

# GUAM IS A PACIFIC PROBLEM

By Junius B. Wood

The United States has nearly half a hundred islands scattered over the Pacific ocean, in addition to the well known Hawaii, Samoa and the Philippines. They are merely uninhabited volcanic ledges or coral atolls, unknown except for their names on mariners' charts as spots to avoid on dark and stormy nights. Aside from a cable relay station, which has been on Midway Island for more than 30 years, and two supply bases for the Pan American Airways, recently located on it, and another on Wake island, the United States has never used them for half a century.

## *A Private Eden*

Guam is different, much different. It is larger than either Samoa or the Virgin islands. It is a tropical garden spot—a private Eden with strictly enforced "Keep Out" warnings around its three-mile limit. For 37 years, it has been a part of the United States. Those years have brought paved roads, schools, sanitation, electricity, ice, telephones, international communications, movies and other symbols of Americanism.

The question of American citizenship for the inhabitants is typical. The island is a part of the United States, not merely a protectorate as the Philippines were. At the same time, its inhabitants are not American citizens. More strange, they cannot become citizens either by staying in their part of the United States or by going to the mainland like other people and residing there the specified time for naturalization. A few in the American navy were naturalized during the years when that was possible, and they are the only American natives.

The late Edwin Denby, when secretary of the navy, decided their status in a proclamation entitled "Court Martial Order No. 1923," on March 31, 1923. In spite of persistent recommendations and demands, it has not been changed since. His decision was: "While a native of Guam owes perpetual allegiance to the United States, he is not a citizen thereof, nor is he an alien, and there are no provisions under which he may become a citizen of the United States by naturalization." He is a man without a country but owing allegiance to the only country of which he cannot become a citizen.

Guam is a closed port. Not only is Apra, its only harbor, and the navy's own inland property, less than one-tenth of the island, closed to visitors, but the entire island is included in the closed port. No foreign vessel can touch on its shores without permission from Washington, and no American vessel without permission of its governor. Nobody can land on this part of the United States, whether American or foreigner, without similar permission. Once here, he must have the same approval to leave, and this also applies to its native inhabitants. Guam has the same restrictions and censorship over photographing, sketching and sightseeing as on a man of war.

## *Naval Governors*

Guam has flourished under its naval governors—population doubled, standards of living raised, bodily comforts and health assured, peace and modest prosperity, except for the uncertain future. The governors have taken their task seriously. But, capable or careless, none could escape the fact that the two years of civil administration was merely a brief intermission in a life career in the navy. Nor, that anything he started or established could be wiped out with a stroke of the pen by the next governor, or, even worse, the entire island struck off

the American map by Washington. All naval officers and men in Guam are out of their element.

Ashore is a first class radio station for communications, a small machine shop and a hospital, the latter the most pretentious naval activity on the island, as all inhabitants receive free medical attention. Also, there is a quartermaster's commissary store, which could be put in one corner of any of the stores in the Canal Zone, an officers' club, a Marine barracks, several docks for the launches and some acres of unimproved land.

The aim of Captain George A. Alexander, the present governor, is to make the island self-supporting. Previous governors have followed the same general plan, but none more diligently or persistently than he. No detail is too small for his personal attention, and, at any hour of the day or night, he may pop up at a little farm or larger construction job to see how things are moving along. A special effort is being made to raise more rice and get away from imported rice. The pressure is only slightly less to increase the production of corn, copra, kapok, coffee, sugar and other farm products.

Education is compulsory, and, for 37 years, public schools have included English in their excellent curriculum. They have produced a staff of native principals and teachers. Night schools have been established recently to teach adults English. At each commencement, the governor personally gives a dollar and a savings bank book to the best pupils in the intermediate grades to encourage thrift. Still, with close to 40 years of instruction in English, natives carry on their conversations in their own Chamorro language, even employes in naval offices.

