

THE PHILIPPINE ISLANDS.

WAR DEPARTMENT,
BUREAU OF INSULAR AFFAIRS,
Washington, March 1, 1913.

MY DEAR MR. SECRETARY: While the precedents are somewhat varying, in every case since its establishment when there has been a change in the office of Secretary of War, certain of the duties of that office performed through this Bureau have been the subject of inspection. It has, therefore, occurred to me that it would be well to submit as concisely as possible the present status, or at least the status at the last ascertainable date, of the matters in charge of this office and of those duties performed by the office.

First, with reference to the Philippine government. Under act 1792 of the Philippine Commission the Secretary of War is authorized to designate depositaries of the government of the Philippine Islands in the United States after they have filed in the Bureau of Insular Affairs of the War Department satisfactory evidence of their financial condition and securities satisfactory to the Secretary of War. Under this authority there are at present 12 depositaries of the Philippine government in the United States. There is attached a list¹ of these depositaries with the amount on deposit in each institution and the nature of the security which is exacted to protect the funds deposited under this authority. The total amount of such funds at present is \$12,440,411.37.

It is a source of satisfaction to know that all funds of the Philippine government which have been deposited under the several Secretaries of War have been handled without loss or inconvenience to the Philippine government and that the net interest which has accrued to the government as a result of the handling of these funds is approximately \$3,000,000.

In addition to this interest a sufficient amount of the gold standard fund has been invariably held in open account and has been used to enable the government to sell New York exchange in Manila. The profit from this source in the last fiscal year was \$114,010.88.

There was disbursed by the disbursing agent of the Bureau, for the last fiscal year, \$2,654,983.07, and the total disbursements of the Bureau for the Philippine government from its inauguration to the close of the last fiscal year amounted to \$41,920,320.75. Most of this represented purchases made by the purchasing agent of the Bureau for the Philippine government. The operations, both of the purchasing agent and of the disbursing agent, have been conducted in such a way as to meet the entire approval of higher authority and

¹ Inclosure withdrawn for administrative use.

without loss to the Philippine government. Other financial operations in which the Bureau has been the active agent of the Philippine government in the states will be referred to elsewhere.

The financial operations of the Philippine government place a direct responsibility on the War Department. The manner of meeting this responsibility is readily ascertainable and the measure of the performance of the corresponding duties does not lend itself to differences of opinion.

The policy which has guided us heretofore in the conduct of the Philippine government, and the War Department has uniformly been the guide or advisor of that government, imposes other heavy responsibilities on it in the discharge of which the measure of accomplishment is not so readily ascertainable or generally accepted.

This is perhaps a good time to review briefly what has been accomplished in these less well defined fields.

While yet engaged in the suppression of the insurrection in the Philippine Islands, President McKinley sent to those Islands a commission under the presidency of Dr. Schurman, President of Cornell University, and this commission made a study of the Philippine Islands and in an extensive report in four volumes gave a very good idea of the status of the Islands and of the people thereof at the end of the Spanish régime.

In your last annual report you say with reference to the policy which has controlled us since :

Briefly, this policy may be expressed as having for its sole object the preparation of the Filipino peoples for popular self-government in their own interest and not in the interest of the United States. In the words of Mr. McKinley :

“In all the forms of government and administrative provisions which they are authorized to prescribe the commission should bear in mind that the government which they are establishing is designed not for our satisfaction, or for the expression of our theoretical views, but for the happiness, peace, and prosperity of the people of the Philippine Islands.”

Having then the status of the Filipino people as set forth in the Schurman report and pursuing the policy above set forth, the appended statement of present conditions in the Philippine Islands will fairly measure what has been accomplished.

THE POLITICAL STATUS OF THE FILIPINO.

The Filipino to-day controls absolutely his municipal government, which means, from the American standpoint, the municipal and county governments. He elects all of the officers and the officers are almost invariably Filipinos. The municipal judge—the Justice of the Peace—is a Filipino.

It is true that the financial affairs of the municipality are subject to the supervision of higher authority. This is not unusual in the United States. The police of the municipalities are governed by regulations prepared by the Chief of the Constabulary, an insular official, and the municipal police are subject to the inspection of Constabulary officers.

In the provinces, which correspond to the states of the Union, the governing body is a provincial board, two members of which are elected by the voters of the province. The third member—the treasurer—is a civil-service official, and is, in the general cases, an

American, though we have a number of provinces with Filipino treasurers.

Again, in the insular or central government, the executive officers are appointed, the Commission consisting of nine members appointed by the President by and with the advice and consent of the Senate. Five of the members are the heads of executive departments of the government and four are members of the Commission in its legislative capacity. This body is the upper house of the Legislature. For several years five members of this body have been Americans and four Filipinos. At present, due to a vacancy, there are four Americans and four Filipinos. For several years one of the executive departments—that of Finance and Justice—has been presided over by a Filipino member of the Commission, while one of the legislative members has been an American.

The Attorney General of the Islands is not a member of the Commission. This office has for several years been filled by a Filipino.

In the Legislature the lower house, the Philippine Assembly, is composed of 81 members elected from that number of districts into which the entire Christian and civilized portion of the Archipelago is divided. The jurisdiction of this legislature is far greater than that of the state legislatures, and the lower house of the Philippine Legislature has all of the usual powers of the lower house of legislative bodies in the various states. The jurisdiction, however, of the Legislature of which it is a component part does not extend to those portions of the Archipelago which are not represented in the Legislature, being inhabited principally by Moros and other non-Christian tribes. Over this part of the Archipelago the legislative authority of the Commission is exclusive.

In his relation to the courts the Filipino finds the Justice of the Peace court occupied by a Filipino. One-half of the Judges of First Instance are Filipinos, and of the nine Supreme Court Justices four have been and are Filipinos.

The foregoing, when compared with the conditions set forth by the Schurman Commission, bring out clearly the great strides which have been made in extending self-government to the Filipino.

In a study of the question as to whether more rapid progress might have been made in this direction it is important to note that in the municipality where he was in the beginning given the widest control this has been slightly curtailed, notably by additional financial restrictions and in the regulation of the police; whereas in the province and in the central government where his control was at first restricted his powers have been materially increased.

Under the head of "Civil Service" in the appended papers is set forth the progress made in the gradual Filipinization of the minor executive offices and positions.

Briefly, this is the outline of the present political status of the Filipino in his government. There remains to describe what has been done to prepare the Filipino for the increased responsibility given him and for the further responsibilities which he must hereafter undertake.

A government of law and order in operation before his eyes is a direct application of teaching by example. The scheme of this government is therefore outlined. Less direct efforts having the same object in view are set forth in the accompanying papers under the

heads, "A Common Language," "Education," "Department of Commerce and Police," "Bureau of Health."

When the dry facts are analyzed it will be seen that there has been an effort to educate and give a common language to the Filipino while, at the same time, improving his physical condition and increasing the opportunity of intertribal communication. Other agencies of the government are at work along these lines: for example, the Constabulary service.

Briefly, the Filipino as distinguished from a small class has been given more power in his government than is exercised by any oriental people, and all the agencies which are supposed to work for the advancement of a people in popular self-government are being used to the greatest practicable extent for the Filipino.

At the same time every effort consistent with reasonable conservation of natural resources has been made to develop the material prosperity of the Philippine Islands. The accompanying tables giving statistics of the foreign commerce of the Islands well illustrate what has been done in this direction.

In the year 1894, usually taken as the last normal year under the Spanish administration of the islands, the total exports of Philippine products were \$16,500,000. During the calendar year 1912 the total of such exports were \$54,784,738. The increase was general in all of the principal products of the islands, but was greatest in copra, where it increased from one to thirteen million dollars, and least in sugar where the increase was but from five to nine million dollars.

All of the foregoing is compatible with a government burdensome in its exaction of taxes, oppressive of the liberties of the people, and a government where life and property were insecure. A glance at the facts set forth in the accompanying papers with reference to the liberties of the people and with reference to law and order will show that the Filipino is fully protected in his personal liberty and that his life and property are secure.

COST OF THE GOVERNMENT.

The Philippine government is not a cheap government. A comparison with some of the governments with which we are most familiar at home will show why it is not a cheap government. The judiciary, the Constabulary, the Bureau of Education, the Bureau of Prisons, the Lighthouse Service, the Bureau of Public Works, the Coast and Geodetic Survey, the Bureau of Science, the Bureau of Agriculture are all established on modern lines of efficiency, and efficiency is not in any of these lines compatible with extreme economy.

For example, take the Bureau of Prisons of the Philippine government. We have States in the Union where the State prisons are a source of revenue and we have other States in which the State prisons are the source of great expense. The prisons of the Philippine government, as educational and reforming institutions, compare favorably with those of the States where such institutions are most expensive, but the maintenance of these institutions in the Philippine Islands, while not so expensive as in many of our States, is a source of expense to the government and not of revenue. The

cost should be judged by accomplishments, and there are appended financial statements of the government from its origin.

The Philippine government is supported from the revenues of the islands and is a direct burden on the Filipino people. The burden is less and more equitably distributed than in the past and is small compared to that of other countries which enjoy anything like the benefits from government enjoyed in the Philippine Islands.

It should also be observed that the Philippine government receives nothing in the way of revenue from the exploitation of the immense resources of the islands. That government has control of 60,000,000 acres of public lands divided approximately equally between agricultural and forest lands. This immense territory could have been utilized in such a way as to support entirely the Philippine government for many years. This would have required the practically unlimited admission of Chinese labor and the sales or leasing in immense tracts of the public lands and the devastation of the immense forests. However, the government of the Philippine Islands assumed at first, and there was later placed on it by legislation, the obligation to do nothing of this kind. The rules governing immigration into the Philippine Islands are those applied in the United States proper. The law as to public lands are so restrictive in character that the public lands have been a source of expense to the Philippine government and not of revenue.

The forests have been withheld absolutely from harmful exploitation and are being gradually placed in operation under leases which, while furnishing a supply of timber, preserve and improve the forests under exploitation. The Forestry Service of the islands is now supported by about one-half of the revenue derived by the government from the forests. This condition, however, has existed for but a few years, and, considering the entire period of our government up to date, the forests have been a source of expense to the government rather than of revenue.

Notwithstanding the position taken by the government against the obtaining of revenues by the harmful use of the natural resources of the islands, the government has in no case displayed the not uncommon tendency of putting off financial obligations to the future. There have been two bond issues by the central government, one of \$7,000,000 for the purchase of the friar lands. It was provided by law that the obligation thus created should be met from the proceeds of the sales of the lands acquired. Lest, however, there should be some shortage from this source, the Philippine Commission in 1907 provided a continuing appropriation from revenues of the amount necessary to meet the interest and to create a sufficient sinking fund to retire these bonds on maturity.

The second issue was \$5,000,000 for public improvements and in this case also there has been appropriated continuing annual appropriations of the necessary amounts for interest and sinking fund without deferring the sinking fund appropriation to be met from future revenues of the islands.

From the general funds of the treasury have been provided the capital for an agricultural bank and created funds to guarantee the fidelity of its employees and for the purpose of replacing or repairing government property damaged or destroyed by earthquake, fire, lightning, flood, or tempest.

As showing the policy of the Philippine government to avoid deferring obligations to the future, it should be observed that from the current revenues of the government there have been expended:

For education, buildings and equipment.....	₱3, 467, 252. 73
For constabulary, buildings and equipment.....	3, 748, 854. 63
For public works:	
Roads and bridges.....	12, 412, 173. 04
Public works, other than specified.....	23, 999, 055. 46
Port works.....	8, 353, 714. 02

There has been advanced under the concessions for the construction of railways, ₱2,268,614.32. This latter sum is in the nature of a loan from the government and will be reimbursed in the future to the Philippine government.

Briefly, approximately 20 per cent of the entire revenue of the Philippine government collected since the establishment of the civil government has been expended for public works and equipment and remains to-day an asset of that government.

FINANCIAL OPERATIONS OF THE GOVERNMENT.

The government of the Philippine Islands has received for interest on its deposits up to the end of the last fiscal year ₱6,476,982.16.

From the sale of exchange the government had in the same period received ₱1,727,407.10.

From the sale of the ₱24,000,000 of insular bonds outstanding it received a premium of ₱1,697,957.90, though the bonds bore the low rate of 4 per cent. A comparison with such obligations of far eastern countries will show that the Philippine government received approximately 40 per cent more for these bonds than could be obtained by such countries.

Briefly, omitting the advantage which has come to the government of the Philippine Islands from successful sales of these bonds, there has directly accrued to that government from the three above sources, without any burden on the taxpayer, ₱9,902,347.16.

There has been established in the Philippine government a satisfactory gold-exchange standard currency. The entire operation in connection with this has cost the Philippine government not one cent. In all of the foregoing operations the War Department has been of the greatest assistance to the Philippine government.

This memorandum prepared at this time is necessarily brief. For detailed information one must refer to the accompanying papers or, better still, to the various original documents cited in these papers.

The War Department has successfully preserved the autonomy of the Philippine government and has made itself the exclusive representative of that government in the United States and the channel of communication here, whether with the various branches of the Federal Government or with the public at large in the States. This policy has worked well in practice, prevented friction and conflict with the departments of our government, and provided a ready means of supplying information to other branches of the government and the public at large in the United States.

This has been done while still taking advantage to the fullest extent permissible by law of such assistance as might be given the Philippine government by the various branches of the Federal Gov-

ernment, and any reference to the work which this Bureau has accomplished in the way of assisting the Philippine government in its financial or other operations in the States would be incomplete without an acknowledgment of the direct assistance which it has received from the various Federal departments, including almost every bureau of every department of the Government.

The Civil Service Commission, the Post Office Department, the Bureau of Engraving and Printing, the Government Printing Office, the Treasury, the Division of Loans and Currency, the Division of Customs, the Bureau of Internal Revenue, the Public Health Service, the Immigration Service, the various bureaus of the Department of Agriculture, the Department of Justice, the Department of State, the Department of Commerce and Labor, and the Navy Department have all freely given such assistance as was possible under the law and always with the greatest good will and courtesy.

TRADE WITH THE UNITED STATES.

In the foregoing statement no suggestion is made of any advantage which might accrue to the United States from its connection with the Philippine Islands for the simple reason that up to date the possession of the Philippine Islands has not been taken advantage of for the benefit of the United States or the people of the United States. Such advantages as may arise from the increase of trade or other causes have been incident to the effort to do the best for the Philippines and Filipinos.

From the accompanying statement of the commerce of the Philippine Islands it will be observed, however, that the imports into the Philippine Islands from the United States in 1894 were \$362,800, and that in the calendar year 1912 such imports from the United States amounted to \$23,309,010; that is, our imports into the Philippine Islands have been multiplied by 65 since our occupation of the Islands.

It should also be considered that the imports received from the United States are of manufactured articles of the kind for which the commerce of the United States is most desirous of an outside market. This is particularly well illustrated by the case of cotton cloth.

In 1894 the cotton cloth exported from the United States to the Philippine Islands amounted to \$347. In the calendar year 1912 the amount was \$5,204,359; that is, from a negligible factor in our cotton-cloth trade the Philippine Islands have become our best customer, having in the last calendar year purchased more cloth from the United States than even China, which has for some years been the greatest purchaser, and the Philippines, with China, purchased approximately one-third of our entire export of cotton cloth.

PENDING MATTERS.

In so important a matter as the government of the Philippine Islands there must constantly arise matters requiring legislative attention. Fortunately the grant of powers to the Philippine government was in most respects full, and the requirement of congressional

legislation in the normal transaction of Philippine business is not great. However, in those fields in which, specifically or impliedly, Congress has retained power there remains to be done several things which have heretofore been earnestly recommended by the War Department. These are, briefly:

1. *Friar Lands*.—Attention is particularly invited to the statement under this head in the accompanying papers. Certain features of the management of the friar lands brought about the only investigation which has ever been made under charges by either house of Congress of any feature of insular administration. The result of this investigation was a complete vindication of those against whom charges were made, but as a result of this investigation, which was conducted by the House Committee on Insular Affairs by direction of the House, Secretary Dickinson, in a special report on his inspection of the Philippine Islands, said:

In so much, however, as opposition has been declared and Congress has provided for an investigation of this matter (the sale of unoccupied friar lands), no more sales of these lands in large quantities will be authorized until the situation is cleared up.

The policy thus stated has been continued. Congress has not acted, nor has the legislature of the Philippine Islands, which has complete authority in the premises, acted. It is now believed that executive action should be taken by the War Department looking to the prompt disposition of the remaining unoccupied friar lands, not perhaps in such large tracts as the Mindoro Estate, but in tracts of sufficient size to attract purchasers.

2. *Public Lands*.—The present restrictions as to the sale of public lands have been found to be unwise, and as a result public lands, as is stated within, are a source of expense to the government and not of revenue.

One immediate need of the islands is agricultural development. This Bureau has recommended for the past two years an increase of amount of land that may be homesteaded from 16 hectares to 50 hectares (approximately 123.5 acres) and the amount of land that may be sold to an individual from 16 hectares to 500 hectares (1,235.5 acres). This recommendation is believed to be conservative.

3. *Reciprocity in trade*.—For a number of years prior to 1909 an effort was made to obtain practically free trade between the Philippine Islands, and the United States in their respective products. The two tariff acts passed in 1909 constitute a compromise on this subject.

Experience shows how beneficial this has been to the Philippines as well as to the trade of the United States, and the time has now arrived when the limitations in this compromise should be stricken out.

4. *Finance*.—For several years an effort has been made to obtain authority to issue, in addition to the \$5,000,000 of public-improvement bonds outstanding, ten million more. The act granting this authority has passed the Senate and has been favorably reported by the Committee on Insular Affairs of the House of Representatives, but will not pass at this session.

The delay in the passage of this act has considerably handicapped the Philippine government in carrying out the plans for urgently required public improvements and has necessitated the use in the

last few years for public works of a far greater proportion of the current revenues than was wise. This authority should be granted to the Philippine government as soon as possible.

5. *Utilization of Certificate Reserve.*—For some time an effort has been made to obtain authority to utilize in such a way as to add to the revenue of the Philippine government a part of the certificate reserve which under existing law is required to lie idle in the Philippine treasury. The present amount so held is approximately ₱28,000,000.

There is no reason why 60 per cent of this amount should not be placed in banks in the United States or otherwise utilized for the benefit of the Philippine government in some way which would make it a liquid resource of that government. This, an examination will show, will have the effect, not of decreasing or impairing this reserve, but of increasing it, in that instead of a coined silver peso in the reserve there would be held 50 cents in gold or its equivalent in secure investment.

Very respectfully,

FRANK MCINTYRE,
Brigadier General, United States Army.
Chief of Bureau.

The honorable the SECRETARY OF WAR.



EXHIBIT.

The accompanying notes are intended to show concisely the condition of the Philippine government as it now exists. It was believed that this could best be done by describing, first, the municipal governments, then the provincial governments, and then the organization of the central government.

Under the central government, in addition to the brief description of the division into legislative, executive, and judicial branches, are described the duties of the various bureaus of the central government.

MUNICIPAL GOVERNMENTS.

MUNICIPALITIES.

The term "municipality" in the Philippines is used to designate not only a town but the surrounding rural territory. Thus there is no part of the country not included in a municipality. The rural Filipinos as a rule live in villages, and these subdivisions of a municipality are called "barrios," the central one, ordinarily bearing the name of the municipality, being termed the "poblacion."

MUNICIPAL GOVERNMENT UNDER THE SPANISH RÉGIME.

The Maura Law promulgated in 1893 reorganized the municipal governments excepting Manila, Iloilo, and Cebu, in Luzon, and the Visayan Islands, in towns where more than a thousand cédulas personales (poll taxes) were paid. Each municipal tribunal consisted of a captain and four lieutenants, one called mayor, and the others having charge of the police, cemeteries, and live stock. These municipal officers and two substitutes were elected behind closed doors by 12 electors belonging to the privileged classes and selected by the *principalia*¹ at a meeting presided over by the Civil Governor, the parish priest, and the municipal captain. As representatives of the *principalia*, these 12 electors attended the sessions and joined in the discussion of measures coming before the municipal council. Municipal officers were elected for four years, their services being obligatory and without compensation. To be qualified for the office of captain it was required that the candidate be a native, or a half-breed chinaman, 25 years of age, able to speak and write Spanish, and to have filled certain other mentioned offices for specified terms.

The division of natives into *barangayes* was continued as in the olden times, each containing at least 100 and not over 150 families, excepting in the city limits, where the number was supposed to be from 50 to 99 families. The *cabeza de barangay* was the *teniente de barrio* (head of the *barrio* or municipality, ward, or precinct).

¹ Article 7 of the law provided: "By *principalia* shall be understood the group of persons formed in each town, of indeterminate number, consisting of those formerly called petty governors (*gobernadorcillos*), lieutenants of justice, of the *cabezas de barangay* in active service or who may have filled the office for 10 consecutive years without any unfavorable mention, of the past captains, the municipal lieutenants who may have filled their office during the legal term without unfavorable mention, and of the residents paying 50 pesos as territorial tax."

For the purpose of imposing taxes, holding elections, school inspection, and the preparation of the budgets the presence of the parish priest was necessary at the sitting of the board.

The Governor General and, in his absence, his representative, the governor of the province, was honorary or ex officio president of each and every municipal council.

MUNICIPAL GOVERNMENT UNDER AMERICAN OCCUPATION.

From the first, emphasis has been laid by the American authorities upon extending to the municipalities the fullest extent of local self-government compatible with securing even fairly good results for the people themselves.

Under the Military Government one of the most important acts in the advance toward the inauguration of civil government was that providing for the formation of separate governments in the municipalities where the people were prepared for control over their own local affairs.

The announcement prefixed to this order stated:

For the first time the Philippine people are to exercise the right of suffrage in the election of municipal officers—a right only slightly restricted by conditions which have been imposed for the purpose of rewarding as well as encouraging the people in * * * their aspirations to become educated * * *.

Naturally, it is impossible to frame legal provisions which are perfect, but these are susceptible of future improvement in order that they may meet the future necessities and keep pace with the development in political knowledge of the Philippine people, with whom now rests the creation of municipalities which shall faithfully administer their interests and protect their rights and liberties.

In line with this policy the instructions of President McKinley to the Philippine Commission directed:

Without hampering them by too specific instructions, they should in general be enjoined, after making themselves familiar with the conditions and needs of the country, to devote their attention in the first instance to the establishment of municipal governments, in which the natives of the islands, both in the cities and the rural communities, shall be afforded the opportunity to manage their own local affairs to the fullest extent of which they are capable, and subject to the least degree of supervision and control which a careful study of their capacities and observation of the workings of native control show to be consistent with the maintenance of law, order, and loyalty. * * *

In the establishment of municipal governments the Commission will take as the basis of their work the governments established by the Military Governor under his order of August 8, 1899, and under the report of the board¹ constituted by the Military Governor by his order of January 29, 1900, to formulate and report a plan of municipal government, of which his honor, Cayetano Arellano, president of the audiencia, was chairman, and they will give to the conclusions of that board the weight and consideration which the high character and distinguished abilities of its members justify.

In the distribution of powers among the governments organized by the Commission, the presumption is always to be in favor of the smaller subdivision, so that all the powers which can properly be exercised by the municipal government shall be vested in that government, and all the powers of a more general character which can be exercised by the departmental government shall be vested in that government, and so that in the governmental system, which is

¹ This board was composed of Hon. Cayetano Arellano, then president of the Audiencia, now Chief Justice; Don Florentino Torres, Attorney General of the Islands, now associate justice of the Supreme Court; Lieut. Col. Enoch Crowder, now Judge Advocate General, United States Army; Hon. R. W. Young and Lieut. Col. T. R. Hamer, then associate judges of the Audiencia.

the result of the process, the central government of the islands, following the example of the distribution of the powers between the States and the National Government of the United States, shall have no direct administration except of matters of purely general concern, and shall have only such supervision and control over local governments as may be necessary to secure and enforce faithful and efficient administration by local officers.

In accordance with these instructions, there was enacted the Municipal Code, providing that the powers of each municipality were to be exercised by a president, vice president, and council, whose members serve without pay for four years and are ineligible to reelection until another four years have elapsed.

QUALIFICATIONS OF VOTERS.

Every male person twenty-three years of age or over who has had a legal residence for a period of six months immediately preceding the election in the municipality in which he exercises the suffrage, and who is not a citizen or subject of any foreign power, and who is comprised within one of the following three classes—

(a) Those who, prior to the thirteenth of August, eighteen hundred and ninety-eight, held the office of municipal captain, gobernadorcillo, alcalde, lieutenant, cabeza de barangay, or member of any ayuntamiento;

(b) Those who own real property to the value of five hundred pesos or who annually pay thirty pesos or more of the established taxes;

(c) Those who speak, read, and write English or Spanish—shall be entitled to vote at all elections: *Provided*, That officers, soldiers, sailors, or marines of the Army or Navy of the United States shall not be considered as having acquired legal residence within the meaning of this section by reason of their having been stationed in the municipalities for the required six months.

The organized cities and towns of the Philippine Islands, with the exception of the city of Manila, the Moro Province, the settlements of the non-Christian tribes, and such other exceptions as may be made by special-territory acts, are all governed by this general law.

The municipalities are divided into four classes, according to population, as follows:

First class, those having not less than 25,000 inhabitants.

Second class, those having 18,000 and less than 25,000.

Third class, those having 10,000 and less than 18,000.

Fourth class, those having less than 10,000 inhabitants.

They are entitled, respectively, to 18, 14, 10, and 8 councilors.

The municipalities are divided into barrios or wards, and these for administrative purposes are grouped into as many districts as there are councilors, including the vice president, each under the supervision of one of the councilors.

On July 1, 1912, there were 725 such local self-governments.

GENERAL POWERS OF THE MUNICIPALITIES.

The general powers of the municipalities in the Philippines are substantially those which are exercised by cities, towns, and villages in the several States, which have like population and income. The limitations and restrictions imposed by the municipal code relate principally to the amount of taxes and to the severity of punishments which may be imposed for violation of local ordinances.

PRACTICAL WORKINGS OF THE MUNICIPAL GOVERNMENTS.

The principal difficulties encountered in the inception of self-government in the municipalities were summarized, in the Philippine Commission's report for 1901, as follows:

The educated people themselves, though full of phrases concerning liberty, have but a faint conception of what real civil liberty is and the mutual self-restraint which is involved in its maintenance. They find it hard to understand the division of powers in a government and the limitations that are operative upon all officers, no matter how high. In the municipalities, in the Spanish days, what the friar did not control the presidente did, and the people knew and expected no limit to his authority. This is the difficulty we now encounter in the organization of the municipality. The presidente fails to observe the limitations upon his power and the people are too submissive to press them.

Manifestly this condition called for the education of the inhabitants of the municipalities and their officials in the duties of local self-government. In addition to the official supervision every effort possible was utilized to this end, so that each American, whether employed as school-teacher, engineer, or otherwise, should give that element of personal help, which would be the more valuable because it was free from the shadow of official authority. The Americans were few in number, the natives many, and these educative efforts were slow in producing enough results to make much showing.

A more careful administration of municipal affairs became necessary. Governor General Smith in his message of October 16, 1907, to the inaugural session of the Philippine Legislature summed up conditions as follows:

In many of the municipalities the expenditures of public money have been unwise, not to say wasteful. In 88 municipalities out of 685 the entire revenue was expended for salaries, and not a single cent was devoted to public betterments or improvements. * * *

Two hundred and twenty-six municipalities

spent on public works less than 10 per cent. Such a condition of affairs is to be deplored, and the Commission was obliged to pass a law within the last few months prohibiting municipalities from spending for salaries more than a fixed percentage of their revenues.

Fifteenth months later Governor General Smith, in his message to the Legislature, February 1, 1909, reviewed municipal conditions as follows:

Nearly all the municipalities made great sacrifices in the interests of education, and especially to secure school buildings and adequate school accommodations, but there the interest in making expenditures for purposes other than salaries and wages ended, at least in most of the municipalities. It must be admitted that the law putting a limit on the gross amount which might be expended for municipal salaries and wages was to a certain extent a restriction of the autonomic powers originally conceded to municipal governments, but it was an interference with municipal autonomy completely justified by hard experience and more than five years of wanton waste of the public moneys. * * *

Prior to the passage of Act No. 1733,¹ 99 per cent of the municipalities, excluding the city of Manila, had no fire departments of any kind. * * * Every year * * * great loss was caused by conflagrations.

During the year 1908 the Governor General personally visited some 200 municipalities, and in not more than half a dozen did he encounter a police force

¹To reduce this preventable loss the Commission passed this act, requiring each municipality to provide at least buckets and ladders and to drill its police force, with any volunteers, as a fire department.

that was worthy of the name. * * * The municipal policeman of these Islands, as a rule, does not rise to the dignity of the ordinary house servant, and in a great majority of cases performs no higher duties. * * * With five or six exceptions, the entire municipal police force, as it is organized and disciplined to-day, might be abolished without any evil results whatever. * * * He is appointed, as a rule, not because of his intelligence, his uprightness of character, and his physical fitness, but because of his relationship to the appointing power or by reason of the political services which either he or his powerful friends have rendered to that official.

Act No. 2169, passed by the Legislature on February 6, 1912, provided for the reorganization of the police, who are now subject to both mental and physical examination, and constitute a uniformed body, having higher pay than formerly, a contribution being made from insular funds where municipal finances are insufficient for the necessary expense. The preparation of the regulations for the government, discipline, and instruction of the police was placed with the director of constabulary.

PROVINCIAL GOVERNMENTS.

PROVINCIAL GOVERNMENT UNDER THE SPANISH RÉGIME.

There was a great diversity in the form of government provided for the numerous administrative regions.

Civil provincial governments were found only in the island of Luzon. Manila, the most important, ranked all the others; then in the more important provinces of Albay, Batangas, Bulacan, Pampanga, and Pangasinan were the so-called first-class civil governments; in six of the next important provinces second-class governments had been established; and in the remaining provinces there were third-class governments. All other divisions of the island of Luzon were commanderies.

In the Visayan Islands no civil government was established by the Spaniards.

Civil governors of provinces were always Spaniards and named and removed by virtue of royal decree. They were vested with certain powers and duties, in the main as follows:

To promulgate and see to the execution of laws, decrees, and orders of the Governor General; to maintain order, exercising a general police power, with authority to call for military aid; to suspend services and salary of employees; to preside at meetings of provincial councils and elections of town mayors, and to suspend them or any member of the town councils.

As chief of administration within provinces, to care for public instruction; to levy and enforce collection of provincial and municipal taxes; to make up budgets and authorize payments therefrom, as well as to care for public works and determine which were to be done by personal service. In addition, the provincial governors might have other powers given them by law and delegated by the Governor General.

Under the Maura Law ¹ the provincial councils, or juntas, consisted of nine members, five of whom, including the provincial governor,

¹ On May 19, 1893, a royal decree, issued on the recommendation of the colonial secretary, Don Antonio Maura y Montaner, the author of the law, provided a form of municipal government for those towns in the Philippine Islands inhabited by the Christian Filipinos.

were ex officio members, and four others, who must be residents of capitals of provinces, elected by the captains of the various municipal tribunals of the provinces.

The duties of the council consisted mainly of inspection of the administration of the treasuries of the pueblos, keeping accounts, and of consultation by acting as advisory board to the provincial governor and to the tribunals in the matters of approval of elections, taxes, public works, suspension of members, and filling vacancies of municipal tribunals, questions of territorial or jurisdictional limits, consolidation of towns, and in other cases where the governor deemed it wise. The Governor General exercised jurisdiction over all provincial councils.

THE PRESENT PROVINCIAL GOVERNMENT PLAN.

In each of the so-called Christian provinces there is a provincial board, which determines the rates of local taxes, makes appropriations for roads, schools, etc., besides having some supervision over the administration of the municipalities included in the province. The boards are each composed of the governor of the province, the treasurer, and a third member. The governor and third member are elected for four years, by qualified voters of the province. The office of treasurer is a civil-service position, he being appointed by the Governor General. In the majority of the provinces the treasurer is an American, but in those where it has been possible to secure a Filipino possessing the requisite qualifications, he has been given preference and appointed. The duties of the treasurer pertain chiefly to the collection of the revenues, both municipal and provincial, their safe handling, disbursement, and the necessary accounting. In many respects he is the business agent of the province, utilizing the municipal treasurers as his deputies. There is also, except as otherwise specially provided, a provincial fiscal or district attorney, appointed by the Governor General. The fiscal acts as the attorney and legal adviser of the governor and other officials of the province and of municipal officials, and he also performs the duties of the register of deeds. In these provinces, outside of Manila, none of the fiscals are Americans.

The plan of provincial government has been, in its scope, increasingly of a popular nature. Under the original provisions of the provincial code of 1901, the government of the province—legislative and executive—was under a provincial board, consisting of a governor and treasurer and a supervisor of roads and buildings. Other appointed officers were provided, as the prosecuting attorney and the secretary of the province, who did not sit on the provincial board. The governor was originally elected by the councilmen of all the towns of the province assembled in convention, they themselves having previously been elected by the people. The treasurer and supervisor were each selected and appointed under the rules adopted in accordance with the merit system provided in a civil-service law, which was among the first passed by the Commission.

One of the early difficulties in the maintenance of an efficient government in the provinces was the poverty of the provinces and the lack of taxable resources to support any kind of a government at all.

It was soon found that the provincial supervisor, who, it was hoped, might be an American engineer, was too expensive a burden for the province to carry. For a time the district superintendent of education of the province was made the third member of the provincial board instead of the supervisor, whose office was abolished. This, however, did not work well, because the time of the superintendent was needed for his educational duties. Subsequently, therefore, it was thought wise to provide a third member of the board, who served with but little compensation and who was elected as the governor was elected. The system of electing the governor by convention of councilmen of all the towns of the province was changed, so that now the governor and the third member of the board are elected by direct popular vote.¹

THE NON-CHRISTIAN PROVINCES.

These are seven in number, including the Batanes Islands (because, while their inhabitants are Christians, the people are isolated and primitive). These governments are variously organized to meet the local conditions. All are alike in having an appointive governor, who, in combination with one or more of the other appointive officials, forms the provincial board. The subdivisions are generally known as townships or settlements, and their officials and counselors are usually appointed. In some instances the organization is based on the tribal organization. The local conditions are too diverse to be described briefly. This variety made it out of the question from the first to hold to any preconceived plan, and advantage was taken of the fact that the legislative functions of the Commission were continuous to initiate changes as often as it was found they were advisable. These changes all had in view the one object of bringing to these scattered and wild tribes the fullest opportunities for improving their condition. To this end lawlessness has been vigorously combated; at the same time the fullest individual liberty was given the law-abiding. As a result, there have been numerous instances of small bands of nomads settling and cultivating the soil, a marked improvement in public order, unprecedented industry, opening of trails and roads, and a marked awakening of the desire for education and general progress.

In short, the general progress made in bringing civilization to the non-Christian tribes during the last few years has been greater than there was any reasonable expectation of securing in so short a time.

INSTITUTION OF CIVIL GOVERNMENT.

APPOINTMENT OF THE PHILIPPINE COMMISSION.

Civil government in the Philippine Islands under American sovereignty, as distinguished from military administration, dates from the appointment by President McKinley, in March, 1900, of the Taft

¹ Special report of the Secretary of War, 1907.

Philippine Commission.¹ The President exercised the war powers of the nation, naming the Commission as a civilian agency for the exercise of the authority to administer the affairs of civil government in territory subject to military occupation. The general purpose of the Commission was, as stated by the President—

to continue and perfect the work of organizing and establishing civil government already commenced by the military authorities, subject in all respects to any laws which Congress may hereafter enact.

The Commission was instructed, after making themselves familiar with the conditions and needs of the country, to devote their attention in the first instance to the establishment of municipal governments, next the organization of government in the larger administrative divisions corresponding to counties or provinces, and to recommend a form of central government.

THE LEGISLATIVE FUNCTIONS OF THE COMMISSION.

September 1, 1900, the President transferred from the Military Governor to the Philippine Commission the power to enact laws, and directed:

Exercise of this legislative authority will include the making of rules and orders, having the effect of law, for the raising of revenue by taxes, customs duties, and imposts; the appropriation and expenditure of public funds of the islands; the establishment of an educational system throughout the islands; the establishment of a system to secure an efficient civil service; the organization and establishment of courts; the organization and establishment of municipal and departmental governments, and all other matters of a civil nature for which the Military Governor is now competent to provide by rules or orders of a legislative character.

The Commission worked through committees in preparing bills, and upon routine and minor matters acted in executive sessions. Laws of general importance, or which marked a new departure in matters of public interest, were considered in public sessions. Bills so considered were printed in both Spanish and English in the daily press of Manila and distributed in pamphlet form, with announcement of the dates when they would be considered. At these sessions bills were taken up and considered section by section, and the sessions adjourned from day to day until the hearings were completed. The fact that the Commission was until 1907 substantially a legislature in constant session facilitated the prompt enactment of new laws or amendments of former ones to meet the requirements of the ever-changing conditions.

The acts of the Commission as reported to Congress, show clearly the various steps in the rapid development of a new system of modern laws.

¹The original Commission consisted of Hon. William H. Taft, of Ohio; Prof. Dean C. Worcester, of Michigan; Hon. Luke E. Wright, of Tennessee; Hon. Henry C. Ide, of Vermont; and Prof. Bernard Moses, of California. The following shows those who have composed its membership to date:

William H. Taft, Mar. 16, 1900, to Jan. 31, 1904; Luke E. Wright, Mar. 16, 1900, to Apr. 1, 1906; Henry C. Ide, Mar. 16, 1900, to Sept. 19, 1906; James F. Smith, Dec. 31, 1902, to Nov. 10, 1909; Charles B. Elliott, Feb. 14, 1910, to Dec. 4, 1912; Bernard Moses, Mar. 16, 1900, to Dec. 31, 1902; W. Morgan Shuster, Sept. 28, 1906, to Feb. 28, 1909; Benito Legarda, Sept. 1, 1901, to Oct. 31, 1907; T. H. Pardo de Tavera, Sept. 1, 1901, to Feb. 28, 1909.

W. Cameron Forbes, June 15, 1904, to date; Dean C. Worcester, Mar. 16, 1900, to date; Gregorio Araneta, July 1, 1908, to date; Newton W. Gilbert, July 1, 1908, to date; Jose R. de Luzuriaga, Sept. 1, 1901, to date; Rafael Palma, July 6, 1908, to date; Juan Sumulong, Mar. 1, 1909, to date; Frank A. Branagan, Mar. 4, 1909, to date.

APPOINTMENT OF A CIVIL GOVERNOR.

In June, 1901, affairs in the islands were in a condition to justify a further step in the extension of civil government, and the President issued an order transferring, July 4, 1901, from the Military Governor to the President of the Philippine Commission the powers of the executive branch of government in all the pacified provinces of the islands, but continuing the authority of the military governor in those districts in which the insurrection continued to exist. The order also appointed the Hon. William H. Taft Civil Governor of the Philippine Islands.

On the 1st of September, 1901, a further step was made by the establishment of separate executive departments, to which members of the Commission were assigned as follows: Department of the Interior, Dean C. Worcester; Department of Commerce and Police, Luke E. Wright; Department of Finance and Justice, Henry C. Ide; Department of Public Instruction, Bernard Moses.

At the same time, by appointment by the President, three distinguished Filipinos, Señor Trinidad H. Pardo de Tavera, of Manila; Señor Benito Legarda, of Manila; and Señor Jose Luzuriaga, of Negros, were added to the Commission.

On the 29th of October, 1901, the President created the office of Vice Governor, and appointed Hon. Luke E. Wright to that position.

THE ORGANIC ACT.

When the Fifty-seventh Congress of the United States assembled in its first session on December 2, 1901, that body entered upon the work of formulating legislation to provide for the administration of the affairs of civil government in the Philippine Islands. After investigation Congress continued the existing government and placed the seal of legislative approval upon the governmental organization and ratified, approved, and confirmed each and every one of the acts theretofore done and performed in connection therewith, and in addition conferred upon said Government additional authority and rights which the President had not authority to bestow.

This act was approved July 1, 1902, and is ordinarily referred to as the "Organic Act." Its passage was preceded by one of the most systematic and thorough investigations ever entered upon by Congress, while the debates upon the bill, both in the House and in the Senate, were extended and able.

SCOPE OF AUTHORITY GRANTED THE PHILIPPINE GOVERNMENT.

The government of the Philippine Islands was authorized by Congress to exercise certain powers of sovereignty which theretofore in our history had been exercised by the Federal Government exclusively; and rights and privileges were conferred upon the Philippines, which never before had been given to any political entity subordinate to Congress. Congress also conveyed to the government of the Philippine Islands the administration for the benefit of the people thereof of all the public property in the archipelago which had passed from the Crown of Spain to the United States of America, except such land or other property as shall be designated by the

President of the United States for military and other reservations of the Government of the United States. Besides the public lands this included public buildings and improvements, streets, parks, highways, the beds of streams, and any mineral wealth in the islands.

Congress likewise authorized the government of the Philippine Islands to issue its own currency and has permitted it to have direction and control of its postal service.

No other portion of the territory subject to the sovereignty of the United States is to-day exercising by itself and for itself so many of the powers of sovereignty as is the Philippine Archipelago. The converse is true and no other portion of the territory of the United States maintains at its own expense its own agencies for the performance of many functions performed elsewhere exclusively by federal agencies, such as the lighthouse service, separate postal, customs, and internal-revenue services. No official of the government of the Philippines, not even a judge, receives his salary from the United States Treasury with the single exception of the two Filipino Resident Commissioners at Washington.

CENTRAL GOVERNMENT.

OUTLINE OF THE PRESENT ORGANIZATION.

The insular government is composed of the legislative, executive, and judicial branches. The Governor General and heads of the four executive departments are also members of the Commission, which is the upper house of the Legislature and is the exclusive legislative authority over the territory inhabited chiefly by Moros and other non-Christians.

The Governor General as the executive head is assisted by four secretaries of departments, each of which has a number of bureaus, 21 in all, and four minor offices or divisions.¹

Aside from these the City of Manila, not being a part of any province, is considered as being under the Governor General as are also the three following bureaus:

The executive bureau.

The bureau of civil service, which is independent of any department.

The bureau of audits, which is independent to a still further degree, in that while administratively under the control of the Governor General, the Auditor is appointed by and is responsible to the Secretary of War.

THE PHILIPPINE LEGISLATURE.

All the legislative power formerly conferred on the Philippine Commission² in all that part of said Islands not inhabited by Moros or other non-Christian tribes is vested in a Legislature consisting of

¹The Department of the Interior embraces the bureaus of health, lands, science, forestry, and weather.

The Department of Commerce and Police includes the bureaus of constabulary, public works, consulting architect, navigation, posts, coast and geodetic survey, labor, and the office of the supervising railway expert.

The Department of Finance and Justice has the bureaus of justice, customs, internal revenue, and treasury.

The Department of Public Instruction is divided into the bureaus of education, agriculture, supply, prisons, and printing, and to it are also attached the university of the Philippines, the Philippine library, and the sales agency board.

²In instructions of the President to the Philippine Commission dated April 7, 1900; as ratified by Act of July 1, 1902.

two houses—the Philippine Commission and the Philippine Assembly.

The present Commission consists of four Americans and four Filipinos with one vacancy. The members are appointed by the President by and with the advice and consent of the Senate.

The Assembly membership must be at least 50 and not exceeding 100, apportioned according to population, but no province to have less than one member. On October 16, 1907, the first session of the Assembly was inaugurated. It is now composed of 81 members.

Elections for delegates to the Assembly are held on the first Tuesday of June each fourth year, dating from 1912, and those elected take office on the 16th of October next following, serving for four years, or until their successors are elected and qualified.

The Legislature convenes annually on October 16, its regular sessions being limited to 90 days, not including Sundays and holidays, and upon call of the Governor General it may convene in special session for not exceeding 30 days.

The qualifications of electors voting for delegates are the same as those prescribed for municipal electors at the time the organic act was passed.

All acts of the Commission, as well as those of the Legislature, are reported to Congress, which specifically reserved the power and right to annul the same. Congress has never annulled any such act.

RESIDENT COMMISSIONERS.¹

The organic act provided for the biennial election of two Resident Commissioners to the United States, who are entitled to recognition as such by the executive departments at Washington. No person is eligible to such election who is not a qualified elector in the islands, owing allegiance to the United States, and who is not yet 30 years of age. The House of Representatives, by resolution agreed to February 4, 1908, extended to these Commissioners the privileges of the floor of the House, with the right of debate, and in June, 1910, Congress provided that the Commissioners should be elected for four instead of two years.

JUDICIARY.

The judicial branch is organized in three grades, the Supreme Court, the courts of first instance, and those of the justices of the peace.

The Supreme Court is composed of a Chief Justice and six associate justices² appointed by the President by and with the advice and consent of the Senate. Aside from its functions as an appellate court, it has original jurisdiction to issue writs of mandamus, certiorari, prohibition, habeas corpus, and quo warranto in the cases and in the manner prescribed in the code of civil procedure, and to hear

¹ Benito Legarda elected November 22, 1907; reelected May 15, 1909, and served until March 4, 1913.

Pablo Ocampo de Leon elected November 22, 1907, and was succeeded by Manuel Quezon, who was first elected May 15, 1909.

Manuel Quezon elected May 15, 1909; reelected November 21, 1912, for four years from March 4, 1913.

Manuel Earnshaw elected November 21, 1912, for four years beginning March 4, 1913.
² Chief Justice, Cayetano S. Arellano; associate justices, Florentino Torres, Victorino Mapa, E. Findley Johnson, Adam C. Carson, Sherman Moreland, Grant T. Trent.

and determine the controversies thus brought before it and in other cases provided by law. In all cases involving constitutional questions (or arising under acts of Congress) and in civil suits involving \$25,000 or more, an appeal lies from it to the Supreme Court of the United States.

There are now 18 judicial districts of the court of first instance, with 24 judges, 12 of whom are Filipinos. These judges are appointed by the Governor General and confirmed by the Commission. They hold regular sessions of court in the capital of each province, having appellate jurisdiction in cases coming from the justice's courts, and original jurisdiction in all other civil and criminal cases excepting those in which the Supreme Court has original jurisdiction.

The organized municipalities and the settlements and townships have justice of the peace courts, the justices and auxiliary justices being appointed by the Governor General, with the consent of the Commission, from a list of qualified persons submitted by the judges of the courts of first instance of the districts. They may be removed by the former for misconduct and are under the general supervision of the courts of first instance. Until recently their only compensation was from fees. Partly on this account and partly on account of the semifeudal relations still subsisting in many parts between the local gentry and the laboring classes, it proved difficult to find intelligent and honest men for these positions; the resulting condition of the justices' courts being far from satisfactory and the number necessarily relieved from duty ran high each year. The Legislature passed an act providing for the payment of salaries beginning with the fiscal year 1912, raising the qualifications and enlarging the jurisdiction in such a manner as to warrant the expectation of marked improvement. The City of Manila has a municipal court for criminal cases, in addition to the justices' courts for civil cases.

The court of land registration is a special court with the functions indicated by its title.

ADMINISTRATIVE COOPERATION.

Owing to the diversity of tribes and languages, and to the varying degree of development among those in even neighboring communities, it was impossible to depend upon the initiative of the people of the municipalities and provinces, to make as rapid advancement in education, in sanitation, and in many other forms of public service as their condition imperatively demanded should be brought about. It was therefore essential to associate with the fullest local liberty the hearty cooperation of the various agencies of the central government. The general lack of taxable wealth made it necessary to reinforce the local revenue by some form of aid from the central government if anything like satisfactory progress were to be made.

This cooperation has brought marked advances and is to-day everywhere evident. The local schools are under the supervision of teachers paid from the funds of the central government, the sanitary work is inspected and directed by the best experts, and there is combined effort as to public improvements.

Further, that the services of each technical man employed by the government might be used to the best advantage, there has been developed a simple yet novel system of interchange of services.

This has resulted not only in consolidating scientific work in the Bureau of Science, the purchase of all supplies by the Bureau of Supply, etc., but makes each of the various agencies available to all the other bureaus, provinces, and municipalities, according to their needs. For instance, in building a provincial high school, there is available a standardized plan for a reinforced concrete building that has been approved by the consulting architect, the bureau of education, and the bureau of health. The experts of the bureau of public works ascertain the material locally available, secure the remainder through the bureau of supply, at the lowest prices, and supervise its construction. Overhead charges are thus reduced to the minimum and the maximum obtainable efficiency and economy are secured. The whole system is made practicable by the simple expedient of having each bureau reimbursed from the proper fund for any work it performs for another branch of the service.

EXECUTIVE BUREAU.

The act organizing this office provided that—

To assist the Civil Governor in his executive duties there shall be created an executive bureau, at the head of which there shall be an Executive Secretary.¹

The law enacted September 6, 1901, creating the several departments of the Philippine government, provided further that—

The executive control vested by law, however, in the central government over provincial and municipal governments and the civil service shall be exercised directly by the Civil Governor through the Executive Secretary.

The Executive Secretary acting for the Governor General exercises general supervision of the details of matters regarding all Christian provincial and municipal governments, excepting the city of Manila, including the investigation of complaints and charges against local officers, and the supervisory control and direction of the provincial treasurers and their deputies, the municipal treasurers; and of the final revision of land assessments.

In practice through his official relations with the treasurers and personal relations with the elective officials, the Executive Secretary is an advisor of provincial and municipal governments in regard to their financial legislation, particularly with respect to public improvements.

In cooperation with the appropriate Bureaus and the local officials systematic plans of provincial and municipal betterments are being instituted by members of the executive bureau staff working in the field, to furnish so far as possible definite plans for the future development of all municipalities.

Importance attaches to this work, as the system of five and ten year loans from insular funds to assist the local governments in making public improvements calls for the approval of this Bureau of each loan before it is made.

¹ Executive Secretaries: Arthur W. Fergusson, July 16, 1901, to Jan. 30, 1908, when he died; Frank W. Carpenter, Feb. 1, 1908, to date.

The results already obtained are without exception of positive and generally recognized benefit, and they show increases in the municipal revenues.

CIVIL-SERVICE SYSTEM.

Act No. 5 of the Commission was passed September 19, 1901, providing the basis of a civil-service system, which has been extended to all the offices of the central or insular government, to the provincial service, and lately to the treasurers of municipalities.

A distinguishing feature of the civil-service act is the provision that vacancies in the positions of chiefs and assistant chiefs of bureaus and offices and as superintendents must be filled by the promotion of persons in the service, if competent ones are available.

During the year 1912 a total of 5,948 Filipinos competed in the examinations, 5,147 taking them in English and 801 in Spanish, whereas during the first two years examinations were held over 99 per cent of the native competitors had to be examined in Spanish.

The progress in the Filipinization of the service is shown by the following table:

Comparison of the numbers of American and Filipino officers and employees having a permanent status in the service and the salaries paid on January 1 of the years given.¹

Year.	Officers and employees.			Salaries paid.			Average salaries.		
	Americans.	Filipinos.	Total.	Americans.	Filipinos.	Total.	Americans.	Filipinos.	Total.
1903.....	2,777	2,697	5,474	₱7,236,700	₱2,189,376	₱9,426,076	₱2,605.94	₱811.76	₱1,721.97
1904.....	3,228	3,377	6,605	8,663,720	2,932,834	11,596,554	2,693.92	868.48	1,755.72
1905.....	3,307	4,023	7,330	8,942,424	3,309,738	12,252,162	2,704.08	822.70	1,671.51
1907 ¹	2,616	3,902	6,518	7,869,242	3,234,494	11,103,736	3,008.12	828.93	1,703.55
1908.....	2,479	4,080	6,559	7,749,236	3,686,855	11,436,091	3,125.95	903.64	1,743.57
1909.....	2,659	4,397	7,056	8,576,962	4,018,988	12,595,950	3,225.63	914.03	1,785.14
1910.....	2,633	4,639	7,272	8,755,486	4,296,896	13,052,382	3,325.29	926.25	1,794.88
1911.....	2,633	4,981	7,614	8,954,834	4,668,825	13,623,659	3,401.00	937.33	1,789.29
1912.....	2,680	6,033	8,713	9,247,124	5,468,175	14,715,299	3,450.42	906.37	1,688.89

¹ The following employees are not included: Temporary and emergency employees; enlisted men of the Philippine Constabulary; semiskilled and unskilled laborers; persons compensated by fees only, and none of the elected officials.

² No data for 1906 are available.

PERSONNEL OF THE PROVINCIAL AND MUNICIPAL GOVERNMENTS.

On June 30, 1912, the governors of the 7 specially organized provinces, 8 lieutenant governors, 22 provincial treasurers, and 7 other provincial officials, a total of 44, were Americans.

At the same time there were 725 municipalities, 83 townships, and 1,183 settlements, in which there was a total of 12,315 local officials, of whom only 132 were Americans; 81 of these were notaries and 20 justices of the peace in communities where the number of their fellow countrymen made their appointment desirable. Aside from these notaries and justices there were 31 Americans serving as officials of municipal or other subsidiary units of government.

THE CITY OF MANILA.

The government of this city, which in 1903 had 219,928 inhabitants, was taken over from the Spanish Civil Governor under an order of Gen. MacArthur dated two days after the occupation of Manila. The present municipal corporation was created July 31, 1901, by Act No. 183 of the Commission. The Manila Charter, following somewhat the plan provided by Congress for the District of Columbia, vests the government in a municipal board of six members, three appointed by the Governor General by and with the consent of the Philippine Commission, one (the city engineer) ex-officio member, and two elective members.

Appropriations to cover the expenses of the city are made by the municipal board, subject to the approval of the Governor General. Thirty per cent of these expenses are paid by the insular government in consideration of various services, with the limitation that the contribution of the central government shall in no year exceed \$625,000.

The city contains an area of 14.905 square miles. It is divided by the Pasig River and many small canals (esteros).

Under American government there have been added 41 miles of streets and 28 bridges. In connection with the port works the water front has been enlarged, improved, and rendered susceptible of much further improvement. The reclaimed area embraces about 308.13 acres. Bituminous macadam and wood block paving have been placed on the principal streets, though the amount of available funds has prevented any considerable extension of the paved area, which is about 35,000 square yards. The area of streets sprinkled daily is 1,142,400 square yards, while upward of 2,000,000 square yards of street surface are cleaned daily.

The area of city parks and public grounds cared for is twice as great as in 1905, being about 300 acres, and the work of improving sites aggregating some 600 additional acres has been begun.

Eight public markets bring in a revenue of about \$150,000 annually, and provide stall space where retailers of food products conduct business.

In December, 1901, the city secured the services of Hugh Bonner, ex-chief of the New York fire department, under whose supervision as chief the Manila fire department was placed on an up-to-date basis. Motor fire apparatus was introduced several years ago, and it is expected that motors will entirely supersede horse-drawn equipment within a short time. While there have been several extensive conflagrations, these have been limited largely to the so-called "nipa districts," where the closely adjacent houses, built of light materials, are thatched with nipa palm leaves. The per capita fire loss in 1911 was \$1.385.

The police force consists of 682 men, compared with 941 in 1902, and of the 13,792 cases presented to the municipal court in 1911 less than 1 in 10 involved moral turpitude. The work of the courts is kept up to date.

The improvement of the port and water front, the installation of adequate water and sewer systems, with the new street car lines, etc., have made the city much more modern and attractive as a place of

residence, while there has also been a marked improvement in the health of the inhabitants, as indicated by the greatly reduced rate of mortality.

MANILA WATER SUPPLY AND SEWERAGE SYSTEM.

The original installation of a water system was due to the generosity of Senor Carriedo, a wealthy Spanish physician, who died in the eighteenth century after devoting his entire fortune to this worthy cause. The project was stimulated by the terrible epidemic of cholera, which occurred in Manila in 1871, and work was begun in 1878 and completed in 1882, completing the movement started by Carriedo nearly 150 years before. Before the introduction of this system the water supply for the entire city was derived from shallow wells and the Pasig River.

Upon the Americans taking control the supply was found to be insufficient, badly contaminated, and a constant menace to the public health, while there was practically no sewerage system. The two great improvements imperatively needed were an addition to the water supply and the construction of sewers. Plans, surveys, and complete study of a new water system were finished during the fiscal year 1903, and in February, 1904, those for a sewerage system for a population of 441,000. By the act of the Philippine Commission of April 14, 1905,¹ the city was authorized to incur an indebtedness of \$4,000,000 to construct sewers in the city of Manila and to provide said city with an adequate sewer and drainage system and supply of water. Bids for both the water and sewerage systems were awarded in January, 1906, the former at \$1,025,000 and the latter, for about 52 miles of sewers, at \$1,631,053.20. The new water supply was practically completed in 1908, the supply from the new storage basin having been turned in on November 12, 1908, and in February, 1909, the new system was turned over by the construction office to the office of water supply and sewers for operation. The sewerage system was virtually completed in May, 1909. These improvements were followed by a remarkable betterment in health conditions.

DEPARTMENT OF THE INTERIOR.

This department includes the bureaus of health, science, lands, forestry, and weather. In addition, the Secretary of the Interior has general supervision of the work among the non-Christian tribes, and has spent a number of months each year in the specially organized provinces, familiarizing himself with the existing conditions, the changes which had occurred in the various localities and tribes since his last visit, and conferring with the various tribesmen. These long trips have given opportunities for inspecting the work being done, conferences with the officials of the various provinces, subprovinces, townships, and settlements, and inspection of the proposed routes of additional roads and trails.

HEALTH AND SANITARY WORK—THE BUREAU OF HEALTH.

At the outset the board of health embraced the functions ordinarily performed by similar organizations in the United States, but one

¹ Under specific authority of Congress, in the act approved July 1, 1902.

duty after another was imposed upon it and the bureau of health, which succeeded to the work. It now forms, in reality, the medical department of the Insular government, its services being available to and extensively used in the provinces and municipalities. Its present functions are much more extensive than indicated by its title, as it not only has charge of the collection of vital statistics and the protection of the public from dangerous communicable diseases by practical educational methods, but it also embraces the administration of public charities, care of the insane, of orphans, aged, the supervision of factory conditions, and the hygienic and medical care of all government employees.

Besides the continuous campaigns against epidemics and the most prevalent diseases, over 300 boards of health have been organized in various communities. Prison sanitation has greatly reduced the mortality in those institutions; and in every direction the fullest possible efforts have been made to bring the daily benefits of modern sanitation within reach of all willing to receive them. Unfortunately the cost of every improvement or plan had to be weighed, and the constant and necessary restriction in appropriations has limited the work undertaken. The results attained, however, are immeasurable and place the sanitary and health work in the Philippines, with similar work in Cuba and Panama, at the head of American accomplishments.

Outside of a few principal cities there was practically nothing known in the Philippines of hospitals or physicians.

In addition to the ordinary impediments to sanitary progress, due to the conditions following the war and insurrection, there was to be overcome the conservatism of backward peoples opposing in their ignorance and superstition every effort toward modern sanitation. And in addition there were a number of tropical diseases continuously present, besides successive epidemics¹ of the most virulent nature which had to be combated.

The obstacles encountered were epitomized in 1907 (by Mr. Taft) as follows:

The introduction of sanitary methods by law among the people has given rise to more dissatisfaction and greater criticism of the government than any other one cause. The truth is that the people have to be educated in the effectiveness of such methods before they can become reconciled to them, and the work of the health department since the beginning of the civil government in 1901 has been obstructed first, by the inertia and indifference of the people in respect to the matter, and second, by their active resistance to affirmative restraints upon them necessary to prevent disease.

COMBATING EPIDEMICS.

At various times Asiatic cholera occurred as an epidemic in the Philippines, having caused in 1888 and 1889 as many as 1,000 deaths a day in Manila. On March 20, 1902, cholera reappeared in Manila, but in view of the emphatically reiterated statements of local physicians that a disease identical with that which presented itself at this time had occurred annually for many years there would seem to be good reason for believing that the disease in a mild form had been endemic in the islands and that this epidemic was merely a recru-

¹ No one can be in the Philippines long without realizing that as a race the Filipinos are small of stature, slight of frame and flesh, and with small powers of resistance to epidemic diseases. (Special report of the Secretary of War, 1907.)

descence. To convince the public of the true nature of the disease and of the necessity of radical measures if an epidemic were to be avoided the official statement was published widely but for several months there were not lacking intelligent laymen and even physicians who insisted that there was no cholera in the islands. Unfortunately, their belief was ill-founded, and the epidemic continued in Manila until February 29, 1904, there being 5,581 cases and 4,386 deaths, while in the provinces it lasted until March 8, 1904, with 160,671 cases and 105,075 deaths.

The people, entirely unaccustomed to any sanitary restrictions, resented the burning or disinfection of their houses and effects, and in spite of the fact that the number of cases was kept down in a manner never before dreamed of at Manila, there arose an increasingly bitter feeling of hostility toward the work of the Board of Health. The authorities found the very success of the efforts proved an obstacle as it was alleged the disease could not be cholera, as if it were there would be a thousand deaths a day, and an educational campaign had to be undertaken to overcome this hostility. The maximum of the epidemic in Manila was reached in July, by February it had practically disappeared from Manila, then the number of cases increased for a while, finally ending in February, 1904.

In April, 1905, other cases developed, there being in Manila during the following year a total of 283 cases. The lack of physicians or others experienced in sanitary work, the ignorance of the people as to the necessity for quarantine measures and other precautions prevented stamping out the disease promptly in the provinces, and in certain of these from August, 1905, to the end of September, 1908, there were numerous outbreaks of the disease, with a total of 22,758 deaths.

The next year the bureau of health reported the conclusion that the cholera question in the Philippines presented much the same problem as typhoid fever in Europe and America.

In July, 1910, there was another outbreak in the city limited to 217 cases. In the provinces during the year 1908-9 there were 29,323 cases, in 1909-10 a total of 9,957, and in 1910-11 a total of 6,649, the last case being reported March 9, 1911.

During the latter part of the fiscal year 1912 there was a small outbreak of cholera in the province of La Union. Sanitary measures were promptly applied through its district health officer and the disease came to an abrupt termination.

The director of health stated in his report for 1912 that during the year the sanitary and medical organization had been severely tested, adding:

At no other time have the Philippines been so seriously threatened by the invasion of disease like cholera, plague, and smallpox from nearby countries, and yet the health conditions have been better than those experienced at any time since American occupation.

SMALLPOX AND VACCINATION.

In the first two months that Americans had charge of the work of sanitation more people were vaccinated in Manila than in the preceding 10 years. Vaccination was continued as rapidly as possible,

and in 1903 it became possible to plan for the vaccination of the entire population. In 1907 the director of health reported that in seven provinces where theretofore there had been approximately 6,000 deaths annually from smallpox, not a single death from this disease had been reported during the year. More than 2,000,000 vaccinations were performed in a single year, a total of over 10,000,000 has been reached and the annual mortality from smallpox, which, prior to American occupation averaged 40,000 cases a year, has been reduced to a few hundred.

BUBONIC PLAGUE.

Up to the year of American occupation Manila was one of the worst plague spots in the East, and the average rate of mortality among the natives and the foreign residents was appalling.

Since 1903 the bureau of health has been striving to eradicate plague through the isolation of all persons suffering from the disease and the destruction of plague-infected rats.

The campaign against the disease is conducted on the theory of the Indian Plague Commission that bubonic plague in man comes from the plague-infected rats by means of rat fleas, and the measures of protection are directed chiefly against the rat. All vessels from plague-infected ports or countries are thoroughly fumigated with sulphur twice a year for the destruction of rats and other vermin. The wharves are kept as near rat proof as possible, and every means practicable have been instituted to prevent rats gaining access to the wharves or shore. Rat-catching campaigns have been inaugurated and persistently prosecuted. This policy has resulted in the steady diminution and ultimate disappearance of plague throughout the islands.

And so strict has been the vigilance maintained against the disease that there has not been a single case of plague originating locally in the Philippine Islands since April 20, 1906, and the whole archipelago has been entirely free from bubonic plague since that date.

BERIBERI.

Following out the theory partially demonstrated by investigation that beriberi is caused by the continuous use of polished rice as a staple article of diet, due probably to the fact that much of the phosphorus is removed in the milling process, executive orders were issued by the Governor General on May 4, 1910, and April 26, 1912, prohibiting the use of polished rice as a staple article of diet in government institutions. The result obtained by the use of unpolished rice has been all that could have been desired, for at present in all these institutions beriberi is an unknown disease.

During the last fiscal year there were 1,206 deaths from beriberi in Manila, while in the public institutions, through the continuous use of unpolished rice, not one death from beriberi occurred, though formerly there were at least 600 deaths annually in these institutions.

Efforts are now being made to discourage the general use of polished rice.

CULION LEPER COLONY.

The Americans found in Manila, in Cebu, and in Nueva Caceres, respectively, leper hospitals, but in each the management was inefficient and the care of the inmates poor. More than this, no supervision was exercised to isolate lepers not in hospitals. Sometimes the poor creatures were driven out of villages by popular riots and herded together with no proper food and no shelter. The contact of lepers with the people, of course, only increased the number of cases of the dread disease.

This prevalence of leprosy made advisable the establishment of a separate colony of those afflicted with this disease, which was established at Culion, a healthful and attractive island between Panay and Palawan, to which all the lepers of the islands were gradually removed, and there they have been allowed to organize their own municipal government.

The experiment at first was a doubtful one, because of the opposition of the lepers to being taken so far away from their homes, and some of the friends of the lepers made vigorous objections to this course. After the removal of the first 500, however, when they found how comfortable and agreeable life at Culion was, the objections ceased.

While the number of lepers in the islands had been estimated to be from ten to thirty thousand, when colonization began the bureau of health only had record of 3,715 lepers and estimated the full number of cases as about 5,000. For several years the large majority of cases taken to Culion were those in which the disease was far advanced, but the rapidly changing attitude with regard to isolation has resulted in many cases coming under observation while in the incipient stage.

The total number of lepers at Culion at the date of the latest report was 2,615. Almost invariably there is marked improvement in the apparent condition of lepers within a few months after their arrival at Culion.

The scientific observation of the conditions under which the disease occurs, while necessarily limited, has aided in limiting the spread; for instance, it has been found to have many characteristics of a "house disease," cases now being frequently found in houses of families from which other cases were taken several years ago.

The greatest freedom of action is afforded to these unfortunates in the colony; they exercise certain governmental functions, indulge in track athletics and baseball games, are regaled with theatrical performances, and in fact are afforded all the liberties and enjoyments of the more fortunate, but with better housing and sanitary conditions. The spirit among the colonists improves, and it is believed that the day will come when lepers will voluntarily present themselves there for treatment. Meanwhile, the occurrences of new cases is becoming much less frequent.

WATER SUPPLY.

The prevalence of dysentery and numerous other water-borne diseases in the Philippines made it impossible to bring about modern sanitary conditions without removing the dependence upon wells and other ordinary sources of surface water supply. The introduction of a modern system in Manila was followed by the very decided

decrease in the death rate, elsewhere shown, which lent impetus to the efforts to secure artesian wells wherever possible throughout the archipelago.

With a few exceptions, the boring of artesian wells may be said to have begun in 1906. The first few wells met with considerable opposition, and considerable superstition developed in connection with using water from sources with which the masses were unfamiliar, but this gradually disappeared as the better quality of the water became manifest, so that in 1912 the bureau of public works installed 143 wells, and the entire number since the work was begun is 680. The provinces, municipalities, and private individuals probably have, according to the director of health, installed an equal number, so it can be seen that the introduction of this form of water supply is now reaching large proportions.

The introduction of these has been followed almost invariably by a marked lessening of the rate of mortality, frequently from 40 to 20 per 1,000, which means that hundreds of lives are being saved annually by this one sanitary measure alone.

In Manila the use of the new water system was followed by a reduction in the yearly average number of deaths of children from convulsions from 1,921 to 500.

In addition to the hundreds of artesian wells, some 50 municipalities are planning to impound surface water.

HOSPITALS.

The most modern hospital in the Orient and one of the best of its kind in the world was opened in Manila during the visit of the Secretary of War in 1910. This is the Philippine General Hospital, with a training school for Filipina nurses and a clinical hospital for the Philippine Medical School. The beneficent work for the poor is already exerting a far-reaching influence in convincing the people that a hospital is a place in which to get well rather than one in which to die.

In 1912, 35 young Filipinas were given the degree of graduate nurse, all but 1 continuing in the employ of the government, as the demand for well-trained Filipina nurses in government institutions far exceeds the supply.

In the effort to meet the imperative need of a certain number of hospitals at central points the Southern Islands Hospital, at Cebu, has just been completed. This institution is in some respects even more modern than the Philippine General Hospital and will be of great value to the inhabitants of Cebu, Samar, Leyte, Bohol, Eastern Negros, and Northern Mindanao, as water communication is available between all of these regions and the city of Cebu, which is the second port in the Philippines.

At Bontoc, the capital of the Mountain Province, a fine hospital, with dispensaries in the near-by districts, has been opened and is doing much good. To this hospital are brought sufferers from among the Christian Igorots of Lepanto and three of the head-hunting tribes—the Bontoc Igorots, the Kalingas, and the Ifugaos. Formerly the wild men when sick or wounded endeavored to pacify the anitos, or spirits of the departed, by killing chickens, pigs, or carabao, according to their means. They are now learning the efficacy of the

white man's medicine and surgery and are coming for help in constantly increasing large numbers.

There are also under construction a hospital at Tuguegarao, which will serve the provinces of Cagayan and Isabela, and a small hospital at Butuan, in the province of Agusan.

A tuberculosis camp has been established near the city of Manila, and a sanitarium at Sibal Springs, the waters of which have undoubted medicinal value, is in course of construction.

The bureau of health operates five dispensaries in Manila and five in the provinces. It aids the dispensaries of the University Hospital, the Mary J. Johnston Hospital, St. Paul's Hospital, and San Juan de Dios, as well as those of the Antituberculosis Society, and sends out hundreds of boxes of simple remedies and surgical dressings to its own officers, school-teachers, and other persons.

The organization of the Far Eastern Association of Tropical Medicine, which was actively cooperated in by the staff of the bureau of health, was followed by the organization of the Filipino physicians, which held its first meeting in 1912.

The Philippine Commission in 1909 reported :

It is believed that as the resources of the government increase the sanitary work should be proportionately increased eventually to include * * * such general work as it will be possible to do to improve the hygienic conditions and generally raise the tone of the physique of the people. No such result can be hoped for, however, with the present organization and force; but it is with such an object that the medical school has been established.

In this school some of the most capable young Filipinos are receiving their tuition free from the government, under an agreement to return to the provinces from which they were selected and practice medicine there for a number of years equal to the number of years they received education from the government. The hope of the future sanitary development of the Philippine Islands lies largely in the young graduates of the government medical school.

As showing the confidence of the business world in the improved sanitary conditions, it may be stated that the life insurance companies are charging the same rates in the Philippines as in the United States.

Smallpox has been eradicated; bubonic plague and Asiatic cholera have been suppressed; a remedy has been found for beriberi; the lepers that formerly roamed almost at will have been segregated without adding complete isolation and inhuman treatment to the terrors of the disease. And the cost of all this, and of much more that has been similarly done for the health of the people, has been borne by the Filipino people themselves. More than that the people have been brought to the point where they appreciate the benefits of sanitation to an extent that a few years ago would have seemed incredible.

Yet with all the progress made, this work has but just commenced. With all the remarkable achievements in sanitation, half of the children born in Manila still die in infancy, and the masses of the people in the provinces have still but faint conception of the meaning of sanitary principles and are still opposed, by habit, to their introduction.

BUREAU OF SCIENCE.

Beginning with 1901 the laboratory work of the bureau of health and all the other purely scientific work of the various offices was

centralized and placed under the able direction of Dr. Paul Freer, whose death in 1912 was an indirect sacrifice to his devotion to duty. The work of the bureau of science has not only made the work of sanitation much more fruitful than it would otherwise have been, but there has been laid the scientific basis for future progress along all economic lines.

At present the biological laboratory is systematically studying beriberi, disease-producing ameba, and protection against plague. The chemical laboratories are continuing the study of the supplies of coal and oils available in the islands, and of cements and concrete, with a view to the utilization of Philippine materials in the manufacture of cement. The division of organic chemistry is paying particular attention to copra, the exports of which have increased so largely in the last two years, but is chiefly occupied with work in connection with the enforcement of the pure-food act, while the sugar laboratory at Iloilo is endeavoring to improve the native methods of manufacture without the installation of complete machinery. The divisions of mines and entomology are continuing along practical lines. The policy of concentrating the scientific work in one bureau has enabled the government to secure abler men than would otherwise have been possible, as well as to make the fullest possible use of their services. For instance, through the use of these scientists for a portion of their time the organization of the University of the Philippines became possible years earlier than would have been the case had they not been available.

BUREAU OF LANDS.

The work of this bureau covers the administration of the friars' lands and the making when required of official surveys in connection with the registration of titles.

PUBLIC LANDS.

By far the greater part of the area of the Philippine Islands is embraced in the public lands. The law provides for the disposition of these by sale, lease, and homesteading, with strict limitations as to the number of acres either an individual or a corporation may acquire. Relatively only a very small part of them has been disposed of during the last 10 years. Aside from the adverse influence due to the lack of roads and the consequent inaccessibility of many of the most desirable sections, the small area anyone may acquire has undoubtedly prevented many sales. A general cadastral survey would be a great advance toward making these lands salable.

From the date the public-land act took effect, July 26, 1904, until June 30, 1912, the bureau of lands received applications as follows:

	Number.	Hectares. ¹
Homestead applications.....	17, 950	226, 160. 31. 09
Sales.....	603	20, 568. 73. 04
Lease.....	340	99, 295. 42. 13
Free patents.....	15, 885	52, 050. 56. 65

¹ One hectare equals 2.47104 acres.

FRIARS' LANDS.

A most potential source of disorder in the Islands was the ownership of what were called the "friars' lands" by three religious orders. These lands amounted in all to nearly 400,000 acres. The title to these lands was clearly and unmistakably vested in the religious orders and that title could not be taken away from them except by purchase.¹ In 1896 the insurgents proposed turning them over to the municipalities, and later Aguinaldo contemplated nationalizing them. Congress, convinced of the necessity for their acquisition, had provided, in the organic act, either for their purchase or condemnation by the Government and their subsequent disposition on long, easy terms to the occupants. A bond issue of \$7,000,000 was made to provide the funds for the purchase.

Twenty-three estates were purchased at a cost of \$6,930,462.70. The estates were in parts densely settled, including towns and villages. Of the settled estates, in some cases part consisted of wild lands, while two of the largest estates consisted of unoccupied lands in wild provinces. These two estates, one in Mindoro and one in Isabela, had, in fact, been given the Recoletos and Augustinian orders in the last years of tranquillity under the Spanish Government, under its general policy of using the religious orders to bring into subjection and civilization the wild people.

The 23 estates were in 8 of the 38 provinces of the Islands. They were on the three Islands of Luzon, Cebu, and Mindoro. Over 80 per cent of the cost of the estates to the Government was for the estates located in the five Tagalog provinces surrounding Manila. The bonds sold to purchase these estates created a debt of the Filipino people for a peculiarly local purpose. This was recognized by the Commission, and the law providing for the administration and sale of these estates contemplated the reimbursement of the Government, extending to the tenants, who were to become owners, only the credit of the Government and the low rate of 4 per cent on deferred payments in a community where the normal rate of interest was about 20 per cent.

The handling of these estates was a delicate and difficult proposition. It was necessary to delimit the holdings of thousands of small tenants. It was necessary to have tenants recognize the ownership after years of holding without payment of rent. However, this was done with marked success. Slowly, but with success, the occupied portion of the estates were sold to the tenants on terms to reimburse the Government.

The difficulty of selling the remote unoccupied estates remained unsolved. On the recommendation of the bureau of lands and the Department of the Interior the Philippine Legislature in two acts, dated June 3, 1908, and May 20, 1909, removed the restriction which had been placed by the Philippine Commission in its original Friar Land Act on the amount of unoccupied friar land that might be sold

¹ With the restoration of order and the establishment of courts the representatives of these religious bodies were entitled to go into court and recover from tenants the rents which had been in arrears since 1896 and to eject them from the lands which they had occupied unless they admitted title and continued to pay rent. The occupants of the friars' lands resolutely refused to do either, and the Philippine government was confronted with the immediate prospect of suits to evict 60,000 tenants.—Special Report of the Secretary of War, 1907.

to a single purchaser. Thereafter there was sold the large unoccupied Mindoro estate. This estate was sold to persons who contemplated its use in growing sugar cane in a large way. This sale and the contemplated use of this estate was attacked in the United States, and there ultimately resulted the passage of House Resolution No. 795, adopted June 25, 1910, the last day of the second session of the Sixty-first Congress, directing the House Committee on Insular Affairs "to make a complete and thorough investigation of the Interior Department of the Philippine government touching the administration of Philippine lands and all matters of fact and law pertaining thereto." * * * The resulting investigation is historically interesting, being the only investigation ordered by either House of Congress as the result of charges against the administration of our insular possessions. The committee's report after the investigation is published as House Report No. 2289, Sixty-first Congress, third session.

The summary of the report is as follows:

SUMMARY.

We find that the administration of lands in the Philippine Islands has been fairly and honestly conducted, and that the charges and insinuations to the contrary which have been made against the officials charged with the execution of the laws in relation thereto, whether officers of the Philippine government or of the United States, are unwarranted and unjust. W. Cameron Forbes, governor general; Dean C. Worcester, secretary of the interior; Charles H. Sleeper, director of lands; and Frank W. Carpenter, executive secretary, are able, earnest, patriotic men, honestly performing their duties under more or less trying circumstances.

No corporation can lawfully hold more than 1,024 hectares (2,500 acres) of any kind of land in the Philippine Islands, and no corporation has been permitted to purchase more than that amount of either public lands or friar lands since the passage of the act of 1902.

Section 15 of the organic act limits the sale of public lands to 16 hectares, or 40 acres—the amount of public lands in the Philippine Islands which lawfully may be sold to any purchaser other than a corporation. No sale in excess of that amount has been made.

Sections 13, 14, 15, and 16 of the organic act do not apply to the sale and disposition of the friar lands.

Citizens of the United States, as well as citizens of the Philippine Islands, are clearly authorized by the organic act of 1902 to purchase valuable mineral lands and vacant coal lands forming part of the public domain; but it is claimed that, as to agricultural lands, the right of purchase is limited to citizens of the Philippine Islands. Technically, as defined by the act of 1902, citizens of the Philippine Islands are those Spanish subjects who resided in the islands April 11, 1899, and their children subsequently born. No other person can, under existing law, become such citizen, no matter how long he may have been resident in the islands. Congress should, by appropriate legislation, more clearly express its intention, whether individual citizens of the United States are to be included or excluded as purchasers of agricultural public land of the United States in the Philippine Islands.

While we see no objection to the acquisition of homes in the Philippine Islands by officials or employees of the Government, whether American or Filipino, we advise against speculation in public lands by public officials, and are pleased to note that the members of the Philippine Commission have refrained therefrom.

There are about 60,000,000 acres of public land in the Philippines, the sale of which is restricted by law to 40 acres to a natural person or 2,500 acres to a corporation, each sale to be conditioned upon actual occupancy and cultivation of the lands for at least five years, during which the purchaser may neither sell nor encumber them. There are only about 123,000 acres of unoccupied and vacant friar lands remaining. These can not be sold in such small tracts, and subject to such burdensome conditions, at prices which will enable the Philip-

pine government to reimburse itself and pay off the bonds issued for their purchase. If that is to be accomplished, they will have to be sold in larger tracts than those permitted for public lands, and without the substantially prohibitive conditions of nonalienation or encumbrance. We feel that the sale of such a comparatively small amount of land in somewhat larger tracts than 40 acres, and without the conditions mentioned, would not be injurious to the best interests of the islands and could not be considered as evidencing a policy or intention to permit their exploitation.

At present corporations are limited to 2,500 acres each. There is no limitation at all to the quantity of friar lands that may be acquired by noncorporate purchasers. The advisability of enacting reasonable limitations respecting the quantity of friar lands that may hereafter be acquired, either by individuals or corporations, is respectfully commended to the consideration of Congress.

MARLIN E. OLMSTED.
E. D. CRUMPACKER.
E. L. HAMILTON.
CHARLES E. FULLER.
W. H. GRAHAM.
HERBERT PARSONS.
D. E. MCKINLAY.
ALBERT DOUGLAS.
C. V. FORNES.

I fully concur in the foregoing report as far as it goes, but desire to make the following suggestions:

* * * * *
A. W. RUCKER.
* * * * *

The duty placed upon the committee was "to make a complete and thorough investigation of the interior department of the Philippine government touching the administration of Philippine lands and all matters of fact and law pertaining thereto, whether the same are to be had in the United States, the Philippine Islands, or elsewhere, and to report to the House during this Congress all the evidence taken and the findings and recommendations thereon." The committee has fully discharged its duty to make a complete and thorough investigation of the interior department of the Philippines with regard to the administration of Philippine lands, and we concur in the findings of the foregoing that there have been no sales of Philippine lands in violation of law, and that the officials having in charge the execution of the land laws of the Philippines have been honest and conscientious. They are not, in our judgment, subject to censure; their task has not been an easy one; they have had many burdens laid upon them, not the least of which has been the interpretation of the provisions of the act of 1902, providing a civil government for the Philippines with regard to the lands they were administering.

