

Philippine Commerce and the Panama Canal

CARLOS PEREYRA in *El Universal: Mexican Independent Daily*

A waterway connecting the Atlantic and the Pacific across Panama or Nicaragua early presented itself to men of historical imagination as an inevitable outcome of world trade development. Since Europe faces the west and Asia faces the east, and Africa has both an eastern and a western outlook, the American Isthmus, in the very centre of the New World, promised to become the focus where the commerce of all continents met.

Grandiloquent prophecies have come down to us in this connection. Bolivar dilated lyrically in his celebrated Jamaica Letter upon the great future of Central America. "The states on the Isthmus of Panama, including Guatemala, will perhaps form a league or federation. Their magnificent position between two seas will make them in course of time the emporium of the universe. Their canals will shorten the great ocean trade routes and bind Europe, Asia, and America together by commercial ties, bringing to their happy shores the tribute of the four quarters of the globe. Possibly they are the predestined site of the ultimate capital of the world, as Byzantium was in the ancient hemisphere." This letter was written in 1815. In his Circular of the seventh of December, 1824, issued from Lima to call a meeting of the Congress of Plenipotentiaries, he also wrote: "It would seem that, if the world is ever called upon to choose a capital, the Isthmus of Panama will be its destined site, situated as it is in the centre of the world, facing Asia on the one hand and Africa and Europe on the other."

Restrepo, the historian of the Latin American Revolution, refers to Panama as follows: "That inestimable Isthmus, across which communication can be established between the Atlantic and the Pacific, and where the trade of Europe, Asia, and America is predestined to centre."

Bolivar and Restrepo both considered that the possession of the Isthmus and its adjacent territories would be of incalculable value, because the traffic of the entire globe would meet there. It was with that idea that Paterson, an ambitious Scotchman, tried to establish a colony of his countrymen at Darien toward the end of the seventeenth century. Walter Scott has left us an immortal record of that adventurer's conception of Panama: "This port of all the oceans and key of the universe will enable those who possess it to be the lawgivers of two hemispheres and the arbiters of their trade. The colonists of Darien will acquire an empire greater than that of Alexander and Caesar without toil, without perils, and without the bloody crimes of the conquistadores."

Prince Louis Napoleon Bonaparte, later Napoleon III, studied the project of a Nicaraguan canal during his imprisonment in the fortress of Ham. His analysis of its political aspects made a profound impression upon European opinion at the time. "The geographical position of Constantinople crowned her the queen of the ancient world. Occupying as she did a central position between Europe, Asia, and Africa, she herself made herself the commercial mistress of these three parts of the planet and acquired over them an immense preponderance; for in politics, as in strategy, the centre exercises dominion over the circumference. That might remain true even to-day were it not, as Montesquieu says, that God permitted the Turks to exist in order that the world might behold a nation capable of conquering and holding a vast empire without drawing any profit from it. There exists in the New World a country that possesses the geographical advantages of Constantinople but which, it must be said, has not known how to utilize them up to the present. I refer to Nicaragua. As Constantinople is the centre of the Old World, the city of León is the centre of the New, and, if a waterway were dug across the

narrow stretch of land that separates the Nicaraguan lakes from the Pacific Ocean, her central position would give her dominion over all the coast of North and South America. Nicaragua might be, even more than Constantinople, the inevitable tollgate of world commerce. She is destined to attain some day an extraordinary position of wealth and grandeur. France, England, and Holland are deeply interested in the construction of a waterway between the two oceans. England above all has imperative political motives for carrying out that project. She has every reason to desire that Central America may become a powerful and flourishing nation, a centre of Spanish American enterprise, strong enough to uphold the national banner of her race and to help Mexico to resist the pressure of its invaders from the North."

Here, as in the affirmations of Bolivar, we find joined with an erroneous geographical idea of the economic value of an interoceanic canal a desire to see it, under English auspices, made a buttress against the expansion of the

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Annual stockholders' meeting: Second Monday of August of each year. A. H. Langara, *Secretary.*

Annual stockholders' meeting: Second Tuesday of March of each year. Santos Martinez, *Secretary.*

Annual stockholders' meeting: Last Tuesday of March of each year. Arturo La Torre, *Secretary.*

Annual stockholders' meeting: Second Friday of April of each year. W. E. Antrim, *Secretary.*

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United States. One of the ironies of history is that, thirty years since Louis Napoleon was deposed, later, as Emperor of France, to open the Suez Canal, half a century before the Panama Canal was built, thus belying his own prophecies as to the greater immediate importance of the American waterway.

