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Taxing Liquor: A Steady Revenue in All Times

Such taxes are little affected by hard or good times in the Islands, and how will the United States find them?

While there is a demonstrable appetite seeking satisfaction, in America's return to licensed liquor, there is more of method in the movement than mere conviviality—many vote wet because they want the United States to have once more the steady and enormous federal, state and city revenue liquor pays when legally trafficked in. This practical subject has been treated in such dignified publications as the *Index*, Chase National's monthly review, and the *Literary Digest*. The *Index* guesses conservatively that liquor will yield at least \$250,000,000 a year in federal revenue and will service the outlay for public works. It places total taxes from liquor between this sum and a billion.

This shows how much in the dark America is as she makes the plunge. But counting back, the *Index* is able to say accurately that prohibition deprived the federal revenue of \$6,250,000,000 from 1919 to now, "a sum greater than the federal deficit, more than half the amount of the war debts, more than half of the bonded indebtedness of the railroads of the United States, three-fourths as great as the total amount of farm mortgages."

No state of the United States, and of course no other territory, was as lucky under the 18th amendment as the Philippines were. The amendment indeed applied to the islands, but the enforcement act did not. In effect, therefore, the amendment was a nullity here; no federal statute applies to the Philippines unless the islands are embraced in it by specific mention, and this mention was not in the enforcement act. Ships bringing liquor to the islands were unable to get consular bills of health, the state department adhering to the amendment, and so, lacking these papers, the ships were subject to nominal fines when they reached the islands that added a bit to the insular revenue and the cost of imported liquors.

That seems to have been the extent of the inconvenience suffered, and throughout the period of aridity prime Scotch retailed in Manila at 25 cents to 30 cents a drink, and cocktails at clubs were about a quarter apiece. Public revenue from liquor kept a dependable level. Witness data from 1929 to 1932 inclusive.

	1929	1930	1931	1932	Total
Domestic:					
Distilled spirits...	₱4,847,507	₱4,211,886	₱3,577,770	₱2,634,088	₱14,791,251
Fermented liquors...	374,369	384,000	379,736	358,660	1,496,765
Wines.....	274,880	271,408	230,224	196,037	981,558
Imported:					
Distilled spirits...	420,842	330,647	322,955	344,979	1,419,423
Fermented liquors...	77,197	60,395	53,722	52,701	244,015
Wines.....	146,195	110,592	114,853	111,272	482,912
License:					
Brewers.....	1,800	1,400	1,205	2,328	6,733
Distillers.....	19,242	18,138	18,243	16,042	71,665
Rectifiers.....	16,106	17,261	16,390	16,245	67,941
Retail liquor dealers.....	40,886	45,420	36,132	30,197	149,655
Retail vino dealers.....	253,047	218,618	182,803	142,883	797,351
Wholesale liquor dealers.....	116,132	107,350	80,445	65,811	378,744
Retail dealers in fermented liquors.....	46,262	48,274	43,078	35,573	169,187
Retail dealers in tuba, basi, tapuy, etc.....	271,667	240,535	206,876	185,116	913,194
Wholesale dealers in fermented liquors.....	24,348	21,580	19,200	17,355	82,483
Wholesale peddlers of alcoholic products.....	100,489	12,068	10,881	9,590	132,938
Retail peddlers of alcoholic products.....	1,630	1,295	1,162	1,380	5,467
Repairers of distilled spirits and wines.....	8,215	11,035	8,135	8,395	35,780
Total	₱7,140,913	₱6,116,208	₱5,343,570	₱4,228,652	₱23,829,352
Compare with all int. revenue—	60,590,737	55,883,406	50,086,914	47,130,598	213,691,655
	Liquor tax was 11% of total below	Liquor tax was 11% of total below	Liquor tax was 9% of total below	Liquor tax was 11% of total below	

In 1931 total liquor taxes were ₱5,343,579, and ₱4,228,652 in 1932, a drop of ₱1,114,927 or about 20-4/5%. Total internal revenue in 1931 was ₱50,086,914, and ₱47,130,598 in 1932, a drop of ₱2,956,316 or about 6%. This indicates how much normal profit traffickers in beverages contributed to the hard times, how readily men measured their cups with an eye to their cost. The levies upon liquor and those upon dealers may be compared with interest. Inspired with hope, dealers generally paid their license taxes and persisted in trade despite the curtailed volume of it.

