

## Horace Pond on Timberlake Resolution\*

The passage of the Timberlake resolution would, in my opinion, adversely affect American business in the Philippine Islands. I do not refer primarily to American business in sugar (obviously that would be adversely affected), but rather to business in American agricultural products and in the products of American industry.

Free trade between the Philippine Islands and the United States was established in 1909. It could not have been reciprocally established prior to 1909, for one of the conditions of the cession of the Philippine Islands to the United States was that for ten years from the date of exchange of ratifications of the Treaty of Paris, Spanish ships and merchandise should be admitted to ports of the Philippine Islands on the same terms as ships and merchandise of the United States.

When first established, free trade, while of great advantage to the Philippine Islands, was of greater advantage to the United States. Practically all imports from the United States theretofore were dutiable in the Philippine Islands. On the other hand, of the four major products of the Philippine Islands, two—hemp and copra—were, and even today are, on the free list when imported into the United States from foreign countries.

The tobacco industry was stimulated by the free admission of Philippine cigars into the United States. But the changing tastes of American smokers are causing this industry to decline. Thus, cigars exports to the United States were in thousands, in 1908, 1182 and in 1910, 61,256; in 1920 they amounted to 316,863, but by 1927 had declined to 167,301. On the other hand, changing tastes of Philippine smokers are causing a great increase in the free importation into the Philippine Islands of American cigarettes (542,053,520 cigarettes valued at \$1,320,514 imported in 1927).

The Philippine sugar industry was not immediately given material assistance, for at that time there was not a single modern sugar mill in the Philippine Islands, and the only sugar produced was of low grade, known as muscovado sugar, which generally is not acceptable to American refiners. Thus, in 1908, Philippine sugar shipped to the United States amounted to 46,706 metric tons, in 1910 to 100,700 metric tons, and in 1913 to but 30,717 metric tons.

To meet this situation modern sugar mills, purchased of American manufacturers, were slowly installed, until today the Philippine sugar industry has been modernized, and the inefficient antiquated muscovado mills have been practically all replaced by modern efficient mills which produce centrifugal sugar acceptable to American refiners. The industry has developed, and is developing, but slowly. It is the only major industry which today can be of growing advantage to the Philippine Islands under a reciprocal tariff arrangement, for sugar is the major product of the islands really benefited by free entry into the United States.

It has been suggested that the limitation of free imports of Philippine sugars into the United States would force greater diversification of agricultural production in the Philippines. But what major agricultural products can be produced in the Philippine Islands which would have a tariff advantage in the United States over foreign countries to offset the tariff advantage of products of the United States in the Philippine Islands?

Rubber, cocoa or cacao beans, coffee, sago, quinine, and tapioca can be, or to a limited extent are, grown in the Philippine Islands. But all of these products are admitted into the United States free of duty when imported from foreign

\*From Facts and Statistics about the Philippine Sugar Industry. Current. Mr. Pond is president of the islands' largest American importing company. The resolution he opposes as harmful to American business would limit to 500,000 tons the free entry of sugar into America annually. Backed by Cuban-American sugar interests with three billions capital, the resolution is pending in Congress.—ED.

To adopt the Timberlake resolution would be for the United States to betray a trust,—that of developing the Filipino people for self-government. That trust cannot be executed by social and political development alone, for economic development and stability are the essential foundations of social and political security.

countries. Furthermore, some of these products, and rubber in particular, require large investments of capital. Will capital be attracted to the Philippine Islands if the principle be established that, with labor on a higher scale than in other Oriental countries, and with the products of the United States admitted free of duty into the Philippine Islands, Congress may at any time impose duties on the products of the Philippine Islands?

Turning to imports, of what advantage is the free entry of the products of the United States into the Philippine Islands to American business? In 1908 total imports were \$29,186,120, of which the United States supplied \$5,101,836, or 17%. In 1910, the year following the establishment of free trade, total imports were \$19,719,361, of which the United States supplied \$20,068,542 or 40%. In 1927, total imports amounted to \$115,851,471, of which the United States supplied \$71,478,297, or 62%.

Agricultural products of the United States



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are finding a continually increasing market in the Philippine Islands.

Cotton and manufactures thereof imported from the United States in 1926 amounted to \$16,396,129.

Wheat flour imports from the United States now average about 600,000 barrels a year, equal to about 3,000,000 bushels of wheat and the product of about 200,000 acres at 15 bushels to the acre.

Fruits and nuts imported from the United States amounted in 1926 to \$851,358.

Meat and dairy products imported from the United States in 1926 amounted to \$2,681,028.

The above are but a few examples of the market the Philippine Islands afford for the products of American agriculture and industry. The Philippine Islands are a growing market. Stop normal growth in production by raising a bar against free imports of Philippine products into the United States and the normal growth of the consumption of products of the United States in the Philippine Islands will be stopped.