The only man whose prophetic vision penetrated to the bottom of the problem was Goethe. The German poet comprehended in one glance the significance for world commerce of both the Egyptian canal and the Central American canal, and the political factors that each represented for the great empires. In his conversations with Eckermann he referred to Humboldt's opinion as to various points where it would be easy to connect the Atlantic and the Pacific across the Isthmus, and said: "Good. All this is reserved for the future and for a great spirit of enterprise. But one thing is certain—incalculable benefits for all the world, both civilized and uncivilized, will follow opening a canal between the Gulf of Mexico and the Pacific Ocean big enough to accommodate large vessels. It would surprise me, however, if the United States were to let the opportunity pass and fail to take the matter into her own hands. There are reasons for believing that this young nation, with its rapid progress toward the west, will within thirty or forty years occupy the fertile and extensive territories that lie beyond the Rocky Mountains. It is also likely that along the coast of the Pacific, which Nature has blessed with large and safe harbors, great trading cities will eventually arise which will build up a trade between China and the East Indies on the one hand and the United States on the other. Should this happen, it would be not only disastrous, but imperious, for our merchant and naval vessels to pass readily from one coast of North America to the other by some shorter and safer route than the long, expensive, and dangerous trip around the Horn. I repeat, it is absolutely imperative for the United States to be able to communicate rapidly from the Gulf of Mexico to the Pacific Ocean, and I believe she will do it. I should like to see the Great Canal, but I will not see it in my day. In the second place, I should like to see a canal connecting the Danube and the Rhine, but that is so vast an enterprise that I doubt if it will be carried out, considering our scanty resources. Third and last, I should like to see the English in possession of a canal across the Suez. Those three things would be worth the trouble of waiting here fifty years to behold."

Goethe died in 1832. The Suez Canal was opened in 1869, and the Panama Canal in 1914, four centuries after Balboa first set eyes upon the Southern Sea. In the interim, as if to demonstrate the fallibility of even the greatest human genius, Germany was able with little effort to construct a great system of inland waterways uniting her important rivers. Nevertheless, the German poet had a correct appreciation of the place the two great inter-oceanic highways were respectively to occupy in the world of the future. The Suez Canal connects the most densely populated portions of the earth—Western Europe, the East Indies, China, and Japan. The Panama Canal benefits primarily the domestic trade of the United States, and that nation's commerce with the Far East and with the western coast of South America.

The Eastern States of North America were settled and developed without an inter-oceanic canal; but the railway across the Pacific determined the future of California. As soon as the Canal was built, a large part of the freight carried by the transcontinental lines—except, of course, local traffic—was transferred to vessels of ten or twelve thousand tons, which carried such commodities as timber from the Pacific Northwest to the Atlantic seaboard, and the manufactures of the East to the Pacific Coast.

From the very beginning, therefore, the domestic commerce of the United States has accounted for one quarter of the annual movement through the Canal. Next in importance are exports from Atlantic and Gulf cities of the United States to Asiatic markets, which constitute fourteen and one-half per cent of the tonnage by that route. North American commerce with Europe for business on the west coast

of South America, but her relative nearness to that market adds fifty per cent to the effective carrying capacity of every vessel she employs in this trade. Consequently the Panama Canal is first and foremost an instrument for the internal development of the United States and the expansion of her Pacific commerce.

Some people formerly argued that the Panama Canal and other waterways across Central America were destined primarily to be highways for world navigation, because the United States did not possess a merchant fleet and would be compelled to use British, German, French, and even Japanese vessels for its own business by that route. But they counted without their host, as the increase in American tonnage engaged in the export trade—from one million to ten million tons—testifies.—*Living Age*.