It would seem that normally in the Philippines liquor taxes are about 11% of the total revenue, and at the lowest they are 9%. In western countries they run about 15%, reaching 20% in the United Kingdom, and in Australia last year they were 18.8%.

The Philippines use alcoholic beverages very sparingly. The fact that liquor is easily procurable everywhere in the islands, and that native drinks are both good and cheap,

may be said to vary the old proverb to this: You can tempt men with alcohol but you can't make them drink. Filipinos who over-indulge in drinking are rare. The people have the natural feeling that their climate and loose drinking don't harmonize, that for their slight bodies a very little alcoholic indulgence is enough. It is likewise loss of face in an unforgivable way to exhibit effects of drinking, hence very few do so; and if they feel drunkenness overtaking them they go straightway home and conceal their shame from their neighbors.

It is written into the chronicles, too, that anciently Filipinos drank very freely, especially at all gatherings such as wedding and funeral ceremonies, but that they were influenced by the friars to become abstemious, and that they resented the government's monopolization of the sale of beverages and the taxes laid upon the industry—so between religious influence and stubbornness about taxes they reformed themselves. Many secular writers fail to substantiate these assertions, and the probability is that Filipinos have always been what they now are, light drinkers and no more.

Witness:

Per capita consumption of distilled spirits in the Phil-

ippines during 1932 was 0.72 liters; in the United States in 1917 (a normal year prior to prohibition) it was 7.30 liters.

Per capita consumption of wines in the Philippines during 1932 was 0.12 liters; in the United States in 1917 it was 1.87 liters.

Per capita consumption of malt liquors in the Philippines during 1932 was 0.32 liters (incidentally, just what it had been during 1931); in the United States in 1917 it was \$2.06 liters. Per capita consumption of distilled spirits, wines and malt liquors in the Philippines during 1932 was 1.16 liters; in the United States in 1917 it was 91.20 liters. During prohibition there was a marked diminution of consumption of malt liquors, beers, in the United States; on the other hand, many estimates allow an increase of consumption of hard liquors, distilled spirits that with a return to a wet status will yield very high revenue. The old tax of \$1.10 a gallon will of course not stand. Congress will make it higher; and, unlike the Philippines, where provinces have no part in the matter, each state will effect its own regulations and those that wish to remain dry will proceed to do so. But the federal provisions will be uniform and liquor will probably pay 15% of thereabout of the federal taxes.

When the Philippines Exported Much Rice

By Robert MacMicking: 1851

Introductory. During 1849 and 1850, Robert MacMicking was the Manila manager for Ker & Co., then as now important exporters and importers in the Philippines, head offices at Glasgow, and now grown to be the oldest commercial company in the islands. Voyaging back to England, via Singapore and the Cape, MacMicking wrote a delightful book about the Philippines from which the Journal has decided to republish the chapter on agriculture and commerce as necessary of particular interest to its readers. Parts of the chapter pertaining to each particular crop will be published separately, rice will be followed by sugar, and sugar by Manila hemp. In each case the author covers the method by which the crop was then produced in the islands together with the commercial practices through which it was sold. The book is now rare. It was published in London in 1851.—W. R.

MANILA AND THE PHILIPPINES CHAPTER XXXIII

It is not my intention, even were it in my power, which it is not, to attempt an exact and complete description of all the productions of the group of islands composing the Philippines, to which nature has with no niggardly hand dispensed great territories, and marine wealth. And as the limits of this work prevent much expansion, I will confine the following observations to an outline of the principal articles produced in the country, beginning the catalogue with the most important of them all, namely, rice.

The cultivation of paddy, or rice, here, as all over Asia, exercises by far the greatest amount of agricultural labour, being their most extensive article of cultivation, as it forms the usual food of the people, and is, as the Spaniards truly call it, *El pan de los Indios*; a good or bad crop of it, influencing them just as much as potatoes do the Irish, or as the wheat crops do in bread-consuming countries.

In September and October, when, in consequence of the heavy previous rains since the beginning of the wet season, the parched land is so buried as generally about that time to present the appearance of one vast marsh, it is ploughed lightly, after which the husbandman transplants the grain from the nurseries in which he had previously deposited it, in order to undergo there the first stages of vegetation.

In December, or in January, the grain is ready for the sickle, and in general repays his cares and labour by the most abundant harvest. There is no culture more easy and simple; nor any which

gives such positive good results in less time, as only four months pass between the times of sowing and reaping the rice crop.

In some places the mode of reaping differs from the customs of others. At some places they merely cut the ears from off the stalks, which are allowed to remain on the fields to decay, and fertilize the soil as a manure; and in other provinces the straw is all reaped, and bound in the same way as wheat is at home, being then piled up in ricks and stacks to dry in the sun, after which the grain is separated by the treading of ponies, the horses of the country, upon it, or by other means, when the grain is again cleared of another outer husk, by being thrown into a mortar, generally formed out of the trunk of some large tree, where the men, women, and children of the farm are occupied in pounding it with a heavy wooden pestle, which removes the husk, but leaves the grain still covered by a delicate skin. When in this state it is known as pingaug; but after that is taken off, the rice is clean.

For blowing away the chaff from the grain, they employ an implement worked by a handle and a wheel in a box, which is very similar to the old-fashioned fanners used in Scotland by the smaller farmers for the same purpose.

In the neighbourhood of Manila, there is a steam-mill for the purpose of cleaning rice, and there are several machines worked by horse-power throughout the country. But although there are many facilities for the employment of water-power for the same purpose, I am not acquainted with any mill moved on that principle.

The qualities of rice produced in the different provinces, varies a good deal in quality. That of Ilocos is the heaviest, a cavan of it weighing about 140 lbs. English, while Camarines rice weighs only about 132 lbs., and some of the other provinces not over 126 lbs. per cavan.

Although in all the provinces rice is grown to a considerable extent, yet those which produce it best, and in greatest abundance, and form what may be called granaries for the others, which are not so suitable for that cultivation, may be considered to be Ilocos, Pangasinan, Bulacan, Capiz, Camarines, and Antique.

It is best to ship rice in dry weather; and should it be destined for Europe, or any other distant market, it should leave by the fair monsoon, in order that the voyage may be as short as possible, to ensure which, all orders for rice purchases for the European markets should reach Manila in December or January, as the new crop just begins to arrive about the end of that month. It takes about a month to clean a cargo at the

steam-mill, and after March, the fair monsoon for homeward-bound ships cannot much be depended upon; and were the vessel to make a long passage, the cargo would probably be excessively damaged by weevil, by which it is very frequently attacked. Ilocos rice is considered to be the best for a long voyage, as it keeps better than that grown in other provinces.

The price of white rice is rarely below two dollars per picul, or above two and a half dollars per picul, bagged and ready for shipment.

A hundred cavans of ordinary province rice will usually produce 85 per cent of clean white, and about 10 per cent of broken rice, which can be sold at about half the price of the ordinary quality; the remaining 5 per cent is wasted in cleaning.

Rice exported by a Spanish ship, goes free; but if exported by any foreign ship, even when it is sent to a Spanish colony, it pays 3½ per cent export duty, and when sent to a foreign country by a foreign ship, it pays an export duty of 4½ per cent. In order to be more explicit, it may be well to give a pro forma invoice of rice.

5,000 piculs of white rice, bought ready for shipment at the mill, at \$24 per picul,

\$11,250.00

Export duty on valuation, which can generally be managed to be got at a good deal under the market price; say at \$1½ per picul, at 4 per cent

\$337.50

Boat and coolie hire, shipping ..

200.00

537.50

Commission for purchasing and shipping, &c., at 5 per cent ..

\$1,787.50

.....

589.37

.....

\$12,376.87

This is about equal to its price if purchased and cleaned in another manner; for instance:—

1,000 cavans province rice, costing, say 10½ cents per cavan,

\$1,312.50

will generally produce 85 per cent clean white rice, fit for shipping, and 10 per cent broken rice, which can be sold at about 5½ cents per cavan,

65.62

.....

1,246.88

.....

615.00

.....

\$1,861.88

or equal to \$2 ²⁷/₁₀₀ per picul for clean white rice, ready for shipment.

Robert MacMicking's vivid description of the Philippine sugar industry in 1850 will appear in December. His book is a gift to the editor of the JOURNAL from Percy A. Hill.