* * * * *
E. H. HUBBARD.
C. R. DAVIS.
E. H. MADISON.

A minority report signed by five of the seven Democrats of the committee differed in its interpretation of the law from the majority of the committee and as to the policy of certain sales of land, but, among other things, said:

Nothing that has been developed in this investigation goes to show that those charged with the responsibility of administering the land laws of the Philippine Islands have been guilty of any wrongdoing.

Having, too, obtained and acted upon the advice of the highest law officers of the Philippine government, they can not be justly blamed for any mistakes of law upon their part, if mistakes there were.

Unfortunately the committee did not go to the origin of the charges made or to the animus behind them. While this was doubtless proper under its instructions, it resulted in the complete exoneration of the officials against whom charges were made and left the distinct impression that certain persons, permitted, in part, to remain anony-

mous, had for improper reasons maliciously and falsely attributed wrongdoing to faithful, hard-working officials.

Secretary Dickinson, in view of the published charges, made an independent investigation, feeling that he, as head of the War Department, had a duty to perform independent of any action of Congress. He reported that he learned nothing whatever detrimental to the character of the officials named.

He stated:

In so much, however, as opposition has been declared and Congress has provided for an investigation of this matter, no more sales of these lands in large quantities will be authorized until the situation is cleared up.

The policy thus stated has guided in the administration of these estates to this date.

Briefly, the condition with reference to sales on June 30, 1912, was as follows:

Disposition to date.	Number of lots.	Area (hectares).	Value.
Sold.....	40, 729	88, 272	₱13, 559, 457
Leased.....	1, 016	3, 225	268, 921
Disposed of.....	41, 745	91, 497	13, 828, 378
Undisposed of.....	8, 206	62, 981	4, 275, 867

It is reported that adherence to the limitation of the Public Land Act has prevented many sales.

Congress has not acted, nor has the Philippine Legislature. A sane treatment of this question may still save a large sum to the Philippine Government and place large tracts of idle land in beneficial cultivation.

BUREAU OF FORESTRY.

The bureau of forestry was organized in April, 1900, to administer the forests on public lands. It is operated by Filipinos under the direction of a few Americans.

The virgin forests of the Philippines cover about one-third the area and are estimated to contain about 2,400,000,000 board feet, while the present commercial use, other than firewood, is estimated at less than a hundred million feet a year. Aside from the free-use privilege, covering the usual household requirements for firewood, etc., the public forests are administered under a flexible license system, exclusive agreements being entered into for periods up to 20 years for large areas which can be lumbered without permanent injury to the forests. These are conditioned upon the installation of sufficient logging and milling equipment to handle the specified minimum annual cut. The charges range from 25 cents to \$1.25 per cubic meter, as measured in the round log, equivalent to about 250 feet board measure.

The forests contain a large number of varieties of hardwoods, many of them suitable for the choicest cabinetwork. The exportation of lumber is limited, but steadily increasing.

A forest school was established in 1910 in connection with the University of the Philippines, and scholarships provided with a view to having the students entering the government service as forest rangers upon the completion of their course of study.

WEATHER BUREAU.

A system of weather stations, observations, and warnings similar to that with which we are familiar is in operation. The Manila observatory was begun by the Jesuit Fathers as a private institution in 1865, and later became an official service which, with the exception of the Manila observatory, suspended operations for a while incident to the war. It was reestablished in 1899. The service is conducted by 75 Filipinos, 5 Europeans, and 3 Americans, under the charge of Father Jose Algue. Its studies of typhoons have enabled the bureau to be of much service to shipping throughout the Archipelago, and owing to the geographical location of the Philippines, to the rest of the Far East.

DEPARTMENT OF COMMERCE AND POLICE.

The Secretary of Commerce and Police has executive charge of the bureaus of constabulary, public works, navigation, posts, coast and geodetic survey, and labor. He has jurisdiction over the offices of the supervising railway expert, and the consulting architect, the general supervision of corporations other than banks and fiduciary companies, and the Manila port district.

THE CONSTABULARY.

The Philippine Constabulary, organized on August 1, 1901, under Act 175, is the armed police force of the government of the Philippine Islands.

In some provinces brigandage was practically an hereditary profession. Many marauding bands were led by unsundered chiefs of revolution. Cholera swept the country and poverty promoted agitation and crime. Under these conditions the constabulary was organized to enforce order without oppressing the people, acting as a friend and protector of the Filipino; aiming to accomplish its ends by sympathetic supervision rather than force.

The constabulary has performed an important work in the subjugation of the wild pagan and Mohammedan tribes, breaking up their tribal wars, protecting the Christian provinces from their raids, and bringing them under government influence. This branch of its work demands discretion, self-control, courage, patience, and industry, being performed among untamed savages, who are suspicious and excitable and who for many generations have been head-hunters and pirates. The enlistment in the constabulary of the wild Ifugaos, Moros, and other savages has worked for civilization among them.

As organized outlawry has ceased, there has been more opportunity for cooperation with the people, allaying their disagreements and smoothing out their differences. For some years now this political duty of the constabulary has been paramount and success has depended upon securing and maintaining the general confidence and good will of the people.

The director and four of the assistants are officers of the United States Army detailed for this duty. While on detail they have increased rank, the United States paying only the salaries of their grades in the army, and the difference being paid from insular funds.

On June 30, 1912, the actual strength of the constabulary was 323 officers and 4,157 men. Three times each year local examinations are held to determine fitness of natives for appointment as officers. Equal opportunities are offered within the organization for Americans and Filipinos, and the same standard of efficiency is required of both. It is still necessary for the bureau to depend upon military colleges in the United States for its young officers, and the proportions of Americans and Filipinos in the service remain about stationary.

BUREAU OF PUBLIC WORKS.

This bureau has a limited personnel, forming a corps of experts who have in their charge public improvements other than harbor and port works, and who supervise and direct the construction, repair, and other work of this nature required by the various branches of the public service. The appropriations for the bureau itself are very limited. Under a simple system of cost accounting the general expenses of the bureau which can not be allotted to a specific work—in other words, the overhead expenses—are prorated among the various projects as a surcharge.

IMPROVED COMMUNICATIONS.

PUBLIC IMPROVEMENTS.

The needs of the people for services which could be rendered only by the government has been continuously from the first such as to warrant the expenditure of much larger sums than were available.

The condition of all forms of public works was such as to retard the public service. Unimproved harbors, primitive roads, unbridged streams, and a crying need for schoolhouses were everywhere evident. The long-continued struggle against cholera and the mortality incident to various forms of intestinal diseases showed the necessity for general sanitation and particularly of improved water supplies to hundreds of communities. Even now schools are provided for only a portion of the children.

With so limited an income and pressing need that the public service be extended in every direction, any adequate treatment of public works was out of the question until Congress authorized a bond issue of \$5,000,000. These were sold as follows:¹

	Amount.	Premium.
1905.....	\$2,500,000	\$230,304.35
1906.....	1,000,000	83,747.00
1909.....	1,500,000	4,537.60

¹ To the end of June, 1912, there had been accumulated against the maturity of these bonds a sinking fund of \$635,258.53½.

From the funds secured through the sale of these bonds there were expended on the works named the following amounts:

Manila Harbor and Pasig River.....	₱4, 108, 180. 71
Improvement of the port of Cebu.....	1, 139, 472. 32
Improvement of the port of Iloilo.....	483, 000. 00
Construction of lighthouses.....	230, 000. 00
Benguet improvements.....	425, 000. 00
Iloilo River wall.....	170, 000. 00
General improvements, ports of Manila and Iloilo.....	348, 996. 84
Irrigation plants and systems.....	282, 416. 00
Manila River walls.....	200, 000. 00
Philippine General Hospital.....	883, 658. 31
Buildings, medical school.....	242, 274. 25
Artesian wells.....	150, 000. 00

Public improvements from this bond issue were supplemented as far as possible by appropriations from current revenues, and every effort has been made to devote the largest possible amount of current revenues to public works pending such time as Congress should authorize an additional issue of bonds. However, though urgently requested, such authority has not yet been granted, while the annual expenditures for public improvements have increased, to the detriment of the schools and other branches of the service.

The \$1,698,513.83 made available from the gold standard fund in the fiscal year 1912 alone made possible much of the work under taken.

The very limited income of the local governments has necessitated the frequent extensions by the central government of aid to various provinces and municipalities. The provision of the organic act as to the sale of the municipal bonds was inoperative as the amounts involved would not warrant the time required of both the legislative and executive branches of the government, even had there existed in the islands a market capable of absorbing such issues. After the establishment of certain trust funds in the treasury loans were made from insular funds to meet the most pressing needs, particularly the construction of markets, and other revenue-producing projects.¹

Reports indicate that the municipalities derive revenues of from 6 to 42 per cent from the markets, in some of them the daily sales amounting to as much as ₱20,000; practically their entire business is in the hands of the Filipinos.

¹ "Accordingly in 1907 a beginning was had in financing these projects by the investment of trust funds * * * and which by their nature could not be required for a long period of years, as in the case of sinking funds. In no instance has any default occurred in the payment of interest, payable quarterly, or on principal account, annual payments. During the year new loans placed increased the total of these investments to ₱3,795,079.94. Loans have been made to provincial governments in considerable sums to provide for the construction of permanent roads, thereby advancing by from one to two years the progress of the work. Loans to municipalities for the construction of modern sanitary markets are given preferential consideration in accord with the terms of the statute authorizing loans from the gold standard fund. The public market in each city and village in these islands is an institution, the importance of which as a factor in the daily life of the people can hardly be understood without personal study on the spot. The greater number of the markets of the Philippine Islands have been of bamboo or wood or thatch construction, without floors, and generally insanitary. The modern markets now being constructed are of reinforced concrete and have facilities for perfectly cleansing them. Increased market revenue means to the municipality an increased borrowing capacity which permits the erection of schoolhouses, waterworks, municipal buildings, the construction of first-class streets and bridges, and other improvements; the payment of adequate salaries to the teachers in the public schools; and other advances in municipal public service."--Report of the Executive Secretary, 1912.

ROADS.

The report of the Schurman Commission, 1900, showed that—

The islands are exceedingly deficient in proper means of land communication. There is need of railways, highways, byways; the repairing of old and construction of new. * * * In the Island of Luzon there are laid down on the maps three large highways, with byways leading from them. They are, first, a road running northwest from Manila and extending * * * to the town of Laoag, a distance in all of some 340 miles; second, a high road starting from Manila and running northeast * * * to Aparri, a distance of some 355 miles; third, a highway of the south running from Manila * * * to Albay, a distance of some 300 miles.

These highways are said to be fit for carriages in the dry season, and, with exceptions, they are likewise said to be in a very wretched state of repair and preservation, being in parts and for whole sections next to impassable. In the rainy season communication by means of them is almost wholly suspended, not only on account of clay, mud, and washouts, but also on account of the lack of bridges. * * * The highways in the other islands are said to be, as a rule, in far worse condition than those of Luzon. * * *

Modern road standards were adopted, old roads were brought up to this standard, and many new roads have been built. There were in the islands on June 30, 1912, 1,780.3 kilometers of road designated first class, built in a most substantial manner, and maintained by a system of daily inspection and repair; second class, 2,159.9 kilometers; and third class, 3,216.7 kilometers. These roads, the best of them being fully equal to any park roads in the United States, have been one of the great factors in the very marked increase of prosperity during the last few years.

BRIDGES.

Hand in hand with the development of the road system has been the improvement, standardization, and extension of the bridges, which the numerous and treacherous streams of the islands made so pressing a problem. The former type of adobe-stone arch structure for bridges was not designed for heavy loads, and in 1906 steel and concrete were adopted as standard bridge materials. The configuration of the land necessitates many bridges and culverts, 358 of them being constructed during the fiscal year 1912.

BUREAU OF NAVIGATION.

This bureau operates a cable ship, 14 cutters, 4 seagoing and 15 harbor launches, dredges, etc., making a total of 37 vessels.

Interisland transportation for the government service is furnished by five companies operating commercial vessels on nine routes, under the supervision of the bureau of navigation.

It has charge of harbor improvements, and in addition to those made at Manila, Cebu, and Iloilo minor improvements have been made at a number of other ports.

The lighthouse division has in operation 145 lights, 65 beacons, and 105 buoys, while prior to the Spanish-American War there were only 55 lights in the whole archipelago, and only 5 of these were of the first order.

These aids to navigation are now maintained and operated by a force entirely Filipino.

The lighthouse system in the Philippine Islands now compares favorably with that in any part of the world.

HARBOR WORK.

Manila Harbor.—The few natural deep-water harbors in the islands were in great need of deepening and improvement. At Manila vessels drawing more than 16 feet were compelled to lie 2 or more miles off shore and to lighter cargo. At best this was tedious and expensive, while during rough weather it was impossible. The resultant cost of doing business constituted a heavy burden upon commerce and a thoroughly protected harbor with sufficient depth of water to accommodate the largest ships was a paramount need.

The Spanish Government more than 20 years before had undertaken the improvement of the harbor and had completed about 30 per cent of the work to 1896. Some modifications were made in the general plans of the Spanish engineers and it being estimated that it would cost \$2,500,000 to carry out the project in its entirety, an act was passed in October, 1900, appropriating \$1,000,000 to commence work anew. This same act directed that the first work to be done should be the extension of the two long breakwaters then already partially constructed, and that the space between them should be dredged so as to give perfect protection to the largest vessels.

On January 13, 1902, actual construction work was begun.

It was subsequently found to be necessary, in addition to the projected breakwater, to erect another from 2,000 to 3,000 feet in length to protect ships from wave action.

On the improvement of the port of Manila \$5,784,838 has been spent in the construction of breakwaters and the dredging to the depth of 30 feet of a deep-water harbor for the trade entering that port.

This trade is increasing far beyond the facilities at present provided, and in the near future it will be of vital importance to have a further area of harbor dredged and additional piers built.

The land reclaimed by the harbor work in the port of Manila gives to that port the best facilities in the Far East for quick and cheap transshipment of goods. In the past year the movement of merchants toward the port district has been marked.

To meet the needs of the hundreds of lighter draft vessels the interisland shipping trade should not be lost sight of and large improvements are necessary in the lower Pasig River and in the esteros throughout the city. To obtain the means of bringing about these most important improvements, authority to issue bonds will be necessary.

Iloilo Harbor improvement.—At this harbor, located on the Iloilo River, it was found necessary to load and discharge cargoes from vessels of more than 12 feet draft by lighters. To overcome this drawback the Iloilo River was dredged to a depth of not less than 15 feet at mean low water, and a breakwater built across the bar at the entrance to the river with dikes and levees to control the river flow. Further improvements included the dredging of the lower reach of the river to a depth of 24 feet below mean low water, a second section from the Philippine Railway Co. terminus to the customhouse to 18 feet, and the upper reach to 15 feet. So much benefit has been derived that a petition to extend the work to the upper reaches of the river, signed by practically all the shippers in that district, has been received.

Cebu Harbor improvement.—The trade of Cebu, the second port in the islands, suffered from a lack of facilities, and in consequence improvements were authorized. This work was completed April 15, 1908, giving wharfage of 2,390 feet for vessels of 22 feet draft and at the temporary wooden government wharf built in 1904 for those of 28 feet draft. Since the completion of the work covered by the initial contract improvement has gone steadily forward, the street system on the reclaimed area having been completed and the four large standard piers and one small pier finished. In addition, the foundation for a fifth large pier to accommodate vessels of 30 feet draft has been driven.

Cebu is now unique among the island ports in having a wharf at which ocean-going vessels can tie up with railroad connection at the water's edge.

In addition to the ports above mentioned, many projects have been formulated and much work done upon ports and rivers of less importance.

BUREAU OF POSTS.

The postal service of the Philippine Islands was operated under the United States Post Office Department from the day of occupation to April 30, 1899, when it was transferred to the military government, though the money-order business was conducted as a part of the Federal service until June 30, 1901. At first United States postage stamps surcharged with the words "Philippine Islands" were used, but in 1906 distinctive stamps were adopted.

The bureau of posts, in addition to the postal service, conducts the postal savings bank and the business of the telegraph and telephone lines belonging to the insular government.

Full postage is paid on all official correspondence, the use of the frank in insular business having been abolished in 1907.

Parcel-post agreements have been negotiated directly by the insular officials with the authorities of Hongkong, Straits Settlements, and the United States.

POSTAL SAVINGS BANK.

The bank was opened in 1906, and while at first much the larger number of accounts were opened by Americans and foreigners, the example thus set was highly educative, as shown by the report for 1912:

Number of offices.....	437
Open accounts, 35,802; increase over prior years.....	6,998
Net deposits.....	₱2,388,986.42
Depositors:	
Americans.....	4,720
Europeans.....	886
Asiatics.....	590
Societies.....	51
Filipinos.....	29,555

Of the total amount of deposits, there was invested in bonds, real estate mortgages, and at interest with banks a total of ₱2,358,555.50.

The educational results of the last few years are reflected in the fact that 62 per cent of the depositors are under 23 years of age and only 11 per cent over 35.

TELEGRAPH AND TELEPHONE LINES AND CABLES.

The few telegraph lines existing in Spanish times have grown into an almost entirely new system. During the military occupation an extensive system of telegraph, telephone, and cable lines was installed. With the restoration of peace the telegraph division of the constabulary took over the control of the various lines.

On December 1, 1903, they were transferred to the Bureau of Posts, and since that time the system has been operated in connection with the postal service.

There were in the archipelago on June 30, 1912, 9,010.84 kilometers of telegraph wires and cables, and during the fiscal year 1912 commercial telegraph business increased 34.6 per cent over that of the previous year. The latest reports showed there were 278 telegraph offices and 14 wireless stations in operation.

COAST AND GEODETIC SURVEY.

The Philippine government is the only one under American jurisdiction that contributes money to this purely federal work.

The Philippine government paid for this service in 1912 \$103,071.11.

Beginning with 1905, there had been surveyed to the end of the last fiscal year 6,658 of the approximately 11,511 miles of general coast line; these surveys covered 11,308 miles of the detail coast line, with a total hydrographic survey covering 66,217 square statute miles.

BUREAU OF LABOR.

This bureau, organized July 1, 1909, has been continuously under the control and management of Mr. Manuel Tinio, a native of the islands. Its functions are to settle disputes between labor and capital, to avert strikes, to investigate labor accidents, and in general to do all that is possible and practicable to promote the material, social, intellectual, and moral improvement of the laboring classes.

Through its agency many strikes have been adjusted and many claims of laborers against their employers settled. Labor accidents are investigated and factories, shops, and other centers of labor are inspected, statistical data being gathered concerning them. Four free employment agencies have been established, and during the last year 4,842 individuals were furnished the means of earning a livelihood. Emigration from densely to sparsely populated districts is promoted through this bureau.

SUPERVISING RAILWAY EXPERT.

The guaranty by the Philippine government on bonds issued to cover the cost of railroads necessitated a rigid system of government supervision and inspection as to the work and material entering into such construction being of the quality and character specified in the respective franchises. This work is under the charge of the supervising railway expert, who is assisted by engineers detailed for that purpose.

RAILROADS.

On American occupation of the Philippine Islands there existed one railroad, that from Manila to Dagupan, approximately 120 miles in length. It was operated under a grant made in 1887 to a British company. The Spanish Government guaranteed to the concessionaire annual net earnings equal to 8 per cent of the capital to be employed, this capital being fixed at \$5,553,700 Mexican. Net earnings were ascertained arbitrarily by taking one-half of the gross earnings. The concession was to run for 99 years. Upon the expiration of this term the Spanish Government was to come into possession of the line with its rolling stock and all its dependencies as owner.

In Appendix D of the Report of the Secretary of War for 1906 is set forth the method adopted to extinguish this concession and the claims which the railroad presented against the United States for the subvention under the Spanish concession and for the occupation of the railroad property and its use by the military authorities from February 10, 1899, to April 20, 1900.