About thirty years have passed since the Philippine Islands were ceded to the United States. Civil government was established under the United States in 1901. Since 1901 remarkable social and political progress have been made. Economically progress has been slower. For ten years after cession and until free trade was established, the islands went backward economically. Free trade in 1909 gave needed stimulation, only to be followed by a period of further stagnation during the uncertainties as to political relationships up to the final passage of the Jones Bill in 1916, and then during the period of the World War. During all of this period, while the dollar value of Philippine external trade greatly increased after taking into consideration dollar purchasing power, the islands stood still economically. In 1922 economic progress began again, and until 1928 real purchasing power slowly increased.

Economic progress has, however, lagged far behind social and political progress. Annual per capita income is variously estimated at from \$33.50 to \$37.50, or from \$170 to \$191 per family. This compares with an annual income in the United States of about \$3,900 per family.

Progress as shown by per capita purchasing power can be best shown by per capita imports, adjusted so as to eliminate fluctuations in the purchasing power of the dollar, for the Philippine Islands are not an industrial country and practically all clothing, metals, and manufactures of metals, the consumption of which are true indicators of living standards, must be imported.

Per capita imports adjusted as above (rice imports eliminated, now practically nil), have increased as follows:

1901 (Civil government established) .....	\$ 31
1908 (Year before free trade) .....	3 12
1910 (Year following free trade) .....	4 98
1912 (Pre-war peak) .....	5 51
1916 (War period: Jones Bill finally passed) .....	3 15
1921 (Peak of inflation) .....	6 71
1922 (Reaction) .....	4 67
1924 (Recovery) .....	5 66

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1925 (Progress) .....	6 00
1926 (Progress) .....	6 32
1927 (Progress) .....	6 41

The above figures show an increase in real per capita purchasing power since 1901, when civil government was established, of from \$4.31 to \$6.41, or \$2.10, or 49%. Considering the annual per capita income even today of but about \$180 per family, and an increase of but 49% in per capita purchasing power in twenty-seven years, it is obvious that the United States still owes a duty to the Philippine Islands to bring economic development to a level with social and political developments.

If normal growth in sugar be checked by the adoption of the Timberlake resolution, American business in the Philippine Islands will be checked and may even decline, for not alone will the small, but now steady, increase in real per capita purchasing power be checked, but retrogression is even probable. American industry and American agriculture would have closed to them the possibilities of a steadily increasing market for their products. The present program of economic development so strongly urged by his Excellency Governor-General Stimson would fail, for if the principle be established that Philippine products are to be taxed on entry into the United States, capital further would hesitate to assist in Philippine economic development.

### PROPER APPLICATION OF FERTILIZER

To insure rapid development of the cane, fertilizer should be applied at the time of planting, in order that the earliest rootlets will receive nourishment from the fertilizer and soil mixture. The application can be made by the laborers who plant the cane. The average cost, for planting and fertilizer, is P3.50 per *lacsas*. By this method of application the plant can avail itself of all the fertilizer applied, inasmuch as the plowings will not disperse it, since it has been placed in the ground together with the points, thus fostering rapid development, so that in four or five months at the most the field can be closed. The growth of plants is analogous to that of man, who in childhood develops rapidly if given proper food, just as the plant, of whatever species, develops rapidly when provided with fertilizer from the time of its planting.

#### For Ratoons (Cala-anan)

As soon as the field has been cut and the trash burned, the stubble protruding above the surface

of the soil is cut back; two weeks later, when the new shoots appear, the first plowing is given, which is followed immediately by hand weeding with a hoe between the plants, with the object of removing the old roots that have little porosity and replacing them with new ones that have greater power of absorption and capillarity. Two weeks later furrows are plowed on both sides of the cane rows, into which furrows the fertilizer is placed, which furrow is soon afterward covered by the plow.

Subsequent plowings must be in the nature of *carthing up* the plants, with the object of conserving the fertilizer in the cane stools so that all may receive nourishment. Weeding is done by hand or with the hoe, but superficially only, so that the soil containing fertilizer will not be removed from the cane.

The application of fertilizer to the cane plants on the surface of the ground between the shoots followed by covering with earth is not good practice, since the roots develop downwards and not upwards; this method retards assimilation of the fertilizer and the plant, therefore, does not receive the full benefit of the application.

Ratoons should be given 700 kilos of fertilizer the first year, 800 the second, 900 the third and 1 ton the fourth, in order to maintain a constant production of not less than 120 piculs per hectare.

(Sgd.) PEDRO G. VAZQUEZ.

Himamaylan, Negros Occ.  
August 13, 1928.

<sup>1</sup>A *lacsas* is equivalent to 10,000 points *Tranador*.  
<sup>2</sup>By "Fertilizer" presumably is meant a 10-6-2 mixed fertilizer.—Ed.

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