecija rarely falls below an average of 40 cavans per hectare. Conversion of these figures into bushels and acres will give the reader in the United States an accurate idea of rice production in the Philippines.

Merchandizing rice in the Philippines is practically controlled by Chinese. They control importing, storing and milling, and retailing too to a great extent—as they do widely throughout the orient, being able to organize effectively in order to do so. Their average gains in the rice trade vary from 12 to 14 per cent, which is not an exorbitant profit, 12 per cent being the legal rate of interest.

In the great rice valley of Luzon, good rice lands sell around P600 to P800 the hectare, but P1,000 has been asked and paid this year. (The peso is fifty cents, four bits, half a dollar.)

Being a domesticated water-grass, rice does best in fields where water is abundant either from the rains or from artificial irrigation. It is a crop that lends itself to intensive cultivation. Density of oriental populations is in direct ratio to the rice supply. Japan reports this year yields averaging 52 cavans per hectare. Philippine yields are still too low; excepting irrigation projects the cost of which is repayable over a long period by annual installments covering principal, interest and maintenance, the industry has received little aid from the government to whose support it so largely contributes. The agencies that ought to help are not unwilling, they are unable to grasp the problems of the producer; hence he works out his salvation quite generally independent of them. The report of Colonel Carmi Alderman Thompson to President Coolidge last year, recommended establishment of United

States agricultural stations in the Philippines. The situation respecting the rice industry here may have been one of the reasons.

Importing rice to supplement the limited domestic supply has been the rule for the past quarter of a century, and has the effect of stabilizing the price to a great extent. A protective tariff of P3 per 100 kilos of clean rice provides revenue for the government; and under other circumstances the industry would not be profitable. The Indochina rice, produced by the coolie system under optimum climatic and soil conditions, would come into free competition with rice grown by Filipinos with their higher standard of living, which they naturally desire to maintain and elevate.

In the rice industry, credits are granted on a limited scale by the Chinese who control the commercial end of it. Freight rates into Manila are still high; the spread of prices interprovincially is a problem still requiring solution.

Generally speaking, earnings on invested capital do not exceed the legal rate of interest on money. Rice is grown by the millions for their daily necessities. Climatic limitations and the law of diminishing returns and the recurrent low-price periods tend to reduce the level of profits. More than 40 provinces in the islands, out of a total of 49, produce rice; but four of them grow nearly half of the annual

crop. Sprouted in seedbeds and transplanted by hand, as rice is, the industry flourishes best in regions of congested population. The landlord usually pays the cost of transplanting and the tenant that of harvesting, the cost of planting ranging from P9 to P14 the hectare. With the exception of the separator, the small rice-bulker and the motor truck, there has been no modern machinery introduced profitably to take the place of hand labor. Separator owners charge from 7% to 8% of the crop for thrashing it out. Trucking charges average 7/8 centavo per 100 pounds per kilometer. Independable rainfall calls for irrigation, which is merely a farm of crop insurance against the greatest enemy of rice—drought.

Less than 1/8 of Philippine rice lands are provided with permanent irrigation systems, hence the low average yields.

Growing rice is commonly believed to be a primitive type of farming. As a matter of fact, it is quite complicated. Over wide areas in the Philippines the double-crop system is unprofitable on account of the climate; on account of this factor, projects to produce rice on a large scale by growing two crops a year on the same land will fail.

The main agricultural motive power in the Philippines is, and will be, the carabao—suited to work in partly submerged fields and adaptable to the intensive methods of cultivation followed in the orient.

The milling value of rice varies greatly. In Burma, the leading rice exporting country, a



Carrying Rice

run of 70% of the rough rice, paddy, is milled into clean rice; in Indochina and Siam, from 68% to 69%. In the Philippines, only from 63% to 65%. This is due to adoption of selected varieties in Burma and Indochina and Siam. With some 1,200 different varieties of rice in the Philippines, a high milling-loss results, calculated to be P4,000,000 the year. This has a material influence upon net yields. But our domestic rice is the most wholesome. The imported rices are subjected to high milling, which removes the gluten and cuticle containing the most nutritious parts of the grain. Relied upon as a regular diet, such rice tends to provoke beriberi; it is wanting in essential vitamins. In 100 pounds of highly milled rice, there is 0.4 pounds of fats. In 100 pounds of rice polish, there is 7.2 pounds of fats. Much of the flavor is in the fats, the imported polished rices are obviously deficient in flavor.

Extension of irrigation, attention to seed selection and adoption of superior milling varieties, and fertilization of fields impoverished by constant cropping without returning the elements to the soil, are the means by which our rice crop can be augmented. It is necessary to reach a basis of production that will give the owners more return from the crops than the ordinary rate of legal interest.

—Percy A. Hill.