The necessity of further railroad development had been urged by the Philippine Commission practically from its arrival in the Philippine Islands, and sections 4 and 5 of the Act of Congress approved February 6, 1905, offered the opportunity for assisting railroad construction, which had been urged by the Commission and the War Department; and the routes over which it was desired to have roads immediately constructed having been selected, invitations for bids were given the widest publicity by the War Department, and the construction of roads was shortly thereafter begun. There have been built since American occupation of the Philippine Islands the following roads:

Without guaranty:	Kilometers.
By the Manila Railroad Co.....	477. 202
Less the line from Manila to Dagupan.....	195. 44
	281. 762
With guaranty:	
By the Manila Railroad Co.....	242. 137
By the Philippine Railway Co.....	251. 10
Total of.....	493. 237

and there is under contract for construction:

Without guaranty: By the Manila Railroad Co.....	89. 604
With guaranty: By the Manila Railroad Co.....	497. 799

The total amount of money advanced by the government of the Philippine Islands to the railroad companies under this guaranty of interest to December 31, 1912, for which the government has not been reimbursed by the companies, was ₱2,715,673.49. This amount is a loan of the government to the railroads and is secured by a second mortgage on the property of the railroads.

The Governor General in his message of October 16, 1911, to the legislature says:

The effect of the construction of railroads has been more beneficial even than had been hoped. The Manila Railroad Co. during the year has opened up its lines to the following points: Batangas, on the Manila-Batangas line; San Pablo, on the Luta-Lucena line; Mojon, on the Calamba-Santa Cruz line; Santa

Cruz, on the Naveleta-Naic line; and Rosales, on the Paniqui-Tayug line. The opening up of these lines has had an almost magical effect in stimulating industry and fostering production; territory in which crops had not been harvested for years is now being cared for, and particularly in the provinces of Batangas, La Laguna, and Tayabas the advent of the railroad seems to have made the difference between a backward and a progressive situation.

DEPARTMENT OF FINANCE AND JUSTICE.

In the work of collecting and administering the public funds this important department employs the bureaus of customs, internal revenue, and the treasury. Hon. H. C. Ide was Secretary of Finance and Justice until he became the Governor General. Hon. Gregorio Araneta has been Secretary since July 1, 1908.

TAXATION.

The revenue of the central government is derived from three general sources:

1. Customs duties.
2. Internal revenue.
3. Miscellaneous, including interest, rents, sales of public lands, etc.

The customs tariff law in force is that enacted in August, 1909, by Congress. The duties are collected by the Bureau of Customs and go entirely to the benefit of the insular or central government.

The internal revenue, collected by the bureau of that name goes to the insular treasury. The general internal revenue collections are distributed as follows: To the municipalities, the license taxes collected in each upon amusements and one-half the regular cedula tax, also 20 per cent of the general internal revenue; to the provinces, one-half the regular cedula tax collected in each, and 10 per cent of the regular internal revenue tax; no town or province to receive more than it did in 1909. The remainder goes to the insular government.¹

In the effort to secure a more equitable distribution of the burden of taxation, the Philippine Commission early provided for the collection of a land tax, which had been previously unknown in the islands.

The land taxes accrue wholly to the provincial and municipal governments. The provinces are required to levy a land tax of one-eighth of 1 per cent of the assessed valuation for roads and bridges, and municipalities to levy one-fourth of 1 per cent for schools; in addition each may lay a further tax of one-fourth of 1 per cent for general purposes, the maximum that may be imposed being seven-eighths of 1 per cent.

In the Philippines, in common with all other countries, there has been complaint of taxes. In his message to the inaugural session of the legislature in 1907, Governor General Smith showed that the taxes then collected, aside from customs duties which fluctuated with

¹ To provide against a decrease of customs revenue which was anticipated as a result of the tariff act of 1909, that act provided no change should be made by the Legislature in the prorating of internal revenue until Congress gave its approval. The customs revenue having increased instead of diminishing, a proposed change increasing the share of the local governments was submitted to Congress a year ago, but has not received its sanction.

the volume of trade, were less by \$746,000 in 1906 than in 1897, adding:

True, the banker and the farmer, the merchant and the capitalist pay very much more in taxes now than was exacted from them under the Spanish rule; on the other hand, it should be remembered that a heavy burden of taxation has been taken from the shoulders of the poor and the weak and that all the complaint which has been made as to taxation is nothing more nor less than a complaint that the burden has been transferred from those less able to bear it to those who are stronger and better able to carry the weight.

The Spanish taxes on lotteries, opium, stamped paper, etc., were abolished, while the various forms of cedula (poll and direct taxes) had been reduced more than \$3,000,000. The income in 1912 from taxation was \$2.59 per capita, including customs duties.

SUMMARY OF FINANCIAL ADMINISTRATION OF THE PHILIPPINES, AUG. 18, 1898, TO JUNE 30, 1912.

[Values expressed in Philippine currency—₱1 Philippine being equal to \$0.50 United States currency.]

Consolidated statement of receipts and expenditures of insular government proper, excluding trust funds.

	Insular.	Congressional relief fund.	Friar lands bond fund.	Public works bond fund.	Total.
Revenues:					
Customs.....	₱219,529,053.78				₱219,529,053.78
Internal.....	52,350,654.53				52,350,654.53
Miscellaneous.....	17,221,928.74				17,221,928.74
Other receipts:					
Excess of receipts, self sustaining bureaus and funds.....	2,141,912.63				2,141,912.63
Supplies transferred from principal accounts.....	5,510,862.15				5,510,862.15
Repayment of loans and advances to provinces and municipalities.....	1,415,309.53				1,415,309.53
Appropriated by act of Congress Mar. 3, 1903, for relief purposes.....		₱6,000,000.00			6,000,000.00
Interest on Congressional relief fund loans.....		15,439.87			15,439.87
Face value of friar lands bond issue.....			₱14,000,000.00		14,000,000.00
Premium from friar lands bonds issue.....			1,060,780.00		1,060,780.00
Interest on bank deposits.....			26,100.36		26,100.36
Face values, first, second, and third issues of public works bonds.....				₱10,000,000.00	10,000,000.00
Premium on public works bonds.....				637,177.90	637,177.90
Total receipts.....	298,169,721.36	6,015,439.87	15,086,880.36	10,637,177.90	329,909,219.49
Expenditures:					
For administration (not otherwise shown), including legislative and judicial, net.....	133,101,870.16				133,101,870.16
For education, buildings and equipment.....	3,467,252.73	343,793.03			3,811,045.76
For education, administration, net.....	32,254,216.74	21,000.00			32,275,216.74

Consolidated statement of receipts and expenditures of insular government proper, excluding trust funds—Continued.

	Insular.	Congressional relief fund.	Friar lands bond fund.	Public works bond fund.	Total.
Expenditures—Continued.					
For constabulary buildings and equipment.....	₱3,748,854.63				₱3,748,854.63
For constabulary, administration, net.....	31,444,902.67				31,444,902.67
Aid to provinces and municipalities.....	21,299,742.73	564,693.88			21,864,436.61
Aid to railways, reimbursable.....	2,268,614.32				2,268,614.32
Interest and sinking-fund payments on public debt.....	6,536,752.78				6,536,752.78
For public works:					
Roads and bridges.....	12,412,173.04	2,745,988.57		₱635,035.48	15,793,197.09
Public works, other than specified....	23,999,055.46	1,026,227.95		2,827,645.48	27,852,928.89
Port works.....	8,353,714.02			6,894,938.81	15,248,652.83
For purchase of rice.....		1,198,296.57			1,198,296.57
Other disbursements affecting surplus:					
Loans and advances to provinces and municipalities.....	1,343,105.37				1,343,105.37
Supplies transferred and dropped.....	1,252,985.32				1,252,985.32
Friar lands:					
Payment for friar lands purchased.....			₱13,868,854.72		13,868,854.72
Payment for examination of titles, etc.....			34,374.99		34,374.99
Balance in fund after purchase of lands, transferred to friar lands bond sinking fund, under act 1749.....			1,183,650.65		1,183,650.65
Balance June 30, 1912.....	16,686,481.39	115,439.87		279,558.13	17,081,479.39
Total disbursements and balance.....	298,169,721.36	6,015,439.87	15,086,880.36	10,637,177.90	329,909,219.49

Cash balances.—On June 30, 1912, the Treasurer of the Philippines held cash as follows:

General Fund	₱10,091,418.39
Trust Funds ¹	18,322,796.09
Certificates Redemption Fund	28,826,331.00
Depository Funds, including funds belonging to United States.....	11,261,176.55

Total	68,501,722.03
Of these funds, there were held in Treasury vaults.....	40,548,312.63
and deposited with banks.....	27,953,409.35

Total 68,501,722.03

Sinking funds.—For the retirement of the ₱14,000,000 of land-purchase bonds falling due in 1934, and the ₱10,000,000 of public works and improvement bonds due 1935 to 1939, ample sinking funds have been provided. The status of these sinking funds on June 30, 1912, was—

	Cash.	Investments.	Total
For land purchase bonds.....	₱444,949.32	₱2,939,979.88	₱3,384,929.20
For public works and improvement bonds.....	58,807.01	1,311,710.06	1,370,517.07
Total.....	503,756.33	4,251,689.94	4,755,446.27

¹ Included in the item of "Trust funds" are ₱671,971 belonging to Sinking Funds, insurance funds, etc., which properly may be regarded as assets of the Insular Government.

Also there remained of the original purchase, lands to the value of ₱12,103,000 unsold or uncollected for, the proceeds of which will accrue to the land purchase bonds sinking fund.

Interest on deposits.—On its funds deposited with banks the Government has received interest amounting to ₱6,476,982.16, by far the greater part of which was paid by banks in the United States. This large addition to the revenues is particularly gratifying in view of the fact that it represents no tax imposed upon the people of the Islands.

Premium on bond sales.—The ₱24,000,000 of insular bonds outstanding, while bearing interest at the low rate of 4 per cent, were sold for a premium of ₱1,697,957.90. Like the item of interest on deposits, this premium realized afforded benefits to the Islands without corresponding taxation.

Sale of exchange.—By making use of its depositaries in the United States the Government has been able to sell to banking houses, commercial firms, and individuals, bills of exchange between the Islands and the United States. From such sales of exchange profits of ₱1,727,497.10 have been realized. This substantial addition to the receipts of the Government likewise is a clear gain to the people of the Islands, for had not the Government utilized its facilities the profits realized would have gone to the banks.

CONSTRUCTIVE LEGISLATION.

Currency reform.—Foremost among the benefits conferred upon the Islands by the American administration is the currency system. Prior to its inauguration the currency consisted mainly of Mexican silver and Spanish-Filipino silver, having no fixed redemption value and consequently circulating at varying rates, dependent entirely upon the fluctuating value of the silver bullion contained in the coins. The opportunity afforded for speculation and the handicap imposed upon legitimate business by such an unstable currency is obvious. To relieve the situation the Congress passed the act approved March 2, 1903 (amended by an act approved June 23, 1906), establishing as the unit of value a gold peso, equal to 50 cents United States currency, and providing for the coinage and circulation of silver pesos and subsidiary coins of the same relative face value. The Philippine Commission, by Act 938, constituted the "Gold standard fund," for the purpose of maintaining the parity of the silver peso with the gold peso. By this act of the Commission all profits realized from seigniorage on the silver coinage, and from operations of the fund, became part of the fund.

By judicious administration the fund was increased to an extent in excess of the requirements of its purpose, and therefore the Legislature in December, 1911, by Act 2083 fixed the fund at a sum equal to 35 per centum of the face value of the silver coins in circulation or available for circulation, transferred the surplus to the general funds of the treasury, and provided that all future accretions to the fund in excess of 35 per cent likewise should accrue to the general treasury. The surplus so transferred was ₱3,397,027.64. The gold standard fund on June 30, 1912, amounted to ₱18,271,940.77, of which ₱16,058,240.77 was cash and ₱2,213,700 was invested.

The results of this currency legislation have exceeded the most sanguine expectations. The silver coinage and the treasury certificates representing such coinage circulate upon an unquestioned parity with gold. The benefits to the Islands of a stable currency are reflected best by their steadily increasing trade and prosperity.

The total amount of money in circulation in the Islands on June 30, 1912, was ₱52,055,892.97, or ₱6.82 per capita, based on the census of 1903.

Aid to railways.—Under the enabling act of Congress approved February 6, 1905, the Government has entered into contracts with The Philippine Railway Co., and with the Manila Railroad Co., whereby the Government guarantees interest at the rate of 4 per cent per annum on bonds of those companies issued against the amounts actually invested in construction and equipment of the respective lines of railways covered by the contracts; all advances made by the Government by reason of such guarantees to constitute a debt of the railway. To June 30, 1912, bonds guaranteed as to interest by the Government had been issued:

	United States currency.
By the Manila Railroad Co.-----	\$4, 936, 000
By the Philippine Railway Co.-----	8, 382, 000

Under its guaranties the government has advanced interest to the total of ₱2,686,570.46, of which it has been reimbursed more than ₱400,000. The Manila Railroad Co. has earned and paid practically all of its interest charges. The Philippine Railway Co.'s earnings are showing a gratifying improvement, and it is thought that in the near future the earnings will suffice to care for current interest charges and also to reimburse the government for all advances made. The benefits to the Islands from the railways are immeasurable in dollars and cents.

Postal savings bank.—A postal savings system was inaugurated in 1906 by act 1493 of the commission. Interest at the rate of 2½ per cent per annum is allowed on deposits, subject to certain limitations as to the amount upon which any depositor may receive interest. The government reserves the right to alter the rate of interest at the end of any fiscal year. On June 30, 1912, the bank held 35,802 accounts, aggregating ₱2,388,986.42. Of these 35,802 depositors, 29,555 were Filipinos, 4,720 Americans, 886 Europeans, 590 Asiatics, and 51 societies.

Agricultural Bank.—Act 1865 of the Legislature, enacted June 18, 1908, created a corporation known as the "Agricultural Bank of the Philippine Government," and provided from the general funds of the treasury a capital of ₱1,000,000 for the bank. Loans are made only for agricultural purposes and to persons or corporations engaged in agricultural pursuits. The amount that the bank may loan to any individual is limited, and 50 per cent of the capital is set aside exclusively for small loans. Due to the fact that a large proportion of the titles submitted by intending borrowers fail to meet the requirements of the bank the number of applications for loans rejected has been greater than those accepted, and the bank has not done the business anticipated. However, steps recently taken by the government to aid the people in perfecting their titles should remove this drawback and enable the bank to increase its business to an extent fully justifying the expectations of its founders. On June 30, 1912, the assets of the bank consisted of loans ₱677,935.66, and cash ₱530,954.43. In addition to its original capital of ₱1,000,000, the bank had a surplus of ₱115,903.23.

Fidelity bonds premium fund.—Act 1739 of the Commission in October, 1907, provided that the government should itself guarantee the fidelity of its employees, at rates to be fixed by the Governor General, two-thirds of the rate so fixed to be paid by the employee bonded. The fund originated with a capital of ₱122,553. Its net earnings have amounted to ₱341,972.13 in a period of four and a half years, although losses of ₱63,000 were incurred and paid. Bonds to the total of ₱8,337,750 are in force.

The Treasurer of the Philippines estimates that at the rates paid to surety companies prior to the inauguration of the fund, the government would have paid during the past four and a half years ₱350,000 as premiums on employees' bonds. On June 30, 1912, the balance in the fund was ₱464,525.27, consisting of investments, ₱342,697.50; deposits with banks at interest, ₱120,000; and cash, ₱1,827.77. Against this balance there was no unpaid claim.

Assurance fund.—This fund was created in 1902 by Act 496 of the Commission, for the purpose of reimbursing any person who may lose, through adverse decision of a court of competent jurisdiction, title to any property registered under the Land Registration Act. A fee of one-tenth per cent of the assessed valuation of property registered is collected for the fund upon the original registration and also upon entry of certificate showing title in heirs or devisees. Although the law has been in effect almost 10 years no claim has been presented against the fund. On June 30, 1912, the fund amounted to ₱80,989.43, of which ₱50,884 was in investments, ₱28,000 on deposit with banks at interest, and ₱2,105.43 cash.

Insurance fund.—This fund was created September, 1907, by Act 1728 of the Commission for the purpose of replacing or repairing, in so far as possible, Government property damaged or destroyed by earthquake, fire, lightning, flood, or tempest. An initial appropriation of ₱250,000 was made and annual appropriations of ₱50,000 provided until the fund shall have reached ₱500,000. On June 30, 1912, it amounted to ₱483,474.97, of which ₱146,050 was invested, and ₱15,424.97 was in cash.

Constabulary pension retirement fund.—This is a compulsory contributory pension fund, created by Acts 619 and 1638 of the Commission, for the benefit of officers and enlisted men of the Constabulary who may become disabled in line of duty or are retired after 20 years' service, and for the widows and orphans of those losing their lives in line of duty. For the support of the

fund a monthly deduction, ranging from ₱0.20 for the enlisted man to ₱3.50 for a colonel, is made from the pay of each member, and in addition the fund receives all fines imposed by courts-martial. No appropriation has been made from the Treasury. On June 30, 1912, the balance in the fund was ₱209,482, represented by investments ₱162,218, and cash ₱47,264.

COINAGE AND CURRENCY.

For generations the industrial development of the Filipinos had been handicapped by the lack of a stable monetary system. Spanish-Filipino silver pesos and subsidiary coins were current, though a large portion of the circulation consisted of Mexican dollars. Fluctuations in the value of silver were frequent, and between 1898 and 1904 there was presented almost every conceivable phase of a confused monetary situation, incident to the presence of an irredeemable and ununiform silver circulation coincident with that of a more limited supply of a highly systematized gold-standard currency.

The Spanish had forbidden the importation of additional Mexican silver, but six days after the occupation of Manila the Military Governor granted the request of local banks for permission to import silver, upon their agreeing to maintain an exchange rate of not less than \$2 in silver for \$1 in gold to the extent of their imports. This first effort toward steadying the rate of exchange was followed by numerous others made by the Military Governor and the Philippine Commission.

The commercial variations occurred so frequently that even changes of the official ratio once in 10 days could not prevent untold complications of official accounts, so that at one time disbursing officers were handling two kinds of money, involving five different standards of value. The situation became intolerable so far as government receipts and accounting were concerned. In the meantime trade and commerce were most adversely affected at a time when it was peculiarly important for the material welfare of the Filipinos that every inducement be offered for the development of industry.

From the date of occupation serious attention was given administratively to the problem, and an attempt was made by Congress to provide in the organic act for a new coinage which would be satisfactory; however, it failed to fix a unit of value. The Philippine Commission was, therefore, compelled to defer minting any coins until further legislation was obtained. The aggregate loss to the insular government, owing to the fluctuations, was large, reaching in 11 months of 1902 almost a million dollars, aside from the loss of smaller amounts to the provincial and municipal governments, and the far more important, if, in terms of money, no greater loss to the business interests and laboring people in the islands.

In the meantime the varying views which had delayed legislative action became reconciled, and Congress passed the coinage act, approved March 2, 1903, under which the present gold-exchange system was established.

The basis is the theoretical gold peso, worth 50 cents in United States money. The coinage consists of the silver peso, with subsidiary and minor coins.

To finance the introduction of the new system, the act authorized the flotation of one-year temporary certificates of indebtedness, and

an issue in April, 1903, of \$3,000,000 was sold at a premium of \$2.513 per \$100, and another issue of like amount, for which bids were opened August 25, brought a premium of \$2.24 per \$100.¹ Pending the disbursement of the proceeds of these issues they were deposited at interest.

The act provided for the sale by the treasurer at Manila of exchange on New York, and by the depositary bank in that city of exchange on Manila. The seigniorage on coinage, the premium on exchange sold, and the interest on these moneys constituted the gold-standard fund for the maintenance at parity of the silver coinage with gold.

Following the purchase of bullion, there was shipped from Manila from time to time the old Spanish-Filipino coins to the mint at San Francisco for recoinage, and the official ratios for the acceptance of Mexican dollars in payment of government dues were fixed so as to favor their exportation from the islands until January 1, 1904, when they were demonetized. From July 1, 1903, to June 30, 1912, the exports of Spanish-Filipino and Mexican coins amounted to slightly less than ₱34,000,000, about one-half being Spanish-Filipino coinage shipped to San Francisco for recoinage, it being estimated that about ₱350,000 of the old issues now remain in the islands.

The provision respecting silver certificates was subsequently amended so as to permit the treasurer, when desirable, to hold United States gold coin in the reserve against not more than 60 per cent of the outstanding certificates. This provision has enabled the treasurer to make such exchanges of United States currency and Philippine coinage between the various funds in his keeping as would facilitate the convenience of the treasury and the public, and has been of added value in view of the fact that the Philippine treasury is the United States depository for its disbursing officers in the islands.