LUMBER REVIEW
First Semester of 1927
ARTHUR F. FISCHER
Director of Forestry

Figures covering lumber export of this country for the first six months of the year show a falling off of about 1,000,000 board feet as compared with that of similar period last year. This decrease, however, can easily be explained and is to be attributed mainly to the civil strife now raging in China and, to a certain extent, to the recent financial crisis in Japan. Financial troubles in Australia of late and overstocking of the markets there helped also to reduce our export to that country during the period covered by this report. Under normal conditions, China should have imported from the Islands at least 6,000,000 board feet during the first six months of this year and our total export for this period should have been about 40,000,000 board feet. As it is, China only received from us slightly over 2,000,000 board feet. The actual export figures for the first six months of this year are 30,717,528 board feet valued at \$2,450,859 as compared with 31,616,408 board feet valued at \$2,550,581, or a falling off of about 1,000,000 board feet and about \$100,000 in value. This falling off of our export, however, is no indication that demand for our product abroad is decreasing. On the contrary, our records show that the demand by our regular customers abroad is steadily increasing and there is every reason to believe that it will continue to increase from year to year. But the further development of our export trade will depend chiefly on our ability to find new markets, to expand the present ones and to satisfy our customers. Our lumbermen are, apparently, exerting themselves to attain these ends.

The United States continues to be our biggest customer and is likely to remain so for many years. Japan, practically an insignificant market about three years ago, has lately shown great activities, and all indications point to still greater demands for our product by that country. The Japanese trade should be of particular interest to our lumbermen because the yearly import of Japan from all sources exceeds 1,200,

TIMBER AND LUMBER EXPORT: FIRST HALF 1927

Destination	1927 January-June		1926 January-June	
	Board Feet	Value	Board Feet	Value
United States	17,038,440	1,535,567	14,389,712	1,254,572
Japan	5,553,136	443,167	5,119,806	265,088
China	2,088,624	123,182	7,271,464	665,497
Australia	1,910,544	175,180	3,138,872	259,253
Great Britain	1,837,192	144,191	973,504	76,902
Netherlands	119,144	10,890	61,904	6,600
Italy	66,992	6,811	22,472	2,320
Belgium	48,336	3,614	11,872	1,000
Hongkong	36,464	2,914	2,968	225
Spain	17,808	4,453	5,118	518
East Indies			61,480	6,127
Canada			96,672	11,309
Egypt			10,176	800
Guam	848	290	848	370
Total	30,717,528	2,450,859	31,616,408	2,556,581



Raising Old Glory at Guam—1898. Landing Party from Gunboat Charleston

000,000 board feet. From America alone we import last year was about 900,000,000 board feet, consisting mainly of Douglas fir or Oregon pine. Our export woods have already found their places in the Japanese markets and the uses are steadily increasing. Our soft wood, especially have a particular appeal to the Japanese wood workers and builders and there is every reason to believe that the demand for such wood will be permanent. Japanese dealers who are already familiar with our lumber realize that and were not slow in making the necessary connection with Philippine lumbermen to supply the Japanese markets with the Philippine product.

An interesting development of our lumber industry is the demand for round logs abroad. This is practically a new trade, but there is every reason to believe that it is going to develop on a big scale. Buyers abroad, however, usually demand that the logs they buy should be graded according to certain accepted grading rules. At present, unfortunately, we have not adopted as yet such grading rules, but as the trade in round logs grows the adoption of standard grading rule will naturally follow. The Bureau of Forestry, with the cooperation of local lumbermen, is now studying this subject. The trade in round logs should interest not only the big lumbermen but also the small timber trader because round logs are easier to supply than sawn lumber.

With respect to local activities, the figures show that the production of the principal mill for the first six months of the year was about 90,000,000 board feet as compared with about 87,000,000 board feet for the same period last year, or an increase of about 3,000,000 board feet, while lumber shipments to the local markets for this period total about 92,000,000 board feet, or practically the same as that of the same period last year. The lumber in stock at the lumber yards of the various sawmills on June 30 of this year was about 35,000,000 board feet as compared with 32,000,000 on June 30 of last year. In judging the activities of the local markets, it is well to remember that the demand for lumber is usually weak during the rainy season and active from November to May.

The export trade from January to June, 1927, is shown by the following table: