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STATEMENT

OF

HONORABLE SERGIO OSMEÑA

PRESIDENT PRO TEMPORE

OF THE

PHILIPPINE SENATE

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BEFORE THE

COMMITTEE ON FINANCE

OF THE

UNITED STATES SENATE

SEVENTY-FIRST CONGRESS

FIRST (SPECIAL) SESSION

JULY 16, 1929

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Osmena, Sergio. Pres. Pro Tempore Philippine Senate

**STATEMENT OF HONORABLE SERGIO OSMENA
PRESIDENT PRO TEMPORE, PHILIPPINE SENATE
BEFORE THE COMMITTEE ON FINANCE, U. S. SENATE.**

JULY 16, 1929.

(The witness was duly sworn by the Chairman.)

Mr. Osmena. Mr. Chairman and Gentlemen of the Committee, after the statements made by the witnesses who have appeared before this Committee in opposition to the proposed restriction of certain Philippine products which now enter free of duty into the United States or to impose a duty on all such products, especially the statement made by the Speaker of the House of Representatives of the Philippine Islands, with which I concur, nothing new can be said on this subject. I will be brief in my remarks and shall confine myself chiefly to the following:

First—The policy of the Philippine people is to foster the development of relatively small independent farmers and to prevent the concentration, to a reasonable degree, of immense estates such as are utilized for the cultivation of sugar more economically and in greater quantities in other tropical countries.

Second—Investments in the Philippine sugar are essentially local investments.

Third—The effect of a violation by the United States of its freely undertaken obligation to the Philippine Islands, on the sentiment of the Filipino people and on those who have been friendliest to the United States.

I am convinced that the suggestion that a limit should be placed on the amount of sugar which may be brought in from the Philippine Islands free of duty arise from a complete misunderstanding of the agricultural situation in the Philippine Islands and of the spirit of the Filipino people and particularly a misunderstanding of the depth of feeling of the people of the Philippine Islands against any tendency towards the monopolization of the land. I feel that, once the American people were made acquainted with the situation in the Islands, the agitation to penalize Philippine sugar would end for all time.

It is not easy for an American who has not lived among the people of the Philippine Islands to visualize the agricultural situation there. It is even more difficult for those Americans who have seen in operation tropical sugar culture elsewhere, in Cuba, Porto Rico or Hawaii, for example.

In the Philippines we have a population of nearly 13,000,000. We have in occupied farms 11,276,960 acres of which 5,969,387

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acres are in cultivation. This land is distributed in 1,955,276 farms of which 1,520,026 are occupied by their owners.

The average size of the Philippine farm in 1903 was 8.57 acres and in 1918 5.77 acres. The tendency, therefore, is to decrease rather than increase the size of the farm. The American who has seen the immense estates devoted to the cultivation of sugar in Cuba or even in Porto Rico has the greatest difficulty in understanding that the situation in the Philippines is widely different and that the difference is accentuated with time rather than lessened. Partly because of this situation today we have no sugar investment in the Philippine Islands owned by those in the United States who have invested alike in sugar development in Cuba, in Porto Rico and in beet sugar in the United States. Almost without exception even the sugar centrals are owned by local capital.

It has been stated that the Philippine sugar properties were largely owned by non-resident Spaniards. This is not true. It is true that two of the Spanish companies operating in the Philippine Islands for fifty years or more are interested in certain sugar mills in the Philippine Islands but the total of all Spanish investments and those of doubtful nationality is approximately 17% of the investment in the sugar industry in the Islands.

In the Official Census of the Republic of Cuba of 1919 it is stated: "According to certain data, considered as trustworthy, 27.4 per cent of this production was obtained from centrals belonging to Cubans; 51.4 per cent from centrals belonging to Americans; 13.9 per cent from properties belonging to Spaniards; 2.6 per cent from Cuban-American properties; 1.3 per cent from French properties; 2 per cent from English properties and 1.4 per cent from properties belonging to citizens of other countries." 13.9 per cent of the Cuban Sugar Industry is greater than the entire Philippine Sugar Industry, so that when one argues for the protection of the American sugar investments in Cuba against the competition of Spanish sugar investments in the Philippine Islands he is either very disingenuous or quite ignorant of the conditions existing.

No doubt the Spanish investments in Cuba came about in much the same as in the Philippine Islands.

The Filipino looks on these old Spanish investments in the Philippines as local investments and can not appreciate that they are not entitled to the full protection of the laws of the land. The Filipino appreciates that he could in no way more offend the spirit of the people of the United States than by endeavoring to injure foreign investments in the Islands made in accordance with law and conducted by law-abiding persons.

It is a source of pride to those who have had some measure of responsibility for the Government in the Philippine Islands to

note that no difficulty of the Department of State of the United States has ever arisen from unfair treatment by Filipino officials or the Philippine Government or foreigners resident in the Islands. The spirit of our people is that the foreigner who conforms to law in the Philippine Islands shall receive every protection of the law. The Filipino appreciates that, in a special manner, the United States is committed by the Treaty of Paris to protect Spanish subjects residing in the territory over which Spain ceded her sovereignty to the United States.

Furthermore, the Filipino appreciates the pride of the United States in her good name and the value of a good name in the fair treatment of foreign investments in her territory if for no other reason than that she wishes her own foreign investments to be treated fairly. The foreign investments of the people of the United States are so great as to make negligible by comparison the investments of Spaniards and other foreigners in the Philippine Islands.