A continued rise in the price of silver bullion finally carried the value of the metal in this coinage above its face value, resulting in its rapidly increasing exportation. The Philippine Commission, acting under its general authority, thereupon prohibited its export, and appealed to Congress for authority to reduce the weight and fineness of the silver coins. This being granted promptly by the act approved June 23, 1906, the former fineness of 900 parts of silver to 100 of copper was changed to 800 for the peso and 750 for the subsidiary coinage, and the work begun of recoinage at San Francisco the entire first coinage.

On October 31, 1912, the total of silver coinage of the present weight and fineness received from the mint was ₱49,252,832.67, and it was estimated that approximately two and a half million pesos of the first coinage were still in circulation in the islands.

The gold-standard fund grew into relatively large proportions, owing to the increased seigniorage on the second coinage, also to the larger income from premiums on exchange and interest, which in the fiscal year 1912 amounted to the sum of ₱926,877.39. It became evi-

¹ When the first issue became due it was paid off from the proceeds of a third issue for \$3,000,000; the second by a fourth issue; the third issue was retired May 1, 1905, payment being made from the gold-standard fund; the fourth issue was retired August 1, 1905, half from the gold-standard fund and half from a fifth issue for \$1,500,000; upon its maturity \$500,000 was paid from the gold-standard fund, the remainder from a sixth issue for \$1,000,000, which at maturity, was paid from the gold-standard fund.

dent that the fund was larger than necessary, and the Philippine Legislature by its act of December 8, 1911, established the fund on the basis of 35 per cent of the silver coinage, and thereby made available for the general funds of the insular treasury a total to the end of that fiscal year of ₱3,397,027.65. The fund amounted on October 31, 1912, to ₱18,254,932.03.

While only occasional sales are made in New York of exchange on Manila, the sales in the latter city of exchange on New York are in the neighborhood of ₱25,000,000 a year; in addition to which the sales of demand drafts and telegraphic transfers upon each other by the insular treasurer and the various provincial treasurers run ₱3,000,000 annually and have greatly facilitated interisland transfers.

The obstacles in the way of successfully introducing the new coinage after its receipt at Manila at times seemed almost insurmountable, but the difficulties were overcome and the system has withstood successfully every test to which it has been subjected. It has brought incalculable benefit to the inhabitants of the islands in replacing the chaotic conditions formerly prevailing with a stable and uniform currency.

The present gold-standard fund has not cost the people of the islands anything, but on the contrary it is earning more than a quarter of a million dollars a year toward lessening the burden of taxation. This is accomplished by placing on deposit at interest the portion of which is kept in the United States, and by loaning to the local governments and the railroad companies¹ a part of the remainder. All deposits and loans are secured. The existence of this fund has of itself automatically maintained the parity of the coinage.

The law requires that the silver certificates shall be represented by silver or gold actually in the treasury. The presentation of certificates for redemption has from the first been small; and it appearing evident that a portion of the ₱28,000,000 thus locked up might safely be invested at interest, a bill for this purpose was introduced in Congress in 1912, but has not yet received consideration.

The cost of coining Philippine silver and printing its paper money and bonds has been paid to the United States Bureaus of the Mint and of Engraving and Printing by the Philippine Government from the gold-standard fund.

There are in circulation some ₱5,000,000 of bank notes of the Bank of the Philippine Islands (formerly the Banco Espanol-Filipino), the only bank in the Archipelago issuing notes.

Aside from the United States currency, of the amount of which no definite estimate is available, the circulation is about ₱52,000,000, or half that many dollars, giving a per capita of approximately \$3.25, if we estimate the population at 8,000,000.

THE CUSTOMS SERVICE.

In addition to the collection of customs duties, the bureau of customs has charge of the documenting, admeasurement, and inspection of vessels, the regulation of the carriage of passengers by water,

¹At the latest report the railroad loans amounted to \$400,000. These loans can only be used for construction purposes.

the licensing of marine officers, the shipment, discharge, and protection of merchant seamen, and the performance of other quasi consular functions. It sees to the execution of the immigration and navigation laws; the enforcement as to imports of the Food and Drugs Act; the administration of the revenue-cutter service, and of the government's coaling stations, as well as the physical handling of all foreign merchandise passing through the customs warehouses and over the government piers and wharves.

Customs receipts at all ports, fiscal year 1912.¹

Revenues:

Import duties-----	₱14,797,686.88
Export duties-----	2,114,696.92
Wharfage-----	1,081,955.23
License of vessels-----	96,020.35
Immigration head tax-----	73,440.00
Sale of customs stamps-----	77,239.00
Duties collected in United States on Philippine products-----	2,697.42
Refundable export duties reverted to the Government in absence of claims within two years-----	28,599.55

Total customs revenues----- ₱18,272,385.35

Other receipts:

Storage-----	19,324.41
Fines, penalties, and forfeitures-----	63,915.85
Immigration collections-----	25,801.00
Sale of blank forms and rolls-----	2,277.71
Miscellaneous fees-----	43,442.30
Miscellaneous collections-----	31,792.30

186,553.57

Total receipts----- ₱18,458,938.92

Commerce of the Philippine Islands, Spanish period 1891-1894; American period 1899-1912.

TOTAL IMPORTS OF MERCHANDISE.

Twelve months, ending December--	Total.	United States.	Other countries.	Per cent of United States.
1891.....	\$16,798,294	\$347,338	\$16,450,956	2
1892.....	16,314,901	208,392	16,106,509	1
1893.....	15,890,502	956,706	14,933,796	6
1894.....	14,250,717	362,878	13,887,839	3
1899.....	19,192,986	1,353,086	17,839,900	7
1900.....	24,863,779	2,153,198	22,710,581	9
1901.....	30,162,471	3,534,255	26,628,216	12
1902.....	33,342,166	4,153,174	29,188,992	12
1903.....	33,811,384	3,837,100	29,974,284	11
1904.....	29,577,731	5,098,820	24,478,911	17
1905.....	30,050,550	5,589,946	24,460,604	19
1906.....	26,403,768	4,477,886	21,925,882	17
1907.....	30,453,810	5,067,538	25,386,272	17
1908.....	29,186,120	5,101,836	24,084,284	17
1909.....	31,084,419	6,445,331	24,639,088	21
1910.....	49,719,361	20,068,542	29,650,819	40
1911.....	48,024,407	19,156,987	28,867,420	40
1912.....	61,667,951	24,309,010	37,358,941	39

¹ The above statement includes Moro Province collections, amounting to ₱460,369.21.

Commerce of the Philippine Islands, Spanish period 1891-1894; American period 1899-1912—Continued.

TOTAL EXPORTS OF MERCHANDISE.

Twelve months, ending December—	Total.	United States.	Other countries.	Per cent of United States.
1891.....	\$20,878,359	\$4,389,609	\$16,488,750	21
1892.....	19,163,950	2,903,618	16,260,302	15
1893.....	22,183,223	2,994,897	19,188,326	14
1894.....	16,541,842	3,683,092	12,858,750	27
1899.....	14,846,582	3,935,255	10,911,327	22
1900.....	22,990,373	2,960,851	20,029,522	13
1901.....	24,503,353	4,546,292	19,957,061	19
1902.....	28,671,904	11,475,948	17,195,956	40
1903.....	32,396,746	13,071,426	19,325,320	40
1904.....	29,149,500	11,654,908	17,494,532	40
1905.....	33,454,774	14,840,407	18,614,367	44
1906.....	32,642,892	11,869,289	20,773,603	36
1907.....	33,097,897	10,329,387	22,768,480	31
1908.....	32,601,072	10,450,755	22,150,317	32
1909.....	34,924,337	14,726,513	20,197,824	42
1910.....	40,628,463	17,241,725	23,386,738	42
1911.....	44,587,291	19,827,030	24,760,261	44
1912.....	54,784,738	22,814,238	31,970,500	42

THE BUREAU OF INTERNAL REVENUE.

This bureau of the insular government has general charge of the collection of all taxes levied generally throughout the islands. In addition, it enforces the law regarding weights and measures, and the opium law. To some extent the enforcement of the pure-food laws devolves upon this office. The cost of collection is approximately 3 per cent.

The taxes are collected from the sources shown by the following statement of the collections in 1912:

Distilled spirits and wines.....	₱3,469,135.27
Fermented liquors.....	319,746.84
Tobacco.....	284,140.45
Cigars.....	255,700.89
Cigarettes.....	4,378,680.46
Manufacturers and dealers in tobacco.....	201,385.00
Matches.....	370,656.45
Percentage tax on sales by merchants, manufacturers, and on gross receipts by common carriers.....	1,934,586.74
Licenses on various occupations, mainly theaters and cockpits.....	569,095.20
Cedulas.....	3,643,117.80
Banks and bankers.....	245,086.31
Forest products.....	354,685.37
Documentary stamps.....	272,935.35

And from other sources sufficient to make the total of... 16,331,125.23

The collection of internal revenue at the United States rates on cigars and other exports to the States,¹ justice of the peace fees and fines, franchise taxes, and a number of minor items brought the total to ₱17,537,695.72, in addition to which the bureau collected the municipal taxes of the city of Manila.

¹ Soon after the tariff act of Aug. 5, 1909, took effect arrangements were made by the United States Commissioner of Internal Revenue providing that the collector of internal revenue for the Philippine Islands should act as his agent for the purpose of collecting United States internal-revenue taxes on tobacco products shipped from the islands to American ports, and his certificate that the laws and regulations have been complied with passes such shipments through the various United States customhouses without further inspection. The taxes thus collected are made a part of the revenue of the Philippine Islands.

A tax of one-third of 1 per cent of the gross sales in the case of manufacturers and merchants and of 1 per cent of their gross receipts as to common carriers is levied and collected. From the former, however, are excepted the manufacture and sales of articles subject to specific internal-revenue taxes and small merchants whose gross annual sales do not exceed \$250. Vessels subject to customs, tonnage dues, and railways paying franchise taxes are also exempt.

The steady increase of this revenue from year to year has shown a progressive business development.

The regular cedula tax is ₱1 per capita. For several years all the organized provinces have exercised their option and doubled this, the additional peso being devoted solely to roads and bridges. The fact that the majority of each provincial board levying this optional tax is composed of Filipinos is indicative of an awakening interest in the proper maintenance of public improvements.

FINANCIAL OPERATIONS.

No money can be paid out of the treasury except in pursuance of an appropriation made by law. All financial operations are reported to the Secretary of War.

All accounts are examined under a modern auditing system under which there is as complete a check against the misuse or waste of municipal or provincial funds as is compatible with the fullest practicable use of the discretion of the local officials.

The entire income of the government of the Philippine Islands from August 13, 1898, to the close of the fiscal year ending June 30, 1912, was ₱329,909,219.49, giving an average annual income of the central government of approximately ₱3.10 per inhabitant, including the amounts received from bond issues, interest, and taxation.

BUREAU OF THE TREASURY.

On June 30, 1912, the insular treasurer was responsible for a total of ₱68,501,722.03 in funds, besides having the custody of the bonds and other investments made for the benefit of various trust funds.

This balance was divided as follows:

General treasury balance, including gold-standard fund, uninvested sinking-fund balances, money-order funds, postal savings-bank balances, and the working balance or "general fund"	₱28, 414, 214. 48
The depository accounts, including the amounts to the credit of the treasurer of the United States, disbursing officers of the United States and insular governments, and a number of small special accounts.....	11, 261, 176. 55
Held in the treasury for the redemption of an equal amount of outstanding silver certificates	28, 826, 331. 00

The last item is required by law to be kept in coin in the treasury. Of the remainder there was kept in coin some ₱5,000,000 in the treasury vaults, and there were:

Deposited in 12 depositories in the United States, drawing interest	\$10, 389, 433. 96
Deposited on open account in Manila banks.....	₱6, 157, 290. 83
Time deposits, drawing interest, in Manila.....	1, 017, 250. 60

Interest on deposits was received during the fiscal year 1912 to the amount of ₱918,069.25.

The permanent trust funds of the treasury are as follows, not including those incident to temporary operations:

	Investments.	Cash.
Assurance fund, Act No. 496.....	₱48,939.00	₱16,789.82
This fund is for the protection of holders of registered land titles. Aside from investments its only income is a fee of ₱1 per ₱1,000 of the assessed value upon registration and also upon the entry of a certificate showing title as registered owners in heirs or devisees. Though in operation almost 10 years no claims have yet been made upon the fund.		
Manila sewer and water works sinking fund.....	693,670.00	108,874.50
Constabulary pension and retirement fund (court-martial fines and deductions from monthly pay).....	162,218.00	48,307.26
Insurance fund, created in 1907, to provide for replacing loss occasioned to government property by earthquake, fire, or flood.....	468,050.00	15,424.97
Public works bonds sinking fund.....	1,311,710.06	58,807.01
Friar lands bonds sinking fund.....	2,939,979.88	444,949.32
Insurance fund city of Manila (protection against los. of city property by fire, etc.).....	59,600.00	2,842.14
Fidelity bond premium fund ¹	1,520.00	
	342,697.50	122,532.77

¹ The fidelity bond premium fund, which enables the Government itself to become the guarantor of the faithfulness of its employees has been in effect since January, 1908. The total shortages paid to July 1, 1912, were less than ₱63,000.

BANKS AND BANKING.

Supervision over banking and fiduciary institutions has been vested by law in the Insular Treasurer.

The following commercial banks are in operation:

Bank of the Philippine Islands (formerly the Spanish-Filipino Bank), Manila and Iloilo.

Chartered Bank of India, Australia, and China, Manila (subagencies at Cebu and Iloilo).

International Banking Corporation, Manila (subagency at Cebu).

Monte de Piedad and Savings Bank, Manila.

The total resources of all commercial banks in the Islands on June 30, 1906, were ₱30,703,379.96, increasing to ₱71,771,455.70 on June 30, 1912.

THE AGRICULTURAL BANK.

The Philippine Commission was in the Islands but a short time when it was convinced of the necessity of an agricultural bank suitable to the needs of the farmer of the islands. A comprehensive study of conditions in the Islands and the result of similar institutions in other countries of the Far East, as well as in Europe, was made under the direction of the Commission by Dr. E. W. Kemmerer, the chief of the currency division of the Philippine Treasury.

As a result of this study Congress was asked to pass a bill specifically authorizing the Philippine government to guarantee an income of not exceeding 4 per cent per annum upon cash capital actually invested in such agricultural bank. It was contemplated that this guaranty should be embodied in a comprehensive act of the Philippine Commission governing the operation and management of the bank to be established and providing for its supervision by the Philippine government. Congress passed the act as recommended, with certain modifications, and the bill was approved March 4, 1907.

Earnest efforts were made to interest American capital in undertaking this proposition, but without success. The necessity for some

such institution being manifest, the Philippine Legislature authorized the establishment of a government agricultural bank as a branch of the Treasury Department of the Islands and appropriated as an initial capital \$500,000. This bank opened for business October 1, 1908. There are at present 19 agencies of the bank established in the more prominent provincial capitals where commercial banking facilities are lacking.

Due to the fact that the object of the bank was to assist those agriculturists least able to assist themselves, progress has not been rapid. Most of the people of this class in the Philippine Islands are without registered title to their lands and have been slow to have such titles registered. The government has made effort along several lines to induce small owners to register their property, and one of the inducements offered was that of being able to take advantage of this bank. While progress has been slow, the bank has accomplished good, and the outlook is excellent. On June 30, 1912, it had loans outstanding of ₱655,203, and had deposits in its agencies amounting to ₱92,749.23, with a surplus net profit of ₱115,903.23.

BUREAU OF JUSTICE.

The judiciary act of 1901 provided for the office of Attorney General, which was filled until 1906 by L. R. Wilfley, and since that time, first by Gregorio Araneta, and later by Ignacio Villamor.

The Attorney General and the Solicitor General prosecute or defend in the Philippine Supreme Court all cases, civil and criminal, to which the United States or the Government of the Philippine Islands or any officer of either in his official capacity is a party, and all causes to which a province is a party where its interests are not adverse to those of the central or federal government or of some officer acting in his official capacity, or some other province. He also perfects appeals to the United States Supreme Court on behalf of the Philippine government.

The Attorney General has under his control and supervision all the provincial fiscals and the prosecuting attorney and city attorney of Manila. He also has certain administrative functions respecting the Code Committee, and the entire system of judiciary.

WORK OF THE COURTS.

During the year the supreme court decided 354 civil and 286 criminal cases and had a total of 1,004 cases pending. The Courts of First Instance of Manila disposed of 798 civil cases and 1,257 pending; there were 1,388 criminal cases disposed of, with 68 pending at the close of the year.

In the provinces, the Courts of First Instance disposed of 3,334 civil cases, leaving 4,910 pending, including 2,012 probate cases; 6,764 criminal cases were disposed of and 2,348 pending. Experience has demonstrated the need for some minor modifications of the laws governing the probate of estates, to avoid delays, but particularly for additional judges.

The value of property presented to the Court of Land Registration in 1912 was nearly double that of the preceding year. The total number of cases disposed of by confirming titles reached 6,810 from

the beginning of the court's work. This by no means indicates that only that many titles had been confirmed. Under Act No. 2075, which applies only to the Moro and other specially organized provinces, a cadastral system of registration is invoked, and, as an example the town site of Zamboanga and its environs, some 5,400 acres, was registered as case No. 7880. The survey of 1909 showed some 1,800 parcels, but later subdivision increased this number to 2,088 parcels, which were registered as a result of the hearing which lasted from January 22 to March 30, 1912. Only 320 parcels were valued at more than \$250 each. The costs are payable in five annual installments, and on the most valuable parcel of the 2,088 they amounted to only \$8.

DEPARTMENT OF PUBLIC INSTRUCTION.

The Secretary of Public Instruction has under his supervisory control the bureaus of education, printing, prisons, and supply.

A COMMON LANGUAGE.

Inasmuch as the ability to use a common language is one of the essential steps in the preparation of the Filipino people for self-government, it is important to see how far we have progressed in this direction.

At least 3,000,000 children have had instruction in English. Some of them are qualifying as voters because of their knowledge of this language. As the years go by the number of voters will be largely augmented, almost entirely from those who have acquired the English language in the public and private schools. For many years English has been the official language in all branches of the government except the courts. This, however, does not mean that the business of the government has not been very largely conducted in Spanish and in the various dialects. A recent executive order requires the use of English, so far as possible, in the conduct of administrative business in provinces and municipalities. The purpose of this order was to encourage its use by all who understand it; and provision was made that officials affected might, upon request, be granted permission to defer its use. Various requests to this effect have been in every case granted; while, on the other hand, various indorsements of the order have been received from Filipino organizations of one kind or another throughout the Archipelago. The aim, of course, is not to impose a burden upon any, but rather to encourage the use of English.

Until this time Spanish has been the official language of the courts of the Philippines, under the law English replacing it in January of this year. Spanish has not been used universally; in fact, scores of languages are used in the courts.

Acting Gov. Gilbert said in his message to the Legislature, in October, 1912:

I myself had the experience, while sitting on the bench, of having six languages used in the trial of one case. I think this is not unusual. It is not possible, of course, to use English or Spanish or any other language exclusively in the courts. Many lawyers of the Philippines are not able to use English.

Large numbers of justices of the peace and a few judges of the courts can not speak English. Younger men who are being appointed to these positions now, as a rule, can do so. The Filipino has a genius for languages and readily acquires a new one when he chooses.

I therefore recommend, as earnestly as I may, not that the law be repealed which makes English the language of the courts and thereby postpone the achievement of Philippine desires for more complete nationalization (if I did this I should regard my action as contrary to the desires of the majority of Filipinos and should proclaim myself as an enemy of Philippine autonomy), but that the law be amended so that all safeguards may be provided so as to permit the judge or lawyer or litigant to elect whether in the particular case that is to be tried the proceedings, or any part thereof, shall be conducted in Spanish. If this recommendation be adopted, the steps already taken toward acquiring a common tongue will not be useless; young men, educated in the public and private schools of the Islands will not be disheartened; those who by reason of age or disinclination have not acquired the new tongue will not be discriminated against; justice will be served in every particular, and the gradual adjustment of the language used in the courts will take place of its own force as fast and as fast only as the people who have business to transact in the courts are ready to adopt it.

EDUCATION.

BEFORE AMERICAN OCCUPATION.