Chamorro nature is against being a farm hand for another. With his wife and children, he can raise some copra to sell, possibly pick some kopak, enough coffee, corn, vegetables, chickens and pigs for himself, and, before Americans taught grocery store tastes, some sugar to be crushed in a native mill and dried brown.

He is happy, contented and self-supporting though not in the way of the city dweller who picks his vegetables from a can or the farmer who harvests with a combine and takes the family out on Sundays in an 8-cylinder. Making Guam a tabloid United States—miniature farms, miniature crops, miniature farmers and miniature markets—seems a hopeless and useless job but every governor with his navy sense of order and things as they should be, tries it. If Guam were divided up among a few big land owners, as in the neighboring Japanese islands, it would be easier but that would mean taking away the natives' economic independence, if not their wish to live, and who wants to destroy one of the last remaining Utopias of the United States, primitive though some of its methods may be!

The successes or failures of the past, or plans for the future, are unimportant compared to whether Guam is to remain a part of the United States. It always has been looked on as a naval base, a halfway station on the route to the Philippines and the Orient. It is not fortified but it can be in 1936, when the present treaties expire. However, with the Philippines Independent, there may be no further military need for a little island out in the Pacific, more than 5,000 miles from our Pacific coast. Surrounded on all sides by Japanese possessions, it cannot exist as an independent country if the United States relinquishes it.

Who are born and live all their lives in the United States, owe perpetual allegiance to this country, are not aliens, but are not American citizens and never can become citizens? The answer is: "Citizens of Guam."

What part of the United States is a forbidden naval preserve though it has neither military secrets, fortifications nor guns? Answer: "The Island of Guam."

Where do officers and men of the American navy perform every duty from governor to dog catcher but have no duties which are naval? Answer: "When stationed on Guam."

Why cannot the United States, which annexed this island nearly 40 years ago, decide whether it will keep it or will cede it to Japan? Washington alone can answer that.



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## PRAGMATIC ECONOMICS

A tardy product of the American régime in the Philippines is the new city of Bacolod, capital of Occidental Negros. While all communities in the islands have expanded under the United States, and the population of the Philippines has doubled in a single generation, only two cities have grown out of the original villages. One is Baguio, enjoying a charter and laid out under the Daniel Burnham plan 30 years ago; the other is Bacolod, growing in wendish fashion and deserving (although not enjoying) a special charter as the prosperous capital of the province producing 40 per cent of the islands' yearly sugar crop.

Bacolod, like many towns in Negros, was founded as a Recollect mission. Its parish church is a Recollect reminiscence. As late as 1919 Father Francisco, a Recollect, was the parish priest. When you had him out to dinner, and walked back with him to the *convento* as late as 9 o'clock, curfew had already sounded. Bacolod was abed, and he invited your attention to the community's simple ways, to the prevailing peace and order, and to the social tranquility of the town. That was only 19 years ago.

The common method then of manufacturing Negros sugar was the open-kettle method producing brown sugar, *muscovado*. The central at San Carlos had been operated a few seasons. De la Rama at Bago had a small central and his sugar boiler was an old muscovado hand who disregarded modern gadgets and went by his nose; never failing, incidentally, to turn out an excellent batch of sugar. José Gomez, after his course at the University of Wisconsin, had founded his Canlooa plantation and put in a turbine mill turning out a middle grade of sugar better than muscovado but below the centrifugal standards of today.

Negros was pursuing the laws of economics faithfully. The

plantations were feudally organized and a good deal of picturesque life centered around the old mills. Over mud roads the planters came to town in oxcarts, in the absence of bridges the rivers were forded or crossed on rafts, and in Bacolod there was hardly a home larger than a cottage. But Negros was preparing to have an uneconomic fling that was to engender the remarkable growth of Bacolod, make the Philippine National Bank (through the grave error of making these capital loans) one of the major banks of the Far East, and keep Manila critical but thriving.

The bank had been founded in 1916 and in it the government had placed its funds, largely superfluous revenue of the great war trade the islands were enjoying, and the prices at which all Philippine commodities were selling. Apparently no one then connected with the bank was an orthodox banker. Negros was therefore not prevented from precipitating upon the Islands their subsequent great good fortune.

Negros prepared to plunge. Negros gambles. Negros is fatalistic. Negros is also optimistic. Negros knows that every coin has two faces, but it insists on believing that both faces are heads. Just gamble on *heads up* and you never lose.

Groups of Negros planters having nothing with which to build a string of modern sugar mills, prepared to build them. Accordingly they went to the bank and borrowed P42,000,000 of its funds as capital. No proper banker would ever have approved this, and that is where the islands' luck came in; for most improperly, the loans were granted, against the security of the planters' estates and at a stout rate of interest.

This interest was merely the first fleeing of the planters. As ignorant of what their mills should cost as children about the cost of toy trains and tin soldiers, the planters were fleeced on erection contracts, they were fleeced on machinery prices, they were fleeced generally and generously, though not of course invariably. The bank was fleeced along with them, since the bank provided the funds. This is what ran up the sum to P42,000,000. But eventually wheels turned and the planters' centrals, duly taken over for administration by the bank and now called the *bank centrals*, began turning out centrifugal sugar. The bank going under nominally, was resuscitated and kept going by new legislation effected at the instance of Governor General Leonard Wood 12 years ago. This is a detail apart from the theme of the present story.

As much as was wanted of the planters, there was always a superabundance of good sugar to supply it; and the bank, solemnly asserting the public interest—and its own—set up a fiduciary arrangement and garnered every profit it could. It sold the planters' sugar—and got commissions. This gave it money, which gained it exchange business. It took the interest on the planters' loans. What the planters had left, the bank kept and applied to principal. More sugar coming from the mills all the time, the gentle processes just described overflooded the bank with funds; the government, owed by the bank, took the overflow. This procedure, of course, still continues.

The planters' desperate recourse was the yearly crop loans. That is why it has never been determined to this day how much it really costs to produce a picul of Negros sugar. If the planters had ever found out and let this be known, God alone knows how they would have managed to live, during the long time their property has been hypothecated to the government through the agency of the bank, and their foolhardy initiative has been giving the country a rich industry. But they never took the trouble to ascertain this cost, and therefore from the crop loans they had a surplus to tide them through one season to the next.

However, escaping Scylla, some 14 years ago Charybdis threatened. At a time when Manila, quarreling with her fortune as usual, had about convinced the islands that Negros' modernization of her sugar industry was little short of larceny—and that on the grand scale—some folk from Boston came along and offered to buy all the *bank centrals* for a fraction of their worth—if they might buy them on time instead of for cash, and might pay for them thus partially, as the planters were paying in full, out of the gains of operating

them. This preposterous threat soon dissolved.

The planters have paid more in interest alone on just the mill loans than the offer amounted to. They have also paid nearly all of the principal, the balance standing at some P7,000,000, hardly the worth of a single mill. So the uneconomical, unbusinesslike, unsound transaction has been the commercial salvation of Negroes, of the bank, and largely that of the government itself.

In the Tydings-McDuffie act it is the major business factor. It had boomed Philippine sugar along rapidly, so that Congress felt constrained to grant a quota of a million tons a year during the Commonwealth period. This will of course continue to be the life-blood of the islands while it lasts. Moreover, not all centrals nor even a majority, were built by the planters and with bank money; other capital stepped in. The industry became well financed and well managed, with prodigious attention to better fields, better cultivation, and more prolific cane. Many private fortunes have been made—other than those of the planters—as a result of their unorthodox ambition to succeed; and now that their industry will not use all of their capital, they begin gambling in other ways.

Mining attracts them. They are not men who, fingers once burned, will keep away from the fire. They can be plundered again and again. But they are likely to turn out mine-owners by being liberally plundered, just as they have turned out to be mill owners.

It seems that you can do about as much with sugar cane on Negroes soil as you can on any soil. Perennially your wealth is renewed.

This explains the growth of Bacolod in less than 20 years from a quiet village to an active city of 40,000 inhabitants with a brand-new main street, a shiny new capitol costing P500,000 and streets of presentable and even luxurious homes, with schools and colleges, public and private; with banks and business blocks; and clubs including a University club. It explains why a number of business houses of Manila are either moving their Iloilo agencies to Bacolod or establishing new agencies there. In the past this explained Iloilo's prosperity. It would now seem that Bacolod plans to rival it.

As nearly all planters in Negroes went there originally from Iloilo, many have town homes in Iloilo. It is only now, with Bacolod in her new dress, and with her gayer spontaneity, that Iloilo's first place in the family is threatened.

How generally it has been taken that the Negroes planter's capacity to endure is beyond exhaustion is illustrated in what the government has made him do with his sugar. All the time he has been pouring floods of fortune into the islands' channels of revenue and trade, he has been left without a port at his island. Instead of developing a port there, the government improved the port of Iloilo and made him ferry his sugar to it; then finally, he did manage to get steamships to call offshore at Negroes and load sugar shipside. That is his situation today. If he therefore can be accused of false economics, he is not alone.

He is building Bacolod without a port. The Bacolod shore is shallow and a long pier ought to be built to deep water. He has improved Pulupandan where sugar is loaded, but he needs a port there too. Whether the government is slow or prompt to provide these obviously needed facilities, makes little difference. Bacolod will grow and sugar can stand it.

For it happens that our sugar is a minor lot in America's total consumption. As Cuba grows the major lot and America likes to give her domestic cane and beet sugar some protection, Cuba is kept under the enjoyment of a tariff varying from high to moderately low. The Philippines of course have the price of sugar's worth at New York plus the tariff currently charged Cuba. Just now this happens to be \$90 a cwt.—\$18.00 a short ton, \$18,000,000 on the islands' annual quota of 1 million tons. This bounty from the American treasury is assured to the Philippines during the Commonwealth because Negroes planters 20 years ago borrowed funds they should not have got, from the Philippine National Bank that should not have made the loans.

The second city of the Philippines, Bacolod, attributable to the American régime is another foolhardy outcome of this

irrational experiment. One reader who will smile over this summary is Dr. Richard T. Ely, dean of economists in the United States whose memory has probably discarded more knowledge of the subject than most minds will ever pick up; and his basic saying is, *Under all, the land*. You can't down a people who live and work their land. William James, Stanley Baldwin, President Quezon, and other facile pragmatists: that is true that in practice proves to be true.

The Philippines' Stimulating Business Atmosphere

(Continued from page 3)

is changing into such a vivacious metropolitan capital of all things Philippine as makes her beyond knowing, almost, to anyone who has not visited here during the past 10 years. There are grave obstacles in the way, but everyone now wants a home; and thousands of provincial families still desire homes in or near Manila where parents may be with their children a good deal of the time during their years in school here.

The schools find it necessary to adjust themselves to change. It may be given as an axiom that the best any school may offer will but make it the more popular. The Jesuits, always keenly sensitive to the exigencies of the hour, though they managed until 4 years ago with a hall in their old walled city school for dramatics, have now, on calle Padre Faura, a trim new theater appraised secularly the best in town; and of course it was prudent to make this theater surpass the earlier one established at the University of the Philippines.

Well, what of a theater more or less, someone asks? This much at least, no little added business. A native theater begins here, a native culture begins expressing itself in drama; and incident to this, though far from evoking it, is new business. Now that the movement begins, it will move swiftly; the people have dramatic powers that the theater movement will lend expression. But the arts in general begin speaking in terms of democracy. So flows the stream of conscious desire, presenting opportunities on every hand to those who move with it.

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