Briefly the Spanish investments in the Philippine Islands and particularly in sugar are small when the history of the Philippine Islands is considered. They are small in comparison to similar investments in Cuba. However, were those investments larger than they are now, the Filipino people feel that the United States would not have the Philippine Government discriminate in any way against them and would not itself discriminate against them.

The constant endeavor of the Philippine Government during the period of Commission government as well as since the government has been more essentially a Filipino government has been to develop in the Islands a sugar industry differing completely from the industry existing in other tropical countries—an industry of moderate size and small farms owned and occupied by residents—to establish modern mills which would be cooperatively owned by those cultivating the sugar. This has made progress extremely slow. During the period of American occupation Cuba has increased her production of sugar thirteen times as much as has the Philippine Islands. Since the admission in 1913 of Philippine sugar without limitation as to quantity free of duty in the American market, Cuba has increased her production eight times as much as has the Philippine Islands. This is the natural consequence of the different methods pursued.

It is, by way of argument, asserted that the Cuban method will be adopted in the Philippine Islands. Those who assert this, if the assertion is an honest opinion, fail utterly to recognize the spirit of the Filipino people, and fail to recognize the tendency in the Philippine Islands which is directly contrary to this.

The Filipino people do not object to other peoples following the methods that have been more successful in producing sugar

in large quantities and economically but the traditional Filipino method can not be departed from in the Philippine Islands.

The result of this is first, the slowness of development and second, small profit from production. The cooperatively owned mills in the Islands are not paid for. The farmers are very generally in debt and must almost invariably secure loans on current crops or the crops can not be produced.

On the other hand the Filipino method means a diversification in farming. Sugar is the most expensive crop to produce and the small Filipino farmer must in general look to the other crops which are less expensive and which go more directly to family consumption.

Under the system in vogue there the Philippines can never become a single crop country and if it did the crop would not be sugar cane.

Area Devoted to Principal Crops in the Philippine Islands

Rice	4,465,260 acres
Coconuts	1,235,525 acres
Corn	1,387,294 acres
Manila Hemp	1,186,451 acres
Sugar Cane	586,492 acres
Tobacco	207,490 acres

The foregoing is the data for the year 1927 and when it is considered that the remaining land in farms in the Philippine Islands amounting to 2,208,448 acres is almost exclusively devoted to food crops for the people one sees the wide difference between development in the Philippines and that in Cuba, Porto Rico and Hawaii where the bulk of the cultivated land is in sugar cane. In other words the free admission of Philippine sugar into the United States has not made of the Philippines a one-crop or two-crop country.

This is further evidenced by the exports from the Islands. The Census of the Philippine Islands for 1903 shows that in 1873 58.24% of the total value of exports from the Philippine Islands was sugar, in 1877 53.77% was sugar and in a number of years sugar constituted more than 40% of the total value of exports from the Islands. Never since the American occupation of the Islands has sugar amounted to as much as 35% of the total exports.

Quite contrary, therefore, to the statement that have been freely made the sugar industry in the Philippine Islands has not under American sovereignty at any time acquired the relative importance in the Islands which it had during the Spanish Regime.

The Government in the Philippine Islands for its success depends to a large extent on the belief of the Philippine people in the protestations of the United States that its primary object in the Philippines was the welfare of the people of the Philippine Islands. These protestations run throughout all the State papers of the United States outlining its relation to the Philippines. Everyone is aware that the Filipino people have been from time to time warned by persons hostile to the United States or those who did not believe in the altruistic purposes of the United States to beware of these protestations. Any unfair treatment of the Philippine people by the United States at this or any other time would be held up by these enemies of the United States as a confirmation of their frequent warnings. The effect on the Filipino people of the resulting situation and the effect on those who have urged on the people of the Islands faith in the good intentions of the United States may well be anticipated. The question naturally arises, therefore, is the proposal to limit the sugar from the Philippine Islands that may enter the United States free of duty essentially unfair? There would seem to be no question of this.

The present trade relations were established by the Congress of the United States, not on petition of the people of the Philippine Islands, but because, in the words of the Ways and Means Committee: "The only logical result from our possession of the Philippine Islands is free trade between the Islands and the rest of the United States." However, I respectfully submit that this determination having been accepted in good faith by the Filipino people, there has been established a moral covenant which binds both parties and which can not be properly rescinded except by mutual consent.

The proponents of this limitation desire to withdraw from the Philippine Islands a right which it now has and to give nothing in return. At present all products of the United States enter the Philippine Islands free of duty. The only limit is the purchasing power of the Philippine people. It is not proposed that this treatment accorded American goods shall be modified or withdrawn except as the purchasing power of the Filipino people may be decreased by the proposal recommended. It is not proposed to give to the Philippine Government any power by which it may recoup itself for the injury done to the Philippine Islands.

Fortunately for us, all those who from intimate contact or because of official responsibility know the situation, have already expressed themselves clearly as to the immoral nature of the pro-

posals discriminatory to the Philippine Islands. Public opinion in this country has condemned such proposals in no uncertain terms. A branch of this Congress has rejected them. The Philippine Delegation is confident that this Committee, after mature deliberation and study of the provisions of the Tariff Law affecting the Philippines will not sanction anything which is inconsistent with the American conception of what is fair and just.

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