The condition of the schools at the time of American occupation may well be set forth by Hon. Tomás G. del Rosario, who was prominently identified with governmental affairs during the closing years of Spanish control and was a member of the superior advisory board of education for the islands:

The establishment of schools of primary instruction in the municipalities of the Philippine Islands and of a normal school in Manila for the education of schoolmasters for such schools was not authorized until December 20, 1863. Before that date public schools were hardly known in the Philippines and instruction was confined solely to the children of parents able to pay for it.

This should not be surprising, since before the nineteenth century education in Spain and other parts of Europe was limited to the children of wealthy parents; and the Philippines, as a Spanish colony, could not have more advantages in this respect than the mother country, nor could it be expected that Spain would evince more interest in educating her colonists than her own sons.

School reports published a few years before American occupation show a total of 2,143 schools established, about equally divided between boys and girls. An elaborate course of study was authorized, with detailed sets of rules governing their introduction. He says that on the face of it these provisions would—

lead one at first sight to believe that popular education in the Philippines had attained the state which it usually reaches in a progressive and civilized country. However, this was superficial only; at bottom everything was contradictory to these laws and provisions, which were nothing but a veneer, a veil which covered the greatest of governmental fictions. The purpose was to show other colonizing nations that in this country the Government was paternal and that education was fully developed, while at the same time measures of all kinds were adopted to keep the people submerged in ignorance. Consequently the efforts made were of no avail, notwithstanding the desire to attain that purpose.

SINCE AMERICAN OCCUPATION.

The general purposes of both the military and the civil governments in the very early organization of the public-school system was

well indicated by one of the first reports of the general superintendent of education :

In reviewing the history of the islands for the past three years, one is immediately struck by the great emphasis placed upon public schools, first, by officers of every rank of the United States Army who administered this archipelago during the first two years of American sovereignty, and subsequently by the United States Philippine Commission and the civil government of the islands. This emphasis upon the public schools is undoubtedly the result of the primary importance which they play in American civilization and the supreme confidence which Americans feel in the necessity, to this and to every aspiring people, of a democratic, secular, and free-school system supported and directed by the State. It has resulted that the school system of these islands is the most typically American institution which our Government has here established. Spanish precedents and previous institutions have been followed to a strikingly less degree than in the organization of local and insular administration, the constitution of the courts, or any other branch of administration.

The thousand Americans who were selected from the United States in 1901 to organize the public schools in the Philippines were thoroughly enough conversant with the free-school system of their homeland and optimistic enough to believe that, with the modifications found to be necessary to meet local conditions, they could succeed in an effort which had no parallel in history. It was only because of this surprising optimism and the generous support from almost every side of Filipino and American life in the Islands that it was possible to start the work which has met with such signal success that no one who has investigated the public-school system of the Philippines as now organized doubts but that it is meeting the situation in a most thorough manner.

The organization has attracted the attention of prominent educators in the United States, who, on their return after an investigation, report :

There is surprising work being accomplished in the domain of Philippine education by brave-hearted and broad-minded American teachers. Interest in this work once aroused, admiration follows quickly, and admiration gives place in turn to a feeling of intense pride in American citizenship as the accomplishments and possibilities of pioneer American teachers are recognized and realized.

It will be enough to record that the achievements of the bureau of education in the Philippines make as bright and inspiring a chapter of history as was ever written. If for no other reason, the United States Government has just ground for satisfaction and pride in what has been accomplished educationally in the islands in a dozen years.

Another one in speaking of the annual gathering of teachers and supervisors at the summer capital says :

The company in attendance at the assembly has impressed me with a feeling of pride in the quality of manhood and womanhood in the service of the bureau. They are clean-cut, straightforward, earnest people, the stuff that pioneers are made of. And as I came to know them personally and to hear of their work in all parts of the islands, the problems they are meeting and solving, and the success with which they are carrying the "message to Garcia" in the service of education, I felt proud that I am an American and that the generous American aim of helping these peoples to help themselves is being realized in the splendid service of the Director and his coworkers in the bureau of education. I am certain that the idea of industrial education as it is here developing will prove to be the best message that was ever carried to any Garcia.

Each year the problems arising in the work, the new ideas gained, the new success won, will be brought to the Teachers' Assembly at Baguio to be discussed, to get the healthful criticism of other workers, and to enlist others in the development of new plans, a most ideal means of maintaining an esprit de corps and of strengthening all the great work of the bureau. The teachers'

camp will thus become the teachers' capital, such as the world has never before seen, and other nations one of these days will be coming to the Philippines to see how the educational triumphs have been won.

ORGANIZATION.

All public schools of the Philippines, except those of the Moro Province, are under the bureau of education. The Archipelago is divided into 38 school divisions, which include the two special Insular schools—the Philippine Normal School and the Philippine School of Arts and Trades. Each division is under a division superintendent. There are about 700 American teachers, 1,000 Insular Filipino teachers, and about 7,500 Filipino municipal teachers employed in the service.

The work includes the organization and conduct of—

(1) Primary schools, which offer a four-year course, providing instruction in English, simple arithmetic, geography, and at least the rudiments of some useful occupation.

(2) Intermediate schools, which give three years' additional instruction, and which throughout the course lay great emphasis upon vocational training, including a general course, a course as a preparation for teaching primary grades, a course in farming, a course in housekeeping and household arts, a trade course, and a course for business.

(3) High schools, offering a regular secondary course of four years, modified in outline in certain special schools to conform to the aims of such institutions as the Philippine Normal School, the Philippine School of Commerce, and the Philippine School of Arts and Trades.

All instruction is given in the English language.

The bureau of education is devoting itself to the problem of formulating and putting into operation a program of industrial instruction which will be at once logical in its sequence from grade to grade and in close harmony with the industrial needs of the community and which will prepare boys and girls in a practical way for the industrial, commercial, and domestic activities in which they are later to have a part.

General statistics.

Population, excluding the Moro Province, census of 1903-----	7,293,997
School population, one-sixth of total population-----	1,215,666
Average monthly enrollment, 1911-12-----	395,075

The average monthly enrollment is 33 per cent of the school population, or 5 per cent of the total population.

Annual expenditures.

Fiscal year.	Expenditures.	Fiscal year.	Expenditures.
1901.....	¹ \$233,411	1907.....	\$2,390,011
1902.....	¹ 1,194,381	1908.....	2,563,558
1903.....	¹ 1,732,483	1909.....	2,913,833
1904.....	¹ 1,752,247	1910.....	3,256,418
1905.....	2,140,099	1911.....	3,258,964
1906.....	2,234,668	1912.....	3,176,617

¹ Figures incomplete or uncertain.

Number of schools, teachers, and enrollment, 1903 to 1912.

School year.	Total schools.	American teachers.	Filipino teachers.	Total teachers.	Highest monthly enrollment.
1902-3 ¹	2,000	928	3,000	3,928	150,000
1903-4.....	2,285	836	3,854	4,690	227,600
1904-5.....	2,864	855	4,036	4,891	311,843
1905-6.....	3,263	831	4,719	5,550	375,554
1906-7.....	3,687	746	6,141	6,887	335,106
1907-8.....	3,932	722	6,804	7,526	359,738
1908-9.....	4,424	825	7,949	8,774	437,735
1909-10.....	4,531	732	8,275	9,007	451,938
1910-11.....	4,404	683	8,403	9,086	484,689
1911-12.....	* 3,685	664	7,699	8,363	429,380

¹ Estimates.² More than 700 schools closed due to lack of funds.*Pupils engaged in industrial work, primary and intermediate courses.*

Hand weaving.....	221,618
Loom weaving.....	11,926
Housekeeping and household arts.....	79,382
Manual training (wood).....	13,210
Gardening and farming.....	111,652
Miscellaneous.....	25,002
Actual number of pupils engaged.....	341,493
Enrollment for February, 1912.....	371,187

Thirteen trade schools are maintained in various provinces; manual-training classes are conducted in all provincial schools, in 150 intermediate schools, and in 400 central primary schools. These schools manufactured during the school year 1911-12 products to the value of \$71,508.22. There are over 3,000 school gardens and nearly 25,000 home gardens supervised by school authorities. Eighty-three school nurseries have been established, and during the year 1911-12 school children planted 363,183 trees, of which number 201,868 were living at the close of the year. Five school farms are operated.

At the Philippine Exposition held in February, 1913, the bureau of education placed on display 23,305 articles, the product of the industrial classes of the public schools, valued at \$28,591.62, of which \$20,056.76 worth were sold, or 70 per cent of the exhibit. Of the amount sold, pupils received \$17,802.79 as their share, while the balance was returned to the schools to pay for the material used.

Cost of public instruction per capita of total population in the Philippine Islands as compared with other countries.

Philippine Islands.....	\$0.475
United States.....	4.45
Average in Europe.....	1.235
Japan.....	.275
Russia.....	.15
British India.....	.02

The annual expenditure for each pupil based on average monthly enrollment for the school year 1910-11 was \$7.73 in the Philippine Islands.

Certain features have received emphasis.

SCHOOL GROUNDS AND BUILDINGS.

As a result of continued effort toward the acquisition of adequate school grounds to provide sufficient room for the buildings to be

erected, for the future development of the school plant, for school gardening, and for suitable playgrounds, a large number of sites are now owned by the bureau, with every prospect that this number will be very materially increased.

Over 300 reenforced-concrete municipal school buildings have been recently completed or are in process of construction. This policy of constructing adequate permanent buildings for the housing of the public schools as rapidly as money becomes available is fully entered upon.

INDUSTRIAL INSTRUCTION.

The figures as to industrial instruction, given elsewhere in the statement, show that most favorable progress is being made. These figures must stand for what they are worth. However, there is one criterion by which the success of a system can be judged and which can not find adequate place in a summary of this kind, i. e., the place which the industrial instruction of the public schools has in the estimation of the people. The annual exhibits of industrial work of the public schools for the past few years have been a succession of surprises. The last one, held during February, 1913, was successful to such an extent as to guarantee the approval of the public, official and nonofficial, both American and Filipino.

As plans along these lines develop, the problems to be solved assume more definite and tangible form. The industrial product of the schools is not the ultimate result of the work, not the end to be attained, its scope is much broader. In industrial instruction, as in every other subject, the schools must serve as a medium of instruction only, and this great problem now is to extend to the homes of the people the industries now taught in the islands.

In line with this problem, and closely related to it, are several others, viz., acquainting the producers with the most profitable markets and prices their handiwork should command; keeping those who engage in such work in touch with demands of the markets as to style, quality, etc., and the securing of a uniform and standard production from all parts of the islands. The bureau is now in a position to undertake this solution intelligently.

THE SCHOOL OF HOUSEHOLD INDUSTRIES.

In furtherance of the bureau's purpose to extend industries to the home, the School of Household Industries has been organized for the purpose of training adult women in certain selected home industries. At the end of the first six months' period after this school was opened it was the opinion of those who were familiar with its work and had seen the variety and excellence of the handwork which the students did, that the school will be instrumental in stimulating throughout the Philippine Islands a widespread interest in and appreciation for hand industries and lead to their introduction into thousands of Filipino homes. The physical and mental adaptability of the Filipino women to work of this sort is universally recognized and this institution is certain to have a very great influence in its effect upon the economic welfare of every community in the Islands.

ATHLETICS.

The athletic program of the bureau of education has found general acceptance among the masses of the people of the islands. There remains much to be done, however, in providing better playgrounds and athletic facilities, in providing a more effective organization and such an extension of athletic activities as will bring a far larger percentage of pupils within their influence. Very satisfactory progress along these lines is being made. The campaign for larger school sites has resulted in the provision for more ample grounds for sports and games. In order to bring athletics and physical training to the great majority of the pupils enrolled, group games of various sports are now being played in every school of the islands. This new spirit of athletic interest has swept in upon the boys and girls with a force that is actually revolutionary, and with it come new standards, new ideals of conduct, and, what is more important, new ideals of character.

PERSONNEL.

American teachers are appointed from the United States for service in the islands by a special representative of the Philippine bureau of education after they have qualified through civil service examinations. Filipino teachers are appointed by the director of education and the division superintendents. Close attention to qualifications of applicants has resulted in an efficient and capable corps of teachers in close sympathy with the ambitions of the bureau and able to put into effective operation its program.

PUBLICATIONS.

In the early days of the American occupation no suitable textbooks were available. A system of primary and intermediate texts, strictly adapted to the peculiar needs of the Philippine situation, has been prepared and put into use. Excellent bulletins on various industrial subjects have been published by the bureau. The Philippine Craftsman is a monthly magazine published by the bureau of education, devoted entirely to the advancement of industrial instruction in the public schools.

THE BAGUIO ASSEMBLY.

An important and indispensable factor of the work of the bureau of education is the annual Teachers' Vacation Assembly and camp held at the summer capital. Here the directors, superintendents, supervisors, and teachers gather during April and May for a review of their year's work and to lay plans for its extension. The activities of the assembly are divided into four general groups: Educational features, professional conferences, athletics and outdoor sports, and indoor amusements.

THE UNIVERSITY OF THE PHILIPPINES.

The University of the Philippines was founded "to provide advanced instruction in literature, philosophy, science, and arts, and to give professional and technical training."

Under this authority there have been founded the following colleges and schools: College of medicine and surgery, college of agriculture, college of veterinary science, college of law, college of liberal arts, college of engineering, and school of fine arts.

A course in pharmacy has been established in connection with the college of liberal arts, courses in forestry in connection with the college of agriculture, and a course in mining engineering is contemplated in the college of engineering.

Last year there was an enrollment of 1,400 students under 10 professors, 17 associate professors, 10 assistant professors, 32 instructors, 19 lecturers, and 10 assistants.

SCHOOLS IN THE MORO PROVINCE.

The school system of the Moro Province is not under the direction of the Bureau of Education. The educational work of the government has not progressed as much among the Moros as it has with the Christianized Filipinos. There have been several reasons for this. Considerable advancement has been achieved, however, along this line. The number of schools has been increased and the attendance at the schools during the last school year was the largest in the history of the work there. There were 54 schools in operation, of which 49 were primary, 2 intermediate, 2 special industrial, and 1 secondary. The total enrollment for the school year 1910-11 was 5,302. The teaching force consisted of 14 American teachers and 79 others, of whom 62 were Christian Filipinos, 15 Moros, and 2 Japanese.

EDUCATIONAL STATISTICS, PHILIPPINE ISLANDS.

School year, 1911-12.

University: College of liberal arts (with a course in pharmacy), college of medicine and surgery, college of agriculture (with a school of forestry), college of engineering, school of fine arts, college of veterinary science, college of law-----	1
Normal school-----	1
Insular trade school-----	1
School of commerce-----	1
School for deaf and blind-----	1
Provincial trade and manual training schools-----	35
Municipal manual training shops-----	200
High schools-----	38
Intermediate schools-----	233
Primary schools-----	3,364
Total number of schools-----	3,685
Secondary students-----	¹ 3,599
Intermediate-school pupils-----	¹ 24,458
Primary-school pupils-----	¹ 367,018
Director of education-----	1
Assistant directors-----	2
Division superintendents-----	40
Supervising teachers-----	444
American teachers-----	664
Filipino teachers-----	7,699

¹Average monthly enrollment for the year.

Expenditure for schools during fiscal year 1911-12; insular, provincial, and municipal, exclusive of special building appropriations.....	\$3, 176, 617. 04
Appropriation from insular sources for secondary, intermediate, and primary buildings, and for trade and other special school buildings since Dec. 6, 1904.....	\$2, 121, 500. 00

Nearly 350,000 school pupils are engaged in some kind of industrial work.

What is being done educationally in the Philippines is well summarized by a noted teacher and student of social conditions, who, on returning from a trip around the world, told President Taft that the Government is "doing the most interesting and most promising piece of original work in education now in progress anywhere in the world."

BUREAU OF PRINTING.

The bureau of printing, created November 7, 1901, furnishes all printing and binding for the Government of the Philippine Islands, the Philippine Legislature, the City of Manila, 36 Bureaus and Offices, 38 Provinces, and 797 municipalities, besides executing certain printing and binding for local stations of the United States Army and Navy, and conforms to all requests of private individuals and commercial firms for printing which can not be handled by local establishments.

Prior to August 10, 1906, the expenditures of the bureau were met from funds provided by appropriation acts and since then from a permanent reimbursable appropriation of \$25,000 and all receipts of the Bureau.

The personnel, headed by a director of printing,¹ on July 1, 1912, consisted of 466 employees, about 93 per cent of which were Filipinos.

In addition to being a manufacturing establishment, it has accomplished much in training the young Filipino employees, many of whom are apprentices, in the industrial trades incident to printing, such as those of pressman, bookbinder, photo-engraver, stereotyper, electrotyper, and the auxiliary trades of machinist, engineer, and electrician. Then, too, the apprentices are required to attend public night school, so that they may acquire a knowledge of the English language along with the trade specialties.

The gross receipts for work performed during the fiscal year ending June 30, 1912, amounted to ₱830,044.12; the cost of operation was ₱753,477.48, showing a net profit of ₱76,566.64.

BUREAU OF SUPPLY.

The Bureau of Supply was established with the title of "Office of the Insular Purchasing Agent" on June 21, 1901, which was later officially changed to "Bureau of Supply."

The duties of the chief of the bureau of supply are to buy all furniture, stationery, and supplies required by the various departments and offices of the insular government, by the provincial governments, and by the government of the city of Manila.

¹ John S. Leech, director of printing, May 29, 1901, to date. Total service under Government of the Philippine Islands to date, about 11 years 9½ months.

Payment for all articles so furnished is made to the chief of the bureau at the actual cost thereof in the city of Manila, including freight and all other expenses incident to the delivery in the warehouses of the bureau at Manila, together with 10 per cent additional upon such cost for freight, storage, bookkeeping, and other proper charges by the department or bureau, or provincial or city government, receiving the same.

No appropriations are made for the support of the bureau—all expenses of whatsoever nature are paid from the increment by reason of the 10 per cent surcharge.

In 1907 the management and control of the insular ice plant was turned over to the bureau. This plant cost the government over \$1,000,000, and was built originally to supply the army of occupation. It now furnishes ice, distilled water, and cold storage for the army, the navy, and the insular government, as well as the general public.

During the fiscal year 1912 the total purchases, except rice, amounted to ₱7,700,417.31, and the sales to ₱7,518,357.20; of these ₱5,730,964.92 were to the various government bureaus and offices and ₱1,787,392.28 to the provinces and municipalities. The volume of business transacted was 25 per cent greater than for the preceding year.

The gross earnings for the year 1912 amounted to ₱658,864.93, while the cost of operation was ₱421,194.72. The percentage of operating expenses to the net cost value of sales was 7.49 per cent.

BUREAU OF PRISONS.

After the occupation of Manila the prisons were administered by the military forces of the United States as the Department of Prisons. The administration of the prisons was transferred to the civil government in August, 1901, and in November, 1905, there was organized the bureau of prisons, having control of all supervision of the provincial prisons. There is a well-organized industrial division of the Bureau where are taught the following trades: Blacksmithing, wheelwrighting, woodworking, shoemaking, etc., to the men, and lace making and embroidering to the women only. Under the supervision of expert instructors many of the prisoners become efficient workmen who, upon their release, experience no difficulty in procuring positions. The Iwahig Penal Colony, unique in its character and management, deserves special mention.

IWAHIG PENAL COLONY.

The Iwahig Penal Colony, a reservation consisting of about 364 square miles, situated near Puerto Princesa, Palawan, in a rough, mountainous country, cut by many rivers, with much jungle, surrounded on three sides by mountains and on the fourth by the sea, was established in November, 1904, and has a population of about 1,000 prisoners. The aim and purpose in the establishment of this penal colony were that by environment and association, by fixed habits of conduct and industry, by intellectual and moral instruction, by industrial and practical teachings, to sooner fit the prisoner for return to society a cured man mentally and physically and so trained

that in the ordinary course of events he will be a law-abiding, self-respecting, and self-supporting member thereof. It was deemed that this could be best and soonest accomplished by a system of decreased restraints and increased independence, and utilizing the greatest part of the labor of said prisoners for agricultural purposes.

No guards, jails, or prisons or any similar force is employed or permitted. Peace and order are maintained as in ordinary communities, and is, in the main, conducted by the prisoners themselves. Prisoners, for special industry and good conduct, are permitted to have their families live with them, and upon expiration of their sentences may be allowed to continue to reside in the colony.

The colonists are divided for work purposes among divisions, each under the immediate charge of an officer.

GLOSSARY.

The Philippine peso (₱) is equivalent to \$0.50 United States currency.
The hectare is equivalent to 2.47104 acres.

